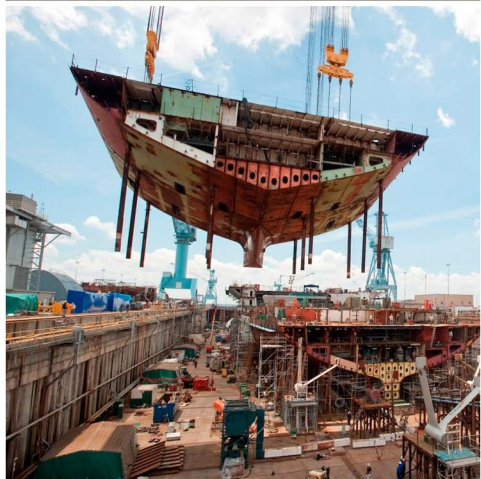


# Engineering Exports Monitor

September 2015



*Engineering the future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

## Analysis of Indian engineering exports during September 2015: October 16, 2015

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### Trend in overall trade

The falling exports scenario continues and there is no respite. India's Total merchandise Exports during September, 2015 were valued at US\$ 21844.98 million (Rs. 144652.67 crore) which was 24.33 per cent lower in Dollar terms (17.67 per cent lower in Rupee terms) than the level of US\$ 28867.71 million (Rs.175703.03crore) during September, 2014. Cumulative value of exports for the period April-September 2015-16 was US\$ 132939.45 million (Rs. 853586.59 crore) as against US\$ 161397.35 million (Rs. 971716.43 crore) registering a negative growth of 17.63 per cent in Dollar terms and 12.16 per cent in Rupee terms over the same period last year.

India's total merchandised imports during September, 2015 were valued at US\$ 32323.68 million (Rs. 214040.28 crore) which was 25.42 per cent lower in Dollar terms and 18.86 per cent lower in Rupee terms over the level of imports valued at US\$ 43341.75 million (Rs. 263799.12 crore) in September, 2014. Cumulative value of imports for the period April-September 2015-16 was US\$ 200934.24 million (Rs.1290218.42 crore) as against US\$ 234089.43 million (Rs.1409403.56 crore) registering a negative growth of 14.16 per cent in Dollar terms and 8.46 per cent in Rupee terms over the same period last year.

*The trade deficit for April-September, 2015-16 was estimated at US\$ 67994.79 million which was lower than the deficit of US\$ 72692.08 million during April-September, 2014-15.*

### Engineering exports

Engineering exports which accounts for over 23% of India's total exports and is more buoyant, not surprisingly, fell by 25.43 percent growth rate in September 2015 over September 2014. What is alarming is that despite exports in July 2015 being marginally positive, exports fall in the rest of two months has been so heavy that the second quarter of the current fiscal ended with decline of over 18% as opposed to a fall of over 5% in the first quarter. Consequently, the cumulative value of engineering exports recorded a dip by over 12 percent to US\$ 30.7 billion in the first half of the current fiscal from US\$ 35.13 billion the same period last year The monthly and cumulative engineering figures for 2015-2016 vis-à-vis 2014-2015 are depicted below:

**Table1: Engineering Exports**  
US\$ Million

Months	2014-15	2015-16	Growth (%)
April	5708.04	5649.5	-1.03
May	6013.33	5341.8	-11.17
June	5205.21	4957.88	-4.75
<b>Quarter 1</b>	<b>16926.58</b>	<b>15949.18</b>	<b>-5.77</b>
July	5499.76	5571.8	1.31
August	6380.66	4480.66	-29.78
September	6329.07	4719.38	-25.43
<b>Quarter 2</b>	<b>18209.49</b>	<b>14771.84</b>	<b>-18.88</b>
<b>April-September</b>	<b>35136.07</b>	<b>30721.02</b>	<b>-12.57</b>

(Source: Department of Commerce, Government of India)

## World Exports

How has the world exports trend been in the current annual year vis-à-vis 2014? Table 2 shows the decline that has been witnessed in the first seven months of 2015.

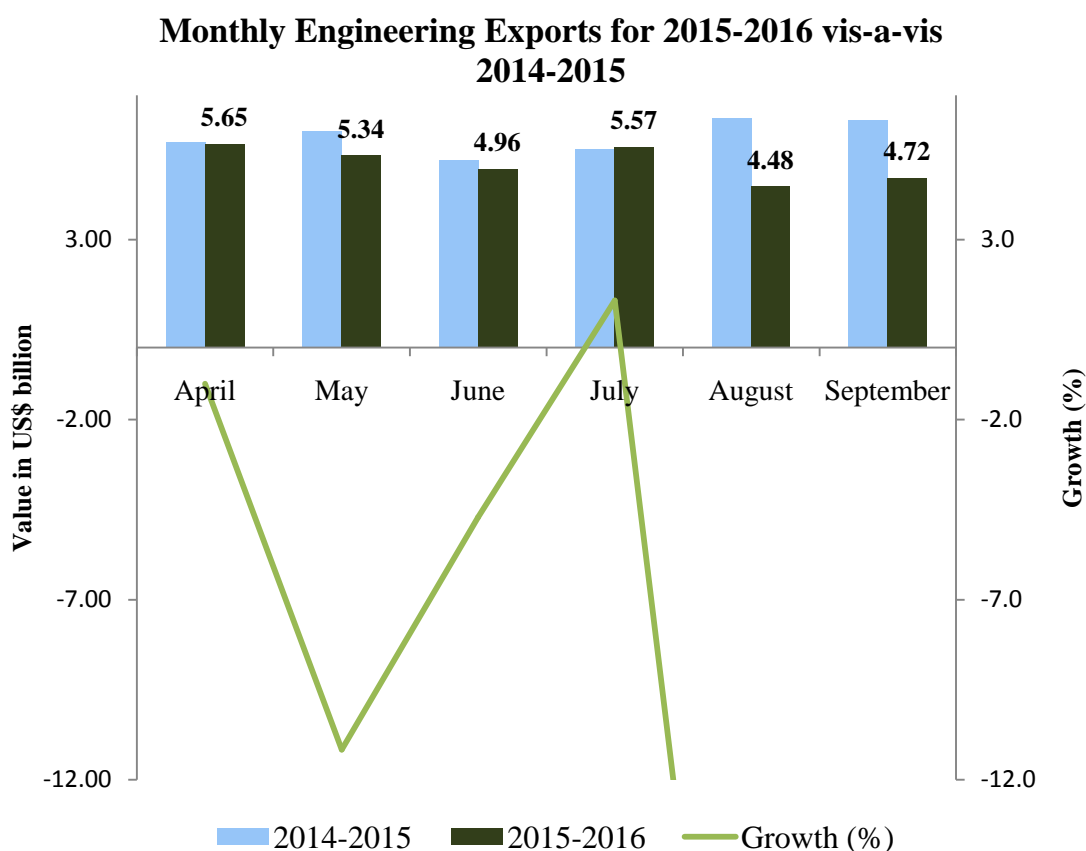
**Table 2: World Exports 2015 Vs 2014**  
(Values in USD Million)

Months	2014	2015	Growth (%)
January	1395000	1250000	-10.39
February	1289000	1190000	-7.68
March	1471000	1295000	-11.96
April	1444000	1257000	-12.95
May	1454000	1260000	-13.34
June	1437000	1330000	-7.45
July	1489000	1304000	-12.42
<b>January-July</b>	<b>9979000</b>	<b>8886000</b>	<b>-10.95</b>

Source: WTO

Figure 1 below depicts the monthly trend in engineering exports for both 2014 and 2015.

**Figure1: Trends in Monthly Engineering Exports**  
US\$ Billion



(Source: EEPC India analysis)

Engineering sector has a sizeable share in Manufacturing and therefore, trend of manufacturing production somewhat reflects the trend of engineering production in India. Some correlation between manufacturing production growth and merchandise export growth is found as manufacturing sector contributes significantly to India's engineering production as well as to exports. Hence, a brief analysis of industrial production, especially of manufacturing is effective in the context of engineering export analysis as manufacturing has around 75% weightage in India's industrial production. **Industrial output in Aug 2015 jumped to its three-year high at 6.4% by confirming a rising trend over the last few months. Industrial growth in July 2015 was marginally revised downward to 4.1% from 4.2% of the preliminary estimate while during June 2015, it recorded 4.4% growth. Overall IIP Index, the standard measure for industrial output, stood at 176.9 in Aug 2015 as against 180.1 (downwardly revised from 180.3) in Jul 2015 and 179.5 in the previous month. Cumulative industrial growth during April-Aug 2015 accelerated to 4.1% from 3.0% during Apr - Aug 2014.**

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

**Table 3: Engineering Exports Growth vis-a-vis Manufacturing Growth (2014-15)**

Months/ Year	Engg. Exports Growth (%)	Manufacturing Growth (%)
April 2015	-1.0	3.9
May 2015	-11.2	2.0
June 2015	-4.7	5.4
Quarter 1	<b>-5.8</b>	<b>3.8</b>
July 2015	1.3	4.6
August 2015	-29.8	7.0
September 2015	-25.4	N A
Quarter 2	<b>-18.9</b>	N A

(Source: Department of Commerce and CSO)

Analysis of the export and manufacturing data for the ongoing fiscal also established some correlation between the two. India's engineering exports conceded bigger decline during May 2015 in comparison to the previous month while manufacturing growth also decelerated. The fall in export growth decreased in June and manufacturing growth also strengthened. Exports registered marginal growth during July 2015 but growth of manufacturing production decelerated. However, export growth and growth of manufacturing sector moved in opposite direction in Aug 2015. While export growth dropped sharply, manufacturing recorded a jump in growth. Probably, the festive factor in India was responsible for this sudden jump in growth which was not reflected in exports as for other nations, it was not the festive season.

We also present the month wise corresponding **revised** engineering exports for 2014-15 as opposed to 2013-14.

**Table 4: Revised Engineering Exports (2013-14)**

USD Million

Quarter	Month	2013-14	2014-15	Growth Rate in Percent
Quarter 1	April	4529.32	5708.04*	26.02*
	May	4819.47	6013.33*	24.77*
	June	4229.72	5205.21*	23.06*
Quarter 2	July	4473.34	5499.76*	22.95*
	August	5264.51	6380.66*	21.20*
	September	5216.94	6329.07*	21.32*
Quarter 3	October	5552.78	5000.79	-9.94
	November	4874.85	6410.04	31.49
	December	5531.18	6697.8	21.09
Quarter 4	January	6122.54	6716.26	9.70
	February	4971.59	4907.37	-1.29
	March	6040.14	5884.54	-2.58

Quarter	Month	2013-14	2014-15	Growth Rate in Percent
	<b>Total Exports</b>	<b>61626.38</b>	<b>70752.87*</b>	<b>14.81*</b>

(\*Revised figures as per latest estimates by DGCI&S)

## Impact of Exchange Rate

How has the exchange rate been in September 2015 vis-a-vis September 2014? We look at the average exchange rate for September 2015 vis-a-vis September 2014. The below table provides the same:

**Table 5: Average Exchange Rate**

September	Average Exchange Rate 1 USD to INR
2014	61.61
2015	65.74

(Source: Calculated from RBI archive)

The official exchange rate of rupee vis-à-vis the US Dollar during September 2015 has depreciated by 6.7 % to that of the same period last year.

## Trends in Engineering Panel Exports

We begin by looking at the Engineering Panel wise exports for the month of September 2015 vis-a-vis September 2014 and cumulative exports for April-September 2015-16 vis-a-vis April-September 2014-15. The data is given in Table 4 below:

**Table 6: Trends in Engineering panel Exports September 2015 and April- September 2015-16**  
US\$ Million

Sl no.	Panel	September 2014	September, 2015	Growth %	April, 2014 - September, 2014	April, 2015 - September, 2015	Growth %
<b>1. Iron and Steel and Products made of Iron and Steel</b>							
A	Iron and Steel	768.73	456.91	-40.56	4518.04	3124.04	-30.85
B	Products of Iron and Steel	659.83	528	-19.98	3685.93	3253.09	-11.74
<b>Sub Total</b>		<b>1428.56</b>	<b>984.91</b>	<b>-31.06</b>	<b>8203.97</b>	<b>6377.13</b>	<b>-22.27</b>
<b>2. Non-Ferrous Metals and Products made of Non-Ferrous Metals</b>							
A	Copper and products	353.61	232.04	-34.38	1639.48	1434.65	-12.49
B	Aluminium and products	281.95	204.94	-27.31	1250.26	1301.07	4.06
C	Zinc and products	55.42	66.56	20.10	144.93	311.46	114.90

Sl no.	Panel	September 2014	September, 2015	Growth %	April, 2014 - September, 2014	April, 2015 - September, 2015	Growth %
D	Nickel and products	94.17	44.68	-52.55	266.84	322.10	20.71
E	Lead and products	23.92	24.95	4.31	83.32	96.76	16.13
F	Tin and products	13.95	0.95	-93.19	28.43	6.99	-75.41
G	Other Non Ferrous Metals	40.61	32.83	-19.16	225.12	218.06	-3.14
<b>Sub Total</b>		<b>863.63</b>	<b>606.95</b>	<b>-29.72</b>	<b>3638.38</b>	<b>3691.09</b>	<b>1.45</b>
<b>3. Industrial Machinery</b>							
A	Industrial Machinery like Boilers, parts, etc	56.27	41.54	-26.18	280.61	292.14	4.11
B	IC Engines and Parts	247	130.32	-47.24	1273.80	969.37	-23.90
C	Pumps of all types	60.7	53.01	-12.67	379.96	367.45	-3.29
D	Air condition and Refrigerators	101.14	92.57	-8.47	603.35	534.24	-11.45
E	Industrial Machinery for dairy, food processing , textiles etc	386.72	388.53	0.47	2369.81	2290.05	-3.37
F	Machine Tools	28.19	30.17	7.02	182.48	190.80	4.56
G	Machinery for Injecting moulding, valves and ATMs	109.83	115.94	5.56	647.46	634.62	-1.98
<b>Sub Total</b>		<b>989.85</b>	<b>852.08</b>	<b>-13.92</b>	<b>5737.47</b>	<b>5278.67</b>	<b>-8.00</b>
4	<b>Electrical Machinery</b>	<b>381.47</b>	<b>313.93</b>	<b>-17.71</b>	<b>1985.69</b>	<b>1857.92</b>	<b>-6.43</b>
<b>5. Auto and Auto Components</b>							
A	Motor Vehicle/cars	603.47	667.72	10.65	3297.63	3347.13	1.50
B	Two and Three Wheelers	167.67	162.03	-3.36	971.51	938.07	-3.44
C	Auto Components/Part	378.25	328.61	-13.12	2252.93	2082.31	-7.57
<b>Sub Total</b>		<b>1149.39</b>	<b>1158.36</b>	<b>0.78</b>	<b>6522.07</b>	<b>6367.51</b>	<b>-2.37</b>
6	<b>Aircrafts and Spacecraft parts and products</b>	<b>551.26</b>	<b>179.05</b>	<b>-67.52</b>	<b>2805.34</b>	<b>2190.14</b>	<b>-21.93</b>
7	<b>Ships Boats and Floating products and parts</b>	<b>438.74</b>	<b>125</b>	<b>-71.51</b>	<b>3159.74</b>	<b>1940.80</b>	<b>-38.58</b>
<b>8. Miscellaneous Items</b>							
A	<b>Medical and Scientific instruments</b>	109.08	94.25	-13.60	632.02	578.01	-8.55
B	<b>Railway Transport</b>	9.35	3.98	-57.43	76.49	39.8	-47.97
C	<b>Hand Tools &amp; Cutting Tools</b>	69.03	52.03	-24.63	382.87	325.79	-14.91
D	<b>Electrodes Accumulators</b>	3.34	3.56	6.59	18.7	20.4	9.09
E	<b>Accumulator and Batteries</b>	25.27	13.08	-48.24	104.4	99.21	-4.97
F	<b>Bicycle &amp; Parts</b>	30.9	23.04	-25.44	178.31	142.21	-20.25

Sl no.	Panel	September 2014	September, 2015	Growth %	April, 2014 - September, 2014	April, 2015 - September, 2015	Growth %
G	Cranes Lifts & Winches	23.85	27.51	15.35	146.52	177.73	21.30
H	Office Equipments	5.36	4.59	-14.37	25.7	45.86	78.44
I	Other Construction Machinery	106.2	85.17	-19.80	612.31	572.47	-6.51
J	Prime Mica & Mica Products	1.87	1.32	-29.41	10.21	9.02	-11.66
K	OTHER MISC. ITEMS	141.92	190.57	34.28	895.88	1007.26	12.43
<b>Sub Total</b>		<b>526.17</b>	<b>499.1</b>	<b>-5.14</b>	<b>3083.41</b>	<b>3017.76</b>	<b>-2.13</b>
<b>Grand Total</b>		<b>6329.07</b>	<b>4719.38</b>	<b>-25.43</b>	<b>35136.07</b>	<b>30721.02</b>	<b>-12.57</b>

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ Out of 33 engineering panels, 24 panels (72 percent) of the engineering panels recorded a negative growth and remaining 9 panels fared positive growth in the month of September 2015.
- ❖ India's Primary Iron and Steel exports have fallen by more than 40 per cent in September 2015 vis-à-vis September 2014, which is more than the cumulative fall during April- September 2015 vis-à-vis April-September 2014. Products of Iron and Steel have also dropped by almost 20 percent in September 2015 vis-à-vis September 2014.
- ❖ Like in the month of August, Aircraft and spacecrafts, Ships, boats and floating products again registered a drastic fall in growth rates by almost 68 percent and 72 percent respectively in September 2015 over September 2014.
- ❖ All non ferrous metals and products barring Zinc and Lead products witnessed deterioration in exports during September 2015 over September 2014. The highest decline is seen in the exports of Tin and products falling by more than 93 percent during September 2015 over September 2014, followed by Nickel and Copper products falling by 52.55 percent and 34.38 percent respectively during September 2015.
- ❖ Among the Industrial Machinery panel, products like Boilers and parts, IC engines, Pumps and valves, and Air condition repair machinery witnessed decline in growth rates during September 2015 v/s September 2014. The Industrial Machinery panel as whole declined sharply by 13.9 percent during the said period.
- ❖ Other panels like Auto and Auto Components, Electrodes Accumulators, and Cranes Lifts & Winches registered positive growth in September 2015 vis-à-vis September 2014.



☑ **Top 25 destinations for Indian Engineering Exports in Absolute Value (even though the growth rate may be negative)**

We now look at the export scenario of top 25 nations that have highest demand for Indian engineering products during September 2015 over September 2014 in Absolute Value, even though the growth rate may be negative. Country wise cumulative figures for April – September 2015 has also been taken into concern to see the trend of India’s engineering exports in the current fiscal.

**Table 7: Engineering Exports Country wise (2015-2016)**  
US\$ Million

Country	September, 2014	September, 2015	Growth %	April - September 2014-2015	April-September 2015 -2016	Growth %
<b>U S A</b>	709.29	561.25	-20.87	3737.99	3583.19	-4.14
<b>UAE</b>	583.21	227.73	-60.95	2913.50	2219.41	-23.82
<b>SRI LANKA</b>	506.01	154.18	-69.53	2044.50	1467.33	-28.23
<b>U K</b>	306.43	198.84	-35.11	1402.22	1177.42	-16.03
<b>SINGAPORE</b>	190.54	174.98	-8.17	1311.31	1130.39	-13.80
<b>CHINA</b>	321.52	214.58	-33.26	1439.90	1057.43	-26.56
<b>GERMANY</b>	186.66	184.86	-0.96	1087.82	1046.77	-3.77
<b>MALAYSIA</b>	47.80	84.29	76.34	347.44	856.36	146.48
<b>MEXICO</b>	193.41	148.16	-23.40	845.78	834.47	-1.34
<b>SOUTH AFRICA</b>	99.74	103.25	3.52	1324.01	785.20	-40.70
<b>ITALY</b>	153.61	122.17	-20.47	864.46	755.13	-12.65
<b>BANGLADESH</b>	140.13	120.62	-13.92	756.50	687.99	-9.06
<b>JAPAN</b>	85.32	66.83	-21.67	431.24	687.21	59.36
<b>SAUDI ARAB</b>	181.75	113.99	-37.28	843.19	655.67	-22.24
<b>KOREA RP</b>	128.95	107.69	-16.49	670.48	654.40	-2.40
<b>NEPAL</b>	147.11	54.72	-62.80	731.57	610.96	-16.49
<b>TURKEY</b>	118.04	116.55	-1.26	869.35	609.26	-29.92
<b>FRANCE</b>	86.19	77.86	-9.66	517.07	531.49	2.79
<b>NIGERIA</b>	110.74	85.50	-22.79	642.78	520.01	-19.10
<b>THAILAND</b>	97.53	62.57	-35.85	532.52	459.38	-13.73
<b>NETHERLAND</b>	69.75	73.12	4.83	425.47	436.33	2.55
<b>IRAN</b>	115.38	50.54	-56.20	631.33	419.10	-33.62
<b>INDONESIA</b>	86.33	74.98	-13.15	620.75	409.91	-33.97
<b>BELGIUM</b>	50.94	95.44	87.36	345.27	371.16	7.50
<b>BRAZIL</b>	73.84	60.90	-17.52	417.07	363.70	-12.80
<b>Total of top 25</b>	<b>4790.22</b>	<b>3335.6</b>	<b>-30.37</b>	<b>25753.52</b>	<b>22329.67</b>	<b>-13.29</b>

Country	September, 2014	September, 2015	Growth %	April - September 2014-2015	April-September 2015 -2016	Growth %
<b>Total Engineering Exports</b>	6329.06	4719.35	-25.4	35136.00	30720.99	-12.6
<b>Share of Top 25 in Total (%)</b>	75.7%	70.7%		73.3%	72.7%	

*Note: Red font indicates negative monthly and cumulative growth*

*(Source: Department of Commerce, Government of India)*

The country wise figures for September 2015 show interesting trends. These are:

- ❖ Out of the top 25 countries, 21 countries recorded negative growth in the month of September 2015. Thus only 4 countries namely Malaysia, South Africa, Netherlands and Belgium recorded positive growth in the month of September 2015.
- ❖ China once again recorded drop in exports by 33.3% in September 2015 compared to the previous fiscal due to weak Chinese demand.
- ❖ Top European export destinations for the Indian engineering exports like UK, Germany, Italy and Turkey conceded negative growths both monthly and cumulatively during September 2015 as well as April -September 2015-16.
- ❖ Though, Indian engineering exports to USA, continues to be the highest in the reporting month, it recorded negative growth both in September 2015 as well as April -September 2015-16.
- ❖ Out of 218 destinations for export of Indian engineering goods, the top 25 nations accounts for 72.7 percent of the total during April- September 2015-16.
- ❖ The growth rate in the top 25 countries during April- September 2015-16, taken together recorded fall in exports by 13.3 per cent much which is higher than the fall in India's total engineering exports by 12.6 per cent.

## Regional Distribution of Engineering Exports

We now look at the Regional Distribution of Engineering Exports for April- September 2015-16 as opposed to April-September 2014-15. We also look at the trend in September 2015 vis-à-vis September 2014. The Table below gives this picture:

**Table 8: Region Wise Exports Trend**

US\$ Million

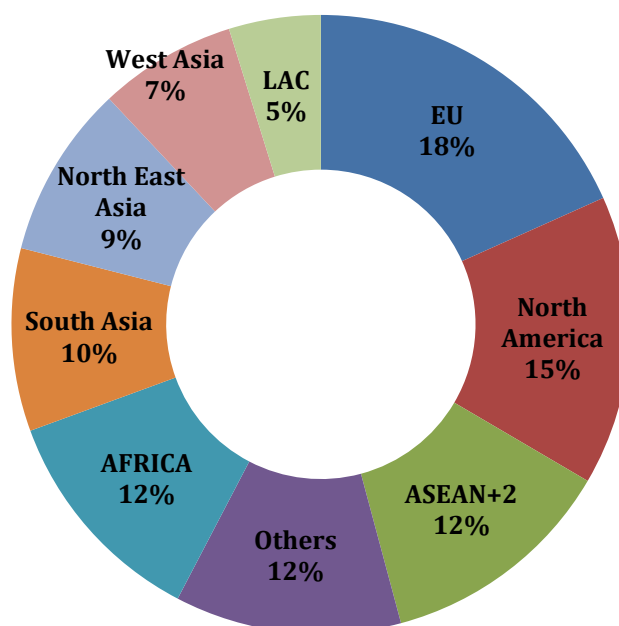
Region	September, 2014	September, 2015	Growth %	April - September 2014-2015	April-September 2015 -2016	Growth %
<b>EU</b>	1085.37	946.73	-12.8	5963.79	5622.19	-5.7
<b>North America</b>	955.02	749.54	-21.5	4860.94	4652.30	-4.3

Region	September, 2014	September, 2015	Growth %	April - September 2014-2015	April-September2015 -2016	Growth %
ASEAN+2	619.09	565.48	-8.7	3881.13	3803.86	-2.0
Others	808.05	466.64	-42.3	4613.63	3634.29	-21.2
AFRICA	664.21	577.84	-13.0	4562.59	3611.70	-20.8
South Asia	819.11	356.96	-56.4	3658.53	2935.23	-19.8
North East Asia	600.16	432.85	-27.9	2923.62	2776.65	-5.0
West Asia	461.90	357.11	-22.7	3127.99	2210.57	-29.3
LAC	316.15	266.21	-15.8	1543.77	1474.19	-4.5
<b>Grand Total</b>	<b>6329.06</b>	<b>4719.35</b>	<b>-25.4</b>	<b>35136.00</b>	<b>30720.99</b>	<b>-12.6</b>

(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 2: India's region wise exports during April- September 2015 -16**



(Source: EEPC India analysis)

Note: Others also includes rest of Europe and CIS

- ❖ Engineering exports to EU ranks first in region wise exports, irrespective of negative growth faced both monthly and cumulatively for the current fiscal of 2015-16
- ❖ North America ranks second registering negative growth both during the cumulative period of April- September 2015-16 over April- September 2014-15 as well as during September 2015 vis-à-vis September 2014. Sectors like Iron and Steel Copper and Zinc Products, Two and Three Wheelers, Ship and Boats recorded heavy dip in exports in countries like Canada, Mexico of the region.
- ❖ Exports to South Asia recorded significant drop during September 2015 vis-à-vis September 2014. Weak demand from countries like Sri Lanka, Nepal and Bangladesh during the reporting month resulted in such a pattern.
- ❖ Exports to North East Asia also recorded negative growth during September 2015 vis-à-vis September 2014. Fall in shipments to countries like Japan and Korea resulted in such growth.

We now analyze the performance of some of the important products during September 2015. We pick the major panels and seek the heavy growth and heavy declines in these panels **IN THE CURRENT FISCAL of 2015-2016** to give an idea about the trend that is about to emerge.

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

Export partners	September_14	September_15	Growth %	Apr_ September 2014--15	Apr_ September 2015--16	Growth %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
<b>Export to World</b>	<b>768.73</b>	<b>456.91</b>	<b>-40.56</b>	<b>4518.04</b>	<b>3124.04</b>	<b>-30.85</b>
<b>BELGIUM</b>	17.62	36.22	105.60	131.37	140.48	6.93
<b>ETHIOPIA</b>	9.68	13.18	36.21	67.79	67.87	0.12
<b>CHINA</b>	5.71	6.12	7.09	63.54	65.41	2.95
<b>KUWAIT</b>	2.61	6.91	164.86	17.90	18.90	5.62
<b>DJIBOUTI</b>	2.21	2.13	-3.68	12.61	18.04	43.12
<b>COTE D'IVOIRE</b>	1.38	3.00	116.96	12.35	12.70	2.85
<b>MADAGASCAR</b>	0.87	1.74	100.58	5.58	8.49	52.02
<b>BAHARAIN IS</b>	0.83	1.10	33.14	4.09	8.37	104.77
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
<b>IRAN</b>	27.08	29.61	9.32	276.36	252.77	-8.53

Export partners	September_14	September_15	Growth %	Apr_ September 2014--15	Apr_ September 2015--16	Growth %
U S A	84.86	19.81	-76.66	358.26	225.29	-37.12
ITALY	49.42	21.14	-57.23	281.04	211.18	-24.86
UAE	52.39	28.09	-46.39	324.93	185.50	-42.91
NEPAL	50.44	7.27	-85.58	279.51	174.24	-37.66
KOREA RP	24.59	28.97	17.78	188.04	158.96	-15.46
BANGLADESH	38.48	23.03	-40.14	142.33	107.89	-24.20
THAILAND	32.53	4.74	-85.43	156.31	92.47	-40.85

(Source: Department of Commerce, Government of India)

- ❖ Iran tops the list importing 8.1 % of India's total export of Iron and Steel during April- September 2015-16.
- ❖ USA drops to second position importing 7.2% of India's total export of Iron and Steel respectively during the same period respectively.

**Table 10: Export of products Iron & Steel**

US\$ Million

Export partners	September_14	September_15	Growth %	Apr_ September 2014--15	Apr_ September 2015--16	Growth %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
Export to World	659.83	528.00	-19.98	3685.91	3253.06	-11.74
IRAQ	1.18	49.02	4051.49	13.10	176.63	1248.15
NETHERLAND	11.23	16.17	43.91	61.88	82.94	34.03
MEXICO	8.03	4.40	-45.19	25.80	63.34	145.54
PERU	0.41	4.25	940.48	2.51	59.86	2287.09
SPAIN	9.40	9.35	-0.55	46.34	54.87	18.40
AUSTRALIA	7.98	9.55	19.76	51.26	52.87	3.13
SINGAPORE	4.32	5.36	23.93	31.87	48.03	50.71
BANGLADESH	3.37	4.37	29.52	17.42	41.46	138.03
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
U S A	153.53	105.97	-30.97	817.05	662.77	-18.88
UAE	51.60	32.02	-37.95	371.37	270.23	-27.23
GERMANY	39.94	34.10	-14.61	238.25	185.56	-22.11
U K	37.07	28.13	-24.13	201.93	154.00	-23.74

Export partners	September_14	September_15	Growth %	Apr-September 2014--15	Apr-September 2015--16	Growth %
SAUDI ARAB	59.01	21.84	-62.99	249.11	144.52	-41.99
ITALY	19.54	12.35	-36.79	115.46	81.50	-29.41
CANADA	14.79	11.83	-19.99	89.40	75.60	-15.44
FRANCE	11.92	10.16	-14.75	66.26	58.25	-12.09

(Source: Department of Commerce, Government of India)

- ❖ USA tops the list importing more than 20% of India's total export of Products of Iron and Steel during April- September 2015-16.
- ❖ While UAE and Germany imports 8.3 % and 5.7 % of India's total export of Products of Iron and Steel respectively during the same period.

**Table 11: Export of Industrial Machinery**  
US\$ Million

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
<b>Export to World</b>	<b>989.86</b>	<b>852.08</b>	<b>-13.92</b>	<b>5737.47</b>	<b>5278.67</b>	<b>-8.00</b>
GERMANY	45.46	36.65	-19.38	247.50	256.95	3.82
UAE	33.91	45.66	34.67	243.42	245.05	0.67
SAUDI ARAB	24.21	29.80	23.09	151.55	180.09	18.83
BANGLADESH	26.08	27.78	6.53	159.35	159.39	0.03
VIETNAM	22.27	18.50	-16.91	88.25	100.13	13.46
FRANCE	13.21	14.70	11.29	76.35	85.03	11.37
KENYA	11.21	15.90	41.81	69.69	84.43	21.14
SRI LANKA	10.81	13.87	28.22	53.21	82.25	54.58
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
U S A	161.43	146.28	-9.38	909.20	889.66	-2.15
U K	76.63	29.10	-62.02	286.01	233.74	-18.28
TURKEY	34.28	38.99	13.72	231.55	202.98	-12.34
CHINA	35.85	23.26	-35.11	197.22	182.01	-7.71
ITALY	30.85	23.45	-23.97	177.78	132.11	-25.69
NIGERIA	31.63	17.00	-46.25	146.94	112.42	-23.49
THAILAND	19.61	15.46	-21.14	118.32	104.34	-11.82

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
INDONESIA	21.17	14.24	-32.75	130.26	102.71	-21.15

(Source: Department of Commerce, Government of India)

- ❖ USA tops here importing 16.9 % of India's total exports for Industrial Machinery during April- September 2015-16.
- ❖ Germany and UAE imports 4.9 % and 4.6% of India's total exports for Industrial Machinery during April- September 2015-16.

**Table 12: Export of Automobiles**  
US\$ Million

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
<b>Export to World</b>	<b>603.47</b>	<b>667.72</b>	<b>10.65</b>	<b>3297.64</b>	<b>3347.13</b>	<b>1.50</b>
<b>SOUTH AFRICA</b>	50.53	55.30	9.43	364.56	373.17	2.36
<b>SRI LANKA</b>	36.05	44.26	22.77	136.56	306.22	124.23
<b>ITALY</b>	18.98	34.93	84.05	76.10	141.28	85.65
<b>SPAIN</b>	8.40	18.15	116.11	64.59	91.02	40.92
<b>EGYPT</b>	13.92	17.35	24.65	43.32	89.83	107.39
<b>VIETNAM</b>	7.27	25.86	255.44	51.47	74.62	44.99
<b>CHILE</b>	17.50	15.48	-11.56	60.11	68.64	14.19
<b>FRANCE</b>	8.62	9.68	12.25	52.99	60.25	13.70
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
<b>MEXICO</b>	83.91	92.51	10.25	401.39	377.51	-5.95
<b>U K</b>	16.56	33.18	100.37	223.50	173.45	-22.39
<b>BANGLADESH</b>	23.29	18.23	-21.72	121.11	114.36	-5.57
<b>ALGERIA</b>	10.47	0.00	100.00	154.79	112.91	-27.06
<b>UAE</b>	31.79	17.24	-45.77	123.33	112.05	-9.14
<b>NIGERIA</b>	14.20	15.17	6.84	109.20	76.61	-29.84
<b>SAUDI ARAB</b>	37.31	27.29	-26.85	105.65	73.34	-30.58

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
NEPAL	18.63	9.82	-47.30	62.13	61.55	-0.94

(Source: Department of Commerce, Government of India)

- ❖ In case of Motor vehicles Mexico assumes the top position replacing South Africa, importing 11.3% of India's total exports of Motor vehicles during April-September 2015-2016.
- ❖ South Africa and Sri Lanka holds the 2<sup>nd</sup> and 3<sup>rd</sup> position respectively importing 11.1% and 9.1 % of India's total exports of Motor vehicles during the same period.

**Table 13: Export of Non-Ferrous metals**  
US\$ Million

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
<b>Export to World</b>	<b>863.62</b>	<b>606.94</b>	<b>-29.72</b>	<b>3638.37</b>	<b>3691.09</b>	<b>1.45</b>
<b>MALAYSIA</b>	6.11	48.34	690.98	31.91	436.66	1268.32
<b>KOREA RP</b>	79.39	60.03	-24.38	336.01	366.06	8.94
<b>U S A</b>	48.47	54.14	11.69	250.80	295.38	17.78
<b>SINGAPORE</b>	85.45	26.23	-69.30	235.86	248.86	5.51
<b>TAIWAN</b>	14.11	15.39	9.08	60.93	138.45	127.24
<b>SAUDI ARAB</b>	13.88	9.17	-33.94	68.66	75.52	9.99
<b>INDONESIA</b>	3.83	15.58	306.23	19.62	58.99	200.69
<b>NEPAL</b>	8.96	4.73	-47.24	43.15	52.47	21.59
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
<b>CHINA</b>	243.08	157.19	-35.34	978.53	630.88	-35.53
<b>UAE</b>	62.54	31.52	-49.60	335.07	265.36	-20.80
<b>MEXICO</b>	63.39	7.65	-87.93	192.71	114.25	-40.71
<b>U K</b>	16.79	13.36	-20.38	93.03	86.36	-7.17
<b>GERMANY</b>	12.16	7.74	-36.36	66.58	48.64	-26.95
<b>NETHERLA</b>	6.87	4.54	-33.87	30.23	26.23	-13.24



Export partners	September_14	September_15	Growt h %	Apr-September 2014-15	Apr-September 2015-16	Growt h %
ND						
VIETNAM SOC REP	9.31	3.25	-65.10	43.62	24.99	-42.71
NIGERIA	4.61	4.63	0.59	35.85	24.95	-30.42

(Source: Department of Commerce and CSO)

- ❖ China is the topmost importer for Non ferrous Metals importing 17.1% of India's total export of Non Ferrous Metals during April-September 2015-2016.
- ❖ Malaysia and South Korea retains their positions importing 11.8% and 9.9% respectively during April-September 2015-2016.

**Table 14: Export of Electrical Machinery and Components**

US\$ Million

Export partners	September_14	September_15	Growt h %	Apr-September 2014-15	Apr-September 2015-16	Growt h %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
Export to World	381.47	313.93	-17.71	1985.63	1857.91	-6.43
U S A	43.36	43.32	-0.08	255.30	275.68	7.98
SINGAPORE	5.85	11.73	100.69	37.97	50.06	31.84
ITALY	4.10	5.71	39.21	33.54	37.65	12.24
JAPAN	5.07	10.45	106.13	28.53	35.55	24.58
NEPAL	6.16	1.98	-67.90	27.66	35.18	27.17
VIETNAM	2.38	4.99	109.75	17.65	33.29	88.62
TURKEY	4.47	13.68	206.24	20.30	33.07	62.92
INDONESIA	5.61	3.64	-35.10	19.90	32.71	64.37
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
GERMANY	20.84	17.92	-14.02	122.03	121.66	-0.30
U K	20.73	23.16	11.73	120.08	117.03	-2.55
UAE	13.51	14.72	8.99	105.10	96.20	-8.46
FRANCE	19.48	15.38	-21.03	107.40	91.42	-14.88
SAUDI ARAB	10.81	5.12	-52.66	50.83	46.66	-8.20
NIGERIA	10.08	6.21	-38.45	49.05	41.45	-15.48

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
CHINA	11.63	5.29	-54.49	45.24	39.32	-13.09
BANGLADESH	3.20	8.16	154.90	35.37	34.16	-3.42

(Source: Department of Commerce and CSO)

- ❖ USA is the largest importer of Electrical Machinery and Equipments from India during April-September 2015-16 with 14.8 % share in India's global export of the product group.
- ❖ Germany retains the second position with 6.8 % share as before.
- ❖ Exports to UK and UAE witnessed decline during April-September 2015-16 over the same period last fiscal despite being the third and fourth largest export destination for 'Electrical Machineries'.

**Table 15: Export of Aircrafts & Spacecrafts**  
US\$ Million

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
<b>SUBSTANTIAL CUMULATIVE GROWTH COUNTRIES</b>						
Export to World	551.26	179.05	-67.52	2805.35	2190.14	-21.93
UAE	264.63	1.09	-99.59	501.06	580.52	15.86
USA	69.43	31.98	-53.94	229.52	253.70	10.54
CZECH REPUBLIC	0.01	0.07	770.08	31.42	130.34	314.82
GERMANY	5.28	19.67	272.54	42.52	102.70	141.52
IRELAND	0.01	0.90	6017.87	0.37	35.05	9406.26
ISRAEL	2.46	4.94	100.60	15.92	28.40	78.45
BELGIUM	0.16	22.50	14199.79	2.03	23.34	1047.60
NETHERLAND	2.51	2.93	16.82	14.61	17.68	21.01
<b>HEAVY CUMULATIVE DECLINE COUNTRIES</b>						
SRI LANKA	91.21	0.04	-99.96	933.16	704.63	-24.49
UK	83.49	25.87	-69.02	159.87	122.84	-23.16

Export partners	September_14	September_15	Growth %	Apr-September 2014-15	Apr-September 2015-16	Growth %
FRANCE	9.82	9.63	-1.97	66.14	53.37	-19.31
RUSSIA	4.29	22.49	424.35	55.13	40.64	-26.28
SINGAPORE	7.02	10.17	44.95	63.11	25.60	-59.44
SWITZERLAND	3.52	4.27	21.12	16.13	7.92	-50.89
MALAYSIA	0.56	0.78	38.23	8.74	3.97	-54.53
SWEDEN	0.57	0.50	-12.09	3.27	2.51	-23.08

(Source: Department of Commerce and CSO)

- ❖ In case of Aircrafts and Parts, Sri Lanka continues to be the top export destination for India, importing 32.2% of India's total exports of Aircrafts and Parts during April-September 2015-16.
- ❖ UAE remained the second largest importer of India's Aircrafts & parts during April-September 2015-16 with 26.5% share.

**Table 16: Export of Ships, Boats and Floating Structures and parts**  
US\$ Million

Export partners	September_14	September_15	Growth %	April-September 2014-15	April-September 2015-16	Growth %
<b>SUBSTANTIAL GROWTH COUNTRIES</b>						
<b>Export to World</b>	<b>438.74</b>	<b>125.00</b>	<b>-71.51</b>	<b>3159.73</b>	<b>1940.79</b>	<b>-38.58</b>
JAPAN	0.00	0.01		9.20	338.22	3576.32
NORWAY	0.00	0.02		25.87	328.29	1169.00
MALAYSIA	0.00	0.01		0.02	190.64	805714.11
QATAR	0.00	0.00		21.70	22.84	5.27
FRANCE	0.00	0.24		0.23	4.01	1623.49
ITALY	0.00	2.01	114741.92	0.07	2.02	2635.25
EGYPT	0.00	0.00		0.01	1.00	16105.32
U S A	0.00	0.18		0.37	0.50	34.06
<b>HEAVY DECLINE COUNTRIES</b>						
SINGAPORE	39.69	71.86	81.03	632.52	515.98	-18.42

Export partners	September_14	September_15	Growth %	April-September 2014-15	April-September 2015-16	Growth %
UAE	29.45	18.66	-36.66	633.58	216.02	-65.91
SOUTH AFRICA	0.00	0.00		657.30	147.05	-77.63
SRI LANKA	287.52	31.65	-88.99	580.76	59.58	-89.74
KAZAKHSTAN	0.00	0.00		4.24	2.86	-32.51
ISRAEL	0.00	0.00		12.14	1.16	-90.48
KUWAIT	0.00	0.00		9.55	0.04	-99.61
INDONESIA	0.00	0.03		53.40	0.03	-99.94

(Source: Department of Commerce and CSO)

- ❖ Singapore, Japan and Norway remains as the top three export destination for India's export of Ships, Boats and Floating Structures and parts during April-September 2015 sharing almost 61% of total export of this product group.
- ❖ UAE is the fourth largest importer of this group importing 11.1% during April-September 2015-2016.

**Table 17: Export of Auto Components**

US\$ Million

Export partners	September_14	September_15	Growth %	April-September 2014-15	April-September 2015-16	Growth %
<b>SUBSTANTIAL GROWTH COUNTRIES</b>						
Export to World	<b>378.25</b>	<b>328.61</b>	<b>-13.12</b>	<b>2252.94</b>	<b>2082.31</b>	<b>-7.57</b>
MEXICO	8.11	12.35	52.29	47.87	87.56	82.92
UAE	12.23	7.46	-39.02	61.98	63.23	2.01
NEPAL	9.05	4.76	-47.39	43.74	55.45	26.77
SRI LANKA	3.99	5.87	47.07	22.14	31.98	44.46
BELGIUM	5.68	5.45	-3.99	30.66	31.44	2.56
NIGERIA	4.13	2.38	-42.22	26.16	26.87	2.70
SPAIN	3.32	4.10	23.54	20.14	20.39	1.25
NETHERLAND	2.76	3.91	41.68	18.15	19.57	7.85
<b>HEAVY DECLINE COUNTRIES</b>						
U S A	73.26	71.53	-2.36	473.07	460.01	-2.76
TURKEY	33.88	34.73	2.50	204.39	182.67	-10.63

Export partners	September_14	September_15	Growth %	April-September 2014-15	April-September 2015-16	Growth %
<b>THAILAND</b>	21.53	16.75	-22.23	113.77	99.56	-12.49
<b>U K</b>	20.07	15.67	-21.91	106.18	97.99	-7.72
<b>GERMANY</b>	16.24	16.21	-0.19	103.03	92.45	-10.28
<b>BRAZIL</b>	17.61	12.41	-29.50	107.58	91.93	-14.55
<b>ITALY</b>	10.87	10.41	-4.30	82.98	67.86	-18.22
<b>BANGLADESH</b>	16.31	10.65	-34.68	83.71	61.84	-26.13

(Source: Department of Commerce and CSO)

- ❖ USA remains the topmost destination for India's exports of Auto Components and Parts with over 22% share during April-September 2015-16.
- ❖ Mexico holds the seventh position by recording a significant 83% year-on-year growth during April-September 2015-16.
- ❖ Turkey and Thailand holds the second and third position importing 8.8% and 4.8% of Indian auto component/parts, during April-September 2015-16.

## Conclusion

The continuous decline in exports and its effect on the country's balance of payments clearly signaling the demand slowdown is affecting the engineering sector in a major way. The top 25 country markets exports have declined by over 30% indicating the extent of the slide. Out of the top 25 countries, 21 countries recorded negative growth in the month of September 2015. Thus only 4 countries namely Malaysia, South Africa, Netherlands and Belgium recorded positive growth in the month of September 2015. A combination of factors have contributed to the decline. Some of these are:

- There is general contraction of world exports as is seen from month wise fall in exports globally. The WTO has reduced its global trade forecast growth for the current year to 2.8% from 3.3% that was estimated ;
- Major segments of engineering sectors like Iron and Steel, Copper and products, Tin and Nickel Products, Ship and Boats, Aircrafts and Spacecrafts, etc have witnessed a fall in exports;
- The MEIS Scheme has curtailed Chapter 3 benefits drastically, especially to category 3 countries like Bangladesh, Sri Lanka, Australia, New Zealand, and Bhutan. The NEW FTP took away the benefits altogether from these countries while reduced is drastically in Group A and Group B countries. This has affected the competitiveness of a range of engineering exports more since the reduction happened globally exports have declined and world is contracting.
- Increasing use of countervailing measures against Indian engineering exports, like steel and steel products by EU and USA primarily but also by other countries like Mexico and Thailand.

- The contractionary and protectionist policy followed by India also towards engineering goods and the rise in transaction costs of various kinds; and
- Exporting Companies are facing severe cash crunch as they are not getting their Drawback claims and MEIS benefits.

EEPC India made out a strong case for improving ease of doing business, reducing transaction costs and immediate halt to the over-protection to the steel industry, adversely affecting both steel exports and the user industry export, particularly in the small and medium enterprises.

EEPC India also suggested enhancing the plant and investment limit of the MSME sector from the upper ceiling of Rs 10 crores to Rs 50 crores which is the need of the hour to ensure technology upgradation and move up the value chain. A special carve out of interest subvention despite cut of 50 bps by the RBI is called for since the banks are still charging over 12 -14 per cent for export credit.

