

India

Business activity rebounds after flooding

- **Output growth hit 11-month high in January according to composite PMI survey data**
- **Manufacturing recovers from December's flooding, but continues to struggle amid weak global demand**
- **Service sector growth hits 19-month high**

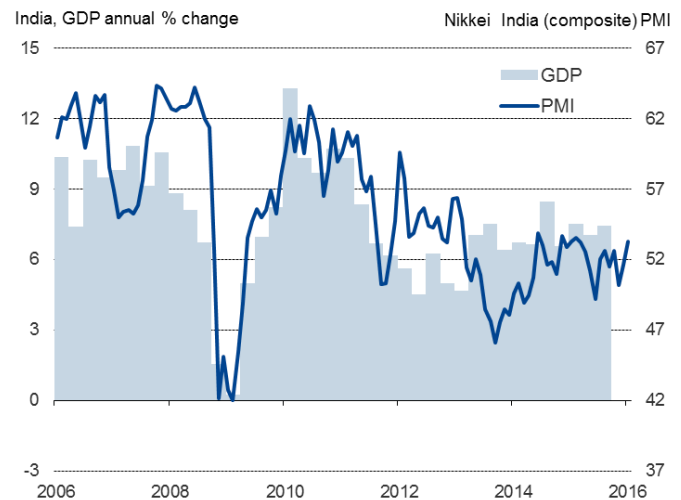
January saw business activity in India rebound after being beset by extensive flooding late last year. The Nikkei PMI surveys, compiled by Markit and covering both manufacturing and services, showed the largest monthly increase in activity since February of last year. The composite index rose from 51.6 in December to 53.3 in January.

Services activity grew at the fastest rate for just over one-and-a-half years, while manufacturing output rose after slumping in December when the survey showed flooding to have caused the largest monthly drop in factory production since the height of the global financial crisis in February 2009.

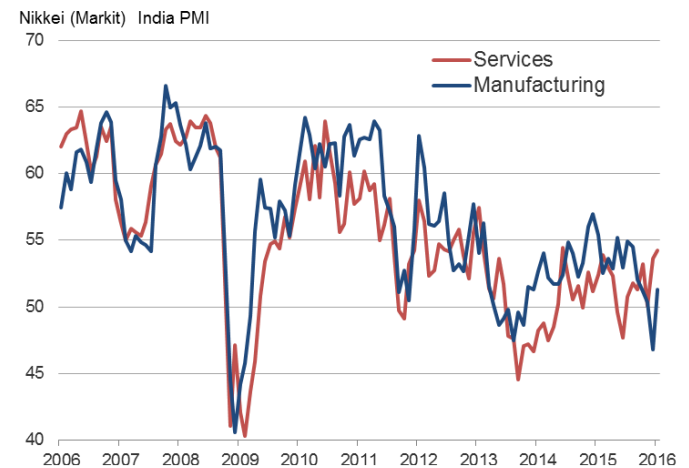
However, while the upturn is welcome news, the overall rate of expansion signalled in both manufacturing and services remained relatively subdued when compared to pre-crisis rates of growth, highlighting how even India has failed to remain immune to the weakening of Asian and emerging market economic growth in recent months. Although export growth picked up in January, the rise in foreign trade remained far weaker than a year ago. Services growth has, consequently, exceeded that of manufacturing in three of the past four months.

The latest PMI readings are broadly consistent with the economy growing at an annual rate of 6.7%, suggesting India may struggle to meet the 7.3% growth rate projected by the IMF in its latest outlook for FY16, unless the domestic economy and global demand continue to revive in coming months.

Nikkei PMI v GDP



PMI Output Indices



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[Click here](#) for more PMI and economic commentary.

For further information, please visit www.markit.com