

Engineering Exports Monitor

February 2017



Engineering the future

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Highlights

India's overall external trade scenario

- ❖ India's merchandise exports witnessed strong signal of revival driven by a double-digit growth in February 2017 for the first time after September 2016.
- ❖ Merchandise exports grew by a whopping 17.48 percent year-on-year during February 2017. Imports however grew by a higher 21.76 percent compared to the year-ago period but trade deficit at US\$6.6 billion was at five-month low.
- ❖ Cumulative exports also grew by 2.52 percent during April - February 2016-17.
- ❖ Non-petroleum and non-gems and jewellery exports in February 2017 grew by 20.15 percent.
- ❖ Rupee in February saw a trend reversal and appreciated by 1.70 per cent year-on-year (y-o-y) during February 2017.

Engineering Exports scenario

- ❖ India's engineering exports once again outperformed that of the overall merchandise export by registering a robust 48.63 percent y-o-y growth during February 2017. Overseas shipment of engineering products from India was recorded at US\$ 6.5 billion in February 2017 as against US\$ 4.3 billion in the same month last year.
- ❖ Engineering exports also witnessed a higher 7.34 percent growth during April - February 2016-17 driven by the substantial growth in February 2017. The growth was at 3.7 percent during April - January 2016-17.
- ❖ Share of engineering in India's total merchandise exports surged to 26.4 percent in February 2017 from 23.9 percent in January 2017 and 23.5 percent in December 2016.
- ❖ Out of 33 engineering panels, 22 panels recorded positive growth in exports in February 2017.
- ❖ Iron and Steel exports jumped by over 156 percent during February 2017 with an overseas shipment of US\$ 931.9 million from US\$ 363.32 million in the same month last year.
- ❖ Non-ferrous metals and products , Electrical machinery, Auto and auto components, Ships Boats and Floating products, Medical & scientific equipments, Railway and Transport equipments, Office Equipments, and Accumulator and Batteries also registered positive growth during April - February 2017 over the same period last year.
- ❖ EU ranks as the region with highest shipment of engineering products from India during February 2017 with a share of 21% of total engineering exports.
- ❖ India's engineering exports to ASEAN+2 and CIS countries recorded highest noteworthy positive growth in April – February 2016-17
- ❖ Sharp decline in engineering exports observed in Africa, Middle East and West Asia (MEWA), North East Asia and Latin America.

1. Trend in overall trade

Sign of export revival strengthened as India's merchandise export achieved year-on-year growth for the seventh consecutive month to February 2017 and recorded its first double-digit growth after September 2016. Merchandise exports during February 2017 surged by 17.48 percent to US\$ 24.49 billion from US\$20.85 billion during the same month last year. Cumulative value of exports during April-February 2016-17 was recorded at US\$ 245.41 billion as against US\$ 239.38 billion during the same period last year registering a growth of 2.52 percent.

According to the Ministry of Commerce, Govt. of India, Non-petroleum and Non Gems & Jewellery exports in February 2017 surged by an impressive 20.15% on a year-on-year basis. Export of most of the key commodities such as gems and jewellery, chemicals, engineering goods, ready-made garments and petroleum products showed significant year-on-year improvement in shipments during February 2017. Exports of drugs and pharmaceuticals however contracted on a year-on-year basis during the month concerned.

Quoting World Bank commodity price data, the commerce ministry also said the global Brent crude price and gold price increased by 67.14% and 2.89% respectively in February 2017 over the same period last year that pushed up Indian merchandise imports to US\$ 33.39 billion during February 2017 from US\$ 27.42 billion in February 2016, registering 21.76 percent growth year-on-year which was higher than that of exports. Cumulative value of imports for the period April-February 2016-17 was however declined by 3.67 percent to US\$ 340.70 billion as against US\$ 353.70 billion during the same period last year.

Merchandise Trade deficit narrowed down to five-month low at US\$ 8.9 billion in February 2017 from US\$ 9.8 billion in January 2017 and US\$ 10.3 billion in December 2016. However, trade deficit was still higher than that of recorded in February 2016 at US\$ 6.57 billion. On a cumulative basis, trade deficit was estimated at US\$ 95.29 billion during April-February 2016-17 which was 16.65% lower than the deficit conceded during the same period last fiscal.

2. Engineering exports

In line with the overall merchandise export, India's engineering exports also grew for the seventh consecutive month to February 2017 and outperformed the overall merchandise export comprehensively with a much higher year-on-year growth during the said month.

Overseas shipment of engineering products from India stood at US\$ 6.47 billion in February 2017 as against US\$ 4.35 billion during the same month last year registering a splendid 48.63 percent growth year-on-year. The highest year-on-year monthly growth of engineering export in this fiscal was seen in December 2016 at 20.07 percent. Cumulative engineering exports during April - February 2016-17 also surged by 7.34 percent on a year-on-year basis driven by the superb performance in February. Cumulative growth during April - January 2016-17 witnessed a much lower 3.7 percent year-on-year growth due to substantial decline in the months of April and July 2016. The share of engineering exports in India's total merchandise exports soared up noticeably to 26.4 percent in February 2017 from 23.9 percent in January 2017 and 23.5 percent in December 2016. The monthly engineering figures for the first eleven months of 2016-2017 vis-à-vis 2015-2016 are depicted below:

Table1: Engineering Exports
(US\$ Million)

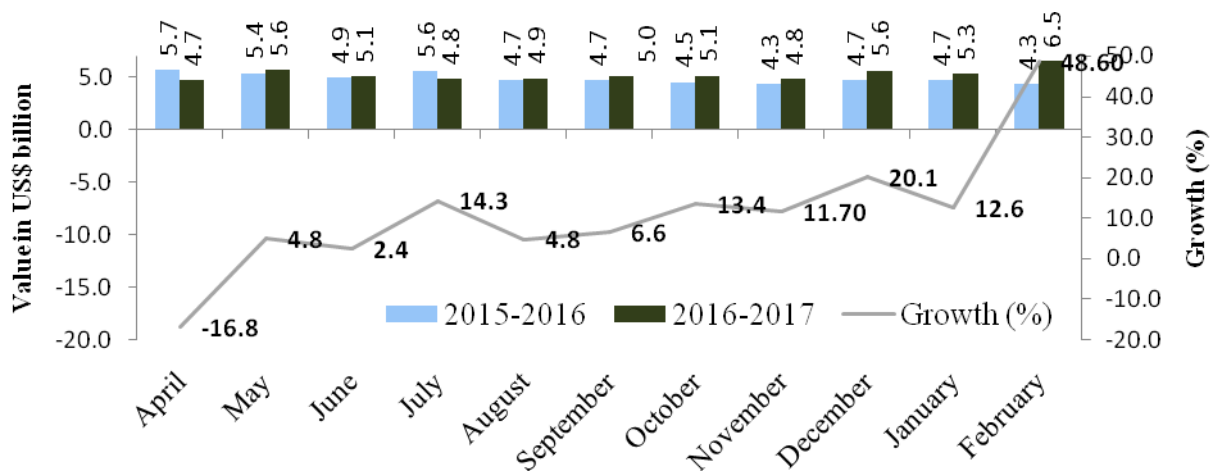
Months	2015-16	2016-17	Growth (%)
April	5676.59	4723.85	-16.78%

Months	2015-16	2016-17	Growth (%)
May	5354.43	5613.91	4.85%
June	4936.26	5053.21	2.37%
Quarter 1	15967.28	15390.97	-3.61%
July	5559.65	4766.85	-14.26%
August	4653.93	4877.27	4.80%
September	4699.73	5009.03	6.58%
Quarter 2	14913.31	14653.15	-1.74%
October	4475.58	5076.21	13.42%
November	4321.78	4828.53	11.73%
December	4690.16	5631.51	20.07%
Quarter 3	13487.52	15538.53	15.19%
January	4709.05	5302.18	12.60%
February	4349.97	6465.45	48.63%
April - January	53427.13	57348	7.34%

(Source: Department of Commerce, Government of India)

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

Figure1: Trends in Monthly Engineering Exports
US\$ Billion



(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 continuous 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 December 2016 and in January 2017, they moved in opposite direction. In January 2017, engineering exports growth decelerated over the month while manufacturing came back to growth path after a decline in December 2016. Overall IIP Index, the standard

measure for industrial output, stood at 191.3 in January 2017 as against 184 in December 2016 and 175.7 in November 2016.

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

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

Months/ Year	Engg. Exports Growth (%)	Manufacturing Growth (%)
April-March 2015-16	-16.93	2.0
April 2016	-16.78	-3.6
May 2016	4.85	0.7
June 2016	2.37	1.0
April - June 2016	-3.61	-0.6
July 2016	-14.26	-3.5
August 2016	4.80	-0.3
September 2016	6.58	0.9
July - September 2016	-1.74	-1.0
October 2016	13.42	-2.4
November 2016	11.73	5.5
December 2016	20.07	-1.7
October - December 2016	15.19	0.5
January 2017	12.60	2.3
February 2017	48.63	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 engineering 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	4349.97*	-12.57*
	March	5829.71	5175.65	-11.22
	Total Exports	70769.99	58602.78*	-17.19*

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

3. Impact of Exchange Rate

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

Table 4: Average Exchange Rate

February	Average Exchange Rate 1 USD to INR
2016	68.24
2017	67.08

(Source: Calculated from RBI archive)

The official exchange rate of rupee appreciated by 1.70 percent vis-à-vis the US Dollar during February 2017 over the same month last year.

We begin by looking at the Engineering Panel wise exports for the month of February 2017 vis-a-vis February 2016. The data is given in Table 5 below:

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

Sl no.	Panel	Feb_16	Feb_17	Growth %	Apr-Feb 2015-16	Apr-Feb 2016-17	Growth %
1. Iron and Steel and Products made of Iron and Steel							
A	Iron and Steel	363.32	931.9	156.50%	5031.22	7241.42	43.93%
B	Products of Iron and Steel	457.89	533.15	16.44%	5580.49	5277.59	-5.43%
Sub Total		821.21	1465.05	78.40%	10611.71	12519.01	17.97%
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals							
A	Copper and products	173.6	264.4	52.30%	2314.22	2344.46	1.31%
B	Aluminium and products	200.66	274.3	36.70%	2374.52	2846.05	19.86%

Sl no.	Panel	Feb_16	Feb_17	Growth %	Apr-Feb 2015-16	Apr-Feb 2016-17	Growth %
C	Zinc and products	10.76	74.96	596.65%	504.79	525.57	4.12%
D	Nickel and products	14.31	2.48	-82.67%	484.76	91.13	-81.20%
E	Lead and products	9.49	33.16	249.42%	166.34	184.24	10.76%
F	Tin and products	4.88	1.16	-76.23%	54.1	7.38	-86.36%
G	Other Non-Ferrous Metals	35.73	37.38	4.62%	393.47	401.31	1.99%
Sub Total		449.43	687.84	53.05%	6292.2	6400.14	1.72%
3. Industrial Machinery							
A	Industrial Machinery like Boilers, parts, etc	59.27	40.3	-32.01%	597.61	595.42	-0.37%
B	IC Engines and Parts	154.98	151.78	-2.06%	1921.58	1903.93	-0.92%
C	Pumps of all types	54.74	58.7	7.23%	643.05	682.46	6.13%
D	Air condition and Refrigerators	87.4	82.54	-5.56%	944.69	872.88	-7.60%
E	Industrial Machinery for dairy, food processing , textiles etc	356.14	433.8	21.81%	4177.15	4143.32	-0.81%
F	Machine Tools	26.89	40.26	49.72%	351.44	413.0	17.52%
G	Machinery for Injecting moulding, valves and ATMs	97.02	96.39	-0.65%	1145.57	1130.29	-1.33%
Sub Total		836.44	903.77	8.05%	9781.09	9741.3	-0.41%
4	Electrical Machinery	299.8	362.93	21.06%	3342.13	4093.09	22.47%
5. Auto and Auto Components							
A	Motor Vehicle/cars	554.88	629.65	13.47%	6061.4	6804.55	12.26%
B	Two and Three Wheelers	132.59	141.34	6.60%	1634.07	1467.81	-10.17%

Sl no.	Panel	Feb_16	Feb_17	Growth %	Apr-Feb 2015-16	Apr-Feb 2016-17	Growth %
C	Auto Components/Part	351.83	341.65	-2.89%	3828.25	3796.05	-0.84%
Sub Total		1039.3	1112.64	7.06%	11523.72	12068.41	4.73%
6	Aircrafts and Spacecraft parts and products	252.7	221.56	-12.32%	3566.97	2634.9	-26.13%
7	Ships Boats and Floating products and parts	132.07	1153.14	773.13%	2792.76	4025.06	44.12%
A	Medical and Scientific instruments	93.5	115.51	23.54%	1072.09	1241.52	15.80%
B	Railway Transport	5.15	13.41	160.39%	76.25	199.68	161.88%
C	Hand Tools & Cutting Tools	46.28	51.85	12.04%	587.59	579.32	-1.41%
D	Electrodes Accumulators	3.08	3.04	-1.30%	38.82	36.63	-5.64%
E	Accumulator and Batteries	16.77	16.06	-4.23%	182.9	202.42	10.67%
F	Bicycle & Parts	25.31	26.48	4.62%	270.04	265.68	-1.61%
G	Cranes Lifts & Winches	64.61	25.59	-60.39%	376.37	354.66	-5.77%
H	Office Equipments	7.85	9.14	16.43%	79.21	108.96	37.56%
I	Other Construction Machinery	88.03	124.74	41.70%	982.69	950.01	-3.33%
J	Prime Mica & Mica Products	1.07	1.79	67.29%	15.69	16.71	6.50%
K	OTHER MISC. ITEMS	167.37	170.91	2.12%	1834.9	1910.5	4.12%
Sub Total		519.02	558.52	7.61%	5516.55	5866.09	6.34%

Sl no.	Panel	Feb_16	Feb_17	Growth %	Apr-Feb 2015-16	Apr-Feb 2016-17	Growth %
	Grand Total	4349.97	6465.45	48.63%	53427.13	57348	7.34%

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ Panel-wise analysis for February 2017 engineering export data showed that the overall scenario improved as compared to that of February 2016. Out of 33 engineering panels, 22 panels recorded growth in exports over the same month last year while the remaining 11 panels conceded decline during the month of February 2017.
- ❖ Iron and Steel exports jumped by more than 156 percent during February 2017 with an overseas shipment of US\$ 931.9 million from US\$ 363.32 million in the same month last year. Cumulative figure showed almost 44 percent growth of exports during April - February 2017 to US\$7241.42 million from US\$ 5031.22 million during the same period last fiscal. Products of Iron and Steel also increased in export by 16.44 percent during February 2017 over the same month last year. However its cumulative exports declined by 5.43 percent to US\$ 5277.59 million during April - February 2017 from US\$ 5580.49 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 February 2017 like the previous month. Among the gainers, exports of 'Zinc and its products' grew by more than 596 percent while 'Lead and its products' recorded more than 249 percent growth. Cumulative result showed 5 out of 7 panels conceded positive growth during April - February 2017 barring 'Nickel and its products' and 'Tin and its products', like before.
- ❖ Industrial machinery recorded increase in exports on a monthly basis in February 2017 but on a cumulative basis a decline during April - February 2017. Exports of machine tools recorded significant growth in February 2017 and during April - February 2017. Highest exporting segment of industrial panel, 'Industrial Machinery for dairy, food processing, textiles etc.' also registered increase in exports on monthly basis. Exports of another segment 'Pumps of all types' increased moderately on a monthly and cumulative basis.
- ❖ Auto and auto components recorded positive growth both on a monthly basis as well as on a cumulative basis during April - February 2017.
- ❖ Electrical Machinery and equipments panel achieved significant growth in February 2017 at 21.06 percent. On a cumulative basis, the growth was higher at 22.5 percent during April - February 2017 over the same period last fiscal.

- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded 12.32 percent decline in growth during February 2017 and conceded 26.13 percent decline cumulatively during the eleven months of the current fiscal over the same period last year.
- ❖ Among other panels, Railway Transport grew by more than 160 percent during April - February 2017. Medical & scientific equipments, Office Equipments, Accumulator and Batteries, Prime mica & mica products also registered positive growth during April - February 2017 over the same period last year.

4. 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 February 2017 over February 2016 in Absolute Value. Country wise cumulative figures for April-February 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	FEBRUARY, 2016	FEBRUARY, 2017	Growth	APRIL –FEB (2015 -16)	APRIL –FEB (2016-17)	Growth
SINGAPORE	104.14	836.55	703.30	1786.41	2550.41	42.77
U S A	495.75	637.60	28.61	6254.29	6190.94	-1.01
UAE	246.56	542.51	120.03	3827.95	3631.28	-5.14
ITALY	130.64	215.80	65.18	1340.73	1772.86	32.23
KOREA RP	88.79	212.15	138.94	1183.26	1372.84	16.02
CHINA	137.78	203.83	47.94	1886.34	1628.76	-13.65
GERMANY	172.32	202.26	17.37	1898.97	1978.01	4.16
MEXICO	197.62	201.68	2.05	1658.49	2202.70	32.81
U K	170.66	183.21	7.35	1993.87	2195.71	10.12
INDONESIA	72.43	178.60	146.57	730.87	1250.97	71.16
FRANCE	88.13	177.08	100.92	967.35	1334.31	37.93
MALAYSIA	70.74	169.52	139.64	1282.76	2220.26	73.09
NEPAL	172.34	166.84	-3.19	1239.45	1976.96	59.50

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth	APRIL –FEB (2015 -16)	APRIL –FEB (2016-17)	Growth
BANGLADESH	130.23	165.09	26.77	1348.44	1776.60	31.75
BELGIUM	48.26	136.44	182.68	608.67	1057.03	73.66
SRI LANKA	271.38	129.08	-52.44	2636.02	1285.10	-51.25
VIETNAM SOC REP	25.82	121.37	370.02	557.48	875.59	57.06
SAUDI ARAB	114.81	116.37	1.35	1227.85	1078.25	-12.18
TURKEY	109.80	111.85	1.87	1174.59	1433.50	22.04
TAIWAN	25.09	106.42	324.09	405.72	738.80	82.10
SPAIN	57.24	95.05	66.04	616.50	857.91	39.16
THAILAND	65.72	90.03	36.99	754.81	827.94	9.69
SOUTH AFRICA	64.52	87.50	35.61	1201.98	945.21	-21.36
NETHERLAND	66.31	80.06	20.75	823.49	834.57	1.35
BRAZIL	32.79	51.55	57.20	559.37	556.12	-0.58

Note: Red font indicates negative growth

(Source: Department of Commerce, Government of India)

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

- ❖ In February 2017, 23 out of the top 25 countries recorded year-on-year growth in engineering exports from India only 2 conceded decline over the same month last year.
- ❖ Singapore ranked to be the top exporting destination for India's engineering products in February 2017. It registered huge positive growth on monthly basis and significant positive export growth in cumulative basis during Apr-Feb 2016-17 over the same period last fiscal.
- ❖ Like in case of USA, engineering exports to China, UAE, Saudi Arab, South Africa and Brazil recorded positive growth in February but negative growth in terms of cumulative exports.
- ❖ All European nations falling under the top 25 engineering export destinations like UK, Germany, Italy, Belgium, France and Spain, recorded positive growth both on

monthly basis and cumulative basis during Apr-Feb 2016-17 over the same period last fiscal.

- ❖ Among the ASEAN countries Malaysia recorded the highest growth in engineering exports from India in Apr-Feb 2016-17 over the same period last fiscal.
- ❖ Out of 227 exports destinations of Indian engineering goods, top 25 nations accounted for 74.24 percent of India's total engineering exports during Apr-Feb 2016-17.
- ❖ Overall, India's engineering exports to its top 25 destinations registered a rise in growth of 12.13 percent in April - February 2017 over the same period in the previous year.

5. Regional Distribution of Engineering Exports

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

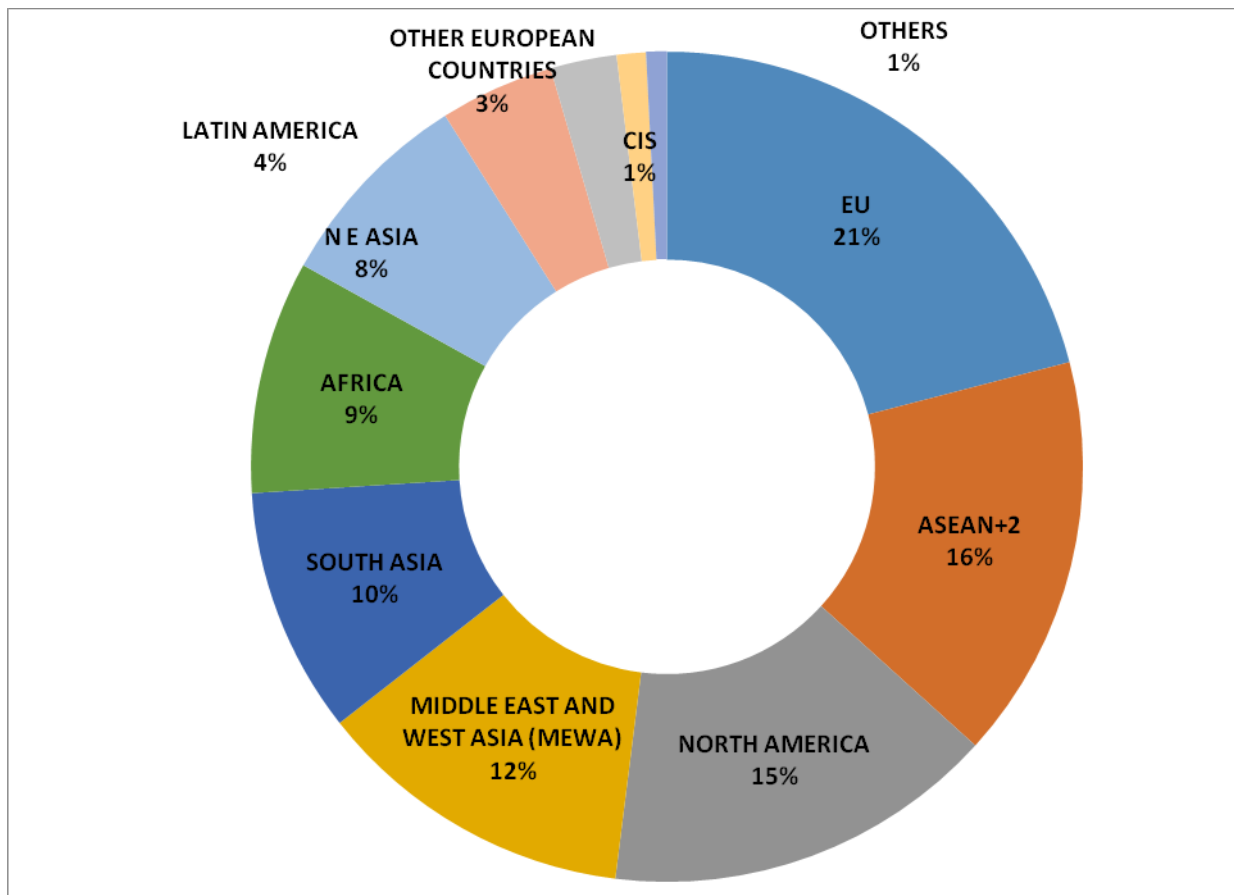
Table 7: Region Wise Exports Trend
US\$ Million

Region	FEBRUARY,2016	FEBRUARY, 2017	Growth (%)	APR- FEB (2015-16)	APR - FEB (2016-17)	Growth (%)
EU	870.05	1266.31	45.54	9882.04	12010.61	21.54
ASEAN+2	433.44	1509.24	248.20	6287.91	9034.74	43.68
NORTH AMERICA	734.05	870.42	18.58	8347.58	8767.49	5.03
MIDDLE EAST AND WEST ASIA (MEWA)	554.94	868.63	56.53	7631.69	7135.19	-6.51
SOUTH ASIA	602.14	496.03	-17.62	5606.43	5485.43	-2.16
AFRICA	482.80	437.47	-9.39	6060.94	5200.85	-14.19
N E ASIA	314.90	582.75	85.06	4621.35	4573.68	-1.03
LATIN AMERICA	189.35	236.87	25.10	2634.62	2546.59	-3.34
OTHER EUROPEAN COUNTRIES	114.39	114.15	-0.21	1229.93	1480.21	20.35
CIS	38.45	64.59	67.98	497.79	651.83	30.94
OTHERS	15.44	19.02	111.62	626.84	461.39	87.27
Grand Total	4349.95	6465.49	48.63	53427.13	57348.03	7.34

(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-Feb 2016-17



(Source: EEPC India analysis)

- ❖ EU ranks as the region with highest shipment of engineering products from India during February 2017 with a share of 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 – February 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)
 - South Asia
 - N. E. Asia

6. Engineering panel – country wise analysis

We now analyse the performance of some of the important products during February 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	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR - FEB 2015-16	APR - FEB, 2016-17	Growth (%)
High cumulative growth						
VIETNAM	4.99	76.53	1434.40	67.09	363.96	442.46
MALAYSIA	1.44	38.43	2570.83	42.10	228.02	441.60
U K	1.55	4.03	159.05	24.52	88.52	260.97
BELGIUM	17.10	89.50	423.42	223.95	620.82	177.21
SPAIN	9.05	37.62	315.57	110.56	274.95	148.70
MEXICO	2.93	6.37	117.42	58.37	136.10	133.18
CHINA	7.21	41.31	472.80	137.73	284.05	106.24
PORTUGAL	1.53	10.78	603.11	37.38	76.71	105.22
INDONESIA	11.74	40.00	240.80	128.46	243.06	89.21
TAIWAN	12.32	27.15	120.28	123.09	221.36	79.83
Sharp cumulative decline						
IRAN	8.85	5.40	-38.98	321.84	82.90	-74.24
U S A	20.06	25.04	24.81	367.16	261.62	-28.75

(Source: Department of Commerce, Government of India)

- ❖ Vietnam replaced Malaysia to record highest growth in imports of Indian iron and Steel during April - February 2016-17. Malaysia saw second highest growth.
- ❖ The largest importer of Indian Iron & Steel, Belgium saw fourth highest growth during the first eleven months of 2016-17.
- ❖ Exports to Iran and USA declined sizeably during April - February 2016-17 over the same period last year. Netherlands and Germany conceded marginal decline on a cumulative basis.

Table 9: Export of Products of Iron & Steel

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR-FEB 2015-16	APR - FEB 2016-17	Growth (%)
High cumulative growth						
IRAN	0.47	13.22	2695.31	11.96	72.57	506.71
KUWAIT	9.83	9.73	-1.05	60.27	158.88	163.60
NEPAL	4.41	6.77	53.44	38.93	81.27	108.77
SRI LANKA	4.74	13.65	188.34	35.43	60.81	71.62
OMAN	23.90	5.74	-75.96	94.01	115.54	22.90
SAUDI ARABIA	27.50	30.54	11.07	255.85	304.40	18.98
KENYA	2.23	7.13	220.48	48.18	56.73	17.76
MALAYSIA	2.12	6.17	191.33	44.26	51.61	16.61
Sharp cumulative decline						
BANGLADESH	4.12	3.51	-14.68	78.04	55.25	-29.19
SPAIN	6.30	6.25	-0.70	91.57	73.13	-20.13
U K	20.65	21.04	1.90	266.61	228.71	-14.21
AUSTRALIA	5.34	6.95	30.02	86.93	77.02	-11.40
CANADA	10.35	9.52	-7.97	129.12	115.57	-10.49

(Source: Department of Commerce, Government of India)

- ❖ In case of products of iron & steel, exports to Iran, Kuwait and Nepal witnessed triple digit year-on-year growth during April - February 2016-17.
- ❖ Top exporting destinations like USA, UAE and Germany did not see significant growth in imports from India.
- ❖ Bangladesh conceded highest decline in imports of Indian products of Iron & Steel during April - February 2016-17 followed by Spain and UK.

Table 10: Export of Industrial Machinery

US\$ Million

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR - FEB 2015-16	APR – FEB 2016-17	Growth (%)
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COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR - FEB 2015-16	APR – FEB2016-17	Growth (%)
High cumulative growth						
KUWAIT	11.23	11.92	6.13	58.02	238.95	311.83
RUSSIA	3.56	7.62	113.93	78.64	170.53	116.87
MALAYSIA	12.06	69.10	472.93	141.80	298.90	110.80
BHUTAN	3.99	4.32	8.13	43.30	83.72	93.36
NEPAL	24.09	25.77	6.98	170.92	273.48	60.00
MYANMAR	3.74	8.96	139.65	45.03	71.86	59.59
Sharp cumulative decline						
CANADA	13.00	6.48	-50.14	139.37	77.04	-44.72
SAUDI ARABIA	25.68	21.55	-16.07	350.48	216.86	-38.13
NIGERIA	14.74	14.13	-4.14	191.36	138.73	-27.50
U K	32.04	29.86	-6.83	446.95	345.78	-22.64
NETHERLAND	9.61	9.81	2.03	137.37	108.45	-21.05
JAPAN	7.36	7.91	7.51	133.09	105.17	-20.98

(Source: Department of Commerce, Government of India)

- ❖ Kuwait recorded highest growth in imports of India's Industrial Machinery during April - February 2016-17. Russia and Malaysia also achieved triple digit growth during the time period.
- ❖ Largest import USA recorded marginal decline.
- ❖ Export to Canada, Saudi Arabia and Nigeria recorded sharp decline in imports during the first eleven months of fiscal 2016-17.

Table 11: Export of Automobiles

US\$ Million

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR - FEB 2015-16	APR- FEB 2016-17	Growth (%)
High cumulative growth						

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR - FEB 2015-16	APR- FEB 2016-17	Growth (%)
INDONESIA	1.07	15.55	1354.67	30.36	105.15	246.40
ISRAEL	3.95	5.55	40.69	25.86	74.44	187.81
BELGIUM	1.66	5.60	238.31	29.80	72.60	143.65
NEPAL	34.81	25.98	-25.35	215.73	428.62	98.68
GERMANY	20.52	20.03	-2.40	97.97	181.08	84.84
TURKEY	5.10	0.77	-84.98	38.04	63.71	67.49
Sharp cumulative decline						
UAE	23.51	16.53	-29.70	256.11	109.01	-57.44
NIGERIA	17.68	11.69	-33.92	333.76	147.62	-55.77
EGYPT	19.77	5.83	-70.49	184.20	109.85	-40.36
COLOMBIA	17.70	15.05	-14.98	298.65	190.68	-36.15
SRI LANKA	29.65	33.18	11.91	677.44	453.89	-33.00
KENYA	5.68	7.57	33.28	95.34	73.37	-23.05

(Source: Department of Commerce, Government of India)

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

- ❖ Indonesia, Israel and Belgium saw over 100 percent growths in imports of Indian automobile during the first eleven months of 2016-17.
- ❖ Mexico remains the largest importer of Indian automobiles during Apr - February 2016-17 and recorded 51.70 percent growth in year-on-year imports.
- ❖ UAE and Nigeria conceded highest declines in imports of Indian automobile during the said months among major importers.

Table 12: Export of Non-Ferrous metals
US\$ Million

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APR - FEB 2015-16	APR - FEB 2016-17	Growth (%)
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High cumulative growth						
ITALY	5.33	23.49	340.94	37.89	157.50	315.64
TAIWAN	4.81	69.26	1339.23	189.80	397.25	109.30
BANGLADESH	4.05	14.21	251.14	67.26	132.01	96.29
TURKEY	2.56	5.69	122.18	70.60	111.90	58.51
INDONESIA	2.91	9.65	231.39	75.23	119.10	58.32
KOREA RP	55.24	156.46	183.23	716.51	823.85	14.98
U S A	39.78	66.55	67.31	509.18	579.01	13.72
SAUDI ARAB	12.56	5.09	-59.51	124.98	137.79	10.25
Sharp cumulative decline						
CHINA	81.18	97.38	19.96	1102.19	649.19	-41.10
BRAZIL	3.19	7.89	147.73	73.08	54.27	-25.73
MEXICO	14.62	3.84	-73.74	184.29	151.42	-17.84
SINGAPORE	22.83	13.43	-41.15	405.57	365.12	-9.97
NEPAL	9.54	7.91	-17.14	100.36	90.88	-9.44
U K	11.97	11.08	-7.36	153.42	148.11	-3.46
UAE	43.03	37.35	-13.20	440.02	426.43	-3.09
KENYA	9.24	5.90	-36.16	67.78	67.75	-0.03

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

Table 13: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	FEBRUARY 2016	FEBRUARY 2017	Growth (%)	APR- FEB2015- 16	APR –FEB2016- 17	Growth (%)

COUNTRY	FEBRUARY 2016	FEBRUARY 2017	Growth (%)	APR- FEB2015- 16	APR –FEB2016- 17	Growth (%)
High cumulative growth						
TURKEY	4.15	21.66	422.45	54.55	179.39	228.86
JAPAN	5.67	3.68	-35.08	53.80	122.45	127.58
MALAYSIA	1.74	5.05	191.21	45.73	83.45	82.48
NEPAL	5.64	8.37	48.36	53.48	85.79	60.41
U K	14.08	18.58	32.00	187.11	277.72	48.43
U S A	40.92	70.68	72.72	475.35	658.10	38.44
GERMANY	17.70	35.88	102.76	213.70	274.68	28.54
UAE	13.16	12.26	-6.84	163.62	199.90	22.17
Sharp cumulative decline						
SAUDI ARAB	5.04	3.39	-32.80	82.68	45.58	-44.87
NIGERIA	3.22	5.39	67.40	59.89	41.82	-30.18
KENYA	2.93	3.56	21.66	54.98	39.00	-29.06
OMAN	6.61	4.63	-30.03	53.36	42.96	-19.49
SPAIN	2.38	2.00	-15.98	29.20	25.97	-11.08
KOREA RP	2.33	3.06	31.14	36.44	32.85	-9.84
INDONESIA	7.55	5.27	-30.15	54.14	49.54	-8.50
NETHERLAND	6.24	2.97	-52.35	36.85	34.97	-5.10

(Source: Department of Commerce and CSO)

- ❖ The largest importer of India's electrical machinery and components USA recorded 38.4 percent growth in imports of Indian electrical machinery during April - February 2016-17. UK and Germany comes after as other top importers.
- ❖ Among the losers, Saudi Arabia recorded almost 45 percent decline and Nigeria saw 30.2 percent fall in exports on a cumulative basis.

Table 14: Export of Aircrafts &Spacecrafts
US\$ Million

COUNTRY	FEBRUARY 2016	FEBRUARY 2017	Growth (%)	APR – FEB2015-16	APR – FEB2016-17	Growth (%)
High cumulative growth						
SWITZERLAND	2.92	2.06	-29.54	18.72	116.34	521.6
TURKEY	3.56	0.76	-78.59	22.57	105.24	366.3
FRANCE	14.93	93.01	522.90	128.96	378.70	193.7
SINGAPORE	38.40	21.78	-43.28	100.12	223.72	123.4
ISRAEL	2.85	12.37	334.56	52.35	101.39	93.7
U K	14.04	12.03	-14.30	141.28	189.08	33.8
CZECH REPUBLIC	0.12	0.01	-88.99	152.61	171.21	12.2
U S A	37.41	37.50	0.25	451.78	501.47	11.0
Sharp cumulative decline						
SRI LANKA	109.33	0.10	-99.91	1308.14	78.46	-94.00
UAE	1.14	0.44	-61.77	724.12	151.99	-79.01
GERMANY	7.32	18.86	157.42	185.89	149.80	-19.42

(Source: Department of Commerce and CSO)

- ❖ Exports of India's 'Aircraft & Spacecrafts' to Bulgaria was low but that showed a sudden growth during April - February 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	FEBRUARY 2016	FEBRUARY 2017	Growth (%)	APR – FEB 2015-16	APR – FEB2016-17	Growth (%)
High cumulative growth						
INDONESIA	9.7	63.7	554.1	15.6	297.1	1804.5
MAURITIUS	3.1	0.0	-100.0	5.6	72.5	1185.3
MALAYSIA	0.0	11.5		190.6	736.6	286.5

SINGAPORE	0.0	744.3	6799888.1	677.4	1425.5	110.4
UAE	34.6	301.0	771.0	629.9	1084.7	72.2
SRI LANKA	84.7	23.9	-71.8	144.3	189.5	31.4
Sharp cumulative decline						
BAHARAIN IS	0.0	0.0		122.6	45.8	-62.6

(Source: Department of Commerce and CSO)

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

Table 16: Export of Auto Components
US\$ Million

COUNTRY	FEBRUARY, 2016	FEBRUARY, 2017	Growth (%)	APRIL,2015 - FEBRYARY, 2016	APRIL,2016 - FEBRUARY, 2017	Growth (%)
High cumulative growth						
PERU	1.11	2.32	109.46	11.32	21.22	87.41
NEPAL	20.53	10.22	-50.21	98.35	174.58	77.50
CANADA	3.78	4.88	29.11	34.10	53.38	56.55
ALGERIA	1.36	0.95	-30.09	15.25	22.20	45.57
SWEDEN	2.54	3.03	19.20	23.39	33.39	42.74
VIETNAM	2.31	2.09	-9.46	15.25	21.55	41.34

Sharp cumulative decline						
NIGERIA	3.07	3.11	1.36	45.71	23.86	-47.80
UAE	14.67	6.06	-58.69	128.29	96.72	-24.61
EGYPT	8.57	2.16	-74.80	101.46	78.44	-22.69
U K	13.24	11.87	-10.31	167.34	135.93	-18.77
COLOMBIA	3.79	3.09	-18.38	45.97	39.36	-14.38
BRAZIL	10.61	12.42	16.99	150.57	131.50	-12.66

(Source: Department of Commerce and CSO)

- ❖ Peru recorded highest growth in imports of Indian auto components/parts followed by Nepal among major importers during the first eleven months of fiscal 2016-17. Canada also saw more than 50 percent import growth.
- ❖ Top two importers of Indian auto components, USA and Turkey conceded 11.7 percent and 7.5 percent decline in imports respectively during April - February 2016-17.
- ❖ Nigeria was the top loser among all major importers followed by UAE and Egypt during the period concerned.

7. Conclusion

India's engineering exports witnessed an impressive 48.6 percent growth during the month of February 2017; it's highest in the ongoing fiscal. The trend can now be considered optimistic as growth registered for the seventh straight month. Substantial rise in the exports observed in case of iron and steel exports, non-ferrous metals, electrical machinery, medical & scientific equipments, railway and transport equipments. EU ranks as the region with highest shipment of engineering products from India during February 2017 with a share of 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 continue its uptrend during the next few months 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. However, appreciation of rupee observed in February may weigh on Indian exports going forward.



