

News Release

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HSBC India Services PMI®

October sees slower increase in services output and receding price pressures

Key findings

Weakest rises in output and sales in five months

Input costs and selling charges increase at slower rates

Firms remain optimistic towards growth prospects

October data showed softer, although still substantial, expansions in Indian services output and new business. While factors like demand buoyancy and GST (Goods and Services Tax) relief reportedly led to an improvement in operating conditions, competition and heavy rains constrained growth. Still, companies were strongly confident of a rise in business activity over the course of the coming 12 months.

Meanwhile, monitored firms suggested that the GST reform curbed price pressures. Input costs and output charges rose at the slowest rates in 14 and seven months respectively.

Posting 58.9 in October, 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 comfortably above both the neutral mark of 50.0 and its long-run average of 54.3.

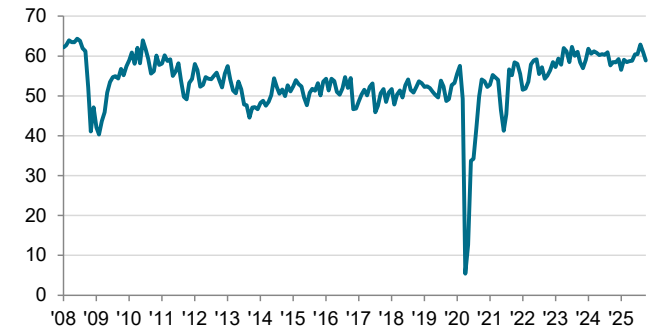
Falling from 60.9 in September, however, the headline figure indicated the slowest pace of expansion since May. When explaining the rise in output, panel members remarked on healthy inflows of new business, greater client footfall and GST relief. Growth was curbed by competitive pressures and heavy rains in parts of the country, according to survey participants.

New business intakes rose sharply, albeit to the least extent in five months. Once again, firms attributed the slowdown to heightened competition, floods and landslides. Nevertheless, they continued to cite positive demand trends and successful marketing.

International demand for Indian services improved further, as signalled by another increase in external sales. The rate of expansion was solid, though the weakest since March.

Offering respite to firms, input costs rose at the slowest rate in 14 months. Where an increase was reported, companies

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



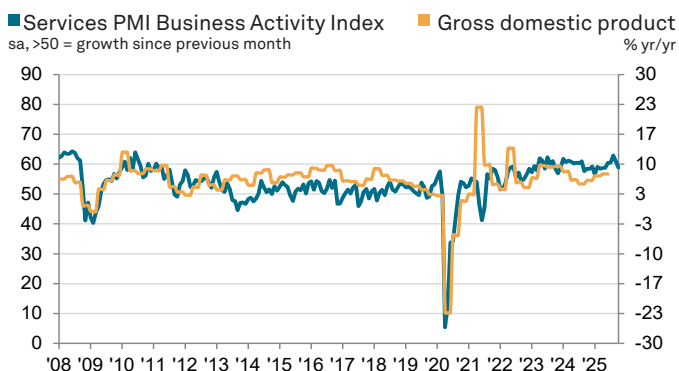
Sources: HSBC, S&P Global PMI.

Data were collected 8-29 October 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's services PMI softened to 58.9 in October, which represented the slowest pace of expansion since May. Competitive pressures and heavy rains were cited as contributors to the sequential slowdown. That said, the services PMI is still running well above the neutral level of 50.0 and its long-run average. Input costs notably increased at the slowest rate in 14 months, which provided some relief for firms. Meanwhile, India's composite PMI fell on a sequential basis from 61.0 in September to 60.4 last month, largely due to the slowdown in the services sector."



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

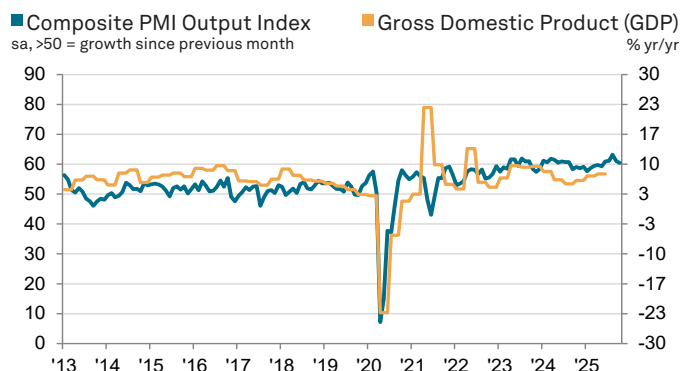
signalled greater outlays on fruits, construction materials, maintenance and vegetables. The upturn was curbed by the GST reform, panel member comments showed.

With cost pressures receding, prices charged for the provision of Indian services increased at the slowest rate in seven months. Fewer than 5% of panellists signalled higher charges, while the remaining firms indicated no change since September.

Amid reports of efforts to support rising intakes of new business, meet delivery deadlines and maintain reliable services, companies recruited additional staff in October. The rate of job creation was slight, however, and the joint-softest in a year-and-a-half (equal to July).

Sustained job creation supported the first decline in outstanding business volumes in nearly four years. The rate of depletion was only marginal, however.

Indian services companies looked to the future with optimism, forecasting growth of activity in tandem with expectations of demand strength. Advertising, greater client enquiries and plans to price competitively were also seen as opportunities to the outlook. The overall level of positive sentiment nevertheless slipped to a three-month low.



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

HSBC India Composite PMI®

Aggregate output and new orders rise at slower rates

The combined output of India's manufacturing and service sectors continued to expand sharply in October, but growth lost momentum. Falling from 61.0 in September to 60.4, the HSBC India Composite PMI® Output Index* indicated the softest increase since May.

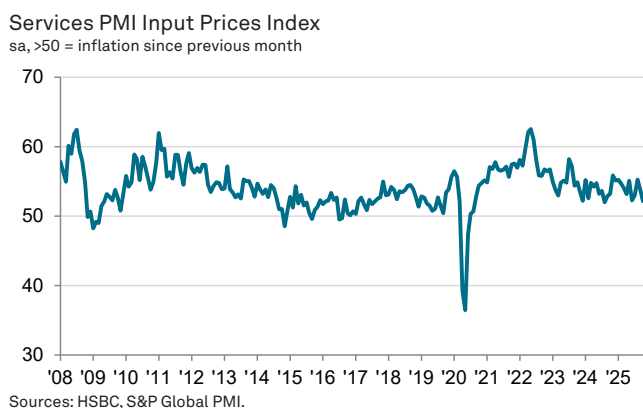
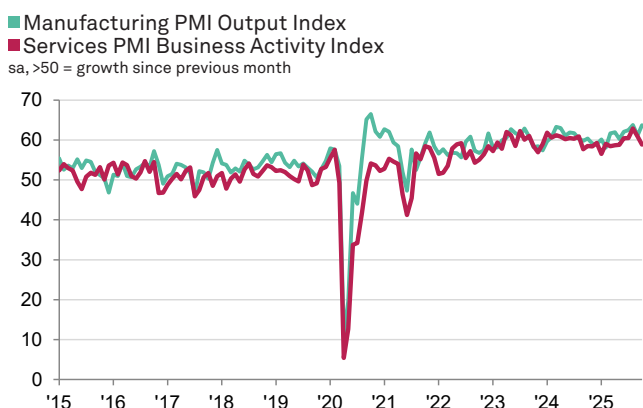
There was also a weaker, albeit still substantial, upturn in aggregate sales. The rate of expansion was the softest in five months.

For new orders and output, the slowdowns in growth were centred on the service economy as manufacturers actually registered quicker rates of expansion.

Input costs across India's private sector increased at the weakest rate since August 2024, with softer rises at goods producers and services companies.

Although output charges continued to rise at an above-trend pace, the latest increase was the least marked since June. An unchanged rate of inflation at manufacturers compared with a marginal slowdown at service providers.

*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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