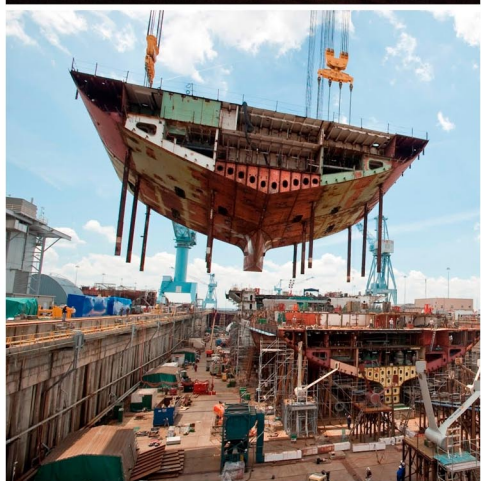


# Engineering Exports Monitor January 2017



## Analysis of Indian engineering exports for January 2017

20 February, 2017

### Highlights

#### India's overall external trade scenario

- ❖ India's overall merchandise exports grew 4.3 per cent in January 2017 and imports by 10.7 per cent, compared to the year-ago period, leaving a trade deficit of \$9.8 billion;
- ❖ Outbound shipments dropped slightly to \$22.1 bn from \$23.8 bn in the previous month.
- ❖ Rise in international crude price and weakening of Rupee vis-à-vis the greenback were attributed to the growth of both export and import. Rupee depreciated by 1.23 per cent year-on-year (y-o-y) during January 2017.

#### Engineering Exports scenario

- ❖ Growth of India's engineering exports outperformed that of the overall merchandise export by registering 12.4 percent y-o-y growth during January 2017. Overseas shipment of engineering products from India was recorded at US\$ 5.3 bn in January 2017 as against US\$ 4.7 bn in the same month last year.
- ❖ Exports during April - January 2017 however witnessed a much lower 3.7 percent growth y-o-y due to substantial decline during the months of April and July 2016.
- ❖ The growth in exports was lower in January 2017 as compared to the 20.1 percent recorded in December 2016.
- ❖ Out of 33 engineering panels, 15 panels recorded positive growth in exports in January 2017.
- ❖ Iron and Steel exports jumped by over 171 percent during January 2017 with an overseas shipment of US\$ 956.55 million from US\$ 352.01 million in the same month last year.
- ❖ Electrical machinery, Auto and auto components, Ships Boats and Floating products, Medical & scientific equipments, Railway and Transport equipments, Office Equipments, Accumulator and Batteries and Cranes , lifts & Winches also registered positive growth during April - January 2017 over the same period last year.
- ❖ EU ranks as the region with highest shipment of engineering products from India during January 2017 with a share of more than 21% of total engineering exports.
- ❖ India's engineering exports to ASEAN+2 and CIS countries recorded highest noteworthy positive growth in April - January 2016-17
- ❖ Sharp decline in engineering exports observed in Africa, Latin Middle East and West Asia (MEWA), North East Asia and Latin America.

### 1. Trend in overall trade

India's merchandise exports achieved year-on-year growth for the fifth straight month to January 2017 when it recorded 4.32% growth. Export was recorded at US\$22.1 billion during the first month of 2017 as against US\$21.2 billion during the same month last fiscal. Sharp rise in international crude prices led to higher realization of petroleum exports while exports of engineering goods and readymade garments also played a supportive role in the growth of overall merchandise export. Cumulative value of exports during April-January 2016-17 rose to US\$ 220.9 billion as against US\$ 218.5 billion during the same period last year registering a growth of 1.09 per cent.

On the flipside, drugs and pharma exports and exports from gems and jewellery sector dropped in January 2017 on a year-on-year basis after remaining top contributors to Indian exports in December 2016.

Rise in international crude prices also caused India's merchandise Imports to see 10.7% growth, the highest in more than the last two years. Merchandise imports went up to US\$ 32 billion in January 2017 from US\$ 28.9 billion during the same month last year. Cumulative value of imports, however registered a negative growth of 5.81% during the April - January 2016-17 as it dropped to US\$ 307.3 billion from a higher US\$ 326.3 billion during the same period last year.

Trade deficit narrowed down to US\$9.8 billion in January 2017 from US\$10.3 billion in December 2016 but it was higher than US\$7.7 billion of deficit conceded during January 2016. Cumulative figures also reflected the same trend as trade deficit for April-January 2016-17 was estimated at US\$ 86.4 billion which was 19.8% lower than that of the same period last year.

## 1. Engineering exports

India's engineering exports also grew for the sixth consecutive month to January 2017 and outperformed the overall merchandise export with a higher year-on-growth during the said month.

Overseas shipment of engineering products from India stood at US\$ 5.3 billion in Jan 2017 as against US\$ 4.7 billion in the same month last year registering a growth of 12.4 percent. However, the growth was lower than the 20.1 percent achieved during the month of December 2016. The share of engineering exports in India's total merchandise exports was slightly up to 23.9 percent in January 2017 from 23.5 percent in December 2016. Cumulative engineering exports during April - January 2016-17 however witnessed a much lower 3.7 percent year-on-year growth due to substantial decline during the months of April and July 2016. The monthly engineering figures for the first ten months of 2016-2017 vis-à-vis 2015-2016 are depicted below:

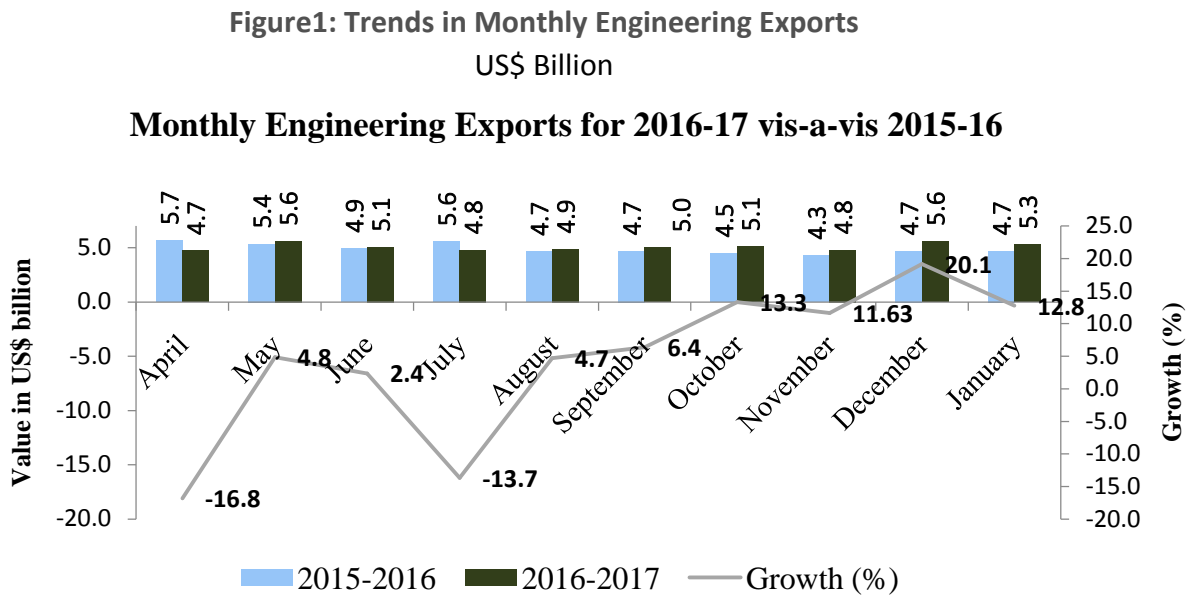
**Table1: Engineering Exports**  
(US\$ Million)

Months	2015-16	2016-17	Growth (%)
April	5676.59	4723.85	-16.78%
May	5354.43	5613.91	4.85%
June	4936.26	5053.21	2.37%
<b>Quarter 1</b>	<b>15967.28</b>	<b>15390.97</b>	<b>-3.61%</b>
July	5559.65	4767.33	-14.25%
August	4653.93	4877.27	4.80%
September	4699.73	5009.03	6.58%
<b>Quarter 2</b>	<b>14913.31</b>	<b>14653.63</b>	<b>-1.74%</b>
October	4475.58	5076.22	13.42%

Months	2015-16	2016-17	Growth (%)
November	4321.78	4828.51	11.73%
December	4690.16	5633.8	20.12%
Quarter 3	<b>13487.52</b>	<b>15538.53</b>	<b>15.21%</b>
January	4709.05	5290.91	12.36%
April - January	<b>49077.16</b>	<b>50874.04</b>	<b>3.66%</b>

(Source: Department of Commerce, Government of India)

Figure 1 below depicts the monthly trend in engineering exports for 2015-16 and 2016-17



(Source: EEPC India analysis)

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. Now, as production and exports are directly correlated, some correlation between manufacturing production growth and engineering export growth is very likely to exist. Hence, a broad analysis of industrial production, especially of manufacturing sector is effective in the context of engineering export analysis as manufacturing has over 75% weightage in India's industrial production. The downfall in Indian engineering exports has been arrested in May 2016 after 8 months and growth continued in June 2016. During fiscal 2015-16, November was the first month to concede a decline in year-on-year manufacturing production when engineering export suddenly dropped by around 30 percent. Decline in exports moderated slightly in December 2015 when decline in manufacturing also moderated. However, manufacturing output declined at a faster pace in January 2016 while engineering exports witnessed slightly slower decline. The month of February witnessed a substantial slowdown in the pace of year-on-year decline in engineering exports and manufacturing also came to growth path. However, in March 2016, manufacturing output again declined while rate of decline in exports was largely flat over the month. April 2016 saw a higher decline in engineering exports accompanied by a bigger fall in manufacturing production but during



the next three months, both engineering exports and manufacturing production moved in the same direction. During May and June 2016, both engineering exports and manufacturing bounced back to year-on-year growth while in July 2016, both of them slipped to negative growth. In the month of August and September 2016 also both moved in the same direction. In August, engineering exports came back to growth path and accelerated further in September. Manufacturing output, on the other hand saw a lower decline in August and then witnesses growth in September. In October, engineering exports recorded a sudden jump in growth but manufacturing just saw the reverse, a decline in production from feeble growth in September 2016. In November 2016 however, both moved in the same direction showing accelerated year-on-year growth over the previous month while in Dec 2016, they moved in opposite direction Overall IIP Index, the standard measure for industrial output, stood at 183.5 in December 2016 as against 175.7 in November and 178.1 in October 2016.

The growth rates in Engineering Exports and the Growth in Manufacturing in the country in the current fiscal in Table 2 below:

**Table 2: Engineering Exports Growth vis-à-vis Manufacturing Growth (2015-16)**

<b>Months/ Year</b>	<b>Engg. Exports Growth (%)</b>	<b>Manufacturing Growth (%)</b>
April-March 2015-16	<b>-16.93</b>	<b>2.0</b>
April 2016	-16.78	-3.6
May 2016	4.85	0.7
June 2016	2.37	1.0
April - June 2016	<b>-3.61</b>	<b>-0.6</b>
July 2016	-14.25	-3.5
August 2016	4.80	-0.3
September 2016	6.58	0.9
July - September 2016	<b>-1.74</b>	<b>-1.0</b>
October 2016	13.42	-2.4
November 2016	11.73	5.5
December 2016	20.12	-2.0
<b>October - December 2016</b>	<b>15.21</b>	<b>0.2</b>
January 2017	12.36	N A

*(Source: Department of Commerce and CSO)*

**An analysis of the engineering export and manufacturing growth data for the last 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 pace of decline in export growth slowed down in June and manufacturing growth also strengthened. Exports registered marginal growth during July 2015 but growth of manufacturing production decelerated. Export growth and manufacturing growth moved in opposite direction in August and September 2015 but the

last three months of 2015 saw both of them moving in the same direction. Decline in engineering exports decelerated in October and manufacturing growth reached its several years' high. November 2015 just saw the reverse when engineering exports declined to its highest pace of the last fiscal and manufacturing production declined for the first time in 2015-16. Then in December 2015, fall in exports moderated slightly while the pace of decline in manufacturing also slowed down to nearly half the rate of the previous month. January 2016 however saw a slower rate of decline in engineering exports coupled with a bigger fall in manufacturing growth. The month of February reflected the link between these two when decline in engineering export slowed down significantly and manufacturing bounced back to growth. In the last month of fiscal 2015-16, decline in manufacturing was largely the same over the month but manufacturing growth again went back to negative.

We also present the month wise corresponding **revised** engineering exports for 2015-16 as opposed to 2014-15.

**Table 3: Revised Engineering Exports (2015-16)**

USD Million

Quarter	Month	2014-15	2015-2016	Growth Rate in Percent
Quarter 1	April	5708.04	5676.59*	-0.55*
	May	6013.33	5354.43*	-10.96*
	June	5205.21	4936.26*	-5.17*
Quarter 2	July	5499.76	5559.65*	1.09*
	August	6380.66	4653.93*	-27.06*
	September	6329.07	4699.73*	-25.74*
Quarter 3	October	5007.85	4475.58*	-10.63*
	November	6403.45	4321.78*	-32.51*
	December	6710.57	4690.16*	-30.11*
Quarter 4	January	6707.02	4709.05*	-29.79*
	February	4975.32	4419.95	-11.16
	March	5829.71	5175.65	-11.22
	<b>Total Exports</b>	<b>70769.99</b>	<b>58672.76</b>	<b>-17.09</b>

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

## 2. Impact of Exchange Rate

How has the exchange rate been in January 2017 vis-à-vis January 2016? We look at the average exchange rate for January 2017 vis-à-vis January 2016. The table below provides the same:

**Table 4: Average Exchange Rate**

January	Average Exchange Rate 1 USD to INR
2016	67.25
2017	68.08

*(Source: Calculated from RBI archive)*

**The official exchange rate of rupee vis-à-vis the US Dollar during January 2017 has depreciated by a 1.23 percent over the same month last year.**

We now look at the Engineering Panel wise exports for the month of January 2017 vis-a-vis January 2016. The data is given in Table 5 below:

**Table 5: Trends in Engineering panel Exports for January 2017 and April- January 2016-17**  
US\$ Million

Sl no.	Panel	Jan_16	Jan_17	Growth %	Apr-Jan 2015-16	Apr-Jan 2016-17	Growth %
<b>1. Iron and Steel and Products made of Iron and Steel</b>							
<b>A</b>	Iron and Steel	352.01	956.55	171.74%	4667.9	6308.43	35.14%
<b>B</b>	Products of Iron and Steel	526.28	491.86	-6.54%	5122.6	4745.42	-7.36%
	<b>Sub Total</b>	<b>878.29</b>	<b>1448.41</b>	<b>64.91%</b>	<b>9790.5</b>	<b>11053.85</b>	<b>12.90%</b>
<b>2. Non-Ferrous Metals and Products made of Non-Ferrous Metals</b>							
<b>A</b>	Copper and products	160.7	258.51	60.86%	2140.62	2080.03	-2.83%
<b>B</b>	Aluminium and products	210.28	289.59	37.72%	2173.86	2573.85	18.40%
<b>C</b>	Zinc and products	38.11	88.94	133.38%	494.03	450.6	-8.79%
<b>D</b>	Nickel and products	32.87	5.41	-83.54%	470.45	88.65	-81.16%
<b>E</b>	Lead and products	13.61	24.7	81.48%	156.85	151.08	-3.68%
<b>F</b>	Tin and products	8.2	0.76	-90.73%	49.22	6.22	-87.36%
<b>G</b>	Other Non-Ferrous Metals	38.14	38.11	-0.08%	357.74	363.87	1.71%
	<b>Sub Total</b>	<b>501.91</b>	<b>706.02</b>	<b>40.67%</b>	<b>5842.77</b>	<b>5714.3</b>	<b>-2.20%</b>
<b>3. Industrial Machinery</b>							
<b>A</b>	Industrial Machinery like Boilers, parts, etc	48.79	51.58	5.72%	538.34	553.51	2.82%
<b>B</b>	IC Engines and Parts	170.87	148.96	-12.82%	1766.6	1748.62	-1.02%

Sl no.	Panel	Jan_16	Jan_17	Growth %	Apr-Jan 2015-16	Apr-Jan 2016-17	Growth %
C	Pumps of all types	55.74	64.26	15.29%	588.31	623.67	6.01%
D	Air condition and Refrigerators	82.19	72.86	-11.35%	857.29	789.8	-7.87%
E	Industrial Machinery for dairy, food processing , textiles etc	367.93	355.22	-3.45%	3821.01	3709.88	-2.91%
F	Machine Tools	26.33	31.75	20.58%	324.55	368.08	13.41%
G	Machinery for Injecting moulding, valves and ATMs	116.68	101.55	-12.97%	1048.55	1031.13	-1.66%
<b>Sub Total</b>		<b>868.53</b>	<b>826.18</b>	<b>-4.88%</b>	<b>8944.65</b>	<b>8824.69</b>	<b>-1.34%</b>
4	Electrical Machinery	<b>308.51</b>	<b>350.54</b>	<b>13.62%</b>	<b>3042.33</b>	<b>3729.86</b>	<b>22.60%</b>
A	Motor Vehicle/cars	502.11	465.35	-7.32%	5506.52	6171.36	12.07%
B	Two and Three Wheelers	129.21	112.73	-12.75%	1501.48	1326.36	-11.66%
C	Auto Components/Part	364.04	326.18	-10.40%	3476.42	3453.48	-0.66%
<b>Sub Total</b>		<b>995.36</b>	<b>904.26</b>	<b>-9.15%</b>	<b>10484.42</b>	<b>10951.2</b>	<b>24.74%</b>
6	Aircrafts and Spacecraft parts and products	410.12	223.22	-45.57%	3314.27	2435.27	-26.52%
7	Ships Boats and Floating products and parts	246.68	318.85	29.26%	2660.69	2872.24	7.95%
A	Medical and Scientific instruments	102.08	106.36	4.19%	978.59	1125.97	15.06%
B	Railway Transport	12.5	33.43	167.44%	71.1	173.79	144.43%
C	Hand Tools & Cutting Tools	53.87	51.03	-5.27%	541.31	526.04	-2.82%
D	Electrodes	4.07	2.47	-39.31%	35.74	33.52	-6.21%



Sl no.	Panel	Jan_16	Jan_17	Growth %	Apr-Jan 2015-16	Apr-Jan 2016-17	Growth %
	Accumulators						
E	Accumulator and Batteries	22.84	22.56	-1.23%	166.13	186.39	12.20%
F	Bicycle & Parts	28.83	24.76	-14.12%	244.73	239.51	-2.13%
G	Cranes Lifts & Winches	26.24	29.65	13.00%	311.76	328.82	5.47%
H	Office Equipments	6.8	9.5	39.71%	71.36	100.6	40.98%
I	Other Construction Machinery	76.66	77.48	1.07%	894.66	823.56	-7.95%
J	Prime Mica & Mica Products	1.56	1.39	-10.90%	14.62	14.93	2.12%
K	OTHER MISC. ITEMS	164.2	154.8	-5.72%	1667.53	1739.5	4.32%
<b>Sub Total</b>		<b>499.65</b>	<b>513.43</b>	<b>2.76%</b>	<b>4997.53</b>	<b>5292.63</b>	<b>5.90%</b>
<b>Grand Total</b>		<b>4709.05</b>	<b>5290.91</b>	<b>12.36%</b>	<b>49077.16</b>	<b>50874.04</b>	<b>3.66%</b>

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ Panel-wise analysis for in January 2017 engineering export data showed that the overall scenario improved as compared to that of January 2016. Out of 33 engineering panels, 15 panels recorded growth in exports over the same month last year while the remaining 18 panels conceded decline during the month of January 2017.
- ❖ Iron and Steel exports jumped by more than 171 percent during January 2017 with an overseas shipment of US\$ 956.55 million from US\$ 352.01 million in the same month last year. Cumulative figure showed 35.14 percent growth of exports during April - January 2017 to US\$6308.43 million from US\$ 4667.9 million during the same period last fiscal. Products of Iron and Steel however declined in export by 6.54 percent during January 2017 over the same month last year while its cumulative exports declined by 7.36 percent to US\$ 4745.42 million during April - January 2017 from US\$ 5122.6 million during the same period last in 2015-16.
- ❖ Among the 7 non-ferrous metals and products made of non-ferrous metals, 'Nickel and its products' and 'Tin and its products' recorded substantial decline in exports

during January 2017. Among the gainers, exports of 'Lead and its products' grew by more than 81 percent while 'Copper and its products' recorded more than 60 percent growth. The highest exporting non-ferrous metal 'Zinc and its products' recorded 133.38 percent growth during January 2017. Cumulative resultsshowed 5 out of 7 panels conceded negative growth during April - January 2017 barring 'Aluminium and its products' and 'other non-ferrous metals', like before.

- ❖ Industrial machinery recorded decline in exports both on a monthly basis in January 2017 and on a cumulative basis during April - January 2017. However, exports of machine tools recorded decent growth in January 2017 and during April - January 2017. Highest exporting segment of industrial panel, 'Industrial Machinery for dairy, food processing, textiles etc.' registered decline in exports both on monthly and cumulative basis. Exports of another major segment 'IC Engines and Parts' declined marginally on a cumulative basis but recorded noticeable decline during January 2017.
- ❖ Electrical Machinery and equipments panel achieved moderate growth in January 2017 at 13.62 percent. On a cumulative basis, the growth was higher at 22.6 percent during April - January 2017 over the same period last fiscal.
- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded 45.57 percent decline in growth during January 2017and conceded 26.52 percent decline cumulatively during the ten month of the current fiscal over the same period last year.
- ❖ Among other panels, Railway Transport grew by more than 144 percent during April - January 2017. Medical & scientific equipments, Cranes Lifts & Winches, Office Equipments, Accumulator and Batteries, Prime mica & mica products also registered positive growth during April - January 2017 over the same period last year.

### 3. Top 25 destinations for Indian Engineering Exports

We now look at the export scenario of top 25 nations that have highest demand for Indian engineering products during January 2017 over January 2016 in Absolute Value. Country wise cumulative figures for April-January 2016-2017 have also been taken into concern to see the trend of India's engineering exports in the current fiscal.

**Table 6: Engineering Exports Country wise (2016-17)**

US\$ Million

COUNTRY	JANUARY , 2016	JANUARY , 2017	Growth	APRIL, 2015 - JANUARY, 2016	APRIL, 2016 - JANUARY, 2017	Growth
U S A	547.02	613.02	12.07%	5758.55	5570.634	-3.26%
MALAYSIA	77.27	360.14	366.07%	1212.02	2051.154	69.23%
UAE	482.97	215.33	-55.42%	3581.39	3088.308	-13.77%
CHINA	124.23	199.66	60.72%	1748.56	1425.633	-18.47%
KOREA RP	120.64	191.87	59.04%	1094.48	1161.292	6.10%
NEPAL	140.54	188.51	34.13%	1067.11	1806.469	69.29%
ITALY	115.62	186.53	61.32%	1210.09	1557.375	28.70%
U K	166.88	182.81	9.54%	1823.20	2012.198	10.37%
MEXICO	146.07	174.91	19.75%	1460.87	2001.012	36.97%
GERMANY	215.54	170.39	-20.95%	1726.65	1776.242	2.87%
BANGLADESH	156.30	163.30	4.48%	1218.21	1599.076	31.26%
FRANCE	81.07	148.61	83.31%	879.22	1157.624	31.66%
TURKEY	105.17	131.94	25.46%	1064.79	1321.781	24.14%
VIETNAM	40.23	120.25	198.90%	531.66	754.2077	41.86%
BELGIUM	38.99	109.85	181.72%	560.41	920.4908	64.25%
SINGAPORE	125.84	108.76	-13.57%	1682.27	1713.958	1.88%
SRI LANKA	312.46	107.29	-65.66%	2364.64	1156.019	-51.11%
THAILAND	67.94	102.13	50.32%	689.10	737.9776	7.09%
INDONESIA	65.58	99.80	52.18%	658.43	1073.234	63.00%
TAIWAN	28.39	99.22	249.53%	380.63	632.436	66.16%
NETHERLAND	65.95	86.00	30.40%	757.19	754.6017	-0.34%
JAPAN	65.96	82.23	24.66%	927.54	663.9172	-28.42%
SOUTH AFRICA	77.68	78.18	0.65%	1137.46	857.7479	-24.59%
MAURITIUS	3.33	76.25	2186.51%	37.45	131.5475	251.31%
SPAIN	43.76	75.28	72.02%	559.26	763.0283	36.44%

*Note: Red font indicates negative growth*

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

The country wise engineering export figures for January 2017 show the following facts:

- ❖ In January 2017, 21 out of the top 25 countries recorded year-on-year growth in engineering exports from India while the rest 4 conceded decline over the same month last year.

- ❖ USA ranked to be the top exporting destination for India's engineering products in January 2017. It registered positive growth on monthly basis but negative export growth in cumulative basis during Apr-Jan 2016-17 over the same period last fiscal.
- ❖ Like in case of USA, engineering exports to China, Netherlands, Japan and South Africa recorded positive growth in January but negative growth in terms of cumulative exports.
- ❖ Like the previous month all European nations falling under the top 25 engineering export destinations like UK, Germany, Italy, Belgium, France and Spain, recorded positive growth during Apr-Jan 2016-17 over Apr-Jan 2015-16. It is only Germany which recorded decline in growth in January 2017 over January 2016.
- ❖ Among the ASEAN countries Malaysia recorded the highest growth in engineering exports from India in Apr-Jan 2016-17.
- ❖ Out of 224 exports destinations of Indian engineering goods, top 25 nations accounted for 72.12 percent of India's total engineering exports during Apr-Jan 2016-17.
- ❖ Overall, India's engineering exports to its top 25 destinations registered a rise in growth of 7.49 percent in April - January 2017 over the same period in the previous year.

#### 4. Regional Distribution of Engineering Exports

We now look at the Regional Distribution of Engineering Exports for April-January 2016-17 as opposed to April-January 2015-16. We also look at the trend in January 2017 vis-à-vis January 2016. The Table below gives this picture:

**Table 7: Region Wise Exports Trend**  
US\$ Million

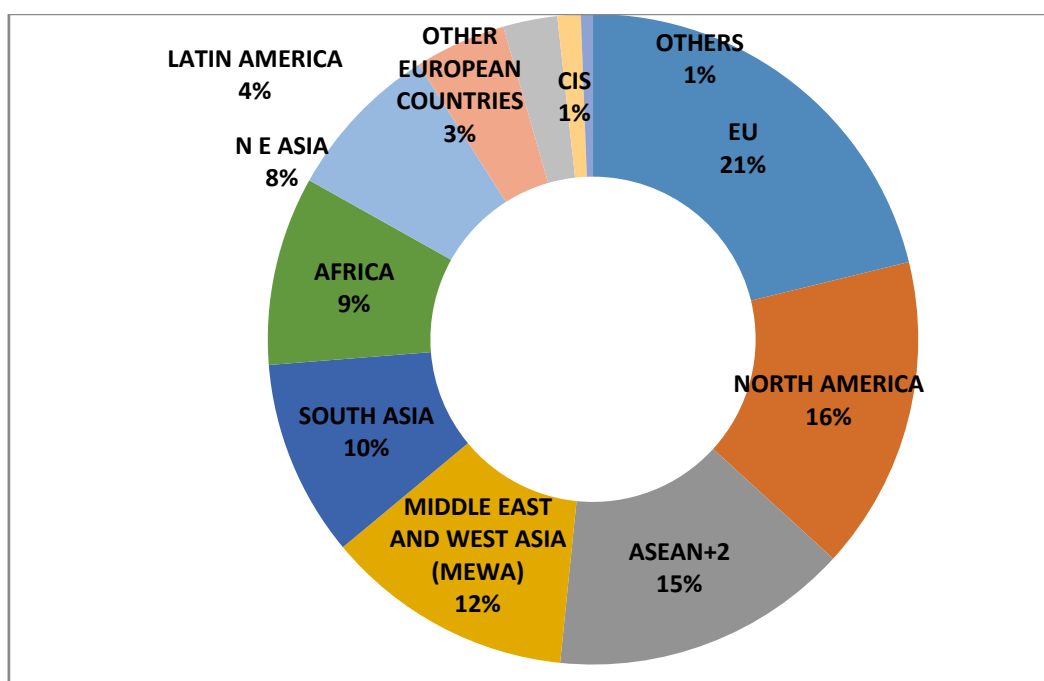
Region	JAN2016	JAN2017	Growth (%)	APRIL- JANUARY, 2015- 16	APRIL- JANUARY, 2016- 17	Growth (%)
EU	861.88	1108.04	28.56	9011.99	10745.58	19.24
NORTH AMERICA	733.24	821.70	12.06	7613.53	7914.36	3.95
ASEAN+2	485.02	921.80	90.05	5854.47	7526.88	28.57
MIDDLE EAST AND WEST ASIA (MEWA)	797.48	501.68	-37.09	7076.75	6266.55	-11.45
SOUTH ASIA	635.72	476.06	-25.11	5004.29	4959.83	-0.89
AFRICA	456.25	486.68	6.67	5578.15	4763.39	-14.61
N E ASIA	350.45	582.99	66.36	4306.45	3992.99	-7.28
LATIN AMERICA	206.98	199.35	-3.69	2445.28	2309.23	-5.56

Region	JAN2016	JAN2017	Growth (%)	APRIL- JANUARY,2015- 16	APRIL- JANUARY,2016- 17	Growth (%)
OTHER EUROPEAN COUNTRIES	114.13	134.78	18.09	1115.54	1366.16	22.47
CIS	42.02	41.33	-1.65	459.34	586.70	27.73
OTHERS	51.33	42.34	-17.52	522.11	304.90	-41.60
EU	861.88	1108.04	28.56	9011.99	10745.58	19.24
<b>Grand Total</b>	<b>4709.05</b>	<b>5290.91</b>	<b>12.36</b>	<b>49077.16</b>	<b>50874.04</b>	<b>3.66</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 Apr-Jan 2016-17



(Source: EEPC India analysis)

- ❖ EU ranks as the region with highest shipment of engineering products from India during January 2017 with a share of more than 21% of total engineering exports.
- ❖ India's exports to Africa registered sharp decline cumulative terms.
- ❖ India's engineering exports to ASEAN +2 countries recorded highest positive growth in April – January 2016-17 over the same period in the previous year.
- ❖ Engineering exports to CIS also recorded noteworthy positive growth in cumulative terms.



❖ India's exports to following regions registered sharp decline in the period under consideration:

- Latin America
- Middle East and West Asia (MEWA)
- N. E. Asia

## 5. Engineering panel – country wise analysis

We now analyse the performance of some of the important products during January 2017. We have taken the major panels and computed high growth and sharp declines to get an idea of the current trade pattern.

**Table 8: Export of Iron & Steel**

US\$ Million

COUNTRY	JANUARY, 2016	JANUARY, 2017	Growth (%)	APRIL,2015 - JAN, 2016	APRIL,2016 - JAN, 2017	Growth (%)
<b>High cumulative growth</b>						
<b>MALAYSIA</b>	4.10	50.58	1134.71%	40.66	189.60	366.26%
<b>VIETNAM</b>	3.85	77.78	1920.75%	62.11	287.43	362.80%
<b>U K</b>	1.34	20.30	1414.77%	22.97	84.50	267.86%
<b>BELGIUM</b>	9.54	77.73	714.98%	206.85	531.32	156.86%
<b>MEXICO</b>	3.13	17.01	443.35%	55.44	129.73	134.01%
<b>SPAIN</b>	7.93	32.91	315.08%	101.50	237.34	133.82%
<b>BANGLADESH</b>	16.27	19.81	21.77%	167.76	324.06	93.17%
<b>CHINA</b>	11.18	48.01	329.48%	130.52	242.75	85.98%
<b>PORTUGAL</b>	3.42	6.31	84.65%	35.85	65.94	83.94%
<b>TAIWAN</b>	12.76	31.77	148.96%	110.77	194.22	75.33%
<b>Sharp cumulative decline</b>						
<b>NETHERLAND</b>	8.40	16.65	98.26%	121.10	108.19	-10.66%
<b>GERMANY</b>	7.20	7.72	7.22%	88.08	78.24	-11.18%
<b>U S A</b>	16.27	20.79	27.79%	347.10	236.57	-31.84%
<b>IRAN</b>	9.38	4.63	-50.59%	312.99	77.50	-75.24%

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

- ❖ Malaysia recorded highest growth in exports of Indian iron and Steel during April - January 2016-17 followed by Vietnam.
- ❖ Exports to Netherlands, Germany, USA and Iran declined sizeably during April - January 2016-17 over the same period last year.

**Table 9: Export of Products of Iron & Steel**

COUNTRY	JANUARY, 2016	JANUARY, 2017	Growth (%)	APRIL,2015 - JAN, 2016	APRIL,2016 - JAN, 2017	Growth (%)
<b>High cumulative growth</b>						
IRAN	0.78	9.57	1122.01%	11.49	59.38	416.93%
KUWAIT	14.23	10.70	-24.86%	50.44	149.13	195.65%
NEPAL	3.19	6.70	110.17%	34.52	74.24	115.09%
OMAN	22.79	9.02	-60.43%	70.12	109.81	56.61%
SAUDI ARAB	26.13	23.09	-11.62%	228.35	273.83	19.92%
<b>Sharp cumulative decline</b>						
IRAQ	0.72	0.52	-27.70%	177.94	5.50	-96.91%
CHILE	9.11	0.78	-91.49%	61.89	7.16	-88.43%
PERU	4.54	0.84	-81.52%	82.54	12.69	-84.62%
MEXICO	3.27	3.37	2.88%	79.26	38.66	-51.22%
NIGERIA	5.58	2.98	-46.48%	57.90	31.58	-45.46%
SWEDEN	5.31	3.09	-41.90%	60.62	35.59	-41.28%

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

- ❖ In case of products of iron & steel, exports to Iraq, Chile, Peru, Mexico, Nigeria and Sweden conceded sharp decline during April - January 2016-17.
- ❖ Iran saw highest growth in imports of Indian products of iron & steel followed by Kuwait and Nepal. For all of these three nations India's exports achieved triple-digit growth during the first ten months of the current fiscal.

**Table 10: Export of Industrial Machinery**

US\$ Million

COUNTRY	JANUARY, 2016	JANUARY, 2017	Growth (%)	APRIL,2015 - JAN, 2016	APRIL,2016 - JAN, 2017	Growth (%)
<b>High cumulative growth</b>						
MALAYSIA	8.04	5.59	-30.47%	52.92	92.30	74.41%
MYANMAR	1.96	5.82	197.44%	32.97	57.25	73.68%
NEPAL	12.62	17.84	41.37%	107.66	186.91	73.61%
BRAZIL	3.49	3.29	-5.76%	42.42	57.20	34.85%
<b>Sharp cumulative decline</b>						
SAUDI ARAB	9.08	8.27	-8.89%	118.76	63.37	-46.64%
NETHERLAND	4.01	4.94	23.16%	74.87	47.78	-36.18%
U S A	51.31	48.35	-5.77%	595.75	454.00	-23.79%
SOUTH AFRICA	3.61	4.07	12.62%	61.88	48.83	-21.08%

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

- ❖ In case of Malaysia, Myanmar, Nepal and Brazil India's exports of industrial machinery registered noteworthy growth in April – January 2016-17;
- ❖ Exports to USA recorded notable decline;
- ❖ Export to Saudi Arabia, Netherlands and South Africa also recorded sharp decline.

**Table 11: Export of Automobiles**  
US\$ Million

COUNTRY	JAN 2016	JAN2017	Growth (%)	APRIL,2015 - JANUARY,2016	APRIL,2016 - JANUARY,2017	Growth (%)
<b>High cumulative growth</b>						
DENMARK	0.00	1.75		0.00	28.49	1469391.15
HUNGARY	0.00	0.34		0.00	12.60	978696.36
SWEDEN	0.00	0.71		0.04	14.63	32969.28
BENIN	0.00	0.05		1.19	10.40	777.14
SWITZERLAND	0.16	0.12	-27.89	3.18	12.71	300.06
SENEGAL	0.36	0.59	62.86	8.34	32.59	290.72
ISRAEL	2.29	3.02	31.66	21.92	68.88	214.30
INDONESIA	3.13	11.31	261.94	29.29	89.60	205.95
<b>Sharp cumulative decline</b>						
QATAR	9.76	0.44	-95.44	61.44	16.93	-72.45
JORDAN	2.11	0.07	-96.80	32.44	10.48	-67.69
LEBANON	5.49	2.12	-61.41	48.61	16.88	-65.27
CONGO D. REP.	1.76	1.58	-9.82	51.52	20.27	-60.65
U ARAB EMTS	46.94	4.33	-90.78	232.59	92.48	-60.24
NIGERIA	17.64	12.63	-28.40	316.07	135.94	-56.99
IRAN	5.44	0.97	-82.25	54.36	30.63	-43.65
TAIWAN	0.22	1.84	747.06	20.30	11.50	-43.34

(Source: Department of Commerce, Government of India)

(Note: Automobiles sector includes Motor vehicles and Two & Three Wheelers)

- ❖ Mexico is the largest importer of Indian automobile during Apr - January 2016-17 with 17.6 percent share in India's total exports. South Africa, Sri Lanka and Nepal are the next three with 6.3 percent, 5.6 percent and 5.4 percent share respectively during the same time period.
- ❖ However, highest growth in exports of Indian automobile is recorded for Denmark followed by Hungary due to very low imports by these nations last year (April - January 2016-17).

- ❖ Qatar and Jordan conceded highest year-on-year drop in imports of Indian automobiles during April - January 2016-17.

**Table 12: Export of Non-Ferrous metals**

US\$ Million

COUNTRY	JAN 2016	JAN 2017	Growth (%)	APRIL,2015 - JAN, 2016	APRIL,2016 - JAN, 2017	Growth (%)
<b>High cumulative growth</b>						
ITALY	5.16	17.68	242.63	32.57	134.58	313.24
SPAIN	3.72	2.48	-33.23	23.47	59.16	152.03
OMAN	2.26	5.46	141.42	39.82	74.37	86.76
BANGLADESH	12.24	19.42	58.70	63.21	117.80	86.38
TAIWAN	10.20	55.71	446.06	184.99	328.00	77.30
TURKEY	2.24	33.81	1406.64	68.04	106.39	56.36
NETHERLAND	3.43	7.89	129.95	41.94	65.51	56.20
INDONESIA	2.97	15.00	404.70	72.32	109.56	51.51
<b>Sharp cumulative decline</b>						
CHINA P RP	59.94	82.57	37.74	1021.01	551.81	-45.95
BRAZIL	7.20	6.84	-4.96	69.89	46.40	-33.62
SOUTH AFRICA	3.11	6.46	107.55	51.60	41.08	-20.39
MEXICO	12.90	5.78	-55.23	169.67	147.61	-13.00
THAILAND	3.15	9.34	196.69	66.46	60.12	-9.53
NEPAL	8.18	9.39	14.82	90.81	82.91	-8.70
SINGAPORE	50.22	39.00	-22.35	382.74	351.69	-8.11
U K	14.22	14.20	-0.12	141.45	137.14	-3.05

- ❖ Exports of India's non-ferrous metal to Italy recorded highest growth among all exporting nations during April - January 2017 while Spain registered second highest growth during this time period.
- ❖ China continued to see decline in imports from India on a cumulative basis. Netherlands also witnessed lower imports of non-ferrous metals from India during April - January 2016-17.

**Table 13: Export of Electrical Machinery and Components**

US\$ Million

COUNTRY	JANUARY 2016	JANUARY 2017	Growth (%)	APRIL,2015 - JANUARY,2016	APRIL,2016 - JANUARY,2017	Growth (%)
<b>High cumulative growth</b>						
LIBYA	0.41	0.02	-94.97	2.36	17.34	634.72
ALGERIA	0.26	4.34	1568.53	15.29	82.43	438.98
SENEGAL	0.26	0.50	90.74	2.99	15.03	403.08

COUNTRY	JANUARY 2016	JANUARY 2017	Growth (%)	APRIL,2015 - JANUARY,2016	APRIL,2016 - JANUARY,2017	Growth (%)
BHUTAN	0.04	0.00	-99.66	9.39	29.96	219.00
AUSTRIA	1.01	2.45	142.15	8.99	28.23	214.15
TURKEY	1.98	18.20	817.03	50.41	157.74	212.94
TAIWAN	0.33	0.32	-2.14	4.30	12.23	184.56
URUGUAY	0.05	0.59	1047.53	3.70	10.17	174.97
<b>Sharp cumulative decline</b>						
SAUDI ARABIA	5.81	4.28	-26.32	77.64	42.34	-45.46
NIGERIA	3.18	1.78	-44.09	56.67	36.43	-35.72
KENYA	4.21	2.45	-41.90	52.05	35.61	-31.58
QATAR	1.01	0.77	-23.84	14.35	10.07	-29.80
MYANMAR	2.82	1.95	-30.93	24.50	17.28	-29.47
ROMANIA	2.89	2.18	-24.65	26.52	19.62	-26.03

*(Source: Department of Commerce and CSO)*

- ❖ The largest importer of India's electrical machinery and components USA recorded 35.3 percent growth in imports of Indian electrical machinery during April - January 2016-17. Highest growth in imports was recorded by Libya during this time period.
- ❖ Among the losers, Saudi Arabia recorded 45.5 percent decline and Nigeria saw 35.7 percent fall in exports on a cumulative basis.

**Table 14: Export of Aircrafts &Spacecraft**

US\$ Million

COUNTRY	JAN 2016	JAN 2017	Growth (%)	APR,2015 - JAN,2016	APR,2016 - JAN,2017	Growth (%)
<b>High cumulative growth</b>						
BULGARIA	0.12	0.00	-100.00	0.15	93.70	62180.20
MAURITIUS	0.03	0.00	-97.86	0.16	16.36	9978.62
NEW ZEALAND	0.00	0.00		0.21	10.22	4737.94
POLAND	0.30	1.72	466.17	1.74	18.28	950.18
SWITZERLAND	0.92	2.93	217.23	15.79	114.28	623.65
TURKEY	4.39	1.06	-75.97	19.01	104.47	449.72
SINGAPORE	13.21	14.81	12.11	61.72	201.97	227.25
MALAYSIA	0.60	3.01	404.02	9.75	28.96	197.11
<b>Sharp cumulative decline</b>						
GERMANY	62.36	26.62	-57.31	178.57	130.96	-26.66
SRI LANKA	226.64	0.11	-99.95	1198.81	78.35	-93.46
UAE	0.58	0.71	23.47	722.97	151.53	-79.04



(Source: Department of Commerce and CSO)

- ❖ Exports of India's 'Aircraft & spacecraft' to Bulgaria was low but that showed a sudden growth during April - January 2016-17 while several other nations also recorded growth in triple digit.
- ❖ Exports to UAE and Sri Lanka recorded maximum declines on a cumulative basis.

**Table 15: Export of Ships, Boats and Floating Structures and parts**  
US\$ Million

COUNTRY	JAN 2016	JAN2017	Growth (%)	APRIL,2015 - JANUARY,2016	APRIL,2016 - JANUARY,2017	Growth (%)
<b>High cumulative growth</b>						
INDONESIA	4.72	0.01	-99.85	5.85	233.32	3886.19
MAURITIUS	0.00	72.50		2.57	72.52	2718.03
MALAYSIA	0.00	207.02		190.61	725.18	280.44
SRI LANKA	0.00	25.63		59.60	165.61	177.90
UAE	226.71	12.54	-94.47	595.36	783.77	31.65
<b>Sharp cumulative decline</b>						
BAHRAIN	0.00	0.00		122.62	45.81	-62.64

(Source: Department of Commerce and CSO)

- ❖ Indonesia and Mauritius recorded robust growth in imports of India's Ships, boats and floating structures during April - January 2016-17.
- ❖ Exports to Bahrain recorded noticeable decline during the same time period.

**Table 16: Export of Auto Components**  
US\$ Million

COUNTRY	JAN2016	JAN2017	Growth (%)	APRIL,2015 - JANUARY,2016	APRIL,2016 - JANUARY,2017	Growth (%)
<b>High cumulative growth</b>						
NEPAL	13.40	14.20	5.93	77.83	164.02	110.74
PERU	0.95	1.84	94.61	10.22	18.91	85.03
CANADA	3.92	5.42	38.43	30.32	48.49	59.96
ALGERIA	0.95	1.40	47.10	13.89	21.25	53.00
VIETNAM	2.78	1.17	-57.79	12.94	19.45	50.30
SWEDEN	2.66	2.96	11.31	20.85	30.36	45.62
SPAIN	4.22	4.76	12.95	39.97	54.75	36.97
SOUTH AFRICA	3.88	5.32	37.07	42.84	56.54	32.00
<b>Sharp cumulative decline</b>						
NIGERIA	5.50	2.40	-56.38	42.64	20.75	-51.34
CZECH	1.93	0.92	-52.37	17.20	10.87	-36.81

COUNTRY	JAN2016	JAN2017	Growth (%)	APRIL,2015 - JANUARY,2016	APRIL,2016 - JANUARY,2017	Growth (%)
<b>REPUBLIC</b>						
<b>U A E</b>	13.79	6.67	-51.66	113.62	90.66	-20.21
<b>U K</b>	13.01	11.68	-10.24	154.10	124.06	-19.50
<b>EGYPT</b>	10.50	3.34	-68.21	92.89	76.27	-17.89
<b>BRAZIL</b>	11.82	11.26	-4.73	139.95	119.05	-14.93
<b>COLOMBIA</b>	3.47	3.36	-3.24	42.18	36.22	-14.12
<b>U S A</b>	74.01	63.24	-14.55	741.48	640.56	-13.61

(Source: Department of Commerce and CSO)

- ❖ Nepal recorded triple-digit growth in imports of Indian Auto Component during the first ten months of fiscal 2016-17. Peru and Canada also saw substantial import growth for the same product group.
- ❖ Imports of Nigeria, Czech Republic and UAE recorded noticeable decline in imports of Indian Auto components during April - January 2016-17.

## 6. Conclusion

India's engineering exports witnessed positive growth for the sixth straight month in a row. Substantial rise in the exports observed in case of iron and steel exports, electrical machinery, automobiles, medical & scientific equipments, railway and transport equipments, Office Equipments, Accumulator and Batteries. EU ranks as the region with highest shipment of engineering products from India during January 2017 with a share of more than 21% of total engineering exports. India's engineering exports to ASEAN+2 and CIS countries too recorded noteworthy positive growth in the said period.

We stick to our view that Indian engineering exports is likely to see the uptrend during the rest of the fiscal year as hardening of crude oil prices in the international market is not expected to see any reversal of trend at least in the near term. Other commodity prices have also been rising. Moreover, economic slowdown in the developed regions seemed to have seen the bottom and is expected to bounce back with a weak but steady growth going forward that will increase the demand from overseas. Weakness in emerging market currencies including rupee following the apprehension of interest rate hike in the US will also help in raising the value of exports.

