

Services help pvt sector output hit 13-month high

Goods producers signalled the slowest output uptick in 3 mnths

SHIVA RAJORA

New Delhi, 22 May

India's private sector output grew at its fastest pace in 13 months in May, helped by a sharp rise in services that prompted the sector to employ more people, said a private survey on Thursday.

HSBC's flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 61.2, up from a downward revised figure of 59.7 in April. The index, which measures monthly change in the combined output of manufacturing and services, has been above the 50 mark that separates growth from contraction for the 46th consecutive month.

"The increase was the most pronounced since April 2024. There was a mild loss of growth momentum in the manufacturing industry but service providers reported the fastest rise in output in 14 months," said the survey.

The HSBC Flash India Manufacturing PMI was at 58.3 in May, little changed from April's reading of 58.2. The latest figure — a weighted average of new orders, output, employment, suppliers' delivery

times and stocks of purchases indices — was consistent with a sharp improvement in the health of the sector.

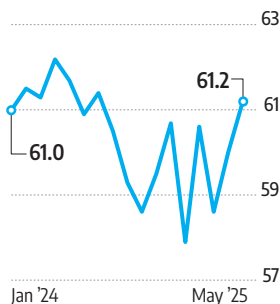
"While goods producers indicated the slowest increase in output for three months during May, service providers reported the fastest rise since March 2024. At the composite level, the latest upturn was the quickest in just over a year. Monitored companies attributed growth to buoyant demand, investment in technology and expanded capacities," said the survey.

Pranjal Bhandari, chief India economist at HSBC, said the flash PMI for May indicates another month of strong economic performance as growth in production and new orders among manufacturing firms remains robust, despite a marginal cooling from the rates of increase observed in April.

"Notably, there is a firm pick up in employment, especially in the service sector, suggesting healthy job creation accompanies the expansion of both India's manufacturing and service sectors," she said.

Flash PMI records 75 per cent to 85 per cent of the 800 responses from services and manufacturing firms each month. The final manufacturing PMI figure for May will be released on June 2; services and composite PMI figures will be released on June 4. "May data showcased reduced pressure on the operating capacities of Indian private sector companies, as outstanding business volumes rose at the slowest pace since September 2024. Service providers noted the weakest increase in backlogs for eight months and goods producers signalled no change since April," said the survey.

Flash PMI



Note: PMI is in points. A print above 50 denotes expansion, while one below it shows contraction
Source: HSBC