

# Services PMI rises, job creation at 14-yr high

Index surges to 57.2 in August over upturn in business activity

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India's services activity accelerated in August from a four-month low in July on the back of strong growth in new orders and upturn in business activity. The sector saw the strongest increase in job creation in over 14 years.

The Services Purchasing Managers' Index (PMI) rose from 55.5 in July to 57.2 in August. A print above 50 denotes expansion, and a reading below that mark suggests contraction in services activity.

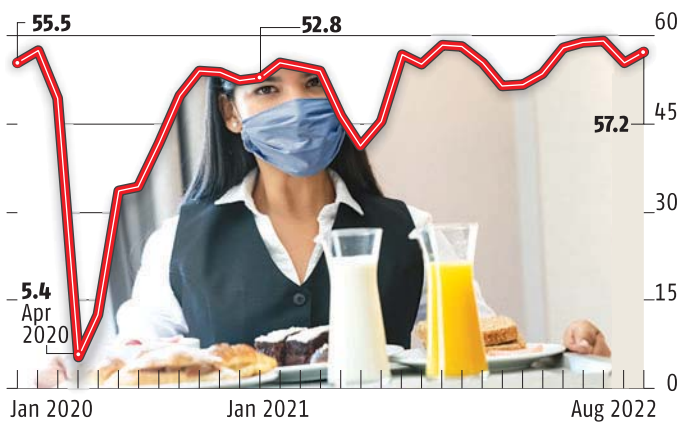
The rebound in growth was due to stronger gains in new business, ongoing improvements in demand, job creation, and overtime work, the survey by S&P Global noted.

"Indian services activity rose strongly midway through the second fiscal quarter, with the pace of expansion recovering some of the ground lost in July," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence. The pick-up in growth stemmed from a rebound in new business gains as firms continued to benefit from the lifting of Covid-19 restrictions and ongoing marketing efforts, said De Lima.

Favourable demand conditions and successful advertising aided a further increase in new business placed with services firms during August, the survey showed.

Resilient demand helped service providers in maintaining a degree of pricing power, and lifted selling prices amid the transfer of

## HOLDING STEADY



Source: S&P Global

cost increases to customers, De Lima said.

"While the rate of charge inflation was broadly similar to July, there was a considerably softer upturn in input costs," De Lima added. Data pointed at another increase in the operating expenses faced by services companies primarily due to higher food, fuel, and labour costs even as the overall rate of inflation softened to an 11-month low, the survey showed.

To protect margins from price increases, companies hiked their selling prices in August, which was supported by accommodative demand conditions.

Strong sales and upbeat growth projections underpinned a substantial increase in payroll numbers across the services sector. The rate of job creation picked up

to the strongest in over 14 years, the survey noted.

There was a quicker increase in new business and output in transport, information & communication, and finance & insurance.

While charges for consumer and real estate and business services rose at quicker rates, there were slowdowns for finance & insurance and transport, information & communication fees.

"Finance & insurance was the brightest area of the service economy in August, leading with regards to growth of sales and output. As for input cost inflation, Consumer Services topped the sector rankings but it was in Transport, Information & Communication that the fastest rise in selling prices was recorded," said De Lima.