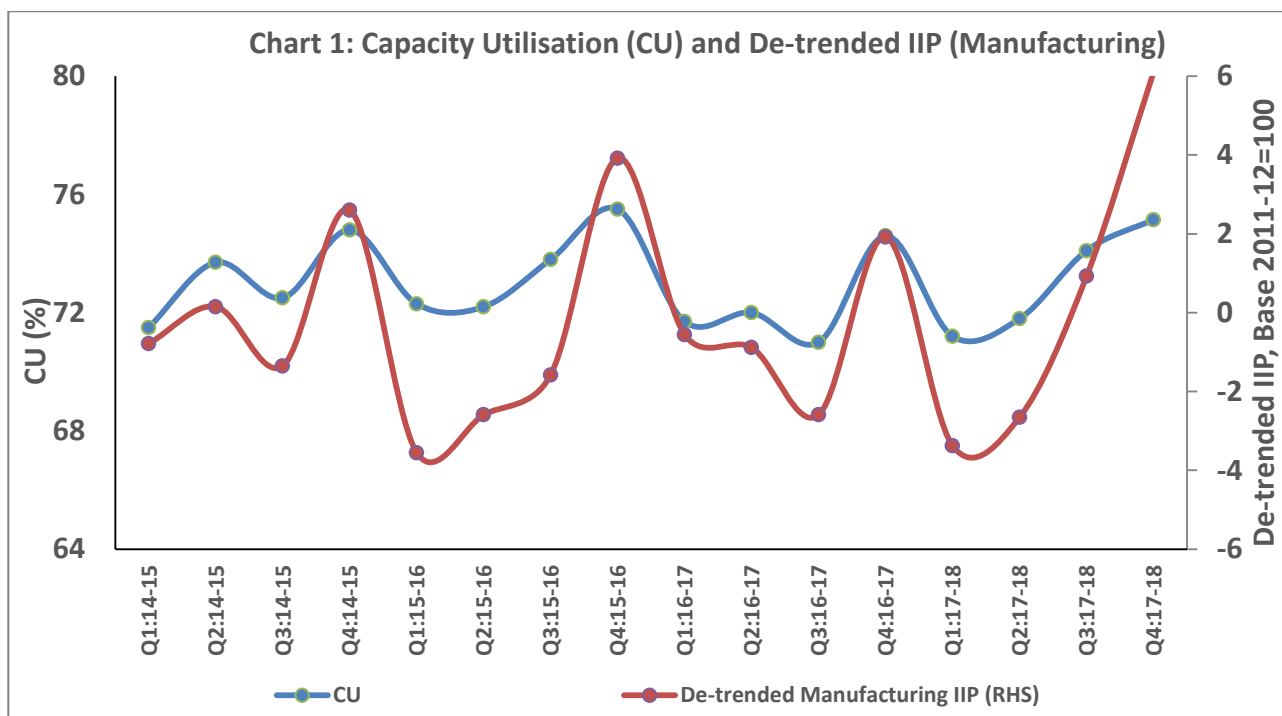


OBICUS Survey on the Manufacturing sector – Q4:2017-18

Today, the Reserve Bank released the results of the 41st round of the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) for the quarter January-March 2018 covering 1,061 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 recorded a seasonal pickup to 75.2 per cent in Q4:2017-18²; the de-trended index of industrial production³ (IIP) rose sharply. (Chart 1)

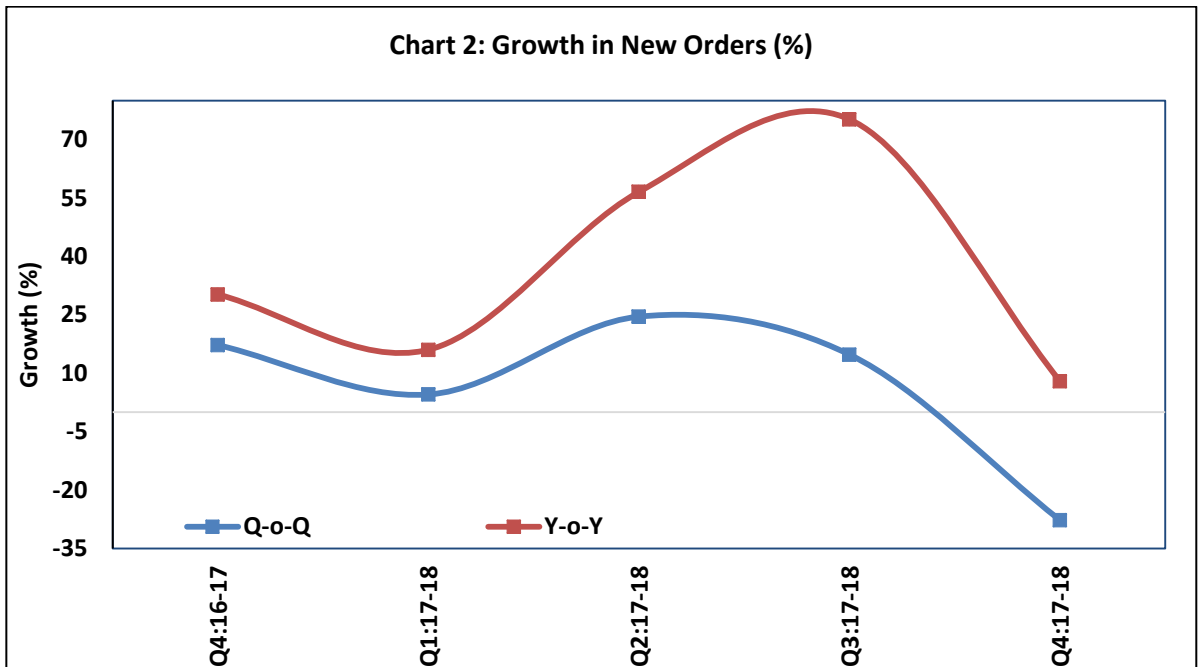


- 2) Order Books:** The buoyancy in new orders (as observed in year-on-year growth) moderated in Q4:2017-18. (Chart 2)

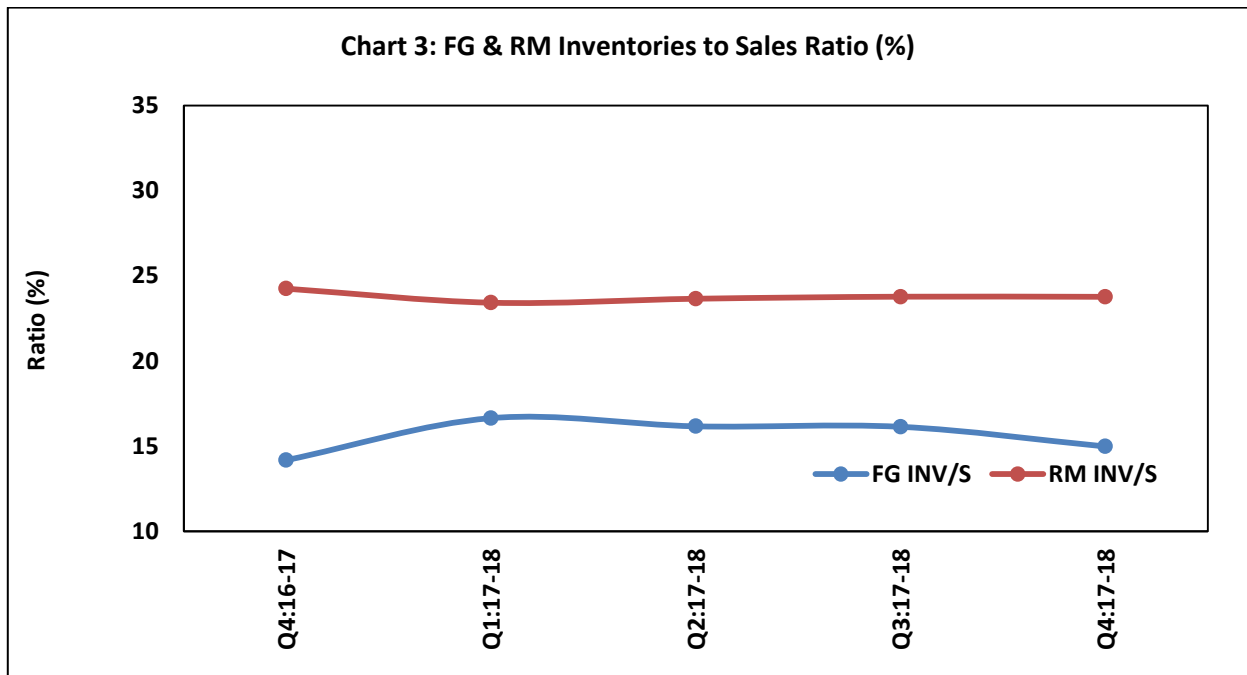
¹ The survey responses are voluntary and difference in sample composition may affect the results to some extent. The 40th round of the OBICUS covering 940 manufacturing companies with reference period as October-December 2017 was released on the RBI website on [April 05, 2018](#).

² Seasonally adjusted CU at 73.0 per cent in Q4:2017-18 was lower by 1.3 percentage points compared with the previous quarter.

³ 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:** With robust growth in sales, the FGI to sales ratio declined from the level seen in the previous quarter (Chart 3).
- 4) **Raw Material Inventory (RMI) to Sales Ratio:** Producers seem to have stocked up on raw materials leaving the RMI to Sales unchanged (Chart 3).



[Historical time series have been made available in excel format.](#)

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
Q4:2016-17	724	74.6	125.2	1.9
Q1:2017-18	805	71.2	121.1	-3.4
Q2:2017-18	756	71.8	123.0	-2.7
Q3:2017-18	940	74.1	127.8	0.9
Q4:2017-18	921	75.2	134.2	6.1

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

Table 1.2: Order Books (Q4:2016-17 to Q4:2017-18)

*(Based on common set of 120 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
Q4:2016-17	1.191	1.204	1.043	-2.1	17.2	-12.5	-20.7	30.2	-16.0
Q1:2017-18	1.042	1.259	1.129	-12.5	4.5	8.3	-16.3	16.0	-10.7
Q2:2017-18	1.128	1.567	1.453	8.3	24.5	28.7	-10.6	56.6	19.6
Q3:2017-18	1.453	1.799	1.894	28.7	14.8	30.4	19.5	75.2	58.8
Q4:2017-18	1.923	1.300	1.695	32.3	-27.8	-10.5	61.5	8.0	62.6

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

*** : Not seasonally adjusted

Table 1.3: Average Sales and Inventories (Q4:2016-17 to Q4:2017-18)

(Based on common set of 289 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
Q4:2016-17	8.899	3.852	1.262	0.432	2.158	43.3	14.2	24.2
Q1:2017-18	7.997	3.631	1.331	0.426	1.873	45.4	16.6	23.4
Q2:2017-18	8.160	3.677	1.319	0.428	1.930	45.1	16.2	23.7
Q3:2017-18	8.608	3.891	1.389	0.456	2.047	45.2	16.1	23.8
Q4:2017-18	9.453	4.138	1.416	0.476	2.247	43.8	15.0	23.8

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