

## ● IMPROVED ECONOMIC MOMENTUM

# Services PMI inches up in Oct

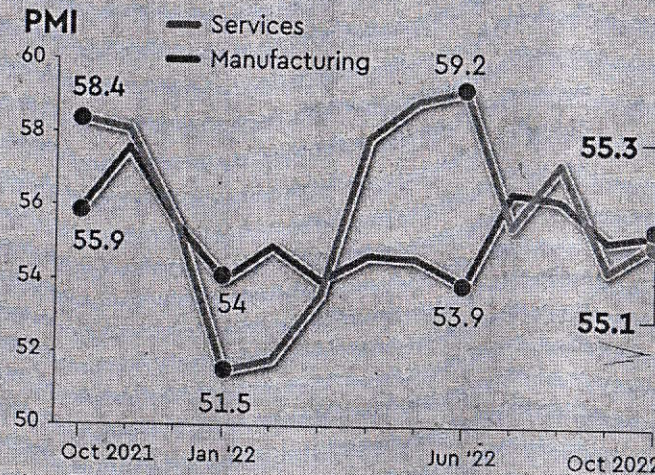
### Employment in the services sector rises for a fifth straight month

FE BUREAU  
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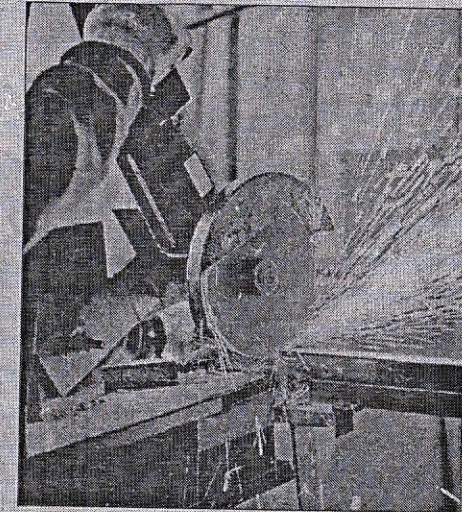
**GROWTH IN SERVICES** activity in October quickened from September's six-month low on the back of an expansion of new businesses and output. There was an acceleration in the growth of private sector activity in the services economy as well.

Buoyed by the ongoing recovery in new work, the seasonally adjusted S&P Global India Services PMI Business Activity Index rose to 55.1 in October from 54.3 in the previous month. An index reading of 50 or above suggests expansion and below it points at contraction. In fact, the headline reading was above the threshold of 50 for the fifteenth month running and outperformed its long-run average, S&P Global said in a release.

The services PMI is the latest in a series of high-frequency data, including manufacturing PMI, non-food credit, core infrastructure sector output, e-way bills and goods and services tax collection, that have shown improved economic momentum. However, stiff challenges still persist, as the geo-polit-



Note: Reading below 50 suggests contraction and above it indicates expansion; Source: PMI by S&P Global



ical tension and impact of aggressive rate tightening by key central banks pose downside risks to growth, both at home and abroad.

Thanks to the ongoing recovery in new work, employment in the services sector rose for a fifth straight month and at the second-fastest pace in over three years (behind August 2022).

"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," according to

the S&P Global release.

Thanks to a decent expansion in both manufacturing and services, the S&P Global India Composite PMI Output Index inched up to 55.5 in October from 55.1 in September, suggesting a rate of expansion that outpaced its long-run average, it added.

However, risks to growth persist. The data showed yet another month of expansion in new work placed with Indian service providers, as foreign sales decreased further. Monthly deteriorations in international demand have been registered since the onset of the pandemic in March

2020, according to the PMI survey. Moreover, Indian services firms reported greater operating expenses in October, stretching the current sequence of inflation to 28 months.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said service providers had no trouble securing new work in October, despite lifting their charges again.

"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," Lima said.