

News Release

Embargoed until 0001 UTC 12 March 2025

HSBC India Business Outlook

Sentiment in India exceeds global averages across all metrics except inflation expectations

Key findings

Output projections little-changed from late 2024 and above global average

Capex and R&D spending set to rise

Cost inflation expectations lowest of all major economies monitored

Private sector companies in India were strongly confident that demand conditions would remain favourable over the course of the coming 12 months, a key factor that underpinned optimistic forecasts for investment, output, job creation and profitability during February. Although levels of positive sentiment slipped since last October, they outpaced the respective global averages.

Meanwhile, non-staff cost inflation expectations were the lowest of the 12 nations for which comparable data are available, whereas only mainland China saw a lower net balance for staff costs. Subsequently, prices charged for Indian goods and services are anticipated to rise only slightly.

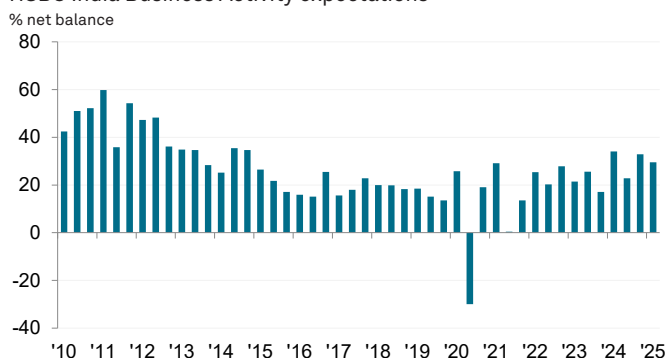
The HSBC India Business Outlook data, compiled by S&P Global, indicated that a net balance of +30% of Indian companies forecast output growth in the next 12 months. Despite falling from +33% last October, the headline figure was above both its long-run and the global averages.

New projects in the pipeline and product differentiation, alongside advertising and tech investment, were identified by Indian firms as the main aspects behind optimistic projections. Still, some panellists stated that competitive pressures and clients' requests for lower prices presented challenges to the outlook.

Granular data showed broadly similar levels of confidence among manufacturers and service providers, with the net balances falling only marginally from an equal reading of +33% in October 2024 to +29% and +30% respectively.

To facilitate output growth, private sector companies in India intend to recruit additional workers in the year ahead. At +13% in February, the net balance was above the emerging market (+3%) and global (+8%) averages. Nevertheless, hiring plans were at their lowest for a year. Services firms were slightly more upbeat towards job creation than goods producers.

HSBC India Business Activity expectations



Sources: HSBC, S&P Global PMI.

Data were collected 06-26 February 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

“Optimism around business activity, profitability and employment softened a tad, but were stronger than global averages. Manufacturers continued to remain more optimistic around capital investment and R&D than their services counterparts. Expectations around price pressures softened considerably, and so did the prices charged.”

Capital allocation targets were little-changed since October, as evidenced by the capex net balance falling only fractionally from +10% last October to +9% in February. The level of sentiment was equal to the emerging market average but above that seen at the global level. The net balance of manufactures planning capital investment was double (+14%) that of service providers (+7%).

Similarly, sentiment around R&D was stronger in the manufacturing industry than in the service economy. At the composite level, the net balance of +4% fell since last October but was nonetheless the second-highest since late-2022. Optimism in India was a tick above the global average (+3%).

Relatively softer cost pressures in India enabled businesses to adopt more competitive pricing strategies in international markets. A net balance of +14% of private sector businesses intend to hike selling prices, a decline from +19% in October 2024. Out of the 12 nations for which comparable data are available, lower net balances were only seen in France (-8%) and mainland China (+3%).

Broken down by sub-sector, the output prices net balances for manufacturers and service providers were at +16% and +13% respectively. These were down from +18% and +19% last October.

February's non-staff costs net balance stood at +6%, the lowest reading for India in a year and below all of those seen globally. When it came to staff costs, the net balance declined from +23% to +13%, the joint-lowest figure since late-2021. By comparison, the global average was at +32%.

While services firms were slightly more likely to predict an uptick in staff costs than manufacturers, the opposite was registered for non-staff expenses. In all cases, however, cost inflation expectations moderated since late last year.

Predictions of demand strength, softer cost pressure and maintained price power underpinned upbeat forecasts towards profitability. The composite net balance fell from October's near ten-year high of +30% to +22%, but was consistent with a robust degree of optimism that outpaced the global average. In fact, only Ireland and Russia saw higher readings. Levels of confidence among Indian goods producers (+23%) and service providers (+22%) were broadly similar.

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

Kriti Khurana
Corporate Communications
T: +91 971 101 7186
kritikhurana@spglobal.com
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

This report reveals how confident Indian private sector businesses feel about their prospects for the next 12 months.

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

The HSBC India Business Outlook Survey is based on a panel of around 800 companies in the manufacturing and service sectors. These results are published as a weighted 'Composite' Index (all companies), as well as broken down by sector (Manufacturing and Services).

The key global composite indices include expectations for Business Activity, Employment, Capital Expenditure, Input Prices, Output Prices and Profits.

The survey uses net balances to indicate the degree of optimism or pessimism for each of the survey questions. These net balances vary between -100 and 100, with a value above 0 signalling a positive outlook for the coming 12 months.

The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA.

Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

About HSBC

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities. HSBC is one of India's leading financial services groups, with around 39,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country. www.hsbc.co.in

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates, suppliers and any sponsor (including their affiliates) of the Content ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.