News Release

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HSBC India Manufacturing PMI®

Growth of factory orders strengthens, but international sales rise at weaker pace

Key findings

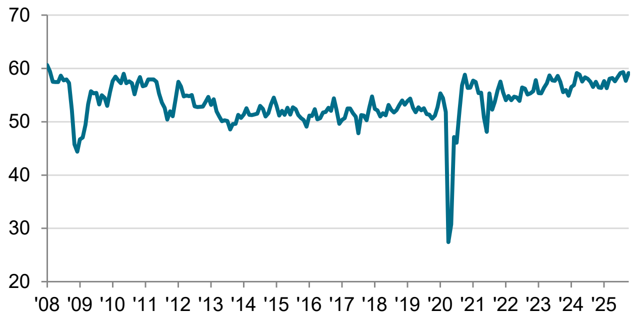
Domestic market underpins quicker upturn in new orders

Faster expansions in output and input buying

Output charge inflation at joint 12-year high

HSBC India Manufacturing PMI

sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.

Data were collected 8-27 October 2025.

Manufacturing sector conditions in India continued to strengthen in October, buoyed by GST (Goods and Services Tax) relief, productivity gains and tech investment. A faster increase in new orders boosted growth of output and buying levels, and the latter drove a near-record expansion in input inventories. Meanwhile, external sales rose at the slowest pace in ten months. Elsewhere, there was a modest and softer increase in input costs, but the rate of charge inflation matched September's near 12-year high.

The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index™ (PMI®) – a single-figure indicator of sector performance – was up from 57.7 in September to 59.2 in October, indicating a quicker improvement in the health of the sector.

New orders increased further at the start of the third fiscal quarter, with companies attributing growth to advertising, buoyant demand and the GST reform. Moreover, the pace of expansion was sharp and stronger than that recorded in September. Similarly, growth of output quickened from the previous month. Matching that seen in August, the rate of expansion was the joint-best in five years.

October data showed that the pick-up in sales growth mainly stemmed from the domestic market, as new export orders increased at a softer rate. The latest improvement in international demand for Indian goods was marked, though the least pronounced in the calendar year-to-date.

Manufacturers continued to purchase additional raw materials and semi-finished items in October, reportedly to supplement production and add to their inventories. Notably, buying levels expanded at the fastest pace since May 2023.

One factor that supported input purchasing growth was a notable softening of cost inflation. The latest rise in overall expenses was modest, the weakest in eight months and well below the long-run series average.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's manufacturing PMI accelerated to 59.2 in October, up from 57.7 during the month prior. Robust end-demand fuelled expansions in output, new orders, and job creation. Meanwhile, input prices moderated in October while average selling prices increased as some manufacturers passed on additional cost burdens to end-consumers. Looking ahead, future business sentiment is strong due to positive expectations around GST reform and healthy demand."

Despite receding cost pressures, the rate of charge inflation matched that registered in September and was therefore the joint-highest in 12 years. Survey participants indicated that demand strength was the key factor behind the current hike in output prices. Also, some firms suggested that greater outlays on freight and labour were transferred through to customers.

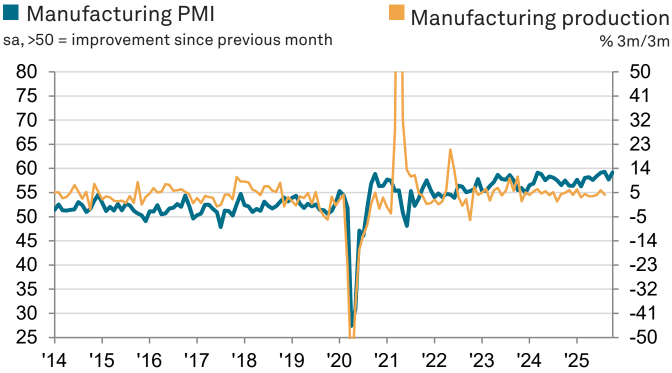
Job creation entered its twentieth consecutive month in October. The rate of expansion was moderate and broadly similar to September.

Capacity pressures among Indian manufacturers remained mild, as signalled by another slight rise in outstanding business volumes. Demand strength was the main determinant of rising backlogs, according to monitored companies.

When it came to suppliers, panellists reported that they were generally able to dispatch inputs in a timely manner. Average delivery times shortened to a moderate extent in October, and one that was the most pronounced in four months.

Holdings of raw materials and semi-finished items increased at the second-fastest rate since data collection began in March 2005 (behind May 2023). Survey members indicated that demand buoyancy encouraged them to lift stocks. Finished goods inventories likewise rose, but here the pace of accumulation was only marginal as firms often fulfilled sales from warehoused products.

Regarding the outlook, manufacturers attributed positive expectations to GST reform, expanded capacities and marketing efforts. They also predicted demand resilience and hope that pending contracts will be approved.



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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