

# Private sector activity at nearly 14-yr high in Apr

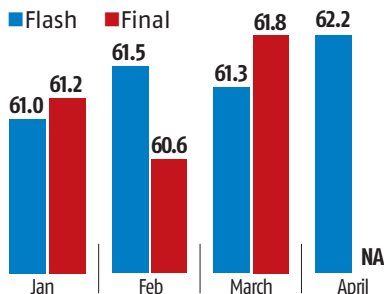
Flash composite PMI rose to 62.2, compared to March's 61.8, which had seen an upward revision



ILLUSTRATION: BINAY SINHA

## STRONG DEMAND

Composite PMI output index



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

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New Delhi, 23 April

India's private sector activity strengthened in April, helped by positive demand trends that fuelled new business intakes and output. In both the cases, the rates of expansion remained the fastest in nearly 14 years, said a survey by HSBC on Tuesday.

According to the survey, the headline flash composite Purchasing Managers' Index (PMI) rose to 62.2 in April, compared with March's 61.8, which had seen an upward revision.

The index, measuring the month-on-month (M-o-M) change in the combined output of the manufacturing and service sectors, was inside growth territory for the 33rd consecutive month.

The manufacturing industry led the latest upturn, as was the case in the previous month, although this growth was less compared to the services sector.

The survey noted that international sales positively contributed to total order books, with new export orders rising at the fastest pace since the series started in September 2014.

On this front, services companies noted the quicker rate of expansion. Anecdotal evidence pointed to stronger sales to clients in Africa, Asia, Australia, the Americas, Europe and West Asia.

However, despite the persistently-robust increase in new business, pressures on capacity remained mild in April. This came as orders pending completion among private companies in India rose for the 28th month

in a row, but at a pace weaker than in March.

Pranjul Bhandari, chief India economist, HSBC, said that strong performance in both manufacturing and services, led by increased new orders, resulted in the highest composite output index since June 2010.

In particular, services growth accelerated further in April as new orders in both domestic and international markets rose.

"Meanwhile, both composite input and output prices moderated in April, albeit remaining robust. Manufacturing margins improved in April as firms were able to pass on the higher prices to customers due to strong demand conditions.

In fact, manufacturing industries sharply increased their staffing levels and input buying activity. Overall, future business outlook improved further in April, buoyed by robust demand," he added.

On the employment front, the efforts to meet the rising demand and clear backlogs supported further job creation.

"Service providers took on extra staff at a marginal pace that was softer than in March. But goods producers raised their workforces to the greatest extent in nearly a year-and-a-half," the survey noted.

The Flash PMI records 75-85 per cent of the total 800 Purchasing Managers Index survey responses by services and manufacturing firms received each month.

The final manufacturing PMI headline figure for April will be released on May 2 and is projected to remain at 59.1. The services and composite PMI will be released on May 6.