

News Release

Embargoed until 1030 IST (0500 UTC) 3 November 2022

S&P Global India Services PMI®

Service sector recovers some of the growth momentum lost in September

Key findings

Rates of increase in sales and output quicken in October

Inflationary pressures gather pace

Firms most upbeat in just under eight years

Favourable demand for services continued to underpin increases in new business and output at the start of the third fiscal quarter. Moreover, rates of expansion quickened from September's six-month lows. Buoyed by the ongoing recovery in new work, service providers again took on extra staff, with an improvement in business confidence also supporting hiring activity. The latest results also showed mild accelerations in inflation rates for input costs and output charges.

Rising from September's six-month low of 54.3 to 55.1 in October, the seasonally adjusted S&P Global India Services PMI® Business Activity Index pointed to a quicker and marked rate of growth. The headline figure was above the neutral 50.0 threshold for the fifteenth month running and outpaced its long-run average. According to survey participants, sustained increases in new business boosted output.

October data showed an expansion in new work placed with Indian service providers, continuing the trend seen since August 2021. Moreover, the pace of growth was marked and accelerated from September.

Underlying data suggested that the domestic market was the main source of new business gains, as foreign sales decreased further at the start of the third fiscal quarter. Monthly deteriorations in international demand have been registered since the onset of COVID-19 in March 2020.

Indian services companies reported greater operating expenses in October, stretching the current sequence of inflation to 28 months. The latest increase was the most pronounced since July and historically marked. Anecdotal evidence indicated that food, fuel and retail prices rose since September.

Concurrently, the rate of charge inflation ticked fractionally higher in October as a greater proportion of survey participants sought to transfer cost increases to their

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



Source: S&P Global.
Data were collected 12-27 October 2022.

Comment

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

"The October results show us that service providers had no trouble securing new work in October, despite lifting their charges again. Hence, the sector remained firmly inside expansion territory as business activity and payroll numbers were raised to support strengthening demand."

"Optimism towards a more positive environment boosted job creation in October, as service providers sought to adjust capacities to accommodate for expected increases in new work. Sentiment towards the year-ahead outlook for business activity improved to the highest in close to eight years."

"Many companies indicated that higher food, fuel and retail prices pushed up their overall expenses in October. With some of this additional cost burden shared with customers, prices charged for the provision of services likewise rose. Rates of input cost and output charge inflation quickened from September and were above their respective averages."

PMI®

by S&P Global

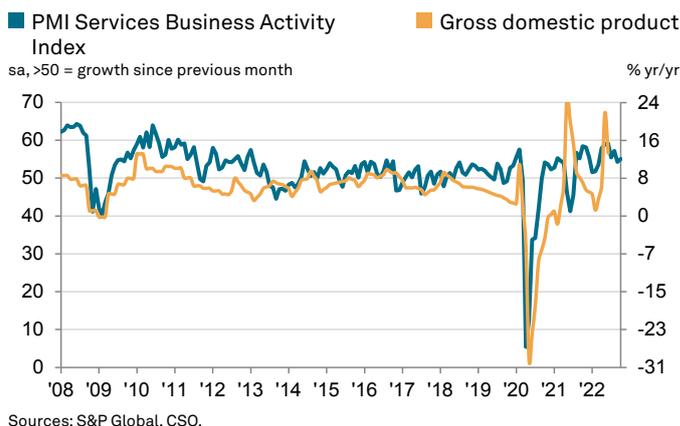
clients. The upturn was strong in the context of historical data.

Ongoing increases in new business and output requirements continued to support job creation in the service economy. Employment rose for the fifth month in a row and at the second-fastest pace in over three years (behind August).

Optimistic growth projections also boosted job creation in October, with 30% of survey members forecasting higher volumes of business activity by October 2023. Overall, confidence was at its highest level in just under eight years.

Capacity pressures among services companies remained mild in October, as backlogs rose at a slight pace that was broadly similar to September.

At the sub-sector level, Consumer Services led growth of business activity, new orders and employment. Finance & Insurance came in second place in the rankings for these three measures, while Transport, Information & Communication was at the bottom.



S&P Global India Composite PMI®

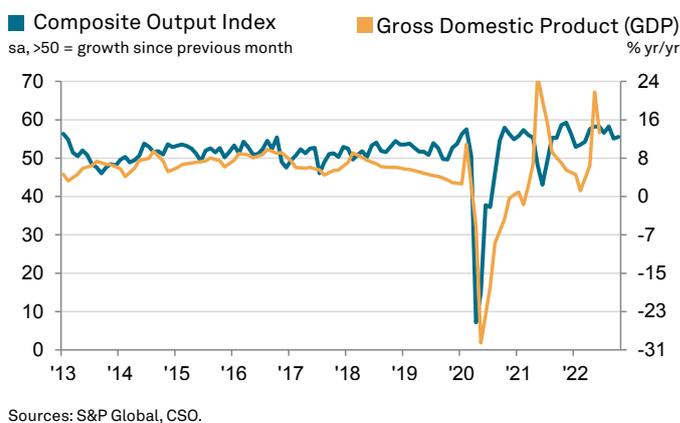
Growth of private sector output ticks higher in October

There was a mild acceleration in growth of private sector activity in India, as a stronger increase in the service economy more than offset a slowdown among goods producers. At 55.5 in October, up from 55.1 in September, the S&P Global India Composite PMI Output Index* pointed to a marked rate of expansion that outpaced its long-run average.

Factory orders rose at a stronger rate than sales at service providers, but there was a slowdown in the former and acceleration for the latter. At the composite level, growth of new orders was at a two-month high.

Input cost inflation in the Indian private sector quickened from September's 22-month low, amid faster increases in both the manufacturing and service categories. The latter led the upturn at the start of the third fiscal quarter.

The aggregate rate of charge inflation steadied in October, being the joint-weakest in seven months. Services companies signalled a stronger increase than their manufacturing counterparts.



*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.

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

Contact

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

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

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).