

**Analysis of Engineering Exports during August, 2014
September, 2014**

Engineering exports for the first five of the current fiscal has shown marked consistency considering the fact that total exports have grown modestly at 2.35% in the month of August 2014. Engineering exports grew by 23.97% in the first five months over the same period in the last fiscal. Exports in the month of August 2014 grew by 22.72% over August 2013, with growth rate falling marginally vis-a-vis the July 2014 growth. It may be mentioned that the General Index for the month of July 2014 stood at 172.3, which is 0.5% higher as compared to the level in the month of July 2013, indicating subdued performance, while the cumulative period growth for April-July 2014-15 over the corresponding period of the previous year stood at 3.3%.

The trend in engineering exports is given in Table 1 below:

Table 1: Engineering Exports (Value in USD Million)

Months	2013-14	2014-15	Growth(%)
April	4529.32	5715.75	26.19
May	4819.47	6015.56	24.82
June	4229.72	5178.78	22.44
July	4473.34	5535.74	23.75
August	5264.51	6460.35	22.72
April-August	23316.36	28906.18	23.97

(Source : Department of Commerce, Government of India)

We now present below the growth rates in Engineering Exports and the Growth in Manufacturing in the country in the current fiscal in Table 1A below :

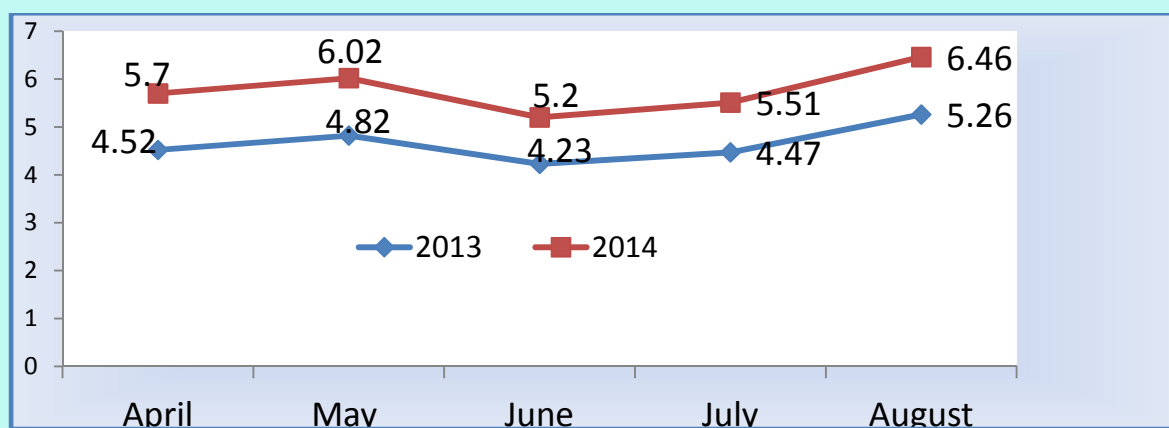
Table 1A: Engineering Exports Growth vis-a-vis Manufacturing Growth (2014-15)

Months	Engg Exports Growth (%)	Manufacturing Growth (%)
April	26.19	3.01
May	24.82	5.08
June	22.44	2.46
July	23.75	-1.04
April-July	24.3	2.3
August	22.72	N.A.

(Source : Department of Commerce and CSO)

Figure 1 below depicts the monthly trend in engineering exports for the first five months of both 2013 and 2014.

Figure 1: Trends in Monthly Engineering Exports in USD Billion



Impact of Exchange Rate

Did the exchange rate also play a role in making our engineering exports increase in terms of absolute value in the month of August 2014? We look at the average exchange rate for August 2014 vis-a-vis August 2013. The below table provides the same:

August	Average Exchange Rate 1 USD to INR
2013	Rs 63.20885
2014	Rs 60.89517

(Source : Calculated from RBI archive)

The above figures indicates that the exchange played a positive role in pushing exports in August 2013 but not so much August 2014. The August 2014 exchange is more or less in line with the average exchange rate in the first five months of the current fiscal.

Trends in Engineering Panel Exports

We begin by looking at the Engineering Panel wise exports for month of August 2014 vis-a-vis August 2013 and cumulatively for the first four months. The data is given in Table 3 below:

Table 3 : Trends in Engineering panel Exports August 2014 and April-August 2014 (in USD Million)

Sl No.	Panel	August, 2013	August 2014	Growth %	April'13 - August'13	April'14 – August'14	Growth %
1. Iron and Steel and Products made of Iron and Steel							
A	Iron and Steel	765.52	818.61	6.94	3310.46	3796.26	14.67
B	Products of Iron and Steel	547.59	646.11	17.99	2682.95	3049.14	13.65
Sub Total		1313.11	1464.72	11.55	5993.41	6845.40	14.22
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals							
A	Copper and products	231.26	312.79	35.25	637.74	1284.60	101.43
B	Aluminium and products	133.37	243.07	82.25	690.86	970.31	40.45
C	Zinc and products made of zinc	36.03	36.85	2.28	155.41	89.52	-42.40
D	Nickel and products	24.03	59.89	149.23	192.38	183.29	-4.73
E	Lead and products made of Lead	17.91	12.39	-30.82	45.85	59.38	29.51

F	Tin and products made of Tin	8.97	0.49	-94.54	39.39	14.48	-63.24
G	Other Non Ferrous Metal	34.59	39.59	14.46	160.40	181.87	13.39
Sub Total		486.16	705.07	45.03	1922.03	2783.45	44.82
3. Industrial Machinery							
A	Industrial Machinery like Boilers, parts, etc.	36.16	47.34	30.92	214.76	225.28	4.90
B	IC Engines and Parts	136.48	177.57	30.11	693.81	912.33	31.50
C	Pumps of all types	57.44	66.34	15.49	275.41	321.62	16.78
D	Air condition and Refrigerators	87.99	94.07	6.91	428.29	501.37	17.06
E	Industrial Machinery for dairy, food processing , textiles etc.	343.76	389.02	13.17	1670.92	1984.94	18.79
F	Machine Tools	25.40	32.35	27.36	141.47	153.96	8.83
G	Machinery for Injecting moulding, valves and ATMs	99.97	106.02	6.05	491.13	537.99	9.54
Sub Total		787.20	912.71	15.94	3915.79	4637.49	18.43
4. Electric Machinery a		284.52	344.56	21.10	1488.43	1635.56	9.88
5. Auto and Auto Parts							
A	Motor Vehicle/cars	571.17	625.33	9.48	2365.68	2697.82	14.04
B	Two and Three Wheelers	134.31	175.93	30.99	586.23	804.54	37.24
C	Auto Components/Part	333.69	393.43	17.90	1521.79	1875.80	23.26
Sub Total		1039.17	1194.69	14.97	4473.70	5378.16	20.22
6.	Aircrafts and Spacecraft parts and products	782.60	566.53	-27.61	1550.40	2357.00	52.03
7.	Ships Boats and Floating products and parts	119.72	723.53	504.35	1762.99	2705.70	53.47
8. Miscellaneous							
A	Medical and Scientific instruments	91.28	115.39	26.41	458.14	522.97	14.15
B	Railway Transport an	16.05	7.73	-51.84	101.24	67.30	-33.52
C	Hand Tools & Cutting Tools	57.24	70.31	22.83	277.11	321.40	15.98
D	Electrodes Accumulators	3.31	3.27	-1.21	16.45	15.30	-6.99
E	Accumulator and Batteries	14.59	18.85	29.20	61.39	79.32	29.21
F	Bicycle & Parts	25.44	34.09	34.00	133.65	147.16	10.11
G	Cranes Lifts & Winches	25.72	23.37	-9.14	114.68	122.72	7.01
H	Office Equipments	2.47	6.80	175.30	12.89	20.36	57.95
I	Other Construction M	66.92	115.31	72.31	372.29	504.15	35.42
J	Prime Mica & Mica Pr	1.30	1.55	19.23	8.21	8.34	1.58
K	Other Miscellaneous Items	147.71	151.87	2.82	653.56	754.40	15.43
Sub Total		452.03	548.54	21.35	2209.61	2563.42	16.01
Grand Total		5264.51	6460.35	22.72	23316.36	28906.18	23.97

(Source : Department of Commerce, Government of India)

The above Panel data shows that the general health of the engineering exports is comfortable in the first five months of the current fiscal as opposed to the same period last year. Some factors that are an area of concern are :

- The sharp decline in exports of aircraft parts (27%) in August 2014

- Virtual wiping off of Tin and products exports (-0.49 million exports) in August 2014
- Non recovery in exports of Railway transport and parts.

Top 25 Country Engineering Exports in Absolute Value (even though the growth rate may be negative)

We now look at the Top 25 Country wise export scenario during August 2014 over August 2013 in Absolute Value, even though the growth rate may be negative. Country wise cumulative figures for April-August 2014 vis-à-vis April-August 2013.

Table 5 : Country wise Exports (2014-2015)

(Value in Million US \$)

Country	August, 2013	August, 2014	Growth (in %)	April'13 – August'13	April'14 – August'14	Growth (in %)
U S A	510.24	678.23	32.92	2397.87	3039.22	26.75
UAE	655.87	364.98	-44.35	2236.84	2373.11	6.09
Sri Lanka	268.06	492.58	83.76	781.80	1538.54	96.80
South Africa	135.74	803.04	491.60	651.59	1224.32	87.90
Singapore	108.38	103.46	-4.54	1322.59	1118.56	-15.43
China	271.22	267.63	-1.32	716.25	1117.66	56.04
U K	199.59	241.28	20.89	939.48	1098.88	16.97
Germany	172.11	187.65	9.03	836.94	901.32	7.69
Turkey	106.04	113.41	6.95	415.24	751.64	81.01
Italy	128.35	164.75	28.36	610.44	710.62	16.41
Saudi Arab	131.14	149.32	13.86	604.08	673.92	11.56
Mexico	93.77	148.22	58.06	355.24	652.60	83.71
Bangladesh	97.37	130.46	33.98	491.58	615.91	25.29
Nepal	84.74	129.73	53.10	399.29	595.76	49.21
Korea RP.	90.66	116.55	28.56	438.25	551.64	25.87
Indonesia	83.18	94.68	13.82	389.69	534.60	37.19
Nigeria	90.98	110.80	21.79	434.76	532.03	22.37
Oman	41.01	41.73	1.76	258.15	516.54	100.09
Iran	47.77	97.03	103.10	256.43	515.95	101.20
Thailand	116.11	90.89	-21.72	429.01	445.88	3.93
France	77.49	91.80	18.47	401.28	432.58	7.80
Netherland	102.22	75.05	-26.58	358.41	356.27	-0.60
Jordan	7.85	6.70	-14.66	35.09	346.94	888.75
Brazil	97.85	69.02	-29.46	364.04	343.22	-5.72
Japan	75.36	102.75	36.34	356.79	341.97	-4.15
Total of top 25	3793.1	4871.74	28.44	16481.13	21329.68	29.42
Total Engineering Exports	5264.55	6458.46	22.68	23316.37	28900.39	23.95
Share of Top 25 in Total (%)	72.05	75.43		70.68	73.80	

The country wise figures for July 2014 show interesting trends. These are :

- In July 2014, Singapore had shown a huge growth of 205% as a result the negative cumulative growth has come down to -15%. This seemed to up a peak jump as exports to Singapore faltered in August 2014 recording a decline of 4.5%
- UAE is a major engineering export hub. Sadly in turned out poorly in August 2014 as exports dropped by nearly 45% as opposed to August 2013.
- China, Thailand, Netherland, Brazil and Jordan too have fallen at varying rates, while there has been a rebound in Japan.
- USA and major EU countries have shown strong performance in August 2014.
- Finally, an important trend has been that the top 25 countries account for over 72% of total engineering exports. However, this had been dropping for sometime but rose to over 75% in August 2014. This shows that engineering exports are critically dependent on EU and US markets. It is interesting that our exports are increasing to the USA despite the GSP scheme which remains in limbo since August last year.

☑ Regional Distribution of Engineering Exports

We now look at the Regional Distribution of Engineering Exports for April-August 2014 as opposed to April-August 2013. Like before we also look at the trend in August 2014 vis-à-vis August 2013. The Table below gives this picture:

Table 6 : Region Wise Exports Trend—April-August 2013- April-August 2014

(Value in Million US \$)

Region	August, 2013	August, 2014	Growth (in %)	April'13 – August'13	April'14 – August'14	Growth (in %)
Africa	664.66	1350.09	103.13	3226.01	3897.80	20.82
ASEAN+2	548.18	558.06	1.80	3197.05	3270.70	2.30
CIS	52.07	75.29	44.58	284.54	404.43	42.13
EU	979.12	1051.06	7.35	4328.51	4885.75	12.87
LAC	267.52	277.05	3.56	1187.82	1227.81	3.37
North America	643.41	873.20	35.71	2939.75	3916.94	33.24
North East Asia	502.81	560.32	11.44	1764.99	2336.55	32.38
Others	669.35	385.49	-42.41	2307.73	2490.70	7.93
Rest of Europe	131.33	154.09	17.33	569.88	930.25	63.24
South Asia	467.44	773.43	65.46	1786.01	2860.40	60.16
West Asia	338.67	400.38	18.22	1724.09	2679.06	55.39
Grand Total	5264.55	6458.46	22.68	23316.37	28900.39	23.95

(Source : DGCI&S)

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

- After many months, all regions barring “Other” have shown growth though there has been low growth in ASEAN region, largely on account of the drop in exports of aircrafts and parts to Singapore.
- Africa, which remained a negative zone, has bounced back in August 2014 and if this trend continues then it will have a major beneficial impact on engineering exports in the current year. South Africa has recorded a massive growth and contributed to this turnaround in this month.
- In LAC, where there was a marginal decline in July 2014 has shown low positive growth in August 2014 despite negative growth in Brazil.

