

Flash PMI eases to 58.5 in Sep on weak export orders

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The HSBC India Flash Manufacturing Purchasing Managers' Index (PMI) eased to 58.5 in September from 59.3 in the preceding month, as new export orders rose at the weakest pace in six months under the impact of 50 per cent tariff on India by the US administration. Domestic orders showed resilience ahead of the festive season.

"We expect this trend to last till Diwali, giving an overall boost to growth. Things may change post Diwali, with the drag from the 50 per cent tariff from the US overtaking the boost from tax cuts," HSBC said.

HSBC India Services PMI in September also dropped to 61.6 from 62.9 in August. Composite PMI Output eased to 61.9, down from the multi-year high of 63.2 in August.

A reading above 50 in PMI indicates expansion, while a reading below 50 signals contraction.

"The manufacturing PMI moderated, but its pace of expansion remains healthy.

The imposition of 50 per cent tariff rate by the US on India likely resulted in a slower rise in new export orders over August-September. This comes on the back of strong frontloading of exports to the US since early-2025", Pranjul Bhandari, chief India economist at HSBC, said. Bhandari said new domestic orders have risen for the past

two months, likely due to the lower Goods and Services Tax rates announcement, adding that the offsetting effect of tax cuts has softened the blow from tariffs.

The report added that price pressures had eased in September as input cost inflation moderated. While manufacturers reported higher costs for cotton, steel, and oil, services firms saw a cooling of the wage-driven expenses. Output charges rose at a slower pace, despite the factory-gate prices climbing at the fastest rate in over 12 years.

On employment growth, the report said the private sector had cooled, with only 3 per cent of the manufacturing firms and 5 per cent of the service providers reporting job creation.

**HSBC COMPOSITE
PMI OUTPUT
EASED TO 61.9,
DOWN FROM
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HIGH OF 63.2
IN AUGUST**
