

Services PMI jumps to 58.5 in Jan amid higher output, hiring

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Growth in India's services sector quickened to 58.5 in January after December's 11-month low as growth in output, new orders and job creation picked up, according to data compiled by S&P Global on Wednesday.

The HSBC India Services Purchasing Managers' index (PMI) rose from 58 in December. This was lower than the projected Flash India Services PMI of 59.3 released last month.

The reading for January remained above the 50-mark, which indicates expansion in activity, while a reading below 50 signifies contraction. The headline figure has been in the expansion zone for the 54th month running.

"India's services PMI rose to 58.5 in January, up from 58.0 in December, signalling sustained momentum in the sector. Robust output growth was driven by a steady influx of new orders, including increased international demand from South and Southeast Asia. Business confidence climbed to a three-month high, supported by efficiency gains, effective marketing, and the acquisition of new clients," Pranjul Bhandari, chief India economist at HSBC, said. Growth in both new orders and output was the quickest in two months, after growing at the slowest pace in 11 months in December. "The main features behind output growth were demand buoyancy, new business gains and tech investment," said the survey. Among the sub-sectors included in the index, finance & insurance topped the growth rankings for both output and new orders. While most of the demand for new business gains came from the domestic market, international orders also rose at the fastest pace in three months, according to the survey.