

## Buoyancy check: on the findings of the S&P Global Services PMI Business Activity Index

Services sector's **resilience** may be tested as global demand **cools**

India's services sector **seems** to have had a great start to the **financial year**, if one were to go purely by the findings of the S&P Global Services PMI Business Activity Index. Based on surveys of around 400 firms across segments such as consumer services, finance and communications, the index **reading** stood at 62 in April — the highest **seasonally adjusted** figure in 153 months or nearly 13 years. A **reading** of over 50 on the index, constructed since 2005, **indicates** an **expansion** in activity levels relative to the previous month. To **put** the April number **in perspective**, the average PMI **reading** for services through 2022-23 **was** around 57.3. The increasing **importance** of the services economy to India's total output and job creation **does** not need to be **reiterated** much. As per the second advance national income **estimates** for 2022-23, **the Gross Value Added (GVA)** growth from industry as a whole **slipped** to 4.1%, with manufacturing **tripping** to just 1.6% — both of them had grown at around 10% in 2021-22. Services' **GVA**, on the other hand, **is** expected to have grown 9.1% during the year, **accelerating** from 8.4% in the previous year. Along with a **pick up** from the farm sector, services is expected to **lift** GVA growth in 2022-23 to 6.7% with GDP rising 7%.

On the trade **front**, India's services exports are estimated to have **hit** a record \$325 billion in 2022-23, **reflecting** a growth of almost 28% over the previous year. The strong **uptick** in such **intangible trade** and the **resultant surplus vis-à-vis** imports of services **have** significantly **plugged the hole** in India's **current account deficit** caused by a much sharper 40% **widening** of the goods **trade deficit**, which is **reckoned** to have hit \$267 billion during the year. **Growth** in services exports during March **had** slipped to around 3% from 29% in February. However, as per the April PMI **print**, along with a **surge** in fresh demand and output for domestic services, **outbound** deals also increased at the highest **pace** in three months. That offers some comfort **amid** a **strengthening** global **slowdown** in major markets for India's **IT-dominated** services exports. Yet, the **flurry** of crises in U.S. and European financial institutions, a **key clientele** for India's tech majors, **for instance**, **remains** a worry. **That** services exports growth could **moderate going forward is corroborated** by the lower earnings guidance provided by IT companies as well as their **extended dithering** over **on-boarding** young recruits. **The latter** is part of an uncomfortable trend captured within the PMI reading — despite April's **boom**, job creation has remained **negligible** and **input costs** have **resurged**. Neither **augurs well** for **sustaining** domestic demand, which has already **taken a hit** from high **inflation**. [Practice Exercise]

- Red/blue coloring of words in the sentence indicates subject verb relationship; where 'red' denotes 'subject' and 'blue' denotes 'verb'.

## Vocabulary

1. **Buoyancy** (noun) – Uplift, elasticity, liveliness, vibrancy, effervescence उत्थान
2. **Findings** (noun) – Discoveries, results, conclusions, observations, outcomes परिणाम
3. **Resilience** (noun) – Tenacity, toughness, adaptability, flexibility, hardiness मजबूती
4. **Cool** (verb) – Diminish, lessen, decrease, reduce, abate कम होना
5. **Seem** (verb) – Appear, look, give the impression, come across as प्रतीत होना
6. **Financial Year** (noun) – Fiscal year, budgetary year, financial period (i.e. 1 April to 31 March) वित्तीय वर्ष
7. **Reading** (noun) – Interpretation, understanding, analysis, evaluation मूल्यांकन
8. **Seasonally** (adjective) – Periodically, cyclically, recurrently, regularly मौसमी
9. **Adjusted** (adjective) – Adapted, modified, altered, changed समायोजित
10. **Expansion** (noun) – Growth, enlargement, increase, extension विस्तार
11. **To Put something in perspective** (phrase) – Clarify, explain, contextualize, elucidate संदर्भ में रखना
12. **Reiterate** (verb) – Repeat, restate, emphasize, reaffirm दोहराना
13. **Estimate** (noun) – Approximation, calculation, assessment, evaluation अनुमान
14. **Gross value added (GVA)** (noun) – Gross value added (GVA) is an economic metric that represents the value of goods and services produced in a specific sector, industry, or region minus the cost of inputs and raw materials used in the production process. It is used to measure the contribution of a particular sector to a region's overall economic output or growth.
15. **Slip** (verb) – Decline, fall, decrease, drop फिसलना
16. **Trip** (verb) – Stumble, falter, lose footing, lose balance लडखडाना
17. **Accelerate** (verb) – Speed up, hasten, quicken, increase pace तेज़ बढ़ना
18. **Pick up** (noun) – Improve, recover, rally, bounce back सुधारना
19. **Lift** (verb) – Raise, elevate, boost, heighten उठाना
20. **Front** (noun) – Facade, aspect, side, face मोर्चा, पहलू
21. **Hit** (verb) – Reach, attain, achieve, strike पहुँचना

22. **Reflect** (verb) – Indicate, show, display, reveal दिखाना
23. **Uptick** (noun) – Increase, upswing, improvement, rise इजाफा
24. **Intangible trade** (noun) – Intangible trade refers to the exchange of services, ideas, knowledge, or other non-physical assets across international borders. This type of trade involves services such as information technology, consulting, financial services, intellectual property rights, and cultural products, among others.
25. **Resultant** (adjective) – Consequential, resulting, ensuing, emerging परिणामी
26. **Surplus** (noun) – Excess, remainder, overage, extra, leftover अधिशेष
27. **Vis-à-vis** (preposition) – In relation to, regarding, concerning, with respect to, as to संबंध में
28. **Plug the hole** (phrase) – Fill the gap, close the breach, mend the rift, bridge the gap, reduce the gap अंतर को कम करना
29. **Current account deficit** (noun) – A current account deficit is an economic situation where a country's total imports of goods, services, and transfers exceed its total exports. This indicates that a country is spending more on foreign trade than it is earning and is typically financed through borrowing from other countries or drawing down on its foreign exchange reserves.
30. **Widening** (noun) – Expansion, broadening, extension, growth, enlargement विस्तार
31. **Trade deficit** (noun) – A trade deficit occurs when the value of a country's imports exceeds the value of its exports over a specific period. It signifies that the country is importing more goods and services than it is exporting, which may have implications for the country's economic growth, employment levels, and currency exchange rates.
32. **Reckon** (verb) – Estimate, calculate, evaluate, consider, gauge मानना
33. **Print** (noun) – the text appearing in a book, newspaper, or other printed publication
34. **Surge** (noun) – Increase, rise, growth, upswing, escalation उछाल
35. **Outbound** (noun) – Export निर्यात
36. **Pace** (noun) – Speed, rate, tempo, velocity, momentum गति
37. **Amid** (preposition) – Among, surrounded by, in the midst of, amidst के बीच
38. **Strengthening** (adjective) – Reinforcing, fortifying, bolstering, invigorating, energizing मजबूत करने वाला
39. **Slowdown** (noun) – Deceleration, decline, downturn, weakening, slackening मंदी
40. **-Dominated** (adjective) – Controlled, ruled, lead, governed -का दबदबा

41. **Flurry** (noun) – Series, sequence, succession, cycle, chain शृंखला
42. **Key** (adjective) – Important, significant, महत्वपूर्ण
43. **Clientele** (noun) – Customers, patrons, client base, market, buyers ग्राहक
44. **For instance** (phrase) – As an example, for example, to give an example, e.g. उदाहरण के लिए
45. **Moderate** (verb) – Lessen, reduce, decrease, temper, mitigate कम करना
46. **Going forward** (phrase) – In the future, from now on, henceforth, hereafter आगे चलकर
47. **Corroborate** (verb) – Confirm, verify, validate, substantiate, authenticate पुष्टि करना
48. **Extended** (adjective) – Prolonged, protracted, lengthened, drawn-out, long-lasting विस्तारित
49. **Dithering** (noun) – Hesitation, indecision, wavering, vacillation, uncertainty असमंजस
50. **On-boarding** (noun) – Integration, orientation, induction, initiation, enrollment; the action or process of integrating a new employee into an organization or familiarizing a new customer or client with one's products or services. समावेश
51. **The latter** (noun) – Here it refers to “their extended dithering over on-boarding young recruits”
52. **Boom** (noun) – Prosperity, success, growth, upturn, expansion उछाल
53. **Negligible** (adjective) – Insignificant, trivial, minor, slight, unimportant नगण्य
54. **Input cost** (noun) – the set of costs incurred to create a product or service.
55. **Resurge** (verb) – Rebound, revive, recover, rally, bounce back पुनरुत्थान
56. **Augur well** (phrase) – Bode well, promise success, be a good sign, indicate a positive outcome शुभ संकेत देना
57. **Sustain** (verb) – Maintain, continue, preserve, uphold, support बनाए रखना
58. **Take a hit** (phrase) – Suffer a setback, experience a negative impact, face a blow से प्रभावित होना
59. **Inflation** (noun) – Price increase, rising prices, costliness, escalation मुद्रास्फीति

## Summary of the Editorial

1. India's services sector had a strong start in the financial year, according to the S&P Global Services PMI Business Activity Index.
2. The index reading was 62 in April, the highest in nearly 13 years.
3. A reading above 50 indicates an expansion in activity levels compared to the previous month.
4. The average PMI reading for services in 2022-23 was around 57.3.
5. The services sector plays a significant role in India's economy and job creation.
6. Gross Value Added (GVA) growth for services is expected to have grown by 9.1% during the year.
7. India's services exports hit a record \$325 billion in 2022-23, a 28% increase from the previous year.
8. The growth in services exports helped reduce India's current account deficit.
9. Growth in services exports slowed down in March, but April's PMI showed an increase in outbound deals.
10. A global slowdown in major markets for India's IT-dominated services exports could impact the sector.
11. Financial crises in the US and Europe could affect India's tech industry.
12. Lower earnings guidance and hesitancy in hiring by IT companies could indicate a moderation in services export growth.
13. Despite the boom in April, job creation has remained low and input costs have risen.
14. These factors could negatively impact domestic demand.
15. High inflation has already affected domestic demand, and these challenges may test the resilience of the services sector.

### SSC Based: Practice Exercise

1. **Based on the passage, which factor is most likely to test the resilience of India's services sector?** [Editorial page]
  - A. The increasing importance of services economy to India's output and job creation
  - B. The steady Gross Value Added (GVA) growth from the industry as a whole
  - C. The cooling of global demand
  - D. The decline in manufacturing growth
2. **Which factor could potentially lead to a moderation in India's services exports growth in the future?**
  - A. A surge in fresh demand and output for domestic services
  - B. A strengthening global slowdown in major markets for India's IT-dominated services exports
  - C. A decrease in job creation and a resurgence in input costs
  - D. A reduction in India's current account deficit caused by an increase in goods trade deficit
3. **According to the passage, Which of the following is/are true about India's services exports?**
  - i. India's services exports reached a record \$325 billion in 2022-23, growing by nearly 28% from the previous year.
  - ii. The growth in services exports has mitigated the impact of the widening goods trade deficit on India's current account deficit.
  - iii. The increased services exports have led to a significant rise in job creation within the domestic market.
  - iv. IT companies have provided lower earnings guidance, hinting at a potential moderation in services exports growth.
    - A. Only i
    - B. Only iii
    - C. Both ii and iii
    - D. I , ii, iv
4. What is a synonym for "**surge**" as used in the context of the passage?
  - A. Decline
  - B. Ebb
  - C. Increase
  - D. Fall
5. According to the passage, which of the following is **NOT true** about India's economy?
  - A. The services sector significantly contributed to the growth of India's GDP.
  - B. India's services exports are estimated to have reached \$325 billion in 2022-23.
  - C. Growth in services exports during March had increased to around 29% from 3% in February.
  - D. A surge in fresh demand and output for domestic services contributed to the increase in outbound deals.
6. **What is the tone of the passage?**
  - A. Optimistic

- B. Pessimistic  
C. Neutral  
D. Critical
7. **What is the main theme of the passage?**  
A. India's services sector growth  
B. Impact of high inflation on India's economy  
C. Troubles in the U.S. and European financial institutions  
D. Challenges faced by IT companies
8. **Which idiom best describes the effect of the services sector on India's current account deficit?**  
A. A drop in the ocean  
B. A piece of cake  
C. Plugging the hole  
D. Biting the bullet
9. Which of the following words is the antonym of "**plugged**" in the context of India's current account deficit?  
A. Widened  
B. Covered  
C. Balanced  
D. Reduced
10. **Which of the following best demonstrates the concept of critical thinking in the context of the passage?**  
A. The services sector in India is growing at an exceptional pace, so there is no need to worry about the economy.  
B. Despite the record-breaking performance of India's services sector, the lack of job creation and rising input costs may undermine future growth.  
C. India's GDP growth will be steady since the services sector is performing well and is expected to continue doing so.  
D. The tech industry in India should not be affected by any crises in U.S. and European financial institutions.

### Comprehension

The Reserve Bank of India's decision to raise its benchmark policy rate yet again, \_\_\_\_\_1\_\_\_\_\_ by a smaller quarter percentage point, reflects a welcome resolve in staying committed to ensuring durable price stability. Given that the Monetary Policy Committee's primary mandate is to \_\_\_\_\_2\_\_\_\_\_ retail inflation towards a 4% target, and that core price gains have stayed stuck above or almost at 6% for 20 months, the rate setting panel voted by a 4-2 majority to continue tightening policy. Governor Shaktikanta Das emphasised the significance of the MPC's unwavering focus on inflation when he noted that medium-term growth prospects would be best strengthened by 'keeping inflation expectations anchored and breaking the persistence of core inflation'. That inflation remains the key risk to the growth outlook, notwithstanding the easing in the headline print for retail price gains over November and December, \_\_\_\_\_3\_\_\_\_\_ stressed by the MPC. The panel pointed \_\_\_\_\_4\_\_\_\_\_ the deflation in vegetable prices in end 2022 and

cautioned that this trend could likely dissipate as summer approaches and prices harden. Commodity prices are also expected to see upward pressure globally, given the lifting of most COVID-related restrictions, particularly in China. Specifically, the recent \_\_\_\_\_5\_\_\_\_\_ in Brent futures and the intensifying Ukraine conflict forebodes the possibility that oil costs may well upset the RBI's assumption of an average price of \$95 per barrel for India's crude basket.

Fill in the blanks with the most appropriate combinations of words

11. **Select the most appropriate option to fill in blank 1.**

- A. Given
- B. Throughout
- C. Barring
- D. Albeit

12. **Select the most appropriate option to fill in blank 2.**

- A. Steer
- B. Render
- C. Counter
- D. Discover

13. **Select the most appropriate option to fill in blank 3.**

- A. Were
- B. Is
- C. Was
- D. Are

14. **Select the most appropriate option to fill in blank 4.**

- A. To
- B. Into
- C. By
- D. In

15. **Select the most appropriate option to fill in blank 5.**

- A. Stand
- B. Discord
- C. Laggard
- D. Uptrend

16. **Arrange the following sentences to form a coherent paragraph.**

- P. In the afternoon before the dinner, the Maharaja entered the kitchen to survey the dishes that had been prepared for the feast
- Q. "What are you going to do with those vegetable scraps?" he asked the cook, pointing to the basket of scraps near the cook.
- R. The cook replied, "They are waste. We will throw them away."
- S. Once, the Maharaja of Travancore ordered a grand dinner in his palace.

A. SPQR      B. QRPS      C. SQPR      D. PRQS

17. **Arrange the following sentences to form a coherent paragraph.**



- P. While many vaccines have provided that assurance of life, prevented hospitalisation and also reduced the severity of disease, it is only a nasal vaccine that carries within it the promise of preventing further transmission by countering it at the site of viral entry into the body.
- Q. In that sense, the announcement that a nasal vaccine had been given emergency use authorisation for use as primary immunisation to the 18-plus age group is welcome.
- R. The history of the pandemic has been punctuated periodically by incremental developments in science and medicine.
- S. Funding, industry, and research were ploughed into laboratories with the hope that their petri dishes would yield solutions to save lives and retard the march of the virus.
- A. RSQP      B.QPSR      C.RSPQ      D.SPRQ
- 18. Arrange the following sentences to form a coherent paragraph.**
- P. In the city of Cashgar, lived a barber who was a great talker.
- Q. Once the Sultan called the barber to shave his head.
- R. The barber started talking non-stop instead of shaving him.
- S. The Sultan got angry.
- A. SRPQ      B.QRSP      C.SRQP      D.PQRS
- 19. Arrange the following sentences to form a coherent paragraph.**
- P. Successive U.S. administrations have maintained that the defence partnership with Pakistan, which is a major non-NATO ally, is a critical component of its global war on terror — a point contested by India.
- Q. India is understandably upset with the U.S.'s decision to refurbish the F-16 fighter fleet of Pakistan.
- R. The fleet has been the backbone of the Pakistan Air Force since the early 1980s, upgraded, and replenished periodically.
- S. As the partnership between the two countries grew over the years, including and particularly in the defence sector, India continuously raised its concerns on this account with U.S. interlocutors.
- A. QRSP      B.PSRQ      C.QSRP      D.PQSR
- 20. Arrange the following sentences to form a coherent paragraph.**
- P. All human lives are precious, but, in practice, some are seen as less precious than others.
- Q. While the job itself is dangerous, as several other human pursuits are, sewage cleaning involves working with human excreta, and cannot be seen without invoking the concept of dignity of labour.
- R. To allot the task of removing excreta and cleaning sewers to humans when machines are able to do the work is a gross violation of rights.
- S. Despite the efforts of courts and governments, law and enforcement have been unable to keep a certain category of workers out of harm's way: those who are engaged in sewage cleaning.
- A. RSPQ      B.QSRP      C.PSQR      D.PRQS

## Answers

1. C    2.B    3.D    4. C    5. C    6.A    7. A    8.C    9.A    10.B    11.D  
 12. A    13.C    14.A    15.D    16.A    17.C    18.D    19.A    20.C

[Practice Exercise]

## Explanations

### 1. Answer: C. The cooling of global demand

Explanation: The passage states that India's services sector had a great start to the financial year, as shown by the S&P Global Services PMI Business Activity Index. However, the resilience of the services sector may be tested as global demand cools. The other options are facts presented in the passage, but they do not indicate a challenge to the resilience of the services sector.

2. Explanation: The passage mentions that the flurry of crises in U.S. and European financial institutions, a key clientele for India's tech majors, remains a worry, indicating potential future moderation in services exports growth. This is further supported by the lower earnings guidance provided by IT companies and their extended dithering over on-boarding young recruits. **Thus, option B, "A strengthening global slowdown in major markets for India's IT-dominated services exports," is the correct answer as it directly addresses the potential factor leading to a moderation in India's services exports growth.**

3. Explanation: The passage states that India's services exports have increased, helping to offset the current account deficit caused by the widening goods trade deficit. It also mentions that IT companies have provided lower earnings guidance, suggesting that services exports growth could moderate going forward. However, the passage explicitly states that despite the growth in services exports, job creation has remained negligible. Therefore, option iii is not true according to the passage. So correct option is D.

4. Answer: C. Increase

**Surge** (noun) – increase, rise, growth, upswing, escalation उछाल

Explanation: In the context of the passage, "surge" refers to a sudden and substantial increase, which is synonymous with "increase."

5. Explanation: Option C is not true according to the passage. The passage states that "Growth in services exports during March had slipped to around 3% from 29% in February," which indicates a decrease, not an increase.

### 6. Answer: A) Optimistic

Explanation: The tone of the passage is optimistic, as it highlights the positive performance of India's services sector, with the S&P Global Services PMI Business Activity Index reaching its highest level in nearly 13 years. The passage also mentions the growing importance of the services sector for India's economy and its positive impact on job creation.

### 7. Answer: A) India's services sector growth

Explanation: The main theme of the passage is the growth of India's services sector, as evidenced by the high reading of the S&P Global Services PMI Business Activity Index. The passage discusses the increasing importance of the services sector for India's overall economic

output, job creation, and trade, as well as its role in mitigating the country's current account deficit.

8. **Answer: C) Plugging the hole**

Explanation: The phrase "plugging the hole" is used in the editorial to describe how the strong uptick in services exports and the resultant surplus vis-à-vis imports of services have significantly helped in reducing India's current account deficit caused by the widening goods trade deficit. This idiom is fitting because it implies that the services sector has effectively addressed a problematic issue (the current account deficit) by compensating for the shortfall in other areas.

9. **Answer: A) Widened**

Explanation: In the passage, it is mentioned that the strong uptick in services trade and the resultant surplus vis-à-vis imports of services have significantly plugged the hole in India's current account deficit. This means that the deficit was reduced or covered due to the growth in services trade. The opposite of this would be the deficit getting widened.

10. **Correct answer: B. Despite the record-breaking performance of India's services sector, the lack of job creation and rising input costs may undermine future growth.**

Explanation: Critical thinking involves analyzing a situation or piece of information from multiple perspectives and considering potential consequences. Option B demonstrates critical thinking by acknowledging the strong performance of the services sector but also considering the potential negative implications of the lack of job creation and rising input costs on future growth. The other options do not take into account multiple perspectives or potential consequences.

11. The word '**albeit**' fits best in the first blank because it is used to introduce a concession or contrast. In this case, the contrast is between the RBI's decision to raise its benchmark policy rate and the fact that it was only by a smaller quarter percentage point.

**Albeit** (conjunction) – Though, although भले ही

12. 'Steer' is the most appropriate choice for the second blank, as it conveys the idea of guiding or directing retail inflation towards the 4% target

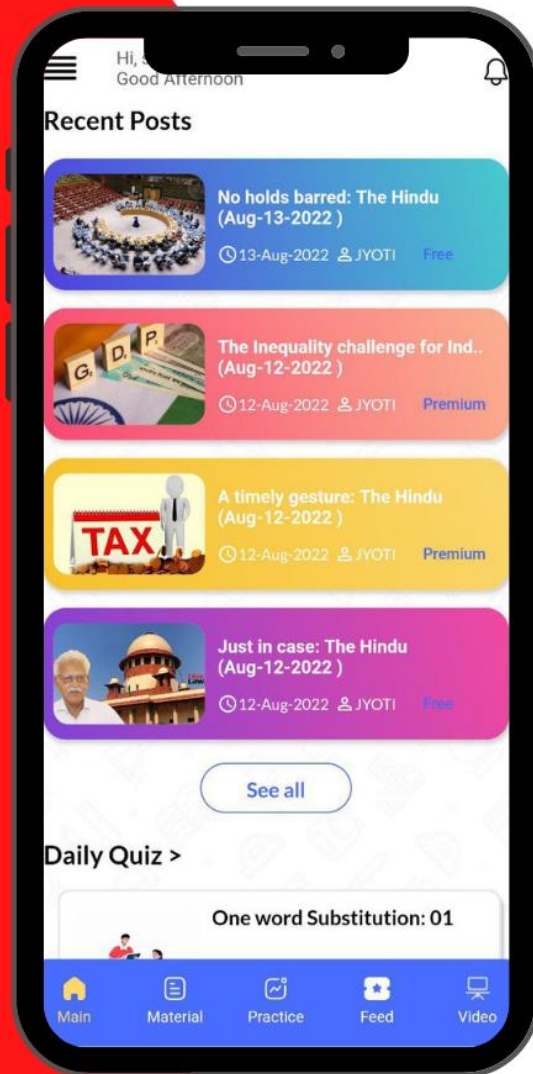
- **Steer** (towards) (verb) – to direct or guide की ओर ले जाना
- **Render** (verb) – make, cause to be, bring about, effect बनाना
- **Counter** (verb) – Oppose, resist, combat, challenge. प्रतिरोध करना
- **Discover** (verb) – find, uncover, unearth, reveal खोजना

13. The correct choice is "**was**," because the sentence structure implies a past action or state, The reason "was" is the correct answer is because the subject of the sentence, "that inflation remains the key risk to the growth outlook," is a singular noun clause. Therefore, the verb should be in the singular past tense form, which is "was."

The option "**were**" cannot be used because it is the plural past tense form of the verb "to be" and would not agree with the singular subject of the sentence.

14. **Point to** (phrasal verb) – indicate, denote, point out, imply इशारा करना
15. **Uptrend** (noun) – an upward tendency, especially a rise in economic value. तेजी
- **Stand** (noun) – Position, viewpoint, stance, opinion दृष्टिकोण
  - **Discord** (noun) – Disagreement, conflict, friction, disharmony, tension असहमति
  - **Laggard** (noun) – Underachiever, slowpoke, straggler, dawdler धीमा
16. **SPQR**  
Once, the Maharaja of Travancore ordered a grand dinner in his palace. In the afternoon before the dinner, the Maharaja entered the kitchen to survey the dishes that had been prepared for the feast. “What are you going to do with those vegetable scraps?” he asked the cook, pointing to the basket of scraps near the cook. The cook replied, “They are waste. We will throw them away.”
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The history of the pandemic has been punctuated periodically by incremental developments in science and medicine. Funding, industry, and research were ploughed into laboratories with the hope that their petri dishes would yield solutions to save lives and retard the march of the virus. While many vaccines have provided that assurance of life, prevented hospitalisation and also reduced the severity of disease, it is only a nasal vaccine that carries within it the promise of preventing further transmission by countering it at the site of viral entry into the body. In that sense, the announcement that a nasal vaccine had been given emergency use authorisation for use as primary immunisation to the 18-plus age group is welcome.
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In the city of Cashgar, lived a barber who was a great talker. Once the Sultan called the barber to shave his head. The barber started talking non-stop instead of shaving him. The Sultan got angry.
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India is understandably upset with the U.S.’s decision to refurbish the F-16 fighter fleet of Pakistan. The fleet has been the backbone of the Pakistan Air Force since the early 1980s, upgraded, and replenished periodically. As the partnership between the two countries grew over the years, including and particularly in the defence sector, India continuously raised its concerns on this account with U.S. interlocutors. Successive U.S. administrations have maintained that the defence partnership with Pakistan, which is a major non-NATO ally, is a critical component of its global war on terror — a point contested by India.
20. **PSQR**  
All human lives are precious, but, in practice, some are seen as less precious than others. Despite the efforts of courts and governments, law and enforcement have been unable to keep a certain category of workers out of harm’s way: those who are engaged in sewage cleaning. While the job itself is dangerous, as several other human pursuits are, sewage cleaning involves working with human excreta, and cannot be seen without invoking the

concept of dignity of labour. To allot the task of removing excreta and cleaning sewers to humans when machines are able to do the work is a gross violation of rights.



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