

# Services PMI at 3-mth low

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Growth in India's dominant services sector declined in June as inflationary pressures intensified in both input costs and output charges, said a private survey on Wednesday.

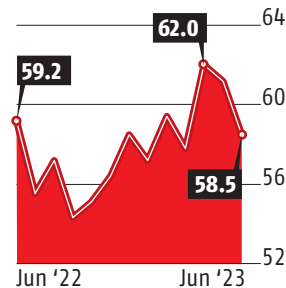
The headline figure in the Purchasing Managers' Index (PMI) survey by credit rating agency S&P Global declined to 58.5 in June from 61.2 in May.

A print above 50 in the survey denotes expansion of services activity and below that suggests contraction. The headline figure has been in the expansion zone for 23 months straight since August 2021. The PMI is based on the responses of around 400 service companies covering non-retail consumer services, transport, information, communication, finance, insurance, real estate, and business services.

"Output growth remained sharp, despite softening to a three-month low, while confidence towards growth prospects

## INFLATION BOOST

Services PMI (in points)



Note: A reading above 50 denotes expansion, while one below it indicates contraction  
Source: S&P Global

strengthened. There was also an increase in new export business during June. Consumer Services topped the rankings for most measures, registering the strongest increases in intakes of new work, business activity, employment, and input costs," the survey noted.

The companies the survey monitors reported a sharp and quicker expansion in intakes of

new business at the end of the first fiscal quarter.

"Positive demand trends, advertising, and favourable market conditions were among the reasons cited by survey participants for the latest upturn in sales," the PMI survey said.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said service providers experienced a retreat in cost pressures, although business expenses rose again amid higher food and wage costs. "Combined with manufacturing, output prices across the private sector increased at the sharpest pace in over a decade."

"The latest PMI results for output charges coupled with upside risks to food prices suggest that interest rates are highly unlikely to be reduced as 2023 progresses," she added.

"Services employment expanded as companies sought to stay on top of their workloads and fulfill rising demand requirements," the survey said.