

# News Release

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## HSBC Flash India PMI<sup>®</sup>

### Indian private sector output rises at faster pace amid pick-up in sales growth

#### Key findings

HSBC Flash India Composite PMI Output Index: 62.2 (Mar final: 61.8)

HSBC Flash India Services PMI Business Activity Index: 61.7 (Mar final: 61.2)

HSBC Flash India Manufacturing PMI Output Index: 63.2 (Mar final: 63.3)

HSBC Flash India Manufacturing PMI: 59.1 (Mar final: 59.1)

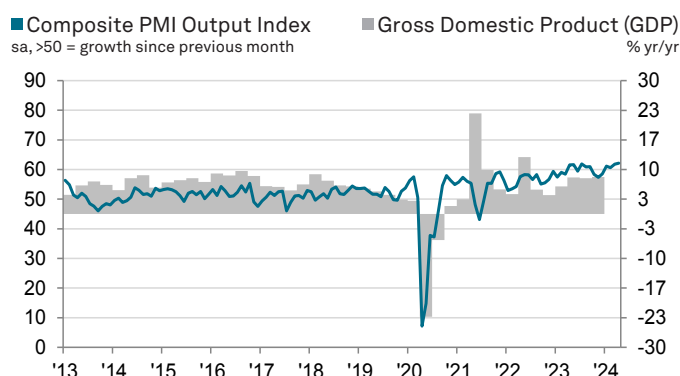
Economic growth across India's private sector continued to strengthen in April. According to the HSBC Flash India PMI<sup>®</sup> data, positive demand trends fuelled new business intakes and output. In both cases, rates of expansion were the fastest in close to 14 years. The manufacturing industry led the latest upturn, as was the case in March, although softening growth at goods producers compared with accelerations at service providers.

Sustained increases in new orders added pressure on the capacity of manufacturing firms and their services counterparts, which in turn underpinned recruitment. Jobs growth was notably stronger among the former. The survey's price measures showed slower rates of inflation for both aggregate input costs and output charges.

Rising from 61.8 in March to 62.2 in April, the headline **HSBC Flash India Composite PMI\* Output Index** – a seasonally adjusted index that measures the month-on-month change in the combined output of India's manufacturing and service sectors – indicated the fastest rate of increase in aggregate business activity since mid-2010. Survey participants overwhelmingly attributed the expansion to buoyant demand from domestic and external clients.

Growth in India remained broad-based across the manufacturing and service sectors. The former saw the sharper rate of increase, albeit one that was softer than in March. In the service economy, business activity rose to the greatest extent in three months.

Private sector sales expanded for the thirty-third successive month in April and at the quickest pace in just under 14 years. As was the case for output, a faster increase in the services economy compared with softer growth at goods producers (but they nevertheless registered the sharper upturn).



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

\*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.

Data were collected 10-18 April 2024.

#### Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

*“Strong performance in both the manufacturing and service sectors, led by increased new orders, resulted in the highest composite output index since June 2010. In particular, services growth accelerated further in April as new orders in both domestic and international markets rose. Meanwhile, both composite input and output prices moderated in April, albeit remaining robust. Manufacturing margins improved in April as firms were able to pass on higher prices to customers due to strong demand conditions. In fact, manufacturing industries sharply increased their staffing levels and input buying activity. Overall future business outlook improved further in April, buoyed by robust demand.”*

In line with the recent trend, international sales positively contributed to total order books. In fact, at the composite level, new export orders rose at the fastest rate since the series started in September 2014. On this front, services companies noted the quicker rate of expansion. Anecdotal evidence pointed to stronger sales to clients in Africa, Asia, Australia, the Americas, Europe and the Middle East.

Despite persistently robust increases in new business, pressures on capacity remained mild in April. Orders pending completion among private sector companies in India rose for the twenty-eighth month in a row, but at a slight pace that was weaker than that recorded in March.

Yet, efforts to meet rising demand and clear backlogs supported further job creation at the start of the 2024/25 fiscal year. A slight increase in private sector employment masked notable divergences at the sector level. While service providers took on extra staff at a marginal pace that was softer than in March, goods producers raised workforces to the greatest extent in nearly a year-and-a-half.

Manufacturers also substantially stepped-up input buying, with growth climbing to a ten-month high. This supported a further increase in stocks of purchases, one that was the second-fastest since May 2023. Suppliers were reportedly able to accommodate for the upturn in buying levels, with delivery times improving to the greatest extent in ten months.

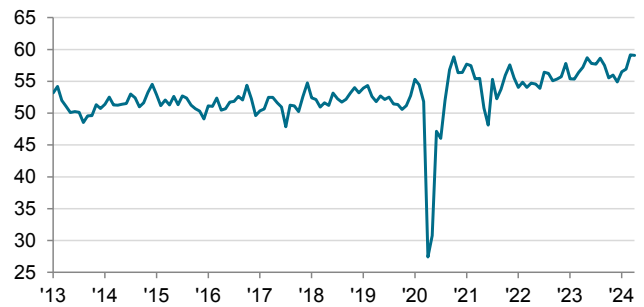
Input cost inflation receded at both manufacturing companies and their services counterparts, with the latter noting the faster rise. Anecdotal evidence suggested that labour costs were the main factor behind rising expenses at service providers. At the composite level, the rate of increase was below its long-run average.

Although prices charged for Indian goods and services rose to a lesser extent in April, the rate of inflation remained above its long-run average. According to survey participants, demand strength facilitated the passing on of rising expenses to clients. A stronger increase in the manufacturing industry contrasted with a slowdown at services firms.

Finally, the latest results showed a pick-up in business confidence during April. The composite Future Output Index rose from March's four-month low and was above the series average (since April 2012). Panellists expect further improvements in demand and productivity over the course of the coming 12 months.

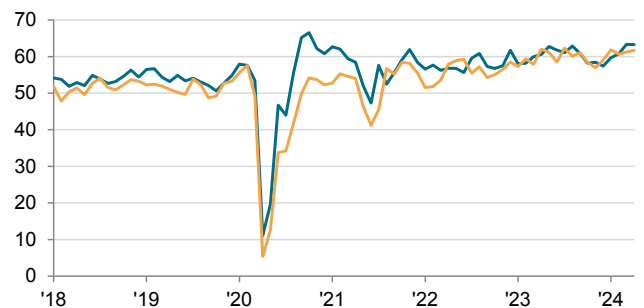
HSBC India Manufacturing PMI

sa, >50 = growth since previous month



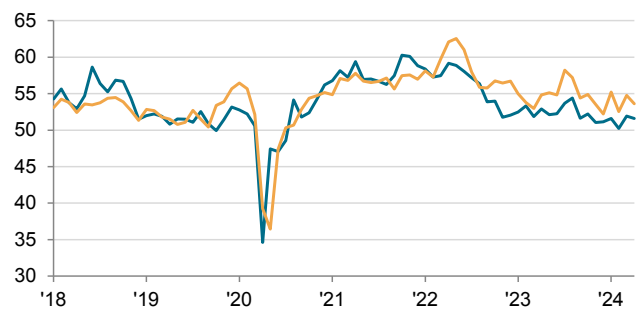
Sources: HSBC, S&P Global PMI.

■ Manufacturing PMI Output Index  
■ Services PMI Business Activity Index  
sa, >50 = growth since previous month



Sources: HSBC, S&P Global PMI.

■ Manufacturing PMI Input Prices Index  
■ Services PMI Input Prices Index  
sa, >50 = inflation since previous month



Sources: HSBC, S&P Global PMI.

## Contact

HSBC India  
Shalaka Kagathra  
T: +91 22 22681046  
[shalaka.kagathra@hsbc.co.in](mailto:shalaka.kagathra@hsbc.co.in)

Snehha Madhyani  
T: +91 22 22685341  
[snehha.madhyani@hsbc.co.in](mailto: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](mailto:pollyanna.delima@spglobal.com)

SungHa Park  
Corporate Communications  
T: +82 2 6001 3128  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

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### Survey methodology

The HSBC Flash India PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined by S&P Global as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

**Manufacturing:** Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

**Services:** Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The 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.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = -0.1 (absolute difference = 0.5)

Services Business Activity Index = 0.0 (absolute difference = 0.6)

Manufacturing PMI = -0.1 (absolute difference = 0.4)

Underlying final 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](mailto:economics@spglobal.com).

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### 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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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