

# News Release

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

### Services activity and new business rise at fastest rates since June 2010

#### Key findings

Stronger increase in sales prompts sharper upturn in output

Rates of input cost and output charge inflation quicken

Business sentiment strengthens

Service sector growth in India quickened substantially in April, with demand strength promoting the fastest increases in new business and output in close to 13 years. Companies became more optimistic towards future business activity, but job creation remained negligible. Concurrently, survey participants signalled an intensification of price pressures, with input costs and output charges rising at faster rates that outpaced their respective long-run averages.

Rising from 57.8 in March to 62.0 in April, the seasonally adjusted S&P Global India Services PMI<sup>®</sup> Business Activity Index signalled the fastest expansion in output since mid-2010. Anecdotal evidence linked the upturn to a pick-up in new business growth and favourable market conditions. Out of the four monitored sub-sectors, the strongest increase in output was seen in Finance & Insurance.

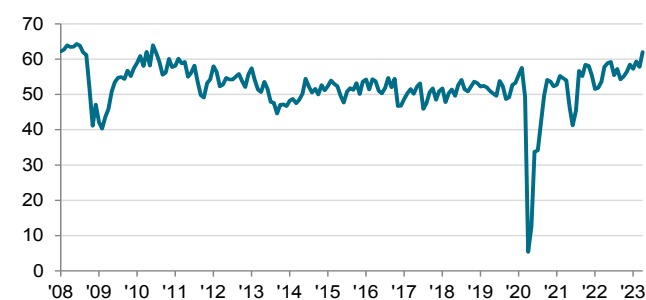
Mirroring the trend for business activity, new orders rose at the fastest pace since June 2010. Growth was linked by survey members to strong demand for services and competitive pricing. Finance & Insurance topped the sector rankings for sales.

Monitored companies signalled an improvement in international demand for Indian services in April. New export business expanded for the third month in succession and at the fastest pace over this period.

The pick-up in demand occurred in spite of escalating price pressures. Input costs rose at the quickest pace in three months during April, and one that outpaced the long-run series trend. According to survey members, food, fuel, medicine, transportation and wages were the main sources of inflation. Consumer Services recorded the fastest upturn in average expenses.

The combination of rising input costs and demand resilience urged services companies to lift their selling prices in April. The rate of charge inflation was marked and the strongest in 2023 so far. Granular data showed the most acute

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



Source: S&P Global.  
Data were collected 12-26 April 2023.

#### Comment

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

*"India's service sector posted a remarkable performance in April, with demand strength backing the strongest increases in new business and output in just under 13 years. Finance & Insurance was the brightest spot, topping the sectoral growth rankings for both measures.*

*"Having retreated in each month since the start of the current calendar year, input price inflation quickened in April. PMI survey participants indicated higher salaries and wages awarded to staff, as well as pressures from food, fuel and transportation costs. Accommodative demand conditions facilitated the pass-through of additional expenses to clients, with prices charged for the provision of services increasing at the strongest rate in 2023 so far.*

*"One area of weakness highlighted in the latest results was the labour market. Despite the substantial pick-up in sales growth and improved business sentiment towards the outlook, the increase in employment seen in April was negligible and failed to gain meaningful traction."*

PMI<sup>®</sup>

by S&P Global

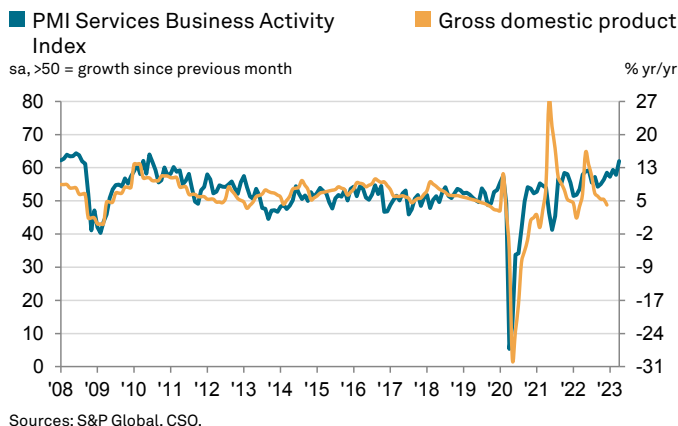
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increase in selling prices among Transport, Information & Communication firms.

Despite the substantial uptick in new orders, staff levels in the service sector increased only marginally at the start of the first fiscal quarter. Whereas some companies lifted headcounts due to rising output needs, the vast majority left them unchanged amid sufficient workers for current requirements.

Indeed, outstanding business volumes increased only marginally in April. The latest rise was the sixteenth in as many months, albeit one of the slowest over this period.

Marketing efforts, plans to price competitively and an increased focus on customer relations boosted business confidence in April. Close to 22% of companies forecast growth of business activity over the course of the coming 12 months, compared with 2% that anticipate a reduction.



## S&P Global India Composite PMI®

### Growth of private sector activity climbs to near 13-year high

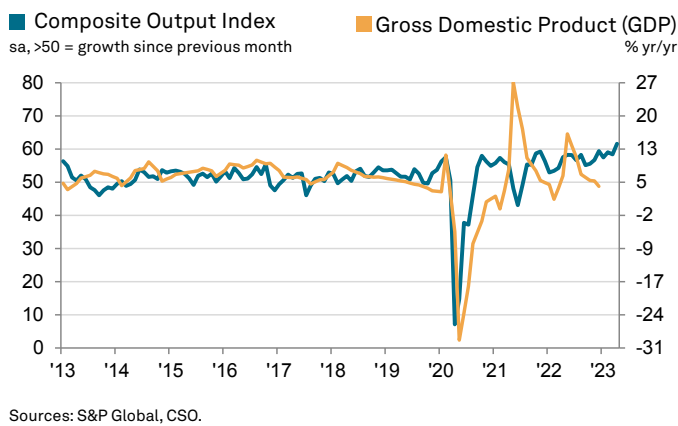
April data pointed to a substantial increase in output across the Indian private sector, amid quicker expansions at goods producers and service providers. The S&P Global India Composite PMI Output Index\* rose from 58.4 in March to 61.6 in April, its highest mark since July 2010.

Likewise, there were faster increases in new business in both the manufacturing and service sectors. Aggregate sales rose at the sharpest pace in nearly 13 years.

Despite the substantial upturn in sales, job creation across the private sector remained mild. Rates of expansion were broadly similar at manufacturing firms and their services counterparts.

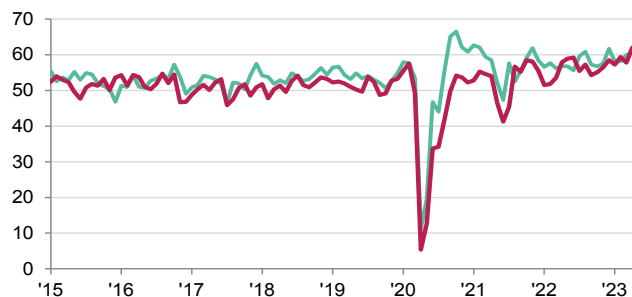
On the price front, there were faster increases in input costs and output charges across the manufacturing and service sectors. Price pressures were more pronounced among the latter.

At the composite level, input costs rose at the fastest pace since January and charge inflation reached a four-month high.



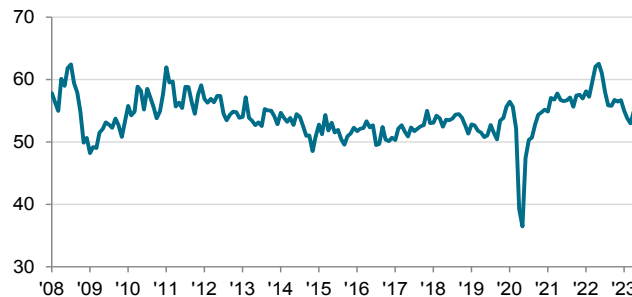
\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ 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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### About PMI

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### Contact

Pollyanna De Lima  
 Economics Associate Director  
 S&P Global Market Intelligence  
 T: +44-1491-461-075  
[pollyanna.delima@spglobal.com](mailto:pollyanna.delima@spglobal.com)

SungHa Park  
 Corporate Communications  
 S&P Global Market Intelligence  
 T: +82 2 6001 3128  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

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