

# News Release

Embargoed until 1030 IST (0500 UTC) 24 January 2024

## HSBC Flash India PMI<sup>®</sup>

### India's private sector economy gains growth momentum at start of 2024

#### Key findings

HSBC Flash India Composite PMI Output Index: 61.0 (Dec final: 58.5)

HSBC Flash India Services PMI Business Activity Index: 61.2 (Dec final: 59.0)

HSBC Flash India Manufacturing PMI Output Index: 60.5 (Dec final: 57.4)

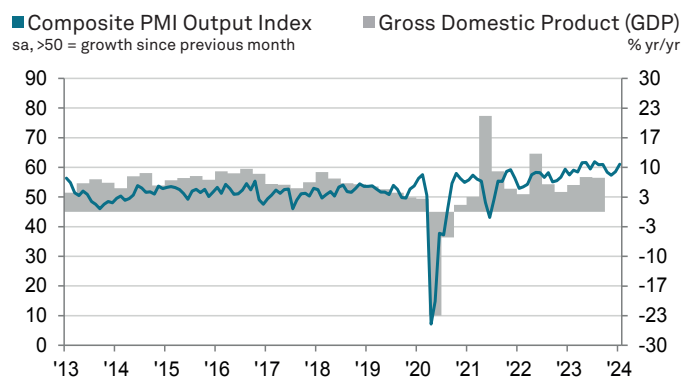
HSBC Flash India Manufacturing PMI: 56.9 (Dec final: 54.9)

The health of the Indian private sector economy improved substantially in January, according to HSBC Flash India PMI<sup>®</sup> data, as a sharper upturn in new work intakes fuelled output growth. Operating capacities remained under pressure, encouraging firms to hire additional workers. Another factor that underpinned job creation was a pick-up in business confidence. The inaugural flash results also highlighted an intensification of cost pressures, but selling prices were raised to a smaller extent.

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 – was at 61.0 in January, inside expansion territory for the thirtieth successive month. Moreover, rising from 58.5 in December, the latest figure pointed to the sharpest rate of growth since September 2023. Service providers noted a stronger increase in activity than manufacturers, but growth accelerated in both cases.

Survey participants mainly attributed the upturn to favourable economic conditions, demand strength and ongoing improvements in new business inflows. Indeed, aggregate sales increased at a sharp pace in January, and one that was the fastest in six months. Both manufacturing firms and their services counterparts recorded quicker rates of expansion in new orders.

The rise in total new business inflows was supported by the most marked increase in international orders since last October. Panellists reported higher sales to clients based in Africa, Asia, Australia, Canada, Europe, the Americas and the Middle East. Goods producers again registered a quicker expansion in external orders than service providers.



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 10-19 January 2024.

#### Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

*“The economy grew at a faster pace in January, led by stronger manufacturing output, as well as more robust business services activity. New orders rose at a faster pace than a month ago, and within that, international orders were stronger than before. Input prices rose quickly, but output prices were raised to a smaller extent.”*

Amid ongoing improvements in new orders, the operating capacities of private sector firms in India remained under pressure at the start of the year. This was evidenced by a further increase in outstanding business volumes. Although moderate, the rate of accumulation accelerated to the quickest in nearly a year-and-a-half.

As has been the case on a monthly basis since mid-2022, net employment in India rose during January. The increase was mainly centred on the service economy, as job levels in the manufacturing industry were broadly unchanged since December. At the composite level, payroll numbers expanded at a slight pace that was similar to that recorded at the end of 2023.

In addition to capacity pressures, another aspect behind employment growth was an improvement in firms' expectations for output in the coming 12 months. The overall level of business confidence rose to its second-highest mark in over a year during January, as both manufacturers and service providers became more optimistic towards the outlook. Notably, the level of positive sentiment in the manufacturing industry climbed to its highest in nearly nine-and-a-half years.

On the price front, India's service economy generally led a pick-up in cost pressures at the composite level, which hit a five-month high. Service providers observed the fastest increase in operating expenses since August 2023, amid higher food (chicken, eggs, rice and vegetables), vehicle part, construction material, freight and labour costs. According to panellists, additional overtime payments were made to employees due to robust demand.

Meanwhile, manufacturers noted a mild rise in purchasing prices in January that was broadly similar to those seen in November and December and therefore remained well below its long-run average.

Prices charged for Indian goods and services rose further at the start of 2024, though the aggregate rate of charge inflation softened to a ten-month low. Rates of increase were broadly similar across the manufacturing and service sectors, with the latter noting a slowdown and the former an acceleration. Although some firms indicated that part of their additional cost burdens had been shared with clients, others reportedly refrained from hiking their fees amid sales-boosting initiatives.

HSBC India Manufacturing PMI

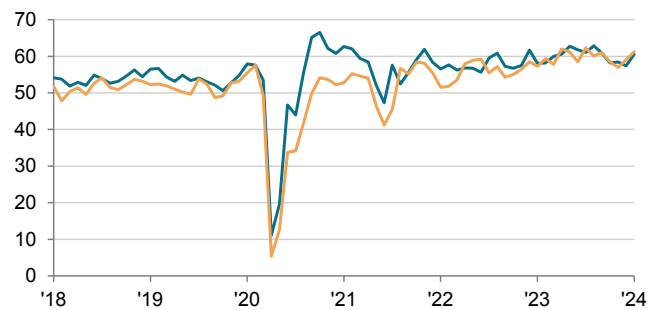
sa, >50 = growth since previous month



Sources: HSBC, S&P Global PMI.

■ Manufacturing PMI Output Index  
■ Services PMI Business Activity Index

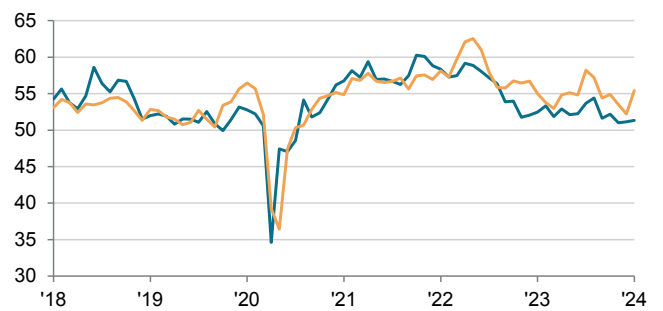
sa, >50 = growth since previous month



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)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

### 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).

### About HSBC

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities. HSBC is one of India's leading financial services groups, with around 39,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country. [www.hsbc.co.in](http://www.hsbc.co.in)

### About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. [www.spglobal.com](http://www.spglobal.com)

### 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)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates, suppliers and any sponsor (including their affiliates) of the Content ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.