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RBI's Quarterly Survey on Manufacturing Sector

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Why in News

The **Reserve Bank of India (RBI)** has launched the 49th round of quarterly **Order Books, Inventories and Capacity Utilisation Survey (OBICUS)** of the **manufacturing sector**.

The latest round has a **reference period** as **January-March 2020**.

Key Points

- The RBI has been conducting the **OBICUS of the manufacturing sector** on a quarterly basis **since 2008**.
- The survey represents the **movements in actual data on order books, inventory levels of raw materials and finished goods and capacity utilization**.
 - Inventory is the amount of goods held by a company.
 - Capacity utilization refers to the manufacturing and production capabilities that are being utilized by a nation or enterprise.
- The survey also gives out the **ratio of total inventories to sales** and **ratio of raw material (RM) and finished goods (FG) inventories to sales in percentages**.
- These are considered as important indicators to **measure economic activity, inflationary pressures and the overall business cycle**.
- **Trend analysis** is calculated for the survey based on quantitative data received from companies regarding new orders, backlog orders at the beginning of the quarter, pending orders at the end of the quarter.
- The survey provides valuable **input for monetary policy formulation**.
- The company level data collected during the survey are treated as **confidential and never disclosed**.

- In the 48th round of the OBICUS for the quarter October-December 2019 as many as **704 manufacturing companies were covered**. As per the survey:
 - Capacity Utilisation (CU) had declined to 68.6% in the third quarter of 2019-20 from 69.1% in the previous second quarter.
 - Also, orders received in the third quarter(Q3:2019-20) were lower compared with the previous second quarter as well as with the level of 2018-19.

Source : BS