

News Release

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HSBC India Manufacturing PMI®

Production increases at fastest pace since late-2020

Key findings

Strong sales pipelines boost output growth

Firms scale up input purchasing

Business confidence improves

Indian manufacturing growth gained further momentum in August, with ongoing improvements in demand continuing to underpin robust increases in factory orders and production. Companies upped the pace at which additional materials were bought, and more jobs were created, partly reflecting positive expectations regarding the outlook.

Input stocks rose again, while finished goods inventories expanded for the first time in nine months. Meanwhile, subdued cost pressures compared with a marked upturn in selling charges.

Up from 59.1 in July to 59.3 in August, the seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index™ (PMI®) – a single-figure indicator of sector performance – indicated the fastest improvement in operating conditions for 17-and-a-half years.

The upward movement in the headline figure largely reflected an acceleration in growth of production volumes. The rate of expansion was the quickest in close to five years. When explaining the rise, panel members pointed to a better alignment of supply with demand.

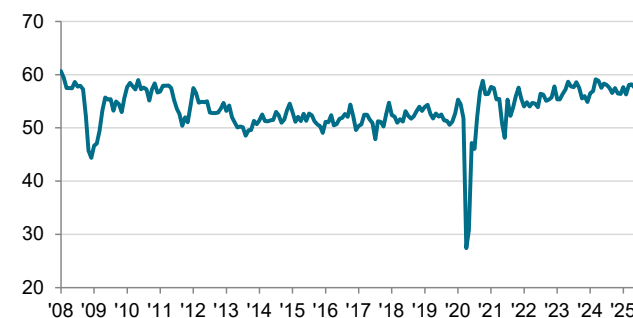
Incoming new orders rose to broadly the same extent as in July, which was the fastest in 57 months. In addition to demand buoyancy, survey participants linked growth to advertising success.

The strongest sales and output performances were noted in the intermediate goods category, followed by capital and then consumer goods.

Underlying data showed a softer increase in international orders placed with Indian manufacturers. The rise was the weakest for five months, though sharp by historical standards. Firms reported having secured new work from clients in Asia, Europe, the Middle East and the US.

Greater output requirements and efforts to rebuild stocks prompted manufacturers to purchase additional raw

HSBC India Manufacturing PMI
sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.
Data were collected 7-22 August 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's manufacturing PMI hit another new high in August, driven by a rapid expansion in production. The increase of US tariff on Indian goods to 50% might have contributed to the slight easing in new export orders growth, as American buyers refrain from placing orders in the midst of tariff uncertainty. Overall orders growth, on the other hand, held up much better, suggesting that domestic orders remained robust, helping to cushion against tariff-related drag on the economy. Manufacturers' continued optimism for future output is a positive sign."

materials and semi-finished items midway through the second fiscal quarter. Moreover, the rate of growth hit a 16-month high and by far outpaced the long-run series average. Indian manufacturers also loosened the purse strings when it came to employment, which rose for the eighteenth month in a row during August. Despite slowing to the weakest since November 2024, the pace of job creation was historically solid.

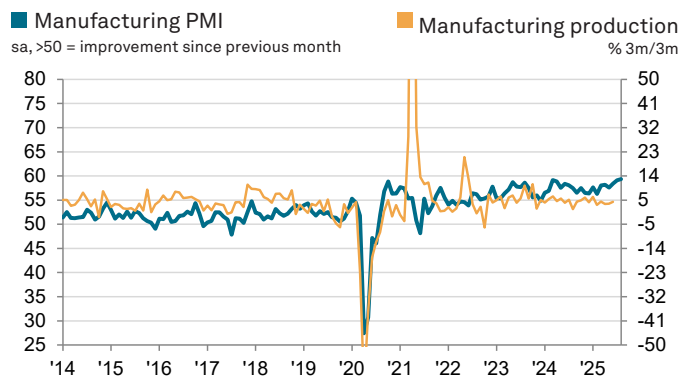
One factor that supported these positive spending trends was confidence among manufacturers that output would increase over the course of the coming 12 months. The overall level of positive sentiment recovered from July's three-year low.

Input costs continued to increase, with bearings, leather, minerals, steel and small electronic parts featuring in the report's 'up in price' list. The overall rate of inflation was, however, moderate and below its long-run average.

Conversely, selling charges rose at an above-trend pace, reportedly as a result of demand strength. The marked rate of inflation seen in August was the highest for three months.

On the stock front, there were broad-based increases though to varying degrees. Input inventories expanded at a sharp pace that was the second-quickest since April 2024 (behind July). The rise in holdings of finished items was relatively mild, but nevertheless ended an eight-month period of depletion.

Capacity pressures among goods producers remained subdued in August, as highlighted by a marginal increase in outstanding business volumes. Firms generally noted an absence of pressure of supply chains, with average lead times shortening to a greater degree than in July.



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

Contact

HSBC India
Shalaka Kagathra
T: +91 22 22681046
shalaka.kagathra@hsbc.co.in

Snehha Madhyani
T: +91 22 22685341
snehha.madhyani@hsbc.co.in

S&P Global Market Intelligence
Pollyanna De Lima
Economics Associate Director
T: +44 1491 461 075
pollyanna.delima@spglobal.com

Kriti Khurana
Corporate Communications
T: +91 971 101 7186
kritikhurana@spglobal.com
press.mi@spglobal.com

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Survey methodology

The HSBC India Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2005.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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