

News Release

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HSBC Flash India PMI[®]

Private sector growth cools in September

Key findings

HSBC Flash India Composite PMI Output Index: 61.9 (August final: 63.2)

HSBC Flash India Services PMI Business Activity Index: 61.6 (August final: 62.9)

HSBC Flash India Manufacturing PMI Output Index: 62.7 (August final: 63.7)

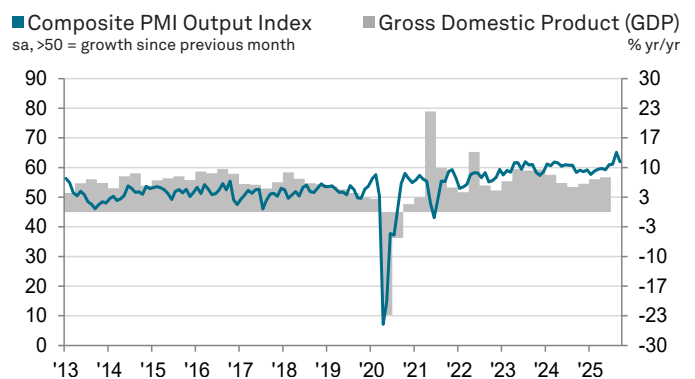
HSBC Flash India Manufacturing PMI: 58.5 (August final: 59.3)

The combined performance of India's manufacturing and service sectors strengthened during September, although the majority of the HSBC Flash PMI[®] indices retreated from August's recent highs to signal a modest slowdown. A softer expansion in new business intakes accompanied slower increases in private sector output and employment, with international sales also rising at a weaker pace. Prices trends were more benign as cooler input cost inflation allowed for selling charges to be lifted to a lesser degree. Nevertheless, business confidence strengthened at the end of the second fiscal quarter.

At 61.9 in September, 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 – came in below August's multi-year high of 63.2 but still indicated a sharp rate of expansion. The upturn was the second-best in just over two years. Growth of factory production outpaced that seen for services activity, though rates of increase moderated in each case.

The **HSBC Flash India Manufacturing PMI** – a weighted average of the New Orders, Output, Employment, Suppliers' Delivery Times and Stocks of Purchases indices – slipped to 58.5 in September, from a final reading of 59.3 in August. The improvement in operating conditions signalled by the PMI was nevertheless robust by historical standards, with the respective index well above both the neutral mark of 50.0 and its long-run average of 54.2.

September data showed another substantial increase in new business placed with Indian private sector companies. The pace of expansion was sharp and well above trend but receded from August. Several companies suggested



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 10-18 September 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"The manufacturing PMI moderated but its pace of expansion remains healthy. The imposition of the 50% tariff rate by the US on India likely resulted in a slower rise in new export orders over Aug-Sep. This comes on the back of strong frontloading of exports to the US since early-2025. Meanwhile, new domestic orders rose for the last two months, likely on the back of announcements of lower GST rates. All said, the impact of higher tariffs have been somewhat offset by lower tax rates in the data so far."

that demand conditions remained favourable, but others indicated that competitive pressures restricted order intakes at their units.

International sales trends diverged across the manufacturing and service economies. In the latter, growth slowed to the joint-weakest since March 2025, contrasting with a quicker upturn at goods producers. Subsequently, aggregate new export order volumes increased at the softest pace in six months.

Although private sector workforces continued to increase at the end of the second fiscal quarter, the rate of expansion receded from August and was moderate overall. Slower rates of increase were noted across both the manufacturing and service sectors. In fact, the proportion of companies indicating job creation in the aforementioned segments stood at around 3% and 5% respectively. The vast majority of survey participants reported having sufficient labour for current requirements.

Indeed, the 'flash' results highlighted a general lack of pressure on operating capacities as outstanding business volumes rose only marginally. The respective seasonally adjusted indices for the manufacturing and service sectors were broadly similar and close to 50.0 no-change threshold.

Cost pressures remained more pronounced in India's service economy. That said, a slowdown here contrasted with a pick-up in the manufacturing industry. In addition to greater wage bills, panellists reported higher cotton, electronic component, oil, steel, vegetable and wood prices. Nevertheless, across the private sector as a whole, overall expenses saw a less pronounced increase in September.

On the other hand, manufacturers reported a quicker increase in selling prices than service providers during September. Factory gate charges rose to the greatest extent in over 12-and-a-half years, but a substantial slowdown in the service economy pulled the aggregate rate of inflation lower.

Private sector firms' assessments of future output were strongly positive in September, with the overall level of confidence rising to a seven-month high. Capacity expansion, competitive pricing, demand strength, efficiency gains and marketing efforts featured in the anecdotal evidence as the main determinants of optimism. Some firms also hope to benefit from the GST (goods and services tax) rate cut.

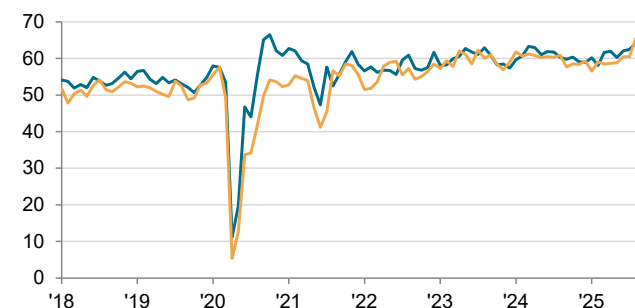
HSBC India Manufacturing PMI

sa, >50 = growth since previous month



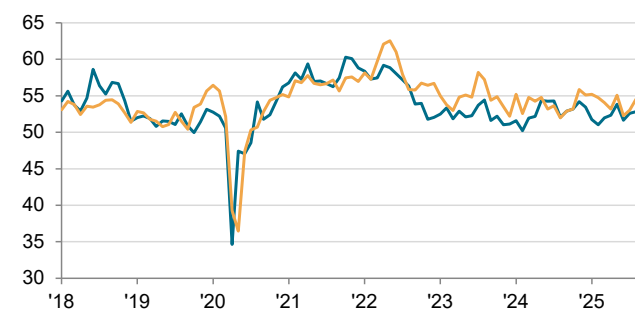
Sources: HSBC, S&P Global PMI.

■ 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 = -0.1 (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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