

RBI's OBICUS Survey for Q4:2015-16 reveals Seasonal but not very Robust pick-up in Demand

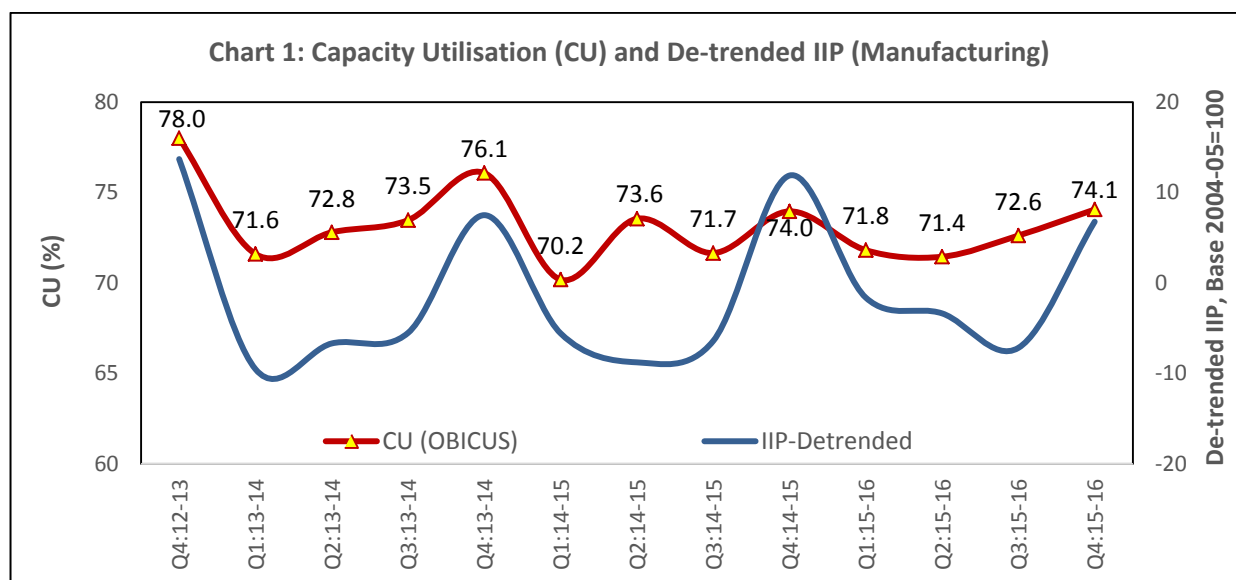
The Reserve Bank of India's Order Books, Inventories and Capacity Utilisation Survey (OBICUS) for January - March 2016 quarter revealed a seasonal but not very robust pick-up in demand condition.

The OBICUS captures actual data from companies in the manufacturing sector. The latest 33rd round of OBICUS, covered data for Q4:2015-16. In all, 926 manufacturing sector companies responded to the survey. The analysis is based on the data on order books, inventory levels for raw materials and finished goods, and capacity utilisation, received from a common set of reporting companies for each of these parameters (Tables 1 - 3). The 32nd round (Q3:2015-16) survey results covering 1058 manufacturing companies were released on [April 05, 2016](#) on the RBI website.

The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India

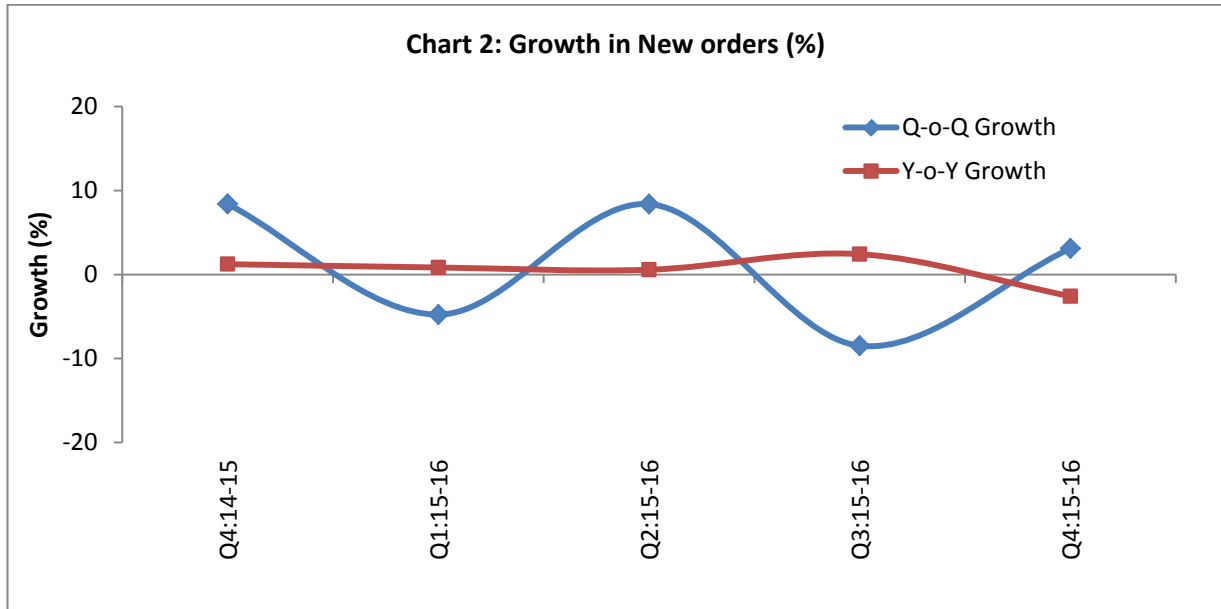
Highlights:

- 1) Capacity Utilisation (CU):** At the aggregate level, CU recorded seasonal pick-up in Q4:2015-16 over the previous quarter and stood at 74.1 per cent - almost unchanged from the level recorded in Q4:2014-15. There is a broad co-movement between capacity utilisation and de-trended Index of Industrial Production¹ (IIP) manufacturing, except for some quarters including Q3:2015-16 (Chart 1).

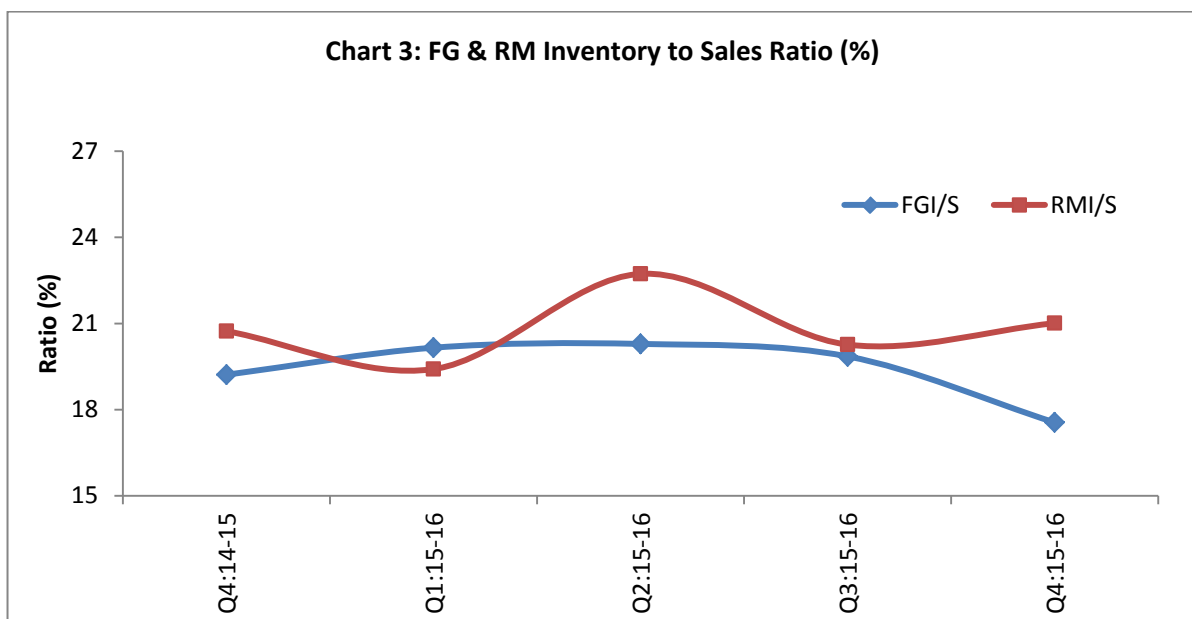


¹ IIP is calculated on a fixed base (currently, 2004-05=100) whereas the denominator (viz. installed capacity) in CU is updated every quarter. For comparison, trend component of IIP is removed.

2) Order Books: The average new orders recorded modest growth in Q4:2015-16 over its level in the previous quarter. However, it was lower as compared to the position a year ago (Chart 2).



3) Inventory to Sales Ratio: The finished goods inventory to sales ratio (FGI/S) was lower in Q4:2015-16 as compared to the previous quarter and the same quarter a year ago. Drawdown of FG inventory helped in lowering average pending orders. The raw material inventory to sales ratio (RMI/S) increased in Q4:2015-16 and stood at a marginally higher level as compared to Q4:2014-15 (Chart 3).



ANNEX

Quarter	IIP – Mfg (Qtly avg Base 2004-05)	De-trended Qtly IIP-Mfg	CU (in latest survey round)	CU* (Range from previous four survey rounds)
Q4:2014-15	201.2	11.9	74.0	73.5 – 75.2
Q1:2015-16	188.4	-1.6	71.8	71.3 – 71.5
Q2:2015-16	187.4	-3.4	71.4	70.6 – 71.4
Q3:2015-16	184.3	-7.2	72.6	72.5 – 72.5
Q4:2015-16	198.9	6.8	74.1	NA #

*: Since CU is computed based on 5 quarter common set of companies, the CU for each round gets revised in subsequent four rounds.

#: CU is calculated first time for Q4:2015-16.

Quarter	Amount in ₹ Billion			Q-o-Q growth (%) – Seasonally not adjusted			Y-o-Y Growth (%)		
	Avg Backlog order	Avg New Order book	Avg Pending order	Avg Backlog order	Avg New Order book	Avg Pending order	Avg Backlog order	Avg New Order book	Avg Pending order
Q4:2014-15	1.759	1.295	1.689	-2.5	8.4	-4.1	6.5	1.2	1.3
Q1:2015-16	1.690	1.234	1.723	-3.9	-4.8	2.0	1.7	0.8	-0.9
Q2:2015-16	1.726	1.337	1.724	2.1	8.4	0.1	-0.7	0.6	-4.3
Q3:2015-16	1.724	1.224	1.731	-0.1	-8.5	0.4	-4.4	2.4	-1.7
Q4:2015-16	1.732	1.262	1.603	0.5	3.1	-7.4	-1.6	-2.6	-5.0

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

Quarter	Amount in ₹ Billion					Ratio in per cent		
	Avg Sales	Avg Total Inv	Avg FG Inv	Avg WiP Inv	Avg RM Inv	Total Inv/Sales	FG Inv/Sales	RM Inv/Sales
Q4:2014-15	5.890	2.677	1.132	0.323	1.221	45.4	19.2	20.7
Q1:2015-16	6.107	2.766	1.231	0.350	1.185	45.3	20.2	19.4
Q2:2015-16	5.790	2.858	1.175	0.367	1.316	49.4	20.3	22.7
Q3:2015-16	5.722	2.616	1.136	0.320	1.160	45.7	19.9	20.3
Q4:2015-16	6.347	2.731	1.114	0.284	1.334	43.0	17.6	21.0

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