

News Release

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HSBC India Services PMI®

Services firms signal slower improvement in demand and pick-up in inflation during February

Key findings

New order growth at 13-month low, despite quicker rise in exports

Fastest increase in input costs in two-and-a-half years

Output charge inflation at six-month high

Output growth across India's service economy was broadly stable heading towards the end of the current fiscal year, despite new orders rising at the slowest pace since January 2025. Encouragingly, there was a notably stronger upturn in international sales and firms hired staff to a greater extent than in January. Also, business confidence jumped to its highest level in a year. Elsewhere, companies signalled faster increases in input costs and output charges.

Registering 58.1 in February, 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 broadly similar to January's reading of 58.5 and therefore indicated another sharp expansion in output.

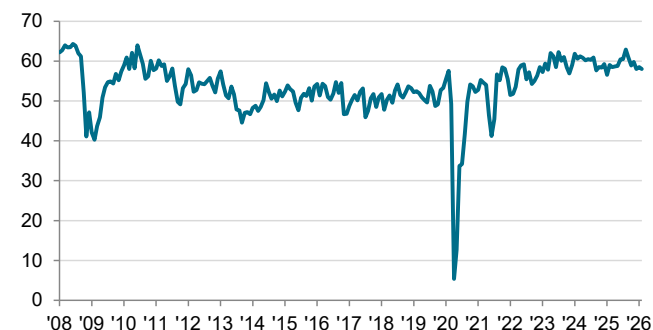
According to panel members, business activity growth was underpinned by efficiency gains, favourable underlying demand, rising sales and tech projects.

Although new order intakes rose sharply in February, the pace of expansion retreated to a 13-month low. On the one hand, greater client enquiries and marketing efforts supported sales at some units. On the other hand, a few companies suggested that an increasingly competitive environment dampened growth.

Finance & insurance was again the brightest spot, recording the quickest increases in output and new orders out of the four monitored sectors. This was despite rates of expansion retreating in both cases. Real estate & business services propped the rankings for the two aforementioned measures.

One area of outperformance was exports, as services firms reported gains from many parts of the world including Canada, Germany, mainland China, Singapore, the UAE, the UK and the US. On average, international sales expanded at the fastest pace since last August.

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



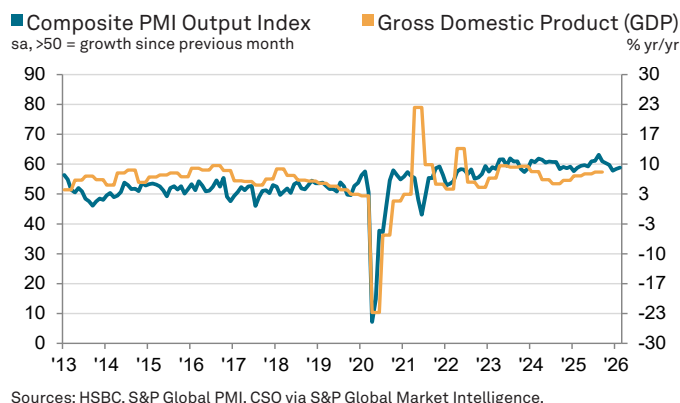
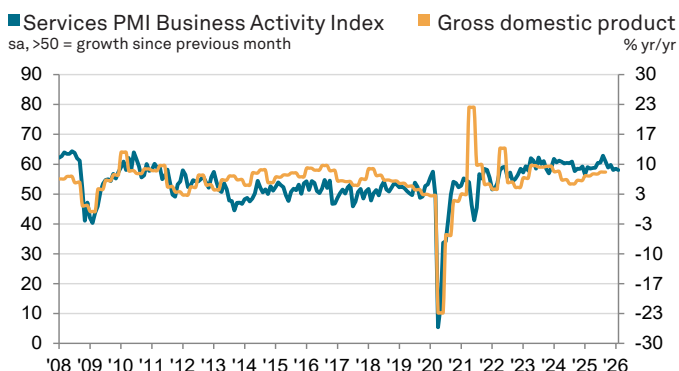
Sources: HSBC, S&P Global PMI.

Data were collected 9-25 February 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's Services PMI registered 58.1 in February, largely unchanged from January's 58.5, signalling another month of robust expansion in the sector. While new order growth slowed to a 13-month low amid rising competition, service providers saw a notable pick-up in international sales and responded with increased hiring to meet operational needs. Input and output price inflation accelerated, with firms passing higher expenses — particularly for food and labour — on to customers, yet business confidence climbed to its highest level in a year as companies looked to broaden their market presence. Overall, the composite PMI rose to 58.9, reflecting the fastest pace of private sector activity growth in three months, buoyed by strong momentum in manufacturing."



February data highlighted the sharpest increase in operating expenses among Indian services firms in two-and-a-half years, with the rate of inflation edging above its historical average. According to panellists, food (cooking oil, egg, meat and vegetables) was the main source of cost pressures, although there were also mentions of greater outlays on energy, labour and commodities.

Similarly, prices charged for the provision of services were raised to the greatest extent in six months. Here too the rate of inflation was historically elevated. Monitored companies suggested that additional cost burdens had been transferred through to clients.

Service providers were confident in their ability to secure new orders and thereby lift business activity over the course of the coming 12 months. Besides marketing initiatives, concerted efforts to broaden scope and presence across existing and new markets boosted optimism. The overall level of positive sentiment climbed to a one-year high.

Upgraded output forecasts helped drive a quicker increase in payroll numbers. Although moderate, the rate of job creation outpaced its long-run trend.

Indian services companies indicated mild pressure on their operating capacities, as evidenced by a second successive monthly increase in outstanding business volumes. The rate of accumulation was marginal and similar to January.

HSBC India Composite PMI®

Growth of private sector activity ticks higher, boosted by manufacturing

Aggregate business activity across India rose at the fastest pace in three months during February, buoyed by a substantial improvement in demand and an associated upturn in new business intakes. While quicker expansions in sales and output were evidenced in the manufacturing industry, there were slowdowns at services firms.

The HSBC India Composite PMI® Output Index* was up from 58.4 in January to 58.9 in February. The latest reading was consistent with a historically sharp pace of growth.

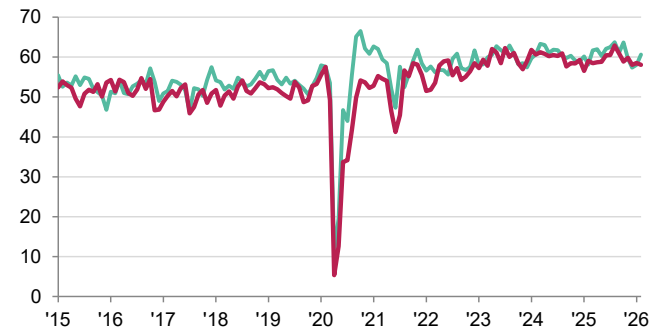
The rate of new order growth at the composite level was broadly similar to those seen around the turn of the year, while job creation accelerated to its strongest since last October.

On the price front, there were quicker increases in both input costs and output charges. Respective rates of inflation climbed to nine- and six-month highs.

India's service economy was the main source of price pressures as rates of inflation for both input costs and selling prices were above those registered at goods producers.

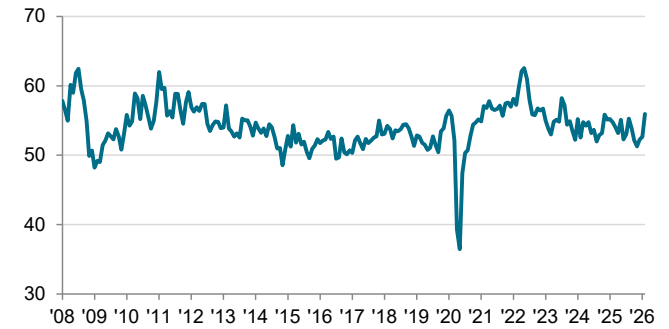
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

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



Sources: HSBC, S&P Global PMI.

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 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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