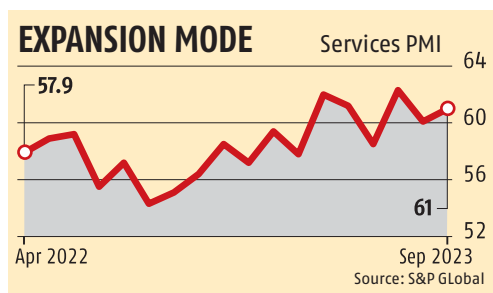


Services PMI grows fastest in 13 years in Sept

Level of positive sentiment at highest in over 9 years



RUCHIKA CHITRAVANSHI

New Delhi, 5 October

The services sector growth strengthened in September with the Purchasing Managers' Index (PMI) tally rising from 60.1 in August to 61.0 in September, signalling one of the strongest upturn in aggregate new business in over 13 years, the survey by credit rating agency S&P Global showed on Thursday.

"The latest data showed a substantial increase in new business placed with Indian service providers, one that was the second-fastest since June 2010. Anecdotal evidence indicated that market dynamics remained favourable, supporting demand. Advertising was also cited as a key factor boosting sales," the survey said. In PMI parlance, a reading above 50 indicates expansion of services activity, while one below that suggests contraction.

On the price front, it said that input cost inflation retreated substantially in September. Panellists — the survey respondents — reported paying more for chicken, rice, vegetables, transportation, and staff costs. "The level of positive sentiment was at its highest in over nine years."

"The latest PMI results brought more positive news for India's service economy, with September seeing business activity and new work intakes rising to one of the greatest extents in over 13 years. Besides demand strength domestically, firms noted higher international sales to Asia, Europe and North America," said Pollyanna De Lima, economics associate director, S&P Global Market Intelligence.

Lima also said that receding cost pressures indicated that although the near-term output price inflation may cool, worries about potential fluctuations in food prices due to El Niño meant the RBI was highly unlikely to cut rates until early next year.

The survey also said that job numbers continued to increase at a historically high rate, with workloads rising and capacities experiencing mild pressure.

