India Market – Manufacturing Deep Dive

May 2026

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SUMMARY

India's GDP growth outlook is projected to remain relatively resilient (~6%), but there are pressures building.

1. Headline inflation remains contained for now, but cost pressures are expected to grow in H2, increasing the likelihood of monetary tightening later in the year.
2. The combination of global demand uncertainty and tighter monetary policy suggests that India may move from a stable growth environment to a more constrained, cost-sensitive cycle.

1. A deep dive into Manufacturing hiring trends indicate a three-speed adjustment:
    a. Pronounced weakness in export-linked and high-tech manufacturing
    b. Mild softness in capex-sensitive industries
    c. Stability in domestic staples
2. Hiring signals indicate that India's domestic demand base remains comparatively resilient even as global demand weakens. This will help to cushion the overall slowdown, but may not fully offset emerging softness in more globally exposed parts of the economy.

MACRO OVERVIEW

India's GDP growth outlook is projected to remain relatively resilient (~6%), but there are pressures building.

Inflation pressures are gradually building from food, input, and industrial cost channels, while household sentiment and inflation expectations have weakened. At the same time, business surveys show softer expectations for production, new orders, and capacity utilisation.

Although headline inflation remains contained for now, cost pressures are expected to grow in H2, increasing the likelihood of monetary tightening later in the year and lowering business investment appetite. The combination of global demand uncertainty and tighter monetary policy suggests that India may move from a stable growth environment to a more constrained, cost-sensitive cycle.

MANUFACTURING DEEP DIVE

A deep dive into Manufacturing hiring trends show how inflation pressures, weaker global demand, and delayed investment decisions are currently affecting different sub-sectors of the larger Manufacturing sector.

Industry	YOY Change in LinkedIn Hiring Rate
Computers and Electronics Manufacturing	-12%
Transportation Manufacturing	-7%
Appliances, Electrical and Electronics Manufacturing	-5%
Machinery Manufacturing	-4%
Chemical Manufacturing	-3%
Food and Beverage Manufacturing	0%

Sharpest weakness in high-tech and export-sensitive manufacturing - The sharpest contraction is seen in Computers and Electronics Manufacturing (-12%), followed by Transportation Manufacturing (-7%). This indicates that the most cyclical and globally integrated parts of India's manufacturing base are under the most pressure. These segments are typically the most sensitive to global demand cycles, supply chain normalisation, and technology investment cycles. The magnitude of decline suggests that external demand conditions, rather than domestic factors, are the dominant driver of weakness in this segment.

Moderate weakness in consumer durables and industrial production - Appliances, Electrical and Electronics Manufacturing (-5%) and Machinery Manufacturing (-4%) point to moderate softening in domestic discretionary and industrial activity. Importantly, the weakness here is not as severe as in export-linked sectors, suggesting that domestic demand is softening at the margin but has not entered a sharp contraction phase.

Mild contraction in industrial inputs - Chemical Manufacturing (-3%) shows limited but visible softening. This is consistent with early-stage industrial cycle moderation, input cost pressures (especially with oil prices), and potential inventory adjustments across downstream manufacturing industries. However, the decline remains relatively contained, indicating that this segment is not yet experiencing a sharp cyclical downturn.

Domestic staples remain stable - Food and Beverage Manufacturing (0%) remains flat, reinforcing the resilience of essential consumption categories. This suggests that core household demand remains intact despite broader macro pressures, with non-discretionary spending holding up more effectively than discretionary or investment-linked activity.

CONCLUSION

Manufacturing hiring trends in India point to a differentiated adjustment across the industrial economy. The sharpest weakness is concentrated in export-linked and high-tech manufacturing, while domestic consumption-linked segments remain comparatively stable and industrial/capex-sensitive sectors show only moderate softness.

Overall, this pattern is consistent with a selective slowdown driven primarily by global demand weakness and investment moderation, rather than a broad-based deterioration in domestic consumption condition. The transmission of macro stress is currently being absorbed unevenly, with external-facing sectors adjusting first.

The overall pattern for India suggests that softness is being transmitted through external demand and capex channels, while domestic consumption remains the primary stabilising anchor. Given that domestic demand accounts for roughly two-thirds of India's GDP, it remains the key structural anchor of growth even as global and investment-linked sectors soft

METHODOLOGY

LinkedIn Hiring Rate: The percentage of LinkedIn members who added a new employer to their profile in the same month the new job began, divided by the total number of LinkedIn members in the country. This number is averaged over the last three months to smooth out noise. YOY is the year-over-year percent change in this measure.