

News Release

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HSBC India Services PMI[®]

Growth of new export business strengthens, supporting total sales

Key findings

International orders and overall sales rise sharply

Fastest increase in business activity for 11 months

Price pressures reaccelerate

Ongoing improvements in demand for Indian services continued to underpin growth of total new orders, international sales and output. Although the upturn added pressure on firms' capacity, hiring moderated. July's increase in employment was the slowest in 15 months, despite strengthening business confidence. Meanwhile, input costs and output charges rose at faster rates than in June.

At 60.5 in July, 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 little-changed from 60.4 in June and therefore signalled another sharp increase in output. The rate of expansion was the best seen since August 2024.

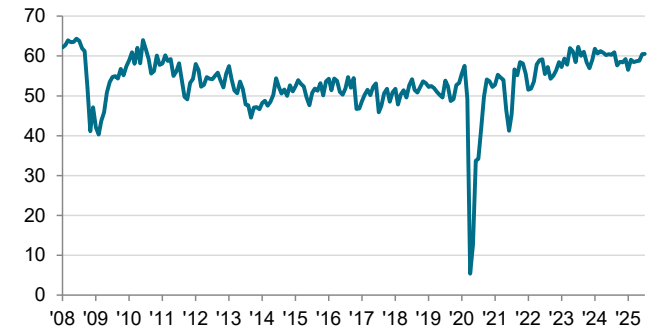
Sustained increases in new business intakes were identified by survey members as the main aspect behind output growth. According to them, advertising, demand buoyancy and new client onboarding all underpinned the latest upturn in new orders. July's rise was sharp and the second-quickest in nearly a year (behind June).

Indian service providers also welcomed a stronger improvement in international demand for their services. They reportedly secured new work from Asia, Canada, Europe, the UAE and the US. The rate of expansion in external sales was sharp and the second-fastest in a year (behind May).

Finance & Insurance was the best performing sector in terms of both new orders and business activity. On the other side of the spectrum was Real Estate & Business Services, where the slowest increases were registered.

When asked about their expectations for output in the year ahead, service providers were on average optimistic. Among the factors supporting business confidence were efficiency gains, marketing, tech innovation and a growing online

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

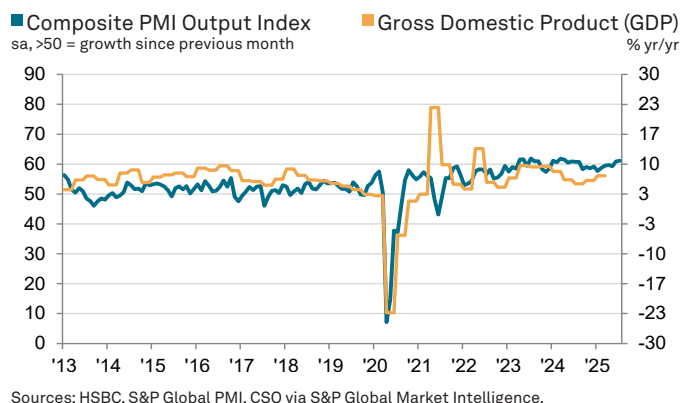
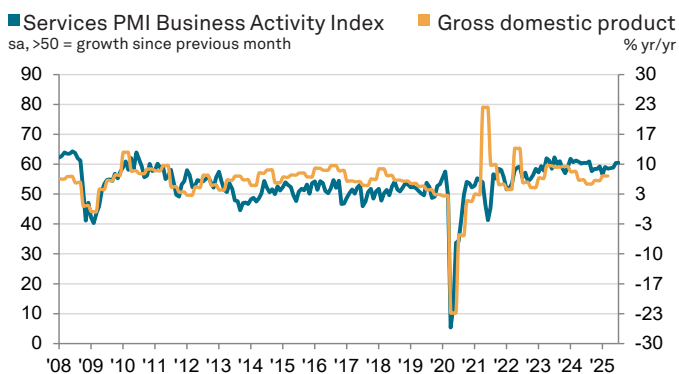


Sources: HSBC, S&P Global PMI.
Data were collected 9-29 July 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"At 60.5, the services PMI indicated a strong growth momentum, led by a pick-up in new export orders. Future optimism rose but remained below 1H25 levels. On the price front, both input and output prices rose a tad faster than in June but this could change going forward as indicated by the recent CPI and WPI prints."



presence.

Services companies signalled another increase in their expenses at the start of the second fiscal quarter. Qualitative data pointed to greater food, freight and labour costs. The rate of inflation quickened from June, though remained mild in the context of historical data.

In comparison, the rate of charge inflation was above both that seen for costs and its long-run average. The solid rise in output prices reflected greater cost burdens and demand strength, anecdotal evidence showed.

Consumer Services registered the highest rate of input cost inflation in July, while the fastest rise in output charges was noted at Transport, Information & Communication firms.

Meanwhile, backlogs of work rose at a marked pace that was the fastest in nearly five years. Monitored companies associated capacity pressures with new business gains and client payments pending settlement.

July data pointed to the weakest increase in service sector employment in 15 months. The rate of job creation was only slight, broadly converging to its long-run average. Fewer than 2% of companies took on additional staff, with the vast majority indicating no change from June.

HSBC India Composite PMI®

Aggregate output increases further, but business optimism fades

The PMI results for July revealed mixed signs regarding the performance of the Indian private sector. New orders and output expanded at quicker rates, while job creation receded and business optimism faded. Meanwhile, inflationary pressures gathered pace.

The HSBC India Composite PMI® Output Index* was up fractionally from 61.0 in June to 61.1 in July, indicating a sharp rate of expansion that was the quickest since April 2024.

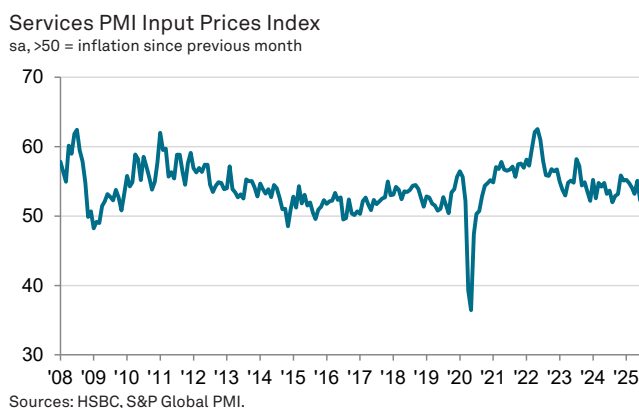
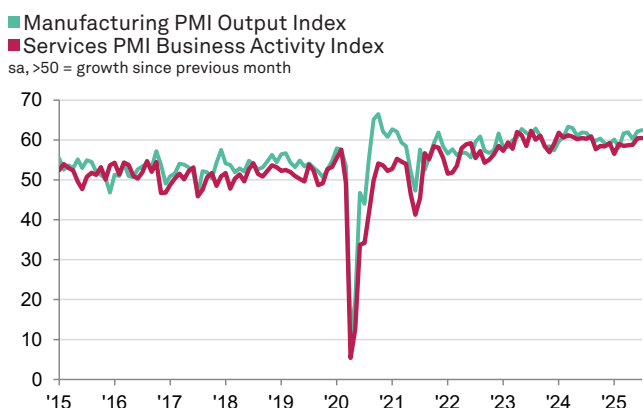
The upturn in business activity was supported by strengthening demand for Indian goods and services. At the composite level, the rate of sales growth hit a 15-month high.

Nevertheless, firms downgraded growth expectations, with the Future Output Index slipping to its lowest mark since March 2023.

Subsequently, hiring was curbed in July. Private sector jobs rose at the weakest pace in 15 months.

Finally, input costs and output charges rose at quicker rates, but inflation surpassed its long-run average only for the latter.

*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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