

Excerpts from **Strategy Paper for Growth of Engineering Exports (2005-06 to 2009-10)**

Considering India's growing competitiveness in the manufacturing sector and healthy growth in exports of Indian engineering products, Engineering Export Promotion Council (EEPC) appointed M/s. A. F. Ferguson & Co., a leading management consultancy firm, for developing a strategy paper for growth of engineering exports from India.

The Strategy Paper was formally released by the Hon'ble Union Minister of Commerce and Industries Shri Kamal Nath on 10th August, 2005.

The Strategy Paper recommends a focussed approach in terms of identified thrust products and thrust markets based on India's competitiveness, market features, trade block and associated features, strategic advantages, supply capacity etc.

Salient points of the Strategy Paper are given hereunder :

Selection of Thrust Products and Markets

Methodology for Identification of Thrust Products and Thrust Markets

Thrust Products

Analysis has been carried out for important world-import product categories as well as India's important export categories. Hence, to identify thrust product categories/sub-categories a detailed analysis has been carried out for top product categories comprising for about 90% of world imports (i.e. top-27 world import categories) of engineering goods. These categories represent about 82% of the India's exports of engineering products.

Further analysis at sub-category level (4-digit HS code data) has been carried out for top sub-categories, which accounted for about 80% of the total value of the product category to identify potential thrust products and thrust markets. Wherever products (i.e. sub-categories) are having relatively similar profiles in terms of domestic manufacturing, export markets catered to, level of technology, etc., they have been grouped into single category and analyzed thereafter.

The above analysis has been carried out on following parameters :

Category Level Analysis

- ▶ World imports of product category, growth trends, share of product category as percentage of world engineering imports.
- ▶ India's export performance in the product category - India's exports as a percentage of total world imports and growth trends. India's performance in 2003-04 over previous year.
- ▶ Top sub-categories (4-digit HS code data) accounting for 80% of the world imports have been identified and further analysed as follows :

Sub-category Level Analysis

- ▶ World imports of product category, growth trends, share of product sub-category as percentage of product category, etc.
- ▶ India's export performance in the product sub-category - India's exports as percentage of total world imports and growth trends. India's performance in 2003-04 over previous year.
- ▶ Continent and trade-block related data, level of trade within regions and share of intra-region trade.
- ▶ Key importing countries and share of India's exports in their imports. Key destinations for India's exports.
- ▶ Identification of key competitors for India's exports of particular sub-category for each product sub-category.
- ▶ Qualitative analysis for sub-categories on following aspects :
 - ✓ India's present export performance - current status and key characteristics of the industry.
 - ✓ Key features of the industry.
 - ✓ Key factors inhibiting export growth.
 - ✓ Other factors considered include Technology, Scale of Operations, Realisation in Export Markets, Production Capacity related constraints, Market initiation/development efforts required like Pre-Sales support, After Sales Service, Distribution Network, etc.



Based on the above factors, a potential list of export thrust product categories/sub-categories was identified. Next a further short-listing of thrust products was made using an appropriate selection cut-off criteria (in respect of value and CAGR of world imports as well as Indian exports) and other qualitative factors namely the need to move towards medium and high technology and also high value added products exports, products which offer relative logistical advantage opportunities and threats based on Trade Agreements, feasibility of products contributing towards achieving the targeted growth rate of 15% p.a. in the next five years and the supply and the competition factors. The final list of the selected Thrust Products based on the above is given below :

Final List of Selected Thrust Products (TP)

<i>Sr. No.</i>	<i>Product Category</i>	<i>Product/Product Sub-category</i>	<i>Final Selected Thrust Products (Existing)</i>	<i>Final Selected New Thrust Products</i>
1.	Commercial Vehicles	Commercial Vehicles and Passenger Cars	Commercial Vehicles and Passenger Cars	Luxury Buses and Higher Horse-power Trucks
2.	Electrical Power Equipment and Parts	Electric transformers and static converters	Transformers (both power as well as distribution) and Static Converters	-
		Electric Motors and Generators	Electric Motors and Generators	High Efficiency Motors and Generators
3	Automobile Parts	Parts of Motor Vehicles	Parts of Motor Vehicles	-
4	Instruments - All Types	Instruments used in Medical/ Surgical Applications including X-Ray Machines	Medical/Surgical Instruments, Optometry Instruments and X-Ray Equipment	-
		-	-	Orthopedic Appliances, Artificial Parts and Implants, etc.
		Analytical and Measuring Instruments	Oscilloscopes, Measuring Instruments for Electrical Quantities	-
5	Prime Iron and Steel	Flat Rolled Products of Stainless Steel	Flat Rolled Products of Stainless Steel	-
6	Other Industrial Machinery	-	Printing and Processing Machines	-
		-	Transmission Shafts	-
		-	-	Electric Furnaces
7	I. C. Engines and Parts	Various types of IC Engines	Compression Ignition and Electrical Ignition type IC Engines	Compact Engines
		Parts of IC Engines	Parts of IC Engines	-
8	Electric Manufacturers NOS	Electric Filament or Discharge Lamps	Electric Filament or Discharge Lamps	-
9	Aluminium and Products thereof	Unwrought Aluminium	Alloyed and Unalloyed Aluminium Ingots	-
		Aluminium Plates and Sheets and Strip	Aluminium Plates and Sheets and Strip including Electrolytic Grade	-



EEPC INDIA

Domestic Information

Sr. No.	Product Category	Product/Product Sub-category	Final Selected Thrust Products (Existing)	Final Selected New Thrust Products
		Other articles of Aluminium (including foils, bars and rods, extrusions, profiles and scrap)	Aluminium Foils	Can Stock [identified only from the long term possibility (more than 5 years) of development of this product]
10	Other Non-ferrous Metal	Copper and Copper Products	Primary Copper	FRC Copper, Oxygen Free Copper, High Dimension CC Rods (16 mm and above)
11	Other Chemical Plant	Centrifuges including Centrifugal Dryers	Centrifuges including Centrifugal Dryers	Machinery for working rubber or plastics
12	Electric Wires and Cables	Electric Wires and Cables	Insulated Wires, Electric Conductors and Optical Fibre Cables	Wires and Cables of Oxygen Free Copper
13	Heating & Cooling Equipment	Refrigeration and Air-conditioning (incl. Commercial and Industrial)	Refrigeration and Air-conditioning (incl. Commercial and Industrial)	-
14	Tractors and Agricultural Equipment	Tractors and Trailers	Tractors and Trailers	-
		Agricultural Machinery	Agricultural Machinery	-
15	Cranes, Lifts and Winches	Parts suitable for use in Pulley Tackle and Hoists and Construction, Excavating Machinery	Parts suitable for use in Pulley Tackle and Hoists and Construction, Excavating Machinery	-
16	Industrial Castings	Moulding Boxes for Metal Foundry	Moulding Boxes for Metal Foundry	-
		Transmission Shafts (incl. Crankshafts and Camshafts)	Transmission Shafts (incl. Crankshafts and Camshafts)	-
17	Steel Pipes and Tubes	Tubes, Pipes and Hollow Profiles Seamless of Iron or Steel (excl. Cast Iron)	Seamless Pipes and Tubes of Iron and Steel	-
		Other Tubes and Hollow Profiles (e.g. Open Seam/Welded/Riveted/ Similarly closed) of Iron/Steel	Welded Pipes and Tubes of Iron/Steel	-
		Tube or Pipe Fittings of Iron or Steel	Tube or Pipe Fittings of Iron or Steel	-
		Welded Steel Pipes of diameter greater than 40.64 mm	-	Welded Steel Pipes of diameter greater than 40.64 mm
18	Cutting Tools	Handsaws and Blades for Saws of all types	-	Handsaws and Blades for Saws of all types
		Grinding Stones and Grinding Wheels	-	Grinding Stones and Grinding Wheels
19	Bicycles and Parts	Bicycles	Bicycles	High-end Bicycles
		Bicycle Parts and Others	Bicycle Parts	High-end Bicycle Parts

Source : UNCTAD PCTAS Data analysis, AFF Research

(To be continued at next issue)