

# News Release

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## S&P Global India Services PMI<sup>®</sup>

### Growth rates for services activity and new business remain among strongest in circa 13 years

#### Key findings

September sees substantial increases in sales and output

Jobs expand further as business sentiment strengthens

Inflationary pressures recede

Service sector growth in India strengthened in September, as a positive demand environment boosted intakes of new business and output volumes. With workloads rising and capacities experiencing mild pressure, job numbers continued to increase at a historically high rate. Services firms retained positive expectations for activity, with sentiment improving to its highest level in over nine years.

A key feature of the latest results was the convergence of input cost inflation towards its long-run average. The slowest rise in expenses since March dampened the extent to which selling charges were lifted.

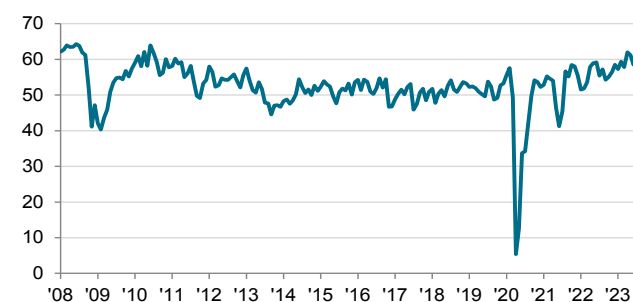
The seasonally adjusted S&P Global India Services PMI<sup>®</sup> Business Activity Index rose from 60.1 in August to 61.0 in September, signalling a sharp upturn in output that was one of the strongest in over 13 years. The uptick meant that the index averaged 61.1 over the second fiscal quarter, above that seen in the prior three-month period (60.6). September's expansion in output was commonly associated with effective marketing, favourable demand conditions and strong influxes of new business.

The latest data showed a substantial increase in new business placed with Indian service providers, one that was the second-fastest since June 2010. Anecdotal evidence indicated that market dynamics remained favourable, supporting demand. Advertising was also cited as a key factor boosting sales.

Besides the rise in total sales, firms noted an upturn in demand from abroad, particularly from clients based in Asia, Europe and North America. The overall rate of growth was marked and one of the quickest seen in the series history (since September 2014), despite slowing to a three-month low.

Additional staff were recruited to aid firms' efforts to keep on top of current workloads and in anticipation of further growth in the coming months. The overall pace of job creation

S&P Global India Services Business Activity Index  
sa, >50 = growth since previous month



Source: S&P Global PMI.  
Data were collected 12-27 September 2023.

#### Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

*"The latest PMI results brought more positive news for India's service economy, with September seeing business activity and new work intakes rising to one of the greatest extents in over 13 years. Besides demand strength domestically, firms noted higher international sales to Asia, Europe and North America.*

*"Moreover, an upturn in business optimism about the year ahead, fuelled by buoyant demand conditions, bode well to further growth across the service sector. Unsurprisingly, job creation was sustained as the business mood improved.*

*"News on prices was also encouraging. Services charges rose at a softer rate as cost pressures receded to one of the lowest in two-and-a-half years. Although the latter indicates that near-term output price inflation may cool, worries about potential fluctuations in food prices due to El Niño means the RBI is highly unlikely to cut rates until early next year."*

PMI<sup>®</sup>

by S&P Global

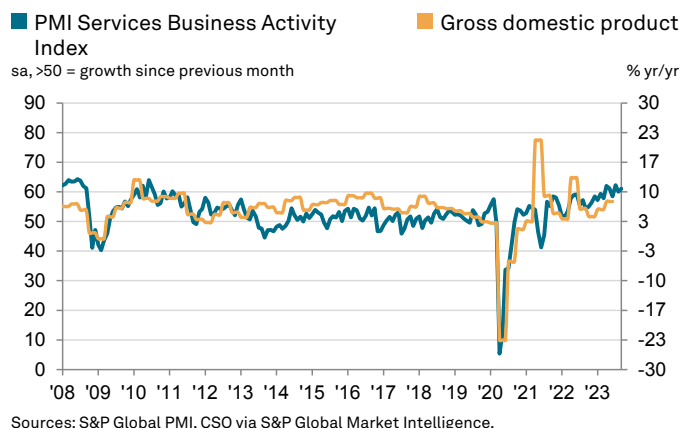
was moderate, but above its long-run average.

Indicative of capacity pressures among Indian services firms, backlogs of work continued to expand in September. The rate of accumulation was marginal, however, and slower than in August.

On the price front, input cost inflation retreated substantially in September. The rate of increase was equal to its long-run average and one of the weakest since late-2010. Where expenses rose, panellists reported having paid more for chicken, rice, vegetables and transportation. There were also mentions of higher staff costs.

Some firms opted to pass on to their clients additional cost increases by raising selling prices. At the same time, others suggested that charges were left unchanged amid attempts to secure new customers. The overall rate of charge inflation was solid, though the softest in six months.

Meanwhile, confidence in the outlook improved, with survey members forecasting healthy market dynamics and buoyant demand for the year ahead. The level of positive sentiment was at its highest for over nine years.



## S&P Global India Composite PMI®

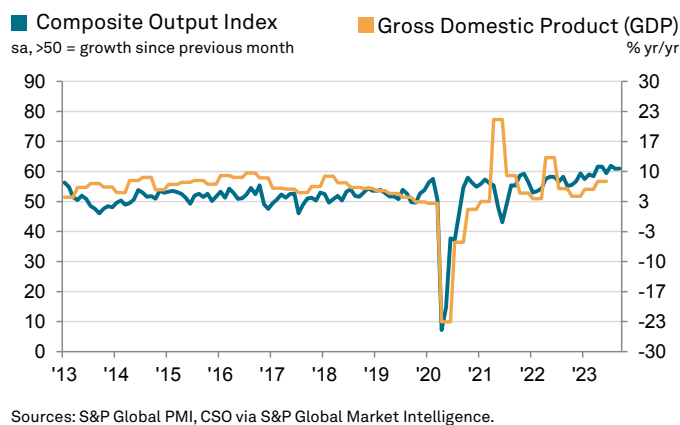
### Private sector sales rise at second-fastest pace in over 13 years

Buoyant demand for Indian goods and services underpinned the second-sharpest increase in aggregate new business for over 13 years in September. Both the manufacturing and service economies recorded substantial expansions, but a slowdown in the former compared with an acceleration in the latter.

Positive sales developments boosted growth of private sector output in September. The S&P Global India Composite PMI® Output Index\* was up from 60.9 in August to 61.0, indicating one of the strongest rates of expansion in just under 13 years. Services firms noted a quicker increase in sales, while manufacturers saw a slowdown.

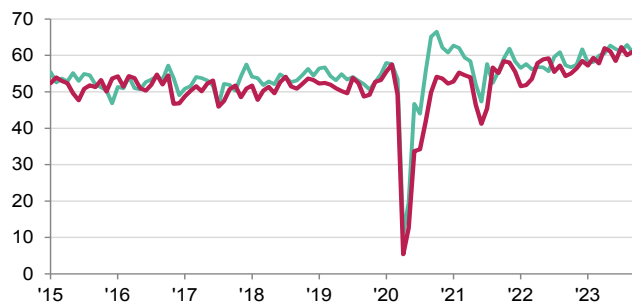
Rates of input price inflation eased at goods producers and services firms, leading to the second-slowest increase in aggregate costs for three years.

Charge inflation at the composite level moderated to a six-month low in September, largely due to a slowdown in the service economy as factory gate prices rose to a greater extent.



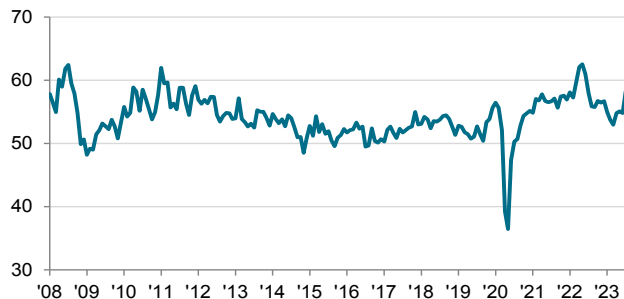
\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ Manufacturing PMI Output Index  
■ Services PMI Business Activity Index  
 sa, >50 = growth since previous month



Source: S&P Global PMI.

India Services PMI Input Prices Index  
 sa, >50 = inflation since previous month



Source: S&P Global PMI.

### Survey methodology

The S&P Global India Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 2005.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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