

# News Release

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## HSBC India Services PMI®

### Softer improvement in demand curbs output growth and inflation

#### Key findings

New business and activity expand at slower rates

Weakest rise in international sales since March

Cost pressures recede, taming charge inflation

Operating conditions across India's service economy remained favourable in September, with healthy demand trends underpinning further growth of total new orders, exports, employment and business activity. In all four cases, however, rates of expansion eased since August.

Encouragingly, a softer increase in expenses helped curtail charge inflation. Moreover, confidence towards the year-ahead outlook for output strengthened.

At 60.9 in September, 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 well above the neutral mark of 50.0 to signal another substantial upturn in output. Falling from 62.9 in August, however, the latest figure showed a loss of growth momentum.

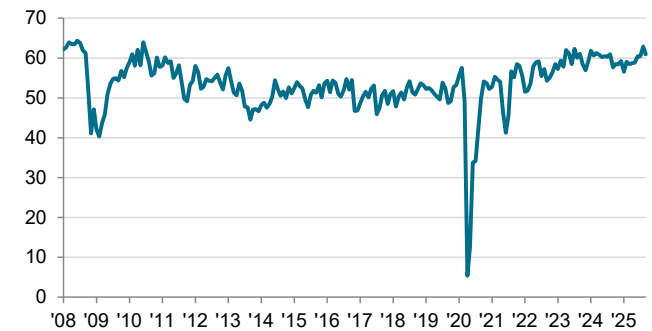
Anecdotal evidence showed that demand buoyancy and new business gains, alongside tech investment and favourable public policies, supported the rise in output. Barriers to growth featuring in panel member reports included competitive conditions and cost-control measures.

Similarly, new order intakes rose at a sharp pace that was nevertheless softer than that registered in August. Underlying data showed that part of the slowdown reflected softer improvements in international demand for Indian services.

External sales still rose in September, but did so to the least extent since March. Companies identified the supply of services at lower prices elsewhere as the main factor behind the slowdown in growth of export orders.

Indian services companies reported a further increase in their expenses at the end of the second fiscal quarter. According to them, outlays on labour and materials rose since August. The overall rate of inflation was solid, but eased since the

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



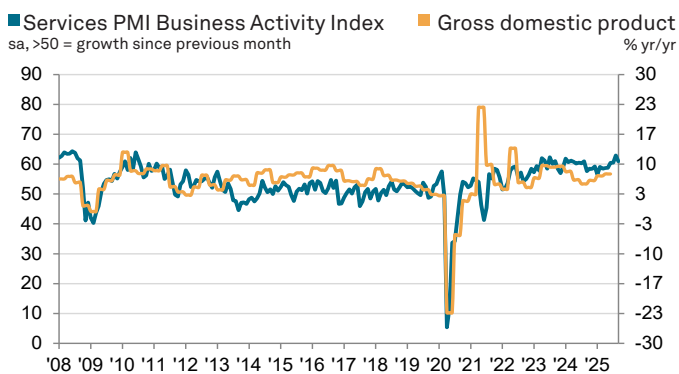
Sources: HSBC, S&P Global PMI.

Data were collected 10-26 September 2025.

#### Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"Business activity in India's services sector eased in September from the recent-high August level. Most trackers moderated but nothing in the survey suggested there is a big loss in growth momentum in services. Instead, the Future Activity Index rose to its highest level since March, indicating strengthening optimism services companies about business prospects."



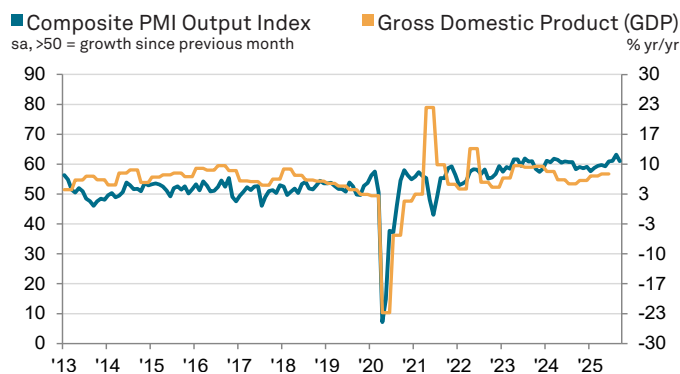
previous month and was below its long-run average.

Prices charged for the provision of Indian services likewise increased at a weaker rate in September. The pace of inflation was modest, the slowest since March and broadly in line with the long-run series average.

Elsewhere, the latest results showed a general lack of pressure on the capacity of services firms, as outstanding business volumes rose at a marginal pace that was the weakest in a year.

Concurrently, job creation slowed during September. Employment rose at a modest pace, as fewer than 5% of monitored companies reported hiring growth.

Companies' assessments of growth prospects improved in September, with the overall level of positive sentiment reaching a six-month high. Survey participants identified several tailwinds to the year-ahead outlook for activity, including advertising, efficiency gains, plans to price competitively and tax cuts.



## HSBC India Composite PMI®

### Private sector growth eases amid slowdowns in manufacturing and services

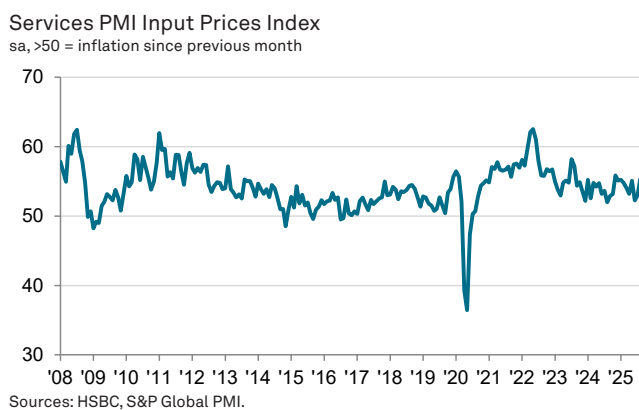
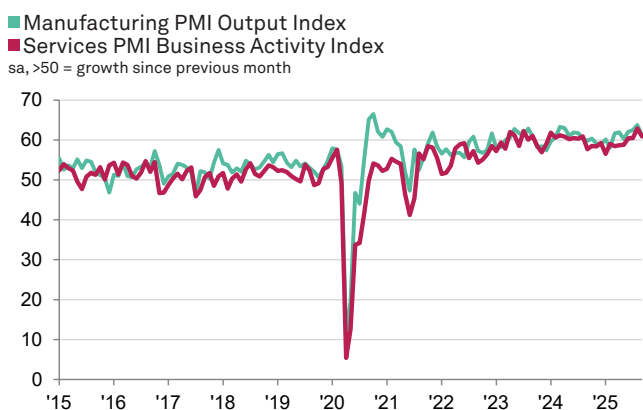
India's private sector continued to experience robust growth, but there were softer increases in new orders, international sales, business activity and employment during September.

The HSBC India Composite PMI® Output Index\* slipped from 63.2 in August to 61.0, indicating the weakest rate of expansion since June. The figure nevertheless remained comfortably above its long-run average and the neutral mark of 50.0.

In addition to a broad-based slowdown in growth of output across the manufacturing and service sectors, there were softer increases in new orders across the two segments. At the composite level, total sales rose at the softest pace in three months.

Inflation trends were mixed, with faster increases in expenses and selling prices at manufacturers contrasting with slower rises in the service economy. Across the private sector, costs and charges rose at the slowest rates in two and three months respectively.

\*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.



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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](mailto:economics@spglobal.com).

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