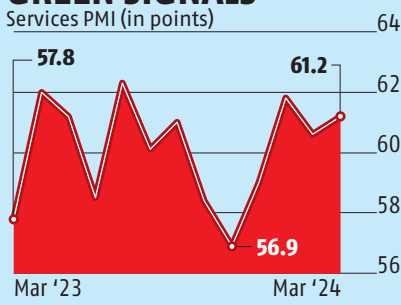


Record rise in exports spurs Services PMI to 61.2 in Mar



GREEN SIGNALS



Note: A reading above 50 denotes expansion and a figure below that is contraction

Source: S&P Global

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New Delhi, 4 April

Growth in India's dominant services sector resumed in March after decelerating in February, helped by a record rise in exports. Healthy demand, efficiency gains and sales pushed the headline Purchasing Managers' Index (PMI) figure to 61.2 from 60.6 in February, said a survey by HSBC Bank on Thursday.

"Buoyant demand for Indian services created a cascade of positivity for the sector at the end of the fiscal year. March saw one of the strongest expansions in total sales and business activity in close to 14 years, helped by a series record upturn in new export orders," said the survey. March marks 32 months of the index remaining above the 50-mark since July 2021. A reading above 50 in the survey means expansion in services and a figure below that is contraction. The composite PMI output index rose to an eight-month high of 61.8 from the previous month's 60.6, after a 16-year high growth in manufacturing in March as recorded by the headline PMI figure for the sector released on Tuesday. The composite PMI had a preliminary reading of 61.3 when released on March 21. HSBC services survey polled around 400 companies in transport, information, communication, finance, insurance, real estate, non-retail consumer and business services.

Granular data showed better demand for Indian services from both domestic and international sources as new export business rose at the fastest rate since the series started in September 2014.

Respondents reported gains in Africa, Asia, Australia, Europe, the Americas and West Asia. There were quicker increases in output and sales across each of the four broad areas of the service economy monitored by the survey, with finance and insurance topping the growth rankings in both cases.

Ines Lam, economist, HSBC said that services PMI rose in March on the back of strong demand that spurred sales and business activity. "Service providers increased hiring at the fastest pace since August 2023 in order to expand production capacity. Input costs rose at a faster rate, yet service providers were able to broadly maintain margins by charging higher output prices," he said. The survey noted an intensification of price pressures, with both input costs and output charges increasing.

"The rate of input price inflation was marked, faster than that seen in February and above its long-run average. The combination of rising cost pressures and demand strength encouraged companies to lift their selling prices in March. The rate of charge inflation climbed to its highest mark since July 2017," it said.