

## **India's services sector contracts for 10th straight month: PMI survey**

Activity in India's services industry contracted for a tenth straight month in April, pushing firms to put hiring plans on hold for the first time since November, a business survey showed on Tuesday.

The HSBC Services Purchasing Managers' Index, compiled by Markit, rose to 48.5 in April from 47.5 in March, but held stubbornly below the 50-mark that divides growth from contraction.

"While the business activity index improved, it remained below the water line. This points to still subdued service sector activity," said Leif Eskesen, chief economist for India and ASEAN at HSBC.

New business fell at a slower pace in April, but the employment sub-index slipped just below the 50-level to 49.8 as firms reacted to falling workloads.

Still, firms remained optimistic about the future, possibly due to an anticipated victory for the business-friendly opposition Bharatiya Janata Party (BJP) in an ongoing election in the world's largest democracy.

Tuesday's business survey also showed input costs and prices charged by services companies increased at a quicker pace last month.

In contrast, input and output prices rose at the slowest pace in about a year among Indian factories, a similar poll of manufacturers found last week.

Indian factory growth showed no sign of acceleration last month as tepid demand restrained output even as price pressures eased.

The mixed picture will give little reason for the Reserve Bank of India (RBI) to change its key interest rate from 8% and a *Reuters* poll of economists in March said the bank would hold steady until October at least.

*(Live Mint)*