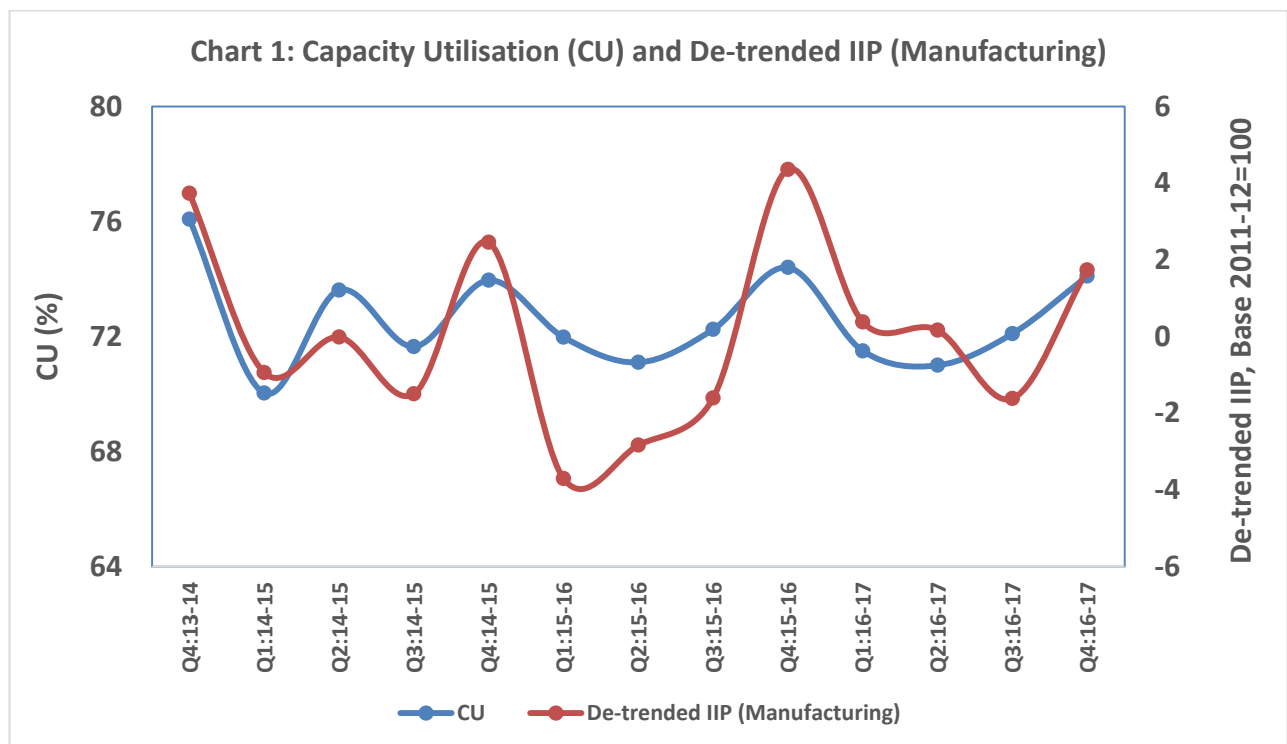


OBICUS Survey on the Manufacturing sector - Q4:2016-17

Today, the Reserve Bank released results of the 37th round of the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) conducted in April-June 2017 for the quarter January-March 2017. The survey provides a snapshot of demand conditions facing the Indian manufacturing sector¹. Responses were received from 724 companies in this round of the survey.

Highlights:

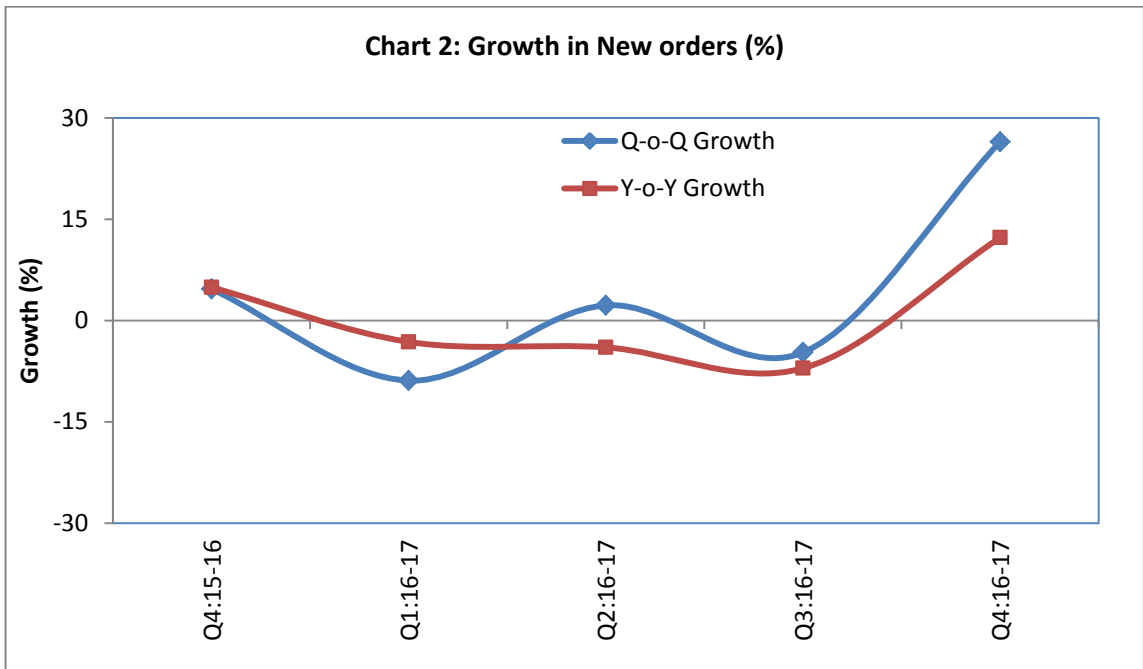
- 1) Capacity Utilisation (CU):** At the aggregate level, CU rose in a seasonal pick-up and stood at 74.1 per cent in Q4:2016-17, co-moving with the de-trended index of industrial production² (IIP) for manufacturing sector (Chart 1). Seasonally adjusted CU declined marginally in Q4:2016-17.



- 2) Order Books:** New orders recorded a substantial growth in Q4:2016-17 on both, quarter-on-quarter and year-on-year bases (Chart 2).

¹ The survey responses are those of the respondents. The 36th round of the OBICUS covering 710 manufacturing companies with reference period as October-December 2016 was released on the RBI website on [April, 06, 2017](#).

² IIP is calculated on a fixed base (currently 2011-12=100) whereas the denominator (viz. installed capacity) in CU is updated every quarter. For comparison, the trend component of IIP is removed.



3) Finished Goods Inventory to Sales Ratio: The finished goods inventory to sales ratio (FGI/S) declined sequentially due to higher growth in sales; the ratio, however, stood at a slightly higher level on a year-on-year basis.

4) Raw Material Inventory to Sales Ratio: The raw material inventory to sales ratio (RMI/S) dipped significantly in Q4:2016-17 from the previous quarter's level (Chart 3).

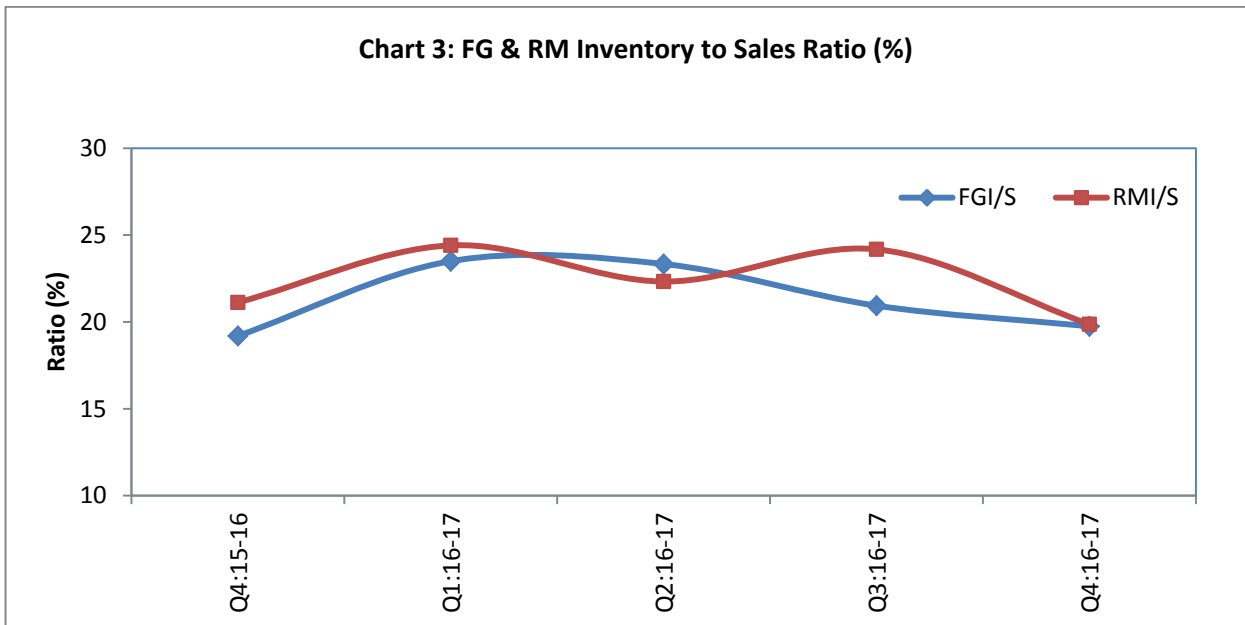


Table 1: IIP-Manufacturing and Capacity Utilisation (CU) –*(Based on common set of 628 companies in 5 quarters)*

| Quarter | IIP-Mfg. (Quarterly Average Base 2011-12) | De-trended Quarterly IIP-Manufacturing | CU (in latest survey round) | CU * (Ranges from previous four survey rounds) |
|------------|--|---|-----------------------------------|---|
| Q4:2015-16 | 123.2 | 4.4 | 74.4 | 74.0 – 74.6 |
| Q1:2016-17 | 120.3 | 0.4 | 71.5 | 72.7 – 73.6 |
| Q2:2016-17 | 121.2 | 0.2 | 71.0 | 72.4 – 73.1 |
| Q3:2016-17 | 120.5 | -1.6 | 72.1 | 72.7 |
| Q4:2016-17 | 125.0 | 1.7 | 74.1 | NA # |

*: Since CU is computed based on common set of companies for five quarters, it gets revised in the subsequent four rounds.

#: CU is calculated first time for Q4:2016-17.

Table 2: Order Books (Q4:2015-16 to Q4:2016-17) –*(Based on common set of 141 companies in 9 quarters)**

| Quarter | Amount (₹ Billion) | | | Q-o-Q Growth (%)** | | | Y-o-Y Growth (%) | | |
|------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | Average Backlog Orders | Average New Order Book | Average Pending Orders | Average Backlog Orders | Average New Order Book | Average Pending Orders | Average Backlog Orders | Average New Order Book | Average Pending Orders |
| Q4:2015-16 | 0.846 | 0.850 | 0.788 | -2.5 | 4.7 | -8.2 | 0.3 | 4.9 | 2.0 |
| Q1:2016-17 | 0.785 | 0.774 | 0.759 | -7.2 | -8.9 | -3.7 | 2.5 | -3.2 | -3.6 |
| Q2:2016-17 | 0.759 | 0.792 | 0.750 | -3.3 | 2.3 | -1.1 | -3.6 | -4.0 | -12.1 |
| Q3:2016-17 | 0.747 | 0.754 | 0.762 | -1.6 | -4.7 | 1.6 | -13.9 | -7.1 | -11.3 |
| Q4:2016-17 | 0.765 | 0.954 | 0.679 | 2.5 | 26.5 | -11.0 | -9.5 | 12.3 | -13.9 |

*: As required for calculating growth rates in recent 5 quarters.

** : Not seasonally adjusted

Table 3: Average Sales and Inventories (Q4:2015-16 to Q4:2016-17) –*(Based on common set of 389 companies in 5 quarters)*

| Quarter | Amount (₹ Billion) | | | | | Ratio (per cent) | | |
|------------|--------------------|-------------------|----------------|-----------------|----------------|------------------|---------------|---------------|
| | Average Sales | Average Total Inv | Average FG Inv | Average WiP Inv | Average RM Inv | Total Inv /Sales | FG Inv /Sales | RM Inv /Sales |
| Q4:2015-16 | 3.228 | 1.504 | 0.620 | 0.202 | 0.682 | 46.6 | 19.2 | 21.1 |
| Q1:2016-17 | 2.826 | 1.588 | 0.664 | 0.234 | 0.690 | 56.2 | 23.5 | 24.4 |
| Q2:2016-17 | 3.015 | 1.635 | 0.703 | 0.258 | 0.673 | 54.2 | 23.3 | 22.3 |
| Q3:2016-17 | 3.145 | 1.698 | 0.659 | 0.279 | 0.761 | 54.0 | 20.9 | 24.2 |
| Q4:2016-17 | 3.547 | 1.688 | 0.701 | 0.283 | 0.705 | 47.6 | 19.8 | 19.9 |

RM - Raw Material; WiP - Work in progress; FG - Finished Goods; Inv – Inventory.