

News Release

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HSBC India Services PMI[®]

Growth of domestic demand softens, but new export orders rise at stronger rate

Key findings

Weakest rise in total sales since November 2023

International orders expand to greatest extent in three months

Inflationary pressures cool

India's service economy remained firmly inside expansion territory, but the PMI[®] results for June showed a loss of momentum as challenging market conditions and reduced client interest for some services reportedly stymied growth of total sales and output. Hence, hiring activity was broadly stagnant and business confidence faded.

Encouragingly, new export orders rose at the fastest pace in three months, while easing cost pressures curbed charge inflation.

Registering 57.4 in June, 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 comfortably above both the neutral mark of 50.0 and its long-run average, to indicate a historically strong rate of expansion. Falling from 59.8 in May, however, the latest figure showed the weakest upturn in 17 months.

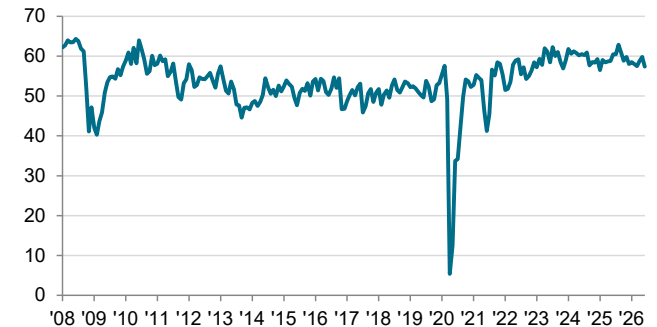
Behind the softer increase in services output was the slowest expansion in new order intakes in over two-and-a-half years.

Services companies that experienced growth remarked on competitive pricing decisions, greater demand for ecommerce, higher customer bookings and better local tourism. At the same time, several firms indicated that challenging market conditions and reduced client interest for their services dampened sales at their units.

As a result, service providers generally found that payroll numbers were sufficient for current requirements and hiring was broadly paused. This followed from solid job creation in April and May.

Indeed, as was the case in the previous month, outstanding business volumes were broadly stable in June as the respective seasonally adjusted index was only fractionally above the 50.0 threshold.

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



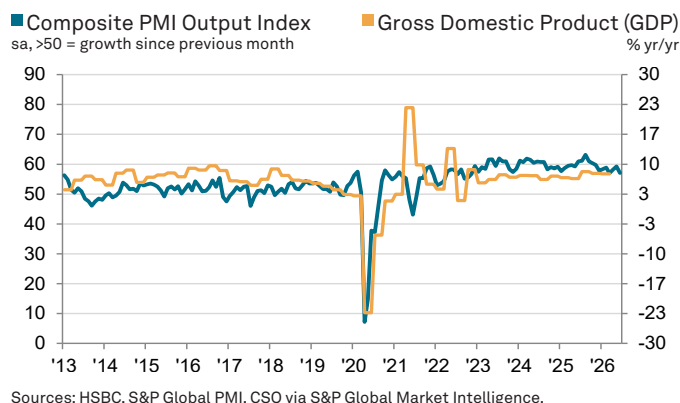
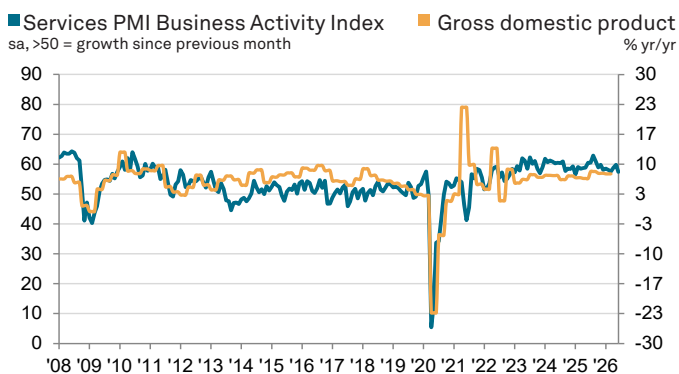
Sources: HSBC, S&P Global PMI.

Data were collected 10-26 June 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's services PMI remained in expansionary territory but eased to 57.4 in June, the lowest reading in 17 months. The loss of momentum points to more challenging market conditions and weaker demand, particularly at home. Even so, external demand held up well as overseas sales stayed robust and growth reached a three-month high. Price pressures also continued to cool, with both input cost and output charge inflation moderating as geopolitical disruptions in the Middle East began to subside. Reflecting the broader slowdown, India's composite PMI fell slightly to 57.1 in June from 59.3 in May, alongside softer sales volumes, slower job creation and more subdued pricing."



One area of strength seen in June was exports, with firms seeing the strongest rise for three months. According to them, demand from clients in Australia, Belgium, Canada, Germany, Malaysia, Nepal, Oman, Qatar, Singapore, the UAE and the US improved.

Indian services firms foresee output growth in the coming 12 months, but the overall level of positive sentiment fell to a five-month low and was below the historical trend.

Some companies expect to benefit from equipment acquisition, marketing efforts and new client enquiries. Others listed competition, challenging economic conditions and rupee depreciation as potential headwinds.

Input costs rose further at the end of the first fiscal quarter, with panellists signalling greater electricity, food, fuel and transportation prices. The rate of inflation was moderate in the context of historical data, however, and eased to a five-month low.

Similarly, there was a weaker increase in prices charged for the provision of Indian services in June. The rate of inflation was slight, below its long-run average and the weakest since November 2025.

Consumer services topped the inflation rankings for input costs and output charges, despite seeing weaker rates of increase than those recorded during May.

HSBC India Composite PMI®

Private sector sees broad-based slowdown in growth

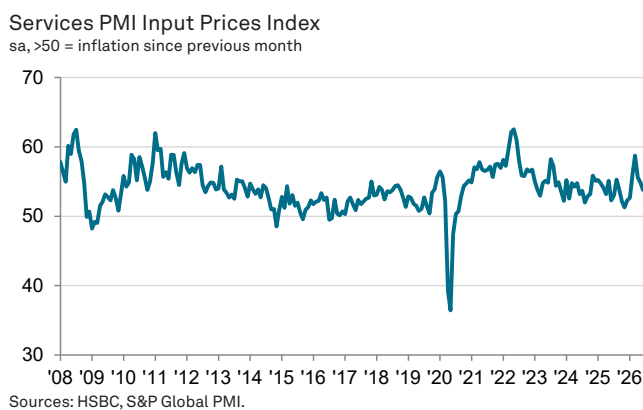
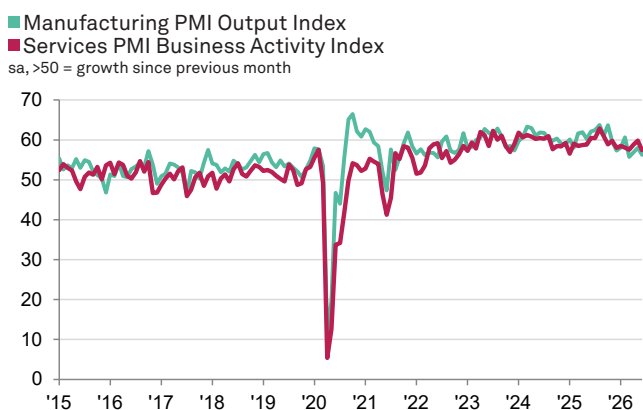
Business activity, employment and new orders across India's private sector rose at weaker rates in June, with softer expansions recorded in the manufacturing and service economies.

Falling from 59.3 in May to 57.1 in June, the HSBC India Composite PMI® Output Index* indicated a sharp rate of growth that was nevertheless the slowest since March. Aggregate sales volumes also rose at the weakest pace in three months, while job creation slipped to its softest in 2026 so far. Concurrently, external orders expanded to the least extent in close to two years.

In parallel to the slowdown in economic growth, private sector companies in India restricted the extent to which selling prices were raised in tandem with receding cost pressures. Rates of input price and output charge inflation retreated to five- and seven-month lows respectively.

Finally, manufacturers and service providers downgraded their output forecasts in June. At the composite level, the overall level of positive sentiment was at a five-month low.

*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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