

# News Release

Embargoed until 1030 IST (0500 UTC) 1 June 2026

## HSBC India Manufacturing PMI®

### Demand resilience underpins manufacturing sector growth as cost inflation remains elevated

#### Key findings

Sales growth ticks higher despite softer upturn in exports

Stockpiling seen through robust rise in input purchasing

Cost pressures among strongest in four years

Growth across India's manufacturing industry came in stronger than the 'flash' estimates released around ten days ago. The final figures pointed to quicker increases in buying levels, new orders and output relative to April, with stockpiling gaining strength as a result. Meanwhile, purchasing prices rose at the second-fastest pace since April 2022 (behind April), while the rate of output charge inflation was below the average seen over the past year.

The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index™ (PMI®) – a gauge of overall conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases – posted 55.0 in May, above the readings of 54.7 in April and the flash figure of 54.3. The final PMI print pointed to the best improvement in the health of the sector for three months.

Goods producers reported the fastest expansions in new orders and output since February. In both cases, stronger increases in the intermediate and capital goods categories compared with slowdowns at consumer goods makers.

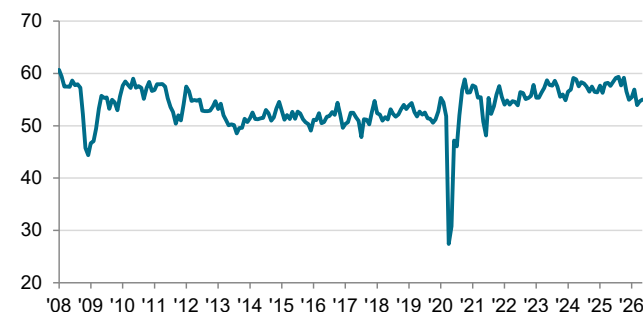
When explaining the upturn, survey participants remarked on demand strength, infrastructure projects and new business gains.

Underlying data showed that the domestic market provided impetus to growth, as new export orders rose at a softer pace. The expansion in international sales was nevertheless solid, with panellists citing gains from Asia, Europe, Kenya, Nigeria and the Middle East.

On the price front, the war in the Middle East continued to exert pressure on cost burdens. Panel members signalled greater outlays on energy, fuel, materials and transportation. Over the past 45 months, a stronger increase in input prices was only seen this April.

Capital goods topped the sectoral ranking for input cost inflation, followed by intermediate and then consumer

HSBC India Manufacturing PMI  
sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.  
Data were collected 8-22 May 2026.

#### Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

*"India's final manufacturing PMI points to another month of possible precautionary stockpiling as the Middle East conflict remains unresolved. Output growth accelerated, while purchasing activity and stocks of finished goods rose at a faster pace. New order growth was driven by domestic demand, as export order growth moderated. Input cost inflation eased slightly on the month, and output price inflation slowed more sharply, suggesting a potential squeeze on manufacturers' margins."*

goods.

Although factory gate charges across India rose solidly in May, the rate of inflation was below that seen for input costs and the average over the past year. While 8% of companies signalled the pass-through of cost increases to customers, others refrained from doing so due to competitive pressures.

Notwithstanding sharp increases in input costs, goods producers purchased more materials in May. Moreover, the pace of growth in buying levels was sharp, the quickest in three months and above the historical trend. Underpinning the rise were attempts to raise contingency stocks.

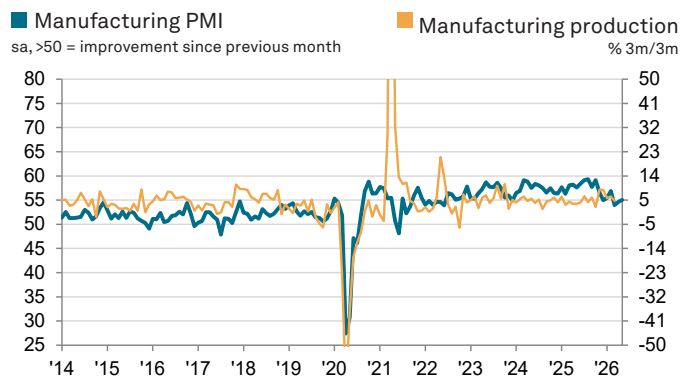
With delivery times shortening again in May, albeit to a lesser extent, Indian manufacturers noted a further increase in pre-production inventories. The pace of accumulation was at a three-month high.

The latest results showed back-to-back increases in stocks of finished goods, with monitored companies stating that supply exceeded demand. Although moderate, the pace of accumulation was the highest in 11 years.

Greater production requirements induced another round of job creation across India's manufacturing industry. The rate of expansion was solid, despite slowing from April.

Elsewhere, outstanding business volumes rose for the second straight month in May, but at a marginal pace that was broadly similar to April.

Business confidence remained positive, with companies hoping that cost pressures will fade later in the year. Advertising and strong order pipelines also supported optimism towards growth prospects.



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

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### Survey methodology

The HSBC India Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 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 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.

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](mailto:economics@spglobal.com).

### 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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