News Release

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HSBC India Services PMI®

Job creation reinstated amid pick-up in sales growth and strengthening business confidence

Key findings

Growth of new orders and output at two-month highs

Employment rises as business sentiment improves

Input costs and output charges increase at quicker rates

Service providers in India welcomed a recovery in growth during January, noting quicker expansions in new business intakes and output. They were also more upbeat towards the outlook and hired additional staff. On the price front, there were quicker albeit still moderate increases in input costs and selling charges.

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 – rose to a two-month high of 58.5 in January, from December's recent low of 58.0. The current figure was consistent with a historically sharp rate of expansion.

The main features behind output growth were demand buoyancy, new business gains and tech investment, anecdotal evidence showed.

Similar to the trend for output, new orders rose at the quickest pace in two months after growth had retreated to an 11-month low at the end of 2025. In addition to reporting greater client interest in their services, companies suggested that a stronger online presence helped drive sales higher.

Granular data showed that Finance & Insurance topped the growth rankings for both output and new orders, despite being the only segment to post slowdowns since last December.

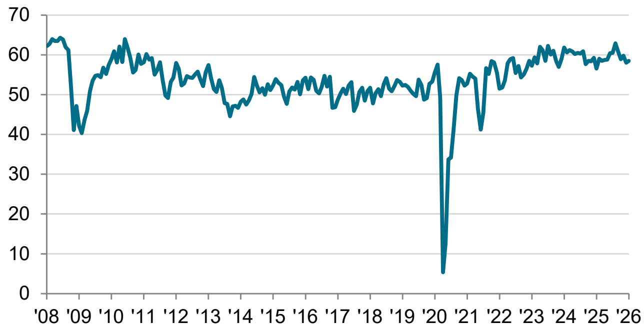
January data showed that the main source of new business gains was the domestic market, but international orders nevertheless rose solidly. Moreover, the pace of expansion was the most pronounced in three months.

Survey participants remarked on new business gains from clients in Indonesia, Kenya, Malaysia, Oman, Qatar, Sri Lanka, Thailand and Vietnam.

Rising intakes of new work prompted service providers in India to resume hiring in January. The pace of job creation was

HSBC India Services PMI Business Activity Index

sa, >50 = growth since previous month



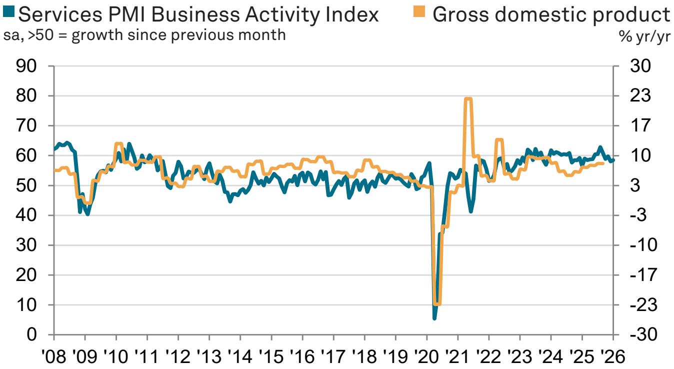
Sources: HSBC, S&P Global PMI.

Data were collected 9-28 January 2026.

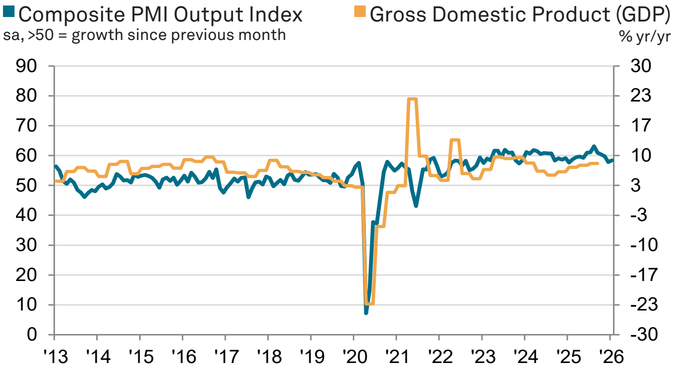
Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's services PMI rose to 58.5 in January, up from 58.0 in December, signalling sustained momentum in the sector. Robust output growth was driven by a steady influx of new orders, including increased international demand from South and Southeast Asia. Business confidence climbed to a three-month high, supported by efficiency gains, effective marketing, and the acquisition of new clients. While input and output prices are rising, they remain fairly mild by historical standards. The composite PMI also strengthened in January, reflecting solid demand growth across both manufacturing and services."



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



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

only marginal, however, as the vast majority of firms opted to leave workforce numbers unchanged amid sufficient resources for current requirements.

Indeed, the latest results showed a broadly stable volume of pending workloads across the service economy, with the respective seasonally adjusted index registering only fractionally above the neutral mark of 50.0 in January.

Business confidence rose to a three-month high at the start of the final fiscal quarter. Among the factors supporting optimistic forecasts were efficiency gains, marketing efforts and new client wins.

Services firms signalled more costly prices for eggs, electronic items, meat, paper, parts and vegetables. Overall, input costs increased at the fastest pace since last September, albeit one that was moderate and below the long-run series trend.

Output charges also rose to a greater extent during January, with the rate of inflation at a three-month high. Service providers reportedly sought to better balance cost rises and profitability. The overall increase was nevertheless mild in the context of historical data.

Cost pressures were by far most intense in the Consumer Services category, while the strongest increase in output charges was noted in the Finance & Insurance sector.

HSBC India Composite PMI®

January sees pick-up in growth across India's private sector

There were quicker increases in new orders and output across India's private sector during January, which supported the reinstatement of job creation and strengthening business confidence. Inflationary pressures crept up, though remained mild by historical standards.

The HSBC India Composite PMI® Output Index* rose from last December's 11-month low of 57.8 to 58.4 in January. The latest reading was consistent with a sharp rate of expansion and was boosted by stronger growth at goods producers as well as service providers.

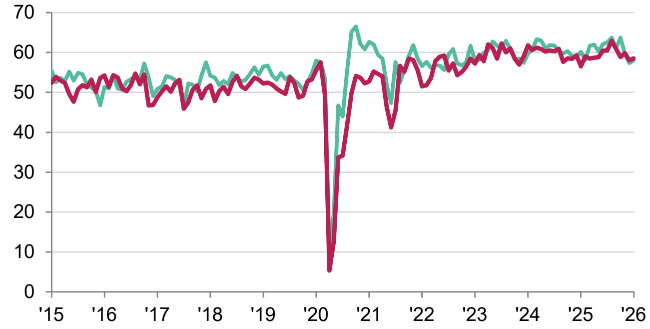
Similarly, a pick-up in demand growth across both the manufacturing and service sectors boosted aggregate sales. The overall rate of expansion was at a two-month high.

After stagnating in December, private sector employment increased at the start of 2026. Slight rates of job creation were noted at manufacturing firms and their services counterparts.

Rates of input cost and output charge inflation in the private sector quickened to four- and three-month highs respectively, but were negligible in the context of historical data.

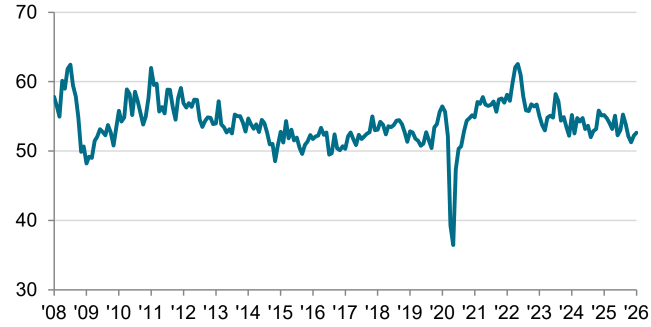
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

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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