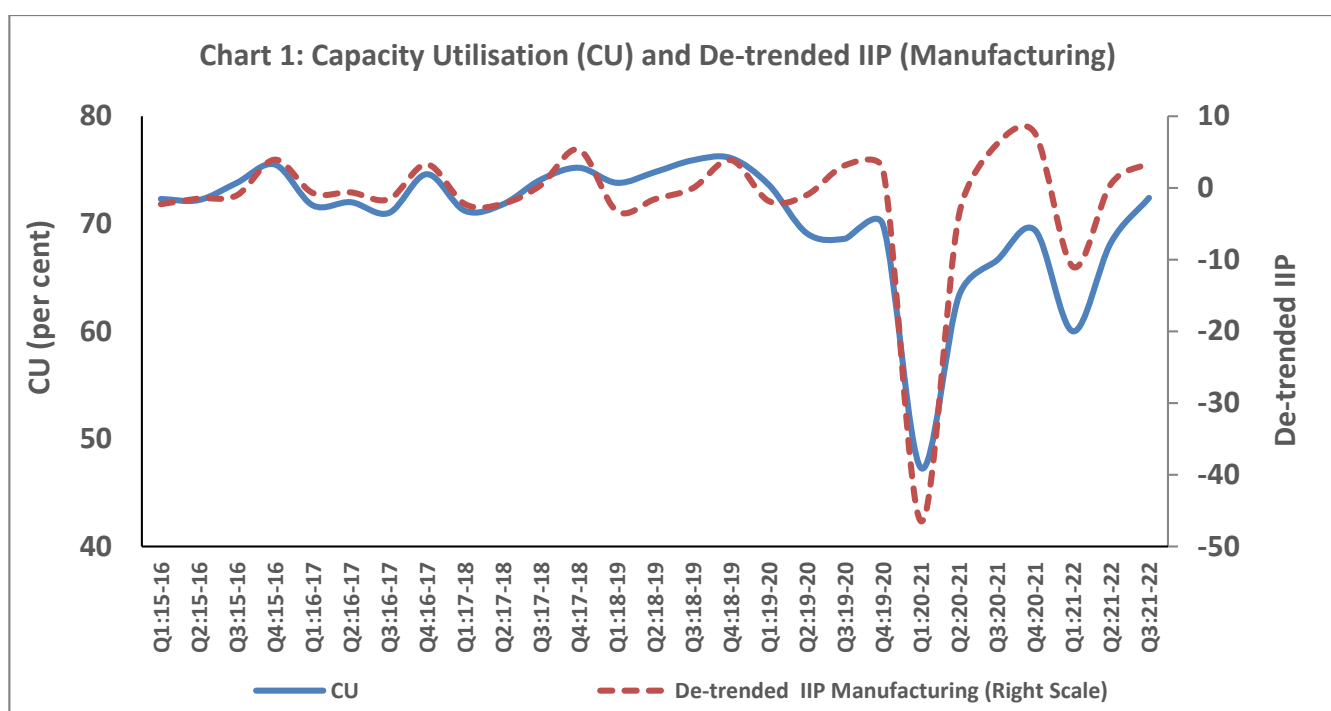## OBICUS Survey on the Manufacturing sector for Q3:2021-22

Today, the Reserve Bank released the results of the 56th round of the quarterly Order Books, Inventories and Capacity Utilisation Survey (OBICUS), which provides a snapshot of demand conditions in India's manufacturing sector[1] during October-December 2021. The survey covered 800 manufacturing companies.
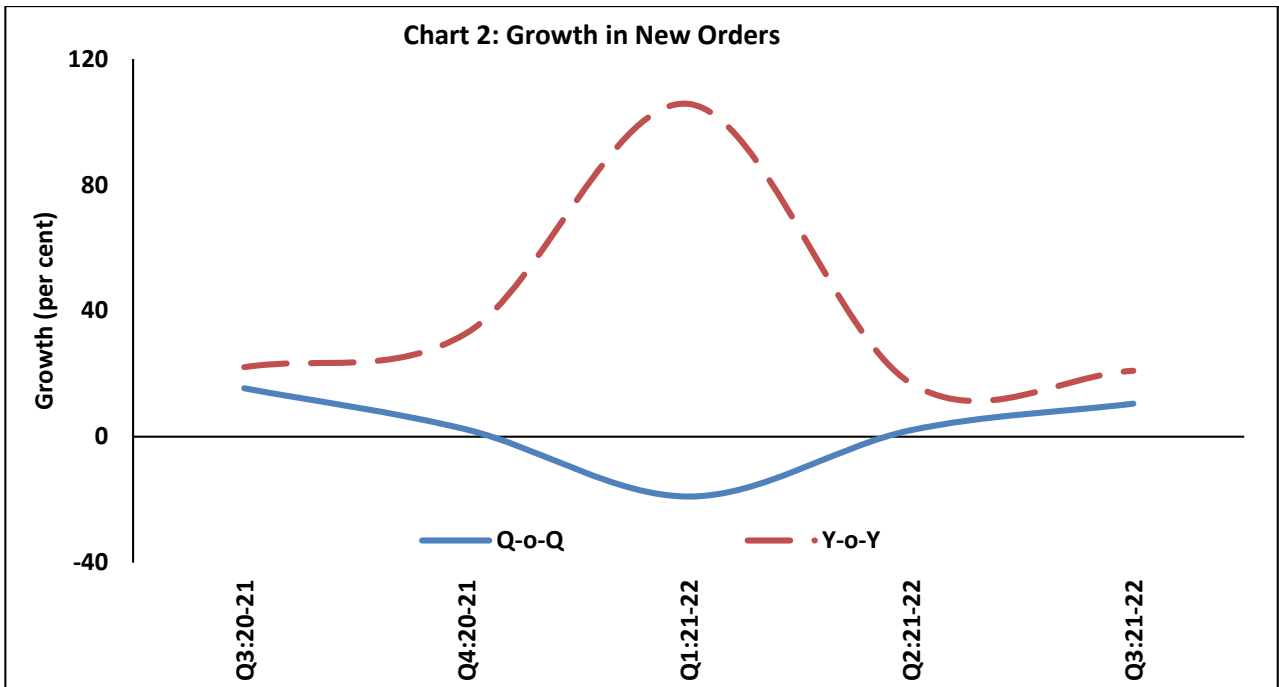
Highlights:

- The capacity utilisation (CU) for the manufacturing sector at the aggregate level picked-up further to 72.4 per cent in Q3:2021-22 from 68.3 per cent recorded in the previous quarter reflecting improved manufacturing activities (Chart 1 and Table 1).

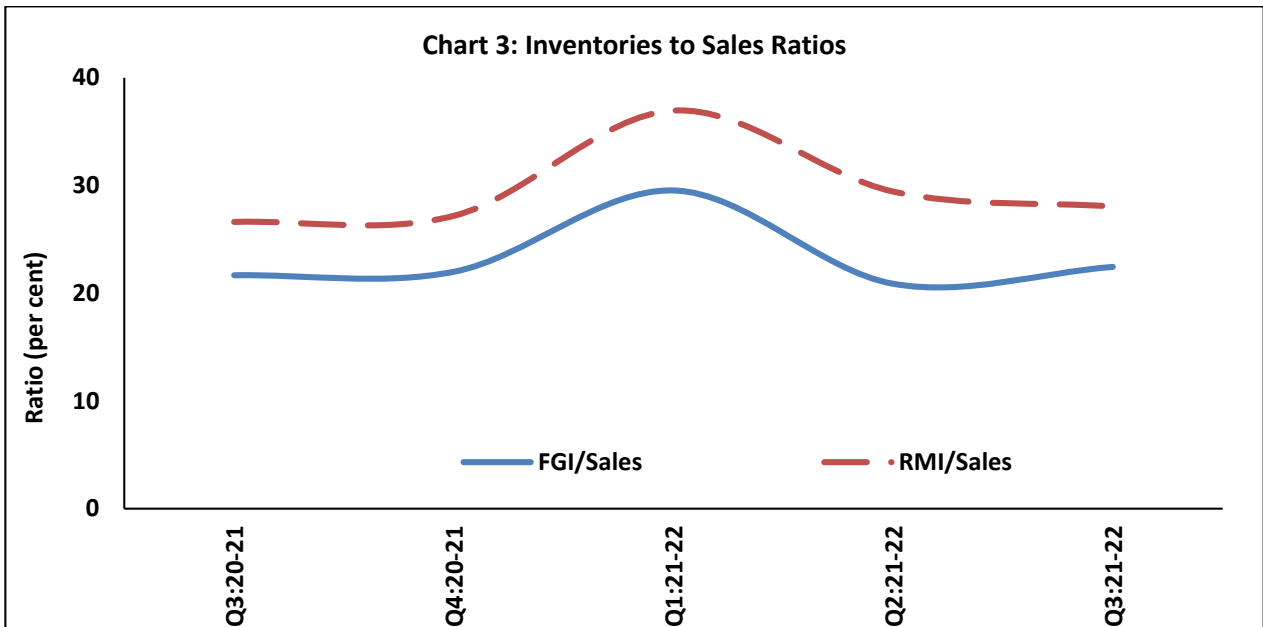Chart 1: Capacity Utilisation (CU) and De-trended IIP (Manufacturing)

- Manufacturing companies received more new orders during Q3:2021-22 as compared with that in the previous quarter as well as their level 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 February 10, 2022.

Chart 2: Growth in New Orders

- The finished goods inventory (FGI) to sales ratio marginally increased during Q3:2021-22 whereas raw material inventory (RMI) to sales ratio recorded a decline. Both these ratios were higher than their corresponding levels a year ago but underwent large swing resulting from high volatility in manufacturing activities during the pandemic (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
Q3:2020-21	610	66.6	133.2	6.1
Q4:2020-21	557	69.4	136.5	7.6
Q1:2021-22	640	60.0	119.1	-11.0
Q2:2021-22	728	68.3	131.6	0.5
Q3:2021-22	757	72.4	135.1	3.5

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

Table 2A: Order Books Growth (Q3:2020-21 to Q3:2021-22)							
Quarter	Number of companies	Q-o-Q Growth # (per cent) **			Y-o-Y Growth # (per cent)		
		Backlog Orders	New Order Book	Pending Orders	Backlog Orders	New Order Book	Pending Orders
Q3:2020-21	155	0.3	15.4	7.2	-13.8	22.1	-7.7
Q4:2020-21	85	7.6	2.3	-1.8	7.2	32.9	2.3
Q1:2021-22	120	-0.5	-19.0	5.3	11.8	105.7	17.3
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

#: 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 (Q3:2020-21 to Q3:2021-22)				
Quarter	Number of companies	Average Amount (₹ Crores)		
		Backlog Orders	New Order Book	Pending Orders
Q3:2020-21	155	181.2	242.7	194.2
Q4:2020-21	85	199.8	243.4	196.3
Q1:2021-22	120	188.1	171.0	197.8
Q2:2021-22	184	197.9	195.7	207.4
Q3:2021-22	205	182.3	224.4	196.6

Table 3A: Sales and Inventories Ratios (Q3:2020-21 to Q3:2021-22)				
Quarter	Number of Companies	Ratio (per cent) #		
		Total Inventory / Sales	Finished Goods Inventory / Sales	Raw Material Inventory / Sales
Q3:2020-21	471	56.8	21.7	26.6
Q4:2020-21	418	57.5	22.0	27.2
Q1:2021-22	478	78.6	29.5	36.9
Q2:2021-22	537	60.5	20.9	29.4
Q3:2021-22	681	58.1	22.4	28.0

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

Table 3B: Average Sales and Inventories (Q3:2020-21 to Q3:2021-22)						
		Average Amount (₹ Crores)				
Quarter	Number of Companies	Sales	Total Inventory	Finished Goods Inventory	Work in progress Inventory	Raw Material Inventory
Q3:2020-21	471	719.6	372.3	143.5	60.0	168.8
Q4:2020-21	418	959.2	461.2	183.3	66.2	211.6
Q1:2021-22	478	869.2	489.7	208.8	79.7	201.2
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

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.