News Release

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HSBC Flash India PMI®

India records robust but softer economic growth in June

Key findings

HSBC Flash India Composite PMI Output Index: 57.4 (May final: 59.3)

HSBC Flash India Services PMI Business Activity Index: 57.3 (May final: 59.8)

HSBC Flash India Manufacturing PMI Output Index: 57.4 (May final: 58.0)

HSBC Flash India Manufacturing PMI: 54.5 (May final: 55.0)

June data indicated a slowdown in growth of demand for Indian goods and services, restricting the extent to which output levels were raised. Concurrently, there was a softer expansion in aggregate employment. The latest HSBC Flash PMI® figures also showed receding inflationary pressures and downgraded growth forecasts among survey participants.

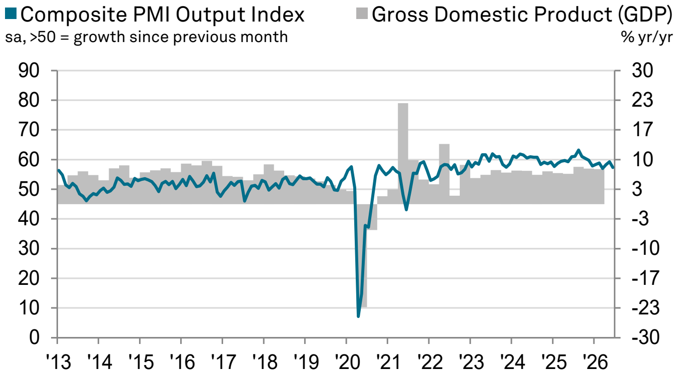
Falling from 59.3 in May to a preliminary reading of 57.4 in June, the **HSBC Flash India PMI Composite* Output Index** – a seasonally adjusted index that measures the month-on-month change in the combined output of India's manufacturing and service sectors – signalled a sharp rate of expansion that was nevertheless the weakest since March.

The slowdown in growth was widespread across the manufacturing and service sectors, with respective rates of expansion easing to two- and 17-month lows. According to panel members, cost pressures and softening demand conditions curbed the latest upturn in business activity.

Overall new orders volumes continued to rise strongly in June, despite the rate of expansion slowing to the weakest in three months. Growth eased at manufacturing firms and their services counterparts, as some companies struggled to secure new work. Competitive pressures, rising fuel prices and shortages of gas were often cited as hindrances.

Export trends were mixed in June, as faster growth in the service economy contrasted with the weakest increase at manufacturers since March 2023. At the composite level, international sales expanded at a solid pace that was nevertheless the slowest in 21 months.

June's moderation in new business growth stymied job creation. Employment still rose, though it did so only



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 June 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"Private sector activity eased a bit in June. Growth of manufacturing output softened a tad as inventory-building lost steam after a few hectic months. New export orders remained resilient and the order-to-inventory ratio ticked up, pointing at resilient manufacturing activity down the line. Input costs across the private sector rose, but at the slowest pace in five months."

marginally and to the least extent in the current six-month sequence of expansion. Hiring activity at both goods producers and service providers was the least marked since December 2025.

In a sign that staffing levels were sufficient for current requirements, outstanding business volumes were broadly unchanged at manufacturing firms and their services counterparts during June.

Private sector companies continued to report month-on-month increases in their expenses, which they often associated with greater material prices. In particular, panellists cited higher chemical, food, fuel, gas, metal and utility costs. That said, the overall rate of inflation eased for the third successive month to its lowest since January. Cost pressures remained more pronounced in manufacturing than in services.

Although Indian goods producers raised their fees to a greater extent than services companies, rates of inflation softened in each case. At the composite level, the overall rise in charges seen in June was modest and the least pronounced in six months. Anecdotal evidence highlighted a reluctance among some businesses to raise their fees amid challenging demand conditions and competitive pressures.

Companies remained confident of an increase in output over the coming 12 months relative to present levels, but the overall degree of optimism was the weakest since January and below the long-run series average. Notably, the level of positive sentiment at manufacturers fell to the lowest in close to four years.

Hence, goods producers limited buying activity, which rose at the weakest pace in two-and-a-half years during June. Subsequently, there was a softer increase in stocks of purchases and an outright decline in inventories of finished products. Finally, the **HSBC Flash India Manufacturing PMI** slipped to a three-month low of 54.5 in June, down from 55.0 in May.

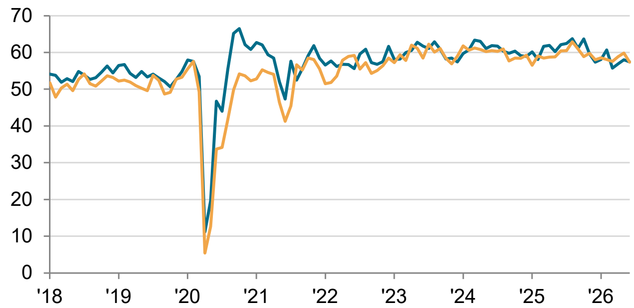
HSBC India Manufacturing PMI

sa, >50 = growth since previous month

Sources: HSBC, S&P Global PMI.

Manufacturing PMI Output Index
Services PMI Business Activity Index

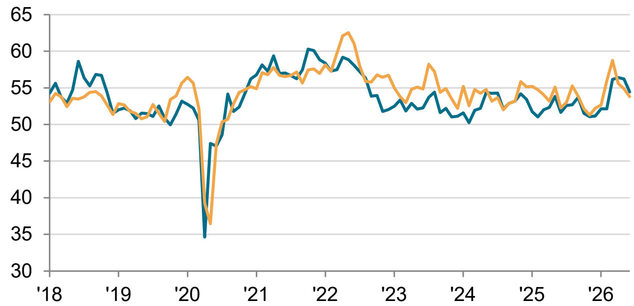
sa, >50 = growth since previous month



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.

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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 = -0.2 (absolute difference = 0.5)

Services Business Activity Index = -0.2 (absolute difference = 0.7)

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.

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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