

# Services PMI growth slows in March

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Growth in India's dominant services sector fell to 57.8 in March from a 12-year high of 59.4 in February, said a private survey on Wednesday, as new businesses and output lost momentum amid cost pressures easing.

The headline figure in the survey by credit rating agency S&P Global has been in the expansion zone for the twentieth consecutive month since August 2021. A print above 50 in the survey denotes expansion of services activity and below that suggests contraction.

The survey said output expanded in March due to favourable demand and new business gains. New business inflows increased at a softer but still sharp rate, as demand, competitive pricing and marketing efforts helped sales.

"The rise in overall new business was supported by an increase in international sales. Companies commonly mentioned an improvement in external demand for their services," the survey said.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said India's service sector built on to the momentum gained in February with further increases in new business intakes and output at the end of the 2022/23 fiscal quarter.

Despite an increase in input prices at Indian services firms, amid reports of higher food, fuel, transportation and wage costs, a large proportion of survey participants signaled no change in expenses since February, as the overall rate of inflation was mild and the weakest in two and-a-half years.

"Input price pressures in the service economy continued to subside, alongside the trend seen in manufacturing. Still, a sizable proportion of services firms hiked their selling prices to hedge against rising costs, emboldened by favourable demand conditions," said De Lima.

Despite rising for the tenth month straight, services employment grew only marginally in March.

## SLIGHT DIP

