

# Macro Insights

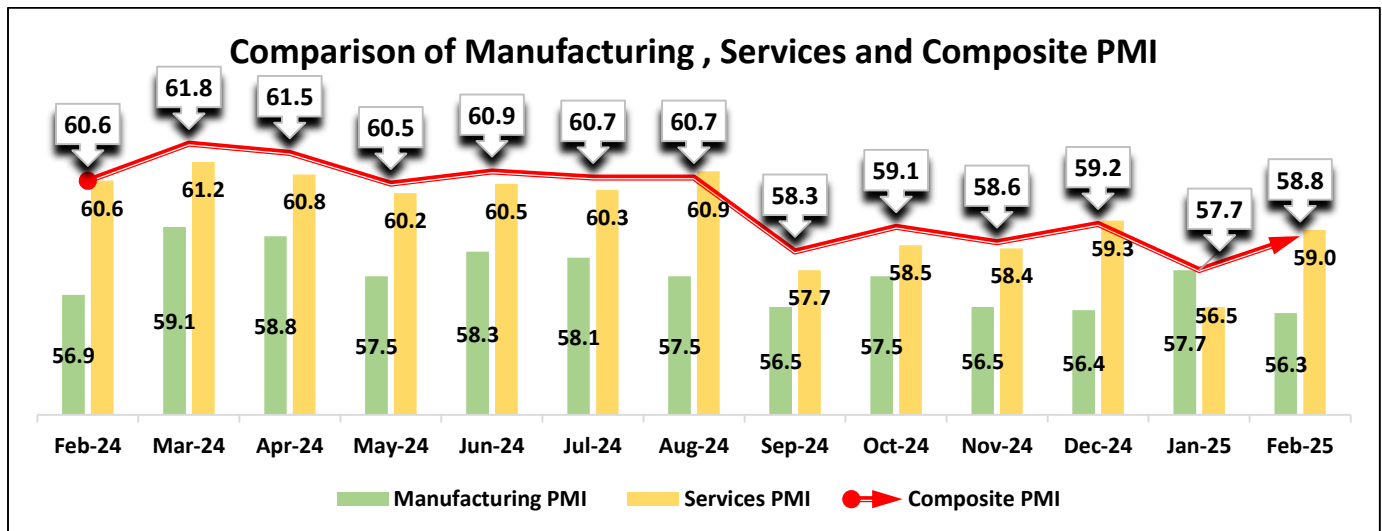
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**The HSBC India Purchasing Managers’ Index (PMI), compiled by S&P Global** is derived from monthly surveys of different companies. The index shows trends in both the manufacturing and services sector and helps in determining whether the market conditions, as seen by purchasing managers, is expanding, contracting or staying the same. PMI values range between 0 and 100, with a reading above 50 indicating expansion compared to the previous month and below 50 indicating contraction.

Manufacturing PMI	Services PMI
<p>India’s Manufacturing PMI in <b>fell from a reading of 57.7 in January 2025 to 56.3 in February 2025</b>. New orders and production saw mild loss of growth momentum. The rate of expansion eased to the weakest since December 2023. However, wherever an increase was noted, manufacturers remarked on sustained improvements in demand, tech investment and the commissioning of new projects.</p>	<p>India’s Services PMI rose from its 26-month low of <b>56.5 in January 2025 to 59.0 in February 2025</b>. Growth was boosted by improving domestic and international demand, with growth in new orders placed with Indian services companies. The uptick in PMI growth supported quicker expansion in output and a substantial increase in employment.</p>

**Composite PMI** indices are weighted averages of comparable manufacturing and services PMI indices. India’s Composite PMI rose sharply from 57.7 in January 2025 to **58.8 in February 2025**- being driven by an acceleration in services PMI.



Source: HSBC India, S&P Global

## Outlook

High-frequency indicators in Q4 FY25 exhibited mixed performance- with rural consumption and central government capex on the rise while urban demand remained relatively subdued. The recent cut in income taxes announced in the Union Budget 2025-26, a pick-up in government capex, coupled with monetary and regulatory easing by the RBI are expected to positively impact urban demand going ahead.

The survey respondents have expressed strong optimism about India’s growth prospects going into FY26 with demand from clients expected to remain strong. However, global headwinds may dampen perceptions.

## 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 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.*

*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.*

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