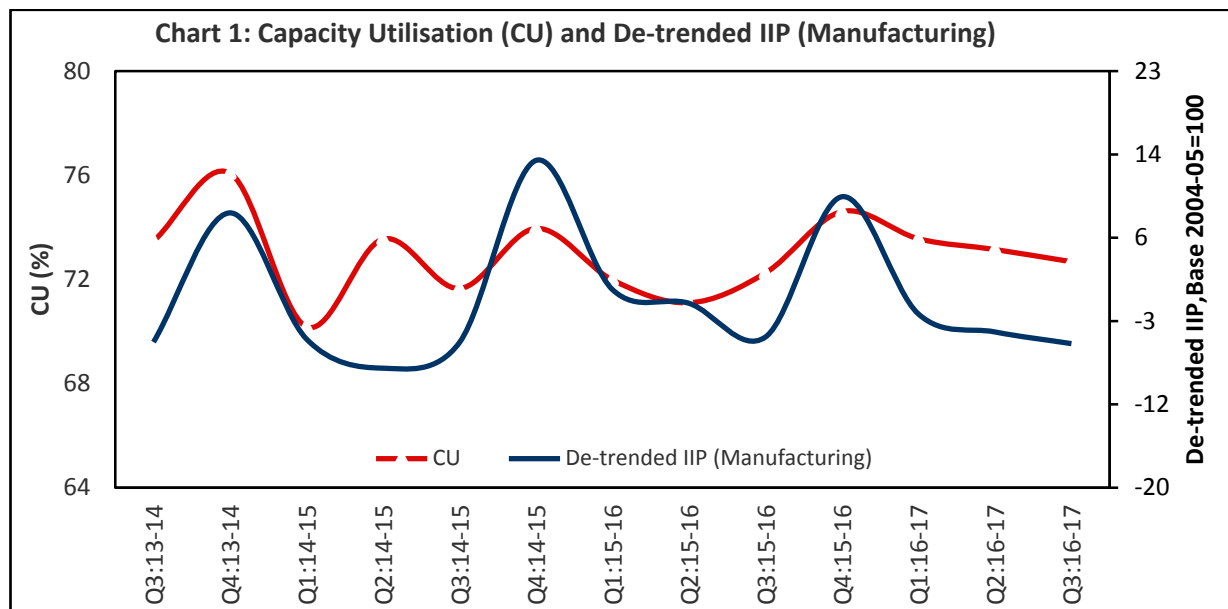


OBICUS Survey on the Manufacturing sector – Q3:2016-17

The 36th round of the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) was conducted by the Reserve Bank of India for the quarter October-December, 2016 with responses from 710 companies¹ providing a snapshot of demand conditions facing the Indian manufacturing sector.

Highlights:

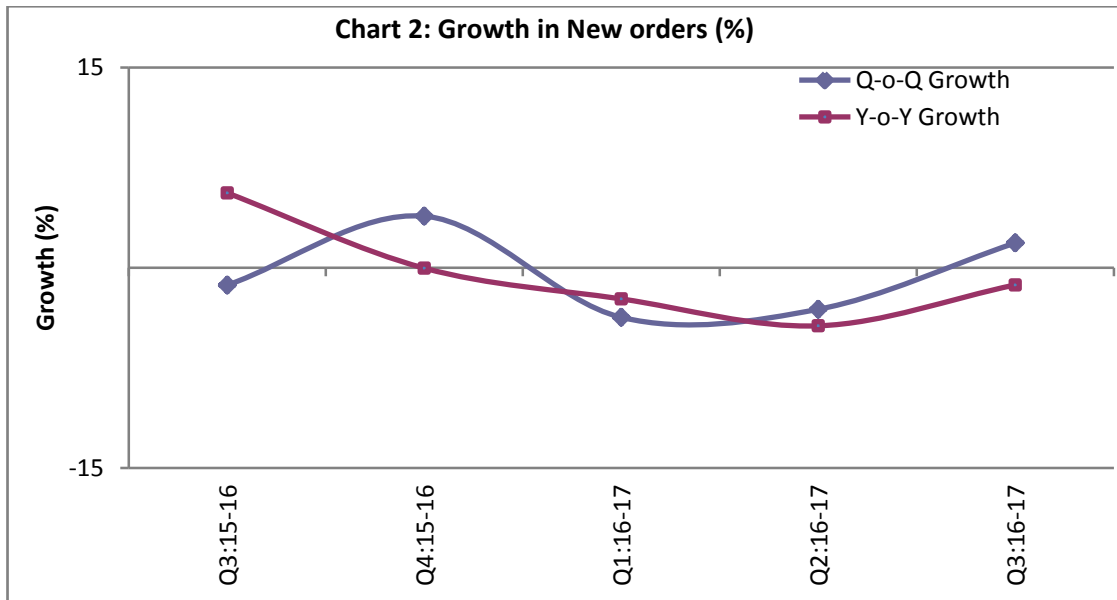
- 1) Capacity Utilisation (CU):** At the aggregate level, CU declined successively for three quarters during 2016-17 and stood at 72.7 per cent in Q3:2016-17, co-moving with the de-trended index of industrial production² (IIP) for manufacturing sector (Chart 1).



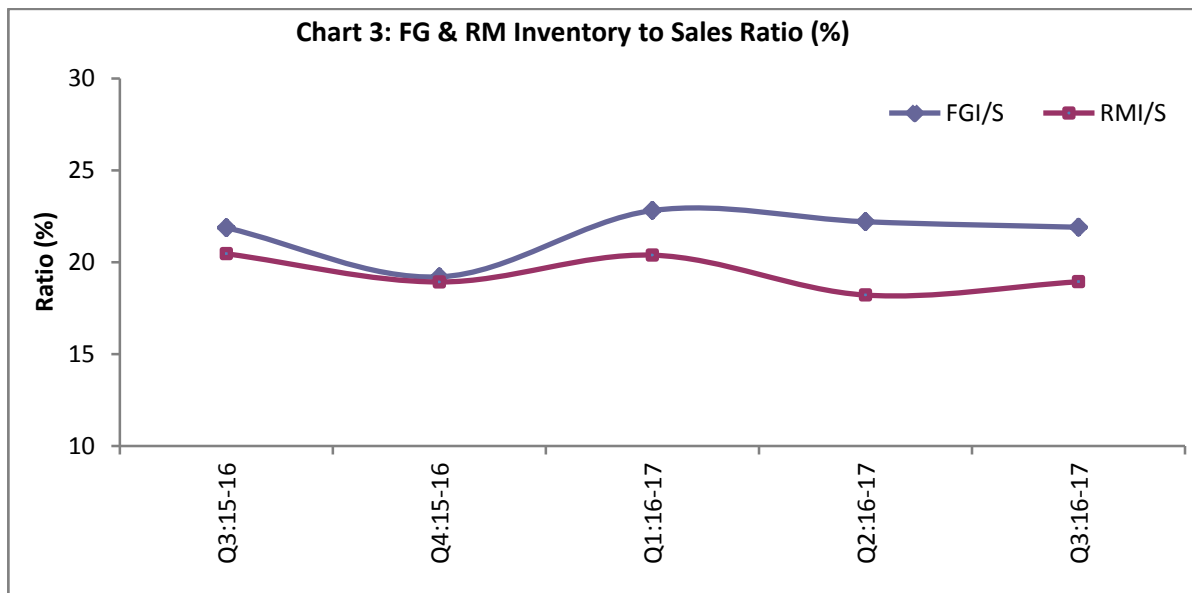
- 2) Order Books:** New orders received during Q3:2016-17 recorded positive growth sequentially (quarter-on-quarter), although on a year-on-year basis, they declined for the third successive quarter (Chart 2).

¹The survey responses are those of the respondents and are not necessarily shared by the Reserve Bank of India. The 35th round of the OBICUS covering 902 manufacturing companies with reference period as July-September, 2016 was released on the RBI website on [February 8, 2017](#).

²IIP is calculated on a fixed base (currently, 2004-05=100) whereas the denominator (viz. installed capacity) in CU is updated every quarter. For comparison, the trend component of IIP is removed.



3) Inventory to Sales Ratio: The finished goods inventory to sales ratio (FGI/S) remained almost at the same level as in the previous quarter, while the raw materials inventory to sales ratio (RMI/S) ticked up marginally in Q3:2016-17 (Chart 3).



4) Overall, movements in capacity utilisation, order books and inventories indicate that demand conditions in the manufacturing sector continued to remain subdued in Q3:2016-17.

ANNEX

Quarter	IIP-Mfg. (Quarterly Average Base 2004-05)	De-trended Quarterly IIP- Manufacturing	CU (in latest survey round)	CU * (Ranges from previous four survey rounds)
Q3:2015-16	184.3	-4.6	72.2	71.9 – 72.6
Q4:2015-16	198.9	9.7	74.6	74.0 – 74.1
Q1:2016-17	187.3	-2.3	73.6	72.7 – 72.9
Q2:2016-17	185.7	-4.1	73.1	72.4
Q3:2016-17	184.8	-5.3	72.7	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 Q3:2016-17.

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
Q3:2015-16	1.108	0.915	1.106	7.9	-1.3	-0.2	4.9	5.6	7.7
Q4:2015-16	1.096	0.951	0.981	-1.1	3.9	-11.3	7.0	0.0	-0.4
Q1:2016-17	0.980	0.916	0.951	-10.6	-3.7	-3.1	-0.7	-2.3	-7.3
Q2:2016-17	0.951	0.887	0.947	-2.9	-3.1	-0.5	-7.4	-4.3	-14.5
Q3:2016-17	0.943	0.904	0.982	-0.8	1.9	3.7	-14.9	-1.3	-11.2

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

** : Not seasonally adjusted

Table 3: Average Sales and Inventories (Q3:2015-16 to Q3:2016-17) –
(Based on common set of 485 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
Q3:2015-16	6.703	3.177	1.467	0.339	1.372	47.4	21.9	20.5
Q4:2015-16	7.010	2.955	1.346	0.282	1.327	42.2	19.2	18.9
Q1:2016-17	6.757	3.265	1.542	0.346	1.378	48.3	22.8	20.4
Q2:2016-17	7.150	3.368	1.588	0.478	1.302	47.1	22.2	18.2
Q3:2016-17	7.480	3.469	1.639	0.414	1.417	46.4	21.9	18.9

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