

## Press Release

### PMI Indices shows a weaker second half in FY25

PMI manufacturing recovers to the level last seen in July

**April 4, 2025**

India's PMI data for Mar'25 reflects a notable improvement in economic activity compared to Feb'25. Manufacturing PMI for Mar'25 surged to an eight-month high of 58.1, recovering from February's 14-month low of 56.3, driven by robust demand and increased new orders. Meanwhile, Services PMI dipped slightly to 58.5 in Mar'25 from 59.0 in Feb'25; it remained above its long-term average, indicating sustained growth. The Composite PMI climbed to a seven-month high of 59.5 in Mar'25 from 58.8 in Feb'25, signalling another month of above-trend expansion.

**Manufacturing Sector** – India's manufacturing activity rebounded in Mar'25, closing FY25 at an eight-month high with a PMI of 58.1, up from February's 14-month low of 56.3. This recovery was fuelled by robust growth in new orders, driven by heightened customer interest, favourable demand conditions, and effective marketing strategies. While international orders experienced a slight slowdown, domestic demand remained strong. Further, as the fiscal year concluded, production volumes were increased.

To meet rising sales demand, several companies drew upon their stored goods, causing the steepest drop in post-production inventories in over three years. In turn, Indian manufacturers increased their purchasing activity to mitigate potential stockouts, resulting in a significant rise in input purchases. Further, firms observed higher prices for items like copper, electronics, leather, LPG, and rubber, which led to increased cost burdens. The overall inflation rate reached a three-month high, although it remained below its long-term average. Conversely, the rise in prices charged for Indian goods was more moderate.

**Service Sector** – India's Services PMI registered a growth of 58.5 in Mar'25, slightly below February's figure of 59.0 but still above its long-term average. Domestic demand showed reduced intensity, while foreign demand also softened, with international orders increasing at their slowest pace in 15 months. Sales growth was less robust compared to Feb'25, indicating potential worries on the global economic front and the impact of U.S. tariff measures.

Across sub-sectors, business activity and sales experienced a widespread increase, with Finance & Insurance leading the growth trends, closely followed by Consumer Services. In Mar'25, business expenses continued to rise, driven by higher costs for food, freight, maintenance, medical equipment, and vehicle spare parts. However, the overall inflation rate eased to a five-month low. Notably, Consumer Services led the input price inflation rankings and was the sole category where cost pressures worsened.

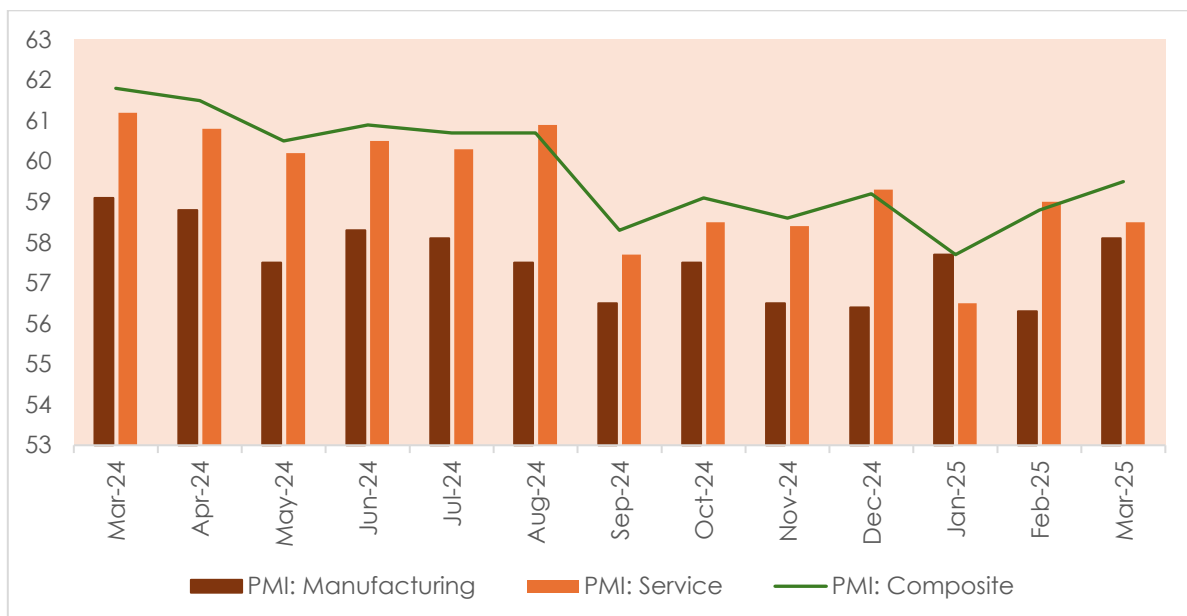
Overall, intense competition and diminishing cost pressures led to subdued charge inflation and output growth in Mar'25. Despite this, business sentiment remains broadly positive, although escalating domestic as well as global competition poses a major challenge for numerous participants.

**Composite PMI** – The Composite PMI rose to a seven-month high of 59.5 in Mar'25, up from 58.8 in Feb'25, indicating another month of above-trend growth. While India's services sector ended the fiscal year on a weaker note, the manufacturing sector performed strongly, achieving its highest growth in eight months and reflecting increased optimism among firms about future market trends. Both sectors experienced moderate employment growth and business confidence amidst ongoing challenges.

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

"The Manufacturing PMI's sharp rebound to 58.1, an eight-month high, highlighting better sentiments towards the end of this fiscal. We are seeing a broad-based recovery in the domestic momentum. This manufacturing resurgence contrasts with the Services PMI, which moderated slightly. Given the services sector's higher sensitivity to global spillovers, the drag from weaker international demand, potentially exacerbated by tariffs announced by the Trump administration, warrants a closer eye as a downside risk."

**Chart 1: PMI indices for Mar'25**



**Table 1: PMI Indices Heatmap: Mar'24 to Mar'25**

Month	PMI: Manufacturing	PMI: Service	PMI: Composite
Mar-24	59.1	61.2	61.8
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

### **About Acuité Ratings & Research Limited:**

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