

# Territorial NEWSLETTER South Asia

**EETPCINDIA**  
ENGINEERING THE FUTURE

Vaniya Bhavan (1st Floor)  
International Trade Facilitation  
Centre (ITFC)  
1/1 Wood Street,  
Kolkata - 700016  
www.eetpcindia.org



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## Chairman's Pen



T S Bhasin

India's largest importer of engineering products during the last fiscal, Sri Lanka, observed a drastic fall in imports this fiscal till October 2016 while Nepal has replaced Sri Lanka to become the largest importer of Indian engineering products during the ongoing fiscal. Engineering exports to Sri Lanka dropped by around 46 percent during the first seven months of the current fiscal due to drastic drop in exports of Aircrafts and spacecrafts and automobiles. Nepal recorded 56 percent growth in engineering imports from India during this time period. Bangladesh also enjoyed 32 percent growth and crossed USD1 billion of engineering imports from India during April - October 2016.

This newsletter also throws light on potential of South Asia to become an export Powerhouse of the world. I believe this informative newsletter will be helpful for our member exporters to expand their export base in South Asian region.

## SAARC Territorial Committee Chairman's Note



PR  
Venkatachalam

This ninth issue of the newsletter on South Asia presents the highlight of the report by World Bank that analysed the potential of South Asia to become one of the most preferred destinations for trade and investments. Recent acceleration in economic activities and demographic advantage of the South Asian nations speaks for the possibility for this region to become a global business hub. However, weak economic integration in the South Asian region is a prominent bottleneck for the overall development of the region.

An analysis of Indian engineering exports for the first half of fiscal 2016-17 is also provided in this newsletter from both country-wise and DGCI&S panel-wise perspective. Other sections include News section, Upcoming events in SA regions and tenders.

## Cover Story

*The World Bank report finds the South Asian region as one of the most promising region for trade and investments on the back of aging population and rising labour cost in other parts of Asia.*

## What's in News

- **US support to India's role in South Asia to continue**
- **Indian central bank unexpectedly keeps rates unchanged as cash crunch roils economy**
- **World Bank Approves an Additional \$22.93 Million Grant to Support Grid-connected Rooftop Solar Program in India**
- **And more....**

## Tenders

*More latest News from Tenders*

## Upcoming Events

Territorial  
NEWSLETTER – South Asia

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## Basic Facts South Asia

Area: 5,099,611 km<sup>2</sup>

Population: 1,713,870,000

GDP: US\$9.9 trillion

Countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

## South Asia has every potential to become an Export Powerhouse

The World Bank (WB) has published a report focusing on South Asia. This report provides an in-depth analysis on the latent potential of the region to shape up as one of the most favoured region for trade and investments, finds the drivers as well as the constraints impacting the competitiveness of this region and finally suggests policies to boost the competitiveness of the region in order to become the 'Next Export Powerhouse'. Based on the aforesaid report of WB, we have analysed the potential as well as the competitiveness of the region to become the next export destination of the world.

The work force in China and other East Asian countries has been aging and labor costs is rising, which has induced businesses to turn to South Asia as the most suitable alternative. The first thing that has caught the eyes of the global players is the demographic advantage of this region. Education levels in this region is on the rise with more than one million young educated workers entering the labor market each month, and the urban population is expanding. As per the report, more than a quarter of the world's working adults will live in South Asia by 2030. The population structure itself also speaks for a vast consumer market in this region.

Economic situation in this region has been improving with India leading the growth mechanism. South Asia is increasingly improving its competitiveness and has become the fastest growing region in the past year. Indeed, the region's strong growth has translated into declining poverty and improvement in human development. Leading firms in this region have been maintaining global standard demonstrating excellence in operational performance with the help of its highly skilled human resource. The success of the region's leading firms demonstrates great competitiveness potential of South Asian nations.

However, this region has some bottlenecks to growth lying within its socio-economic system. The overall business environment is still not reached the global benchmark level as most firms in South Asia have low productivity which is the main driver of sustained competitiveness. The report suggests four main policy levers to boost the competitiveness of the firms in this region. It recommends improving the business environment, to connect firms to global value chains, to leverage agglomeration benefits and to strengthen the capabilities of managers and workers.

Higher participation in value chain would require improving technology to meet the global standards. Development of trade logistics is also very much needed to facilitate exporters to import as per their need. The report suggests that regulatory authorities may encourage the flow of resources to more productive firms by actively managing urbanization and reducing congestion constraints, as well as fostering productive clusters of firms next to pools of qualified workers with easy access to key domestic and export markets.

The region's competitive potential is mostly underutilized and nations of this region have failed to fully reap the benefit of global integration. Overall integration and connectivity to each other is amongst the lowest in

the world; poor performance in investment climate indicators continues to hamper tremendous opportunities to boost trade and create jobs. A senior WB official said that if the region harnesses its productivity potential, it could be the fastest growing exporting region and may triple its share in global exports of electronics and motor vehicles by 2030.

## Trend of India's Merchandise Trade with the South Asian Nations

India's engineering exports to Top 5 South Asian countries during April - October 2016

(All values in USD million)

Region	Oct 2015	Oct 2016	Growth %	April - Oct 2015	April - Oct 2016	Growth %
Nepal	40.23	153.46	281.47	795.10	1240.73	56.05
Bangladesh	120.06	148.42	23.62	807.61	1067.69	32.20
Sri Lanka	137.18	111.83	-18.48	1604.54	864.41	-46.13
Bhutan	11.94	6.26	-47.55	98.10	154.00	56.99
Pakistan	12.97	9.08	-29.97	63.93	72.10	12.78

Source: DGCIS

Out of the seven South Asian nations, four saw decline in engineering imports from India but India's total engineering exports to South Asia surged by 29.5 percent during the month of October 2016 as against 25.6 percent in the previous month. The growth in exports was mainly attributed to 281.4 percent rise in imports from Nepal which became the largest importer of Indian engineering products during April - October 2016 replacing Sri Lanka. Imports to Sri Lanka declined in October 2016 but exports to Bangladesh increased. Cumulative result showed a different trend where only one nation in the top five conceded decline in engineering imports from India during April - October 2016 but total engineering exports to South Asia increased by a meagre 0.2 percent. Imports by Sri Lanka nearly halved justifying the meagre rise. However, Exports to Nepal and Bangladesh increased sizably during this time period.

### Panel-wise trend in engineering exports to South Asia during Oct 2016

Top 10 panels exported to South Asia during Oct 2016 are listed below (Value of Exports measured in USD Million)

Name of the Panel	Export in Oct 2015	Export in Oct 2016	Growth (%)	Exports in Apr-Oct 2015	Exports in Apr-Oct 2016	Growth (%)
Iron and Steel	41.48	68.90	66.11	524.45	647.69	23.50
Motor Vehicle/cars	90.83	83.41	-8.18	599.03	526.25	-12.15
Industrial Machinery	52.24	61.50	17.73	315.51	395.19	25.26
Two and Three Wheeler	26.93	53.16	97.40	270.06	327.65	21.32
Auto Components/Parts	17.93	36.59	104.09	171.47	280.10	63.35
Electric Machinery and Equipments	32.94	23.40	-28.96	141.03	189.36	34.27
Ships Boats and Floating Structures	0.01	2.80	27740.64	59.97	137.05	128.54
Products of Iron & Steel	13.11	17.00	29.72	131.57	130.12	-1.10
Other Construction Machineries	4.15	17.06	311.37	57.57	121.16	110.45
Aircrafts and Spacecrafts	0.07	0.19	182.56	706.41	78.85	-88.84

Source: DGCIS

Panel-wise analysis showed that 24 out of 33 engineering panels recorded growth in exports to South Asian region which was quite optimistic. Iron and Steel is the largest exporting engineering product group to South Asia during April - October 2016 that saw 23.5 percent increase in exports over the same period last fiscal. Motor Vehicles/Cars was the second largest panel so far as engineering exports to South Asia is concerned but that conceded decline in export on a cumulative basis. Industrial machinery recorded good growth during the time period. Three out of the top 10 panels witnessed fall in year-on-year exports to South Asia during the first nine months of fiscal 2016-17.

## Upcoming exhibitions in South Asian Countries

Events	Date	Venue	Link
International Exhibition on Foundry Technology, Equipments, Supplies & Services	3-Feb-2017 to 5-Feb-2017	Eco Park, New Town, Kolkata	<a href="https://www.jetro.go.jp/j-messe/tradefair_en/IFEX2017_53087">https://www.jetro.go.jp/j-messe/tradefair_en/IFEX2017_53087</a>
14th Dhaka Int'l Textile & Garment Machinery Exhibition	23-Feb-2017 to 26-Feb-2017	Dhaka, Bangladesh	<a href="https://www.jetro.go.jp/j-messe/tradefair_en/DTG2017_52061">https://www.jetro.go.jp/j-messe/tradefair_en/DTG2017_52061</a>
Pakistan Auto Show 2017	7-Mar-2017 to 9-Mar-2017	Karachi Expo Centre, Karachi, Pakistan	<a href="https://www.jetro.go.jp/j-messe/tradefair_en/PakistanAuto_52572">https://www.jetro.go.jp/j-messe/tradefair_en/PakistanAuto_52572</a>
LOGISTICS 2017	2-Feb-2017 to 4-Feb-2016	Pragati Maidan Near Delhi	<a href="http://www.eventseye.com/fairs/f-logistics-21443-1.html">http://www.eventseye.com/fairs/f-logistics-21443-1.html</a>
22nd International Engineering & Technology Fair	2-Feb-2017 to 4-Feb-2017	Pragati Maidan Near Delhi	<a href="https://www.jetro.go.jp/j-messe/tradefair_en/IETF2017_48411">https://www.jetro.go.jp/j-messe/tradefair_en/IETF2017_48411</a>

## News in Focus

### South Asia

#### World Bank Approves an Additional \$22.93 Million Grant to Support Grid-connected Rooftop Solar Program in India

The World Bank Board approved an additional grant of \$22.93 million to further enhance the installed capacity of Grid-connected Rooftop Solar Photovoltaic (GRPV) Program and strengthen the capacity of relevant institutions for widespread installation of GRPV.

**Link:** <http://www.worldbank.org/en/news/press-release/2016/11/15/world-bank-approves-additional-usd22point93-million-grant-support-grid-connected-rooftop-solar-program-india>

#### Chinese-led consortium top bidder for 40 percent stake in Pakistan Stock Exchange

A consortium led by three Chinese exchanges has offered 28 rupees (\$0.27) per share to buy a 40 percent stake in the Pakistan Stock Exchange .KSE, according to a statement and the bourse's top official.

**Link:** <http://in.reuters.com/article/us-pakistan-stocks-idINKBN14B1IZ>

## US support to India's role in South Asia to continue

US Ambassador to India Richard Verma on Wednesday batted for boosting digital infrastructure in South Asia and asserted his country's support to India in bringing the region together.

**Link:** <http://economictimes.indiatimes.com/news/politics-and-nation/us-support-to-indias-role-in-south-asia-to-continue-envoy-richard-verma/articleshow/55976763.cms>

## Indian central bank unexpectedly keeps rates unchanged as cash crunch roils economy

India's central bank unexpectedly kept its key policy rate unchanged at 6.25 percent on Wednesday, despite calls for action in the face of an intense cash shortage that threatens to slam the brakes on the world's fastest growing large economy.

**Link:** <http://www.cnbc.com/2016/12/07/reuters-america-update-2-india-cbank-unexpectedly-keeps-rates-unchanged-as-cash-crunch-roils-economy.html>

### Tender Information in South Asian Countries

Location	Title	Deadline
Bangladesh	Short-listing Of A National Individual Consultant: Quality Control Engineer	02-Feb-2017
Nepal	Pilot Study to Investigate a Participatory Approach for Roadside Protection of Rural Roads in Nepal	13-Feb-2017
Afghanistan	Consultancy Services for Survey and Design of Irrigation Schemes	18-Feb-2017
India	Consultancy Services In Policy, Regulatory, Technical And Program Management To Renewable Energy Department Government Of Madhya Pradesh	04-Feb-2017

For more contract notices, Please register with Tenderinfo and follow the link: <http://www.tendersinfo.com> and search for South Asia.

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Contact: Rajarshi Sarma Sarkar

Email: [rsarkar@eepcindia.net](mailto:rsarkar@eepcindia.net)

Phone no: 033-22890651