

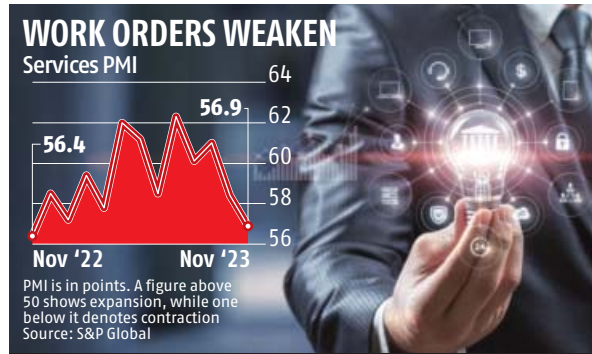
# Softening demand drags services PMI to 12-mnth low of 56.9 in Nov

SHIVA RAJORA

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Growth in India's dominant services sector continues to lose steam marked by the headline Purchasing Managers' Index (PMI) figure falling for the second consecutive month in November to its lowest levels in a year. Due to softer expansions in new work intakes and output, the PMI figure fell to 56.9 in November from 58.4 in October, showed the survey released by S&P Global on Tuesday.

"The increase in Indian services activity extended into November, with cooling price pressures and demand resilience inducing sales growth. Rates of both input cost and output charge inflation slipped to eight-month low. There were softer expansions in new work intakes and output, the slowest in a year, but they were nevertheless sharp and well above their



respective long-run averages," it said. The November figure marks 28 months of the index remaining above the 50-mark since July 2021.

A reading above 50 indicates expansion of the sector and a figure below that suggests contraction. The survey polled around 400 companies in transport, information, communication, finance, insurance, real estate, non-retail consumer and business services.

Between April and

September, the services PMI figure averaged above 60.

The survey said that despite service providers in India recording an increase in sales midway through the third quarter due to new client wins, demand strength and favourable market conditions, the overall rate of growth softened to the weakest since November 2022.

"Granular data showed widespread slowdowns in rates of growth for both new orders and output across the four

broad areas of the service economy. Finance & Insurance topped the rankings, while Real Estate & Business Services came last. International demand for Indian services improved further but, as for total new orders, growth lost momentum. The latest increase in new export orders was moderate and the slowest since June," it said.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said that India's service sector lost further growth momentum midway through the third fiscal quarter, despite robust demand fuelling new business intakes and output.

"The current rates of expansion look very healthy when considering their respective long-run averages and the outlook for business activity remains bright in spite of optimism fading due to rising inflation expectations," she said.