STANDING TALL
INDIAN MANUFACTURING INDUSTRY

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MESSAGE
SURESH PRABHU,
Minister of Commerce
& Industry and Civil
Aviation of India...03

INTERVIEW
RAVI SEHGAL,
Chairman,
EEPC India...09

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ALSO READ
Why Industry 4.0 is relevant for SMEs?.....18
IPF invites nominations for Industrial Excellence Awards 2019.....22
EEPC India is helping SMEs in technology upgradation: Ravi Sehgal

On the eve of Hannover Messe 2019, Ravi Sehgal, Chairman, EEPC India, speaks about the performance of India’s engineering sector and steps taking EEPC to nurturing exports.

EEPC India (Engineering Export Promotion Council of India) has been the face of Indian engineering exports over a span of 63 years when India grew from a nation exporting just $10 million of engineering goods in 1955 to $76.2 billion in 2017-18. Over the last few years, the Indian engineering sector has witnessed a remarkable growth driven by increased investments in infrastructure and industrial production. EEPC, which is leading a big delegation of Indian engineering companies at Hannover Messe 2019, is also initiating processes to enhance exports of engineering goods further by expanding the export base and providing a platform for Indian engineering industry to target new overseas market. In this interview, Ravi Sehgal, Chairman, EEPC India, highlights the performance of India’s engineering sector and steps taking EEPC to nurturing exports.

What are your expectations for engineering exports in 2018-19?

In 2017-18, engineering exports - comprising iron and steel products, non-ferrous metal products, industrial machinery, automobiles and components and other products - were $ 76.2 billion, recording a growth of 16.81 per cent over the last year. This was the highest exports in absolute terms in the post-independence period.

In 2018-19, the pace of engineering exports growth has slowed down somewhat with the third quarter showing negative growth. Despite this and current unfavourable external trade environment, we are hopeful to show better performance this year as well. We are also confident to touch $ 100 billion mark by 2020.
What are key challenges facing Indian exporters?

High raw material cost (making Indian products uncompetitive in international market), rising protectionism in developed countries, tariff war between the US and China, etc are some of the major concerns before Indian exporters.

Will the decision of the government to scrap the proposed minimum import price (MIP) on imports of steel benefit the industry?

Steel is one of the key materials used for manufacturing various finished products. Imposition of MIP would have led to unjustified increase in the domestic price of steel and steel products, thus badly hurting engineering exports. The single biggest reason why we are not able to export more is the higher domestic steel price, which make our products uncompetitive in global markets. Scrapping of MIP will help end-user industries of steel and make their products more competitive.

Recently, the US decided to withdraw duty benefits granted to India under Generalized System of Preferences (GSP) programme. Will it impact exports of engineering goods?

Engineering goods account for about a fourth of the total benefits under the GSP. The cost of locally-produced engineering goods that enjoy GSP benefits are still 10 per cent higher than imported ones. Though India’s competitiveness may erode by 2-3 per cent vis-a-vis its competitors, we do not expect exports to suffer, given the quality of its products and ability to supply in large volumes.

How is EEPC helping exports to meet the Industry 4.0 requirements?

Our endeavour has been to help Small and Medium Enterprises (SMEs) to equip themselves and overcome the challenges in terms of technology upgradation. Industry 4.0 is our top most focus. EEPC India has been actively working on creating the right ecosystem in the area of Industry 4.0 for the benefit of SMEs.

What are EEPC India’s plans for Hannover Messe 2019?

Every year EEPC India participates at Hannover Messe - the world’s leading show for engineering sector - in a big way. India was twice the Partner Country in Hannover – first is 2006 and another in 2015. We are expecting bigger participation from India this year. EEPC, in collaboration with the Department of Heavy Industries, is also organising “India Investment Meet” at the exhibition during which global companies can explore new business and collaboration opportunities in India. We, therefore, hope to make our presence felt in Hannover 2019.