

News Release

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HSBC India Manufacturing PMI[®]

Growth of Indian factory orders and production strengthens in July

Key findings

Output and sales expand at quicker rates

Job creation softens as business optimism fades

Faster increases in input costs and selling charges

Manufacturing sector conditions in India continued to strengthen in July, with the HSBC PMI[®] climbing to a 16-month high due to faster increases in new orders, output and stocks of purchases. Firms bought extra inputs to broadly the same extent as in June, however, whilst job creation receded to the weakest since November 2024. Meanwhile, business confidence retreated to its lowest level in three years.

Cost pressures intensified, though remained negligible by historical standards, while the latest increase in selling prices was stronger than the long-run series average.

Rising from 58.4 in June to 59.1 in July, the seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index[™] (PMI[®]) – a single-figure indicator of sector performance – signalled the strongest improvement in the health of the sector since March 2024.

Supporting the uptick in the headline figure was a sharp and accelerated expansion in new orders placed with Indian goods producers. The rise was linked by panellists to favourable demand conditions and successful marketing initiatives. Overall sales rose at the fastest pace in close to five years.

Subsequently, production growth strengthened to a 15-month high in July and outpaced the series trend. Granular data showed that this acceleration was confined to the intermediate goods segment as rates of increase slowed elsewhere.

Although rising international demand from across the globe reportedly contributed to the overall upturn in total sales, new export orders increased to a lesser extent than in June. The expansion was nevertheless among the best seen in over 14 years.

Indian manufacturers remained confident of a rise in output over the course of the coming 12 months, but the overall level of positive sentiment fell to its lowest mark in three years.

HSBC India Manufacturing PMI

sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.

Data were collected 9-25 July 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India recorded a 59.1 manufacturing PMI in July, up from 58.4 during the prior month. This marked a 16-month high for the Indian manufacturing sector, which benefited from strong growth in new orders and output. At the same time, however, business confidence fell to its lowest level in three years due to concerns over competition and inflation. Indeed, input and output prices in India's manufacturing sector both remained elevated during July. Amid softening business confidence, Indian manufacturers hired extra staff at the slowest rate since November 2024."

Among the main headwinds to growth, survey members listed competition and inflation concerns.

Companies continued to hire extra staff at the start of the second fiscal quarter, but they did so to the least extent in eight months. The vast majority of panellists (93%) indicated that employment numbers were sufficient for current requirements. Indeed, outstanding business volumes increased only marginally in July.

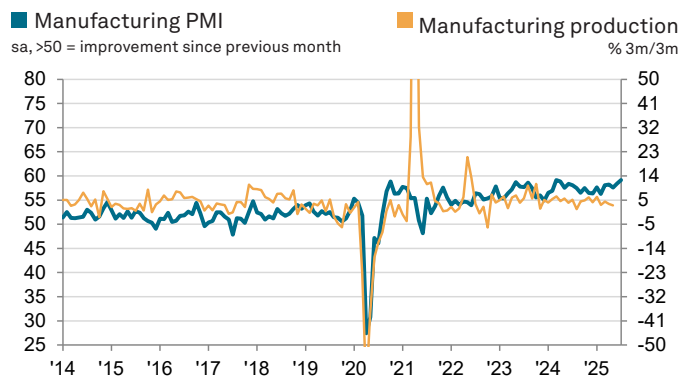
The survey's price gauges pointed to a mild intensification of inflationary pressures at the start of the second fiscal quarter. Amid reports of greater aluminium, leather, rubber and steel prices, average input costs rose at a faster pace than in June. The respective seasonally adjusted index remained below its long-run average, however.

Charge inflation quickened only fractionally from June, but the rate of increase was above that seen for input costs and its own trend. According to panel members, favourable demand conditions facilitated upward adjustments to their fees.

On the purchasing side, goods producers sought to replenish their inventories by acquiring additional inputs. Buying levels rose at a fractionally slower pace than in June, and one that was the second-fastest in 15 months.

Elsewhere, a further improvement in vendor performance supported another increase in stocks of purchases. The latter expanded to the greatest extent in 15 months.

Inventories of finished goods decreased further in July, with companies continuing to suggest that sales had been met from warehoused products.



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

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Survey methodology

The HSBC India Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 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 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.

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.

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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