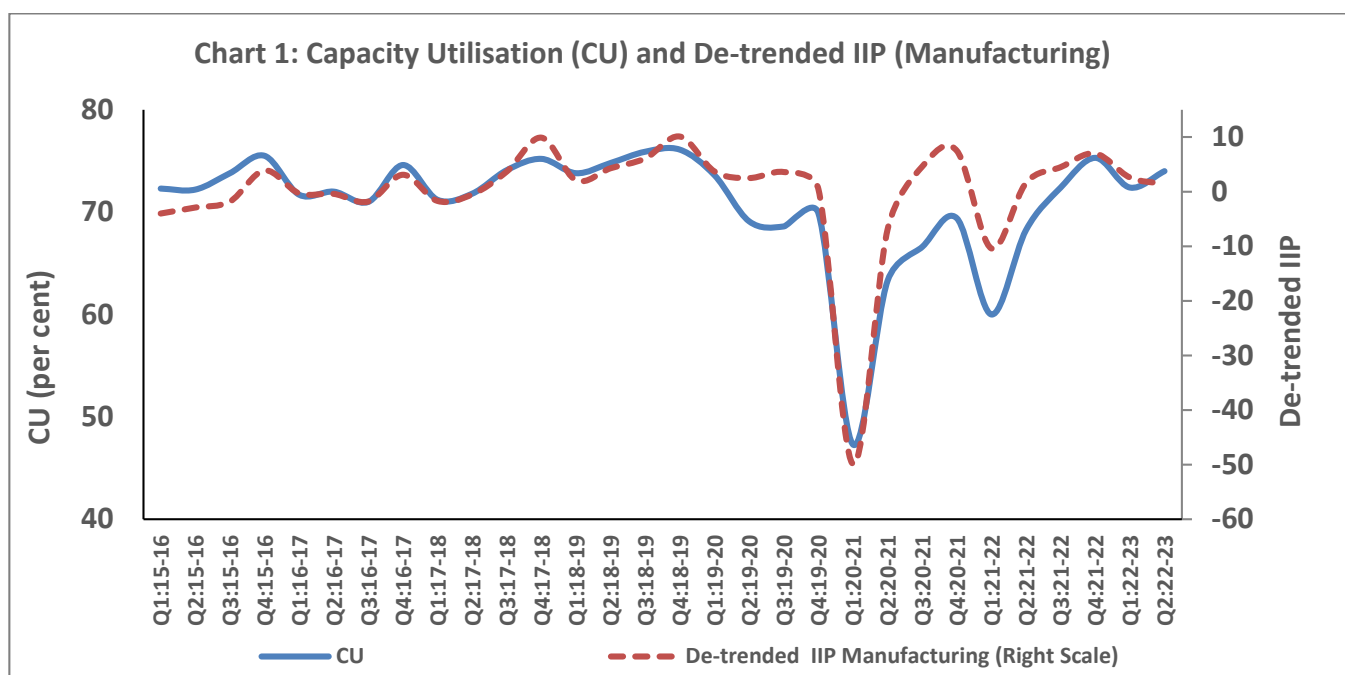**Order Books, Inventories and Capacity Utilisation Survey**
on the Manufacturing sector for Q2:2022-23

Today, the Reserve Bank released the results of its 59th round of the quarterly Order Books, Inventories and Capacity Utilisation Survey (OBICUS) conducted during Q3:2022-23 covering 800 manufacturing companies. The survey[1] provides a snapshot of demand conditions in India's manufacturing sector during July-September 2022.
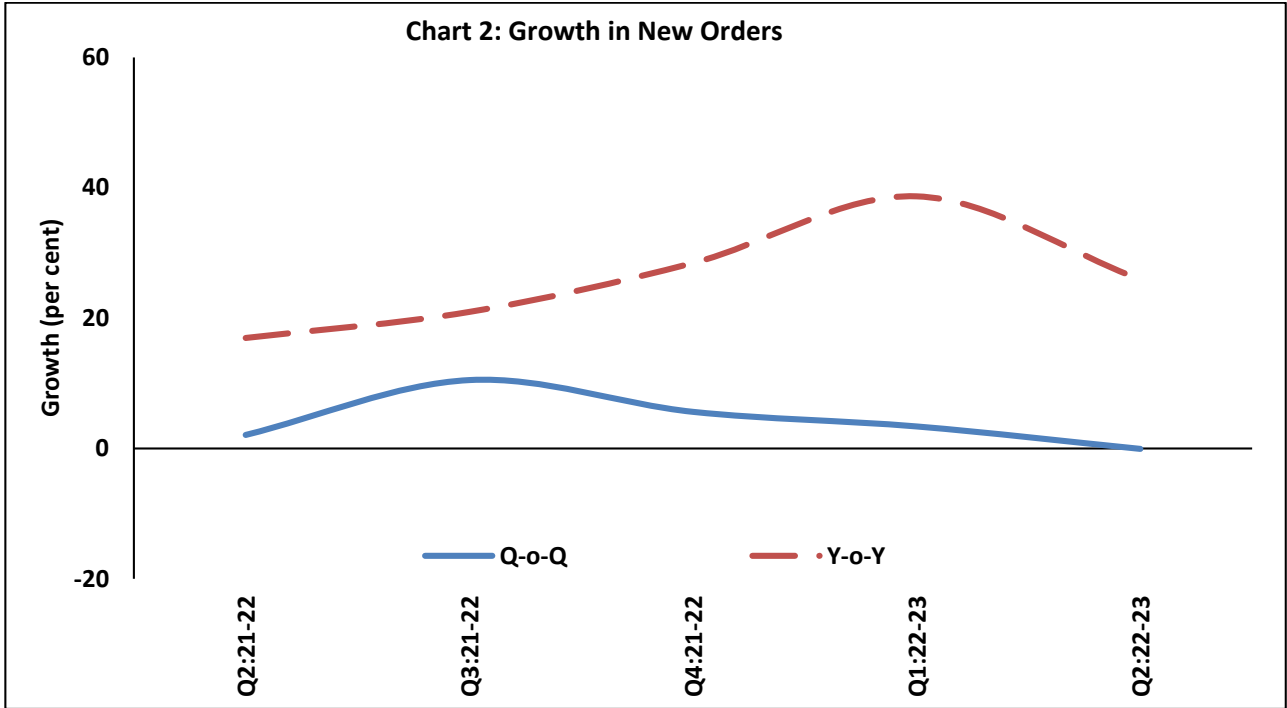
Highlights:

- The aggregate level capacity utilisation (CU) for the manufacturing sector improved to 74.0 per cent in Q2:2022-23 from 72.4 per cent in the previous quarter. The seasonally adjusted CU for Q2:2022-23 also increased by 20 basis points (bps) to 74.5 per cent from its level in the previous quarter (Chart 1 and Table 1).

Chart 1: Capacity Utilisation (CU) and De-trended IIP (Manufacturing)
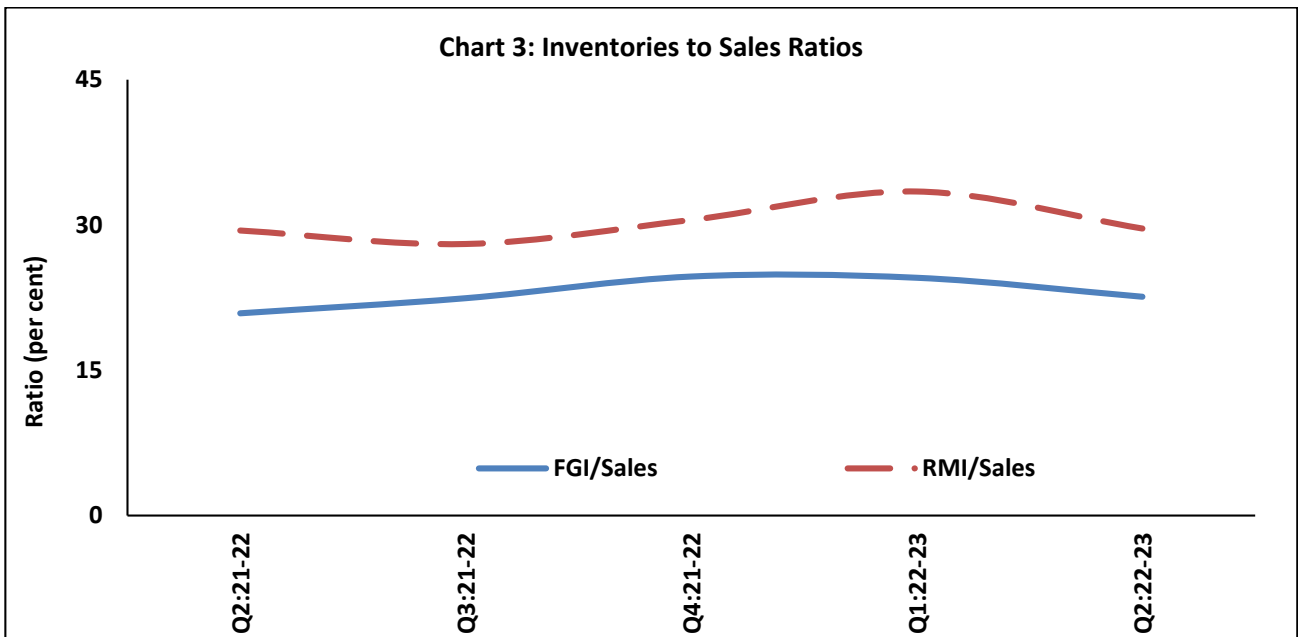
- New orders received by manufacturing companies during Q2:2022-23 were close to their level in the previous quarters but they were substantially higher than that in the corresponding quarter a year ago. (Chart 2 and Table 2A).

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[1] The survey responses are voluntary. Results of the previous survey round were released on the Bank's website on September 30, 2022.

Chart 2: Growth in New Orders

- Both raw material inventory (RMI) to sales and finished goods inventory (FGI) to sales ratios declined in Q2:2022-23 as compared to the previous quarter, which was commensurate with higher sales growth and similar level of new orders on sequential basis (Chart 3 and Table 3A).

Chart 3: Inventories to Sales Ratios

Note- Please see the excel file for time series data.

ANNEX 1: Data Tables

Table 1: IIP*-Manufacturing and Capacity Utilisation (CU)				
Quarter	Number of responding companies	Capacity Utilisation	IIP-Manufacturing (Quarterly Average)	De-trended Quarterly IIP-Manufacturing
Q2:2021-22	728	68.3	131.6	1.6
Q3:2021-22	757	72.4	135.0	4.5
Q4:2021-22	727	75.3	138.1	7.0
Q1:2022-23	692	72.4	134.3	2.6
Q2:2022-23	745	74.0	133.7	1.4

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

Table 2A: Order Books Growth (Q2:2021-22 to Q2:2022-23)							
		Q-o-Q Growth # (per cent) **			Y-o-Y Growth # (per cent)		
Quarter	Number of companies	Backlog Orders	New Order Book	Pending Orders	Backlog Orders	New Order Book	Pending Orders
Q2:2021-22	184	10.8	2.1	3.9	10.2	16.9	15.1
Q3:2021-22	205	3.5	10.5	7.8	19.5	20.9	20.5
Q4:2021-22	207	4.7	5.6	4.6	14.2	28.4	25.1
Q1:2022-23	233	0.3	3.4	4.2	15.2	38.7	10.3
Q2:2022-23	265	4.6	-0.1	10.8	11.4	25.9	20.1

#: Growth rates are calculated using three rounds common set of companies, namely, companies responded in the current quarter, one quarter ago and the same quarter a year ago.
**: Not seasonally adjusted.

Table 2B: Average Size of Order Books (Q2:2021-22 to Q2:2022-23)				
		Average Amount (₹ Crores)		
Quarter	Number of companies	Backlog Orders	New Order Book	Pending Orders
Q2:2021-22	184	197.9	195.7	207.4
Q3:2021-22	205	182.3	224.4	196.6
Q4:2021-22	207	176.3	222.4	184.2
Q1:2022-23	233	221.7	244.8	231.5
Q2:2022-23	265	208.8	307.9	232.4

Table 3A: Inventory to Sales Ratios (Q2:2021-22 to Q2:2022-23)				
		Ratio (per cent) #		
Quarter	Number of Companies	Total Inventory / Sales	Finished Goods Inventory / Sales	Raw Material Inventory / Sales
Q2:2021-22	537	60.5	20.9	29.4
Q3:2021-22	681	58.1	22.4	28.0
Q4:2021-22	651	65.2	24.7	30.5
Q1:2022-23	630	69.6	24.6	33.5
Q2:2022-23	721	61.8	22.6	29.6

#: Weighted average of industry level ratios using GVA as weights

Table 3B: Average Sales and Inventories (Q2:2021-22 to Q2:2022-23)						
Quarter	Number of Companies	Average Amount (₹ Crores)				
		Sales	Total Inventory	Finished Goods Inventory	Work in progress Inventory	Raw Material Inventory
Q2:2021-22	537	1012.6	494.4	200.0	78.6	215.8
Q3:2021-22	681	1027.9	465.0	193.5	62.0	209.5
Q4:2021-22	651	1123.2	530.2	219.2	79.8	231.2
Q1:2022-23	630	1238.3	591.8	238.3	87.3	266.2
Q2:2022-23	721	1285.8	508.2	217.6	73.2	217.4

Note: The computations of order book growths and inventory to sales ratios are based on methodology given in the RBI press release dated October 8, 2021 (link: https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=20650) and not on the basis of averages given in the above tables.