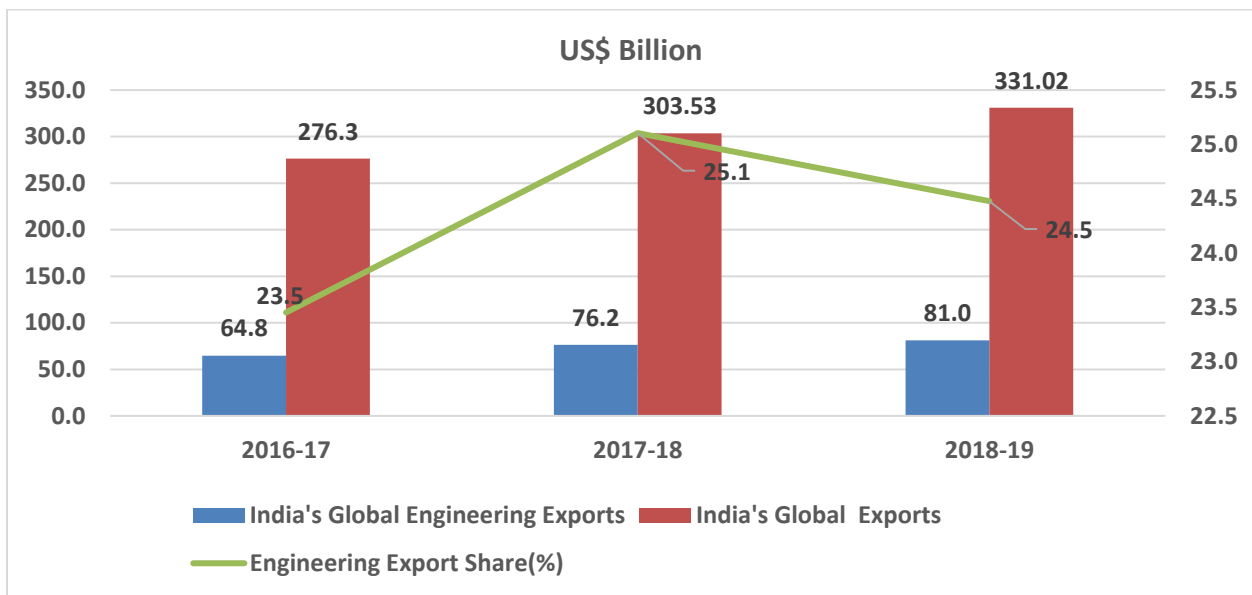


Analysis of Indian engineering exports and imports for March 2019

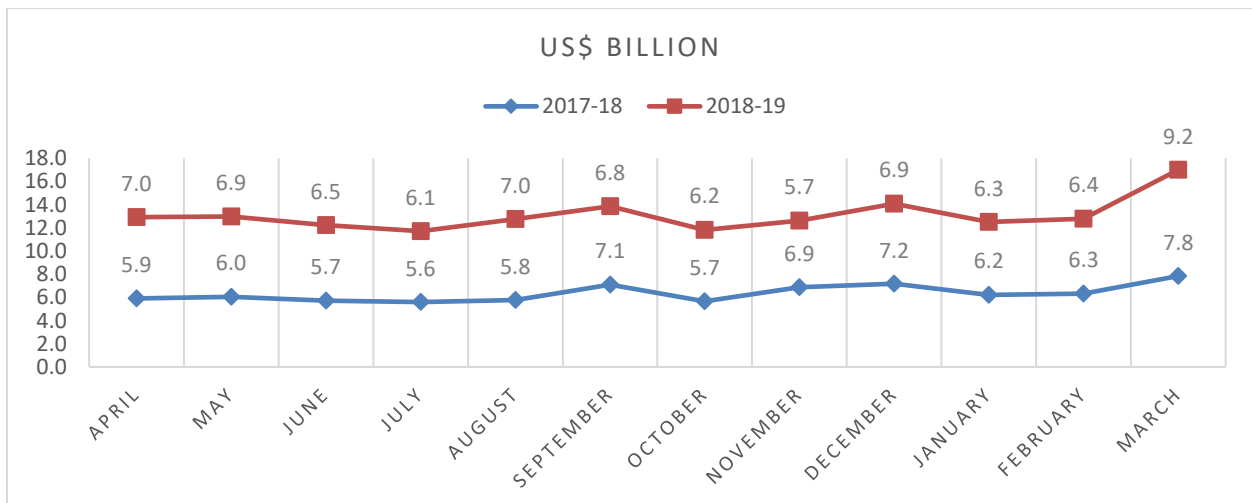
17th April 2019

Snapshots for FY 2018-19

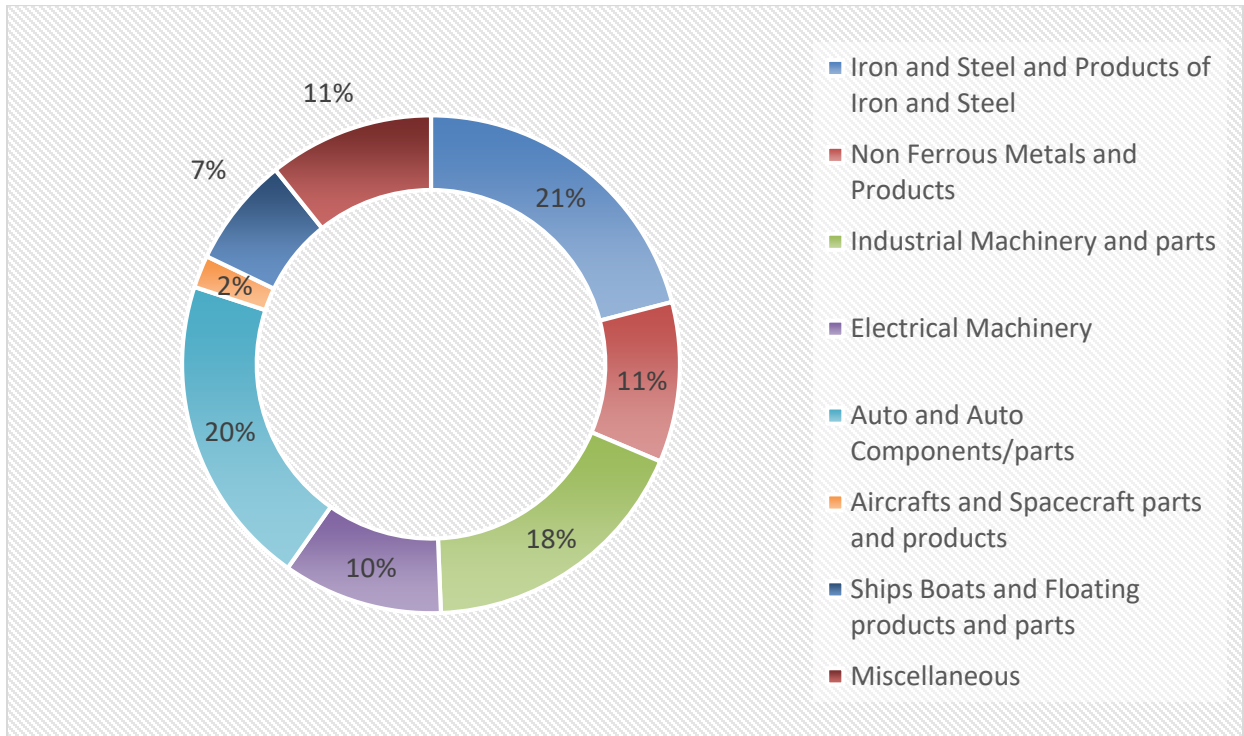
India's engineering exports hit a new high of \$81 billion in 2018-19
Share in total merchandise exports was 24.5 percent



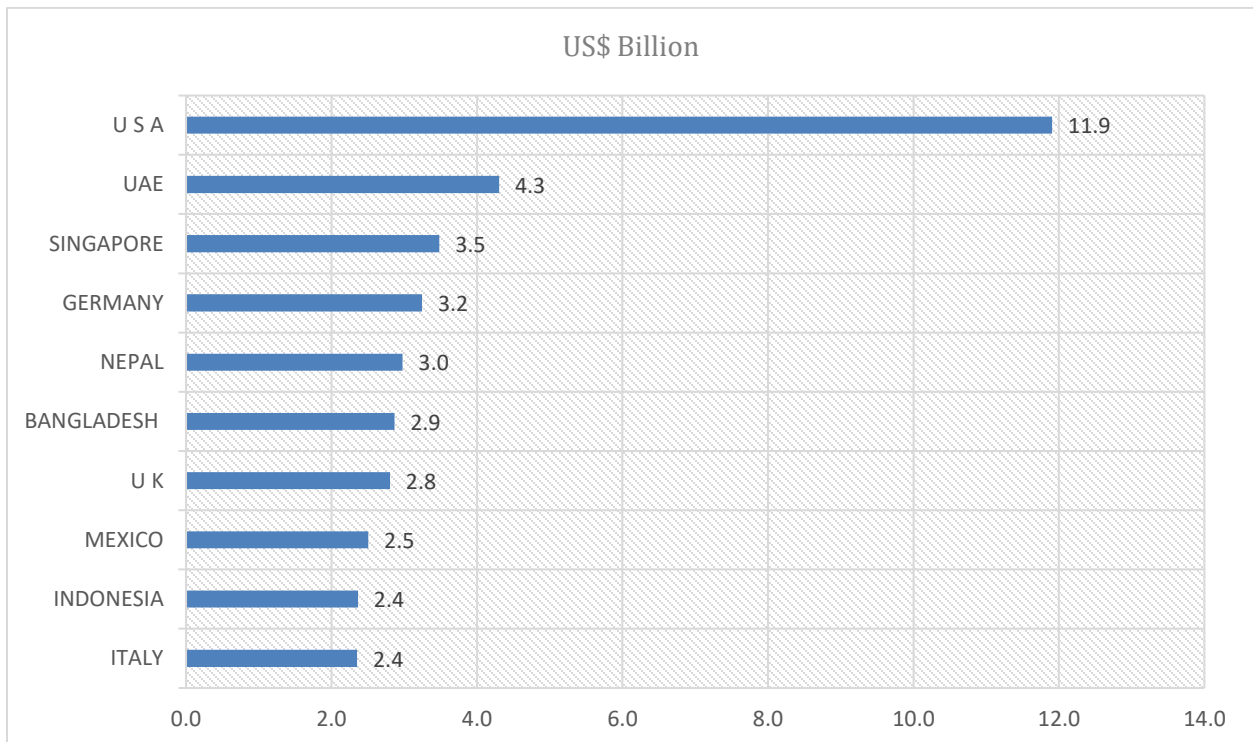
Engineering Exports in 2018-19: Month wise



Export share % of major engineering products in 2018-19



Top 10 engineering export destinations



India's Merchandise Trade scenario

- ❖ India's Foreign Trade statistics for Mar 2019 as well as for fiscal 2018-19 brought three reasons to cheer for the Indian exporting community. Firstly, **India's merchandise export achieved its lifetime high at US\$ 331.02 Billion during fiscal 2018-19.** Secondly, **it was the first time when overseas shipment of goods crossed \$300 billion mark for two consecutive fiscals.** And finally, Merchandise export growth was back to double-digit in the concluding month of fiscal 2018-19 after crippling for the last five months.
- ❖ During March 2019, exports went up to US\$ 32.55 Billion from US\$ 29.32 Billion in the same month last year, registering 11.02 percent growth. In rupee terms, growth was higher at 18.63 percent during the month.
- ❖ Major commodity groups of export that pushed the overall merchandise export growth to double-digit level during March 2019 were Organic & Inorganic Chemicals (16.98%), Engineering Goods (16.27%), RMG of all Textiles (15.13%), Drugs & Pharmaceuticals (13.59%) and Petroleum Products (6.55%).
- ❖ Cumulative value of exports for the period April-March 2018-19 was US\$ 331.02 Billion as against US\$ 303.53 Billion during April-March 2017-18, registering a positive growth of 9.06 percent.
- ❖ India's Merchandise Imports also however came back to growth path by registering 1.44 percent higher imports in March 2019 over the same month last fiscal. Imports in March 2019 were US\$ 43.44 Billion as against US\$ 42.82 Billion in March 2018. In rupee terms, the growth was higher at 8.39 percent.
- ❖ Major commodity groups conceded decline in imports over March 2018 were 'coal, Coke and Briquettes, Etc.' (14.85%), 'Organic and Inorganic Chemicals' (6.35%), 'Machinery, Electrical & non-electrical' (5.74%), Electronic Goods (5.69%) and 'Pearls, Precious and Semi-precious Stones' (1.03%).
- ❖ Cumulative value of imports for the period April-March 2018-19 also surged to US\$ 507.44 Billion from US\$ 465.58 Billion during the previous fiscal, securing 8.99 percent year-on-year growth.
- ❖ Trade deficit narrowed down by 19.39 percent to US\$ 10.89 billion in March 2019 from a higher US\$ 13.51 billion in March 2018 as a consequence of high export growth. Cumulative trade deficit during fiscal 2018-19 however mounted up by 8.87 percent to US\$ 176.42 billion from US\$ 162.05 billion during the previous fiscal.

India's Engineering Exports scenario

- ❖ Fiscal 2018-19 was another remarkable year for the engineering exporting community **as Indian engineering exports reached its lifetime high in two consecutive fiscals** despite of having a number of impediments to growth. **Indian engineering exports stood at US\$ 81.02 billion during 2018-19 by surpassing the previous record high of US\$ 76.2 billion in fiscal 2017-18.**

- ❖ The month of March 2019 saw engineering exports grew by a whopping 16.8 percent to US\$ 9.16 billion from US\$ 7.84 billion in March 2018. Share of engineering exports in total merchandise exports jumped to 28.13 percent during the said month.
- ❖ On a cumulative basis for the entire fiscal 2018-19, engineering export recorded 6.32 percent growth over the previous fiscal while its share in total merchandise exports was 24.5 percent.
- ❖ Out of 33 engineering panels, 28 panels sharing almost 85 percent of the products, recorded growth in exports during 2018-19 over the same period last year while the remaining 5 panels conceded decline in exports.
- ❖ During 2018-19, 16 out of top 25 countries recorded positive growth in engineering exports from India over the same period last year.

India's Engineering Imports scenario

- ❖ India's Engineering imports during January 2019 were valued at US\$ 9236.01 million compared to US\$ 8959.49 million in January 2018 registering 3.1 percent in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports is estimated at a higher 22.5 percent in January 2019 as against 21.8 percent in January 2018.

1. Trend in overall merchandise trade

India's merchandise export achieved its lifetime high at US\$ 331.02 Billion during fiscal 2018-19. It was the first time when overseas shipment of goods crossed \$300 billion mark for two consecutive fiscals.

Merchandise export growth was back to double-digit in the concluding month of fiscal 2018-19 after crippling for the last five months. During March 2019, exports went up to US\$ 32.55 Billion from US\$ 29.32 Billion in the same month last year, registering 11.02 percent growth. In rupee terms, growth was higher at 18.63 percent during the month.

Major commodity groups of export that pushed the overall merchandise export growth to double-digit level during March 2019 were Organic & Inorganic Chemicals (16.98%), Engineering Goods (16.27%), RMG of all Textiles (15.13%), Drugs & Pharmaceuticals (13.59%) and Petroleum Products (6.55%).

Cumulative value of exports for the period April-March 2018-19 was US\$ 331.02 Billion as against US\$ 303.53 Billion during April-March 2017-18, registering a positive growth of 9.06 percent.

India's Merchandise Imports also however came back to growth path by registering 1.44 percent higher imports in March 2019 over the same month last fiscal. Imports in March 2019 were US\$

43.44 Billion as against US\$ 42.82 Billion in March 2018. In rupee terms, the growth was higher at 8.39 percent.

Major commodity groups conceded decline in imports over March 2018 were 'coal, Coke and Briquettes, Etc.' (14.85%), 'Organic and Inorganic Chemicals' (6.35%), 'Machinery, Electrical & non-electrical' (5.74%), Electronic Goods (5.69%) and 'Pearls, Precious and Semi-precious Stones' (1.03%).

Oil imports in March 2019 at US\$ 11.75 Billion was 5.55 percent higher than that of in Mar 2018 at USD 11.13 Billion. Cumulative oil imports in April-March 2018-19 were US\$ 140.47 Billion which was 29.27 percent higher compared to USD 108.66 over the same period last year. In this connection it is mentioned that the global Brent price (\$/bbl) has decreased by 0.06% in March 2019 vis-à-vis March 2018 as per data available from World Bank (Pink Sheet).

Non-oil imports in March 2019 were estimated at US\$ 31.69 Billion which was the exactly the same as that of the same month last fiscal. On a cumulative basis, non-oil imports in April-March 2018-19 were US\$ 366.97 Billion was 2.82 percent higher in comparison to US\$ 356.92 Billion seen in April-March 2017-18.

Cumulative value of imports for the period April-March 2018-19 also surged to US\$ 507.44 Billion from US\$ 465.58 Billion during the previous fiscal, securing 8.99 percent year-on-year growth.

Trade deficit narrowed down by 19.39 percent to US\$ 10.89 billion in March 2019 from a higher US\$ 13.51 billion in March 2018 as a consequence of high export growth. Cumulative trade deficit during fiscal 2018-19 however mounted up by 8.87 percent to US\$ 176.42 billion from US\$ 162.05 billion during the previous fiscal.

2. Engineering exports

Fiscal 2018-19 was another remarkable year for the engineering exporting community as Indian engineering exports reached its lifetime high in two consecutive fiscals despite of having a number of impediments to growth. Indian engineering exports stood at US\$ 81.02 billion during 2018-19 by surpassing the previous record high of US\$ 76.2 billion shipped in fiscal 2017-18.

The month of March 2019 saw engineering exports grew by a whopping 16.8 percent to US\$ 9.16 billion from US\$ 7.84 billion in March 2018. Share of engineering exports in total merchandise exports jumped to 28.13 percent during the said month.

On a cumulative basis for the entire fiscal 2018-19, engineering export recorded 6.32 percent growth over the previous fiscal while its share in total merchandise exports was 24.5 percent.

Out of 33 engineering panels, 28 panels sharing almost 85 percent of the products, recorded growth in exports during 2018-19 over the same period last year while the remaining 5 panels conceded decline in exports.

During 2018-19, 16 out of top 25 countries recorded positive growth in engineering exports from India over the same period last year.

The monthly engineering figures for 2018-19 vis-à-vis 2017-18 are depicted below as per the latest availability of figure:

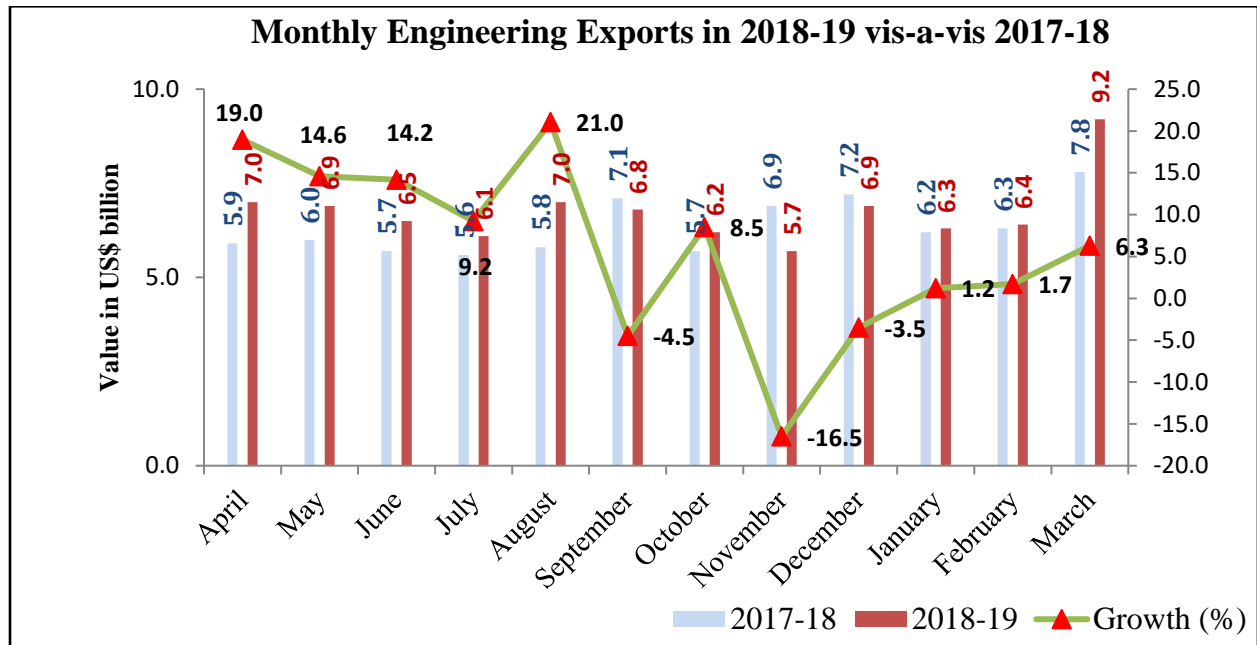
Table1: Engineering Exports
(US\$ million)

Month	2017-18	2018-19	Growth (%)
April	5902.86	7021.87	18.96
May	6047.26	6929.58	14.59
June	5703.28	6511.59	14.17
April-June	17653.40	20463.04	15.92
July	5595.63	6111.92	9.23
August	5766.60	6979.96	21.04
September	7088.19	6769.70	-4.49
July-September	18450.42	19861.58	7.65
October	5669.59	6153.58	8.54
November	6872.84	5737.61	-16.52
December	7163.56	6911.61	-3.52
October-December	19705.99	18802.80	-4.58
January	6217.28	6294.12	1.24
February	6332.92	6439.29	1.68
March	7839.32	9156.46	16.80
January-March	20389.5	21889.9	7.36
April-March	76199.33	81017.29	6.32

Source: Department of Commerce

Figure 1 below depicts the monthly trend in engineering exports during Fiscal 2018-19 in comparison to fiscal 2017-18.

Figure1: Trend in Monthly Engineering Exports (In US\$ billion)



(Source: DGCIS; EEPC India analysis)

Correlation between Manufacturing Production and Engineering Exports

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 77.63% weightage in India's industrial production.

During the first and second month of fiscal 2018-19, both engineering exports and manufacturing moved in the same direction. Growth accelerated for both in April 2018. During May 2018, both engineering exports and manufacturing growth slowed down. However, these two moved in opposite directions in each month between June and August 2018. During June and July, manufacturing growth surged but engineering exports growth moderated, while in August, just the reverse happened. Again the next four months saw both of them moving in the same direction. In September 2018, engineering exports declined and manufacturing growth slowed down. October 2018 witnessed rebound in engineering exports to growth path and acceleration in manufacturing growth. In November 2018, both manufacturing output and engineering

exports declined over the same month last fiscal while In December 2018, decline in engineering export slowed down considerably and manufacturing came back to growth path. The month of January 2019 witnessed slowdown in manufacturing growth over December 2018 but engineering export came back to growth path after declining in the previous two months. During February 2019, engineering export growth was marginally up but manufacturing growth slipped to negative. The manufacturing Index in the Index of Industrial Production (IIP) stood at 129.3 in February 2019 as against 135.2 in January 2019, 135.9 in December 2018, 126.8 in November 2018, 133.9 in October and 131.6 in September 2018.

The growth rates in Engineering Exports and the Growth rate of Manufacturing in the country during the current fiscal is shown in Table 2 below:

Table 2: Engineering exports growth vis-à-vis manufacturing growth (2018-19)

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April-March 2017-18	16.81	4.5
April 2018	18.96	4.9
May 2018	14.59	3.6
Jun 2018	14.17	6.9
April-June 2018	15.92	5.1
July 2018	9.23	7.0
August 2018	21.04	5.2
September 2018	-4.49	4.8
July-September 2018	7.65	5.6
October 2018	8.54	8.2
November 2018	-16.52	-0.7
December 2018	-3.52	3.0
October-December 2018	-4.58	3.4
January 2019	1.24	1.0
February 2019	1.68	-0.3
March 2019	16.80	N A
January-March 2019	7.36	N A
April-March 2018-19	6.32	N A

(Source: Department of Commerce and CSO)

We also present the month wise corresponding revised engineering exports for 2017-18 as opposed to 2016-17.

Table 3: Revised engineering exports for 2017-18 (US\$ million)

Month	2016-17	2017-18	Growth (%)
April	4744.32	5902.86	24.42%
May	5636.17	6047.26	7.29%
June	5066.99	5703.28	12.56%
Quarter 1	15447.48	17653.40	14.28%
July	4794.12	5595.63	16.72%
August	4873.71	5766.60	18.32%
September	4917.78	7088.19	44.13%
Quarter 2	14585.61	18450.42	26.50%
October	5133.58	5669.59	10.44%
November	4841.37	6872.84	41.96%
December	5688.32	7163.56	25.93%
Quarter 3	15663.27	19705.99	25.81%
January	5334.66	6217.28	16.55%
February	6501.99	6332.92	-2.60%
March	7706.18	7839.32	1.73%
Quarter 4	19542.83	20389.52	4.33%
April-March	65239.19	76199.33	16.80%

Source: DGCI&S

3. Impact of Exchange Rate

How has the exchange rate changed in March 2019 vis-à-vis March 2018? In order to find it out, we look at the monthly average exchange rate for both March 2019 and March 2018. The table below provides the same:

Table 4: Average exchange rate

March	Average exchange rate 1 USD to INR
2018	65.02
2019	69.48

(Source: Calculated from RBI archive)

During March 2019, the official exchange rate of rupee vis-à-vis the US Dollar depreciated by 6.86 percent over March 2018. The pace of year-on-year depreciation in March 2019 was substantially slower than that of in February 2019 at 10.64 percent.

4. Panel-wise analysis of engineering exports

We begin by looking at the engineering panel-wise exports for the month of March 2019 vis-à-vis March 2018. The data is given in Table 5.

Table5: Trends in engineering panel exports for March 2019 compared to March 2018 (US\$ million)

Sl no.	Panel	March 2018	March 2019	Growth %	April-March 2017-18	April-March 2018-19	Growth %
1. Iron and Steel and Products of Iron and Steel							
A	A. Iron and Steel	1014.38	906.9	-10.6	11212.37	9730.47	-13.2
B	B. Products of Iron and Steel	652.58	723.95	10.9	6770.16	7260.4	7.2
Subtotal		1666.96	1630.85	-2.17	17982.5	16990.9	-5.51
2. Non Ferrous Metals and Products							
A	Copper and products	324.85	127.43	-60.77	3481.27	1065.22	-69.40
B	Aluminium and products	522.34	490.81	-6.04	4800.84	5730.94	19.37
C	Zinc and products	135.37	36.86	-72.77	955.67	602.95	-36.91
D	Nickel and products	4.26	5.59	31.22	46.52	73.56	58.13
E	Lead and products	57.62	37.86	-34.29	396.65	402.9	1.58
F	Tin and products	1.09	1.25	14.68	11.1	9.83	-11.44
G	Other Non-Ferrous Metals	48.83	53.41	9.38	505.05	545.51	8.01
Sub Total		1094.36	753.21	-31.17	10197.1	8430.91	-17.32
3. Industrial Machinery and parts							
A	Industrial Machinery like Boilers, parts, etc	65.02	122.52	88.4	606.56	819.29	35.1
B	IC Engines and Parts	201.23	265.83	32.1	2402.94	2755.47	14.7
C	Pumps of all types	86.87	101.44	16.77	966.99	1006.4	4.08
D	Air condition and Refrigerators	158.4	189.96	19.9	1294.62	1983.55	53.2
E	Industrial Machinery for dairy, food processing , textiles etc	578.26	632.07	9.3	5344.51	5886.35	10.1
F	Machine Tools	47.53	47.26	-0.57	468.66	491.45	4.86
G	Machinery for Injecting moulding, valves and ATMs	145.28	175.47	20.8	1521.54	1630.08	7.1
Sub Total		1282.59	1534.55	19.6	12605.8	14572.6	15.6
4	Electrical Machinery	765.66	783.99	2.39	6701.5	8420.6	25.65
A	Motor Vehicle/cars	930.16	831.84	-10.6	8481.2	8511.52	0.4
B	Two and Three Wheelers	193.47	191.46	-1.0	2001.09	2126.29	6.3
C	Auto Components/Part	524.63	546.45	4.16	5207.24	5785.01	11.10
Sub Total		1648.26	1569.75	-4.76	15689.53	16422.82	4.67
6	Aircrafts and Spacecraft parts and products	383.27	167.57	-56.28	2264.29	1709.08	-24.52
7	Ships Boats and Floating products and parts	183.57	1845.48	905.33	3074.82	5767.72	87.58

SI no.	Panel	March 2018	March 2019	Growth %	April-March 2017-18	April-March 2018-19	Growth %
8. Miscellaneous							
A	Medical and Scientific instruments	180.44	169.44	-6.10	1656.6	1686.56	1.81
B	Railway Transport	46.97	48.52	3.30	286.67	377.14	31.56
C	Hand Tools & Cutting Tools	69.54	71.77	3.21	711.6	764.9	7.49
D	Electrodes Accumulators	3.87	5.32	37.47	43.93	54.19	23.36
E	Accumulator and Batteries	31.24	33.3	6.59	271.88	375.31	38.04
F	Bicycle and Parts	37.07	41.96	13.19	328.18	395.75	20.59
G	Cranes Lifts and Winches	46.71	53.54	14.62	385.43	503.58	30.65
H	Office Equipments	4.2	14.49	245.00	78.23	141.3	80.62
I	Other Construction Machinery	160.9	159.98	-0.57	1441.74	1657.78	14.98
J	Prime Mica and Mica Products	2.1	3.69	75.71	20.78	34.31	65.11
K	OTHER MISC. ITEMS	231.61	269.05	16.17	2458.7	2711.88	10.30
Sub total		814.65	871.06	6.92	7683.74	8702.7	13.26
Total engineering exports		7839.32	9156.46	16.80	76199.33	81017.29	6.32

Some trends that need to be noted are:

- ❖ During April-March 2018-19, exports of engineering goods registered a growth of 6.32 percent compared to April- March 2017-18. While the monthly engineering exports quickened to 16.8% on year –on-year basis from US\$ 7839.3 million in March 2018 to US\$ 9156.5 million in March 2019, after facing single digit growth in January 2018 and February 2018.
- ❖ Out of 33 engineering panels, 28 panels sharing almost 85 percent of the products, recorded growth in exports during 2018-19 over the same period last year while the remaining 5 panels conceded decline in exports.
- ❖ India’s exports of Iron and Steel (constituting 12% share out of total engineering exports) declined by nearly 10.6 % from US\$ 1014.4 million in March 2018 to US\$ 906.9 million in March 2019, recording a decline of 8.5 percent. Cumulative exports of Iron and Steel also registered negative growth to the extent of 13.2% during April-March 2018-19 vis-a-vis April-March 2017-18. On the other hand, Products of Iron and steel recorded growth in exports both monthly as well as on cumulative basis to the extent of 10.9% and 7.2% respectively during March 2019 vis-a-vis March 18 and during April-March 2018-19 vis-a-vis April-March 2017-18 respectively.

- ❖ Among the seven non-ferrous metals and products, only 3 products recorded positive growth in March 2019 compared to March 2018. Nickel and products recorded highest growth of 31.2 percent during March 2019 and 58.1% during April-March 2018-19 over the same period last fiscal. Tin and products recorded positive monthly growth to the extent of 14.7% in March 2019 vis-à-vis March 2018 while recorded negative cumulative growth by 11.4% during April-March 2018-19 compared to April-March 2017-18. Aluminium and products, Zinc and products and Lead and products recorded negative monthly growth in exports to the extent of 6%, 73% and 34% respectively in March 2019 vis-à-vis March 2018.
- ❖ The cumulative figures for Industrial machinery (comprising of 18% export share out of total engineering exports) as a whole recorded growth in exports of 15.6 percent during April- March 2018-19 vis-à-vis the same period last fiscal. All the sectors under this panel recorded positive monthly and cumulative growth figures unlike Machine Tools. Sectors like Air condition and Refrigerators recording highest growth in exports to the extent of 53.2 percent in April- March 2018-19 compared to April- March 2017-18. Industrial Machinery for Boilers, IC Engines, Machinery for dairy recorded double digit cumulative growth while the remaining panels recorded single digit growth.
- ❖ The electrical machinery and equipment panel (constituting 10.4% export share out of total engineering exports) recorded slow growth in exports to the extent of 2.39 percent in March 2019 after 23.4% growth observed in Feb 2019 and 5.8% dip observed in January 2019. Cumulative exports for April- March 2018-19 recorded 25.65 percent growth, moving up to US\$ 8420.6 million from US\$ 6701.5 million in April- March 2017-18.
- ❖ Exports of Auto and auto components recorded a decline of 4.76 percent during March 2019 continuing a similar trend observed in the previous months falling by 5.6% in February 2019 and 2.8% in January 2019. Exports of Auto Components fell from US\$ 1648.26 million in March 2018 to US\$ 1569.75 million in March 2019. The slump in the Auto Components sector have been largely due to the fall in exports observed in Motor Vehicles/cars slumping by 10.6 percent in March 2019 and Two and Three Wheelers dipping by 1 percent. Cumulative exports for Auto and Auto parts recorded 4.67 percent growth for April- March 2018-19.
- ❖ Exports of Aircrafts and spacecraft parts and products recorded negative monthly growth in March 2019 to the extent of 56.28 percent compared to March 2018 as well as negative cumulative growth by 24.52 percent during April- March 2018-19 over the same period last year. Ships, Boats and Floating Structures recorded staggering growth in exports during March 2019 scaling up from US\$ 183.57 million in March 2018 to US\$ 1845.5 million in March 2019. Similar trend was also observed during the previous months of February 2019, January 2019, as well as December 2018.

- ❖ It has been observed that all sectors under panel namely miscellaneous registered positive cumulative growth in exports. Office Equipments recorded highest cumulative growth of 80.62 percent during April-March 2018-19 followed by Accumulators and batteries growing by 38.04 percent. Railway Transport equipment and Cranes, lifts and winches recorded substantial growth in exports to the extent of 31.56 percent and 30.65 percent during April- March 2018-19 over the same period last year.

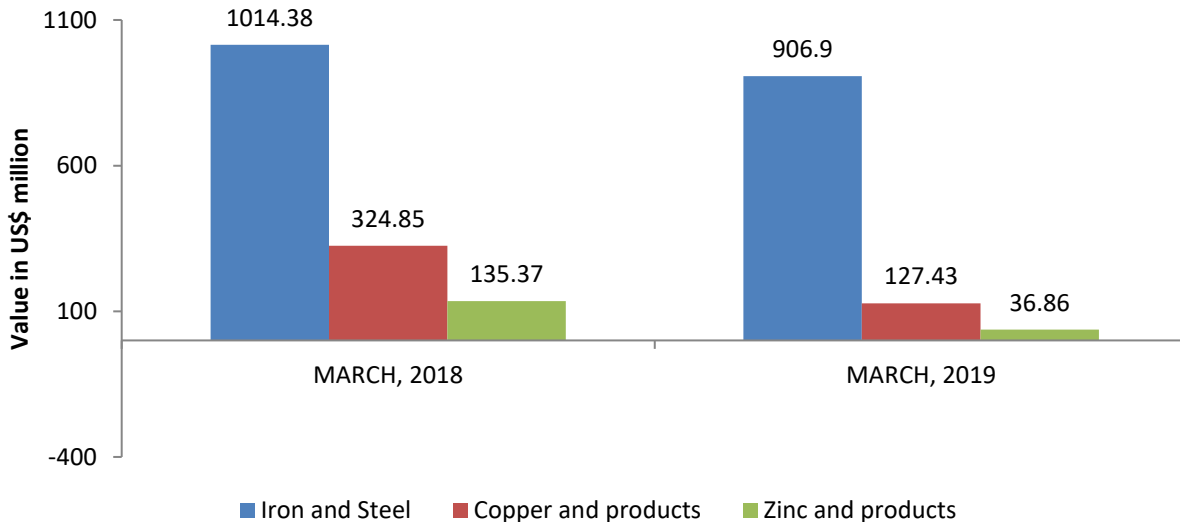
Products with negative growth in March 2019 compared to March 2018 and April-March 2018-19 vis-a-vis April-March 2017-18

- a) In our view, while the exchange rate may be a factor in the margin, the main reasons for the falling engineering exports is the sharp decline in exports in both ferrous and non-ferrous primary products. Some heavy ticket exports products which have shown drastic fall both monthly as well as on cumulative basis are:
 - a. Exports of primary steel under Chapter 72: fell by 10.6% in March 2019 and 13.2% during April-March 2018-19.
 - b. Exports of Copper and Copper products under Chapter 74: fell by 60.8% in March 2019 and 69.4% during April-March 2018-19.
 - c. Exports of Zinc and products: fell by 43.3% in March 2019 and 31% during April-March 2018-19

The cumulative impact of the fall in the above three product lines is USD 4.25 billion for the full fiscal April-March 2018-19. Had this figure been added to the USD 81.02 billion for the full fiscal 2018-19, our exports growth would have been shot up to over 11.9% than the current growth rate of over 6.32%.

Figure 2

Slump in ferrous and non ferrous metal exports during March 2019 v/s March 2018



Reasons for the fall

Iron and Steel

- There was a fall in the exports by 10.6 % (i.e. USD 906.9 million) in March 2019 vis-à-vis March 2018. Cumulatively, the decline was 13.2% (i.e., around USD 9730.47 million) during April-March 2018-19 vis-à-vis same period last year.
- Reasons for the fall as per the feedback from Industry (both producers and users) has been stated to be that the domestic price realization is far better than external prices. Further, global price trends also indicate that the Chinese have dropped steel prices between 10% and 15% in various categories and this has further impacted our steel exports negatively.
- Decline in growth has been observed in Myanmar (89%), Saudi Arabia (85.2%), Iran (85%), Denmark (74%), Spain (52%), Belgium (45%), Sweden (44%), USA (48.3%), Mexico (6.8%), in the month of March 2019 vis-à-vis March 2018. It is clear from these facts that the protectionist policies adopted by EU, US are also responsible for the decline in exports of steel.
- Government intervention needed for reducing steel prices in India so that the steel industry could compete with their global counter parts. High logistic, finance cost, power cost, cess are making Indian steel industry commercially non-competitive. These areas need emphasis from the Government to ensure competitiveness of the industry in the global market.

Copper and Copper products:

- There was a fall in the exports by 60.8 % (i.e. USD 127.43 million) in March 2019 vis-à-vis March 2018. Cumulatively, the decline was 69.4 % (i.e., around USD 1065.22 million) in the full fiscal April-March 2018-19 vis-à-vis same period last year.
- Major fall in export during March 2019 observed in Taiwan (-99%), Peru (99.7%), Korea Rep (-95%), China (-66.4%), Nepal (-38%), Thailand (21%).
- Indian domestic refined copper production has fallen significantly during the first half of 2018-19 mainly due to the shutdown of the 400 KT, Tuticorin smelter of Sterlite which accounted for 40% of the country's copper smelting capacity.
- Recently Supreme Court refused to allow Vedanta plan to reopen Sterlite Copper's Tuticorin plant. Therefore, in this context, EEPC India feels that the trend in exports of copper will continue.
- Domestic industry relies heavily on imports of copper concentrate from far off countries, particularly from South Africa in a big way. This really increases the cost of production. The duty on the copper concentrate is presently 2.5% finished goods coming at zero duty, there is a situation of inverted duty structure. Government could consider removal of this duty in order to help the industry becoming globally competitive.
- Another source of imports of copper concentrate was Indonesia which according to industry has imposed an export tax. This in turn is making our imports expensive.
- Indonesia is a FTA partner of India under India – ASEAN FTA and the Government should take up this issue at G2G level.
- In order to prevent the import of inferior quality and hazardous copper scrap, we would also like to suggest the Government to develop internationally compatible standards and may bring a Copper scrap policy like the Steel scrap policy which is already published.

Zinc and Zinc products:

- There was a fall in the exports by 72.8 % (i.e. USD 36.86 million) in March 2019 vis-à-vis March 2018. Cumulatively, the decline was 36.9 % (i.e., around USD 602.95 million) during April-March 2018-19 vis-à-vis same period last year.
 - Exports fell mainly in Korea (-94%), Thailand (-28.2%), Indonesia (-38%), Bangladesh (-96%), Malaysia (-91%), Japan (-65%).
 - There has been a drop in production of zinc by Hindustan Zinc Ltd for the first nine months by 11%. The shortfall in production has led to reduced allocation for exports in order to meet domestic demand. In addition, lower international prices have also contributed to the reduction in the value of exports.
- It is pertinent to mention that recently the US President announced his decision to withdraw India's name from the Generalized System of Preferences (GSP) program on March 5, 2019. Withdrawal of GSP will definitely have adverse impact on the products

(833 engineering products out of 1900 total products) exported from India under GSP programme which are mostly manufactured by Indian MSMEs.

Indian engineering exports are already going through tough time because of high input cost, issues with GST, lack of finance for MSMEs and sluggish global economies etc. Engineering exports also in recent months have been faltering. In this context, the sudden withdrawal of GSP by USA will be detrimental for Indian exporting community. The government should provide some fiscal support for affected products especially for the labour intensive MSME sector.

5. Top 25 destinations for Indian engineering exports

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during April-March 2018-19 over April- March 2017-18 in absolute value and also for March 2019 viz-a-viz March 2018.

Table-6: Engineering exports country wise, (2018-19)
(Values in US\$ million)

Country	March 2018	March 2019	Growth (%)	April-March 2017-18	April-March 2018-19	Growth (%)
U S A	1058.4	1141.5	7.8	10270.1	11906.7	15.9
UAE	325.7	371.9	14.2	4193.7	4304.1	2.6
SINGAPORE	156.6	1431.0	814.1	1996.7	3483.7	74.5
GERMANY	327.7	271.7	-17.1	3213.8	3244.9	1.0
NEPAL	280.6	225.3	-19.7	2571.0	2977.8	15.8
BANGLADESH	287.5	333.3	15.9	2455.3	2864.2	16.7
U K	276.2	283.4	2.6	2854.0	2803.7	-1.8
MEXICO	247.3	207.1	-16.3	2674.8	2505.3	-6.3
INDONESIA	207.8	627.3	201.8	1784.6	2362.7	32.4
ITALY	234.8	297.6	26.8	2462.3	2352.7	-4.5
CHINA	364.1	219.4	-39.8	3223.7	1834.0	-43.1
MALAYSIA	132.4	146.1	10.3	2021.3	1757.9	-13.0
SRI LANKA	325.7	118.9	-63.5	1579.1	1740.1	10.2
KOREA RP	193.2	165.2	-14.5	1931.3	1734.5	-10.2
TURKEY	195.8	90.9	-53.6	1761.2	1731.2	-1.7
THAILAND	123.5	148.5	20.2	1241.1	1619.4	30.5
BELGIUM	135.5	110.1	-18.7	1406.7	1615.7	14.9
SOUTH AFRICA	128.8	114.5	-11.1	1355.2	1553.8	14.6
SAUDI ARAB	121.4	132.0	8.8	1271.8	1438.9	13.1
FRANCE	114.6	146.8	28.1	1422.6	1403.4	-1.3

Country	March 2018	March 2019	Growth (%)	April-March 2017-18	April-March 2018-19	Growth (%)
NIGERIA	118.6	179.6	51.5	877.7	1338.1	52.4
JAPAN	132.3	103.6	-21.7	1056.2	1233.4	16.8
VIETNAM	101.2	171.5	69.4	1175.3	1179.4	0.3
SPAIN	149.6	93.3	-37.6	1196.6	1142.8	-4.5
BRAZIL	86.7	126.5	46.0	926.3	1028.3	11.0
Top 25 Countries Total	5826.0	7257.0	24.6	56922.5	61156.6	7.4
Grand Total	7839.3	9156.5	16.8	76199.3	81017.3	6.3
Share % Total Engineering Exports	74.32	79.26		74.70	75.49	

Note: Red font indicates negative growth

(Source: Department of Commerce, Government of India)

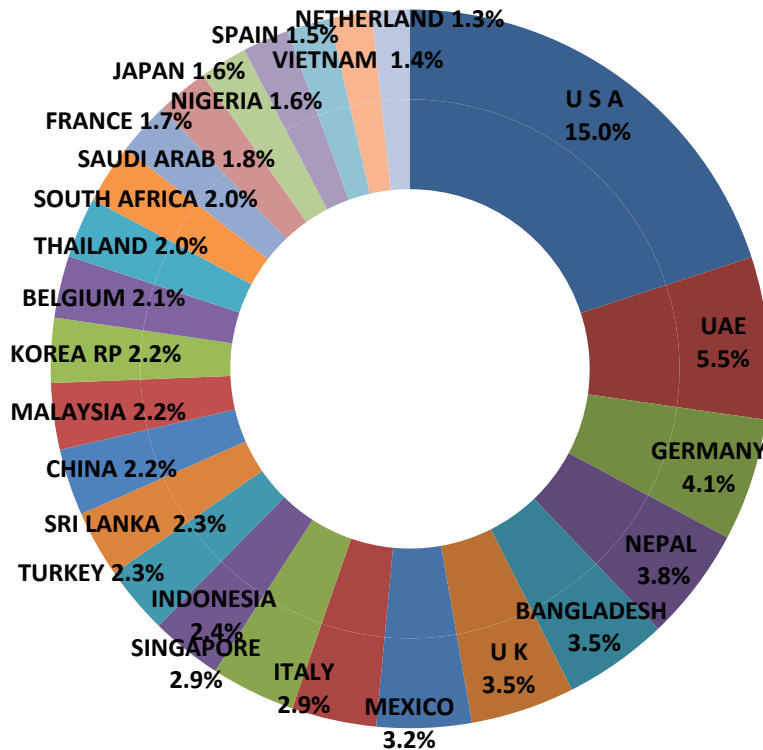
The country wise engineering export figures for March 2019 show the following facts:

- ❖ In 16 out of 25 countries, engineering exports recorded positive cumulative growth during April- March 2018-19 over April- March 2017-18.
- ❖ USA retained its numero uno position, being the top exporting destination for India's engineering products on a cumulative basis during April- March 2018-19 viz-a-viz April-March 2017-18, registering considerable growth of 15.9 percent.
- ❖ Singapore recorded the highest import growth of 74.5 percent during April-March 2018-19 over April-March 2017-18 .
- ❖ India's engineering exports to China recorded the highest negative cumulative growth during April- March 2018-19 over April- March 2017-18.
- ❖ Nigeria, Indonesia, Thailand recorded high import growth during April-March 2018-19 over April-March 2017-18.
- ❖ Among European nations falling under the top 25 engineering exports destinations, exports to Belgium like the previous few months recorded the highest growth of 14.9 percent on a cumulative basis. However, like the previous month exports to Belgium recorded negative growth on a monthly basis in March 2019 over March 2018. Engineering exports to other European nations like Italy and France registered significant positive growth in March 2019 over March 2018.

- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Singapore recorded the highest cumulative growth during April-March 2018-19 over April-March 2017-18 as well as recorded the highest monthly growth in March 2019 over the same month last year. Baring Malaysia, all the other four countries recorded positive cumulative growth during this last completed fiscal.
- ❖ India's engineering exports to its top 25 nations accounted for 79.26 per cent of India's total engineering exports in March 2019, which is higher than its share in the March 2018.
- ❖ India's engineering exports to its top 25 destinations during April- March 2018-19 over April- March 2017-18 was marginally higher compared to India's total global engineering exports during the same period.

We present pie chart showing the share percentage of India's top exporting destination (top 25 destinations) comprising an export share of more than 75% of India's global engineering exports.

Figure 3: Share% of India's top exporting destinations during April-March 2018-19



Source: EEPC India analysis

6. Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for March 2019 as opposed to March 2018. Table 7 gives this picture:

Table -7: Region wise exports trend

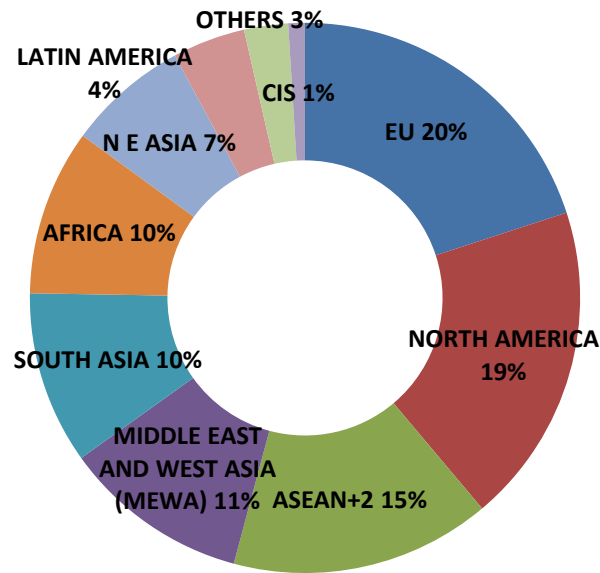
US\$ million

Regions	March 2018	March 2019	Growth (%)	April-March 2017-18	April-March 2018-19	Growth (%)
EU	1582.53	1523.40	-3.74	15950.44	16191.60	1.51
NORTH AMERICA	1391.04	1445.75	3.93	13659.11	15298.43	12.00
ASEAN+2	935.07	2731.85	192.15	10188.97	12396.55	21.67
MIDDLE EAST AND WEST ASIA (MEWA)	747.32	733.81	-1.81	8625.98	8867.37	2.80
SOUTH ASIA	984.33	757.80	-23.01	7210.21	8226.99	14.10
AFRICA	735.82	795.85	8.16	6964.13	7913.90	13.64
N E ASIA	833.32	552.42	-33.71	7307.20	5770.94	-21.02
LATIN AMERICA	338.76	414.25	22.29	3413.87	3465.40	1.51
OTHERS	222.20	118.82	-46.53	2174.22	2095.71	-3.61
CIS	68.94	82.54	19.73	705.19	790.40	12.08
Grand Total	7839.32	9156.49	16.80	76199.33	81017.29	6.32

(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 4: India's region wise exports during March 2019



(Source: EEPC India analysis)

- ❖ EU ranked the region with highest shipment of engineering products from India during April- March 2018-19 over April- March 2017-18 with a share of 20 percent of total engineering exports.
- ❖ India's exports to ASEAN+2 countries recorded the highest positive growth both on a monthly basis in March 2019 vis-à-vis March 2018 as well as on a cumulative basis during April- March 2018-19 over April- March 2017-18.
- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods during April- March 2018-19 with a share of 18.9 percent and 15.3 percent of total engineering exports respectively.
- ❖ South Asia, Africa and CIS recorded substantial positive growth in exports during March 2019 vis-à-vis March 2018.
- ❖ Baring North East Asia all the other major regions recorded positive cumulative growth in exports of engineering products from India during April- March 2018-19 over April- March 2017-18.

7. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during March 2019. We have taken the major panels and computed the top importers and sharp declines to get an idea of the current trade pattern. (Tables 8-16)

Table 8: Export of Iron & Steel

US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top Five Importers						
NEPAL	109.10	75.47	-30.8%	880.50	1139.26	29.39
ITALY	104.71	154.89	47.9%	1029.92	884.33	-14.14
UAE	51.32	83.74	63.2%	710.93	733.38	3.16
BELGIUM	74.74	40.79	-45.4%	774.08	600.28	-22.45
KOREA	18.95	77.39	308.3%	579.78	486.22	-16.14
High cumulative growth						
CANADA	2.58	5.43	110.0%	36.66	61.14	66.80
FRANCE	1.46	6.69	359.6%	17.53	28.81	64.35
DJIBOUTI	7.49	3.45	-54.0%	44.16	68.28	54.61
BHUTAN	5.21	7.18	37.9%	38.01	55.08	44.92
NIGERIA	4.68	2.13	-54.6%	36.35	52.12	43.36
LATVIA	0.42	0.43	1.6%	18.15	24.97	37.59
KUWAIT	3.55	2.90	-18.1%	24.55	33.71	37.33
QATAR	3.25	2.07	-36.1%	48.95	64.81	32.42
Sharp cumulative decline						
MYANMAR	6.05	0.67	-89.0	107.39	23.11	-78.48
PERU	0.65	0.67	3.8	43.28	16.34	-62.25
SINGAPORE	1.20	1.28	6.2	110.00	44.19	-59.83
IRAN	14.28	2.14	-85.0	136.78	62.83	-54.07
SUDAN	1.71	0.33	-80.7	21.93	10.92	-50.18
DENMARK	4.12	1.06	-74.3	34.95	17.59	-49.67
INDONESIA	48.79	19.31	-60.4	540.83	275.83	-49.00
ARGENTINA	11.60	2.76	-76.2	55.50	29.61	-46.66

(Source: Department of Commerce, Government of India)

- ❖ Nepal, Italy and UAE were the three top three importers of Indian Iron and Steel during April - March 2019 with market shares of 12.05 percent, 8.27 percent and 7.36 percent respectively.

- ❖ Djibouti recorded more than 75 percent year-on-year growth in exports of Indian Iron and Steel during April- March 2019.
- ❖ Iran, Philippines and Indonesia experienced sharp downfall in exports during April- March 2018.

Table 9: Export of Products of Iron & Steel
US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top Five Importers						
U S A	133.15	158.33	18.9	1600.54	1693.07	5.78
U ARAB EMTS	41.40	46.95	13.4	414.79	453.79	9.40
GERMANY	38.49	34.27	-11.0	389.80	425.08	9.05
U K	28.33	28.59	0.9	292.78	318.70	8.85
CANADA	27.30	20.02	-26.7	250.40	272.67	8.89
High cumulative growth						
URUGUAY	0.12	0.17	47.0	0.87	13.16	1412.01
CHILE	1.37	68.89	4921.0	20.76	123.83	496.60
MAURITANIA	5.43	3.53	-35.1	7.18	39.30	447.15
PAKISTAN IR	0.06	1.37	2146.9	0.98	5.29	442.37
MALI	0.17	0.82	378.9	1.69	8.04	375.78
CONGO D. REP.	0.55	1.32	138.9	3.29	11.30	243.98
BURKINA FASO	0.78	1.83	133.8	4.66	14.50	211.18
Sharp cumulative decline						
LEBANON	0.48	0.15	-69.1	7.38	3.83	-48.18
MOZAMBIQUE	0.32	0.19	-39.2	7.14	3.99	-44.17
TOGO	1.03	0.53	-49.0	6.50	4.26	-34.56
IRAN	0.77	0.13	-83.4	51.76	4.92	-90.49
MALDIVES	0.83	0.46	-44.2	7.92	5.09	-35.66
COTE D' IVOIRE	1.41	0.59	-58.2	21.68	5.23	-75.89
BENIN	0.45	0.78	74.8	9.71	5.67	-41.59
UKRAINE	0.45	0.45	0.0	7.55	6.37	-15.58

(Source: Department of Commerce, Government of India)

- ❖ USA, UAE and Germany were the top three importers of India's 'Products of Iron & Steel' during Financial Year 2018-19 with 23.3 percent, 6.3 percent and 5.9 percent shares respectively in India's global import of the same.

- ❖ Uruguay, Chile and Mauritania experienced more than 50% growth in import of 'Products of Iron and Steel' during Financial Year 2018-19.
- ❖ Lebanon, Mozambique and Togo conceded substantial decline in imports of more than half for the said product group from India during April - March 2019.

Table 10: Export of Industrial Machinery

US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top Five Importers						
U S A	194.35	222.06	14.25	1927.65	2325.68	20.65
BANGLADESH	54.98	109.66	99.48	562.01	727.02	29.36
GERMANY	54.32	71.23	31.14	557.12	661.94	18.82
THAILAND	32.17	64.25	99.73	302.50	634.60	109.79
CHINA P RP	46.86	53.83	14.87	447.57	518.23	15.79
High cumulative growth						
CAMBODIA	0.36	1.13	217.05	5.02	21.21	322.67
RWANDA	0.74	1.83	148.69	4.44	17.88	302.59
THAILAND	32.17	64.25	99.73	302.50	634.60	109.79
HONG KONG	1.64	1.93	17.57	17.17	36.02	109.78
UZBEKISTAN	3.03	4.25	40.18	30.17	60.30	99.87
LEBANON	1.12	0.91	-19.15	11.48	21.31	85.70
ANGOLA	0.85	1.10	29.16	8.56	15.75	83.89
CONGO D. REP.	1.15	3.26	182.80	11.04	19.33	75.03
CAMBODIA	0.36	1.13	217.05	5.02	21.21	322.67
RWANDA	0.74	1.83	148.69	4.44	17.88	302.59
Sharp cumulative decline						
FINLAND	2.25	0.57	-74.83	24.07	11.32	-52.96
BRUNEI	2.35	0.81	-65.28	16.94	8.65	-48.93
KUWAIT	16.31	13.63	-16.47	242.44	132.99	-45.15
SENEGAL	3.13	1.87	-40.19	36.86	20.80	-43.58
SOMALIA	1.45	0.78	-45.80	10.22	6.07	-40.62
GUATEMALA	2.96	1.89	-36.04	23.16	14.05	-39.35
MOZAMBIQUE	3.19	1.70	-46.70	27.11	17.45	-35.62
SLOVAK REP	0.49	1.41	190.30	13.21	8.53	-35.43

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during Financial Year 2018-19 with 16.4 percent share in India's global import of the product group, followed by Bangladesh and Germany with 5.1 percent and 4.7 percent shares respectively.
- ❖ Cambodia, Rwanda Thailand and Hong Kong were among the importing nations witnessed over 100 percent growths in imports of Industrial machinery from India during Financial Year 2018-19 over the same period last fiscal.
- ❖ Among the major importers, Finland and Brunei recorded sharp (almost 50 percent) year-on-year declines in imports during Financial Year 2018-19.

Table 11: Export of Automobiles

US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017-MARCH 2018	APRIL, 2018 - MARCH 2019	GROWTH (%)
Top Five Importers						
MEXICO	142.36	116.71	-18.0%	1692.38	1284.10	-24.12
U S A	136.51	111.82	-18.1%	653.73	1153.50	76.45
SOUTH AFRICA	67.85	49.24	-27.4%	762.61	706.41	-7.37
BANGLADESH	34.32	46.46	35.4%	311.95	431.76	38.41
INDONESIA	58.37	19.48	-66.6%	390.90	369.60	-5.45
High cumulative growth						
MEXICO	142.36	116.71	-18.0%	1692.38	1284.10	-24.12
U S A	136.51	111.82	-18.1%	653.73	1153.50	76.45
SOUTH AFRICA	67.85	49.24	-27.4%	762.61	706.41	-7.37
BANGLADESH	34.32	46.46	35.4%	311.95	431.76	38.41
INDONESIA	58.37	19.48	-66.6%	390.90	369.60	-5.45
SAUDI ARAB	31.41	46.31	47.4%	270.01	334.28	23.80
NEPAL	26.84	28.87	7.5%	279.41	322.76	15.51
ALGERIA	37.62	41.81	11.1%	292.56	287.06	-1.88
Sharp cumulative decline						
ARGENTINA	0.95	0.00	-100.0%	31.27	1.89	-93.95
COTE D' IVOIRE	0.83	1.05	26.9%	87.49	13.00	-85.14
NICARAGUA	2.10	0.00	-100.0%	20.00	4.21	-78.97
ISRAEL	1.70	0.34	-80.1%	61.11	12.88	-78.93
LIBERIA	0.35	0.41	16.1%	12.81	3.21	-74.93
NETHERLAND	0.21	0.48	127.5%	34.03	9.27	-72.76
TURKEY	1.01	0.15	-84.9%	48.67	20.85	-57.15
AUSTRALIA	14.87	2.07	-86.0%	81.50	35.85	-56.01

(Source: Department of Commerce, Government of India)

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

- ❖ Mexico, USA and South Africa were top three importers of India's Automobiles during Financial Year 2018-19 witnessing 12.6, 11.1 and 6.7 percent share respectively.
- ❖ Countries like Jordan, Puerto Rico, Cambodia, China, Iraq , etc. saw over 100 percent growths in imports of Indian automobile during Financial Year 2018-19 among major importers.
- ❖ Cote D'Ivoire, Israel, Netherland and Argentina conceded substantial decrease in imports of Automobiles from India during Financial Year 2018-19.

Table 12: Export of Non-Ferrous metals

US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top Five Importers						
U S A	138.68	101.30	-27.0	1075.36	1069.31	-0.6
MALAYSIA	69.06	76.71	11.1	1184.76	964.08	-18.6
KOREA RP	133.91	80.96	-39.5	1234.54	860.38	-30.3
TURKEY	50.02	3.85	-92.3	270.11	507.22	87.8
TAIWAN	52.45	11.92	-77.3	272.35	341.96	25.6
High cumulative growth						
EGYPT A RP	1.06	1.74	64.5	11.44	37.14	224.7
BULGARIA	2.59	0.37	-85.5	21.71	53.11	144.7
ETHIOPIA	1.05	4.04	285.3	12.69	29.37	131.4
NETHERLAND	14.36	12.15	-15.4	85.75	179.73	109.6
POLAND	1.48	3.40	129.2	17.80	36.93	107.4
MEXICO	14.39	14.80	2.9	166.58	318.73	91.3
TURKEY	50.02	3.85	-92.3	270.11	507.22	87.8
THAILAND	19.68	23.03	17.0	140.10	230.20	64.3
Sharp cumulative decline						
CHINA P RP	221.35	68.55	-69.0	1872.51	332.67	-82.2
IRAN	0.70	1.20	71.3	39.30	12.15	-69.1
MONTENEGRO	1.08	0.61	-43.8	27.87	9.85	-64.7
QATAR	29.54	3.20	-89.2	220.35	85.55	-61.2
U ARAB EMTS	23.56	28.79	22.2	530.32	248.16	-53.2
COLOMBIA	3.74	5.97	59.7	89.41	53.20	-40.5
INDONESIA	10.57	7.02	-33.6	131.96	83.70	-36.6
SINGAPORE	1.00	41.19	4006.9	250.78	159.69	-36.3

- ❖ USA, Malaysia and Korea were the top three importers of Indian Non-ferrous metals during Financial Year 2018-19 with market shares of 12.8 percent, 11.6 percent and 10.3 percent respectively.

- ❖ Egypt, Bulgaria, Ethiopia, Netherland and Poland witnessed over 100 percent year-on-year growths in imports of Indian Non-ferrous metal products during Financial Year 2018-19.
- ❖ China, Iran, Montenegro, Qatar and UAE were the nations conceded highest declines (more than 50 percent) in imports of non-ferrous metals from India during the Financial Year 2018-19 over the same period last fiscal.

Table 13: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top Importers						
U S A	112.18	191.34	70.6	1180.99	1997.67	69.15
GERMANY	104.84	56.19	-46.4	945.96	881.46	-6.82
U K	56.79	86.73	52.7	439.21	558.15	27.08
SINGAPORE	21.66	19.95	-7.9	256.23	512.96	100.19
BELGIUM	19.68	11.76	-40.2	158.04	330.03	108.82
High cumulative growth						
CROATIA	0.01	0.08	440.4	0.56	11.42	1938.35
GREECE	0.05	2.90	5243.3	2.04	15.07	637.10
RWANDA	0.02	1.89	8097.2	4.19	23.44	459.19
LUXEMBOURG	0.55	16.63	2922.2	4.90	20.58	320.33
IRELAND	0.21	0.22	1.3	3.90	14.19	264.40
CANADA	1.56	17.80	1038.1	30.08	76.19	153.31
EGYPT A RP	2.93	4.21	43.5	22.64	54.98	142.83
INDONESIA	13.55	6.54	-51.8	70.38	166.83	137.04
Sharp cumulative decline						
ISRAEL	2.21	1.05	-52.4	37.04	11.89	-67.91
TAIWAN	8.50	0.76	-91.1	64.73	23.09	-64.33
NORWAY	0.58	0.65	11.6	14.89	5.89	-60.43
SENEGAL	3.84	0.65	-83.1	21.76	9.71	-55.37
HONG KONG	37.76	5.19	-86.2	89.84	42.46	-52.74
ETHIOPIA	0.34	1.27	268.1	18.08	9.26	-48.77

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during Financial Year 2018-19 with market shares of 23.7 percent, 10.5 percent and 6.6 percent respectively.
- ❖ Croatia, Greece and Rwanda recorded highest growth in imports of India's Electrical Machinery and Components during Financial Year 2018-19.
- ❖ On the other hand Israel, Taiwan, Norway conceded highest declines in imports of India's Electrical Machinery and Components during Financial Year 2018-19.

Table 14: Export of Aircrafts and Spacecrafts

US\$ million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top Five Importers						
U S A	47.20	68.74	45.6	634.71	554.54	-12.63
FRANCE	19.69	26.23	33.2	250.01	237.14	-5.15
U K	29.06	29.47	1.4	226.65	230.82	1.84
SINGAPORE	23.19	12.04	-48.1	249.62	225.59	-9.63
GERMANY	18.77	5.90	-68.6	264.35	107.81	-59.22
High cumulative growth						
SEYCHELLES	0.65	0.31	-52.4	2.55	26.39	935.59
SOUTH AFRICA	0.85	0.01	-98.8	2.51	7.95	216.40
SWEDEN	1.22	1.90	55.3	7.36	14.33	94.76
MEXICO	0.38	0.70	83.7	3.20	5.98	86.95
IRELAND	1.45	0.14	-90.1	8.05	12.94	60.65
U ARAB EMTS	0.36	0.26	-28.1	6.76	8.10	19.94
Sharp cumulative decline						
SRI LANKA DSR	195.65	0.00	-100.0	195.87	0.12	-99.94
BAHRAIN IS	0.08	0.00	-100.0	7.66	0.22	-97.17
KOREA RP	0.00	0.00	0.0	7.53	1.10	-85.45
POLAND	3.75	0.51	-86.5	35.10	12.45	-64.52
NETHERLAND	1.59	0.35	-78.0	16.96	6.72	-60.38
GERMANY	18.77	5.90	-68.6	264.35	107.81	-59.22
RUSSIA	3.16	0.33	-89.4	39.21	16.52	-57.87

(Source: Department of Commerce and CSO)

- ❖ USA, France and UK were the top three importers of India's 'Aircrafts and Spacecrafts' during Financial Year 2018-19 with around 32.4, 13.9 and 13.5 percent shares respectively in India's total global exports of the product.
- ❖ Seychelles, South Africa and Sweden continued to register substantial growths in import of the product group during Financial Year 2018-19 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Sri Lanka, Bahrain, Korea dropped significantly on a year-on-year basis during Financial Year 2018-19 along with some other nations.

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

US\$ million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top 5 Importers						
SINGAPORE	63.32	1283.95	1927.8	675.17	1989.73	194.70
U ARAB EMTS	78.80	34.44	-56.3	1160.27	1357.81	17.02
INDONESIA	0.00	504.08	0.0	36.07	734.61	1936.62
SRI LANKA DSR	13.03	0.00	-100.0	188.75	674.10	257.14
OMAN	0.00	0.01	0.0	2.47	276.46	11102.87
High cumulative growth						
SOUTH AFRICA	0.00	0.00	0.0	0.00	198.48	66722628.90
BELGIUM	0.01	0.00	-100.0	0.01	150.05	2252234.04
QATAR	0.00	0.00	0.0	0.01	36.85	417487.86
NIGERIA	0.00	0.00	0.0	0.04	24.88	67541.45
OMAN	0.00	0.01	0.0	2.47	276.46	11102.87
Sharp cumulative decline						
CAMEROON	0.00	0.00	0.0	20.63	0.00	-100.00
LIBERIA	0.00	0.00	0.0	84.61	0.00	-100.00
MYANMAR	0.00	0.00	0.0	21.28	0.00	-100.00
NORWAY	0.00	0.00	0.0	82.42	0.00	-100.00
EGYPT A RP	0.00	0.05	0.0%	213.77	0.05	-99.98

Note: Export figures in case of some nations are showing zero due to rounding off but actually they are very small in value.

(Source: Department of Commerce and CSO)

- ❖ Singapore is the largest importer of India's 'Ships, boats and floating structures and parts' during Financial Year 2018-19 with 34.5 percent share in India's total global exports of the product followed by UAE and Indonesia with 23.5 and 12.7 percent share respectively.
- ❖ South Africa, Belgium and Qatar recorded robust growth in imports of 'Ships, Boats and Floating Structures and Parts' during Financial Year 2018-19.
- ❖ Cameroon, Liberia and Myanmar were among the nations that recorded no imports during Financial Year 2018-19 against substantial export during the same period last fiscal. USA also saw significant downfall in imports from India.

Table 16: Export of Auto Components

US\$ Million

COUNTRY	MARCH 2018	MARCH 2019	Growth (%)	APRIL, 2017- MARCH 2018	APRIL, 2018 - MARCH 2019	Growth (%)
Top 5 Importers						
U S A	110.53	116.04	5.0	1060.25	1269.40	19.73
BANGLADESH PR	31.83	32.22	1.2	288.92	315.16	9.08

TURKEY	35.45	21.52	-39.3	365.27	308.66	-15.50
BRAZIL	23.49	31.83	35.5	249.92	298.57	19.47
GERMANY	23.10	27.39	18.6	227.04	272.70	20.11
High cumulative growth						
TAIWAN	0.40	2.39	499.3	4.99	19.57	292.03
SINGAPORE	1.06	0.91	-13.6	9.14	30.78	236.72
SENEGAL	0.17	2.94	1668.0	2.31	7.30	215.58
ECUADOR	0.35	1.00	185.3	1.82	5.13	181.45
MOROCCO	0.46	1.19	159.0	6.37	11.58	81.66
COLOMBIA	6.54	8.70	33.1	56.01	94.66	69.00
TUNISIA	0.32	0.32	0.7	3.03	5.07	67.40
U ARAB EMTS	12.86	20.72	61.1	119.17	187.58	57.40
Sharp cumulative decline						
ETHIOPIA	0.65	0.96	48.7	10.11	5.32	-47.39
IRAN	0.83	0.38	-54.2	10.87	5.85	-46.20
ARGENTINA	1.75	0.64	-63.7	14.69	8.43	-42.60
COTE D' IVOIRE	0.14	0.27	96.0	11.66	6.75	-42.12
PERU	3.14	2.09	-33.4	33.45	25.73	-23.06
GUATEMALA	1.35	1.25	-7.4	13.48	10.76	-20.19
AUSTRALIA	2.51	1.75	-30.5	23.58	19.10	-19.01
TURKEY	35.45	21.52	-39.3	365.27	308.66	-15.50

(Source: Department of Commerce and CSO)

- ❖ USA is the topmost importer of auto components/parts from India during Financial Year 2018-19 with a share of 21.9 percent in India's global exports of auto components. Bangladesh and Turkey were the immediate followers of USA with 5.4 percent and 5.3 percent shares respectively.
- ❖ Taiwan, Singapore and Senegal are among the prominent nations recorded significant increase in imports of Indian Auto Components/Parts during Financial Year 2018-19.
- ❖ Ethiopia, Iran and Argentina conceded highest declines in imports during Financial Year 2018-19 over the same period last fiscal followed by Netherland.

8. Import analysis of engineering goods

India's Engineering imports during March 2019 were valued at US\$ 9147.4 million compared to US\$ 9112.42 million in March 2018 registering a marginal growth to the extent of 0.4 percent in dollar terms.

Cumulative engineering imports during Apr-Mar 2018-19 was recorded at US\$ 104.2 billion as against US\$ 93.9 billion during the same period last fiscal registering a cumulative growth of 10.9 percent.

The share of engineering imports in India's total merchandise imports have dropped to 21.1 percent in March 2019 as against 21.3 percent in March 2018.

The monthly engineering import figures for fiscal 2018-19 vis-à-vis 2017-18 are depicted below as per the latest availability of figure:

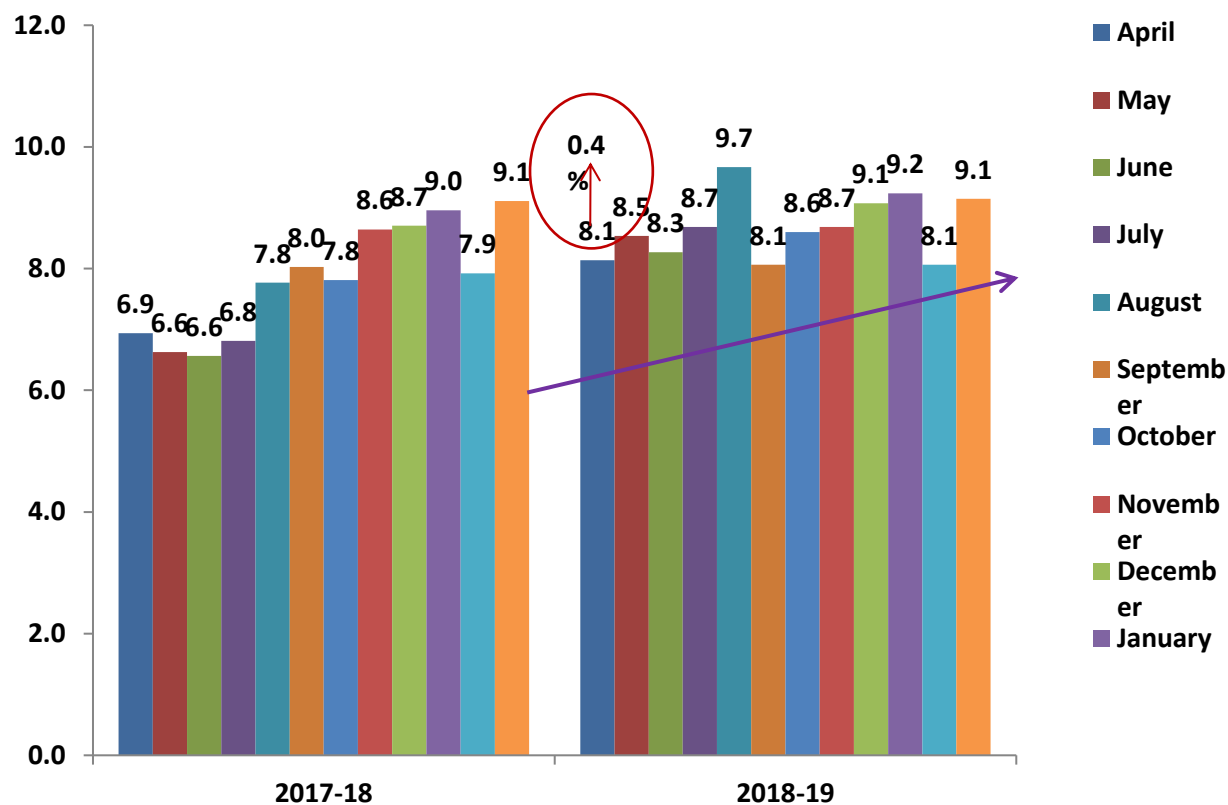
Table 17: Engineering Imports
(US\$ Million)

Months	2017-18	2018-19	Growth (%)
April	6936.7	8139.45	17.34
May	6628.73	8535.98	28.77
June	6567.1	8268.14	25.90
Quarter 1 (April-June)	20132.53	24943.57	23.90
July	6811.16	8683.39	27.49
August	7769.3	9667.6	24.43
September	8028.2	8064.26	0.45
Quarter 2 (July-September)	22608.66	26415.25	16.84
October	7812.5	8599.9	10.08
November	8644.2	8686.4	0.5
December	8703.5	9072.2	4.2
Quarter 3 (October-December)	25160.20	26358.50	4.76
January	8959.49	9236.01	3.10
February	7923.9	8062.3	1.7
March	9112.42	9147.4	0.4
Quarter4 (January-March)	25995.81	26445.71	1.7
April-March	93897.2	104163.0	10.9

(Source: Department of Commerce, Government of India)

Figure 5 below depicts the monthly trend in engineering imports for 2018-19 vis-a-vis 2017-18

Figure5: Trend in Monthly Engineering Imports (In US\$ billion) for 2018-19



(Source: EEPC India analysis)

9. Trend in two-way engineering trade

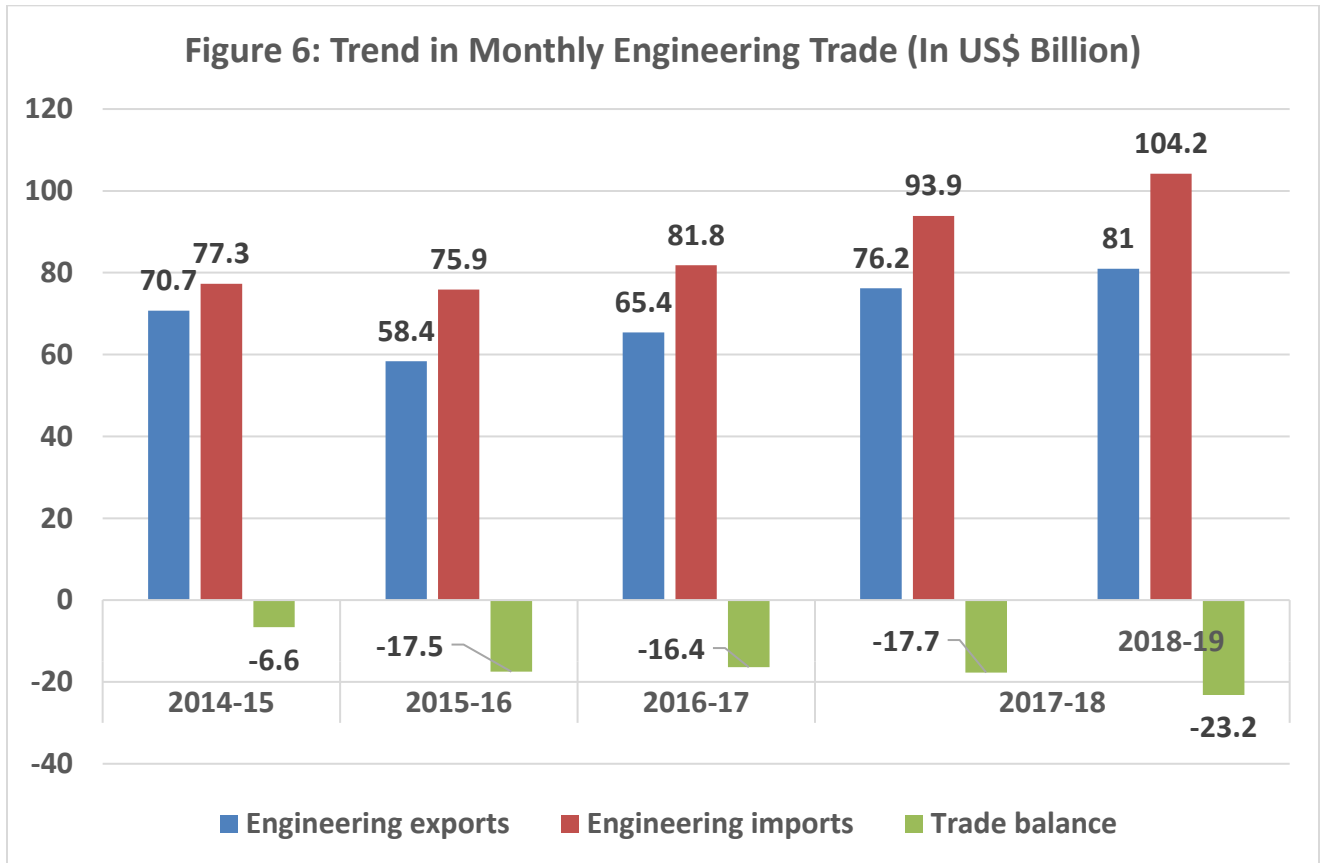
We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2017-18 as well as the current fiscal of 2018-19 depicted in the table below:

Table 18: Engineering Trade
(US\$ billion)

	2014-15	2015-16	2016-17	2017-18	2018-19	Growth % wrt 17-18	CAGR %
Engineering exports	70.7	58.4	65.4	76.2	81.0	6.3%	3.5%
Engineering imports	77.3	75.9	81.8	93.9	104.2	10.9%	7.7%
Trade balance	-6.6	-17.5	-16.4	-17.7	-23.2		

(*Engineering Import figures for April-March 2018-19 v/s 2017-18 are updated as per latest Quick Estimate values

Figure 6 below depicts the yearly trend in engineering trade **from 2014-15 to the current fiscal 2018-19**



10. Conclusion

India's merchandise export achieved its record high during fiscal 2018-19 and secured double-digit growth during March 2019 after several months. For the first time, merchandise export crossed US\$ 300 billion in two fiscals in a row. Indian engineering exports also saw second consecutive record breaking fiscal with over US\$ 80 billion of shipments for the first time. However, it underperformed the broader merchandise exports.

Despite such an impressive performance, the outlook for global trade does not seem very upbeat due to several negativities. The global trade has lost momentum due to presence of bottlenecks like trade tension between US and China, uncertainty on extension of GSP benefit by the US and a series of protectionist measures adopted by developed nations like US and the European nations. The World Trade Organization

(WTO) projected global trade growth to slow down to 3.7% in 2019 from 3.9% in 2018. According to the Indian exporting community, exports may be hampered by impediments like lack of adequate credit flow to export sector, possible withdrawal of GSP benefits to Indian exports by the US Government, delay in refund of input tax credit and denial of GST on availing higher duty drawback among others. Higher price of steel in the domestic market was a reason for the fall in steel export that in turn pulled down the overall growth of engineering exports despite reaching its all time high.

The external threats to foreign trade still persist as impediments like US-China tariff war coupled with the initiation of safeguard investigation by the European Commission on a number of steel products imported by EU is likely to have ripple effects on global trade volume. US investigation on India's compliance with the norms under Generalized System of Preference is another major external shock for the exporting community. These concerns along with the volatile trend of Rupee clouded the outlook for India's global exports. Back home, manufacturers seeks better credit flow on the back of rising raw material cost and post-GST fund shortage for the exporters while exporters want reduction in the cost of shipment.

11. Summary on global trends

Global economic activities have been subdued in the last few quarters. US is apprehended to see weak growth at least in the first quarter of 2019 as reflected by declining factory activity. The Euro area growth slowed down in the last quarter of 2018 on soft domestic demand and contracting manufacturing activity. In the UK, growth slowed down on Brexit uncertainty, with industrial production contracting between September 2018 and January 2019. The Japanese economy rebounded in the last quarter of 2018 on increased domestic consumption expenditure and recovering investment spending, but latest data on manufacturing activity and business confidence suggested that growth again lost momentum in the first quarter of 2019. Chinese economy decelerated in the last quarter of 2018 as subdued domestic and global demand impacting industrial activity. Much of this weakness seems to have continued into 2019 as reflected in low factory output in 2019 till date, though the purchasing managers' index (PMI) moved into expansion zone in March after three months of contraction. Russian economy continued to be impacted in 2019 by both domestic and external headwinds. The Brazilian economy ended 2018 on a weak note while economic indicators suggested that economic activity might be restrained by both weak domestic and external demand in the first half of 2019. The South African economy slowed down in the final quarter of 2018 and subdued industrial activity coupled with worsening external demand indicated further loss in momentum in the first quarter of 2019.

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