

# News Release

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

### Near-record upturn in services exports spurs fastest expansion in new business in over 13 years

#### Key findings

Total sales rise at quickest pace since June 2010...

...aided by substantial improvement in international demand

Input cost inflation ticks higher

The India services PMI<sup>®</sup> survey revealed a strong performance for the sector during July, with a substantial improvement in demand conditions inducing the strongest increases in new business and output in over 13 years. Cost pressures intensified, though charges were raised to a weaker extent as firms were cautious about their pricing strategies. Looking ahead, companies continued to predict higher activity levels. That said, concerns over extreme weather somewhat dampened optimism.

Rising from 58.5 in June to 62.3 in July, the seasonally adjusted S&P Global India Services PMI<sup>®</sup> Business Activity Index signalled the sharpest increase in output since June 2010. The upturn was largely attributed to demand strength and new business gains.

Demand for Indian services improved to the greatest extent in over 13 years during July, with around 29% of survey participants reporting higher intakes of new business.

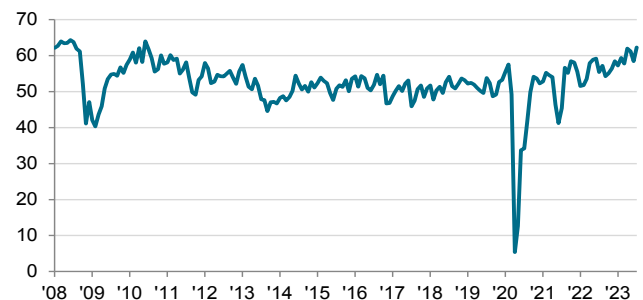
The upturn in total new orders was boosted by a pick-up in international sales. Service providers noted the second-fastest increase in new export orders since the series started in September 2014. According to panellists, Bangladesh, Nepal, Sri Lanka and the UAE were key sources of growth.

July data signalled a further increase in input costs facing Indian service providers. Moreover, the rate of inflation quickened to a 13-month high. Monitored companies signalled greater food, labour and transportation costs.

Services firms sought to protect margins from cost rises by lifting selling charges in July. That said, output prices increased at the slowest rate in three months. Anecdotal evidence highlighted cautious pricing strategies among survey members, owing to efforts aimed at preventing any negative impact on new business.

Elsewhere, the latest results showed mild pressure on the capacity of service providers, as outstanding business

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



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

#### Comment

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

*"The resilience of the service sector underscores its vital role in fuelling India's economy, with the PMI results for July so far pointing to a notable contribution from the sector to overall GDP for the second fiscal quarter.*

*"The broad increases in sales across the domestic and international markets are particularly welcoming news, especially in light of the challenging global economic scenario. Firms noted a widespread upturn in services exports to several nations including Bangladesh, Nepal, Sri Lanka and the UAE.*

*"Looking at PMI price indices in recent months, it seems that competitive advantage continued to support demand for Indian services, with increases in output prices here modest relative to several other nations. Although input cost inflation ticked higher in July, service providers were again cautious in their price-setting decisions amid efforts to not deter sales."*

PMI<sup>®</sup>

by S&P Global

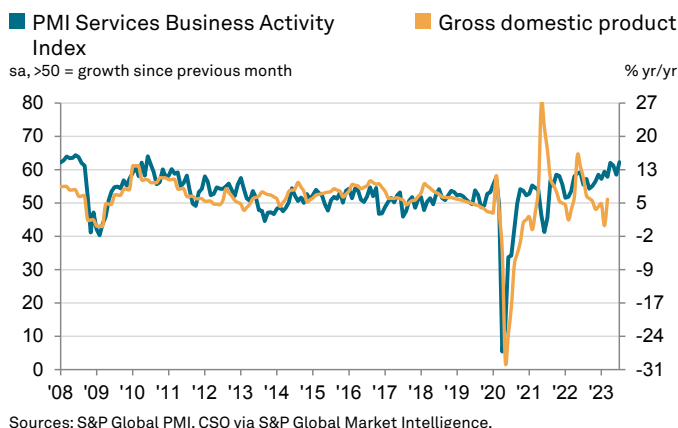
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volumes rose only marginally. The pace of accumulation softened since June.

Nevertheless, companies continued to add to their workforces by hiring a combination of part-time, full-time, permanent and temporary staff. Service sector employment expanded at a slight pace that was broadly similar to those seen in the prior two months, however.

When assessing the year-ahead outlook for business activity, service providers on average were optimistic. Growth expectations stemmed from forecasts of demand strength and marketing initiatives. The overall level of positive sentiment slipped from June's six-month high, however, owing to concerns surrounding extreme weather.

Looking at the sub-sector data, Finance & Insurance was the brightest spot regarding business activity and new orders, topping the growth rankings in both instances. As for inflation, the sharpest increase in input costs was seen in Consumer Services and for output charges in Real Estate & Business Services.



## S&P Global India Composite PMI®

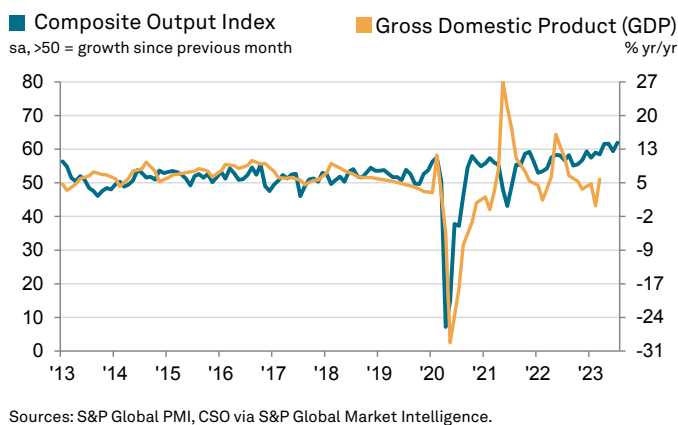
### Private sector output growth hits 13-year high, boosted by service economy

July data signalled a substantial increase in private sector activity across India, with the rate of expansion quickening to a 13-year high. This was signalled by the S&P Global India Composite PMI® Output Index\* rising from 59.4 in June to 61.9. Factory production growth remained sharp, but eased since June, while services activity increased to the greatest extent since mid-2010.

There was a quicker upturn in aggregate new orders during July, the strongest in just over 13 years. The acceleration was centred on the service economy, as manufacturing orders rose at a broadly similar pace to June.

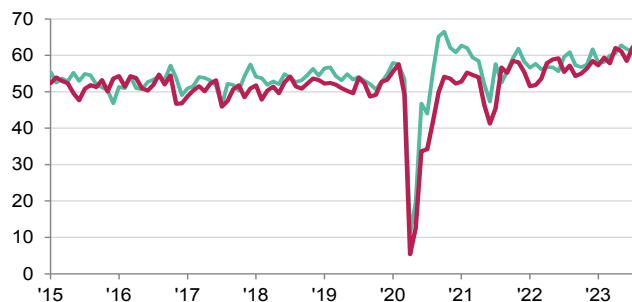
Cost inflationary forces strengthened in July, with accelerations noted at both goods producers and service providers. At the composite level, input costs increased at the fastest rate in a year.

On the other hand, prices charged for Indian goods and services rose at the slowest pace in three months. Rates of charge inflation moderated in both the manufacturing and service economies.



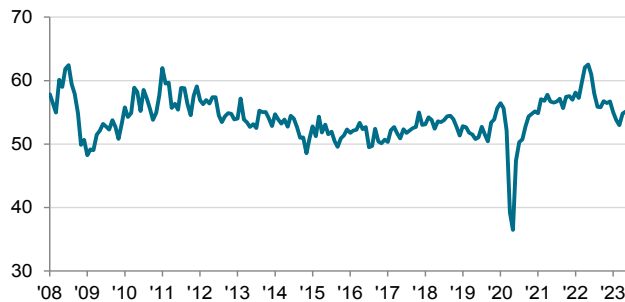
\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ 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@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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