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Services sector activity at 12-year high in February on rising business: PMI survey

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NEW DELHI: Activity in the country's crucial [services sector](#) rose at its fastest pace in 12 years as new businesses soared and input cost pressures eased, a survey showed on Friday.

At 59.4 in February the S&P Global India Services PMI Business Activity Index was at its highest level in 12 years and indicated a sharp expansion in output. The 50-point mark separates expansion from contraction. The survey is composed from responses to questionnaires sent to a panel of around 400 service sector companies.

New orders placed with service providers rose further in February, with several firms suggesting that competitive pricing boosted sales, according to the survey.

The latest upturn in sales was the 19th in consecutive months and the joint-strongest in 12 years. Consumer services was the best-performing area in February, registering the fastest increases in new orders and business activity of the four monitored sub-sectors, the survey results showed.

“The service sector more than regained the growth momentum lost in January, posting the sharpest expansion in output for 12 years as demand resilience and competitive pricing policies underpinned the joint best upturn in sales over the same period, said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence. “Services companies were often able to leave their average fees unchanged amid retreating cost pressures. The latest PMI results showed the slowest increases in

input prices and selling charges in 29 and 12 months respectively, with rates of inflation below their long-run averages in both cases,” said De Lima.

The services sector had been hit hard by the impact of the Covid-19 pandemic but since the opening of the economy has rebounded strongly due to rising demand. Overall level of positive sentiment towards the year-ahead outlook for business activity was little changed from January and remained below its long-run average. Marketing efforts and forecasts of demand resilience underpinned optimism, but some companies were concerned about competitive pressures and whether sales growth could be maintained, the survey results showed.