

June services PMI rises on new orders

SHIVA RAJORA

New Delhi, 3 July

Growth in India's dominant services sector recovered in June from a five-month low in May, helped by a rise in new orders and "unprecedented expansion" in international sales, according to a business survey that showed companies were hiring at the fastest in nearly two years.

The headline Purchasing Managers' Index (PMI) figure released by HSBC on Wednesday increased to 60.5 in June from 60.2 in May.

It has been above 50, which separates growth from contraction, for nearly three years. "June data indicated a sustained upturn in Indian service sector output, with the rate of expansion quickening from May's five-month low amid a stronger rise in new orders and an unprecedented expansion in international sales. Moreover, staffing levels increased at the fastest pace since August 2022, as short-term and permanent staff were taken on to support pipelines of new work," the survey said. New orders received by Indian service providers increased in June, continuing an expansion that has lasted almost three years.

The pace of growth in June was faster than in May and well above its long-run average.

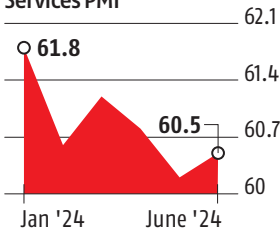
Pranjul Bhandari, chief India economist at HSBC, said that growth in the services sector was led by an increase in both domestic and international new orders that encouraged companies to increase their staffing.

"Input costs rose at a moderate pace, resulting in a softer uptick in output charges in June. Overall,



SCALING UP

Services PMI



Note: In PMI parlance, a reading above 50 represents expansion, while below 50 shows contraction
Source: HSBC

service providers remain confident about the year-ahead business outlook, although the level of optimism moderated sharply during the month. The Composite PMI also accelerated in June, supported by greater inflows of new orders. Manufacturing firms contributed more to the expansion than services firms," she said.

The "upturn" in total new business orders was supported by a record expansion in international orders with Asia, Australia, Europe, Latin America, West Asia and the United States being cited as sources of new work, said the survey

Positive client appetite encouraged service providers in India to recruit additional staff at the end of the first fiscal quarter.

Anecdotal evidence highlighted a mixture of short term and permanent hires for junior-, medium- and senior level positions.