

# Services PMI eases to 60.8 in Apr, shows HSBC survey

But services sees buoyant domestic demand, new global biz gains

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Growth in India's dominant services sector slowed marginally in April, but remained robust due to strong demand, a private business survey released on Monday said.

The headline Purchasing Managers' Index (PMI) figure, released by HSBC, slid to 60.8 in April from 61.2 recorded in March.

The survey noted that in addition to buoyant domestic demand, firms saw new business gains from several parts of the world, which collectively underpinned the second-quickest upturn in international sales since the series started in September 2014.

"Survey members attributed the latest upturn in output to favourable economic conditions, demand strength and rising intakes of new work," the survey noted.

The April figure marks 33 months of the index remaining above the 50-mark since July 2021. A figure above 50 in the index denotes expansion and below that signifies contraction in the sector.

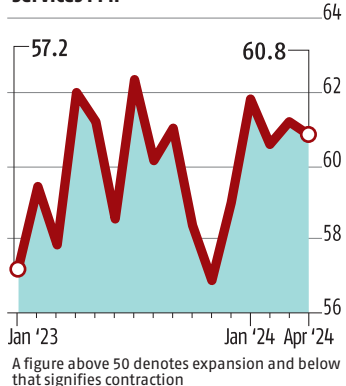
According to the survey, business activity increased across the four sub-categories monitored by the survey, led by steep growth in finance & insurance.

"Notably, services companies observed the second-fastest increase in new export business in the near ten-year series history, behind only that seen in March. Anecdotal evidence highlighted gains from several countries in Asia, Africa, Europe, the Americas and Middle East," the survey noted.

HSBC services survey polled around 400 companies in transport,



## TAKING STOCK Services PMI



information, communication, finance, insurance, real estate, non-retail consumer and business services.

The composite PMI output index also slid to 61.5 in April from an eight-month high of 61.8 in the previous month. The composite PMI had a preliminary reading of 62.2 when released on April 23.

Meanwhile, the survey also noted that wage pressures and higher food prices led to another increase in cost burdens, which firms partially passed on to their customers. Charge inflation eased from March's near seven-year high, however.

On the employment front, buoyed by rising inflows of new business, a few service providers in India showed an increased appetite for new hires in April.

However, with several companies indicating that payroll numbers were sufficient for current requirements, the rate of job creation was marginal and softer than the previous month.

Pranjul Bhandari, chief India economist at HSBC, said that India's service activity rose at a slightly softer pace in April, backed by a further rise in new orders, with a notable strength in domestic demand.

"Although new export orders remained robust, they showed a slight moderation from March figures. In response to increased new orders, firms expanded their staffing levels, though the pace of hiring growth decelerated. Input costs continued to rise sharply, albeit slower than in March, but resulted in squeezed margins for service firms, as only part of the price rise was passed on to clients through output charges," she added.

Regarding confidence among the service providers towards the year-ahead outlook for business activity, the survey noted an improvement as marketing efforts and efficiency gains, alongside plans to price competitively and predictions that demand conditions will remain favourable, boosted optimism.