

Purchasing Managers' Index (PMI)

July 9, 2020

About the index

- PMI or a Purchasing Managers' Index (PMI) is an indicator of business activity both in the manufacturing and services sectors.
- It is a survey based measure that asks the respondents about changes in their perception of some key business variables from the month before.
- PMI is derived from a series of qualitative questions. Executives from a reasonably big sample, running into hundreds of firms are asked whether key indicators such as (a) output (b) new orders (c) business expectations and (d) employment were stronger than the month before and are asked to rate them.
- The rate of expansion can also be judged by comparing the PMI with that of the previous month's data. If the figure is higher than the previous month's then the economy is expanding at a faster rate. If it is lower than the previous month then it is growing at a lower rate.

Highlights of the report

- According to Nikkei India Manufacturing Purchasing Managers' Index (PMI) data, manufacturing activity has stood at 52.1 in June, 2019 down from the three-month high of 52.7 in May, 2019.
- The manufacturing activity has slowed down due to a lesser number of new orders. But the consumer goods was the key source of growth with the sector registering robust increases in sales, output and employment

