

News Release

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HSBC India Services PMI®

Pick-up in cost pressures coincides with slowdown in economic growth

Key findings

Input price inflation climbs to 45-month high

Weakest rises in new business and activity since January 2025

Second-strongest upturn in exports in series history

Output across India's service economy rose at the softest pace in 14 months during March, mirroring the slowdown in growth of new business intakes but comparing with a near-record expansion in international orders. At the same time, selling charge inflation quickened to a seven-month high amid the steepest increase in input costs since June 2022. Elsewhere, business confidence strengthened as did job creation.

Falling from 58.1 in February to 57.5 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 – indicated the weakest rate of expansion for 14 months. That said, the headline figure remained above its long-run average of 54.4.

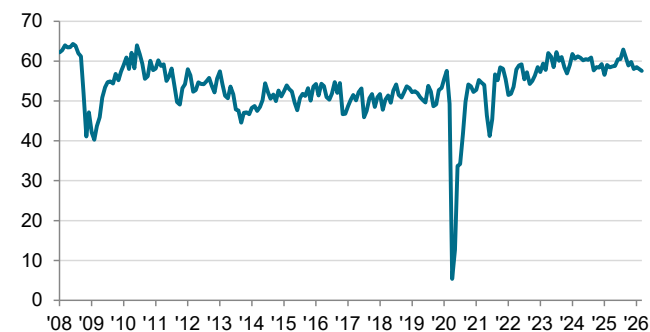
While new business gains continued to underpin growth, according to panellists, output was constrained by the detrimental impact of the Middle East war on demand, market conditions and tourism.

Indeed, intakes of new work rose at the slowest pace since January 2025 at the end of the last fiscal quarter. Softer increases in sales were noted in three of the four broad areas of the service economy, namely Finance & Insurance, Real Estate & Business Services and Transport, Information & Communication.

Conversely, all four categories recorded quicker expansions in new export orders. Subsequently, overall growth in foreign sales neared a series peak. Since the inception of this question in September 2014, a faster increase was only noted in June 2024. Panellists noted gains from Africa, Asia, Australia, Europe, the Americas and the Middle East.

The slowdown in total new order growth occurred in parallel to a pick-up in output charge inflation. Prices charged for

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



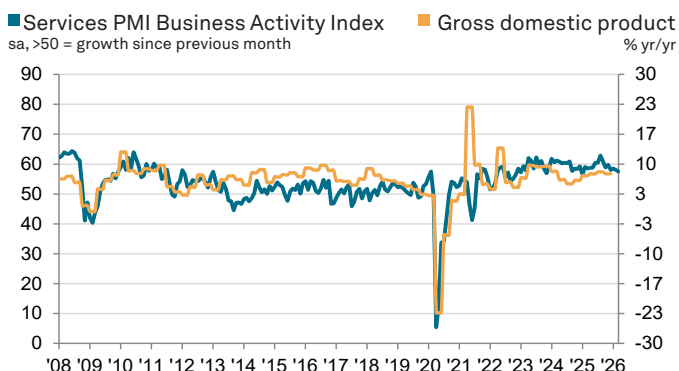
Sources: HSBC, S&P Global PMI.

Data were collected 11-27 March 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's services sector stayed in expansion in March, but growth momentum eased for a second consecutive month. Demand remained resilient, led by new export orders, which rose to the greatest extent since mid-2024. As such, service providers' expectations for future activity remained positive. However, input cost inflation accelerated to its fastest pace since 2022, indicating that higher fuel, transport and logistics costs are feeding into services."



the provision of Indian services rose to the greatest extent in seven months during March and one that was above the long-run series average.

Services firms reportedly transferred part of their additional cost burdens to clients, but they continued to absorb some of it. March saw input prices increase at the fastest pace in close to four years, with the gap between rates of inflation the widest since July 2023.

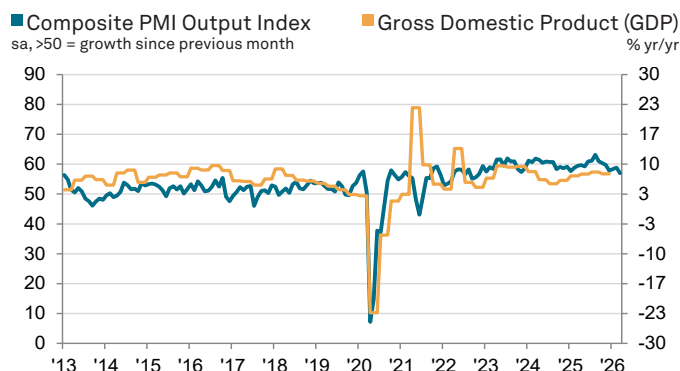
According to panel members, outlays on chicken, cooking oil, eggs, electricity, fish, fruits, fuel, labour, meat and vegetables all rose since February.

Out of the four broad areas of the service economy monitored by the survey, the quickest increases in input costs and output charges were seen in Consumer Services and Finance & Insurance respectively.

Regarding employment, the latest results showed a third consecutive monthly increase. Moreover, the pace of job creation was solid and the strongest since mid-2025.

Boosting employment growth was a pick-up in business confidence. Firms were at their most upbeat towards the outlook for output in close to 12 years. Optimism was pinned on hopes of an improvement in demand and market conditions. Advertising and better customer relations were also expected to bear fruit.

Finally, PMI data for March highlighted mild capacity pressures among services companies. This was evidenced by a marginal increase in outstanding business volumes that was the third in as many months.



HSBC India Composite PMI®

Slowest expansion in private sector output since November 2022

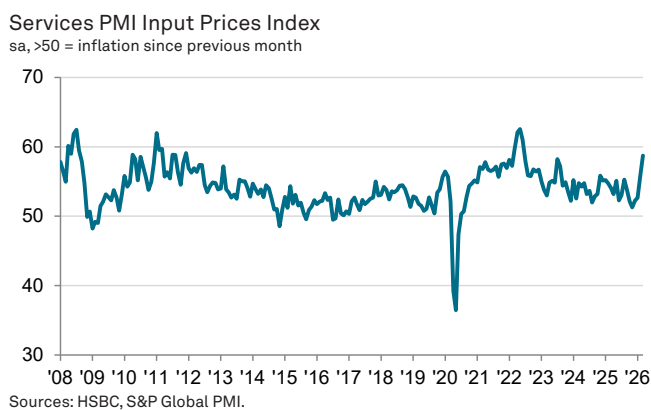
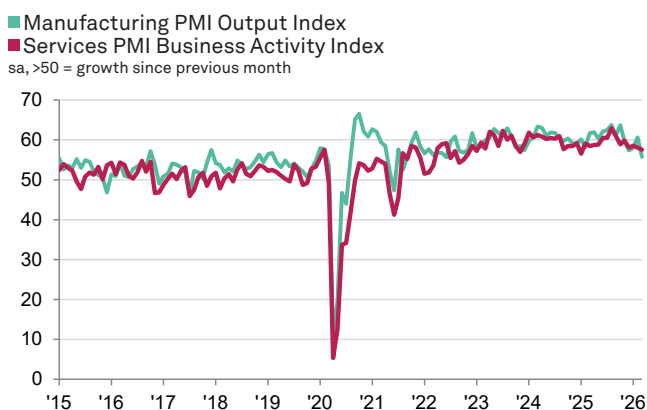
March data revealed softer increases in aggregate sales and output across India, as well as sustained job creation and an intensification of cost pressures.

The HSBC India Composite PMI® Output Index* fell from 58.9 in February to 57.0, indicating the weakest rate of expansion in nearly three-and-a-half years. Service providers recorded a faster upturn than manufacturers, though growth slowed in each case.

With new orders rising at softer rates among both goods producers and service providers, overall sales increased at the weakest pace since November 2023. Data implied that the slowdown was centred on the domestic market as international demand for Indian goods and services improved to the greatest extent in seven months.

Cost pressures across the private sector were at their most intense in just under four years. While services firms raised selling prices to a greater extent, manufacturers signalled the weakest uptick in two years. At the composite level, the rate of inflation was little-changed from last month.

*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.



Contact

HSBC India
Shalaka Kagathra
T: +91 22 22681046
shalaka.kagathra@hsbc.co.in

Sneha Madhyani
T: +91 22 22685341
sneha.madhyani@hsbc.co.in

S&P Global Market Intelligence
Pollyanna De Lima
Economics Associate Director
T: +44 1491 461 075
pollyanna.delima@spglobal.com

Eri Amano
APAC Senior Communications Manager
T: +81 (0) 80 3714 7658
eri.amano@spglobal.com
press.mi@spglobal.com

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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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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