

Services PMI recovers to 55.1 in October



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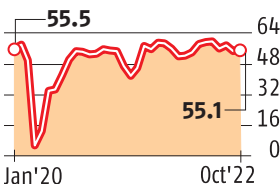
India's services activity recovered slightly in October after hitting a six-month low in September, as favourable demand for services continued to underpin increases in new business and output amid inflationary pressures gathering pace.

The Purchasing Managers' Index (PMI) for the services sector, released by credit rating agency S&P Global, improved to 55.1 in October from 54.3 in September, as the survey showed an expansion in fresh work placed with the Indian service providers.

A print above 50 in the survey denotes expansion, below that suggests contraction in services activity. The headline figure has been in the expansion zone for the 15th consecutive month since August 2021.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said services providers faced no trouble securing new work in October despite them lifting their output prices. "The sector remained firmly inside expansion territory as business activity and payroll numbers were raised to support strengthening demand," she added. "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 2022)", the survey

MARGINAL RISE AFTER A SLUMP



Note: PMI is in points. A print above 50 denotes expansion, while one below it indicates contraction
Source: S&P Global

noted. De Lima said optimism towards a more positive environment boosted job creation in October. "Sentiment towards the year-ahead outlook for business activity improved to the highest in close to eight years," she added.

Earlier this week, PMI manufacturing in October also showed a slight recovery amid contained price pressures, rising marginally to 55.3 from 55.1 in September.

The International Monetary Fund (IMF), in its latest World Economic Outlook report cut its forecast for India's gross domestic product (GDP) growth for FY23 by 60 basis points (bps) to 6.8 per cent, warning of a long and tough economic winter. "The outlook for India is for growth of 6.8 per cent in 2022, a 0.6 percentage point downgrade since the July forecast, reflecting a weaker-than-expected outturn in the second quarter (April-June) and more subdued external demand," the IMF said last month.

The Reserve Bank of India last month also revised its growth forecast for FY23 to 7 per cent from 7.2 per cent estimated earlier.