

Press Release

Exports Soar, Jobs Rise: June PMI Data shows resilience Manufacturing & Services momentum accelerates in June

July 4, 2025

India's private sector ended the first fiscal quarter of FY26 on a strong footing, as reflected in the June 2025 PMI figures. The India Manufacturing PMI rose to 58.4, a 14-month high, from 57.6 in May, signalling robust factory activity supported by record employment and a surge in export orders. The India Services PMI climbed to 60.4, up from 58.8 in May, marking the strongest services expansion since Aug'24, driven by solid domestic demand and continued international sales growth. Consequently, the India Composite PMI reached 61.0, its highest level since Apr'24, pointing to a sharp and broad-based upturn in private sector activity.

This strong PMI performance reinforces the underlying momentum in India's economy, following the recently released Q1 FY26 GST collections, which remained above ₹1.7 lakh crore for the fourth consecutive month, reflecting resilient consumption trends. While inflation and global uncertainty continue to pose risks, easing input cost pressures and improving supply conditions have created a more stable business environment.

Manufacturing Sector: India's manufacturing sector concluded the first fiscal quarter of FY26 on a strong note, with improved trends in output, new orders, and record employment growth. The HSBC India Manufacturing PMI rose to a 14-month high of 58.4 in June from 57.6 in May, well above the long-run average of 54.1. This reflected a substantial improvement in sector health, primarily led by intermediate goods producers.

Production volumes rose at the fastest pace since Apr'24, driven by strong domestic demand, marketing efforts, and export gains. New orders expanded at the quickest rate in nearly a year, while export orders surged at the third-highest pace since data collection began in 2005. Global demand strengthened across consumer, intermediate, and capital goods, with the U.S. emerging as a key export destination.

Employment rose at a survey-record pace, largely due to short-term hiring to manage rising workloads and backlogs. Manufacturers also increased input purchasing to the highest level in 14 months, contributing to further stock accumulation. Pre-production inventories rose, but finished goods stocks declined markedly as firms met demand by drawing down warehouse supplies.

Input cost inflation softened to a four-month low, despite pressure from metals like iron and steel. The rate of increase was relatively mild by historical standards. However, output charges rose sharply as firms passed on higher freight, labour, and material costs amid strong demand conditions. Supplier performance improved, with average lead times shortening at the fastest pace in five months. While sentiment remained

positive, outlook for future growth was tempered by concerns around global competition, inflation, and shifting consumer preferences.

Service Sector – India's services sector displayed strong momentum in June '25, closing the first fiscal quarter on a robust footing. The HSBC India Services PMI rose to a ten-month high of 60.4 in June from 58.8 in May, reflecting the fastest increase in business activity since Aug '24. The expansion was broad-based, driven by strong domestic demand, a solid uptick in international sales, and sustained job creation.

New order inflows grew at the quickest pace since Aug '24, with firms citing positive demand trends and improved sales. While growth in export orders moderated to a three-month low, it remained among the strongest in the survey's history, particularly supported by demand from Asia, the Middle East, and the US. Finance & Insurance continued to lead sector-wise growth, whereas Real Estate & Business Services reported the slowest expansion.

Employment rose for the thirty-seventh consecutive month, with the pace of job creation exceeding its long-term average despite a slight slowdown from May. Input cost inflation eased to a ten-month low, aided by softer pressures from non-staff expenses, though higher wages were commonly noted. Output charge inflation also softened but remained above the historical average, with Finance & Insurance seeing the sharpest price hikes.

Although service providers reported a marginal increase in outstanding business, suggesting some capacity constraints, sentiment on future activity weakened. Only 18% of firms expressed optimism about the year-ahead outlook, the lowest since mid-2022, dragging overall confidence below its long-run average.

Composite PMI – India's private sector activity rose sharply in June, with the HSBC Composite PMI increasing to 61.0 from 59.3 in May, its highest in 14 months. Output and new orders expanded across both manufacturing and services, supported by record growth in international sales. While manufacturing job creation strengthened, overall employment growth softened due to slower hiring in services. Input cost and output price inflation eased, with both measures seeing broad-based slowdowns across sectors.

Chart 1: PMI indices for June'25

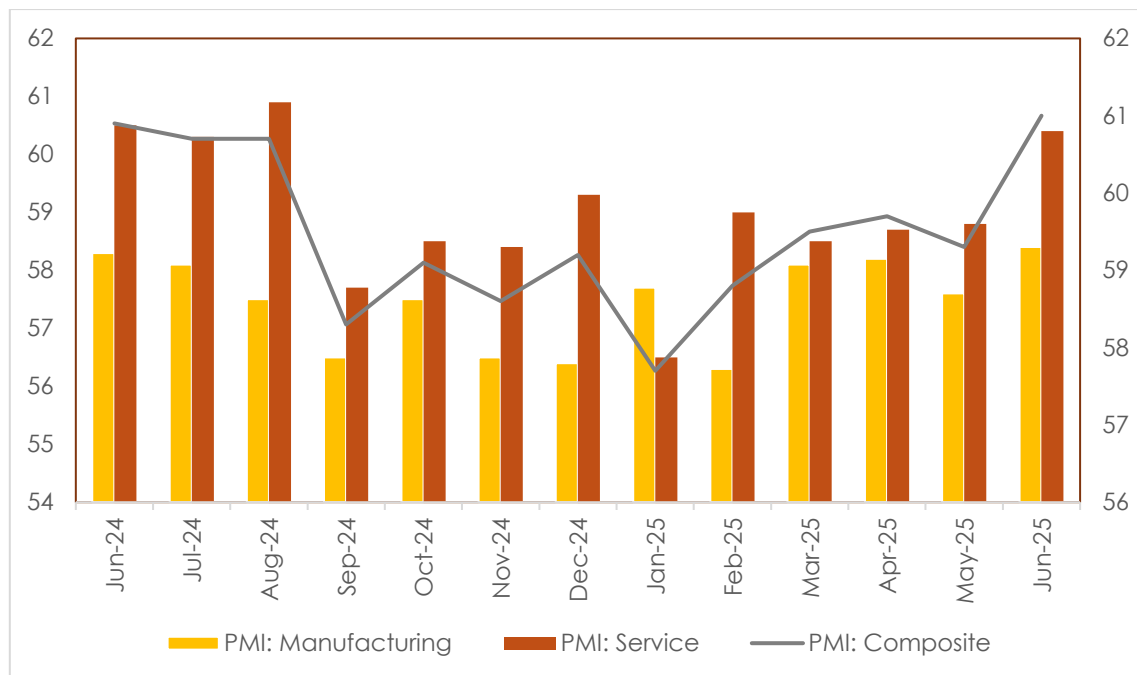


Table 1: PMI Indices Heatmap: June'24 to '25

Month	PMI: Manufacturing	PMI: Service	PMI: Composite
Jun-24	58.3	60.5	60.9
Jul-24	58.1	60.3	60.7
Aug-24	57.5	60.9	60.7
Sep-24	56.5	57.7	58.3
Oct-24	57.5	58.5	59.1
Nov-24	56.5	58.4	58.6
Dec-24	56.4	59.3	59.2
Jan-25	57.7	56.5	57.7
Feb-25	56.3	59.0	58.8
Mar-25	58.1	58.5	59.5
Apr-25	58.2	58.7	59.7
May-25	57.6	58.8	59.3
Jun-25	58.4	60.4	61.0

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