

News Release

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HSBC Flash India PMI[®]

Private sector output grows strongly in March

Key findings

HSBC Flash India Composite PMI Output Index: 58.6 (February final: 58.8)

HSBC Flash India Services PMI Business Activity Index: 57.7 (February final: 59.0)

HSBC Flash India Manufacturing PMI Output Index: 60.6 (February final: 58.1)

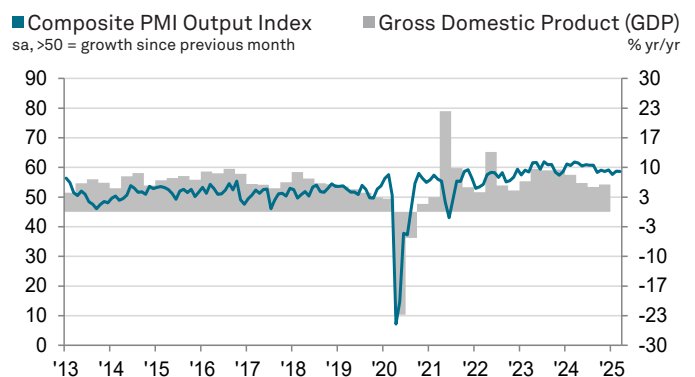
HSBC Flash India Manufacturing PMI: 57.6 (February final: 56.3)

India's private sector economy ended the 2024/25 fiscal year on strong footing, sustaining robust expansions in new business intakes and output, according to preliminary HSBC 'flash' PMI[®] data. Rates of growth softened from February, though remained well above their respective long-run averages. Outstanding business volumes continued to rise, supporting another round of job creation, while price trends were mixed. Input costs rose at a marked and accelerated rate, but charge inflation slowed to its weakest in over three years. Manufacturing was March's brighter spot, posting quicker increases in sales and output that were faster than those registered in the service economy.

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 — was down marginally from February's final reading of 58.8 to 58.6 in March. The latest figure was above its long-run average of 54.7 and indicated a sharp rate of expansion. The slowdown reflected a softer increase in services activity, as factory production rose at the quickest pace since July 2024.

The **HSBC Flash India Manufacturing PMI** increased from 56.3 in February to 57.6 in March, signalling a notable improvement in operating conditions that was broadly aligned with the average for the 2024/25 fiscal year. Three of its five main sub-components rose since last month, namely output, new orders and stocks of purchases.

When explaining the increase in output, private sector companies mostly remarked on positive demand trends. Indeed, new orders rose further, thereby stretching the current sequence of expansion to over three-and-a-half years. The rate of growth was sharp, despite being a tick below



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 11-19 March 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's manufacturing sector expanded at a faster pace in March, according to the flash PMI. The output index rose to its highest level since July 2024. Yet the margin squeeze on manufacturers intensified as input price inflation ticked up while factory gate prices rose at the weakest rate in a year. The moderation in new export orders growth was also noteworthy amid tariff announcements."

that seen in the previous month. Goods producers indicated a quicker increase than in February, and one that was above the growth rate recorded for service providers. Among the latter, the pace of expansion was the second-lowest since November 2023 as firms noted an intensification of competitive pressures.

Order book volumes at Indian private sector companies continued to be supported by international sales. New export order growth eased to a three-month low, but remained marked and above the average since the series started in September 2014. Manufacturing companies registered a faster upturn in new business from abroad than their services counterparts.

As has been the case for nearly three-and-a-half years, outstanding business volumes across India's private sector increased during March. The rate of accumulation slowed from February, however, and was mild overall. There were softer increases in both the manufacturing and service categories.

Nevertheless, efforts to stay on top of workloads and fulfil rising demand needs prompted private sector companies to hire extra staff in March. Despite slowing to a six-month low, the aggregate pace of job creation was solid by historical standards. For the first time in seven months, manufacturers signalled a faster increase in headcounts than service providers.

Private sector businesses in India reported a further increase in their operating expenses, amid greater outlays on copper, electronics, food (especially fruits and vegetables), leather, medical equipment, rubber and vehicle spare parts. Cost pressures were stronger in the service economy, despite a slowdown here and an acceleration at goods producers. The aggregate rate of inflation nevertheless remained below its long-run average.

Although some firms sought to share additional cost burdens with their clients by lifting selling charges, competitive conditions limited the extent to which these were passed on. Prices charged for Indian goods and services rose at the weakest rate since February 2022, with similar increases noted across the two monitored categories.

Business confidence remained strongly positive, but the overall level of sentiment slipped to a seven-month low in March. Fierce competition featured as the main worry among survey participants in the qualitative part of the survey. Both manufacturers and service providers were slightly less upbeat towards output prospects than in February.

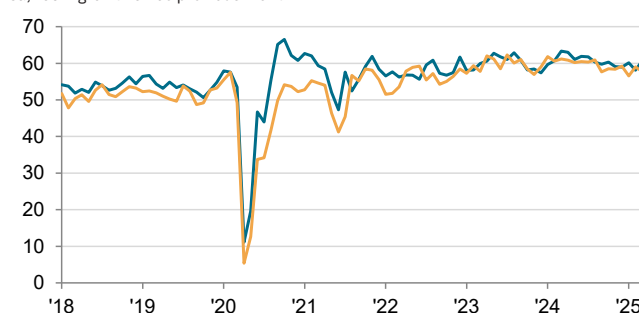
HSBC India Manufacturing PMI

sa, >50 = growth since previous month



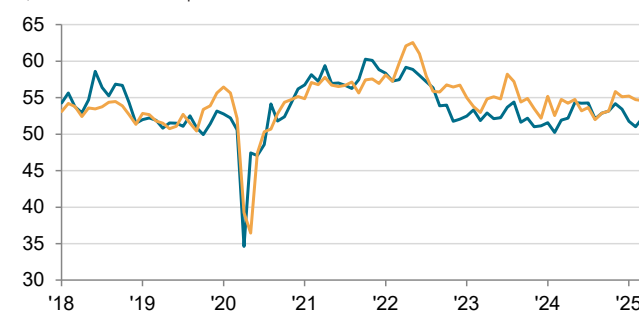
Sources: HSBC, S&P Global PMI.

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 = -0.1 (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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