

## **Manufacturing growth loses momentum in February with PMI at 51.1, same as January**

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Manufacturing business conditions in India continued to improve, with new orders, exports, output and purchasing activity all rising in February. However, a faster expansion in new business inflows failed to lift growth of output.

At 51.1 in February, unchanged from January's reading, the seasonally adjusted Nikkei India Manufacturing Purchasing Managers' Index (PMI), pointed to a second consecutive monthly improvement in business conditions across the sector.

A reading above 50 on this survey-based index shows expansion, while a figure below that indicates contraction.

While underlying demand continued to improve and new business from abroad also rose, February saw a loss of growth momentum.

PMI data also highlighted a weaker rise in costs and the first reduction in selling prices since September 2015.

"The Indian manufacturing economy edged further in the right direction during February, eking out modest gains in new orders and output. However, these positive developments failed to feed through to the labour market and staffing numbers were left unchanged. Although businesses saw a stronger rise in new work, data implied that this was partly driven by price reductions," said Pollyanna De Lima, economist at Markit, the agency that compiles the index.

Reflecting sustained growth of new work, Indian manufacturers raised their production volumes in February. That said, the rate of expansion eased since January and was marginal overall.

Incoming new work increased for the second straight month and at the quickest rate since last September.

Going ahead, "Goods producers continue to benefit from lower crude oil prices in global markets, which put a brake on inflationary pressures. In light of these numbers, the RBI has scope to loosen monetary policy to spur the economy," De Lima added.