

News Release

Embargoed until 1030 IST (0500 UTC) 3 September 2025

HSBC India Services PMI®

Pick-up in growth drives inflation higher

Key findings

New orders and output rise at quickest pace since mid-2010

Growth of international sales strengthens

Steepest upturn in selling charges in over 13 years

The Indian service economy benefited from a substantial improvement in demand during August, which pushed growth of new orders and activity to their highest rates in over 15 years. Concurrently, the rise in international sales was the third-strongest since the series started in September 2014. Robust job creation in recent months meant that companies had sufficient capacity to cope with current requirements. Outstanding business increased only marginally, and there was a modest uptick in employment.

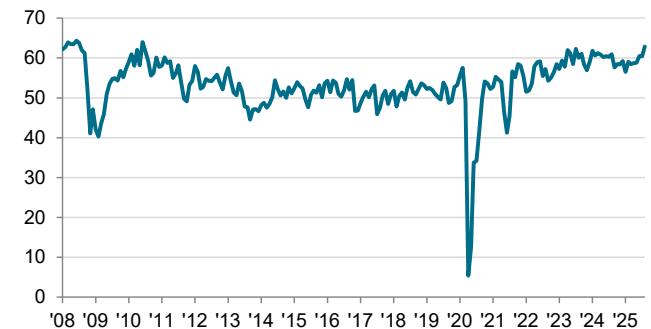
Amid reports of higher salaries awarded to workers and overtime payments, business expenses rose further. The rate of inflation quickened to a nine-month high. Meanwhile, demand buoyancy facilitated the steepest increase in output charges since July 2012.

The seasonally adjusted HSBC India Services PMI® Business Activity Index – based on a single question asking how the level of business activity compares with the situation the month before – was up from 60.5 in July to 62.9 in August. This indicated the steepest rate of expansion since June 2010. Demand buoyancy, efficiency gains and greater inflows of new business were some of the reasons firms gave for the upturn.

Not only did new orders expand for the forty-ninth straight month in August, but also to the greatest degree in over 15 years. More than three times as many service providers report growth (37%) as those that observed a decline (11%).

Aiding the rise in total sales was a pick-up in growth of new export orders. The rate of expansion in international sales was the third-strongest seen since the question was added to the survey in September 2014. Panel members signalled greater demand from clients in Asia, Europe, the Middle East and the US.

HSBC India Services PMI Business Activity Index
sa, >50 = growth since previous month

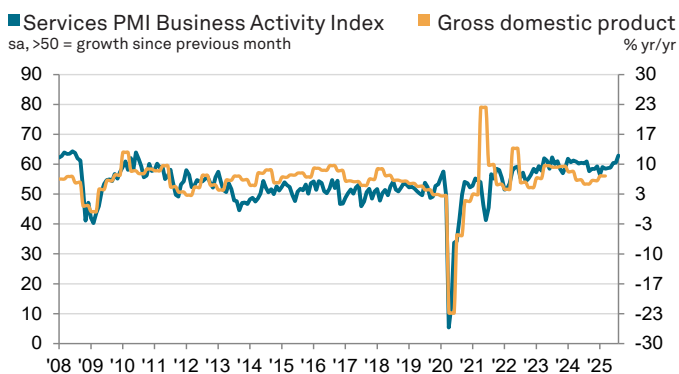


Sources: HSBC, S&P Global PMI.
Data were collected 7-27 August 2025.

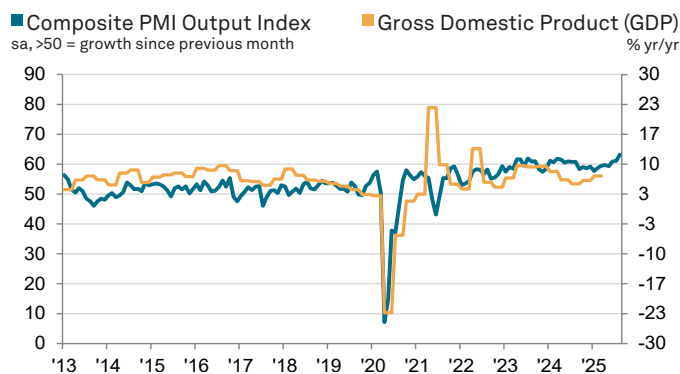
Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's services PMI Business Activity Index reached a fifteen-year high last month, from 60.5 in July to 62.9 in August, on the back of surging new orders. The broad-based expansion in international sales bolstered overall demand, which prompted Indian services firms to hire additional workers. Reflecting higher labour costs and robust demand conditions, both input and output prices increased substantially in August. Meanwhile, the composite PMI rose to a seventeen-year high of 63.2 in August, which indicated strong broad-based output growth in both the manufacturing and service sectors."



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



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Demand strength was identified by services firms as the key determinant of rising selling prices, though companies also cited the pass-through of increased expenses to clients. The rate of charge inflation was historically sharp and accelerated notably to the steepest in over 13 years.

Business expenses increased to the largest extent since last November. Higher labour costs (salary hikes and overtime payments) featured in the qualitative part of the survey as the main source of price pressure, with a few mentions of greater transportation fees and material costs.

Hiring growth across India's service economy remained moderate in August, despite accelerating since July. Anecdotal evidence mainly showed an increase in part-time recruitment.

Sustained job creation helped service providers to somewhat stay on top of their workloads. Outstanding business volumes still expanded in August, but did so only marginally and at the weakest pace in close to a year.

Year-ahead expectations improved to a joint five-month high in August (equal to May), buoyed by budget allocation for advertising and forecasts that demand trends will remain favourable. Some companies also hope to be able to take on more work as a result of staff recruitment in recent months.

HSBC India Composite PMI®

Fastest rise in private sector activity in over 17 years

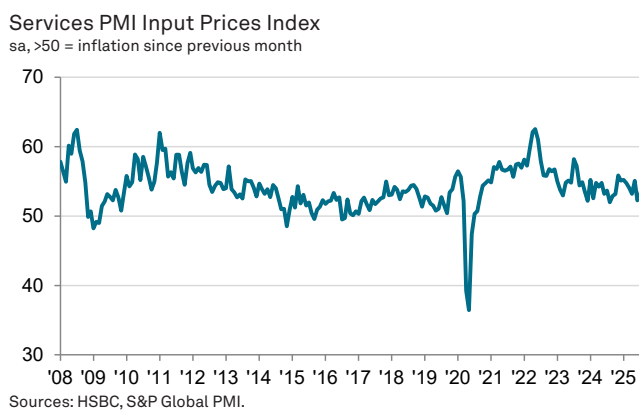
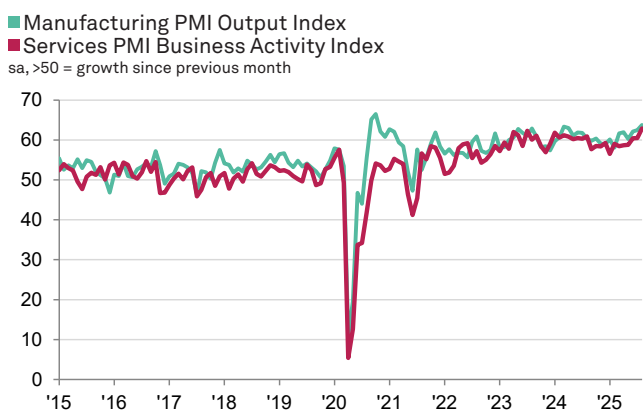
August data highlighted a broad-based pick-up in growth of output across India's manufacturing and service sectors. Subsequently, the HSBC India Composite PMI® Output Index* rose from 61.1 in July to 63.2 in August, indicating the sharpest pace of expansion in over 17 years.

This acceleration was supported by strengthening growth of new business intakes, which reached its highest rate since mid-2010. On this front, however, only service providers registered a faster increase.

Aggregate employment rose at a solid rate that was more pronounced than in July. Growth in the manufacturing industry broadly stabilised, while services firms signalled a quicker increase.

Aggregate employment rose at a solid rate that was more pronounced than in July. Growth in the manufacturing industry continued at a solid pace, while services firms signalled a quicker increase.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.



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Survey methodology

The HSBC India Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

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