

# ‘Services PMI grows to 5-month high in April’

The seasonally adjusted S&P Global India Services PMI Business Activity Index jumped to 57.9 in April, from 53.6 in March, highlighting a sharp rate of expansion that was the fastest since last November amid mounting price pressures.



The Indian services sector growth continued to gain momentum amid a near-record upturn in input costs. Selling prices rose at the fastest rate since July 2017 and inflation concerns continued to dampen business confidence, the survey noted. (Representative image: Pexels)

The services sector in India recorded strong growth in the month of April, driven by a surge in incoming new work orders that boosted business activity and supported a renewed increase in employment, according to a survey.

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Services have a share of 54 per cent of gross value added (GVA) of India's economy.

For the ninth 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.

On the other hand, China's services sector tumbled to its lowest level since the initial onset of the pandemic in February 2020, as the escalation of measures to contain the spread of the virus weighed heavily on customer demand. China's Caixin services PMI dropped to 36.2 in April from 42.0 in March, Caixin Media Co and research company IHS Markit said Thursday.

"In isolation, the PMI data for the services sector were mostly encouraging, as surging demand underpinned quicker increases in new business inflows and output," said Pollyanna De Lima, economics associate director at S&P Global.

Selling prices rose at the fastest rate since July 2017 and inflation concerns continued to dampen business confidence, the survey said. "Service providers reported having paid more for food, fuel and materials, with some mentions of higher wage costs also pushing up overall expenses. The overall rate of inflation quickened to the second-highest in the survey history, leading companies to hike their selling prices to the greatest extent in close to five years," Lima said.

Inflation concerns restricted business confidence in April. Although still positive overall, the level of sentiment slipped from March and was much lower than its long-run average.

On the employment front, companies resumed their hiring efforts in April, as seen by the first increase in employment since last November. Those firms that took on extra staff linked the rise to ongoing growth of new business, the survey said.

Consumer services and finance & insurance were the top-performing areas of the service economy, while real estate & business services was the only sub-sector to post contractions in sales and output.

The S&P Global India Composite PMI Output Index — which measures combined services and manufacturing output — rose from 54.3 in March to 57.6 in April, highlighting the quickest pace of growth in five months.