

News Release

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HSBC India Services PMI[®]

Indian service sector enjoys strong start to new fiscal year

Key findings

Marginal upticks in growth of new business and output

Firms continue to take on additional workers

Cost pressures retreat to six-month low

After experiencing a slowdown in March, growth of business activity in the Indian service sector accelerated slightly in April. This regained momentum was largely driven by a quicker increase in new order inflows, which also underpinned a faster expansion in employment. Alongside this positive trend, capacity pressures continued to build, with unfinished work rising solidly.

On the pricing front, average charges increased at a quicker pace, despite cost pressures retreating to a six-month low.

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 – reached 58.7 in April, up from 58.5 in March, indicating a sharp and stronger expansion in service sector output. The headline figure was above its long-run average of 54.2.

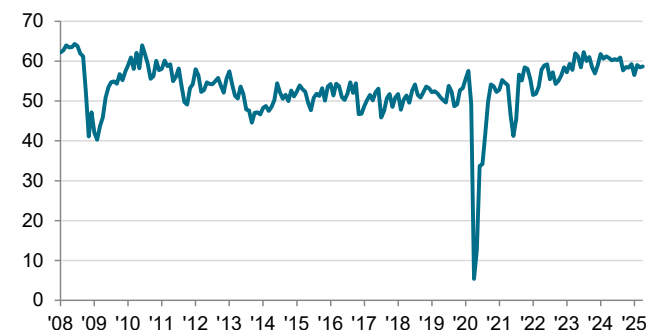
The overall expansion in output was fuelled by a significant rise in new business intakes, the joint-best in eight months, with many firms noting favourable demand conditions and successful marketing efforts. In some instances, efficiency gains reportedly enabled companies to take on more work.

Consistent with trends from the previous survey period, the Finance & Insurance sub-sector exhibited the highest growth rates for both output and new orders.

Indian companies continued to benefit from improved international demand for their services, with Asia, Europe, the Middle East and the US particularly cited as sources of strength. Overall, new export orders expanded at the fastest pace since July 2024.

Indian services companies increased their workforce numbers for the thirty-fifth consecutive month in April. Moreover, the pace of job creation was marked and quicker than in March. Anecdotal evidence indicated that panellists

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



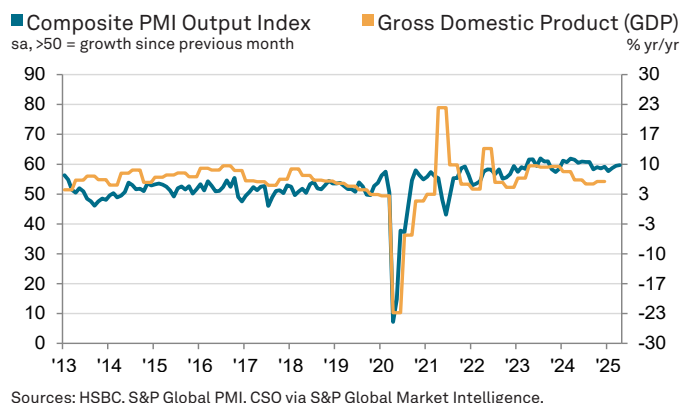
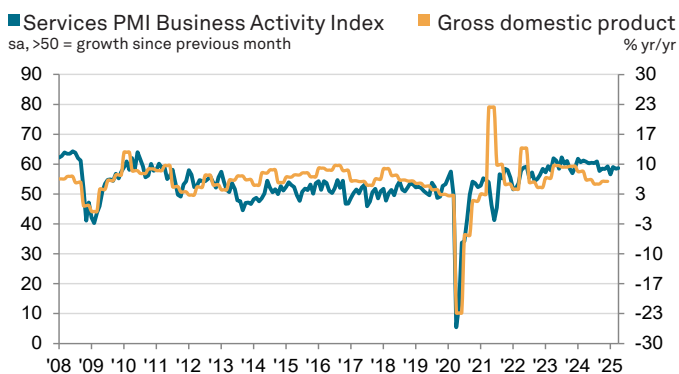
Sources: HSBC, S&P Global PMI.

Data were collected 8-28 April 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India services activity rose at a faster pace than last month. New export orders gained momentum after taking a breather in March, accelerating at its fastest pace since July 2024. Margins improved as cost pressures eased and prices charged rose at a faster pace. Though firms remained optimistic about future growth, their confidence waned slightly."



enhanced operational capacity with full- and part-time employees to capitalise on increased client demand.

Despite the rise in staffing levels, firms reported another monthly increase in unfinished work, with the rate of backlog accumulation accelerating from the previous month and outpacing its long-term average.

Input prices rose moderately and at the slowest pace for six months at the start of the 2025/26 fiscal year. Panellists noted greater chemical, cosmetic, fish, staff and transportation costs. They nevertheless reported lower vegetable prices.

Indian services firms increased their average selling prices during April, as they sought to transfer higher cost burdens to clients. The rate of charge inflation was solid, faster than in March and above its long-run average.

Cost pressures were highest among Consumer Services companies, despite a slowdown since March, but it was in the Finance & Insurance segment that the fastest rate of charge inflation was registered.

Although service providers expressed optimism regarding activity growth, they downgraded expectations. The overall level of business confidence was at its lowest in close to two years. Advertising, demand strength and productivity gains underpinned upbeat forecasts, which were nevertheless dampened by competition concerns.

HSBC India Composite PMI®

Growth of private sector sales and output tick higher in April

The latest data showed a modest acceleration in growth of aggregate output, as signalled by the HSBC India Composite PMI® Output Index* rising from 59.5 in March to 59.7. The latest reading was consistent with a sharp rate of expansion that was the strongest since August 2024. There were quicker increases at both goods producers and service providers.

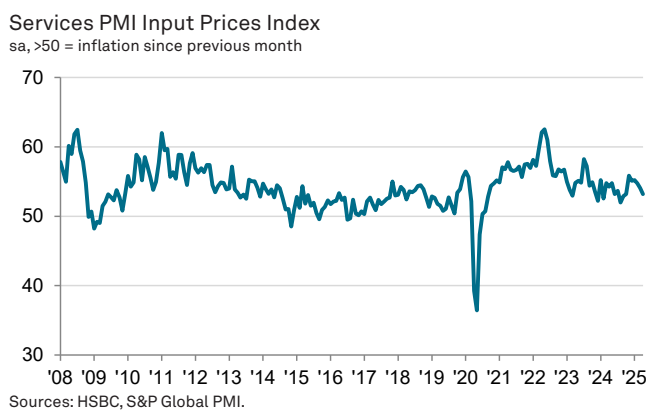
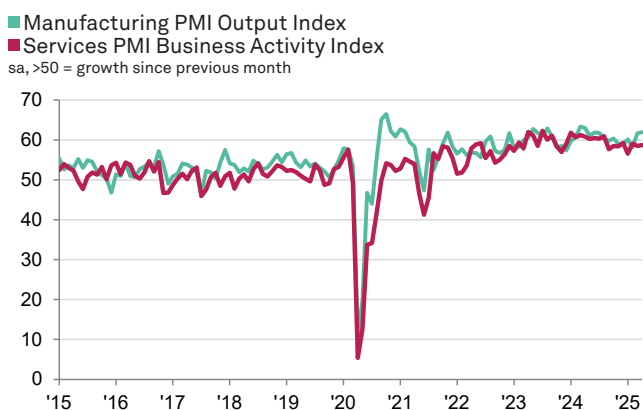
New business volumes across the private sector rose at the fastest pace in eight months, helped by a pick-up in growth across the service economy. The upturn at goods producers was broadly similar to March.

Both manufacturing firms and their services counterparts registered faster expansions in new export orders. At the composite level, the rate of growth was at a nine-month high.

Price trends in India's private sector were mixed, as a slowdown in input cost inflation contrasted with a stronger increase in selling charges.

Finally, an improvement in business sentiment among manufacturers contrasted with fading optimism at services firms.

*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.



Contact

HSBC India
Shalaka Kagathra
T: +91 22 22681046
shalaka.kagathra@hsbc.co.in

Snehha Madhyani
T: +91 22 22685341
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

Kriti Khurana
Corporate Communications
T: +91 971 101 7186
kritikhurana@spglobal.com
press.mi@spglobal.com

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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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