

# Engineering Exports Monitor

August 2017



*Engineering the future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

### **India's Merchandise Trade scenario**

- ❖ India's merchandise export growth accelerated to 10.29% year-on-year (y-o-y) in August 2017 from around 4% y-o-y in the previous month. This is the 13th straight month of growth of Indian merchandise export on a y-o-y basis. In August 2017, India's export was valued at US\$ 23.82 billion as compared to US\$ 21.60 billion during August 2016. In rupee terms also merchandise exports registered 5.39% growth after declining in the previous two months.
- ❖ During August 2017, Major commodity groups of export showing positive growth over the corresponding month of last year were Petroleum Products (36.56%), Organic & Inorganic Chemicals (32.41%), Engineering Goods (19.53%) and Drugs & Pharmaceuticals (4.21%).
- ❖ Cumulative value of exports for the period April-August 2017-18 was US\$ 118.57 billion as against US\$ 109.21 billion registering a positive growth of 8.57% in Dollar terms
- ❖ Merchandise Imports also registered a higher 21.02% y-o-y growth in August 2017 as against just over 15% growth in July 2017. Imports surged to US\$ 35.46 billion in August 2017 from US\$ 29.30 billion in the same month last fiscal.
- ❖ Major commodity group of imports showing high growth in August 2017 over the corresponding month of last year were Gold (68.90%), Pearls, precious & Semi-precious stones (30.88%), Electronic goods (27.44%), Machinery, electrical & non-electrical products (18.35%) and Petroleum, Crude & products (14.22%).
- ❖ Cumulative value of imports for the period April-August 2017-18 was US\$ 181.72 billion as against US\$ 143.50 billion registering a positive growth of 26.63% in Dollar terms.
- ❖ Trade deficit zoomed by 51% to US\$ 11.64 billion in August 2017 from US\$ 7.70 billion in August 2016. Cumulative trade deficit was recorded at a much higher 84.2% during April - August 2017 as it mounted up to US\$ 63.14 billion during the period from US\$ 34.29 billion during the same period last year.

### **India's Engineering Exports scenario**

- ❖ In line with the broader merchandise trade, India's engineering exports registered year-on-year growth for the 13th month in a row to August 2017 and outperformed the overall merchandise export once again.
- ❖ Overseas shipment of India's engineering products grew by an impressive 19.02% during August 2017 to US\$5.8 billion from US\$4.9 billion during the same month last year.
- ❖ Cumulative engineering export during April - August 2017 also recorded a sizeable 16.03% growth over the same period last year. Engineering exports went up to US\$29.14 billion during the first five months of the ongoing fiscal from US\$25.12 billion during the same period last year.
- ❖ The share of engineering exports in India's total merchandise exports increased

marginally to 24.4% in August 2017 from 24.1% in July 2017. The share was recorded at 24.3% in Jun 2017, 25.2% in May 2017 and 23.8% in April 2017.

- ❖ Out of 33 engineering panels, 27 panels recorded growth in exports in August 2017 over the same month last year while the remaining 6 panels conceded decline during the month of August 2017.
- ❖ During August 2017, 19 out of the top 25 countries recorded year-on-year growth in engineering exports from India while the rest 6 conceded decline over the same month last year.

## 1. Trend in overall merchandise trade

India's merchandise export continued its growth run for the 13th consecutive month to August 2017 and the growth accelerated to 10.29% year-on-year (y-o-y) in the reporting month from around 4% y-o-y in the previous month. India's export was valued at US\$ 23.82 billion in August 2017 as against US\$ 21.60 billion during August 2016. In rupee terms also merchandise exports registered 5.39% growth after declining in the previous two months.

Major commodity groups of export that showed sizeable growth in August 2017 over the corresponding month of last year were Petroleum Products (36.56%), Organic & Inorganic Chemicals (32.41%), Engineering Goods (19.53%) and Drugs & Pharmaceuticals (4.21%) as per the data released by The Ministry of Commerce, Govt. of India.

Cumulative value of exports for the period April - August 2017-18 was US\$ 118.57 billion as against US\$ 109.21 billion registering a positive growth of 8.57% in Dollar terms.

Merchandise Imports also registered a higher 21.02% y-o-y growth in August 2017 as against just over 15% growth in July 2017. Imports surged to US\$ 35.46 billion in August 2017 from US\$ 29.30 billion in the same month last fiscal.

Higher overall import growth during August was attributed to substantial y-o-y growth in imports of Gold (68.90%), Pearls, precious & Semi-precious stones (30.88%), Electronic goods (27.44%), Machinery, electrical & non-electrical products (18.35%) and Petroleum, Crude & products (14.22%).

Cumulative value of imports for the period April-August 2017-18 was US\$ 181.72 billion as against US\$ 143.50 billion registering a positive growth of 26.63% in Dollar terms.

Oil imports during August 2017 were valued at US\$ 7.75 billion which was 14.22% higher than oil imports valued at US\$ 6.79 billion in August 2016. Oil imports during April-August 2017-18 were valued at US\$ 38.78 billion which was 18.89% higher than the oil imports of US\$ 32.62 billion in the corresponding period of the previous fiscal. In this connection it is mentioned that the global Brent prices (\$/bbl) have increased by 11.34 % in August 2017 vis-à-vis August 2016 as per World Bank commodity price data (The pink sheet).

Non-oil imports during August 2017 were estimated at US\$ 27.72 billion which was 23.07% higher than non-oil imports of US\$ 22.51 billion in August 2016. Non-oil imports during April-August 2017-18 were valued at US \$ 142.94 billion which was 28.91% higher than the level of such imports valued at US \$ 110.88 billion during April-August 2016-17.

Trade deficit zoomed by 51% to US\$ 11.64 billion in August 2017 from US\$ 7.71 billion in August 2016. Cumulative trade deficit was recorded at a much higher 84.2% during April - August 2017 as it mounted up to US\$ 63.14 billion during the period from US\$ 34.29 billion during the same period last year.

## 2. Engineering exports

In line with the broader merchandise trade, India's engineering exports registered year-on-year growth for the 13th month in a row to August 2017 and outperformed the overall merchandise export once again. Overseas shipment of India's engineering products grew by an impressive 19.02% during August 2017 to US\$ 5.8 billion from US\$ 4.9 billion during the same month last year.

The month of July 2017 saw significant upward revision in engineering export growth to 17.35% from 7.96% of the preliminary estimate. Total engineering exports in July 2017 was revised upward to US\$ 5.63 billion from US\$ 5.18 billion estimated primarily.

Cumulative engineering export during April - August 2017 also recorded a sizeable 16.03% growth over the same period last year. Engineering exports went up to US\$ 29.14 billion during the first five months of the ongoing fiscal from US\$ 25.12 billion during the same period last year.

The share of engineering exports in India's total merchandise exports increased marginally to 24.4% in August 2017 from 24.1% in July 2017. The share was recorded at 24.3% in Jun 2017, 25.2% in May 2017 and 23.8% in April 2017.

The monthly engineering figures for fiscal 2017-18 vis-à-vis 2016-17 is depicted below as per the latest availability of figure:

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

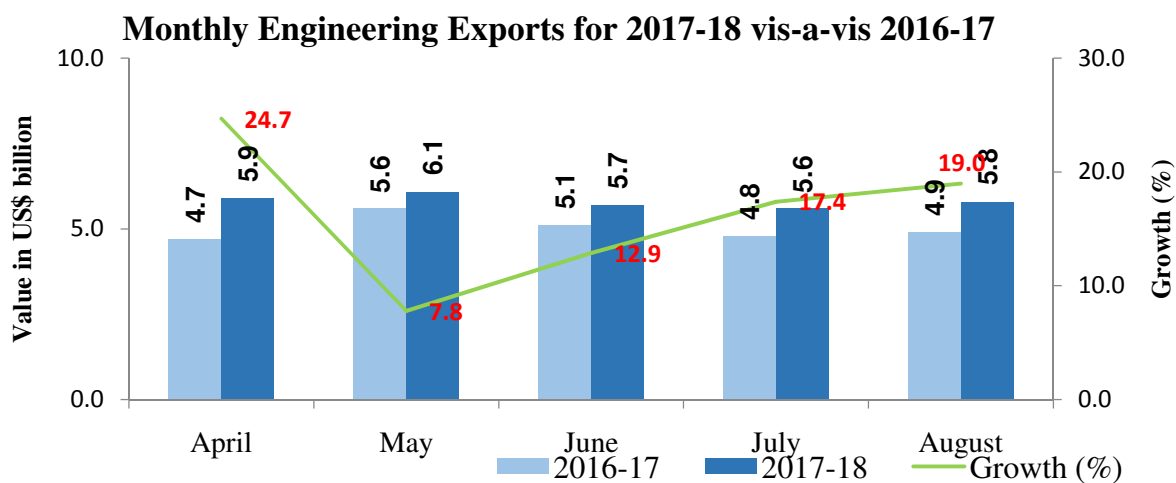
Months	2016-17	2017-18	Growth (%)
Apr	4744.32	5920.18	24.78
May	5636.17	6075.57	7.80

Jun	5066.99	5719.38	12.88
Apr - Jun	15447.48	17715.13	14.68
Jul	4794.12	5625.83	17.35
Aug	4873.71	5800.67	19.02
Apr -Aug	25115.31	29141.63	16.03

(Source: Department of Commerce, Government of India)

Figure 1 below depicts the monthly trend in engineering exports for 2016-17 and 2017-18

**Figure1: Trend in Monthly Engineering Exports**  
US\$ Million



(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 77.63% weightage in India's industrial production.

During the first two months of fiscal 2017-18, both engineering exports and manufacturing growth moved in the same direction but the month of June 2017 saw a change. In April 2017, both engineering export growth and manufacturing growth accelerated while in May 2017, both of them continued to witness growth but growth decelerated in both cases. During Jun 2017, Engineering export growth accelerated but manufacturing production declined Y-o-Y. The month of July 2017 also saw engineering exports and manufacturing growth moving in different

directions. While engineering export growth decelerated in July 2017, manufacturing bounced back to growth path (however feeble) from a decline in June 2017. Manufacturing Index in the Index of Industrial Production (IIP) stood at 119.5 in Jul 2017 as against 120.5(Revised) in Jun 2017 as and 125.6 in May 2017 measuring with new base year 2011-12.

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

**Table 2: Engineering Exports Growth vis-à-vis Manufacturing Growth (2017-18)**

Months/ Year	Engg. Exports Growth (%)	Manufacturing Growth (%)
<b>April - March 2016-17</b>	<b>11.33</b>	<b>4.9</b>
<b>April 2017</b>	24.78	3.16
<b>May 2017</b>	7.80	2.61
<b>June 2017</b>	12.88	-0.41
<b>Apr - Jun 2017-18</b>	14.68	1.79
<b>July 2017</b>	17.35	0.1
<b>August 2017</b>	19.02	N A

*(Source: Department of Commerce and CSO)*

**An analysis of the engineering export and manufacturing growth data for fiscal 2016-17 also established some correlation between this two.** Continuous downfall in Indian engineering exports has been arrested in May 2016 after 8 months and growth continued in June 2016. 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. In

February 2017, manufacturing output declined while engineering exports registered solid growth and in March 2017, engineering exports growth decelerated slightly but manufacturing bounced back to growth path.

We also present the month wise corresponding revised engineering exports for 2016-17 as opposed to 2015-16.

**Table 3: Revised Engineering Exports for 2016-17 (Figures in US\$ Million)**

<b>Months</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Growth (%)</b>
<b>April</b>	5676.6	4744.32*	-16.42%
<b>May</b>	5354.44	5636.17*	5.26%
<b>June</b>	4936.26	5066.99*	2.65%
<b>Quarter 1</b>	<b>15967.3</b>	<b>15447.48*</b>	<b>-3.26%</b>
<b>July</b>	5559.65	4794.12*	-13.77%
<b>August</b>	4653.93	4873.71*	4.72%
<b>September</b>	4699.73	5009.42	6.59%
<b>Quarter 2</b>	<b>14913.31</b>	<b>14677.25*</b>	<b>-1.58%</b>
<b>October</b>	4475.58	5077	13.44%
<b>November</b>	4321.78	4828.08	11.72%
<b>December</b>	4690.16	5633.93	20.12%
<b>Quarter 3</b>	<b>13487.52</b>	15539.01	15.21%
<b>January</b>	4709.05	5303.61	12.63%
<b>February</b>	4349.97	6706.35	54.17%
<b>March</b>	5170.29	7641.3	47.79%
<b>Quarter 4</b>	<b>14229.31</b>	19651.26	38.10%
<b>April-March</b>	<b>58597.44</b>	<b>65315.00*</b>	<b>11.46%</b>

(\* ) Marked figures are revised figures

Source: DGCI&S

## 1. Impact of Exchange Rate

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

**Table 4: Average Exchange Rate**

August	Average Exchange Rate 1 USD to INR
2016	66.94
2017	63.97

*(Source: Calculated from RBI archive)*

During August 2017, the official exchange rate of rupee strengthened by 4.44% vis-à-vis the US Dollar on a year-on-year basis, i.e., over August 2016. The appreciation in August 2017 was slightly higher than the year-on-year appreciation seen in July 2017 at 4.27%.

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

**Table 5: Trends in Engineering panel Exports for August 2017 and April- August 2017-18**  
US\$ Million

Sl no.	Panel	Aug_16	Aug_17	Growth %	Apr-Aug 2016-17	Apr-Aug 2017-18	Growth %
<b>1. Iron and Steel and Products made of Iron and Steel</b>							
A	Iron and Steel	659.85	890.52	34.96	2654.49	4120.54	55.23
B	Products of Iron and Steel	460.87	591.7	28.39	2316.81	2656.27	14.65
<b>Sub Total</b>		<b>1120.72</b>	<b>1482.22</b>	<b>32.26</b>	<b>4971.30</b>	<b>6776.81</b>	<b>36.32</b>
<b>2. Non-Ferrous Metals and Products made of Non-Ferrous Metals</b>							
A	Copper and products	208.14	324.08	55.70	905.80	1320.78	45.81



Sl no.	Panel	Aug_16	Aug_17	Growth %	Apr-Aug 2016-17	Apr-Aug 2017-18	Growth %
<b>B</b>	Aluminium and products	287.27	360.60	25.53	1106.08	1692.45	53.01
<b>C</b>	Zinc and products	19.07	50.39	164.24	87.54	267.80	205.92
<b>D</b>	Nickel and products	2.30	7.12	209.57	59.51	17.97	-69.80
<b>E</b>	Lead and products	9.86	35.27	257.71	49.99	119.41	138.87
<b>F</b>	Tin and products	0.60	0.64	6.67	2.58	4.52	75.19
<b>G</b>	Other Non-Ferrous Metals	34.77	40.92	17.69	181.00	198.34	9.58
<b>Sub Total</b>		<b>562.01</b>	<b>819.02</b>	<b>45.73</b>	<b>2392.50</b>	<b>3621.27</b>	<b>51.36</b>
<b>3. Industrial Machinery</b>							
<b>A</b>	Industrial Machinery like Boilers, parts, etc	72.10	53.28	-26.10	286.59	222.64	-22.31
<b>B</b>	IC Engines and Parts	176.36	210.72	19.48	912.97	1096.53	20.11
<b>C</b>	Pumps of all types	55.79	82.10	47.16	293.88	379.01	28.97
<b>D</b>	Air condition and Refrigerators	80.94	94.15	16.32	416.38	435.23	4.53
<b>E</b>	Industrial Machinery for dairy, food processing , textiles etc	370.13	394.46	6.57	1844.17	1970.95	6.87
<b>F</b>	Machine Tools	30.94	34.05	10.05	207.68	196.39	-5.44
<b>G</b>	Machinery for Injecting moulding, valves and ATMs	100.29	125.28	24.92	505.95	590.75	16.76
<b>Sub Total</b>		<b>886.55</b>	<b>994.04</b>	<b>12.12</b>	<b>4467.62</b>	<b>4891.50</b>	<b>9.49</b>
<b>4</b>	Electrical Machinery	<b>399.3</b>	<b>496.04</b>	24.23	<b>1880.65</b>	<b>2190.06</b>	16.45
<b>5. Automobiles</b>							

Sl no.	Panel	Aug_16	Aug_17	Growth %	Apr-Aug 2016-17	Apr-Aug 2017-18	Growth %
A	Motor Vehicle/cars	705.57	609.88	-13.56	2950.93	3150.64	6.77
B	Two and Three Wheelers	128.74	168.94	31.23	668.46	803.75	20.24
C	Auto Components/Part	345.81	437.57	26.53	1736.98	1975.31	13.72
<b>Sub Total</b>		<b>1180.12</b>	<b>1216.39</b>	3.07	<b>5356.37</b>	<b>5929.7</b>	10.70
6	Aircrafts and Spacecraft parts and products	151.21	181.01	19.71	1348.52	886.2	-34.28
7	Ships Boats and Floating products and parts	90.49	23.08	-74.49	1967.11	1853.88	-5.76
<b>8. Other engineering products</b>							
A	Medical and Scientific instruments	106.15	126.86	19.51	546.24	612.21	12.08
B	Railway Transport	5.74	17.06	197.21	66.08	114.31	72.99
C	Hand Tools & Cutting Tools	50.24	54.76	9.00	275.31	280.33	1.82
D	Electrodes Accumulators	3.27	3.33	1.83	18.82	17.38	-7.65
E	Accumulator and Batteries	24.26	24.4	0.58	120.84	126.08	4.34
F	Bicycle & Parts	27.28	24.29	-10.96	178.73	126.87	-29.02
G	Cranes Lifts & Winches	9.55	5.87	-38.53	43.82	41.1	-6.21
H	Office Equipments	81.09	102.05	25.85	425.14	494.23	16.25
I	Other Construction Machinery	1.33	2.19	64.66	7.55	9.36	23.97

Sl no.	Panel	Aug_16	Aug_17	Growth %	Apr-Aug 2016-17	Apr-Aug 2017-18	Growth %
J	Prime Mica & Mica Products	21.19	19.16	-9.58	92.56	98.92	6.87
K	OTHER MISC. ITEMS	153.21	208.9	36.35	956.15	1071.42	12.06
<b>Sub total</b>		<b>483.31</b>	<b>588.87</b>	<b>21.84</b>	<b>2731.24</b>	<b>2992.21</b>	<b>9.56</b>
<b>Total engineering exports</b>		<b>4873.71</b>	<b>5800.67</b>	<b>19.02</b>	<b>25115.31</b>	<b>29141.63</b>	<b>16.03</b>

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

Some factors that need to be noted are:

- ❖ Panel-wise analysis for the month of August 2017 engineering export data showed that the overall scenario improved as compared to that of August 2016 registering a growth of 19%. Out of 33 engineering panels, 27 panels recorded growth in exports over the same month last year while the remaining 6 panels conceded decline during the month of August 2017. In August, out of 33 panels, almost 82% of the panels recorded positive growth showing a contrasting picture from the preceding month of July 2017, where only 18% of the panels recorded negative growth.
- ❖ Iron and Steel exports jumped by 35 percent during August 2017 with an overseas shipment of US\$ 890.52 million from US\$ 659.85 million in the same month last year. Cumulative figure showed 55.2 percent growth of exports during April –August 2017 to US\$ 4120.54 million from US\$ 2654.49 million during the same period last fiscal. Products of Iron and Steel increased in export by 28.4 percent during August 2017 over the same month last year while its cumulative exports increased by 14.7 percent to US\$ 2656.3 million during April - August 2017 from US\$ 2316.8 million during the same period last in 2016-17.
- ❖ Among the 7 non-ferrous metals and products made of non-ferrous metals, ‘Copper and products’, ‘Nickel and products’, ‘Zinc and products’, ‘Lead and products’, recorded substantial growth in exports during August 2017. ‘Lead and its products’ recorded highest growth of 258 percent during August 2017.
- ❖ Industrial machinery recorded positive growth in exports to the extent of 12 percent during August 2017 and a positive growth of 9.5 percent cumulatively from April- August 2017 vis-à-vis same period last fiscal. Industrial segments like Industrial Boilers recorded

fall in exports to the extent of 26 percent respectively in August 2017 compared to that of August 2016. Other exporting segments like, 'Pumps and Valves' and 'Machinery for ATMs' and IC engines & parts have recorded good positive growth in exports by 47.2 percent and 24.9 percent and 19.5 percent respectively during August 2017 compared to August 2016.

- ❖ Electrical Machinery and equipments panel faced positive growth in August 2017 by 24.2 percent. On a cumulative basis, the growth was lower at 16.5 percent during April - August 2017 over the same period last fiscal.
- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded 19.7 percent growth during August 2017 but conceded a decline of 34.3 percent cumulatively during April - August 2017 over the same period last year.
- ❖ Among other panels, Railway Transport grew by 197.2 percent during April - August 2017. Medical & scientific equipments, Other Construction and Machinery, Accumulator and Batteries also registered positive growth during April - August 2017 over the same period last year.

## 2. 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 August 2017 over August 2016 in Absolute Value. Country wise cumulative figures for April- August 2017-2018 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 (2017-18)**

COUNTRY	AUGUST, 2016	AUGUST, 2017	Growth (%)	APRIL, 2016 - AUGUST, 2016	APRIL, 2017- AUGUST, 2017	Growth (%)
<b>U S A</b>	582.26	782.01	34.31	2,702.44	3,744.96	38.58

<b>UAE</b>	218.26	260.39	19.30	1,918.86	2,070.73	7.91
<b>MEXICO</b>	194.93	210.80	8.14	965.93	1,160.27	20.12
<b>GERMANY</b>	180.58	261.28	44.69	890.67	1,157.28	29.93
<b>U K</b>	242.38	238.40	-1.64	1,024.60	1,130.83	10.37
<b>CHINA</b>	70.34	257.18	265.64	469.84	1,083.98	130.71
<b>ITALY</b>	178.75	194.86	9.01	696.83	1,013.01	45.37
<b>BANGLADESH</b>	152.02	196.47	29.24	769.44	876.54	13.92
<b>NEPAL</b>	175.03	162.16	-7.35	889.37	832.62	-6.38
<b>SINGAPORE</b>	136.55	89.63	-34.36	1,126.89	823.45	-26.93
<b>KOREA</b>	139.07	130.26	-6.34	525.92	744.06	41.48
<b>TURKEY</b>	107.41	155.71	44.96	670.25	697.69	4.09
<b>MALAYSIA</b>	191.71	212.26	10.72	791.53	656.84	-17.02
<b>SOUTH AFRICA</b>	85.69	114.78	33.95	393.89	613.29	55.70
<b>INDONESIA</b>	95.54	154.42	61.63	592.08	597.69	0.95
<b>FRANCE</b>	123.41	95.49	-22.62	502.34	596.37	18.72
<b>BELGIUM</b>	88.65	99.69	12.45	395.15	519.39	31.44
<b>SAUDI ARAB</b>	111.22	84.81	-23.75	498.68	484.84	-2.77
<b>THAILAND</b>	71.19	97.75	37.32	310.78	478.71	54.04
<b>SRI LANKA</b>	94.59	91.38	-3.40	638.91	470.89	-26.30
<b>SPAIN</b>	95.91	90.13	-6.03	355.39	455.27	28.10
<b>EGYPT</b>	41.06	54.91	33.74	228.91	438.08	91.37
<b>VIETNAM</b>	54.42	127.26	133.86	268.34	412.18	53.60
<b>JAPAN</b>	56.43	80.05	41.85	301.09	388.37	28.99
<b>BRAZIL</b>	42.63	73.70	72.87	238.38	376.07	57.76

<b>Top 25 Countries Total</b>	<b>3530.0</b>	<b>4315.8</b>	<b>22.26</b>	<b>18166.5</b>	<b>21823.4</b>	<b>20.13</b>
<b>Engg Total</b>	<b>4873.70</b>	<b>5800.66</b>	<b>19.02</b>	<b>25115.26</b>	<b>29141.57</b>	<b>16.03</b>
<b>Share of Top 25 Countries</b>		<b>74.4%</b>			<b>74.9%</b>	

*Note: Red font indicates negative growth  
(Source: Department of Commerce, Government of India)*

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

- ❖ In August 2017, 17 out of the top 25 countries recorded year-on-year growth in engineering exports from India while the rest 8 conceded decline over the same month last year.
- ❖ USA ranked to be the top exporting destination for India's engineering products in August 2017. It registered positive growth both on monthly basis as well as on cumulative basis during Apr-August 2017-18 over the same period last fiscal.
- ❖ Like in case of UK, Korea, France and Spain, engineering exports recorded negative growth in July but positive growth in terms of cumulative exports, barring countries like Sri Lanka.
- ❖ All European nations falling under the top 25 engineering export destinations like Germany, Italy and Belgium, recorded positive growth both during Apr-August 2017-18 over Apr- August 2016-17 as well as on a monthly basis during August 2017 over August 2016.
- ❖ Among the ASEAN countries under the top 25 engineering export destinations only Indonesia, Thailand and Vietnam have recorded positive growth in engineering exports from India in Apr- August 2017-18.
- ❖ Out of 221 exports destinations of Indian engineering goods, top 25 nations accounted for 74.9 percent of India's total engineering exports during Apr-August 2017-18.
- ❖ Overall, India's engineering exports to its top 25 destinations registered a rise in growth both monthly to the extent of 22.3 percent in August 2017 and cumulatively to the extent of 20.1 percent during April- August 2017 over the same period in the previous year.

### 3. Regional Distribution of Engineering Exports

We now look at the Regional Distribution of Engineering Exports for April- August 2017-18as opposed to April- August 2016-17. We also look at the trend in August 2017 vis-à-vis August 2016. The Table below gives this picture:

**Table 7: Region Wise Exports Trend**

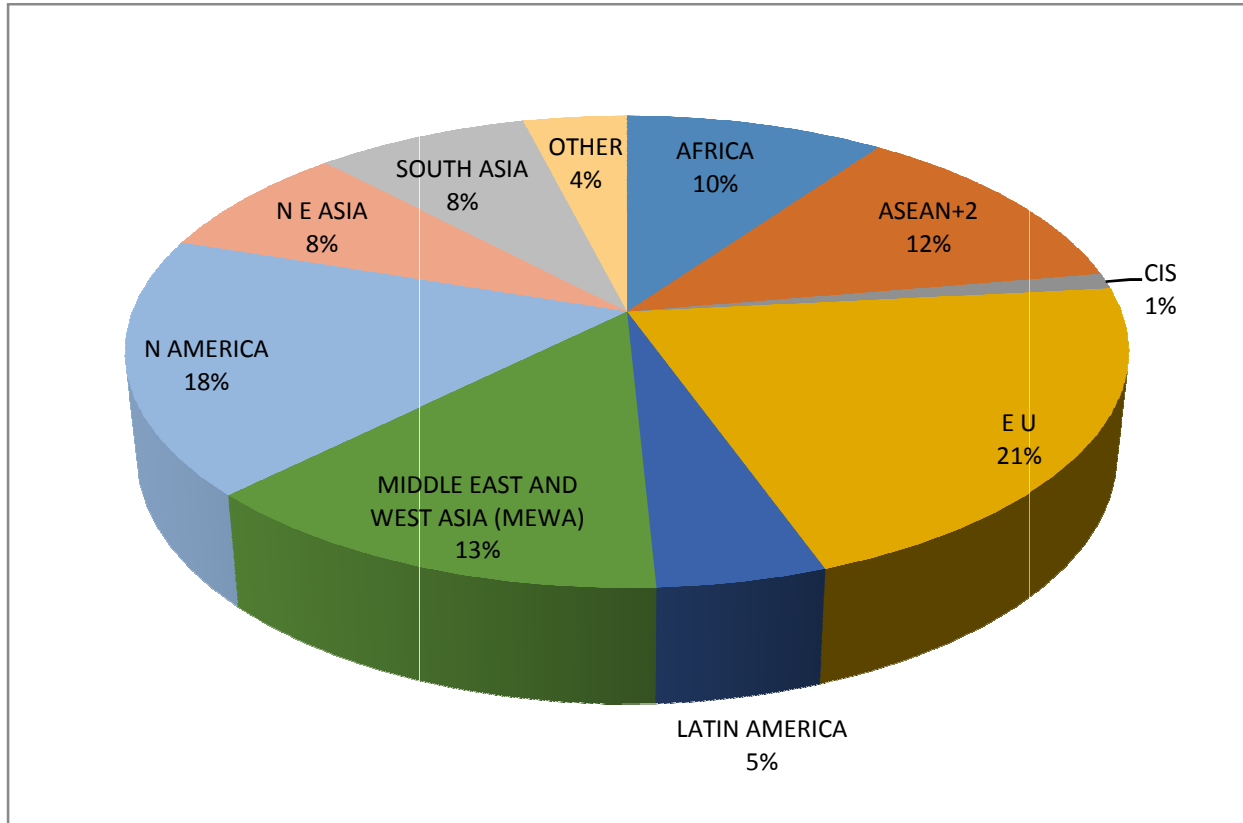
US\$ Million

Region	AUGUST, 2016	AUGUST, 2017	Growth (%)	APRIL, 2016 - AUGUST, 2016	APRIL, 2017- AUGUST, 2017	Growth (%)
<b>AFRICA</b>	470.78	499.59	6.12	2358.60	2861.85	21.34
<b>ASEAN+2</b>	655.96	812.64	23.88	3665.52	3632.77	-0.89
<b>CIS</b>	35.57	52.34	47.13	335.21	312.92	-6.65
<b>E U</b>	1151.94	1243.49	7.95	5278.80	6173.54	16.95
<b>LATIN AMERICA</b>	231.39	307.95	33.09	1107.75	1361.20	22.88
<b>MIDDLE EAST AND WEST ASIA (MEWA)</b>	575.21	634.14	10.25	3442.28	3886.57	12.91
<b>N AMERICA</b>	808.17	1044.27	29.21	3850.53	5123.22	33.05
<b>N E ASIA</b>	276.08	493.08	78.60	1351.10	2287.49	69.31
<b>SOUTH ASIA</b>	462.31	482.68	4.41	2519.95	2356.25	-6.50
<b>OTHER</b>	206.28	230.47	11.73	1205.52	1145.76	-4.96
<b>Grand Total</b>	<b>4873.70</b>	<b>5800.66</b>	<b>19.02</b>	<b>25115.26</b>	<b>29141.57</b>	<b>16.03</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-August 2017-18



(Source: EEPC India analysis)

- ❖ EU ranks as the region with highest shipment of engineering products from India during August 2017 with a share of more than 21% of total engineering exports.
- ❖ India's exports to ASEAN+2, South Asia and CIS registered sharp decline in cumulative terms.
- ❖ India's engineering exports to N E Asia countries recorded highest positive growth in April – August 2017-18 to the extent of 69 percent over the same period in the previous year.
- ❖ Engineering exports to Africa, and North America also recorded noteworthy positive growth in cumulative terms.



#### 4. Engineering panel – country wise analysis

We now analyse the performance of some of the important products during August 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	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
BAHARAIN	0.55	2.25	312.33	3.54	12.93	264.84
SOUTH AFRICA	1.79	2.56	42.47	10.96	32.22	194.02
NIGERIA	1.50	2.63	75.42	5.97	14.90	149.47
THAILAND	10.90	11.11	1.95	35.03	78.21	123.23
VIETNAM	12.82	67.99	430.20	62.03	199.73	221.99
POLAND	5.65	6.78	20.05	28.30	66.96	136.61
BRAZIL	3.78	5.90	56.23	14.74	34.26	132.38
<b>Sharp cumulative decline</b>						
BANGLADESH	42.13	24.66	-41.46	180.02	111.88	-37.85
GHANA	4.05	4.33	6.82	24.38	17.18	-29.55
FRANCE	3.53	1.20	-65.98	9.91	5.08	-48.76
KUWAIT	2.86	5.83	103.98	15.37	12.76	-16.99

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

- ❖ Vietnam, Bahrain and South Africa recorded highest growth in exports of Indian Iron and Steel during April –August 2017-18.
- ❖ Countries with more than double growth in exports include Bahrain, South Africa, Nigeria, Vietnam and Poland.
- ❖ Countries like Bangladesh experienced sharp downfall in exports from US\$ 180 million to US\$ 112 million during April-August 17-18.

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

US\$ Million

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
U S A	100.75	170.84	69.57	444.90	687.40	54.51
THAILAND	5.10	6.20	21.56	25.96	52.67	102.85
SRI LANKA	4.61	7.25	57.47	22.14	48.37	118.45
AFGHANISTAN	0.15	0.44	195.38	0.34	2.71	700.34
KOREA	0.01	0.27	3215.16	0.12	1.12	827.68
IRAQ	2.05	0.26	-87.41	3.85	25.47	560.97
IRAN	0.48	1.81	275.48	5.60	25.75	360.01
COLOMBIA	0.50	12.98	2500.27	4.41	36.02	717.43
<b>Sharp cumulative decline</b>						
UAE	43.24	29.67	-31.38	254.31	177.29	-30.29
SAUDI ARAB	26.28	12.56	-52.20	146.24	114.72	-21.55
NEPAL	16.10	3.32	-79.39	40.00	28.53	-28.68
KUWAIT	9.13	6.97	-23.66	57.78	34.41	-40.44
PERU	0.59	0.36	-38.52	9.75	2.16	-77.88

(Source: Department of Commerce, Government of India)

- ❖ USA, UAE and Germany are the top three importers of India's 'Products of Iron & Steel' during April - August 2017-18 with 26, 6.6 and 5.8 percent share respectively.
- ❖ USA recorded 54.5 percent growth in imports of 'Products of Iron & Steel' from India while Germany saw 6.7 percent growth. UAE recorded 30 percent decline in imports during April - August 2017-18.
- ❖ Among major exporters, exports to Iran, Iraq, Colombia, Korea and Sri Lanka witnessed notable growth during April - August 2017-18.

- ❖ Among major importers, Saudi Arabia, Kuwait, UAE and Nepal conceded substantial decline in imports during April - August 2017-18.

**Table 10: Export of Industrial Machinery**  
US\$ Million

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
FINLAND	0.32	0.77	143.20	2.28	14.53	537.99
ARGENTINA	1.67	3.39	103.58	9.51	16.60	74.49
BAHARAIN	1.28	4.69	267.51	14.44	21.96	52.13
U K	31.23	48.79	56.26	165.51	244.53	47.74
THAILAND	18.93	26.78	41.48	79.55	117.07	47.16
HUNGARY	1.46	2.26	54.72	8.41	12.35	46.85
KOREA	10.29	12.62	22.55	45.66	65.53	43.52
ROMANIA	1.36	2.37	73.43	7.25	10.02	38.24
<b>Sharp cumulative decline</b>						
RUSSIA	4.40	10.07	128.64	126.86	58.71	-53.72
ALGERIA	7.38	4.08	-44.69	46.21	23.15	-49.90
BHUTAN	3.85	2.63	-31.49	51.22	25.89	-49.45
TAIWAN	15.04	1.56	-89.65	28.48	16.29	-42.81
IRAN	15.82	9.44	-40.32	76.62	60.95	-20.44
QATAR	4.38	3.63	-17.12	21.26	17.15	-19.36
TURKEY	35.79	35.85	0.15	194.51	165.61	-14.86
DENMARK	2.44	2.71	10.99	12.33	10.61	-13.93

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

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April - August 2017-18 with 16 percent share and 31% year-on-year growth in imports followed by UK with 5% share. Bangladesh and Germany also imported over US\$ 200 million of "industrial Machinery" from India during the first five months of fiscal 2017-18.
- ❖ Finland recorded highest growth in imports of India's Industrial Machinery during April - August 2017-18 followed by Argentina, Baharain and UK. One of the major importers UK recorded nearly 48% growth in imports during the time period.
- ❖ Among the major importers, export to Russia, Algeria, Bhutan and Taiwan recorded sharp declines in imports during April - August 2017-18.

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

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
High cumulative growth						
<b>COTE D' IVOIRE</b>	0.97	2.27	134.68	3.26	46.72	1334.89
<b>MALI</b>	0.05	0.52	922.41	0.85	8.68	921.13
<b>INDONESIA</b>	11.97	30.42	154.19	25.73	114.69	345.76
<b>ALGERIA</b>	13.45	17.33	28.89	30.96	77.69	150.95
<b>AUSTRIA</b>	2.35	5.04	114.77	19.62	36.45	85.78
<b>SINGAPORE</b>	0.11	6.12	5251.05	3.25	14.90	358.22
<b>U S A</b>	0.38	3.36	777.51	4.02	10.89	171.17
Sharp cumulative decline						
<b>VIETNAM</b>	9.66	1.13	-88.33	64.51	7.82	-87.88
<b>SENEGAL</b>	0.21	0.62	196.73	29.19	5.66	-80.63
<b>NETHERLAND</b>	20.81	6.96	-66.55	85.90	28.27	-67.09
<b>AUSTRALIA</b>	10.08	4.62	-54.19	35.87	16.25	-54.69
<b>COSTA RICA</b>	9.56	6.14	-35.81	33.89	19.56	-42.29
<b>BHUTAN</b>	5.67	2.33	-58.95	31.33	18.50	-40.96

(Source: Department of Commerce, Government of India)

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

- ❖ Mexico, South Africa and Bangladesh were top three importers of India's Automobiles during April-August of 2017-18 witnessing 26, 86 and 56 percent growth in year-on-year imports respectively.
- ❖ Cote D' Ivoire, Mali, Algeria, Indonesia and Singapore saw over 100 percent growths in imports of Indian automobile during April - August 2017-18 among major importers.
- ❖ Vietnam, Senegal and Netherland conceded substantial decrease in imports of Automobiles from India during April-August 2017-18.

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

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
<b>QATAR</b>	0.85	20.41	2290.75	4.94	72.22	1363.48
<b>MONTENEGRO</b>	1.35	2.30	69.85	3.36	17.86	431.32
<b>BAHARAIN</b>	0.35	4.36	1146.67	10.32	45.18	337.76
<b>CHINA</b>	3.41	150.31	4302.98	118.32	600.85	407.83
<b>SPAIN</b>	3.20	10.05	214.36	13.68	42.85	213.18
<b>TURKEY</b>	6.74	28.93	329.48	34.43	108.25	214.38
<b>THAILAND</b>	5.54	10.01	80.87	20.78	49.85	139.85
<b>BRAZIL</b>	3.24	5.90	82.05	19.41	45.67	135.26
<b>CANADA</b>	2.93	4.56	55.78	10.72	21.06	96.51
<b>Sharp cumulative decline</b>						
<b>SINGAPORE</b>	30.05	6.57	-78.14	192.69	62.95	-67.33
<b>OMAN</b>	6.40	6.53	1.94	37.24	29.10	-21.85
<b>AUSTRALIA</b>	4.62	2.57	-44.45	19.27	12.98	-32.64

<b>SAUDI ARABIA</b>	17.78	5.89	-66.89	73.16	47.16	-35.53
---------------------	-------	------	--------	-------	-------	--------

- ❖ China (USD 600.85 million), South Korea (USD 471.7 million) and USA (USD 351.3 million) were the top three importers of Indian Non-ferrous metals during April - August 2017-18 with Y-o-Y growth of 283.4%, 68.6% and 54.6% respectively.
- ❖ Qatar, Montenegro and Bahrain witnessed highest growth in imports of Indian Non-ferrous metal products during April-August 2017-18.
- ❖ Singapore, Oman and Australia conceded significant decline in imports of non-ferrous metals from India during April – August 2017-18.

**Table 13: Export of Electrical Machinery and Components**  
US\$ Million

<b>COUNTRY</b>	<b>August, 2016</b>	<b>August, 2017</b>	<b>Growth (%)</b>	<b>April- August 2016-17</b>	<b>April- August 2017-18</b>	<b>Growth %</b>
<b>High cumulative growth</b>						
<b>ARGENTINA</b>	1.01	0.80	-20.77	4.04	10.70	165.01
<b>GERMANY</b>	25.64	73.07	185.00	102.88	263.84	156.45
<b>VIETNAM</b>	4.07	14.29	251.27	20.05	50.63	152.52
<b>DENMARK</b>	1.13	2.15	89.88	4.53	11.01	143.02
<b>MEXICO</b>	1.87	2.57	37.29	8.73	19.29	120.94
<b>RUSSIA</b>	0.49	2.51	409.51	5.84	11.91	103.77
<b>POLAND</b>	2.72	4.78	76.11	11.65	20.42	75.26
<b>AUSTRALIA</b>	4.12	9.88	139.98	20.93	32.19	53.76
<b>Sharp cumulative decline</b>						
<b>OMAN</b>	6.48	3.22	-50.37	22.62	13.62	-39.79
<b>SOUTH AFRICA</b>	4.29	2.24	-47.79	22.78	15.45	-32.16
<b>NEPAL</b>	10.70	6.51	-39.14	46.24	34.60	-25.18
<b>SRI LANKA</b>	4.36	3.37	-22.68	20.46	16.14	-21.12

*(Source: Department of Commerce and CSO)*

- ❖ USA (US\$ 399.60 million), Germany (US\$ 263.84 million), UK (US\$ 123.46 million) and UAE (US\$ 114.02 million) were the top importers of Indian Electrical Machinery and Components during April - August 2017-18 with market shares of 18.25%, 12.05%, 5.64% and 5.21% respectively. While USA, Germany and UAE recorded 37.66%, 156.45% and 18.83% Y-o-Y growth in imports of the product respectively, UK witnessed 5.16% decline in imports during the same time period.
- ❖ Argentina and Germany recorded highest growth in imports of India's Electrical Machinery and Components during April - August 2017-18.
- ❖ Oman, South Africa and Nepal conceded highest declines in imports of India's Electrical Machinery and Components during April - August 2017-18.

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

US\$ Million

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
<b>BAHARAIN</b>	0.05	6.90	14177.32	0.05	7.02	13247.81
<b>THAILAND</b>	0.70	2.51	259.60	3.11	6.85	120.06
<b>ISRAEL</b>	8.17	10.40	27.24	31.65	65.51	107.00
<b>POLAND</b>	2.04	5.57	172.84	9.59	17.07	78.08
<b>CHINA</b>	0.57	2.31	304.63	12.50	21.25	70.02
<b>Sharp cumulative decline</b>						
<b>BULGARIA</b>	0.00	0.00		93.70	0.00	-100.00
<b>CZECH REPUBLIC</b>	0.02	0.02	-9.66	171.11	0.12	-99.93
<b>SRI LANKA</b>	0.05	0.00	-92.42	77.77	0.13	-99.83
<b>TURKEY</b>	5.04	1.48	-70.59	85.38	7.76	-90.91

(Source: Department of Commerce and CSO)

- ❖ India's global exports of 'Aircrafts, Spacecrafts and Parts' declined by 34.28% during April-August 2017-18 due to substantial declines in demand from Bulgaria, Czech Republic, Sri Lanka and Turkey.
- ❖ USA, the largest importer of Indian 'Aircrafts, Spacecrafts and Parts' with 27% share during April - August 2017-18, (US\$ 243.71 million) saw 6.13% decline in imports during

the said time period. Other major importers were France (US\$ 112.26 million), Singapore (US\$ 96.60 million) and Germany (US\$ 91.06 million) with 12.7%, 10.9% and 10.3% market shares respectively in India's global exports. Germany witnessed 53.2% growth in imports during April - August 2017-18 while France and Singapore managed only feeble growth.

- ❖ Baharain, Thailand and Israel witnessed highest growths in imports of India's 'Aircrafts & Spacecrafts' during April-August 2017-18.

**Table 15: Export of Ships, Boats and Floating Structures and parts**

US\$ Million

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
EGYPT A RP	0.00	0.00		0.00	213.77	---
LIBERIA	0.00	0.00		0.00	84.61	---
U S A	0.00	0.06		0.20	216.71	108834.74
<b>Sharp cumulative decline</b>						
MALAYSIA	0.00	0.00		254.39	6.22	-97.56
INDONESIA	0.00	20.83		233.32	36.07	-84.54
SRI LANKA	0.00	0.00		130.05	48.52	-62.70
SINGAPORE	28.16	0.08	-99.70	573.47	371.11	-35.29

*(Source: Department of Commerce and CSO)*

- ❖ UAE (US\$ 808.97 million) is the largest importer of Indian 'Ships, Boats and Floating Structures and Parts' during April - August 2017-18 with 43.64% share in India's global export of the product and 12.08% year-on-year growth in imports from India during the same time period. Singapore (US\$ 371.11 million) was the immediate follower of UAE with 20% share, but recorded 35.29% decline in imports during April - August 2017-18.
- ❖ USA and Egypt witnessed sudden jump in imports of Indian 'Ships, Boats and Floating Structures and Parts' in 2017-18. USA became the third largest importer of the said product group exported by India during April - August 2017-18 with 11.69% share. Egypt



saw US\$ 213.77 million import of the same product group from India as against 'No' export in the same period last fiscal. However, both the nations registered no imports during August 2017.

- ❖ Exports to Malaysia, Indonesia, Singapore and Sri Lanka recorded significant decline in imports of Indian 'Ships, Boats and Floating Structures and Parts' during April - August 2017-18.

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

COUNTRY	August, 2016	August, 2017	Growth (%)	April- August 2016-17	April- August 2017-18	Growth %
<b>High cumulative growth</b>						
<b>VIETNAM</b>	1.59	13.47	748.34	13.05	38.51	195.14
<b>SAUDI ARABIA</b>	1.94	2.43	25.59	9.06	17.27	90.68
<b>CANADA</b>	5.96	8.89	49.26	19.65	37.20	89.25
<b>BRAZIL</b>	11.19	19.53	74.54	57.18	98.39	72.08
<b>PERU</b>	1.47	3.13	113.34	7.18	12.33	71.70
<b>FRANCE</b>	5.59	10.09	80.64	27.45	44.73	62.96
<b>Sharp cumulative decline</b>						
<b>ALGERIA</b>	11.21	1.33	-88.11	15.97	6.41	-59.84
<b>EGYPT</b>	8.37	5.33	-36.32	46.04	22.44	-51.27
<b>NEPAL</b>	17.50	11.24	-35.79	100.83	50.27	-50.14

*(Source: Department of Commerce and CSO)*

- ❖ USA (US\$ 398.22 million), Turkey (US\$ 139.64 million), Bangladesh (US\$ 98.46 million) and Brazil (US\$ 98.39 million) were the largest importers of Indian 'Auto Components/Parts' during April - August 2017-18 with 20.16%, 7.07%, 4.98% and 4.98% shares respectively. While USA, Bangladesh and Brazil recorded 26.59%, 43.63% and 72.08% growth in imports respectively, Turkey conceded 3.61% decline in imports during the concerned time period.
- ❖ Vietnam, Saudi Arabia and Canada recorded highest growths in imports of Indian 'Auto Components/Parts' during April - August 2017-18.

- ❖ Algeria, Egypt and Nepal conceded substantial decline in imports of 'Auto Components/Parts' from India among major importers during April - August 2017-18.

## 5. Conclusion

The growth in engineering exports during August 2017 was basically driven by noticeable year-on-year growth in exports of basic metals. All ferrous and non-ferrous metal recorded strong growth other than Tin. However, 'Ships, boats and floating structures' and 'Motor Vehicle/cars' registered decline in exports.

North East Asia saw highest growth in imports of Indian engineering during the first five months of fiscal 2017-18 followed by North America and Latin America. On the flipside, CIS recorded over 6% decline in imports of Indian engineering products while exports to South Asia declined around 7%. USA and UAE still remained top two importers of Indian engineering products with over USD 1 billion of imports during April - August 2017-18.

Despite high growth in exports, exporters are worried about future growth as order booking position from October onwards is not good in view of increasing global uncertainties, rupee volatility and challenges at the domestic front.

Many exporters have stopped taking orders with least or no working capital at their disposal due to delay in refund of GST paid by them on inputs. If the refund procedure does not start immediately the liquidity position of exporters will further deteriorate. These factors may dent the growth of engineering exports in the coming months.

