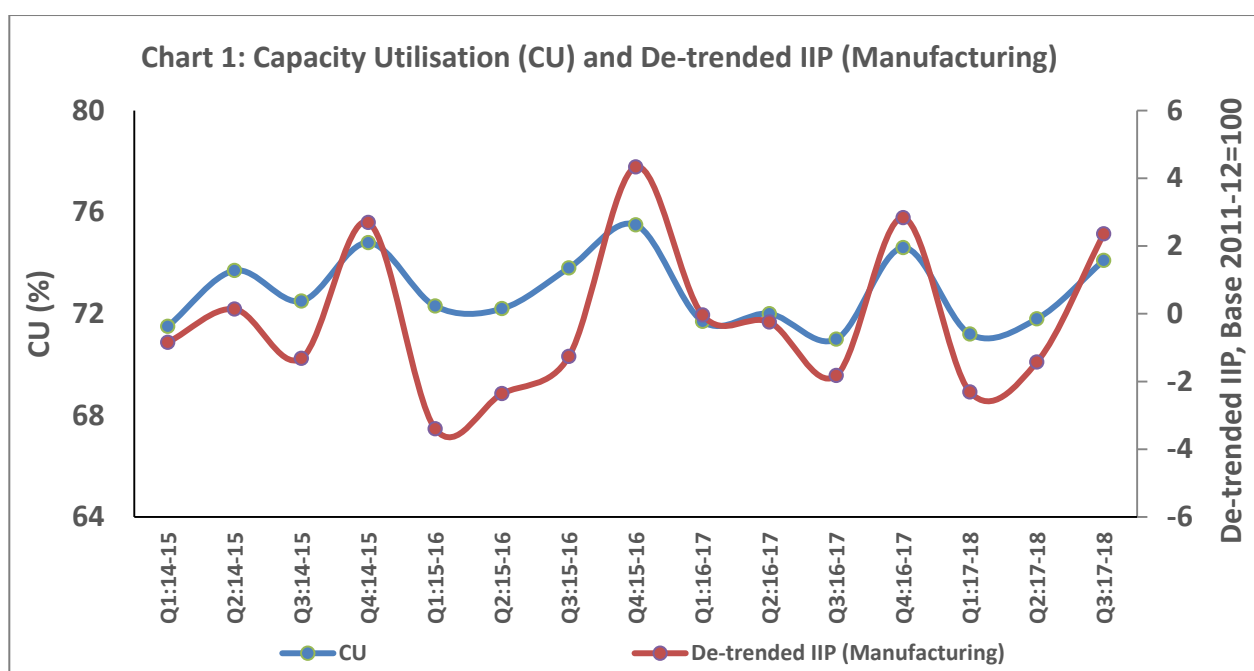


OBICUS Survey on the Manufacturing sector – Q3:2017-18

Today, the Reserve Bank released results of the 40th round of the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) for the quarter October-December 2017 covering 940 manufacturing companies. The survey provides a snapshot of demand conditions in the Indian manufacturing sector¹.

Highlights:

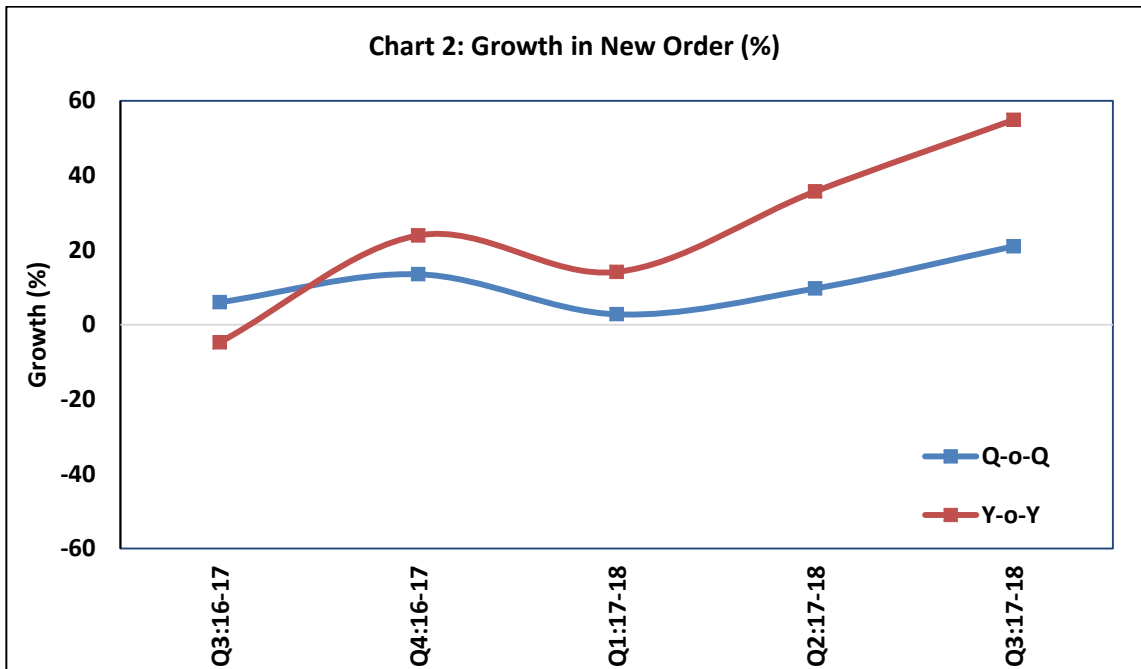
- 1) Capacity Utilisation (CU):** At the aggregate level, CU stood at 74.1 per cent in Q3:2017-18 with a coincident uptick in the de-trended index of industrial production² (IIP) (Chart 1). Seasonally adjusted CU also increased for the first time in FY:17-18 to reach 74.3 per cent in Q3:2017-18.



- 2) Order Books:** New orders received by companies in Q3:2017-18 recorded a substantial growth over their levels in the previous quarter and also a year ago (Chart 2).

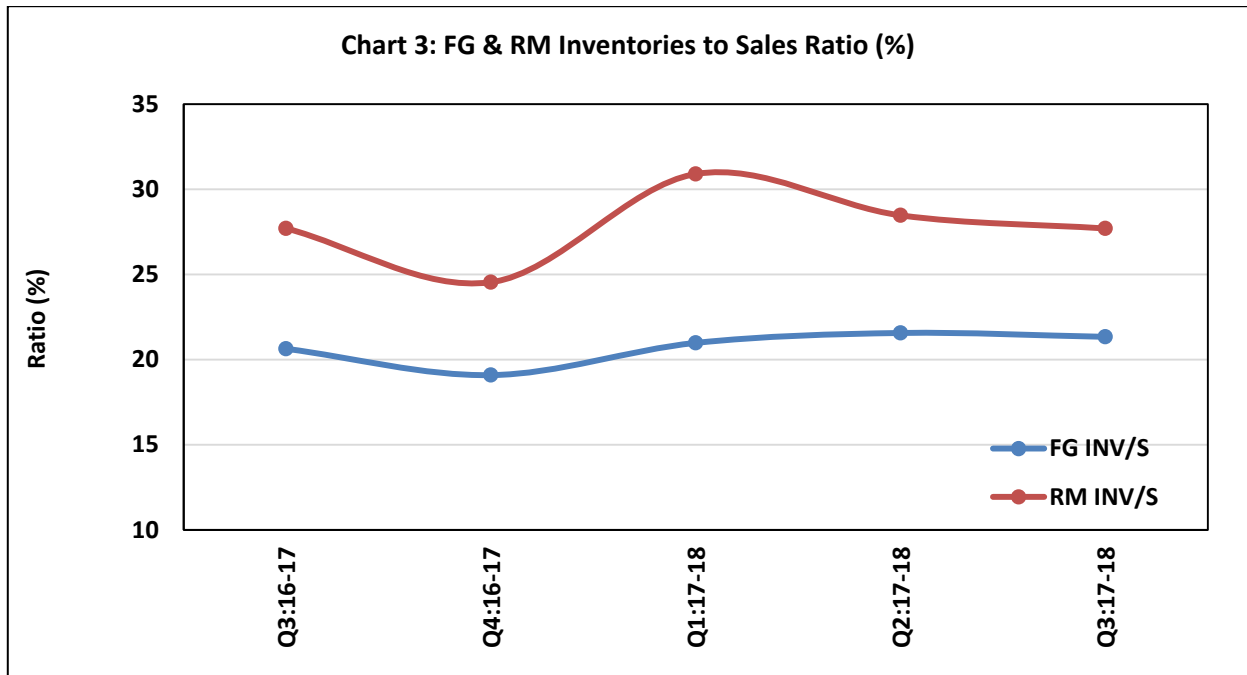
¹ The survey responses are voluntary and difference in sample composition may affect the results to some extent. The 39th round of the OBICUS covering 756 manufacturing companies with reference period as July-September 2017 was released on the RBI website on [February 07, 2018](#).

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 (FGI) to Sales Ratio:** A slight pile up in the finished goods inventory may reflect higher anticipated sales; the FGI to sales ratio declined marginally (Chart 3).

4) **Raw Material Inventory (RMI) to Sales Ratio:** RMI to sales ratio also declined from its elevated level seen in Q1:17-18.



ANNEX 1: Data Tables

Table 1.1: IIP*-Manufacturing and Capacity Utilisation (CU)				
Quarter	Number of responding companies	Capacity Utilisation	IIP-Manufacturing (Quarterly Average)	De-trended Quarterly IIP-Manufacturing
Q3:2016-17	710	71.0	119.5	-1.8
Q4:2016-17	724	74.6	125.2	2.8
Q1:2017-18	805	71.2	121.1	-2.3
Q2:2017-18	756	71.8	123.0	-1.4
Q3:2017-18	940	74.1	127.8	2.4

*: Index of Industrial Production (Base: 2011-12)

Table 1.2: Order Books (Q3:2016-17 to Q3:2017-18) (Based on common set of 118 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
Q3:2016-17	1.242	1.357	1.205	-3.0	6.0	-3.0	-14.0	-4.7	-21.6
Q4:2016-17	1.205	1.540	1.060	-2.9	13.5	-12.1	-21.7	23.9	-15.3
Q1:2017-18	1.059	1.583	1.128	-12.1	2.8	6.5	-15.3	14.1	-11.8
Q2:2017-18	1.128	1.736	1.398	6.5	9.7	23.9	-11.9	35.7	12.6
Q3:2017-18	1.398	2.101	1.853	24.0	21.0	32.5	12.6	54.9	53.8

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

*** : Not seasonally adjusted

Table 1.3: Average Sales and Inventories (Q3:2016-17 to Q3:2017-18) (Based on common set of 302 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
Q3:2016-17	2.822	1.612	0.582	0.248	0.782	57.1	20.6	27.7
Q4:2016-17	3.079	1.573	0.588	0.230	0.756	51.1	19.1	24.5
Q1:2017-18	2.738	1.656	0.574	0.235	0.846	60.5	21.0	30.9
Q2:2017-18	2.727	1.603	0.588	0.239	0.776	58.8	21.6	28.5
Q3:2017-18	2.808	1.624	0.599	0.247	0.778	57.8	21.3	27.7

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