

India's June services sector growth fastest in over 11 years

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Services sector growth in June fastest in 11 years

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India's [services sector](#) logged its fastest growth in over 11 years after June month's service activities improved further as per the the S&P Global India Services Purchasing Managers' Index (PMI) survey.

The seasonally adjusted S&P Global India Services PMI Business Activity Index rose from 58.9 in May to 59.2 in June -- its highest mark since April 2011.

This growth rate is the highest since April 2011 amid ongoing improvements in demand conditions, even as cost pressures in the service economy remained stubbornly high, the monthly survey showed.

For the eleventh straight month, the services sector witnessed an expansion in output. In Purchasing Managers' Index (PMI) parlance, a print above 50 means expansion while a score below 50 denotes contraction.

"Demand for services improved to the greatest extent since February 2011, supporting a robust [economic expansion](#) for the sector over the first quarter of the fiscal year 2022/23 and setting the scene for another substantial upturn in output next month," said Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence.

According to panel members part of the survey, the upturn stemmed from ongoing improvements in demand following the retreat of pandemic restrictions, capacity expansion and a favourable economic environment.

Firms were able to secure new orders despite charging more for their services. June data showed the fastest rise in selling prices since July 2017, as several companies sought to transfer part of their additional cost burdens to clients.

"Cost pressures in the service economy remained stubbornly high in June, despite easing to a three-month low. With companies retaining significant pricing power, owing to robust demand conditions, output charge inflation climbed to a near five-year peak," Lima said.

Unrelenting inflation continued to concern businesses, who were cautiously optimistic about the year-ahead outlook for business activity. The overall level of sentiment was well below its long-run average as only 9 per cent of companies forecast output growth, the survey noted.