

# Services PMI drops to 57.2 in January

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Growth in India's services industry eased in January after expanding in December due to a slowdown in exports and new orders, said a private survey on Friday.

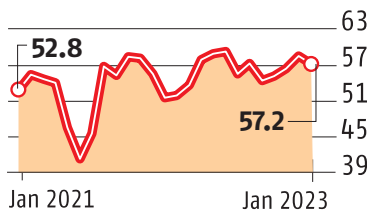
The Purchasing Managers' Index (PMI) by credit rating agency S&P Global fell to 57.2 last month from 58.5 in December. A print above 50 in the survey denotes expansion in the sector and below that suggests a contraction in activity. New orders placed with services companies increased in January, marking the eighteenth month of expansion since August 2021.

New orders came from the domestic market as international sales decreased, said the survey. Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said that Indian services providers, like the manufacturing sector, saw some loss in momentum at the start of the year.

"Yet, the survey showed us that service providers received high amounts of new business which helped keep the overall rate of growth historically prominent. Demand resilience in turn meant that output also continued to expand at a generally strong pace," she said. Services companies' expenses increased during January due to higher costs for a wide range of materials, food and staff.

"After re-accelerating in December, input cost inflation in the service economy retreated to a two-year low in January, aiding a slower and only moderate upturn in selling prices," De Lima said. Demand strength enabled

## ABOVE THRESHOLD FOR 18 MONTHS IN A ROW



Note: A print above 50 denotes expansion in the sector and below that suggests a contraction in services activity  
PMI: Purchasing Managers' Index  
Source: S&P global

the transfer of cost increases to clients, but several firms absorbed the additional cost burdens instead of hiking fees, the survey noted.

Hiring growth was restricted by adequate capacities for current requirements and the overall rate of job creation was fractional and subdued.

"Caution among service providers, partly evidenced from the vast majority of firms predicting no change in output from present levels appeared to have stymied job creation in January," De Lima said. However, expressing outlook for the future, the survey noted that the marketing initiatives, expanded capacities and predictions that demand will remain strong in the year ahead underpinned optimism towards growth prospects.

The slowdown in expansion in the services sector comes in the wake of a similar slowdown in the PMI manufacturing figure, from the record high of December.