News Release

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HSBC Flash India PMI®

Private sector growth recovers from December's recent low

Key findings

HSBC Flash India Composite PMI Output Index: 59.5 (December final: 57.8)

HSBC Flash India Services PMI Business Activity Index: 59.3 (December final: 58.0)

HSBC Flash India Manufacturing PMI Output Index: 59.9 (December final: 57.3)

HSBC Flash India Manufacturing PMI: 56.8 (December final: 55.0)

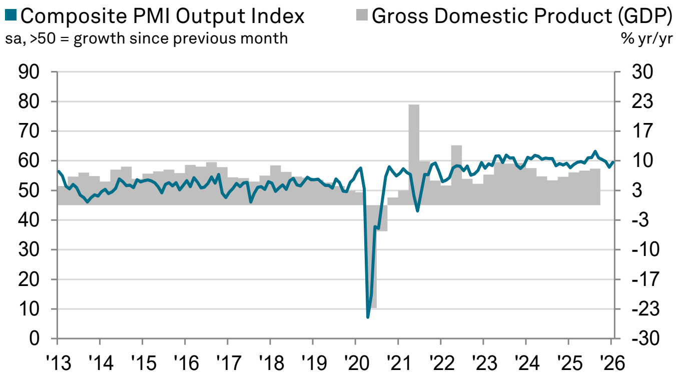
After losing some momentum at the end of the 2025 calendar year, growth across India's private sector economy bounced back in January. The HSBC Flash PMI® figures showed quicker increases in new orders and output, alongside the reinstatement of job creation and a rebound in business confidence. For all of the aforementioned measures, trends improved at both manufacturers and service providers. Meanwhile, aggregate rates of input cost and output charge inflation remained moderate despite quickening since December.

Rising from an 11-month low reading of 57.8 in December to 59.5 in January, 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 – indicated a sharp rate of expansion that was above the long-run series average.

There were quicker increases in output at manufacturing companies and their services counterparts, with rates of growth broadly similar.

Underpinning the acceleration in growth of private sector activity was a faster expansion in overall new business intakes. According to survey members, sales were fuelled by strengthening demand conditions and aggressive marketing campaigns. Manufacturers noted a quicker upturn than service providers, though growth picked up pace in both cases.

January data showed a marked upturn in aggregate international orders, one that was the greatest in four months. Asia, Australia, Europe, Latin America and the Middle East featured in the qualitative part of the survey as the main destinations for Indian goods and services in the latest month.



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 9-20 January 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"Growth, as signalled by the HSBC flash PMI, picked up pace for both manufacturing and services. Despite the rise in the manufacturing PMI, January's figure remained below the 2025 average. After losing some momentum at the end of 2025, new orders rose more rapidly – led by a faster pick up in domestic orders. Input cost pressures rose quickly, though more for goods producers than for service providers."

PMI® by S&P Global

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Hiring across India's private sector resumed in January, following no change in employment during December. Although slight, the pace of job creation was broadly aligned with the series trend. Anecdotal evidence showed that recruitment stemmed from efforts to better align resources with business requirements. Companies mentioned adding junior- and mid-level workers to their teams.

Manufacturing-specific data showed that, in addition to employment, firms spent more on materials. Buying levels increased at a quicker pace than in December, and one that was sharp overall. Supported by better trends in four of its five sub-components – bar Suppliers' Delivery Times which is inverted before entering the calculation – the **HSBC Flash India Manufacturing PMI** rose from 55.0 in December to 56.8 in January. This signalled the best improvement in operating conditions since last October.

January data showed back-to-back increases in outstanding business volumes across the private sector, but the rate of accumulation was marginal and solely driven by an uptick among goods producers. Service providers generally indicated that they were able to complete existing work in a timely manner.

Input prices at the composite level rose at the quickest pace in four months during January, albeit one that was modest by historical standards. Underlying data showed that cost pressures were more pronounced in the service economy.

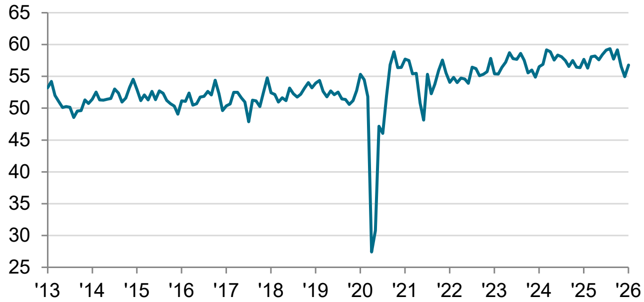
At the same time, rates of output price inflation across the manufacturing and services categories matched. When combined, they showed the fastest increase in private sector charges for three months. That said, the respective seasonally adjusted index was equal to its long-run average.

Survey participants suggested that rising input, labour and transportation costs were transferred to clients amid efforts to protect margins. They particularly reported greater outlays on food (egg, meat and vegetables), fuel and steel.

When assessing the 12-month outlook for business activity, Indian private sector companies were optimistic. The overall level of positive sentiment remained below its long-run average, but rose to a three-month high. Boding well for growth prospects, according to panellists, were efficiency gains and demand buoyancy. Allocated marketing budgets and favourable exchange rates were also identified as tailwinds.

HSBC India Manufacturing PMI

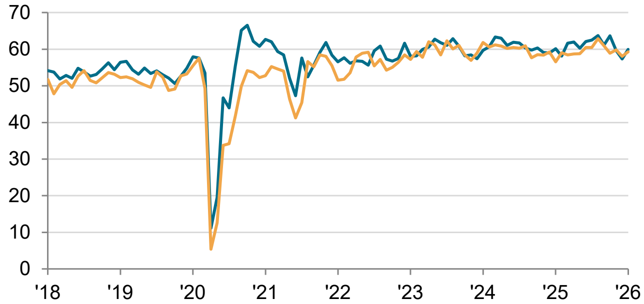
sa, >50 = growth since previous month



Sources: HSBC, S&P Global PMI.

Manufacturing PMI Output Index
Services PMI Business Activity Index

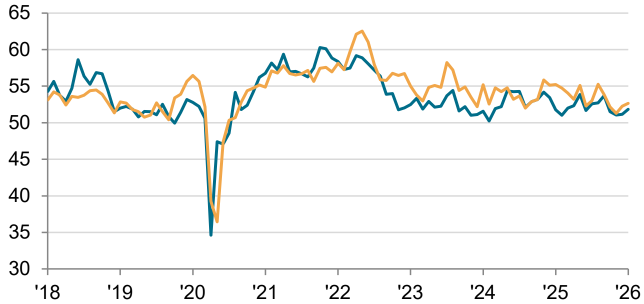
sa, >50 = growth since previous month



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 = -0.2 (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.

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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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