

Press Release

PMI indices see improved economic momentum at the start of FY26 Manufacturing & Service maintain a stable growth

May 6, 2025

The India Manufacturing PMI demonstrated continued resilience in Apr'25, reaching 58.2, a marginal gain from 58.1 in Mar'25. Similarly, the India Services PMI registered a modest uptick to 58.7 in Apr'25 from 58.5 in Mar'25, indicating a slight expansion. Consequently, the India Composite PMI ascended to 59.7 in Apr'25 from 59.5 in Mar'25, representing a healthy start in private sector activity this Fiscal, even as complexities from the ongoing US tariffs war and recent tension with Pakistan remain.

Manufacturing Sector – India Manufacturing PMI in Apr'25 recorded a 58.2, showing a slight increase from 58.1 in Mar'25. The expansion was driven by strong order inflows, including a sharp rise in export demand in lieu of evolving trade dynamics from US tariff decisions. This momentum was reinforced by higher input purchases and increased hiring.

The demand for Indian goods strengthened firms' ability to set prices, resulting in the largest increase in selling charges since October 2013. In parallel, Input costs rose modestly, with firms citing higher expenses across maintenance, labour, and key materials such as leather, paper, rubber, steel, and transport. However, the sharper rise in output prices likely offset the impact on profit margins. Inflation remained moderate and trailed the pace of selling price hikes. Hiring momentum persisted, with 9% of firms expanding headcount through a mix of permanent and temporary roles.

Service Sector – The India Services PMI registered 58.7 in Apr'25, a minor increase compared to the 58.5 recorded in Mar'25. The increased rate of expansion was primarily driven by a significant rise in new business, reaching a joint eight-month high, supported by positive demand conditions and effective marketing strategies. Indian service providers continued to benefit from stronger international demand.

Notably, the Finance & Insurance sub-sector recorded the fastest growth in both output and new orders. Furthermore, capacity pressures continued to escalate, with a notable increase in the level of outstanding work.

Meanwhile, the rate of input cost inflation declined to a six-month low. Businesses leveraged favourable demand to pass on expenses, leading to a faster increase in their selling prices compared to March. Firms capitalised on strong demand to raise selling prices at a quicker pace than in March, improving profit margins as cost pressures eased. The moderation of price pressures provides the Reserve Bank of India with the flexibility to potentially lower its repo rate further in the coming months.

However, business confidence dipped to a near two-year low, as optimism driven by strong demand, marketing efforts, and efficiency gains was offset by concerns over rising competition and uncertainty surrounding the temporarily suspended US tariffs.

Composite PMI – The India Composite PMI climbed to 59.7 in Apr'25 from 59.5 in Mar'25, signalling the most robust private sector expansion since Aug'24. Both manufacturing firms and their services counterparts registered faster expansions in new export orders.

Below is Acuite Ratings & Research Limited's comment on the PMI release:

“The April PMI readings reaffirm the resilience of India's private sector, with both manufacturing and services continuing their momentum into FY26. However, it still remains softer than what was seen a year ago. The broad-based uptick in output and new orders, driven partly by export demand, suggests that firms are effectively navigating external uncertainties, including trade tensions and regional instability. Encouragingly, softer input inflation in services may give the RBI greater flexibility to maintain or ease its policy stance. That said, the dip in business confidence amid global trade uncertainty warrants close monitoring, especially as geopolitical factors play out. For now, we expect India to continue weathering external headwinds as countries work through bilateral trade agreements (BTAs), which could provide greater stability and new avenues for export growth for the Indian firms.”

Chart 1: PMI indices for April'25

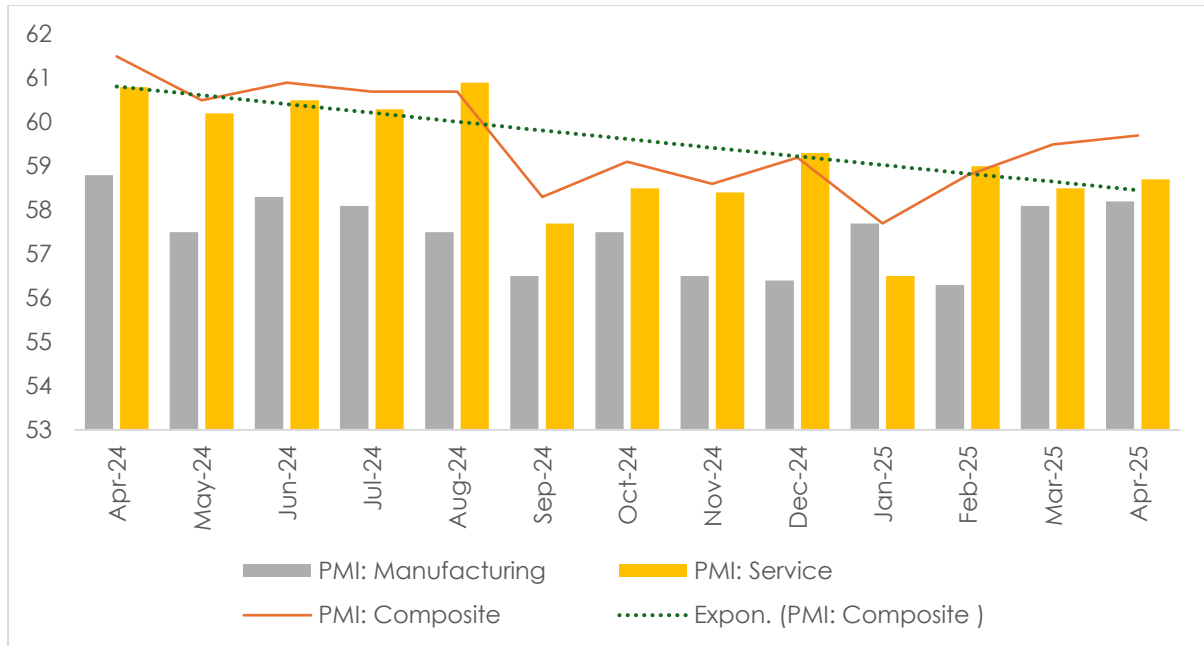


Table 1: PMI Indices Heatmap: Apr'24 to Apr'25

Month	PMI: Manufacturing	PMI: Service	PMI: Composite
Apr-24	58.8	60.8	61.5
May-24	57.5	60.2	60.5
Jun-24	58.3	60.5	60.9
Jul-24	58.1	60.3	60.7
Aug-24	57.5	60.9	60.7
Sep-24	56.5	57.7	58.3
Oct-24	57.5	58.5	59.1
Nov-24	56.5	58.4	58.6
Dec-24	56.4	59.3	59.2
Jan-25	57.7	56.5	57.7
Feb-25	56.3	59.0	58.8
Mar-25	58.1	58.5	59.5
Apr-25	58.2	58.7	59.7

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