News Release

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HSBC Flash India PMI®

Output continues to rise sharply, but growth eases to ten-month low

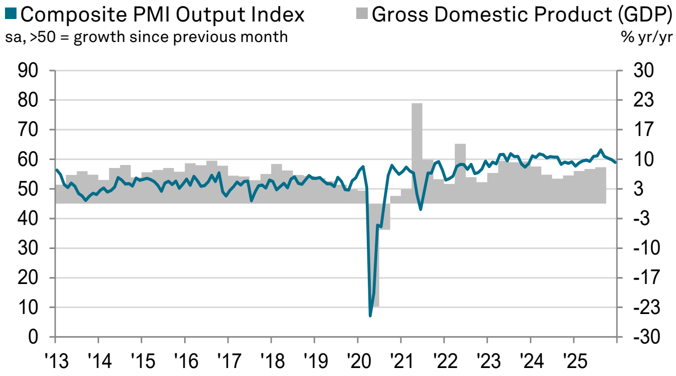
Key findings

HSBC Flash India Composite PMI Output Index: 58.9 (November final: 59.7)

HSBC Flash India Services PMI Business Activity Index: 59.1 (November final: 59.8)

HSBC Flash India Manufacturing PMI Output Index: 58.4 (November final: 59.6)

HSBC Flash India Manufacturing PMI: 55.7 (November final: 56.6)



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 3-11 December 2025.

The HSBC Flash PMI® for December indicated that business activity in the Indian private sector continued to increase sharply in the last month of 2025. That said, the rate of expansion eased, with softer growth seen across both the manufacturing and service sectors.

Similarly, growth of new orders slowed at the end of the year, but remained marked. Meanwhile, companies kept their staffing levels broadly unchanged amid a further easing of business confidence. Inflationary pressures were again muted.

The **HSBC Flash India 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 – posted 58.9 in December, remaining well above the 50.0 no-change mark and therefore signalling a further steep expansion of business activity across the private sector. That said, the index was down from 59.7 in November and pointed to the softest output growth since February.

Slower rises in business activity were seen in both the manufacturing and service sectors. The weaker increases in output reflected an easing of growth in new orders, which nonetheless continued to rise sharply amid reports of improving customer demand.

While the pace of expansion in total new orders eased, the rate of growth in new export orders accelerated in December and was at a three-month high. Panellists reported having received new orders from a range of export markets, including Australia, Bangladesh, Canada, Germany, the Middle East, Sri Lanka, the UK and the US.

Looking specifically at manufacturing, weaker rises in output and new orders were accompanied by softer expansions

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"The HSBC Flash India PMI ended 2025 in positive fashion, completing a year of marked growth for the private sector. Rates of expansion in output and new orders eased in December, but remained sharp nonetheless. Firms were helped by inflationary pressures remaining muted as the year drew to a close."

in employment and stocks of purchases, plus a greater shortening of suppliers' delivery times. As a result, the **HSBC Flash India Manufacturing PMI** – a weighted average of these five indices – posted 55.7 in December, down from 56.6 in November. The latest reading signalled the smallest improvement in the health of the manufacturing sector for two years, albeit one that was still marked and more pronounced than the series average.

Anecdotal evidence from companies across both manufacturing and services suggested that their current workforce numbers were generally sufficient to keep on top of new order inflows. As a result, employment levels were left broadly unchanged in December, with the fractional increase in workforce numbers the least marked since February 2024. Manufacturing staffing levels were up marginally, while services employment was broadly stable.

As noted, companies were still able to keep on top of workloads and posted a third consecutive month of broadly stable backlogs of work.

Inflationary pressures remained muted in December. Input costs increased modestly, and at a pace that was only slightly faster than the near five-and-a-half-year low posted in November. In addition, the pace of inflation was slower than the series average. Mild increases were seen across both the manufacturing and service sectors.

In turn, output prices also increased modestly, and at the second-slowest pace in the past nine months. The rate of inflation seen in December was weaker than the average across 2025 as a whole. Services charges rose at a slightly sharper pace than was seen in November, but the rate of selling price inflation in manufacturing eased for the second month running and was the weakest since March.

Turning to the outlook for business activity during 2026, companies remained confident that growth will be maintained, but optimism continued to soften. In fact, sentiment dipped for the third month running in December to the lowest since July 2022. The drop in confidence was centred on the service sector as manufacturing optimism ticked up from the previous survey period.

Respondents indicated that they expect a steady inflow of new business to support growth of output over the coming year, with high quality products and marketing activities central to positive expectations. On the other hand, a softening of growth at the end of the year led to more muted optimism.

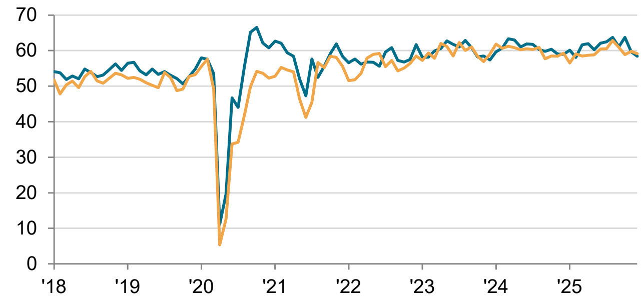
HSBC India Manufacturing PMI

sa, >50 = growth since previous month

Sources: HSBC, S&P Global PMI.

■ Manufacturing PMI Output Index
■ Services PMI Business Activity Index

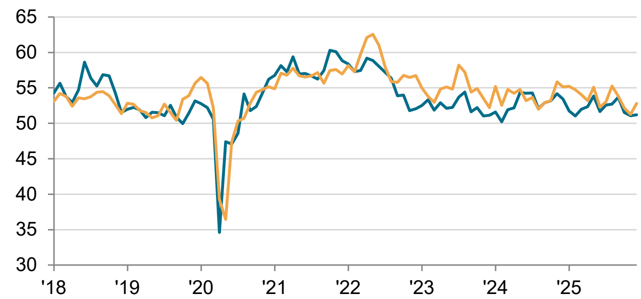
sa, >50 = growth since previous month



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 = -0.1 (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.

About HSBC

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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

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