

News Release

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HSBC India Manufacturing PMI[®]

Indian manufacturing growth bounces back after December's dip

Key findings

Quicker expansions in factory orders and production

Restocking efforts underpin input purchasing growth

Output charge inflation retreats to 22-month low

After losing growth traction at the end of 2025, Indian goods producers reported faster increases in new orders, output, employment and buying levels during January. Input prices rose to the greatest extent in four months, albeit one that was negligible by historical standards, while charge inflation eased further.

Stock trends were mixed, with holdings of finished items falling as orders were often fulfilled from warehouses and pre-production inventories expanding due to input purchasing growth.

Rising from a two-year low of 55.0 in December to 55.4 in January, the seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index™ (PMI[®]) – a gauge of overall conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases – indicated a stronger improvement in the health of the sector.

The PMI came in below the flash estimate released in late-January (56.8), but remained above its long-run average. Granular data showed consumer goods as the brightest area of India's manufacturing industry, with the slowest improvement in operating conditions seen in capital goods.

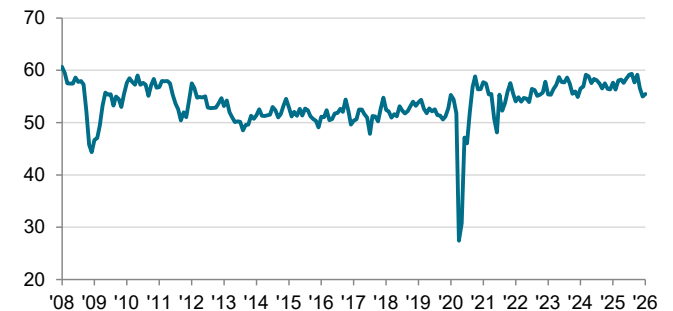
Survey participants continued to mention that demand buoyancy, new business growth and tech investment supported production. Output rose sharply and at a quicker pace than that recorded in December.

Similarly, after slowing in December, new orders expanded at a faster rate. Panellists suggested that demand strength and marketing efforts drove sales to domestic and international clients higher.

The main impetus to overall sales came from the domestic market, however. New export business still increased, but did so to one of the weakest extents in 15 months. Firms that experienced an uptick cited greater demand from Asia, Australia, Canada, Europe and the Middle East.

HSBC India Manufacturing PMI

sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.

Data were collected 9-26 January 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"Indian manufacturing firms saw a rebound in January, driven by increased new orders, output, and employment. Input costs rose moderately, while the pace of growth in factory-gate prices eased, resulting in slight margin pressure for manufacturers. Despite faster growth in new orders, business confidence remains muted, and expectations for future output have declined to their lowest level since July 2022."

Underlying data showed that competitive pricing helped support sales. Although output charges rose, the rate of inflation was modest and the weakest in nearly two years. Many firms suggested that improved efficiency, better cost management and market rivalry prevented them from increasing their fees.

Input costs rose at the fastest pace in four months, albeit one that was mild by historical standards. Some firms reported paying more for chemicals, copper, iron, jute, paper, steel and transportation.

January's results signalled another strong upturn in input purchases. Moreover, the rate of expansion quickened from December's two-year low. Underpinning the rise were greater production requirements and efforts to safeguard against shortages.

Suppliers were comfortably able to accommodate for strengthening input demand, delivering materials more quickly than in December.

Hence, manufacturers observed a further expansion in input inventories. The rate of accumulation was marked and broadly similar to December's two-year low. On the other hand, finished goods stocks decreased for the third straight month.

With outstanding business volumes rising again at the start of the year, goods producers continued to hire extra staff. The pace of job creation was slight, albeit the quickest in three months.

Business confidence slipped to its lowest level in three-and-a-half years during January, as only 15% of companies foresee output growth in the year ahead and 83% forecast no change.

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.

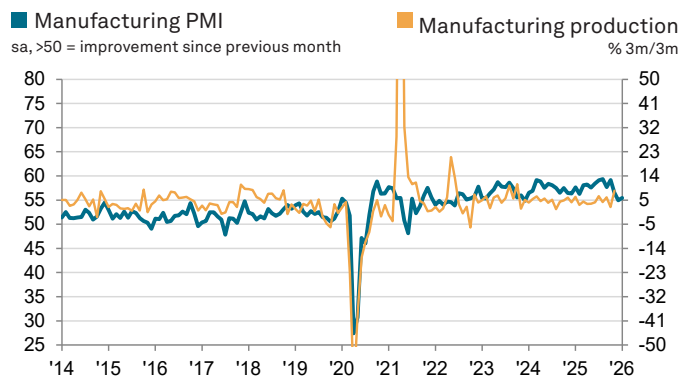
About PMI

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

Contact

HSBC India
 Shalaka Kagathra
 T: +91 22 22681046
shalaka.kagathra@hsbc.co.in

Snehha Madhyani
 T: +91 22 22685341
snehha.madhyani@hsbc.co.in

S&P Global Market Intelligence
 Pollyanna De Lima
 Economics Associate Director
 T: +44 1491 461 075
pollyanna.delima@spglobal.com

Eri Amano
 APAC Senior Communications Manager
 T: +81 (0) 80 3714 7658
eri.amano@spglobal.com
press.mi@spglobal.com

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