

**Analysis of Engineering Exports during September, 2014
October 15, 2014**

India's **total merchandise exports** grew by 2.73 per cent to \$ 28.903 billion from \$ 28.136 billion in the same month of the previous year. The cumulative value of exports for the period April-September 2014-15 was \$ 163.701 billion as against \$ 153.755 billion, registering a growth of 6.47 per cent in dollar terms over the same period last year.

Engineering exports, on the other hand, showed remarkable buoyancy in the first six months and recorded a growth of 20.53% in the month of September 2014 over September 2013 and 23.28% in the first six months of the current fiscal over the same period last year. While growth rate seems to have fallen slightly in the month of September 2014 and the general trend seems to be indicating a drop in the rate of growth month to month, the absolute value indicates U in the six month period with the absolute value dipping in the months of June and July 2014. Further, the base effect has played an important part in the second quarter as a result of which the second quarter growth has been to the tune of nearly 67% in the current fiscal.

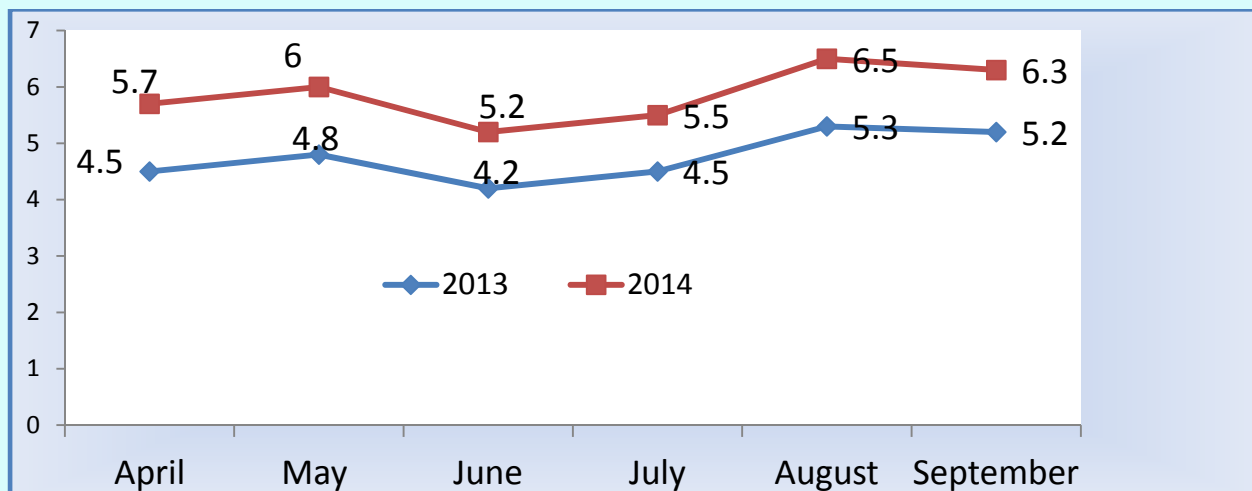
Table 1 : Engineering Exports (Value in USD Million)

Months	2013-14	2014-15	Growth(%)
April	4529.32	5715.75	26.19
May	4819.47	6015.65	24.82
June	4229.72	5179.49	22.45
Quarter 1	13578.51	16910.89	24.54
July	4473.34	5517.63	23.34
August	5264.51	6458.3	22.68
September	5216.94	6288.13	20.53
Quarter 2	14954.79	18264.06	66.55
April-September	28533.3	35174.95	23.28

(Source: Department of Commerce, Government of India)

Figure 1 below depicts the monthly trend in engineering exports for **the first six months of both 2013 and 2014 and shows the U as mentioned earlier.**

Figure 1 : Trends in Monthly Engineering Exports in USD Billion



It may be mentioned that the General Index for the month of August 2014 stood at 166.1 as opposed to the July 2014 Index of 172.1. It may be mentioned that August 2013 General index was 165.4 thus there was 0.4% growth in August 2014 over August 2013.

The growth rates in Engineering Exports and the Growth in Manufacturing in the country in the current fiscal in Table 1A below:

Table 1A : Engineering Exports Growth vis-a-vis Manufacturing Growth (2014-15)

Months	Engg Exports Growth (%)	Manufacturing Growth (%)
April	26.19	3.1
May	24.82	5.89
June	22.45	2.45
July	23.34	-1.03
August	22.68	-1.42
April-August	-	1.76
September	20.53	N.A.

(Source : Department of Commerce and CSO)

As can be seen from the above table, the manufacturing growth dropped in the month of August though the first five months growth rate is still in the positive terrain. The signs, therefore, indicate that manufacturing production is still in the doldrums and sooner or later this may have an impact on engineering exports. This should also be seen in the context of the slowing down in the world economy, the cut in projections of world trade growth by leading global agencies, apprehension of lack of revival in EU and to some extent even in the USA.

Impact of Exchange Rate

How has the exchange rate been in September 2013 vis-a-vis September 2014? We look at the average exchange rate for September 2014 vis-a-vis September 2013. The below table provides the same:

September	Average Exchange Rate 1 USD to INR
2013	Rs. 63.75214
2014	Rs. 60.86492273

(Source : Calculated from RBI archive)

The above figures indicates that the exchange played a positive role in pushing exports in September 2013 but not so much September 2014. The September 2014 exchange is more or less in line with the average exchange rate in the first six months of the current fiscal.

Trends in Engineering Panel Exports

We begin by looking at the Engineering Panel wise exports for month of September 2014 vis-a-vis September 2013 and cumulatively for the first six months. The data is given in Table 3 below :

Table 3 : Trends in Engineering panel Exports September 2014 and April-September 2014

(Value in US\$ Million)

Sl. No.	Panel	September, 2013	September, 2014	Growth %	April,2013 - September,2013	April,2014 - September,2014	Growth %
1. Iron and Steel and Products made of Iron and Steel							
A	Iron and Steel	869.93	738.86	-15.07	4180.39	4536.98	8.53
B	Products of Iron	570.35	659.39	15.61	3253.3	3706.47	13.93
Sub Total		1440.28	1398.25	-2.92	7433.69	8243.45	10.89

2. Non-Ferrous Metals and Products made of Non-Ferrous Metals							
A	Copper and products	320.41	353.63	10.37	958.15	1638.56	71.01
B	Aluminium and products	175	281.68	60.96	865.86	1250.01	44.37
C	Zinc and products made of Zinc	53.1	55.42	4.37	208.51	144.94	-30.49
D	Nickel and products	19.73	94.09	376.89	212.11	277.38	30.77
E	Lead and products made of Lead	24.93	23.91	-4.09	70.78	83.29	17.67
F	Tin and products made of Tin	11.41	13.97	22.44	50.8	28.45	-44.00
G	Other Non Ferrous Metal	49.63	38.28	-22.87	210.03	220.21	4.85
Sub Total		654.21	860.98	31.61	2576.24	3642.84	41.40
3. Industrial Machinery							
A	Industrial Machinery like Boilers, parts, etc	41.66	52.81	26.76	256.42	278.16	8.48
B	IC Engines and Parts	146.13	245.08	67.71	839.94	1271.59	51.39
C	Pumps of all types	61.14	62.05	1.49	336.55	382.25	13.58
D	Air condition and Refrigerators	105.43	103.49	-1.84	533.72	604.38	13.24
E	Industrial Machinery for dairy, food processing , textiles etc.	374.87	387.13	3.27	2045.79	2371.74	15.93
F	Machine Tools	25.07	27.65	10.29	166.54	182.02	9.30
G	Machinery for Injecting moulding, valves and ATMs	111.98	110.07	-1.71	603.11	646.77	7.24
Sub Total		866.28	988.28	14.08	4782.07	5736.91	19.97
4.	Electrical Machinery	315.02	382.53	21.43	1803.45	1991.37	10.42
5. Auto and Auto Parts							
A	Motor Vehicle/cars	574.36	620.37	8.01	2940.04	3318.39	12.87
B	Two and Three Wheelers	133.82	169.11	26.37	720.05	973.69	35.23
C	Auto Components/Part	344.13	380.77	10.65	1865.92	2255.46	20.88
Sub Total		1052.31	1170.25	11.21	5526.01	6547.54	18.49
6	Aircrafts and Spacecraft parts and products	227.13	561.49	147.21	1777.53	2814.61	58.34
7	Ships Boats and Floating products and parts	173.78	390.1	124.48	1936.77	3095.47	59.83
8. Miscellaneous							
A	Medical and Scientific instruments	106.66	111.94	4.95	564.8	633.83	12.22
B	Railway Transport an	13.89	9.24	-33.48	115.13	76.5	-33.55
C	Hand Tools & Cutting Tools	68.68	72.86	6.09	345.79	393.37	13.76
D	Electrodes Accumulators	3.09	3.31	7.12	19.54	18.64	-4.61
E	Accumulator and Batteries	12.85	24.99	94.47	74.24	103.74	39.74
F	Bicycle & Parts	28.66	31.93	11.41	162.31	179.37	10.51
G	Cranes Lifts & Winches	31.26	23.91	-23.51	145.94	146.87	0.64
H	Office Equipments	2.05	5.38	162.44	14.94	25.73	72.22
I	Other Construction Machinery	76.77	105.96	38.02	449.06	611.85	36.25
J	Prime Mica & Mica Products	1.48	1.8	21.62	9.69	10.14	4.64
K	OTHER MISC. ITEMS	142.54	144.93	1.68	796.1	902.72	13.39
Sub Total		487.93	536.25	9.90	2697.54	3102.76	15.02
Grand Total		5264.51	6460.35	22.72	23316.36	28906.18	23.97

(Source: Department of Commerce, Government of India)

The above Panel data shows that the general health of the engineering exports is comfortable in the first six months of the current fiscal as opposed to the same period last year. Some factors that need to be noted are :

- Primary Iron and Steel exports have fallen by -15.07% in September 2014 even though products of iron and steel have increased by 15.61%. While we do not have the import figures for September 2014, reports indicate that imports of iron and steel have been rather buoyant. Thus, it seems that domestic demand may have outweighed external demand of iron and steel in the current fiscal apart from the slowdown in global markets.
- Tin and products exports which have done rather poorly in the current fiscal overall has witness 22.44% growth in the month of September 2014.
- Aircraft parts and ships and parts have recorded handsome growth in the month of September 2014.

Top 25 Country Engineering Exports in Absolute Value (even though the growth rate may be negative)

We now look at the Top 25 Country wise export scenario during September 2014 over September 2013 in Absolute Value, even though the growth rate may be negative. Country wise cumulative figures for April-September 2014 vis-à-vis April-September 2013

Table 5: Country wise Exports (2014-2015)

(Value in US\$ Million)

Country	September, 2013	September, 2014	Growth %	April,2013 - September,2013	April,2014 - September,2014	Growth %
U S A	533.17	714.18	33.95	2931.03	3744.31	27.75
UAE	217.12	584.55	169.23	2453.96	2957.49	20.52
Sri Lanka	185.85	505.95	172.23	967.65	2044.54	111.29
China	378.59	322.00	-14.95	1094.83	1439.74	31.50
U K	242.07	308.48	27.44	1181.55	1406.81	19.07
South Africa	110.08	111.39	1.19	761.66	1335.73	75.37
Singapore	237.61	191.82	-19.27	1560.20	1310.00	-16.04
Germany	169.29	187.51	10.76	1006.23	1088.56	8.18
Turkey	122.43	118.13	-3.51	537.68	869.65	61.74
Italy	119.41	153.69	28.71	729.85	864.18	18.41
Saudi Arab	106.98	181.86	70.00	711.05	855.38	20.30
Mexico	96.84	193.75	100.08	452.08	846.12	87.16
Bangladesh	102.34	140.09	36.89	593.92	756.26	27.33
Nepal	93.96	127.04	35.21	493.25	724.02	46.79
South Korea	111.71	129.45	15.88	549.96	679.79	23.61
Nigeria	100.26	110.42	10.13	535.02	642.67	20.12
Iran	64.80	118.77	83.31	321.23	634.80	97.62
Indonesia	82.74	85.56	3.41	472.43	620.02	31.24
Oman	39.76	44.92	12.98	297.91	561.40	88.44
Thailand	107.93	97.04	-10.09	536.94	542.93	1.12
France	78.09	88.98	13.95	479.38	519.56	8.38
Japan	61.13	85.60	40.04	417.92	427.64	2.33
Netherland	142.92	69.97	-51.04	501.33	426.51	-14.92

Brazil	71.60	74.19	3.62	435.64	417.42	-4.18
Jordan	6.98	8.53	22.14	42.07	355.47	744.87
Total Of Top 25	3583.66	4753.92	32.66	20064.79	26071.02	29.93
Total Engineering Exports	5216.93	6288.16	20.53	28533.30	35174.91	23.28
Share of Top 25 in Total (%)	68.69	75.60		70.32	74.12	

Regional Distribution of Engineering Exports

We now look at the Regional Distribution of Engineering Exports for April-September 2014 as opposed to April-September 2013. Like before we also look at the trend in September 2014 vis-à-vis September 2013. The Table below gives this picture:

Table 6 : Region Wise Exports Trend—April-September 2013- April-September 2014

(Value in US\$ Million)

Region	Sept 2013	Sept 2014	Growth (%)	Apr-Sept 2013	Apr-Sept 2014	Growth (%)
AFRICA	704.065	678.752	-3.60	3930.071	4576.169	16.44
ASEAN+2	757.3283	620.6095	-18.05	3954.376	3890.769	-1.61
CIS	75.104	56.84309	-24.31	359.6482	461.1038	28.21
EU	990.3883	1092.677	10.33	5318.901	5976.183	12.36
LAC	267.9175	270.7969	1.07	1455.733	1498.463	2.94
North America	667.7602	960.4045	43.82	3607.507	4868.339	34.95
North East Asia	635.4159	601.6297	-5.32	2400.408	2929.396	22.04
Others	227.5502	596.5328	162.15	2531.767	3080.302	21.67
Rest of Europe	154.505	152.6678	-1.19	727.8957	1088.557	49.55
South Asia	400.3722	789.5675	97.21	2186.382	3659.241	67.37
West Asia	336.5206	467.6796	38.98	2060.608	3146.387	52.69
Grand Total	5216.927	6288.161	20.53	28533.3	35174.91	23.28

(Source: DGC&S)

Note : *Figures have been rounded off.

**Myanmar has been included in ASEAN+2 and not in South Asia, since ASEAN is a formal economic grouping.

Major Product and Market Analysis

We now analyze the performance of some of the important products during the period under analysis **IN MAJOR COUNTRIES**. We pick the major panels and seek the heavy growth and heavy declines in these panels **IN THE FIRST SIX MONTHS OF THE CURRENT FISCAL** to give an idea about the trend that is emerging.

IRON AND STEEL

SUBSTANTIAL GROWTH COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	869.93	738.86	4180.39	4536.98	8.53
U S A	47.66	84.93	225.36	358.35	59.01
UAE	32.71	52.52	252.60	325.31	28.79
Italy	30.93	49.42	178.38	281.05	57.55
Iran	15.98	27.08	134.12	276.36	106.05
Nepal	30.19	23.10	189.50	265.94	40.34

Bangladesh	11.59	38.49	83.51	142.41	70.52
Canada	2.56	19.77	13.83	75.60	446.55
HEAVY DECLINE COUNTRIES					
Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Saudi Arabia	11.49	22.92	159.84	127.60	-20.17
Netherland	81.96	14.31	132.11	98.95	-25.11
Turkey	20.16	15.29	97.76	79.08	-19.10
Vietnam	65.99	7.52	135.23	75.38	-44.26

PRODUCT OF IRON AND STEEL

SUBSTANTIAL GROWTH COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	570.35	659.39	3253.30	3706.47	13.93
U S A	126.36	152.74	671.55	812.96	21.06
Saudi Arabia	18.75	58.98	143.63	270.29	88.18
Germany	31.35	40.34	202.60	239.07	18.00
U K	53.11	37.04	178.08	202.38	13.65
Italy	16.37	19.59	95.74	115.55	20.69
Iran	1.14	14.44	7.76	82.10	957.87
Nigeria	6.39	8.42	30.78	55.55	80.50
Belgium	8.35	9.83	46.61	52.40	12.41
China	4.95	5.97	29.90	39.62	32.48
Qatar	4.15	6.24	26.92	37.75	40.22
HEAVY DECLINE COUNTRIES					
Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
OMAN	6.04	7.49	49.56	36.79	-25.78

NON FERROUS METALS

SUBSTANTIAL GROWTH COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	869.93	738.86	4180.39	4536.98	8.53
China	271.17	243.02	586.30	978.40	66.88
UAE	29.67	62.56	196.50	345.60	75.88
South Korea	56.84	79.30	220.30	335.92	52.48
U S A	36.15	47.82	185.84	249.01	33.99
Singapore	30.86	85.37	204.37	235.78	15.37
Mexico	7.93	63.55	55.70	192.87	246.29
Tanzania	0.96	10.29	8.03	55.79	594.51
Bulgaria	0.06	26.09	9.93	53.75	441.24
Colombia	6.30	9.47	7.18	33.89	371.89

HEAVY DECLINE COUNTRIES

Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Malaysia	6.51	5.94	58.63	31.73	-45.87
Bangladesh	4.24	3.83	32.96	27.19	-17.50

INDUSTRIAL MACHINERY**SUBSTANTIAL GROWTH COUNTRIES**

Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	869.93	738.86	4180.39	4536.98	8.53
U S A	117.77	161.83	668.86	909.31	35.95
U K	21.95	76.97	146.62	286.42	95.35
UAE	27.95	33.73	175.69	243.37	38.52
Turkey	44.04	34.73	171.19	232.24	35.67
Italy	17.16	30.49	117.92	177.45	50.49
Bangladesh	20.03	25.62	118.05	158.86	34.57
Malaysia	22.00	15.18	95.55	143.24	49.91
Singapore	17.90	20.53	95.56	133.83	40.05
Russia	5.92	6.46	32.49	91.50	181.64
Vietnam	8.43	22.34	38.83	88.33	127.47

HEAVY DECLINE COUNTRIES

Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Saudi Arab	28.96	24.98	186.98	152.45	-18.47
Iran	37.33	20.56	129.22	111.02	-14.08

MOTOR VEHICLE/CARS**SUBSTANTIAL GROWTH COUNTRIES**

Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
Mexico	49.95	83.91	191.00	401.40	110.15
Sri Lanka	21.38	36.07	121.74	136.58	12.19
UAE	5.45	31.83	53.71	123.37	129.69
Bangladesh	20.63	23.29	103.52	121.17	17.04
Nigeria	15.09	14.21	76.82	109.21	42.16
Saudi Arabia	14.27	37.31	52.50	105.65	101.24
Nepal	10.62	22.22	35.40	67.37	90.29
Angola	5.42	11.23	20.58	64.30	212.44
France	3.37	8.62	15.09	53.00	251.31
Vietnam	3.82	7.27	8.86	51.47	480.64

HEAVY DECLINE COUNTRIES

	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
U K	64.20	16.56	353.80	223.55	-36.82
Algeria	29.02	13.76	191.27	158.08	-17.35
Australia	20.78	20.80	115.62	96.86	-16.23

AUTO COMPONENTS**SUBSTANTIAL GROWTH COUNTRIES**

	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
U S A	64.60	73.17	386.08	473.08	22.53
Turkey	26.56	33.41	137.95	203.93	47.82
Thailand	13.08	21.53	86.71	113.76	31.19
Indonesia	12.81	17.11	63.65	107.73	69.25
Brazil	18.35	17.60	90.32	107.58	19.11
Bangladesh	9.73	16.30	39.83	83.68	110.09

HEAVY DECLINE COUNTRIES

Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
SOUTH AFRICA	6.08	3.70	37.54	26.56	-29.25

ELECTRICAL MACHINERY AND COMPONENTS**SUBSTANTIAL GROWTH COUNTRIES**

	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
U S A	35.79	43.50	225.33	256.92	14.02
U K	22.01	20.77	95.76	120.18	25.50
France	17.82	19.78	89.94	107.78	19.84
Iran	2.02	45.45	7.71	50.62	556.53
China	8.03	11.67	37.93	45.34	19.55
Sri Lanka	3.10	4.58	23.81	45.32	90.36
Uruguay	0.32	0.10	1.53	42.57	2687.20

HEAVY DECLINE COUNTRIES

Country	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
Brazil	10.18	9.63	69.25	35.57	-48.63
South Africa	7.84	5.17	57.23	26.08	-54.43

AIRCRAFTS AND PARTS

SUBSTANTIAL GROWTH COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
Sri Lanka	47.42	91.21	411.26	933.16	126.90
UAE	4.62	264.63	434.46	501.03	15.32
U S A	37.23	72.60	196.42	233.81	19.04
Turkey	7.23	0.07	26.51	210.67	694.55
U K	6.68	84.54	52.52	160.82	206.21
Indonesia	0.35	0.00	2.65	88.39	3239.22
Russia	2.37	4.29	12.27	55.13	349.37
Belgium	0.13	0.16	0.77	8.05	941.59
Spain	0.00	0.03	0.27	6.29	2248.39
Taiwan	0.00	0.00	0.01	4.15	30217.83
HEAVY DECLINE COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Country	344.13	380.77	1865.93	2255.46	20.88
France	12.16	12.18	110.47	67.96	-38.48
Singapore	52.80	7.01	108.92	62.84	-42.31
Czech Republic	0.00	0.01	74.65	31.42	-57.91
Netherland	2.06	2.51	42.90	14.61	-65.94
Malaysia	0.43	0.56	44.37	8.74	-80.30

SHIPS, BOATS AND FLOATING STRUCTURES AND PARTS

SUBSTANTIAL GROWTH COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
County Total	344.13	380.77	1865.93	2255.46	20.88
South Africa	0.00	0.00	0.02	657.30	3508781.16
HEAVY DECLINE COUNTRIES					
	September, 2013	September, 2014	April-September 2013-14	April-September 2014-15	Growth
Singapore	106.85	39.96	945.60	631.38	-33.23

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