

# News Release

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## HSBC India Services PMI®

### Softer expansion in new business constrains growth of services activity at the end of 2025

#### Key findings

Slower, though sharp, rises in activity and new orders

Business optimism fades and job creation stalls

Benign increases in input costs and output charges

Although India's service sector maintained a strong performance in December, several of the survey's measures retreated as 2025 drew to a close. Rates of expansion in incoming new work and output eased to the slowest in 11 months, with companies refraining from recruiting additional staff. Firms remained upbeat towards growth prospects, but overall sentiment fell to its lowest level in nearly three-and-a-half years.

There were quicker increases in input costs and output charges than those registered in the previous month, though rates of inflation remained below their respective long-run averages.

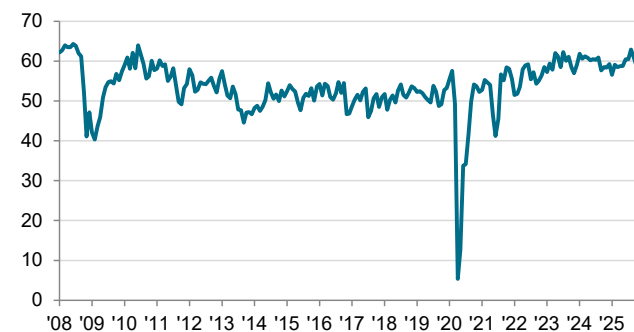
The seasonally adjusted HSBC India Services PMI® Business Activity Index – based on a single question asking how the level of business activity compares with the situation the month before – fell from 59.8 in November to 58.0 in December, indicating the slowest rate of expansion since January. That said, the current reading was still indicative of a substantial rise in output.

In a similar vein, inflows of new work rose at an above-trend pace albeit one that was the least pronounced in 11 months.

Panel member reports indicated that increases in new orders and output were supported by competitive pricing, demand buoyancy and positive client interest. Anecdotal evidence suggested that growth was constrained by a greater presence of alternative providers and cheaper services offered elsewhere.

In terms of external demand, monitored companies noted another improvement, with gains from Asia, North America, the Middle East and the UK particularly mentioned. New export orders rose at a marked pace, and one that was quicker than in November.

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



Sources: HSBC, S&P Global PMI.

Data were collected 3-19 December 2025.

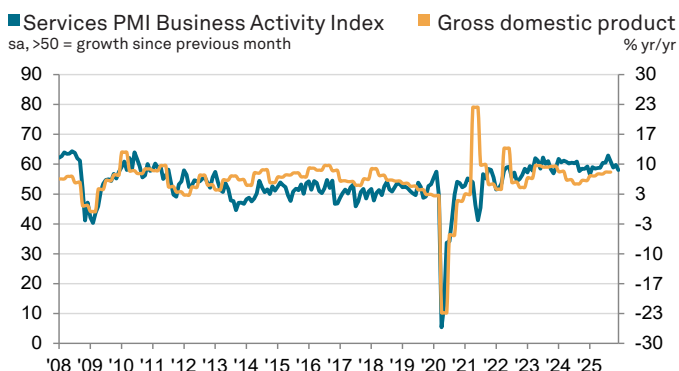
#### Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

*"While India's service sector continued to perform well in December, the retreat in several survey indicators as 2025 ended may suggest a moderation in growth heading into the new year."*

*"What bodes well for the outlook is the benign inflation environment. If services firms continue to see only mild increases in their expenses, they should be better positioned to compete and limit price hikes, thereby boosting sales and creating more jobs."*

*"Companies did express some anxiety about market uncertainty and exchange rate movements. While recent rupee weakness may have driven import costs higher, it likely made exports more competitive. Notably, against the wider trend of slowing growth, services exports rose to a greater extent in December."*



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

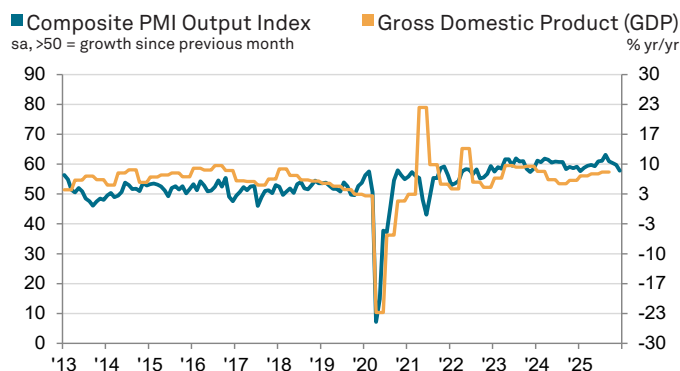
Indian services companies were confident of a rise in business activity in 2026, but the overall level of positive sentiment fell for the third straight month to its lowest in close to three-and-a-half years. The respective index was nearly nine points below its long-run average. Heightened market uncertainty and concerns around exchange rate movements dampened optimism, qualitative data showed.

Concurrently, the recent trend of hiring growth that began in June 2022 came to an end in December. Service sector jobs fell only fractionally, however, as the vast majority of companies (96%) indicated no change since November.

One factor that prevented firms from recruiting additional staff was a lack of pressure on their operating capacities. Outstanding business volumes were broadly stable in December, as was generally the case in both October and November.

Monitored companies signalled an uptick in their operating expenses at the end of the third fiscal quarter, with cost pressures reportedly stemming from building items, chemicals, medical supplies, salaries, vegetables and office maintenance fees. The rate of inflation quickened from November, but was among the softest in over five years.

Prices charged for the provision of Indian services rose slightly in December, and to one of the weakest degrees in around two years. In fact, fewer than 3% of companies hiked their fees and the remaining panellists left them unchanged.



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

## HSBC India Composite PMI®

### Private sector output growth recedes to 11-month low in December

The latest results showed another sharp increase in private sector activity across India, though the pace of expansion eased to the weakest since January 2025 amid slowdowns at both manufacturers and service providers.

Despite falling from 59.7 in November to 57.8 in December, the HSBC India Composite PMI® Output Index\* was well above its long-run reading of 55.0.

A similar picture was painted for new orders, with growth losing momentum at goods producers and services firms. The aggregate pace of expansion softened to a 25-month low.

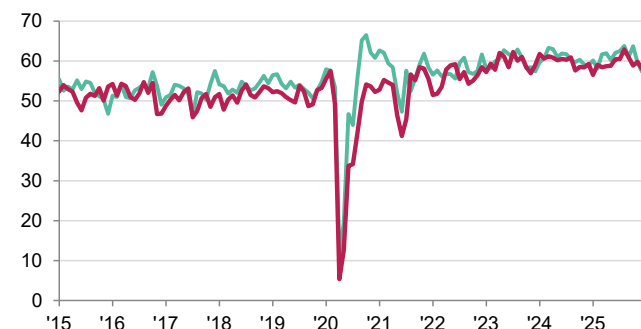
India's private sector continued to record benign increases in both input costs and output charges. Rates of inflation were broadly similar and below their respective long-run averages.

Job creation at the composite level stalled in December, amid a slowdown in growth among goods producers and fractional job shedding at service providers.

Looking ahead, private sector companies remained optimistic towards growth prospects, though the level of sentiment slipped to a 41-month low.

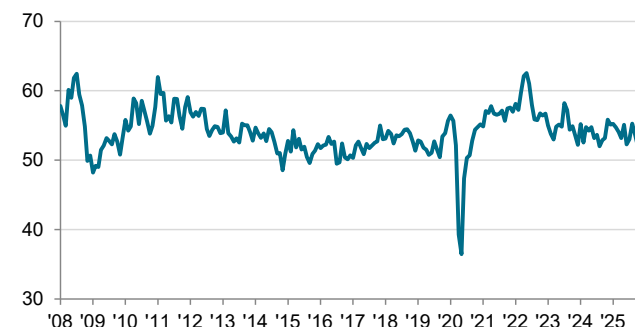
\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ 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](mailto:economics@spglobal.com).

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### About S&P Global

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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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)