

# News Release

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

### Services firms see desirable combination of stronger growth and softer cost pressures in August

#### Key findings

Growth of new business and output quickens...

...supporting best round of job creation in over 14 years

Input costs rise at slowest rate in 11 months

Indian service providers welcomed a stronger expansion in new work intakes with a quicker upturn in business activity and the sharpest rise in employment for over 14 years. Forecasts regarding the year-ahead outlook for output were revised higher, with optimism at its greatest degree since May 2018. Complementing the uptick in growth was a slower increase in input costs during August.

Rising from July's four-month low of 55.5 to 57.2 in August, the seasonally adjusted S&P Global India Services PMI<sup>®</sup> Business Activity Index highlighted a rebound in growth. The upturn was attributed to stronger gains in new business, ongoing improvements in demand, job creation and overtime work.

Amid reports of favourable demand conditions and successful advertising, there was a further increase in new business placed with services firms during August. The rate of expansion was sharp and quickened from July.

Services companies expect output growth over the coming 12 months, with sentiment rising to its highest level in over four years. Optimism was centred on forecasts of ongoing improvements in demand and planned marketing.

At the sub-sector level, there were quicker increases in new business and output in Transport, Information & Communication and Finance & Insurance. The latter outperformed all categories on both fronts.

The combination of strong sales and upbeat growth projections underpinned a substantial increase in payroll numbers across the service sector. The rate of job creation picked up to the strongest in over 14 years. Employment trends improved in each of the four monitored sub-sectors.

August data highlighted another increase in the operating expenses faced by services companies, with panellists often mentioning higher food, fuel and labour costs. That said, the overall rate of inflation softened to an 11-month low. Weaker

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



Source: S&P Global.  
Data were collected 12-26 August 2022.

#### Comment

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

"Indian services activity rose strongly midway through the second fiscal quarter, with the pace of expansion recovering some of the ground lost in July. The pick-up in growth stemmed from a rebound in new business gains as firms continued to benefit from the lifting of COVID-19 restrictions and ongoing marketing efforts.

"With demand showing considerable resilience, service providers maintained a degree of pricing power and lifted selling prices amid the transfer of cost increases to customers. While the rate of charge inflation was broadly similar to July, there was a considerably softer upturn in input costs. The latter rose at the weakest pace in close to a year.

"There were other positives in the latest results. Business confidence strengthened substantially, reaching its highest since May 2018, while employment rose at the fastest pace in over 14 years.

"Finance & Insurance was the brightest area of the service economy in August, leading with regards to growth of sales and output. As for input cost inflation, Consumer Services topped the sector rankings but it was in Transport, Information & Communication that the fastest rise in selling prices was recorded."

PMI<sup>®</sup>

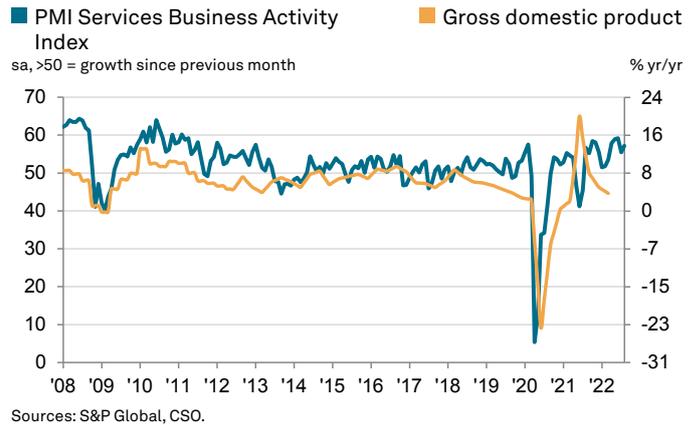
by S&P Global

risers were seen across the four segments tracked by the survey.

Companies sought to protect margins from cost increases by lifting their selling prices in August. In some instances, panel members indicated that revisions were supported by accommodative demand conditions. The overall rate of charge inflation was solid and broadly similar to that seen in July.

While charges for Consumer and Real Estate & Business services rose at quicker rates, there were slowdowns for Finance & Insurance and Transport, Information & Communication fees.

Outstanding business volumes at Indian services companies continued to increase in August, taking the current sequence of accumulation to eight months. The rate of expansion was solid and the fastest in a year-and-a-half.



## S&P Global India Composite PMI®

### Quicker increases in private sector output and sales

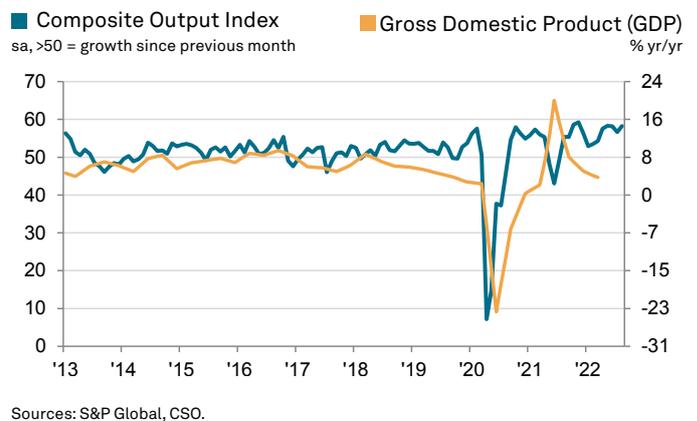
Aggregate output growth in India recovered from July's slowdown as both manufacturers and service providers noted quicker rates of increase in August. The S&P Global India Composite PMI Output Index\* rose from 56.6 to 58.2, indicating a sharp pace of expansion.

New work intakes increased at quicker rates in the manufacturing and service sectors, leading to the fastest upturn at the composite level for nine months.

Indian private sector jobs expanded to the greatest extent in over 14 years midway through the second fiscal quarter. The upturn was driven by a substantial acceleration in growth across the service economy, while manufacturers registered a broad stabilisation of payroll numbers.

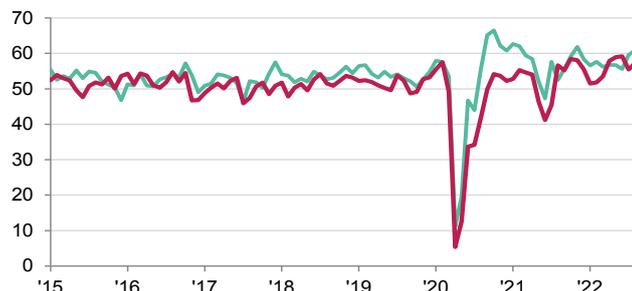
There was a softer increase in operating expenses facing private sector companies. The rate of inflation retreated to a 19-month low in August.

On the other hand, selling prices rose at a slightly quicker rate in August, though one that was well below that seen for cost burdens.



\*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.

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



Source: S&P Global.

**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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

**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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

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