

# News Release

Embargoed until 1030 IST (0500 UTC) 22 May 2025

## HSBC Flash India PMI<sup>®</sup>

### Price pressures tick higher in May as private sector growth gains momentum

#### Key findings

HSBC Flash India Composite PMI Output Index: 61.2 (April final: 59.7)

HSBC Flash India Services PMI Business Activity Index: 61.2 (April final: 58.7)

HSBC Flash India Manufacturing PMI Output Index: 61.4 (April final: 61.9)

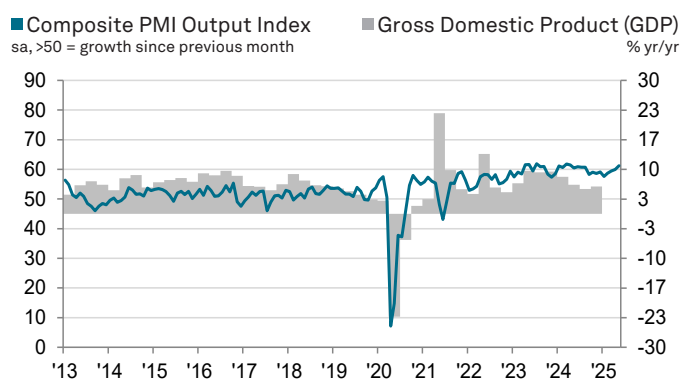
HSBC Flash India Manufacturing PMI: 58.3 (April final: 58.2)

Private sector growth in India moved up a gear during May, boosted by an acceleration in the service economy. Strong influxes of new business, both from domestic and international markets, induced quicker expansions in business activity and employment. There was also an improvement in business confidence for the first time since January. In terms of inflation, the HSBC 'flash' PMI<sup>®</sup> data revealed the fastest increases in input costs and output charges since late 2024.

At 61.2 in May, up from 59.7 in April, 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 – showcased a sharp rate of expansion in private sector activity. The increase was the most pronounced since April 2024. There was a mild loss of growth momentum in the manufacturing industry but service providers reported the fastest rise in output in 14 months.

The **HSBC Flash India Manufacturing PMI** – a weighted average of the New Orders, Output, Employment, Suppliers' Delivery Times and Stocks of Purchases indices – was little-changed from April's reading of 58.2. At 58.3 in May, the latest figure was consistent with a sharp improvement in the health of the sector.

While goods producers indicated the slowest increase in output for three months during May, service providers reported the fastest rise since March 2024. At the composite level, the latest upturn was the quickest in just over a year. Monitored companies attributed growth to buoyant demand, investment in technology and expanded capacities. Some firms nevertheless stated that competition, price pressures and the India-Pakistan conflict negatively impacted their



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 9-19 May 2025.

#### Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

*"India's flash PMI indicate another month of strong economic performance. Growth in production and new orders among manufacturing firms remains robust, despite a marginal cooling from the rates of increase observed in April. Notably, there is a firm pick-up in the employment, especially in the service sector, suggesting healthy job creation accompanies the expansion of both India's manufacturing and service sectors."*

operations.

Similar to the trend for output, there was a pick-up in growth of new orders at services firms and a slowdown at goods producers. Given the size of India's service economy, aggregate sales increased at the fastest pace since April 2024.

Order books were supported by strengthening international demand for Indian goods and services, with the private sector registering the fastest rate of increase in exports in a year. Growth in non-domestic sales in the service economy accelerated to the quickest in 11 months, which more than offset a slowdown in the manufacturing industry.

May data showcased reduced pressure on the operating capacities of Indian private sector companies, as outstanding business volumes rose at the slowest pace since September 2024. Service providers noted the weakest increase in backlogs for eight months and goods producers signalled no change since April.

Underlying data indicated that ongoing job creation enabled companies to stay on top of their workloads in May. Not only did employment continued to increase, but growth also hit a fresh series record (since December 2005). Anecdotal evidence showed that full- and part-time staff had been recruited on permanent and temporary bases.

Several companies mentioned that hiring efforts added to their operating expenses in May, with raw materials also cited as a source of inflationary pressures. Across the private sector, the rate of input cost inflation hit a five-month high and broadly converged to its long-run average. The acceleration was widespread across the manufacturing and service economies.

Prices charged for Indian goods and services rose at a quicker rate in May, with the aggregate rate of inflation at a six-month high. Notably, manufacturing firms revealed the steepest increase in over 11-and-a-half years. According to survey participants, demand strength facilitated the pass-through of rising expenses to clients.

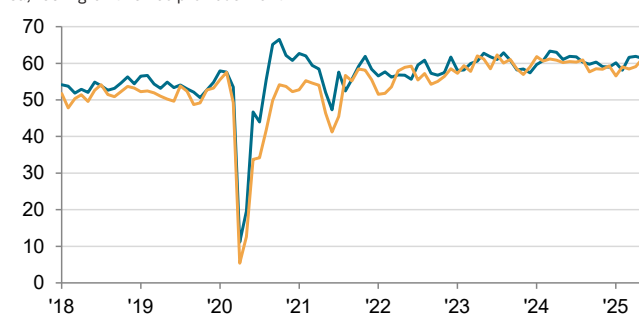
There was an upgrade in expectations among private sector firms in May, after confidence had slipped to an eight-month low in April. Panellists largely suggested that healthy demand conditions and marketing efforts should continue to support sales and output over the course of the coming 12 months. The rebound in business sentiment was centred on the service economy as goods producers were the least confident in 2025 so far.

HSBC India Manufacturing PMI



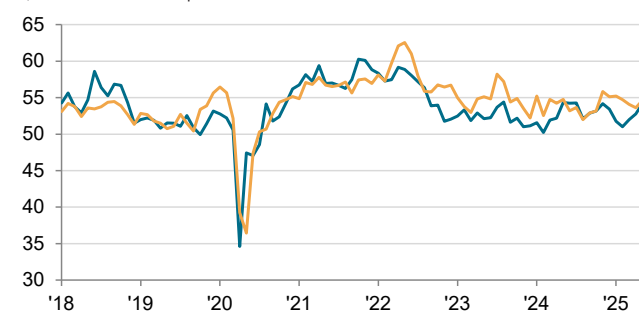
Sources: HSBC, S&P Global PMI.

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.

## Contact

HSBC India  
Shalaka Kagathra  
T: +91 22 22681046  
[shalaka.kagathra@hsbc.co.in](mailto:shalaka.kagathra@hsbc.co.in)

Snehha Madhyani  
T: +91 22 22685341  
[snehha.madhyani@hsbc.co.in](mailto: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](mailto:pollyanna.delima@spglobal.com)

Kriti Khurana  
Corporate Communications  
T: +91 971 101 7186  
[kritikhurana@spglobal.com](mailto:kritikhurana@spglobal.com)  
[press.mi@spglobal.com](mailto:press.mi@spglobal.com)

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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](mailto: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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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