

Services sector growth recovers in June

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INDIA'S SERVICES SECTOR output growth recovered in June after slowing in May, according to the trial Index of Services Production (ISP) released on Monday by the Ministry of Statistics and Programme Implementation (MoSPI).

Twelve of the 19 sectors tracked under ISP saw higher growth in June compared to May. While the ministry did not publish overall growth rate for the ISP, the weighted average growth of the output across the 19-services sectors was 13.1% in June, up from 9.5% in May. The 19 sectors had grown 20.1% in April, according to calculations by FE.

ISP DATA IN NUMBERS



Eight of the 19 sectors under ISP recorded double-digit year-on-year growth in June, the say as in May. In April, 14 sectors saw double-digit growth. The services sector is a key driver of economic activity in India. According to GDP data released

Monday, the services sector grew 10% in April-June, though slower than 11.5% in the previous quarter. The 19 sectors currently covered under ISP account for around 60% of the formal services sector.

"The June Index of Services

Production corroborates the services strength. The ISP remains a trial series without a composite headline, so it is best read as a cross-check on direction," said Rajeev Sharan, head of research, Brickwork Ratings.

Real estate led the growth at 24.7%, followed by retail trade at 18% and wholesale trade at 15.1%. Among the five sectors with the highest weight in ISP, four saw higher growth in June compared to May.

IT and computer-related services, which has the highest weight in ISP at 22.5%, grew 13.5% in June, higher than 10.3% in May. Air transport was the only sector where output contracted in June. It contracted 6% y-o-y in June, a steeper fall than 2.8% in May.