

News Release

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HSBC India Services PMI®

Output charge inflation slows to three-and-a-half-year low in March

Key findings

Inflationary pressures recede across service economy

Marginal slowdown in growth of activity and sales

Weakest expansion in international orders for 15 months

Economic conditions across India's service sector remained favourable at the end of the 2024/25 fiscal year, as demand strength and new business gains continued to underpin activity growth. Although softer than in November, rates of expansion were historically sharp. Notably, March's results showed the slowest increase in external orders since December 2023.

Cost pressures receded to a five-month low which, coupled with competitive conditions, curbed charge inflation. Prices charged for the provision of services rose at the weakest rate since September 2021.

Registering 58.5 in March, the seasonally adjusted HSBC India Services PMI® Business Activity Index – based on a single question asking how the level of business activity compares with the situation the month before – was comfortably above the neutral mark of 50.0 and indicated a sharp rate of expansion. Although below February's reading of 59.0, the headline index remained above its long-run average (54.2).

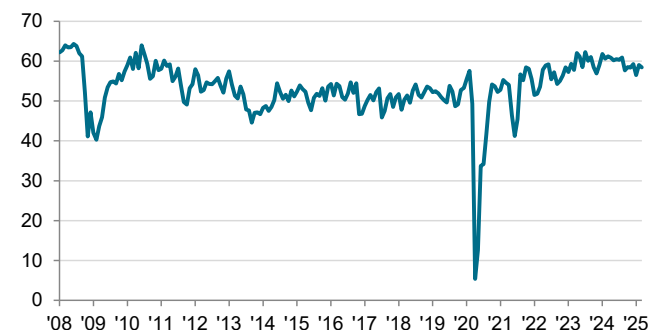
According to survey participants, output was supported by buoyant underlying demand and ongoing increases in new business. Sales rose at a softer pace than in February, albeit one that was still sharp.

At the sub-sector level, there was a broad-based increase in business activity and sales, with Finance & Insurance exhibiting the strongest growth trends, followed by Consumer Services.

Underlying data indicated that the slowdown in growth of total new business reflected a weaker increase in international sales. New orders from abroad rose at the softest pace in 15 months.

Fierce competition and fading cost pressures suppressed charge inflation in March. Output prices rose at the weakest

HSBC India Services PMI Business Activity Index
sa, >50 = growth since previous month



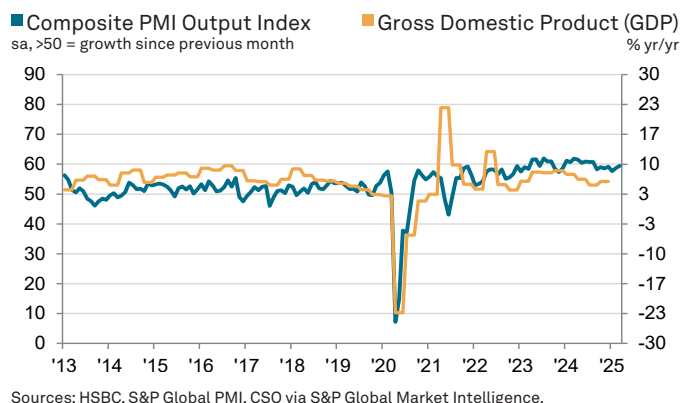
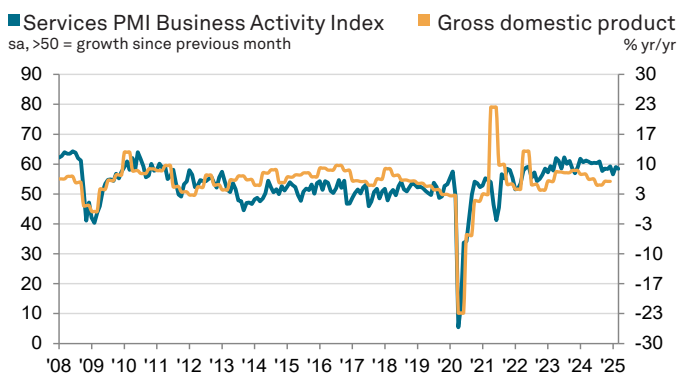
Sources: HSBC, S&P Global PMI.

Data were collected 11-27 March 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India recorded a 58.5 services PMI in March 2025, softening slightly from the month prior. Domestic and international demand remained fairly buoyant, despite being sequentially a tick lower than the month before. Meanwhile, job creation and charge inflation both cooled during March. Looking ahead, business sentiment remains generally positive, but intensifying competition presents a significant challenge to many survey participants."



rate in three-and-a-half years. Only 1% of survey participants reported higher average fees than in February, with the remaining companies signalling no change.

Heightened competition not only restricted price pressures, but it was also identified by panellists as the main challenge to output prospects. The level of positive sentiment slipped to a seven-month low and was below its long-run average. Consumer Services firms were the most upbeat in March, respectively followed by Finance & Insurance, Real Estate & Business Services and Transport, Information & Communication.

Hiring activity across the service economy was pared back in March. Employment still rose at an above-trend pace, albeit one that was the weakest in close to a year. Several companies suggested that they had sufficient capacity for current requirements.

Outstanding business volumes among Indian service providers rose only slightly in March. The rate of accumulation eased to the slowest since September 2024 and was broadly aligned with the series trend.

Business expenses continued to increase in March, with panellists signalling higher food, freight, maintenance, medical equipment and vehicle spare part costs. The overall rate of inflation was solid, but eased to a five-month low. Consumer Services topped the input price inflation rankings and was the only category to see a pick-up in cost pressures.

HSBC India Composite PMI®

Private sector growth strengthens as inflation recedes

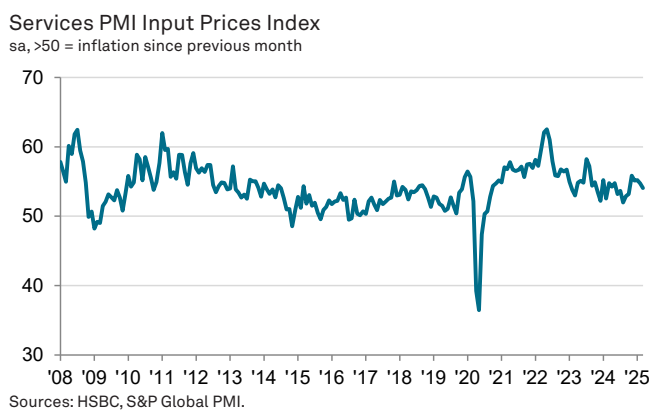
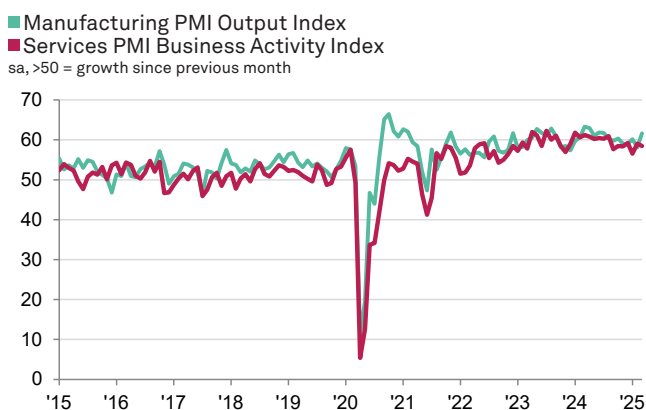
Indian private sector activity continued to rise strongly in March, as companies welcomed a further upturn in new orders. Moreover, the HSBC India Composite PMI® Output Index* increased to a seven-month high of 59.5, from 58.8 in February, to signal another month of above-trend growth.

For both new business and output, rates of expansion were stronger in the manufacturing sector, where there was a pick-up in growth. Despite seeing a slowdown, service providers still registered substantial increases.

Business confidence and job creation nevertheless softened among goods producers and services companies. At the composite level, employment rose at the slowest pace in just under a year whereas optimism faded to the weakest since October 2024.

Finally, aggregate input costs rose at the softest rate in five months, while output charge inflation slipped to its lowest in over three years. Services firms saw the quicker increase in expenses, but it was among goods producers that the faster uptick in selling prices was registered.

*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.



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Survey methodology

The HSBC India Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services 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 figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

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