

News Release

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HSBC Flash India PMI[®]

Aggregate output rises at slowest pace in five months

Key findings

HSBC Flash India Composite PMI Output Index: 59.9 (September final: 61.0)

HSBC Flash India Services PMI Business Activity Index: 58.8 (September final: 60.9)

HSBC Flash India Manufacturing PMI Output Index: 62.4 (September final: 61.1)

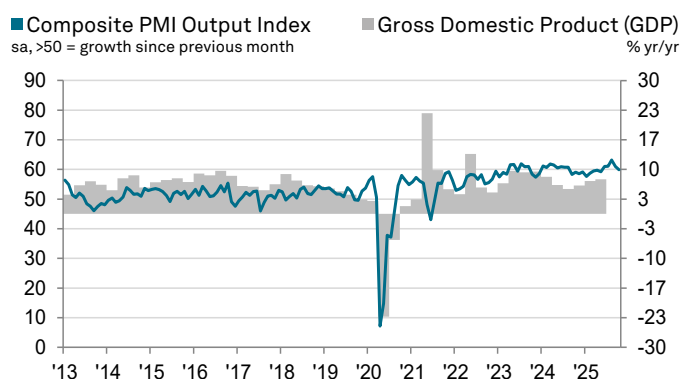
HSBC Flash India Manufacturing PMI: 58.4 (September final: 57.7)

Private sector activity in India continued to increase sharply in October, but growth lost momentum amid a slowdown in the service economy. The latest HSBC Flash PMI[®] data highlighted the weakest expansions in aggregate new orders and output since May 2025, with international sales also rising to a lesser extent. Meanwhile, the rate of job creation was the joint-softest in a year-and-a-half. Price trends were mixed, with input costs increasing at the weakest pace since June and charge inflation quickening since September. Businesses remained optimistic regarding growth prospects, though sentiment faded at the start of the third fiscal quarter.

Falling from 61.0 in September to 59.9 in October, 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 – registered its lowest reading since May 2025. Despite signalling a softer rate of expansion, the current figure was still consistent with a historically sharp rate of growth.

Conversely, the **HSBC Flash India Manufacturing PMI** – a weighted average of the New Orders, Output, Employment, Suppliers' Delivery Times and Stocks of Purchases indices – rose from 57.7 in September to a two-month high of 58.4 in October. The latest reading was indicative of a substantial improvement in manufacturing conditions.

New orders placed with private sector companies in India expanded sharply in October. That said, the rate of growth slowed to the weakest in five months. The softer increase in sales stemmed from a loss of growth momentum in the service economy as goods producers registered a slightly quicker rise than in September. According to service



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 8-21 October 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"The HSBC flash manufacturing PMI picked up a tad, likely on the back of GST rate cuts which are buoying domestic demand and curbing cost pressures. New orders and output, both, are above the average Jan-Jul levels. However, the drag from US tariff continues to show up in new export orders and future optimism, which remain below the Jan-Jul levels."

providers, competition, floods and landslides curbed sales.

International demand for Indian goods and services remained favourable in October, though companies noted a softer upturn than in September. The rate of growth was the weakest since March, mainly reflecting a slower rise in the manufacturing industry. Although marked, the rate of expansion in new export orders among goods producers was the least pronounced since March.

October data showed a moderate expansion in private sector employment across India, with the rate of growth matching that seen in September and therefore being the joint-lowest since April 2024. Anecdotal evidence indicated that several companies left payroll numbers unchanged amid sufficient capacity for current requirements.

Indeed, outstanding business volumes were stable in October as a marginal decline in the service economy offset a slight increase among goods producers. This ended a 45-month sequence of backlog growth across the private sector.

Regarding prices, the 'flash' results indicated a weaker increase in input costs parallel to a faster upturn in selling charges. Both manufacturers and service providers welcomed softer cost pressures, which they attributed to GST (goods and services tax) relief. The rise in expenses was the least marked since June.

However, after slowing in September, charge inflation ticked higher at the start of the third fiscal quarter and was above that seen for input prices. Panel members suggested that selling charges were raised in response to greater operational costs, the usage of premium inputs and greater outlays on labour and transportation. Manufacturers registered the stronger rate of increase, although an acceleration was likewise registered in the service economy.

Indian companies remained strongly confident regarding the year-ahead outlook for output, yet the respective index fell since September. According to panel member reports, there were some concerns around competitive pressures, market conditions and demand trends. Nevertheless, firms hope to benefit from the GST (goods and services tax) rate cut, marketing efforts, new product releases and tech investment.

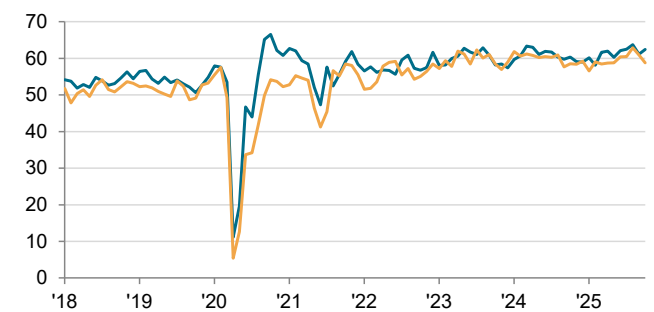
HSBC India Manufacturing PMI

sa, >50 = growth since previous month



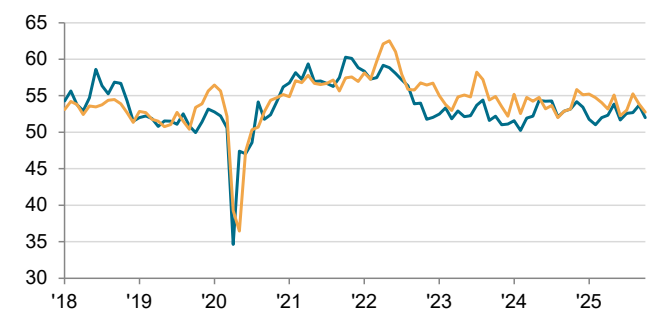
Sources: HSBC, S&P Global PMI.

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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