

Manufacturing sector grows for 4th straight month in April: Survey

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April is the fourth straight month in which manufacturing sector registered growth after the demonetization-induced contraction at the end of 2016. A reading above 50 indicates expansion, while any score below the mark means contraction. "Buoyant domestic demand coupled with sustained growth of new orders from abroad boosted the upturn in total new business received by Indian manufacturers in April," said Pollyanna De Lima, Economist at IHS Markit and author of the report.

On inflation, it said purchasing costs increased for the 19th consecutive month in April. Meanwhile, less than 5 per cent of manufacturers raised their output prices in April, while almost 93 per cent signalled no change. The Reserve Bank in its monetary policy review meet on April 6 kept the repurchase or repo rate — at which it lends to banks — unchanged at 6.25 per cent but increased reverse repo rate to 6 per cent from 5.75 per cent. "Scratching beneath the surface we can see that consumers were the key drivers of growth as consumer goods producers registered by far the steepest expansions in both production and new orders," Lima said.

Lima further noted that Indian manufacturer believe output is expected to remain on an upward trajectory amid reports of planned capacity expansions, new product launches, aggressive marketing campaigns and an improving economic scenario.