



# Factory output at 8 month high in March

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## Context

Manufacturing activity, as measured by the seasonally adjusted Purchasing Managers Index (PMI), climbed to an eight-month high of 58.1 in March 2025, according to an S&P Global statement. This figure stood at 56.3 in February 2025.

- A PMI value above 50 is considered an expansion and the metric has been showing expansion for 45 months straight. The improvement in PMI in March was attributed to an increase in new orders

## On a recovery

Recovery in manufacturing was largely driven by contribution from the New Orders Index, its largest sub-component



## What is Purchasing Managers Index?

- It is a **survey-based** measure that asks the respondents about changes in their perception about key business variables as compared with the previous month.
- The purpose of the PMI is to provide information about **current and future business conditions to company decision makers, analysts, and investors.**
- It is calculated separately for the **manufacturing and services** sectors and then a composite index is also constructed.
- The PMI is a number from **0 to 100.**

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- A reading above 50 means expansion, while a score below that denotes contraction.
- A reading at 50 indicates no change.

### **What is Index of Industrial Production (IIP)?**

- IIP is commonly called is an index that tracks overall manufacturing activity in different sectors of an economy.
- It is currently calculated using **2011-2012** as the base year.
- It is compiled and published by **Central Statistical Organisation (CSO)** every month.
- CSO operates under the **Ministry of Statistics and Programme Implementation (MoSPI)**.
- Three broad sectors in IIP: Manufacturing (77.6%), Mining (14.4%) and Electricity (8%).

### **Index of Eight Core Industries**

- Index of Eight Core Industries (ICI) measures combined and individual performance of production of eight core sectors in India, comprising- **coal, crude oil, natural gas, petroleum refinery products, fertilisers, steel, cement and electricity**.
- These eight core industries constitute **40.27% of the total index of industrial production (IIP)**.
- This index is prepared by the Office of the Economic Advisor, **Ministry of Commerce and Industry**.
- It is published monthly with the base year as **2011-12**.