

ENGINEERING EXPORT MONITOR

December 2016



Analysis of Indian engineering exports in December 2016

16 January, 2017

Highlights

India's overall external trade scenario

- ❖ India's overall exports grew 5.7 per cent in December and imports by 0.5 per cent, compared to the year-ago period, leaving a trade deficit of \$10.3 billion;
- ❖ Outbound shipments were \$23.8 bn, the highest in close to two years; it was \$20 bn in November.
- ❖ A weaker rupee against the dollar lent competitiveness to Indian exports. It went to 67.93 a dollar in December, from Rs 66.62 in September and Rs 67.53 in June.

Engineering Exports scenario

- ❖ India's engineering exports growth accelerated to 15.42% in the third quarter.
- ❖ Exports during April - December 2016 witnessed a 2.9 percent growth YoY due to substantial decline during the months of April and July 2016.
- ❖ Overseas shipment of engineering products from India was recorded at US\$ 5.7 billion in Dec 2016 as against US\$ 4.7 bn in Dec 2015 registering a growth of 20.8 percent over the same month last year.
- ❖ The growth in exports was higher in December 2016 as compared to the 11.7 percent recorded in the previous month.
- ❖ Out of 33 engineering panels, 23 panels recorded positive growth in exports.
- ❖ Iron and Steel exports jumped by over 100 percent during December 2016 with an overseas shipment of US\$ 785.05 million from US\$ 392.33 million in the same month last year.
- ❖ Electrical machinery, Automobiles, Medical & scientific equipments, Railway and Transport equipments, Office Equipments, Accumulator and Batteries also registered positive growth during April - December 2016 over the same period last year.
- ❖ EU ranks as the region with highest shipment of engineering products from India during December 2016 with a share of more than 21% of total engineering exports.
- ❖ India's engineering exports to CIS and ASEAN+2 countries recorded highest noteworthy positive growth in April - December 2016-17
- ❖ Sharp decline in engineering exports observed in Africa, Latin America, Middle East and West Asia (MEWA) and North America

1. Trend in overall trade

India's merchandise exports grew for the fourth straight month and reached its 21-month high in absolute terms during December 2016. Exports was recorded at US\$23.8 billion during the last month of 2016 as against US\$22.6 billion registering 5.72 percent growth mainly due to rise in oil

prices and depreciation of Indian rupee despite no substantial change in the global demand. Cumulative value of exports during April-December 2016-17 rose to US\$ 198.81billion as against US\$ 197.33 billion during the same period last year registering a positive growth of 0.75 per cent.

Sectors like Petroleum, engineering, gems & jewellery and pharmaceuticals performed well during December 2016 and remained top contributors to Indian exports.

Imports also rose for the third consecutive month in December 2016 but this time it was meagre at 0.5 percent. Merchandise imports went up to US\$ 34.3billion in December 2016 from US\$ 34.1 billion during the same month last year. Cumulative value of imports, however recorded a decline of 7.42 percent during the first nine months of fiscal 2016-17 as it was down to US\$ 275.4billion during April - December 2016-17 from a higher US\$ 297.4 billion during the same period last year.

Trade deficit declined to US\$10.3 billion in December 2016 as against a wider US\$ 13 billion in November 2016. Cumulative figures also reflected the same trend as trade deficit for April-December 2016-17 was estimated at US\$ 76.5 billion which was 23.51% lower than that of the same period last year.

2. Engineering exports

India's engineering exports followed the broader merchandise trend during December 2016 by securing year-on-year growth for the fifth straight month. Overseas shipment of engineering products from India was recorded at US\$ 5.7 billion in Dec 2016 as against US\$ 4.7 billion in Dec 2015 registering a growth of 20.8 percent over the same month last year. The growth was higher in December 2016 as compared to the 11.7 percent recorded in the previous month. The share of engineering exports in India's total merchandise exports was marginally down to 23.5 percent in December 2016 from 24.1 percent in the previous month. Cumulative engineering exports during April - December 2016 however witnessed a much lower 2.9 percent growth year-on-year due to substantial decline during the months of April and July 2016. The monthly engineering figures for the first nine months of 2016-2017 vis-à-vis 2015-2016 are depicted below:

Table1: Engineering Exports
(US\$ Million)

| Months | 2015-16 | 2016-17 | Growth (%) |
|-----------|----------|----------|------------|
| April | 5676.59 | 4724.22 | -16.78% |
| May | 5354.43 | 5613.87 | 4.85% |
| June | 4936.26 | 5053.85 | 2.38% |
| Quarter 1 | 15967.28 | 15391.94 | -3.60% |

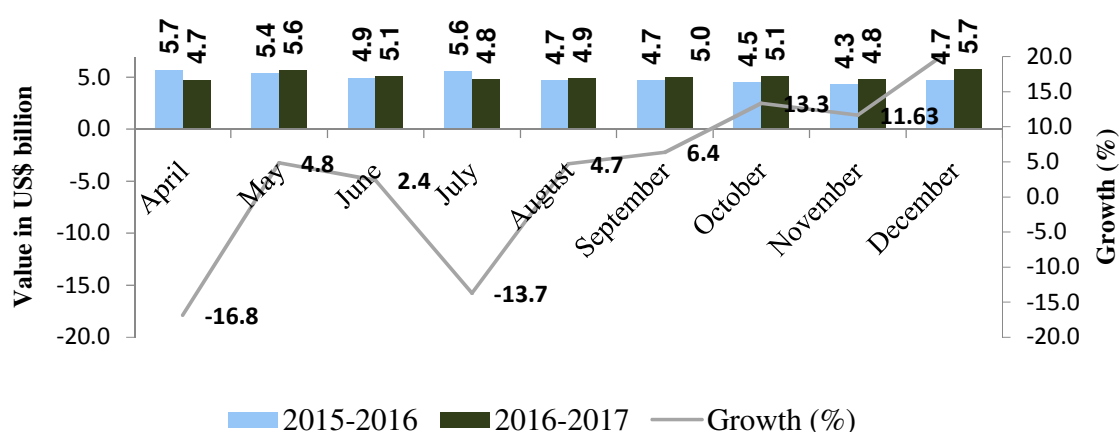
| Months | 2015-16 | 2016-17 | Growth (%) |
|------------------|----------|----------|------------|
| July | 5559.65 | 4768.09 | -14.24% |
| August | 4653.93 | 4877.27 | 4.80% |
| September | 4699.73 | 5026.28 | 6.95% |
| Quarter 2 | 14913.31 | 14671.64 | -1.62% |
| October | 4475.58 | 5076.35 | 13.42% |
| November | 4321.78 | 4826.7 | 11.68% |
| December | 4690.16 | 5663.89 | 20.76% |
| Quarter 3 | 13487.52 | 15566.94 | 15.42% |
| April - December | 44368.11 | 45630.52 | 2.85% |

(Source: Department of Commerce, Government of India)

Figure 1 below depicts the monthly trend in engineering exports for 2015-16 and 2016-17

Figure1: Trends in Monthly Engineering Exports
US\$ Billion

Monthly Engineering Exports for 2016-17 vis-a-vis 2015-16



(Source: EEPIC India analysis)

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. Now, as production and exports are directly correlated, some correlation between manufacturing production growth and engineering export growth is very likely to exist. Hence, a broad analysis of industrial production, especially of manufacturing sector is effective in the context of engineering export analysis as manufacturing has over 75% weightage in India's industrial production. The downfall in Indian engineering exports has been arrested in May 2016 after 8 months and growth continued in June 2016. During fiscal 2015-16, November was the first month to concede a decline in year-on-year manufacturing production when engineering export suddenly dropped by around 30 percent. Decline in exports moderated slightly in December 2015 when decline in manufacturing also moderated. However, manufacturing output declined at a faster pace in January 2016 while engineering exports witnessed slightly slower decline. The month of February witnessed a substantial slowdown in the pace of year-on-year decline in engineering exports and manufacturing also came to growth path. However, in March 2016, manufacturing output again declined while rate of decline in exports was largely flat over the month. April 2016 saw a higher decline in engineering exports accompanied by a bigger fall in manufacturing production but during the next three months, both engineering exports and manufacturing production moved in the same direction. During May and June 2016, both engineering exports and manufacturing bounced back to year-on-year growth while in July 2016, both of them slipped to negative growth. In the month of August and September 2016 also both moved in the same direction. In August, engineering exports came back to growth path and accelerated further in September. Manufacturing output, on the other hand saw a lower decline in August and then witnesses growth in September. In October, engineering exports recorded a sudden jump in growth but manufacturing just saw the reverse, a decline in production from feeble growth in September 2016. In November 2016 however, both moved in the same direction showing accelerated year-on-year growth over the previous month. Overall IIP Index, the standard measure for industrial output, stood at 175.8 in November 2016 as against 178.1 in October and 179.4 in September.

The growth rates in Engineering Exports and the Growth in Manufacturing in the country in the current fiscal in Table 2 below:

Table 2: Engineering Exports Growth vis-à-vis Manufacturing Growth (2015-16)

| Months/ Year | Engg. Exports Growth (%) | Manufacturing Growth (%) |
|---------------------|---------------------------------|---------------------------------|
| April-March 2015-16 | -16.93 | 2.0 |
| April 2016 | -16.78 | -3.6 |
| May 2016 | 4.84 | 0.7 |
| June 2016 | 2.38 | 1.0 |

| Months/ Year | Engg. Exports Growth (%) | Manufacturing Growth (%) |
|-----------------------|--------------------------|--------------------------|
| April - June 2016 | -3.61 | -0.6 |
| July 2016 | -14.24 | -3.5 |
| August 2016 | 4.80 | -0.3 |
| September 2016 | 6.95 | 0.9 |
| July - September 2016 | -1.62 | -1.0 |
| October 2016 | 13.42 | -2.4 |
| November 2016 | 11.68 | 5.5 |
| December 2016 | 20.76 | N A |

(Source: Department of Commerce and CSO)

An analysis of the engineering export and manufacturing growth data for the last fiscal also established some correlation between the two. India's engineering exports conceded bigger decline during May 2015 in comparison to the previous month while manufacturing growth also decelerated. The pace of decline in export growth slowed down in June and manufacturing growth also strengthened. Exports registered marginal growth during July 2015 but growth of manufacturing production decelerated. Export growth and manufacturing growth moved in opposite direction in August and September 2015 but the last three months of 2015 saw both of them moving in the same direction. Decline in engineering exports decelerated in October and manufacturing growth reached its several years' high. November 2015 just saw the reverse when engineering exports declined to its highest pace of the last fiscal and manufacturing production declined for the first time in 2015-16. Then in December 2015, fall in exports moderated slightly while the pace of decline in manufacturing also slowed down to nearly half the rate of the previous month. January 2016 however saw a slower rate of decline in engineering exports coupled with a bigger fall in manufacturing growth. The month of February reflected the link between these two when decline in engineering export slowed down significantly and manufacturing bounced back to growth. In the last month of fiscal 2015-16, decline in manufacturing was largely the same over the month but manufacturing growth again went back to negative.

We also present the month wise corresponding **revised** engineering exports for 2015-16 as opposed to 2014-15.

Table 3: Revised Engineering Exports (2015-16)
USD Million

| Quarter | Month | 2014-15 | 2015-2016 | Growth Rate in Percent |
|-----------|----------------------|-----------------|------------------|------------------------|
| Quarter 1 | April | 5708.04 | 5676.57* | -0.55* |
| | May | 6013.33 | 5354.44* | -10.96* |
| | June | 5205.21 | 4936.26* | -5.17* |
| Quarter 2 | July | 5499.76 | 5559.65* | 1.09* |
| | August | 6380.66 | 4653.93* | -27.06* |
| | September | 6329.07 | 4699.73* | -25.74* |
| Quarter 3 | October | 5007.85 | 4475.58* | -10.63* |
| | November | 6403.45 | 4321.78* | -32.51* |
| | December | 6710.57 | 4690.16* | -30.11* |
| Quarter 4 | January | 6707.02 | 4757.43 | -29.07 |
| | February | 4975.32 | 4419.95 | -11.16 |
| | March | 5829.71 | 5175.65 | -11.22 |
| | Total Exports | 70769.99 | 58721.13* | -17.03* |

(*Revised figures as per latest estimates by DGCI&S)

3. Impact of Exchange Rate

How has the exchange rate been in December 2016 vis-à-vis December 2015? We look at the average exchange rate for December 2016 vis-à-vis December 2015. The table below provides the same:

Table 4: Average Exchange Rate

| December | Average Exchange Rate 1 USD to INR |
|----------|------------------------------------|
| 2015 | 66.59 |
| 2016 | 67.90 |

(Source: Calculated from RBI archive)

The official exchange rate of rupee vis-à-vis the US Dollar during December 2016 has depreciated by a 1.96 percent to that of the same month last year.

4. Engineering panel wise export analysis

We begin by looking at the Engineering Panel wise exports for the month of December 2016 vis-a-vis December 2015. The data is given in Table 5 below:

Table 5: Trends in Engineering panel Exports for December 2016 and April- December 2016-17
US\$ Million

| Sl no. | Panel | Dec_15 | Dec_16 | Growth % | Apr-Dec 2015-16 | Apr-Dec 2016-17 | Growth % |
|--|----------------------------|---------------|----------------|---------------|-----------------|-----------------|--------------|
| 1. Iron and Steel and Products made of Iron and Steel | | | | | | | |
| A | Iron and Steel | 392.33 | 785.05 | 100.10% | 4315.89 | 5334.07 | 23.59% |
| B | Products of Iron and Steel | 497.94 | 512.12 | 2.85% | 4596.32 | 4254.2 | -7.44% |
| Sub Total | | 890.27 | 1297.17 | 45.71% | 8912.21 | 9588.27 | 7.59% |
| 2. Non-Ferrous Metals and Products made of Non-Ferrous Metals | | | | | | | |
| A | Copper and products | 207.09 | 309.23 | 49.32% | 1979.92 | 1821.25 | -8.01% |
| B | Aluminium and products | 249.85 | 326.74 | 30.77% | 1963.58 | 2286.05 | 16.42% |
| C | Zinc and products | 52.15 | 104.22 | 99.85% | 455.92 | 361.66 | -20.67% |
| D | Nickel and products | 32.22 | 5.88 | -81.75% | 437.58 | 83.53 | -80.91% |

| Sl no. | Panel | Dec_15 | Dec_16 | Growth % | Apr-Dec 2015-16 | Apr-Dec 2016-17 | Growth % |
|------------------------------------|--|---------------|---------------|---------------|-----------------|-----------------|---------------|
| E | Lead and products | 16.11 | 24.8 | 53.94% | 143.24 | 126.38 | -11.77% |
| F | Tin and products | 0.43 | 1.8 | 318.60% | 41.02 | 5.46 | -86.69% |
| G | Other Non-Ferrous Metals | 37.33 | 39.22 | 5.06% | 319.6 | 325.51 | 1.85% |
| Sub Total | | 595.18 | 811.89 | 36.41% | 5340.86 | 5009.84 | -6.20% |
| 3. Industrial Machinery | | | | | | | |
| A | Industrial Machinery like Boilers, parts, etc | 61.83 | 47.06 | -23.89% | 489.55 | 499.88 | 2.11% |
| B | IC Engines and Parts | 189.2 | 158.33 | -16.32% | 1595.73 | 1600.23 | 0.28% |
| C | Pumps of all types | 61.4 | 80.8 | 31.60% | 532.57 | 559.62 | 5.08% |
| D | Air condition and Refrigerators | 81.67 | 84.72 | 3.73% | 775.1 | 716.57 | -7.55% |
| E | Industrial Machinery for dairy, food processing , textiles etc | 446.25 | 421.96 | -5.44% | 3453.08 | 3356.93 | -2.78% |
| F | Machine Tools | 34.86 | 34.76 | -0.29% | 298.22 | 336.55 | 12.85% |
| G | Machinery for Injecting moulding, valves and ATMs | 106.55 | 117.53 | 10.31% | 931.87 | 928.98 | -0.31% |
| Sub Total | | 981.76 | 945.16 | -3.73% | 8076.12 | 7998.76 | -0.96% |
| 4 | Electrical Machinery | 291.68 | 385.33 | 32.11% | 2733.82 | 3375.96 | 23.49% |
| 5. Auto and Auto Components | | | | | | | |
| A | Motor Vehicle/cars | 593.41 | 791.68 | 33.41% | 5004.41 | 5706.26 | 14.02% |
| B | Two and Three Wheelers | 166.11 | 141.58 | -14.77% | 1372.27 | 1213.67 | -11.56% |
| C | Auto Components/Part | 383.69 | 378.43 | -1.37% | 3112.38 | 3141.51 | 0.94% |

| Sl no. | Panel | Dec_15 | Dec_16 | Growth % | Apr-Dec 2015-16 | Apr-Dec 2016-17 | Growth % |
|-------------------------------|---|----------------|----------------|---------------|-----------------|-----------------|--------------|
| Sub Total | | 1143.21 | 1311.69 | 14.74% | 9489.06 | 10061.44 | 6.03% |
| 6 | Aircrafts and Spacecraft parts and products | 151.9 | 220.7 | 45.29% | 2904.15 | 2260.02 | -22.18% |
| 7 | Ships Boats and Floating products and parts | 115.31 | 73.25 | -36.48% | 2414.01 | 2518.65 | 4.33% |
| 8. Miscellaneous Items | | | | | | | |
| A | Medical and Scientific instruments | 108.99 | 124.22 | 13.97% | 876.51 | 1018.69 | 16.22% |
| B | Railway Transport | 6.4 | 21.71 | 239.22% | 58.6 | 140.49 | 139.74% |
| C | Hand Tools & Cutting Tools | 55.13 | 53.39 | -3.16% | 487.44 | 475.1 | -2.53% |
| D | Electrodes Accumulators | 3.15 | 3.58 | 13.65% | 31.67 | 31.05 | -1.96% |
| E | Accumulator and Batteries | 15.62 | 18.07 | 15.69% | 143.29 | 163.86 | 14.36% |
| F | Bicycle & Parts | 24.72 | 26.28 | 6.31% | 215.9 | 214.75 | -0.53% |
| G | Cranes Lifts & Winches | 31.78 | 28.34 | -10.82% | 285.52 | 299.47 | 4.89% |
| H | Office Equipments | 3.92 | 14.88 | 279.59% | 64.56 | 91.1 | 41.11% |
| I | Other Construction Machinery | 99.02 | 131.35 | 32.65% | 818 | 781.08 | -4.51% |
| J | Prime Mica & Mica Products | 1.24 | 1.81 | 45.97% | 13.06 | 13.54 | 3.68% |
| K | OTHER MISC. ITEMS | 170.88 | 195.07 | 14.16% | 1503.33 | 1588.45 | 5.66% |
| Sub Total | | 520.85 | 618.7 | 18.79% | 4497.88 | 4817.58 | 7.11% |

| Sl no. | Panel | Dec_15 | Dec_16 | Growth % | Apr-Dec 2015-16 | Apr-Dec 2016-17 | Growth % |
|--------|--------------------|----------------|----------------|---------------|-----------------|-----------------|--------------|
| | Grand Total | 4690.16 | 5663.89 | 20.76% | 44368.11 | 45630.52 | 2.85% |

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ Panel-wise analysis for in December 2016 engineering export data showed that the overall scenario was somewhat improved as compared to that of November 2016. Out of 33 engineering panels, 23 panels recorded growth in exports over the same month last year (as against 19 in November 2016) while the remaining 10 panels conceded decline during the month of December 2016.
- ❖ Iron and Steel exports jumped by over 100 percent during December 2016 with an overseas shipment of US\$ 785.05 million from US\$ 392.33 million in the same month last year. Cumulative figure showed 23.6 percent growth of exports during April - December 2016 to US\$5334.07 million from US\$ 4315.89 million during the same period last fiscal. Products of Iron and Steel however managed to export only 2.9 percent more during December 2016 over the same month last year while its cumulative exports declined by 7.4 percent to US\$ 4254.2 million during April - December 2016 from US\$ 4596.32 million during the same period last in 2015.
- ❖ Among the 7 non-ferrous metals and products made of non-ferrous metals, only 'Nickel and its products' recorded a decline in exports during December 2016 and the fall was substantial at 81.8 percent. During November 2016, the fall in the exports of Nickel and Products was 79 percent. Among the gainers, exports of 'Zinc and its products' grew by around 100 percent while 'Led and its products' recorded around 54 percent growth. The highest exporting non-ferrous metal 'Aluminium and its products' recorded 30.8 percent growth during December 2016. Cumulative result just showed the opposite trend where 5 out of 7 panels conceded negative growth during April - December 2016 barring 'Aluminium and its products' and 'other non-ferrous metals'.
- ❖ Industrial machinery recorded decline in exports both on a monthly basis in December 2016 and on a cumulative basis during April - December 2016. However, exports of pumps recorded decent growth in December 2016 and marginal growth during April - December 2016. Highest exporting segment of industrial panel, 'Industrial Machinery for dairy, food processing, textiles etc.' registered decline in exports both on monthly and cumulative basis. Exports of another major segment 'IC Engines and Parts' grew marginally on a cumulative basis but recorded noticeable decline during December 2016.

- ❖ Electrical Machinery and equipments panel achieved sizeable growth in December at 32.1 percent. On a cumulative basis, the growth was somewhat lower at 23.5 percent during April - December 2016 over the same period last fiscal.
- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded 45.3 percent growth during December 2016 but conceded 22.2 percent decline cumulatively during the first eight month of the current fiscal over the same period last year.
- ❖ Among other panels, Motor vehicles/cars grew 14 percent during April - December 2016. Medical & scientific equipments, Railway and Transport equipments, Office Equipments, Accumulator and Batteries also registered positive growth during April - December 2016 over the same period last year.

5. Top 25 destinations for Indian Engineering Exports

We now look at the export scenario of top 25 nations that have highest demand for Indian engineering products during December 2016 over December 2015 in Absolute Value. Country wise cumulative figures for April-December 2016-2017 have also been taken into concern to see the trend of India's engineering exports in the current fiscal.

Table 6: Engineering Exports Country wise (2016-17)

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth | APRIL, 2015 - DECEMBER, 2015 | APRIL, 2016 - DECEMBER, 2016 | Growth |
|--------------|----------------|----------------|---------|------------------------------|------------------------------|---------|
| U S A | 575.41 | 648.94 | 12.78% | 5211.53 | 4960.07 | -4.83% |
| CHINA | 204.45 | 253.86 | 24.17% | 1624.32 | 1227.27 | -24.44% |
| U K | 159.86 | 248.90 | 55.70% | 1656.32 | 1858.49 | 12.21% |
| MEXICO | 205.26 | 234.44 | 14.21% | 1314.80 | 1826.14 | 38.89% |
| UAE | 319.17 | 226.72 | -28.97% | 3098.42 | 2872.81 | -7.28% |
| GERMANY | 160.45 | 214.46 | 33.66% | 1511.11 | 1605.67 | 6.26% |
| SINGAPORE | 79.45 | 202.92 | 155.40% | 1556.43 | 1615.25 | 3.78% |
| ITALY | 124.21 | 201.79 | 62.45% | 1094.46 | 1371.27 | 25.29% |
| BANGLADESH | 115.72 | 185.27 | 60.10% | 1061.92 | 1435.44 | 35.17% |
| MALAYSIA | 93.24 | 166.61 | 78.69% | 1134.75 | 1691.15 | 49.03% |
| NEPAL | 88.25 | 154.33 | 74.89% | 926.57 | 1597.74 | 72.44% |
| BELGIUM | 57.53 | 146.17 | 154.08% | 521.42 | 810.66 | 55.47% |
| KOREA RP | 138.89 | 141.93 | 2.19% | 973.83 | 976.80 | 0.31% |
| TAIWAN | 33.52 | 131.87 | 293.43% | 352.24 | 533.21 | 51.38% |
| VIETNAM | 61.70 | 121.59 | 97.07% | 491.42 | 633.70 | 28.95% |
| SOUTH AFRICA | 99.73 | 115.50 | 15.81% | 1059.78 | 779.61 | -26.44% |

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth | APRIL, 2015 - DECEMBER, 2015 | APRIL, 2016 - DECEMBER, 2016 | Growth |
|------------|----------------|----------------|---------|------------------------------|------------------------------|---------|
| TURKEY | 124.18 | 105.43 | -15.10% | 959.62 | 1189.87 | 23.99% |
| FRANCE | 98.19 | 104.51 | 6.44% | 798.15 | 1009.45 | 26.47% |
| SAUDI ARAB | 145.68 | 100.70 | -30.88% | 1007.18 | 887.01 | -11.93% |
| INDONESIA | 61.22 | 100.44 | 64.07% | 592.85 | 975.04 | 64.47% |
| SRI LANKA | 96.97 | 96.37 | -0.62% | 2052.19 | 1048.75 | -48.90% |
| NETHERLAND | 63.43 | 94.98 | 49.74% | 691.24 | 668.51 | -3.29% |
| SPAIN | 50.48 | 88.82 | 75.96% | 515.50 | 688.42 | 33.55% |
| THAILAND | 65.20 | 80.72 | 23.81% | 621.15 | 636.00 | 2.39% |
| JAPAN | 64.95 | 70.37 | 8.36% | 861.58 | 581.95 | -32.46% |

Note: Red font indicates negative growth

(Source: Department of Commerce, Government of India)

The country wise engineering export figures for December 2016 show the following facts:

- ❖ In December 2016, 21 out of the top 25 countries recorded year-on-year growth in engineering exports from India while the rest 6 conceded decline over the same month last year.
- ❖ Although USA ranked to be the top exporting destination for India's engineering products in December 2016, it registered negative growth both monthly and cumulatively Apr-Dec 2016-17 over the same period last fiscal.
- ❖ Like the previous month all European nations falling under the top 25 engineering export destinations like UK, Germany, Italy, Belgium, France and Spain, recorded positive growth during Apr-Dec 2016-17 over Apr-Dec 2015-16 as well as in December 2016 over December 2015.
- ❖ Only in case of Netherlands, India's engineering exports recorded positive growth in December but negative growth in terms of cumulative exports.
- ❖ Among the ASEAN countries Indonesia recorded the highest growth in engineering exports from India in Apr-Dec 2016-17.
- ❖ Out of 224 exports destinations of Indian engineering goods, top 25 nations accounted for 73.37 percent of India's total engineering exports during Apr-Dec 2016-17.
- ❖ Overall, India's engineering exports to its top 25 destinations registered a rise in growth of 5.65 percent in April - December 2016 over the same period in the previous year.

6. Regional Distribution of Engineering Exports

We now look at the Regional Distribution of Engineering Exports for April-December 2016-17 as opposed to April-December 2015-16. We also look at the trend in December 2016 vis-à-vis December 2015. The Table below gives this picture:

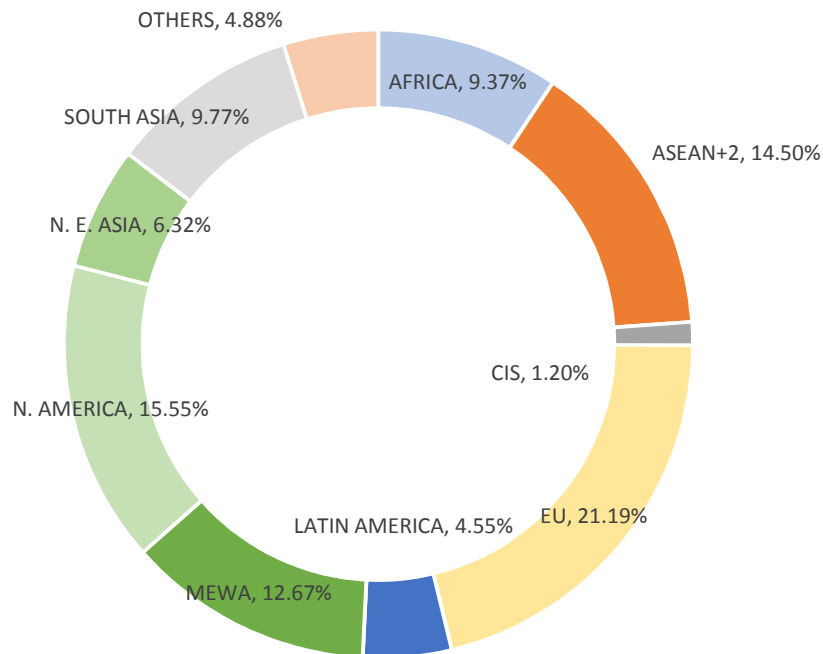
Table 7: Region Wise Exports Trend
US\$ Million

| Region | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL-DECEMBER, 2015-16 | APRIL-DECEMBER, 2016-17 | Growth (%) |
|----------------------------------|----------------|----------------|--------------|-------------------------|-------------------------|-------------|
| AFRICA | 539.57 | 528.22 | -2.10 | 5121.18 | 4276.49 | -16.49 |
| ASEAN+2 | 479.53 | 798.88 | 66.60 | 5369.45 | 6617.18 | 23.24 |
| CIS | 59.49 | 55.91 | -6.03 | 417.32 | 545.54 | 30.73 |
| EU | 874.61 | 1263.86 | 44.51 | 8150.11 | 9667.33 | 18.62 |
| LATIN AMERICA | 279.01 | 281.28 | 0.82 | 2209.84 | 2074.88 | -6.11 |
| MIDDLE EAST AND WEST ASIA (MEWA) | 680.35 | 595.65 | -12.45 | 6279.26 | 5782.49 | -7.91 |
| N. AMERICA | 827.83 | 920.76 | 11.23 | 6880.29 | 7095.06 | 3.12 |
| N. E. ASIA | 419.63 | 478.15 | 13.95 | 3603.76 | 2885.96 | -19.92 |
| SOUTH ASIA | 350.47 | 477.55 | 36.26 | 4368.57 | 4458.53 | 2.06 |
| OTHERS | 179.66 | 263.50 | 46.66 | 1968.32 | 2226.80 | 13.13 |
| Grand Total | 4690.16 | 5663.77 | 20.76 | 44368.10 | 45630.28 | 2.84 |

(Source: Department of Commerce, Government of India)

Note: *Figures have been rounded off. Source: DGCI&S; **Myanmar has been included in ASEAN+2 and not in South Asia, since ASEAN is a formal economic grouping.

Figure 2: India's region wise exports during Apr-Dec 2016-17



(Source: EEPC India analysis)

- ❖ EU ranks as the region with highest shipment of engineering products from India during December 2016 with a share of more than 21% of total engineering exports.
- ❖ India's exports to Africa registered sharp decline both in monthly and cumulative terms.
- ❖ India's engineering exports to CIS countries recorded highest positive growth in April – December 2016-17 over the same period in the previous year.
- ❖ Engineering exports to ASEAN+2 also recorded noteworthy positive growth both in monthly and cumulative terms.
- ❖ India's exports to following regions registered sharp decline in the period under consideration:
 - Latin America
 - Middle East and West Asia (MEWA)
 - N. America
 - N. E. Asia

7. Engineering panel – country wise analysis

We now analyze the performance of some of the important products during December 2016. We have taken the major panels and computed high growth and sharp declines to get an idea of the current trade pattern.

Table 8: Export of Iron & Steel
US\$ Million

| COUNTRY | DECEMBER 2015 | DECEMBER 2016 | Growth (%) | APRIL,2015 - DECEMBER 2015 | APRIL,2016 - DECEMBER 2016 | Growth (%) |
|--------------------------|---------------|---------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| MALAYSIA | 8.67 | 12.15 | 40.12% | 36.57 | 139.01 | 280.16% |
| VIETNAM | 3.99 | 66.49 | 1566.27% | 58.26 | 209.65 | 259.87% |
| BELGIUM | 22.64 | 92.71 | 309.53% | 197.31 | 453.58 | 129.88% |
| SPAIN | 12.79 | 23.44 | 83.24% | 93.58 | 204.58 | 118.63% |
| MEXICO | 3.70 | 4.74 | 28.13% | 52.31 | 112.72 | 115.50% |
| BANGLADESH | 10.35 | 40.25 | 288.82% | 151.49 | 304.25 | 100.84% |
| INDONESIA | 11.32 | 32.42 | 186.34% | 103.50 | 173.53 | 67.66% |
| TAIWAN | 10.52 | 34.15 | 224.72% | 98.01 | 162.44 | 65.75% |
| CHINA P | 17.05 | 48.36 | 183.57% | 119.34 | 194.74 | 63.18% |
| Sharp cumulative decline | | | | | | |
| GERMANY | 6.72 | 12.46 | 85.25% | 80.88 | 70.65 | -12.64% |
| POLAND | 7.45 | 9.70 | 30.18% | 64.08 | 52.68 | -17.79% |
| NETHERLAND | 7.38 | 14.25 | 93.01% | 112.70 | 91.54 | -18.78% |
| U S A | 18.74 | 36.31 | 93.81% | 330.83 | 215.81 | -34.77% |
| IRAN | 26.95 | 5.76 | -78.64% | 303.62 | 72.87 | -76.00% |

(Source: Department of Commerce, Government of India)

- ❖ Malaysia recorded highest growth in exports of Indian iron and Steel during April - December 2016 followed by Vietnam.
- ❖ Exports to Iran, USA and Netherland declined sizeably during April - December 2016 over the same period last year.

Table 9: Export of Products of Iron & Steel

US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|---------------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| KUWAIT | 8.70 | 15.49 | 78.02% | 36.21 | 138.43 | 282.34% |
| OMAN | 8.53 | 5.67 | -33.55% | 47.32 | 100.79 | 112.99% |
| NEPAL | 2.37 | 3.74 | 57.53% | 31.33 | 66.08 | 110.91% |
| SAUDI ARABIA | 18.33 | 25.68 | 40.11% | 202.22 | 250.73 | 23.99% |
| ITALY | 11.51 | 13.29 | 15.50% | 113.80 | 127.35 | 11.91% |
| BELGIUM | 8.97 | 9.13 | 1.71% | 63.79 | 70.89 | 11.13% |
| Sharp cumulative decline | | | | | | |
| AUSTRALIA | 7.73 | 8.49 | 9.84% | 73.96 | 62.11 | -16.03% |
| CANADA | 11.72 | 13.25 | 13.11% | 108.09 | 94.20 | -12.84% |
| GERMANY | 31.07 | 27.76 | -10.66% | 272.49 | 254.97 | -6.43% |
| SPAIN | 7.09 | 6.94 | -2.12% | 77.44 | 60.72 | -21.58% |
| U K | 23.65 | 22.88 | -3.26% | 221.76 | 188.14 | -15.16% |
| U S A | 105.31 | 121.76 | 15.62% | 952.90 | 863.28 | -9.41% |

(Source: Department of Commerce, Government of India)

- ❖ In case of Iron and Steel Products also, exports to USA conceded decline during April - December 2016. Some of the Major European nations also recorded decline in exports from India during the same time period.

- ❖ Kuwait saw highest growth in imports of Indian Iron and Steel products followed by Oman and Nepal. All of these three nations achieved triple-digit growth in exports during the first nine months of the current fiscal.

Table 10: Export of Industrial Machinery
US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|---------------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| KUWAIT | 4.01 | 26.30 | 555.53% | 35.21 | 200.79 | 470.28% |
| RUSSIA | 8.03 | 6.22 | -22.45% | 68.79 | 157.25 | 128.61% |
| BHUTAN | 5.40 | 5.79 | 7.29% | 37.91 | 73.40 | 93.63% |
| MALAYSIA | 8.21 | 42.56 | 418.61% | 114.12 | 212.85 | 86.52% |
| NEPAL | 12.82 | 25.70 | 100.41% | 129.27 | 222.68 | 72.26% |
| MYANMAR | 4.08 | 9.95 | 143.81% | 38.38 | 56.62 | 47.53% |
| BRAZIL | 10.44 | 20.48 | 96.19% | 115.51 | 152.17 | 31.74% |
| AUSTRALIA | 7.03 | 12.97 | 84.53% | 57.25 | 74.26 | 29.70% |
| ETHIOPIA | 4.80 | 4.49 | -6.43% | 44.61 | 53.05 | 18.93% |
| BANGLADESH | 34.65 | 37.74 | 8.91% | 274.39 | 322.59 | 17.56% |
| Sharp cumulative decline | | | | | | |
| CANADA | 19.91 | 7.00 | -64.81% | 114.52 | 64.41 | -43.76% |
| SAUDI ARAB | 58.73 | 17.98 | -69.39% | 299.03 | 172.20 | -42.41% |
| NIGERIA | 18.51 | 11.49 | -37.96% | 164.11 | 113.08 | -31.10% |
| NETHERLAND | 12.21 | 10.75 | -11.99% | 118.52 | 88.75 | -25.12% |
| U K | 33.99 | 31.23 | -8.11% | 382.63 | 289.16 | -24.43% |
| BELGIUM | 8.85 | 10.65 | 20.35% | 99.19 | 77.30 | -22.07% |
| SOUTH AFRICA | 16.93 | 10.89 | -35.69% | 113.55 | 88.66 | -21.92% |

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|---------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| JAPAN | 13.70 | 8.61 | -37.13% | 115.63 | 90.33 | -21.88% |
| U S A | 144.42 | 137.72 | -4.64% | 1289.91 | 1098.13 | -14.87% |
| OMAN | 11.20 | 9.90 | -11.59% | 97.47 | 83.29 | -14.55% |

(Source: Department of Commerce, Government of India)

- ❖ Once again, USA recorded nearly 15 percent decline in import of India's Industrial machinery during April - December 2016. Canada recorded highest decline during this period followed by Saudi Arabia.
- ❖ Along with Iron and Steel Products, Kuwait also recorded highest growth in imports of India's Industrial Machinery among all nations on a cumulative basis. Russia witnessed second highest growth in this regard.

Table 11: Export of Automobiles

US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|--------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| ISRAEL | 4.58 | 6.05 | 32.17% | 19.63 | 65.89 | 235.74% |
| INDONESIA | 1.78 | 13.66 | 665.96% | 26.16 | 78.29 | 199.26% |
| NEPAL | 25.61 | 34.41 | 34.39% | 151.03 | 369.15 | 144.42% |
| BELGIUM | 0.62 | 17.72 | 2758.17% | 26.82 | 63.95 | 138.44% |
| TURKEY | 2.15 | 0.57 | -73.64% | 26.44 | 62.21 | 135.26% |
| GERMANY | 2.53 | 18.41 | 626.93% | 72.06 | 150.50 | 108.85% |
| NETHERLAND | 8.78 | 25.19 | 186.95% | 84.70 | 145.36 | 71.61% |
| MEXICO | 136.82 | 177.04 | 29.40% | 731.87 | 1209.46 | 65.26% |
| Sharp cumulative decline | | | | | | |
| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth |

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|--------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| NIGERIA | 31.56 | 13.57 | -57.01% | 298.43 | 123.30 | -58.68% |
| UAE | 23.88 | 13.01 | -45.52% | 185.65 | 88.16 | -52.51% |
| COLOMBIA | 45.74 | 22.42 | -50.99% | 258.83 | 158.77 | -38.66% |
| SRI LANKA | 46.30 | 39.89 | -13.84% | 609.59 | 388.05 | -36.34% |
| KENYA | 5.72 | 7.27 | 27.19% | 85.44 | 57.76 | -32.40% |
| EGYPT | 13.73 | 4.25 | -69.07% | 145.60 | 99.73 | -31.50% |
| AUSTRALIA | 3.14 | 2.47 | -21.16% | 70.85 | 50.79 | -28.32% |
| SOUTH AFRICA | 47.87 | 71.69 | 49.76% | 514.27 | 430.77 | -16.24% |

(Source: Department of Commerce, Government of India)

(Note: Automobiles sector includes Motor vehicles and Two & Three Wheelers)

- ❖ In case of Automobiles, Israel and Indonesia are the highest growth achievers in their Indian exports on a cumulative basis
- ❖ Nigeria and UAE conceded substantial decline in imports of Indian Automobile during the first nine months of 2016-17.

Table 12: Export of Non-Ferrous metals
US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|---------------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| ITALY | 3.01 | 26.04 | 764.23% | 27.41 | 117.28 | 327.92% |
| SPAIN | 0.91 | 11.80 | 1201.71% | 19.76 | 57.13 | 189.18% |
| BANGLADESH | 6.63 | 21.54 | 224.93% | 50.97 | 98.38 | 93.02% |
| OMAN | 2.76 | 9.94 | 259.45% | 37.56 | 68.91 | 83.47% |
| TAIWAN | 12.59 | 89.99 | 614.57% | 174.79 | 272.28 | 55.78% |
| NETHERLAND | 3.61 | 9.45 | 161.86% | 38.51 | 57.61 | 49.59% |
| INDONESIA | 2.27 | 14.56 | 540.41% | 69.34 | 94.56 | 36.37% |
| JAPAN | 6.48 | 11.17 | 72.34% | 50.44 | 63.04 | 24.99% |
| Sharp cumulative decline | | | | | | |
| CHINA P RP | 132.08 | 137.83 | 4.35% | 961.07 | 469.24 | -51.17% |
| THAILAND | 4.11 | 10.38 | 152.56% | 63.31 | 50.78 | -19.79% |
| NEPAL | 5.87 | 9.34 | 58.97% | 82.64 | 73.50 | -11.05% |
| MEXICO | 23.00 | 9.41 | -59.07% | 156.77 | 141.88 | -9.50% |

- ❖ Exports of India's non-ferrous metal to Italy recorded highest growth among all exporting nations during April - December 2016 while Spain registered second highest growth during this time period.
- ❖ China continued to see decline in imports from India on a cumulative basis. Thailand also witnessed lower imports of non-ferrous metals from India during April - December 2016.

Table 13: Export of Electrical Machinery and Components
US\$ Million

| COUNTRY | DECEMBER , 2015 | DECEMBER , 2016 | Growth (%) | APRIL,2015 - DECEMBER,201 5 | APRIL,2016 - DECEMBER,201 6 | Growth (%) |
|---------------------------------|--------------------|--------------------|---------------|-----------------------------------|-----------------------------------|---------------|
| High cumulative growth | | | | | | |
| ALGERIA | 1.43 | 13.53 | 847.80 % | 15.03 | 78.26 | 420.53% |
| TURKEY | 6.02 | 15.72 | 161.29 % | 48.42 | 139.56 | 188.21% |
| KUWAIT | 3.09 | 6.83 | 120.87 % | 19.10 | 52.65 | 175.59% |
| JAPAN | 4.42 | 9.99 | 125.87 % | 42.92 | 97.02 | 126.06% |
| MALAYSIA | 6.71 | 5.72 | -14.78% | 39.56 | 71.55 | 80.84% |
| NEPAL | 2.47 | 5.84 | 136.21 % | 41.89 | 70.09 | 67.31% |
| U K | 13.79 | 29.24 | 112.05 % | 158.63 | 237.93 | 49.99% |
| U S A | 41.78 | 57.85 | 38.46% | 391.32 | 525.57 | 34.31% |
| Sharp cumulative decline | | | | | | |
| SAUDI ARAB | 6.72 | 3.93 | -41.43% | 71.82 | 38.07 | -47.00% |
| NIGERIA | 4.26 | 3.94 | -7.60% | 53.49 | 34.65 | -35.22% |
| KENYA | 4.07 | 4.49 | 10.29% | 47.84 | 33.14 | -30.73% |
| OMAN | 5.28 | 4.50 | -14.76% | 42.17 | 35.25 | -16.40% |
| INDONESIA | 3.03 | 3.66 | 20.56% | 43.73 | 37.29 | -14.73% |

(Source: Department of Commerce and CSO)

- ❖ The largest importer of India's electrical machinery and components USA recorded 34.3 percent growth in imports of Indian electrical machinery during April - December 2016. Highest growth in imports was recorded by Algeria during this time period.
- ❖ Among the losers, Saudi Arabia recorded 47 percent decline and Nigeria saw 35.2 percent fall in exports on a cumulative basis.

Table 14: Export of Aircrafts &Spacecrafts
US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|---------------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| BULGARIA | 0.03 | 0.00 | -100.00% | 0.04 | 93.70 | 266301.8% |
| SWITZERLAND | 1.42 | 1.89 | 33.60% | 14.87 | 111.51 | 649.91% |
| TURKEY | 5.91 | 3.66 | -37.95% | 14.61 | 103.45 | 608.03% |
| SINGAPORE | 9.91 | 22.25 | 124.58% | 48.51 | 193.90 | 299.74% |
| MALAYSIA | 0.62 | 4.88 | 685.94% | 9.15 | 26.38 | 188.25% |
| ISRAEL | 5.72 | 9.07 | 58.64% | 41.86 | 90.21 | 115.52% |
| FRANCE | 24.64 | 22.50 | -8.66% | 99.44 | 212.71 | 113.90% |
| U K | 10.65 | 33.95 | 218.72% | 115.29 | 179.13 | 55.37% |
| Sharp cumulative decline | | | | | | |
| GERMANY | 9.72 | 17.76 | 82.67% | 116.21 | 104.30 | -10.25% |
| SRI LANKA | 0.10 | 0.02 | -81.80% | 972.17 | 78.24 | -91.95% |
| UAE | 0.40 | 0.49 | 23.15% | 722.40 | 150.82 | -79.12% |

(Source: Department of Commerce and CSO)

- ❖ Exports of India's 'Aircraft & Spacecrafts' to Bulgeria was low but that showed a sudden growth during April - December 2016 while some other nations also recorded growth in triple digit.
- ❖ Exports to UAE and Sri Lanka recorded maximum declines on a cumulative basis.

Table 15: Export of Ships, Boats and Floating Structures and parts

US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|---------------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| INDONESIA | 0.00 | 0.00 | | 1.14 | 233.32 | 20399.07% |
| MALAYSIA | 0.00 | 16.11 | | 190.61 | 518.16 | 171.84% |
| SRI LANKA | 0.00 | 5.99 | | 59.60 | 139.98 | 134.89% |
| UAE | 107.45 | 10.96 | -89.80% | 368.64 | 771.24 | 109.21% |
| Sharp cumulative decline | | | | | | |
| BAHARAIN IS | 0.00 | 0.00 | | 122.62 | 45.81 | -62.64% |

(Source: Department of Commerce and CSO)

- ❖ Indonesia recorded robust growth in imports of India's Ships, boats and floating structures during April - December 2016.
- ❖ Exports to Baharin recorded significant decline during the same time period.

Table 16: Export of Auto Components

US\$ Million

| COUNTRY | DECEMBER, 2015 | DECEMBER, 2016 | Growth (%) | APRIL,2015 - DECEMBER,2015 | APRIL,2016 - DECEMBER,2016 | Growth (%) |
|-------------------------------|----------------|----------------|------------|----------------------------|----------------------------|------------|
| High cumulative growth | | | | | | |
| NEPAL | 6.82 | 10.11 | 48.26% | 64.42 | 149.58 | 132.19% |
| CANADA | 3.80 | 6.21 | 63.33% | 26.40 | 43.07 | 63.14% |
| SWEDEN | 2.46 | 3.18 | 29.14% | 18.19 | 27.40 | 50.63% |
| SPAIN | 5.44 | 6.03 | 10.75% | 35.76 | 49.98 | 39.78% |
| PHILIPPINES | 3.73 | 2.52 | -32.47% | 15.69 | 21.29 | 35.66% |
| BANGLADESH | 16.04 | 16.26 | 1.36% | 101.76 | 136.68 | 34.32% |

| | | | | | | |
|---------------------------------|-------|-------|---------|--------|--------|---------|
| SOUTH AFRICA | 4.88 | 4.20 | -13.97% | 38.95 | 51.22 | 31.50% |
| RUSSIA | 3.16 | 5.34 | 69.09% | 34.35 | 43.42 | 26.40% |
| Sharp cumulative decline | | | | | | |
| BRAZIL | 13.05 | 14.90 | 14.10% | 128.13 | 107.79 | -15.87% |
| UAE | 12.73 | 9.10 | -28.54% | 99.83 | 83.99 | -15.86% |
| COLOMBIA | 12.06 | 4.00 | -66.86% | 38.71 | 32.85 | -15.14% |
| U S A | 74.18 | 72.47 | -2.30% | 667.47 | 577.32 | -13.51% |
| EGYPT | 9.51 | 6.78 | -28.69% | 82.39 | 72.93 | -11.48% |
| ITALY | 12.64 | 10.64 | -15.84% | 99.22 | 88.08 | -11.22% |

(Source: Department of Commerce and CSO)

- ❖ In case of exports of Indian Auto Component, Nepal recorded triple-digit growth during the first nine months of fiscal 2016.
- ❖ Brazil, UAE and Colombia are the three top losers with nearly same rate of decline in imports during April - December 2016.

8. Conclusion

India's engineering exports witnessed positive growth for the fifth straight month in a row. Substantial rise in the exports observed in case of iron and steel exports, electrical machinery, automobiles, medical & scientific equipments, railway and transport equipments, Office Equipments, Accumulator and Batteries. EU ranks as the region with highest shipment of engineering products from India during December 2016 with a share of more than 21% of total engineering exports. India's engineering exports to CIS and ASEAN+2 countries too recorded noteworthy positive growth in the said period.

We expect the upsurge in Indian engineering exports is likely to continue in the rest of the fiscal year as hardening of crude oil prices in the international market is not expected to see any reversal of trend at least in the near term. Other commodity prices have also been rising. Moreover, developed regions have escaped economic slowdown and now are expected to see a weak but steady growth going forward that will increase the demand from overseas. Global sentiments have started showing positive signs and the major markets for Indian engineering exporters - the US and Europe, which account for around 30 per cent of total exports - are yet to show signs of demand revival.

