

Engineering Exports Monitor

October 2017



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India's Merchandise Trade scenario

- ❖ After 14 months of year-on-year growth, India's merchandise export declined in October 2017. Exports during October 2017 are valued at US\$ 23,098.18 million as compared to US \$ 23,360.61 million during October 2016, registering a decline of 1.12 percent in dollar terms. In Rupee terms, merchandise export conceded 3.59 percent year-on-year decline during the same month.
- ❖ The decline in exports was attributed to liquidity crunch faced by exporters, especially from MSMEs following delayed refund of input-tax-credit under the new Goods and Services Tax (GST) regime.
- ❖ Despite the decline in overall merchandise exports, some of the major commodity groups of export showed decent growth over the same month last year that included Engineering Goods (11.77%), Petroleum Products (14.74%), Organic & Inorganic Chemicals (22.29%), Cotton Yarn/Fabs./made-ups, Handloom Products etc. (4.83%), Marine Products (8.52%) and Plastic & Linoleum (24.46%).
- ❖ Cumulative value of exports for the period April-October 2017-18 however grew by 9.62 percent to US\$ 170,286.55 million from US\$ 155,344.40 million in the same period last fiscal.
- ❖ Merchandise Imports recorded its slowest year-on-year growth in 10 months as it surged by 7.60 percent in October 2017 to US\$ 37,117.01 million from US\$ 34,495.09 million in October 2016.
- ❖ Major commodity groups of import showing high growth in October 2017 over the same month last year are Petroleum, Crude & products (27.89%), Electronic goods (7.04%), Machinery, electrical & non-electrical (17.43%), Coal, Coke & Briquettes, etc. (66.28%) and Organic & Inorganic Chemicals (30.49%).
- ❖ Cumulative value of imports for the period April-October 2017-18 was US\$ 256,434.21 million as against US\$ 209,834.98 million during the same period last year registering a growth of 22.21 percent.
- ❖ Trade deficit in October 2017 climbed up to its 35-month high at US\$ 14,018 million from US\$ 11,134 million in October 2016, registering 25.9 percent year-on-year increase. Cumulative trade deficit during Apr-Oct 2017-18 also surged by 58.1 percent to US\$ 86,147.66 million from US\$ 54,490.58 million during the same period last fiscal.

India's Engineering Exports scenario

- ❖ Unlike the broader merchandise exports, Indian engineering exports continued its growth run for the 15th straight month to October 2017 albeit with a slower year-on-year growth of 11.60 percent as against 44.65 percent in September 2017 and 19.09 percent in August 2017.
- ❖ Overseas shipment of India's engineering products was recorded at US\$ 5728.95 million

during October 2017 as against US\$ 5133.58 million in the same month last year.

- ❖ Cumulative growth of India's engineering export during April-October 2017-18 also slowed down marginally to 19.42 percent on a year-on-year basis from 20.75 percent during April-September 2017-18. Engineering exports during April - October 2017-18 was recorded at US\$ 41,994.64 million as against US\$ 35,166.67 million during the same period last fiscal.
- ❖ The share of engineering exports in India's total merchandise exports was largely the same in October 2017 at 24.8 percent as compared to 24.9 percent in September 2017.
- ❖ Out of 33 engineering panels, 20 panels recorded growth in exports in October 2017 over the same month last year while the remaining 13 panels conceded decline during the month of October 2017.
- ❖ During October 2017, out of top 25 countries 15 countries recorded year-on-year growth in engineering exports from India over the same month last year.

1. Trend in overall merchandise trade

The growth run of India's merchandise export stopped after 14 month in October 2017 as it conceded 1.12 percent decline over the same month last year probably due to liquidity crunch faced by exporters, especially from MSMEs following delayed refunds under the goods and services tax (GST) regime.

Export during the reporting month was recorded at US\$ 23,098.18 million as compared to US \$ 23,360.61 million during October 2016. In Rupee terms, merchandise export conceded 3.59 percent year-on-year decline during the same month. Cumulative value of exports for the period April-October 2017-18 however grew by 9.62 percent to US\$ 170,286.55 million from US\$ 155,344.40 million in the same period last fiscal.

Non-petroleum and Non Gems & Jewellery exports in October 2017 were recorded at US\$ 16,604.63 million as against US\$ 16,202.27 million in October 2016 registering an increase of 2.48 percent year-on-year. Non-petroleum and Non Gems and Jewellery exports during April-October 2017-18 were at US\$ 124,281.02 million as against US\$ 111,556.32 million during the same period last fiscal showing 11.41 percent growth.

Despite the decline in overall merchandise exports, some of the major commodity groups of export showed decent growth in October 2017 over the same month last year that included Engineering Goods (11.77%), Petroleum Products (14.74%), Organic & Inorganic Chemicals (22.29%), Cotton Yarn/Fabs./made-ups, Handloom Products etc. (4.83%), Marine Products (8.52%) and Plastic & Linoleum (24.46%).

Merchandise Imports recorded its slowest year-on-year growth in 10 months as it surged by 7.60 percent in October 2017 to US\$ 37,117.01 million from US\$ 34,495.09 million in October 2016. Cumulative value of imports for the period April-October 2017-18 was US\$ 256,434.21

million as against US\$ 209,834.98 million during the same period last year registering a growth of 22.21 percent.

Major commodity groups of import showing high growth in October 2017 over the same month last year are Petroleum, Crude & products (27.89%), Electronic goods (7.04%), Machinery, electrical & non-electrical (17.43%), Coal, Coke & Briquettes, etc. (66.28%) and Organic & Inorganic Chemicals (30.49%).

Oil imports during October 2017 were valued at US\$ 9,286.74 million which was 27.89 percent higher than oil imports valued at US\$ 7,261.23 million in October 2016. Oil imports during April-October, 2017-18 were valued at US\$ 56,252.00 million which was 20.23 per cent higher than the oil imports of US\$ 46,788.46 million in the corresponding period last year. In this connection it is needed to be mentioned that the global Brent prices (\$/bbl) have increased by 15.87% in October 2017 vis-à-vis October 2016 as per World Bank commodity price data.

Trade deficit in October 2017 climbed up to its 35-month high at US\$ 14,018 million as against US\$ 11,134 million in October 2016, registering 25.9 percent year-on-year increase. Cumulative trade deficit during Apr-Oct 2017-18 also surged by 58.1 percent to US\$ 86,147.66 million from US\$ 54,490.58 million during the same period last fiscal.

2. Engineering exports

Unlike the broader merchandise exports, Indian engineering exports continued its growth run for the 15th straight month to October 2017 albeit with a slower year-on-year growth of 11.60 percent as against 44.65 percent in September 2017 and 19.09 percent in August 2017. Overseas shipment of India's engineering products was recorded at US\$ 5728.95 million during October 2017 as against US\$ 5133.58 million in the same month last year.

Cumulative growth of India's engineering export during April-October 2017-18 also slowed down marginally to 19.42 percent on a year-on-year basis from 20.75 percent during April-September 2017-18. Engineering exports during April - October 2017-18 was recorded at US\$ 41,994.64 million as against US\$ 35,166.67 million during the same period last fiscal.

The share of engineering exports in India's total merchandise exports was largely the same in October 2017 at 24.8 percent as compared to 24.9 percent in September 2017. However, the share improved from 24.4 percent in August 2017 and 24.1 percent in July 2017. The share was recorded at 24.3 percent in Jun 2017, 25.2 percent in May 2017 and 23.8 percent in April 2017. Share of engineering to total merchandise exports during April - October 2017-18 was recorded at 24.66 percent.

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

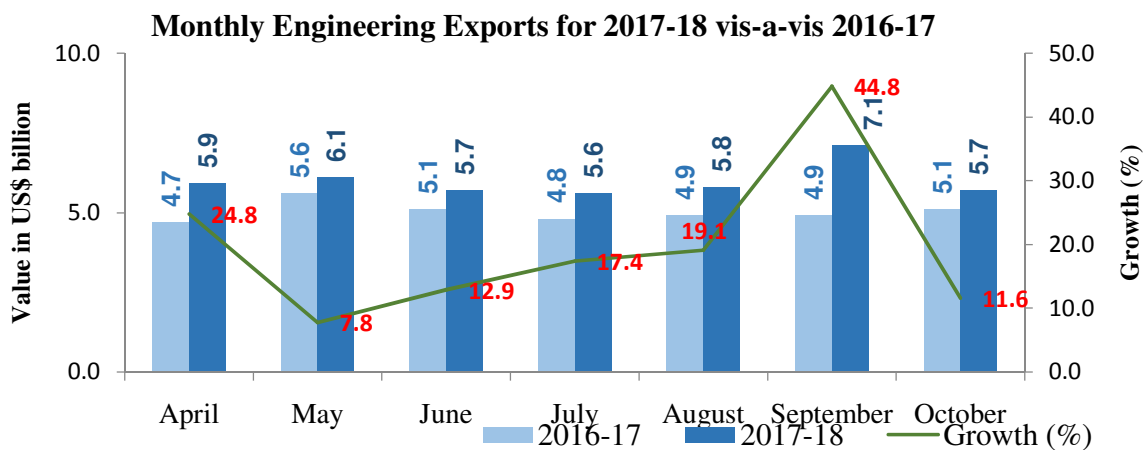
Table1: Engineering Exports
(US\$ Million)

Months	2016-17	2017-18	Growth (%)
Apr	4744.32	5920.18	24.78
May	5636.17	6075.44	7.79
Jun	5066.99	5719.46	12.88
Apr - Jun	15447.48	17715.08	14.68
Jul	4794.12	5626.01	17.35
Aug	4873.71	5803.86	19.09
Sep	4917.78	7120.74	44.80
Jul - Sep	14585.61	18550.61	27.18
Oct	5133.58	5728.95	11.60
Apr - Oct	35166.67	41994.64	19.42

(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(In US\$ Million)



(Source: EEPIC 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 saw engineering exports and manufacturing growth moving in different directions. Engineering export growth decelerated in July 2017 and manufacturing continued to decline for the second straight month. During August and September 2017, both of them moved in the same direction as engineering exports witnessed acceleration in growth in both the months while manufacturing production bounced back to growth path in August and recorded further acceleration in growth during September 2017. Manufacturing Index in the Index of Industrial Production (IIP) stood at 125.1 in September 2017 as against 123.7 (upwardly revised) in Aug 2017, 119.1 in Jul 2017, 120.3 (final revision) in Jun 2017 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 (%)
April - March 2016-17	11.33	4.9
April 2017	24.78	2.9
May 2017	7.80	2.6
June 2017	12.88	-0.7
Apr - Jun 2017-18	14.68	1.6
July 2017	17.35	-0.3
August 2017	19.02	3.1

September 2017	44.80	3.4
Jul - Sep 2017	27.13	2.1
October	11.60	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)

Months	2015-16	2016-17	Growth (%)
April	5676.6	4744.32*	-16.42%
May	5354.44	5636.17*	5.26%
June	4936.26	5066.99*	2.65%
Quarter 1	15967.3	15447.48*	-3.26%
July	5559.65	4794.12*	-13.77%

August	4653.93	4873.71*	4.72%
September	4699.73	4917.78*	4.64%
Quarter 2	14913.31	14585.61*	-2.20%
October	4475.58	5133.58*	14.70%
November	4321.78	4828.08	11.72%
December	4690.16	5633.93	20.12%
Quarter 3	13487.52	15595.59*	15.63%
January	4709.05	5303.61	12.63%
February	4349.97	6706.35	54.17%
March	5170.29	7641.3	47.79%
Quarter 4	14229.31	19651.26*	38.10%
April-March	58597.44	65279.94*	11.40%

(*) Marked figures are revised figures
Source: DGCI&S

1. Impact of Exchange Rate

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

Table 4: Average Exchange Rate

October	Average Exchange Rate 1 USD to INR
2016	66.75
2017	65.08

(Source: Calculated from RBI archive)

During October 2017, the official exchange rate of rupee strengthened by 2.50 percent vis-à-vis the US Dollar on a year-on-year basis, i.e., over October 2016. The rate of appreciation was somewhat slower than the year-on-year appreciation seen in September 2017 at 3.44%.

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

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

SI no.	Panel	Oct_16	Oct_17	Growth %	Apr-Oct 2016-17	Apr-Oct 2017-18	Growth %
1. Iron and Steel and Products made of Iron and Steel							
A	Iron and Steel	582.55	941.68	61.6	3869.66	6126.78	58.33
B	Products of Iron and Steel	512.16	505.18	-1.4	3320.87	3800.54	14.4
Sub Total		1094.71	1446.86	32.17	7190.53	9927.32	38.06
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals							
A	Copper and products	169.38	301.97	78.28	1294.45	1968.37	52.06
B	Aluminium and products	281.5	411.92	46.33	1686.43	2559.52	51.77
C	Zinc and products	62.61	86.61	38.33	187.8	445.98	137.48
D	Nickel and products	2.04	6.92	239.22	65.5	28.4	-56.64
E	Lead and products	17.81	30.07	68.84	79.91	191.07	139.11
F	Tin and products	0.43	0.46	6.98	3.33	6.53	96.10
G	Other Non-Ferrous Metals	38.83	40.38	3.99	256.91	284.97	10.92
Sub Total		572.6	878.33	53.39	3574.33	5484.84	53.45
3. Industrial Machinery							
A	Industrial Machinery like Boilers, parts, etc	65.62	50.19	-23.5	411.98	330.68	-19.7
B	IC Engines and Parts	179.84	157.31	-12.5	1262.12	1467.52	16.3
C	Pumps of all types	65.8	75.61	14.91	416.07	543.21	30.56
D	Air condition and Refrigerators	76.22	86.64	13.7	570.15	628.02	10.1
E	Industrial Machinery for	395.75	420.7	6.3	2613.36	2874.65	10.0

SI no.	Panel	Oct_16	Oct_17	Growth %	Apr-Oct 2016-17	Apr-Oct2017-18	Growth %
	dairy, food processing , textiles etc						
F	Machine Tools	33.93	33.14	-2.33	270.1	269.65	-0.17
G	Machinery for Injecting moulding, valves and ATMs	104.27	111.95	7.4	715.72	850.86	18.9
Sub Total		921.43	935.54	1.5	6259.5	6964.59	11.3
4	Electrical Machinery	405.41	553.2	36.45	2690.01	3333.67	23.93
5. Automobiles							
A	Motor Vehicle/cars	682.81	571.25	-16.3	4322.76	4331.01	0.2
B	Two and Three Wheelers	141.76	155.47	9.7	948.6	1130.5	19.2
C	Auto Components/Part	366.97	382.28	4.17	2465.2	2817.71	14.30
Sub Total		1191.54	1109	-6.93	7736.56	8279.22	7.01
6	Aircrafts and Spacecraft parts and products	375.33	219.49	-41.52	1900.21	1300.9	-31.54
7	Ships Boats and Floating products and parts	17.1	2.45	-85.67	2024.15	2420.28	19.57
8. Other engineering products							
A	Medical and Scientific instruments	128.96	125	-3.07	788.48	901.26	14.30
B	Railway Transport	34.77	25.91	-25.48	113.49	169.93	49.73
C	Hand Tools & Cutting Tools	51.51	53.03	2.95	379.24	401.92	5.98
D	Electrodes Accumulators	2.78	3.37	21.22	24.26	24.89	2.60
E	Accumulator and Batteries	20	20.09	0.45	129.74	142.5	9.84
F	Bicycle & Parts	24.05	19.24	-20.00	169.15	179.56	6.15
G	Cranes Lifts & Winches	38.3	26.54	-30.70	248.65	185.21	-25.51
H	Office Equipments	9.25	5.48	-40.76	63.59	52.53	-17.39
I	Other Construction Machinery	75.95	113.87	49.93	575.57	737.72	28.17
J	Prime Mica & Mica Products	1.4	1.17	-16.43	10.18	12.57	23.48

SI no.	Panel	Oct_16	Oct_17	Growth %	Apr-Oct 2016-17	Apr-Oct2017-18	Growth %
K	OTHER MISC. ITEMS	168.49	190.38	12.99	1289.03	1475.73	14.48
Sub total		555.46	584.08	5.15	3791.38	4283.82	12.99
Total engineering exports		5133.58	5728.95	11.60	35166.67	41994.64	19.42

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ For the month of October, panel-wise analysis of engineering export showed that the overall scenario shrunk in October as compared to that of the previous month. Engineering exports maintained a dim growth rate to the extent of 11.6 percent in October 2017 vis-a-vis October 2016. Out of 33 engineering panels, 20 panels sharing almost 61% of the products, recorded growth in exports over the same month last year while the remaining 13 panels conceded decline during the month of October 2017.
- ❖ Iron and Steel exports more or less maintained similar growth pattern like in the previous month scaling up by 61.6 percent during October 2017 with an overseas shipment recording US\$ 941.68 million from US\$ 582.55million in the same month last year. Cumulative figure showed 58.3 percent growth of exports during April –October 2017 to US\$ 6126.78 million from US\$ 3869.66 million during the same period last fiscal. Products of Iron and Steel experienced a deterioration in exports by 1.4 percent during October 2017 over the same month last year while its cumulative exports increased by 14.4 percent to US\$ 3800.54 million during April - October 2017 from US\$ 3320.87 million during the same period last in 2016-17.
- ❖ Among the 7 non-ferrous metals and products made of non-ferrous metals, 'Nickel and Products', 'Copper and products', 'Lead and products', 'Aluminium and products, 'Zinc and products', recorded substantial growth in exports during October 2017. 'Nickel and its products' recorded highest growth of 239 percent during October 2017.
- ❖ Industrial machinery recorded a meagre positive growth in exports to the extent of 1.5 percent during October 2017 and a positive growth of 11.3 percent cumulatively from April- October 2017 vis-à-vis same period last fiscal. Industrial segments like Industrial Boilers, IC Engine and Parts recorded fall in exports to the extent of 23.5 percent and 12.5 percent respectively in October2017 compared to that of October 2016. Other exporting segments like, 'Pumps and Valves', 'Air Condition and Repair machinery' , 'Industrial Machinery for dairy' and 'Machinery for ATMs' recorded positive growth in exports to the extent of 14.9%, 13.7%, 6.3% and 7.4% respectively during October 2017 compared to October 2016.

- ❖ Electrical Machinery and equipments panel faced positive growth in October 2017 by 36.45 percent. On a cumulative basis, the growth was lower at 23.93 percent during April - October 2017 over the same period last fiscal.
- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded 41.5 percent decline in October 2017 as well as decline to the extent of 31.54 percent cumulatively during April –October 2017 over the same period last year.
- ❖ Among other panels, Ship and Boats scaled down by more than 85% moving down from US\$ 17.1 million to US\$ 2.45 million in October 2017 compared to that over last fiscal. Railway Transport squeezed by 25.5 percent during April - October 2017. Bicycle and Parts, Cranes and Lifts and Office Equipments down by 20 percent, 30.7 percent and 40.8 percent respectively. Electrodes and Accumulators, Construction and Machinery, are some of the engineering panels that registered positive growth during October 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 October 2017 over October 2016 in Absolute Value. Country wise cumulative figures for April- October 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	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
U S A	604.74	696.71	15.21	3,858.23	5,495.10	42.43
UAE	308.09	191.60	-37.81	2,479.87	2,804.63	13.10
GERMANY	178.81	266.60	49.10	1,241.27	1,712.98	38.00
CHINA	140.58	309.53	120.18	703.35	1,677.41	138.49
MEXICO	215.06	192.95	-10.28	1,411.91	1,606.50	13.78
U K	218.48	211.35	-3.26	1,459.69	1,594.90	9.26
ITALY	151.99	145.72	-4.12	1,009.40	1,368.64	35.59
NEPAL	181.57	232.13	27.85	1,271.14	1,291.78	1.62
BANGLADESH	160.99	176.56	9.67	1,076.94	1,251.06	16.17
SINGAPORE	98.76	214.43	117.13	1,305.22	1,151.93	-11.74
MALAYSIA	138.06	190.73	38.15	1,114.43	1,107.72	-0.60
KOREA	105.37	157.95	49.90	750.26	1,054.65	40.57
TURKEY	148.91	102.63	-31.08	958.54	945.88	-1.32

INDONESIA	96.28	163.60	69.93	781.07	930.87	19.18
FRANCE	94.96	124.47	31.08	682.57	852.35	24.87
SRI LANKA	124.58	99.71	-19.96	877.17	830.13	-5.36
SOUTH AFRICA	104.29	83.77	-19.68	579.38	808.99	39.63
BELGIUM	86.30	91.69	6.25	578.03	708.04	22.49
THAILAND	98.96	98.31	-0.65	487.82	686.60	40.75
SAUDI ARAB	84.49	72.42	-14.29	687.16	676.81	-1.51
VIETNAM	60.49	106.71	76.42	427.99	665.06	55.39
SPAIN	85.63	86.84	1.42	514.82	639.16	24.15
JAPAN	61.01	80.50	31.94	432.66	552.14	27.61
EGYPT	48.73	38.69	-20.61	323.04	529.11	63.79
BRAZIL	51.87	63.83	23.06	351.06	527.50	50.26
Top 25 Countries Total	3,648.96	4,199.41	15.09	25,363.03	31,469.94	24.08
Engg Total	5,133.58	5,728.96	11.60	35,166.62	41,994.67	19.42
Share of Top 25 Countries		73.3%			74.94%	

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

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

- ❖ During October 2017, out of top 25 countries 15 countries recorded year-on-year growth in engineering exports from India over the same month last year.
- ❖ USA continued to be the top most exporting destination for India's engineering products in October 2017. It registered positive growth both on monthly basis as well as in cumulative basis during Apr-October 2017-18 over the same period last fiscal to the extent of 15 percent and 42 percent respectively.
- ❖ Countries like China recorded more than 100 percent export growth during October 2017 vis-à-vis October 2016. On the other hand Bangladesh, Spain and Belgium recorded less than 10 percent export growth in October 2017.
- ❖ Out of the top 25 export destinations, countries like Turkey, Sri Lanka and Saudi Arabia recorded dip in exports both monthly as well as on cumulative basis during April-Oct 2017-18 compared to the same period last fiscal.
- ❖ All European nations falling under the top 25 engineering export destinations like Germany, Italy, Belgium and France recorded considerable growth during Apr-October 2017-18 over Apr- October 2016-17.

- ❖ Even, among the ASEAN countries under the top 25 engineering export destinations like Indonesia, Thailand and Vietnam have recorded sharp growth in engineering exports with high export base in Apr- October2017-18.
- ❖ Out of 224 exports destinations of Indian engineering goods, top 25 nations accounted for 73.3 percent of India's total engineering exports on monthly basis during October 2017 compared to October 2016 and 74.9 percent on cumulative basis from Apr-October 2017-18 compared to same period last fiscal.
- ❖ Overall, India's engineering exports to its top 25 destinations registered a rise in exports both monthly to the extent of 15.1 percent in October 2017 and cumulatively to the extent of 24.1 percent during April- October 2017 compared to the same period previous year.

3. Regional Distribution of Engineering Exports

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

Table 7: Region Wise Exports Trend
US\$ Million

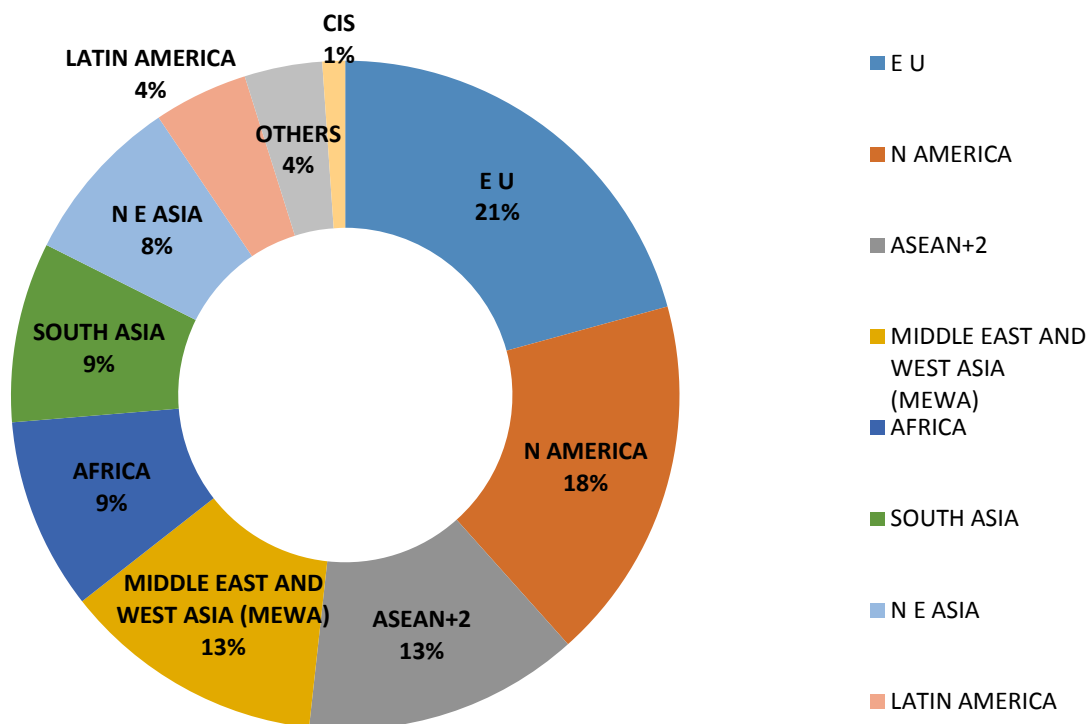
COUNTRY	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
AFRICA	503.07	444.59	-11.62	3344.07	3897.66	16.55
ASEAN+2	619.57	992.27	60.15	4953.25	5598.15	13.02
CIS	61.30	79.56	29.78	440.26	464.18	5.43
E U	1050.15	1172.07	11.61	7357.99	8709.85	18.37
LATIN AMERICA	242.60	260.46	7.36	1598.92	1914.56	19.74
MIDDLE EAST AND WEST ASIA (MEWA)	648.65	518.43	-20.08	4690.75	5333.40	13.70
N AMERICA	852.46	937.76	10.01	5522.21	7412.32	34.23

N E ASIA	318.45	569.57	78.86	1963.04	3431.37	74.80
OTHERS	325.27	188.33	-42.10	1767.48	1578.74	-10.68
SOUTH ASIA	512.05	565.92	10.52	3528.65	3654.43	3.56
Grand Total	5133.58	5728.96	11.60	35166.62	41994.67	19.42

(Source: Department of Commerce, Government of India)

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

Figure 2: India's region wise exports during April-October



(Source: EEPIC India analysis)

- ❖ EU ranks as the region with highest shipment of engineering products from India during October 2017 with a share of more than 21% of total engineering exports.
- ❖ India's exports to ASEAN+2 and North East Asia recorded considerable growth both monthly and cumulatively during Apr-October 2017-18 over the same period last fiscal.
- ❖ India's engineering exports to N E Asia countries recorded highest positive growth in April – October 2017-18 to the extent of 74.8 percent over the same period in the previous year.
- ❖ India's exports to Africa and Middle East & West Asia registered slow growth in exports in October 2017.
- ❖ Engineering exports to North America, Latin America, EU, 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 October 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	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
High cumulative growth						
ITALY	34.75	44.65	28.48	284.73	508.17	78.47
VIETNAM	15.78	66.21	319.59	113.84	349.08	206.64
INDONESIA	20.40	58.17	185.12	120.68	298.11	147.02
MALAYSIA	6.36	27.32	329.61	100.00	178.25	78.26
SRI LANKA	9.70	26.20	170.04	63.92	131.83	106.23
PHILIPPINES	1.96	62.87	3,114.59	10.67	108.67	918.65
POLAND	6.01	7.90	31.46	38.49	91.30	137.24
Sharp cumulative decline						
BANGLADESH	20.45	21.54	5.33	231.87	147.95	-36.19
ECUADOR	3.65	2.11	-42.06	24.44	22.59	-7.60
GHANA	1.33	2.38	79.30	27.17	21.80	-19.77
KUWAIT	2.06	0.53	-74.30	19.65	14.69	-25.23

(Source: Department of Commerce, Government of India)

- ❖ Vietnam, Indonesia and Philippines recorded highest growth in exports of Indian Iron and Steel during April –October 2017-18.
- ❖ Countries with more than double growth in exports include Italy, UAE, Vietnam, Indonesia and Spain.
- ❖ Countries like Bangladesh and Ghana experienced sharp downfall in exports from US\$ 231.9 million to US\$ 148 million and from US\$ 27.2 million to US\$ 21.8 million respectively during April-October 2017-18.

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

COUNTRY	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
High cumulative growth						

U S A	96.41	111.25	15.40	653.42	958.53	46.69
GERMANY	29.31	28.69	-2.14	205.51	219.35	6.74
OMAN	22.08	19.42	-12.04	77.02	106.52	38.31
THAILAND	5.19	5.47	5.52	35.64	63.60	78.48
SRI LANKA	5.52	5.13	-7.14	32.96	62.70	90.23
COLOMBIA	1.11	7.47	573.93	6.15	53.95	776.94
IRAN	9.28	9.49	2.34	15.68	46.61	197.34
Sharp cumulative decline						
UAE	35.80	29.11	-18.67	322.35	240.78	-25.30
SAUDI ARAB	23.60	10.65	-54.90	195.20	173.62	-11.06
ITALY	14.36	11.96	-16.73	102.74	96.97	-5.62
KUWAIT	19.65	6.20	-68.45	98.23	47.38	-51.76
SPAIN	7.38	6.60	-10.62	48.21	46.83	-2.87

(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 - October 2017-18 with 25, 6.4 and 5.8 percent share respectively.
- ❖ USA recorded 47 percent growth in imports of 'Products of Iron & Steel' from India while Germany saw 7 percent growth. UAE recorded 25.3 percent decline in imports during April - October 2017-18.
- ❖ Among major exporters, exports to Sri Lanka, Colombia, Iran witnessed notable growth during April - October 2017-18.
- ❖ Among major importers, UAE, Saudi Arabia, Kuwait, Nepal, Indonesia conceded substantial decline in imports during April - October 2017-18.

Table 10: Export of Industrial Machinery
US\$ Million

COUNTRY	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
High cumulative growth						
USA	131.29	126.09	-3.96	853.45	1,090.60	27.79
U K	31.18	33.31	6.84	230.49	335.32	45.48
BANGLADESH	33.29	39.27	17.97	245.92	306.92	24.80
CHINA	32.23	31.41	-2.57	200.31	250.57	25.10
ITALY	24.01	32.40	34.94	162.89	210.15	29.02
THAILAND	18.12	23.36	28.91	116.86	173.32	48.31
SAUDI ARAB	13.60	22.25	63.56	133.56	163.43	22.37
FRANCE	18.64	22.50	20.71	118.20	149.25	26.27
EGYPT	14.27	13.19	-7.60	79.83	105.26	31.85
Sharp cumulative decline						
UAE	34.47	33.63	-2.44	258.76	254.93	-1.48

TURKEY	31.18	33.00	5.84	264.08	247.00	-6.47
NEPAL	28.92	31.75	9.80	173.25	172.32	-0.53
MALAYSIA	26.40	21.45	-18.75	130.07	125.03	-3.88
IRAN	12.18	12.09	-0.75	105.63	85.35	-19.20
KENYA	14.52	10.34	-28.78	88.03	80.74	-8.27
RUSSIA	6.14	9.18	49.44	140.94	78.15	-44.55

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April–October 2017-18 with 15.7 percent share and 28% year-on-year growth in imports followed by UK with 4.8% share and 46% y-o-y growth in imports from India. Bangladesh and Germany also imported over US\$ 306 million and US\$ 300 million of "industrial Machinery" respectively from India during the first two quarters of fiscal 2017-18.
- ❖ Among the major importers, export to Russia, Algeria, Bhutan and Iran recorded sharp declines in imports during April - October 2017-18.

Table 11: Export of Automobiles

US\$ Million

COUNTRY	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
High cumulative growth						
SOUTH AFRICA	64.2	45.3	-29.4	302.5	474.1	56.8
BANGLADESH	41.5	47.8	15.1	209.9	298.7	42.3
INDONESIA	16.8	41.6	148.1	55.2	192.7	249.5
FRANCE	10.9	13.4	23.0	71.0	127.7	80.0
ALGERIA	15.9	6.9	-56.9	68.9	101.2	46.9
MEXICO	141.0	132.6	-5.9	911.0	1089.3	19.6
NIGERIA	12.5	21.4	71.7	96.3	113.8	18.1
Sharp cumulative decline						
NEPAL	44.5	48.3	8.6	301.1	265.7	-11.8
SRI LANKA	51.6	31.3	-39.2	309.0	225.6	-27.0
ITALY	31.5	6.7	-78.9	200.9	189.3	-5.7
U K	41.2	1.8	-95.7	264.1	120.5	-54.4
PHILIPPINES	14.5	17.4	19.9	113.1	109.9	-2.8
COLOMBIA	21.5	11.0	-48.7	117.8	106.6	-9.5

(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-October of 2017-18 witnessing 20, 57 and 42 percent growth in year-on-year imports respectively. Mexico being the largest importer shares 20 percent of imports of automobiles from India.
- ❖ Countries like Indonesia, Cote D' Ivoire, USA, Ecuador, Singapore and Mali saw over 100 percent growths in imports of Indian automobile during April - October 2017-18 among major importers.
- ❖ UK, Sri Lanka, Nepal, Spain, Saudi Arabia, Peru conceded substantial decrease in imports of Automobiles from India during April-October 2017-18.

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

COUNTRY	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
High cumulative growth						
QATAR	0.9	9.5	907.2	6.7	95.1	1314.1
CHINA	43.5	203.7	368.4	183.6	956.9	421.3
ITALY	21.5	22.2	3.0	66.5	142.0	113.5
BANGLADESH	8.7	16.9	93.1	61.6	134.2	117.8
SPAIN	13.2	12.9	-2.8	33.4	73.5	120.4
THAILAND	7.4	13.4	80.6	34.8	70.4	102.4
BRAZIL	3.9	4.8	22.0	28.6	60.2	110.2
COLOMBIA	0.6	12.1	1926.5	16.6	51.1	208.4
Sharp cumulative decline						
SINGAPORE	36.7	92.7	152.2	245.2	173.6	-29.2
TAIWAN	31.7	12.1	-61.9	160.4	139.5	-13.1
MEXICO	15.5	12.1	-21.6	124.9	106.8	-14.5
SAUDI ARAB	7.6	5.1	-32.9	98.6	62.1	-37.0
OMAN	6.7	9.2	36.5	55.2	48.5	-12.1

- ❖ China (USD 956.9 million), South Korea (USD 652.4 million) and Malaysia (USD 602.3million) were the top three importers of Indian Non-ferrous metals during April - Oct 2017-18 with Y-o-Y growth of 421%, 54% and 41% respectively.
- ❖ Qatar, Greece and China witnessed highest growth in imports of Indian Non-ferrous metal products during April-Oct 2017-18.

- ❖ Singapore, Taiwan, Mexico, Saudi Arabia conceded significant decline in imports of non-ferrous metals from India during the Apr-Oct of fiscal 2017-18.

Table 13: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	OCTOBER, 2016	OCTOBER, 2017	Growth (%)	APRIL, 2016 - OCTOBER, 2016	APRIL, 2017- OCTOBER, 2017	Growth (%)
High cumulative growth						
GERMANY	28.60	110.85	287.58	152.57	460.87	202.07
SINGAPORE	6.73	28.56	324.38	64.47	107.31	66.44
VIETNAM SOC REP	5.14	6.23	21.36	39.17	69.40	77.18
U S A	77.04	114.77	48.97	420.42	617.45	46.86
FRANCE	11.68	13.95	19.48	97.70	139.56	42.86
CHINA	9.75	25.24	158.91	70.51	98.10	39.14
JAPAN	4.36	4.81	10.28	57.73	70.75	22.56
AUSTRALIA	4.57	7.88	72.35	31.32	48.38	54.47
Sharp cumulative decline						
MALAYSIA	19.78	9.83	-50.31	80.47	68.33	-15.09
NEPAL	7.34	5.68	-22.63	59.40	48.27	-18.74
SAUDI ARAB	3.77	2.43	-35.68	30.89	26.50	-14.22
SOUTH AFRICA	3.08	3.62	17.44	28.78	24.36	-15.37

(Source: Department of Commerce and CSO)

- ❖ USA (US\$ 617.45 million), Germany (US\$ 460.87 million) and UK (US\$ 195.86 million) were the three top importers of Indian Electrical Machinery and Components during April - October 2017-18 with market shares of 18.5%, 13.8%, 5.9% respectively. While USA and Germany 46% and 202% growth in year-on-year imports of the product respectively, UK witnessed 0.7% decline in imports during the same time period.
- ❖ Germany, Vietnam, Singapore recorded highest growth in imports of India's Electrical Machinery and Components during April - Oct 2017-18.
- ❖ On the flipside, Nepal, South Africa, Malaysia conceded highest declines in imports of India's Electrical Machinery and Components during the first seven months of fiscal 2017-18.

Table 14: Export of Aircrafts &Spacecrafts

US\$ Million

COUNTRY	October, 2016	October, 2017	Growth (%)	April- October 2016-17	April- October 2017-18	Growth %
High cumulative growth						
GERMANY	5.57	16.54	196.81	75.63	131.50	73.87
POLAND	1.79	1.69	-5.58	13.85	19.44	40.34
RUSSIA	8.77	24.08	174.53	60.85	79.60	30.81
ISRAEL	12.19	9.31	-23.66	71.03	87.42	23.07
Sharp cumulative decline						
BULGARIA	0.00	0.00	#DIV/0!	93.70	0.00	-100.00
CZECH REPUBLIC	0.01	0.05	486.97	171.15	0.20	-99.88
SRI LANKA	0.18	0.00	-99.90	77.95	0.13	-99.83
UAE	98.63	0.39	-99.60	149.97	3.66	-97.56
TURKEY	8.46	0.96	-88.70	93.84	8.72	-90.71
SWITZERLAND	85.02	1.80	-97.88	108.51	23.69	-78.17

(Source: Department of Commerce and CSO)

- ❖ USA, France, Singapore, Germany and UK were the top five importers of India's 'Aircrafts & Spacecrafts' during April - October 2017-18 with 26.86 percent, 13.72 percent, 11.50 percent, 10.11 percent and 10.06 percent shares respectively in India's total global exports of the product. USA and UK saw decline in imports during April - October 2017-18.
- ❖ Germany and Poland achieved significant growth in imports of India's 'Aircrafts & Spacecrafts' during April - October 2017-18.
- ❖ Demand from Bulgaria, Czech Republic, Sri Lanka, UAE, Turkey and Switzerland declined significantly during April - October 2017-18.

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

US\$ Million

COUNTRY	October, 2016	October, 2017	Growth (%)	April- October 2016-17	April- October 2017-18	Growth %
High cumulative growth						
EGYPT	0.00	0.00	---	0.00	213.77	---
LIBERIA	0.00	0.00	---	0.00	84.61	---
MYANMAR	0.00	0.00	---	0.00	21.28	---
CAMEROON	0.00	0.00	---	0.00	20.63	6546481.92
USA	0.01	0.02	123.36	0.21	443.67	213431.78
UAE	0.00	0.03	1214.70	760.25	1036.28	36.31

Sharp cumulative decline						
BAHRAIN	0.00	0.00	---	45.81	0.00	-100.00
MALAYSIA	0.00	0.00	---	254.39	6.22	-97.55
INDONESIA	0.00	0.00	---	233.32	36.07	-84.54
SINGAPORE	1.54	0.00	100.00	575.02	371.08	-35.47

(Source: Department of Commerce and CSO)

- ❖ Most of the countries did not register any import of 'Ships, Boats and Floating Structures and Parts' from India in October 2017.
- ❖ UAE, USA, Singapore, Egypt and Sri Lanka were the top importers of Indian 'Ships, Boats and Floating Structures and Parts' during April - October 2017-18. Among them, Egypt recorded no imports during April - October 2016-17, USA continued to see a gigantic (213431.78%) growth in imports, and Singapore conceded 35.47 percent decline in imports. The other two recorded decent growth during the same period in 2017-18.
- ❖ Egypt, Liberia, Myanmar, Cameroon also achieved significant increase in year-on-year imports of Indian 'Ships, Boats and Floating Structures and Parts' during April - October 2017-18.
- ❖ Exports of Indian 'Ships, Boats and Floating Structures and Parts' to Malaysia, Indonesia, Bahrain and Singapore recorded significant decline during April - October 2017-18.

Table 16: Export of Auto Components

US\$ Million

COUNTRY	October, 2016	October, 2017	Growth (%)	April- October 2016-17	April- October 2017-18	Growth %
High cumulative growth						
VIETNAM	1.24	10.79	768.46	15.57	63.16	305.54
FRANCE	5.06	7.91	56.43	37.69	64.54	71.24
BRAZIL	12.73	15.69	23.32	82.41	135.06	63.88
KOREA	3.42	3.06	-10.52	18.61	28.94	55.53
POLAND	3.07	3.18	3.62	18.07	27.56	52.50
CANADA	6.80	4.79	-29.55	32.93	48.09	46.04
RUSSIA	4.85	6.83	40.86	34.17	49.29	44.25
BANGLADESH	16.84	21.61	28.30	102.11	139.03	36.15
Sharp cumulative decline						
NEPAL	13.18	8.96	-32.04	130.44	67.53	-48.23
EGYPT	5.24	4.38	-16.47	60.66	32.80	-45.93

(Source: Department of Commerce and CSO)

- ❖ USA (US\$ 531.35 million), Turkey (US\$ 204.93 million) and Bangladesh (US\$ 139.03 million) were the three largest importers of Indian 'Auto Components/Parts' during April - October 2017-18. While USA and Bangladesh recorded 25.23% and 36.15% growth in

imports respectively, Turkey conceded 5.54% decline in imports during the said time period.

- ❖ Vietnam, France and Brazil recorded significant growths in imports of Indian Auto Components/Parts during April - October 2017-18.
- ❖ Nepal and Egypt conceded substantial decline in cumulative imports of 'Auto Components/Parts' from India during the first seven months of fiscal 2017-18.

5. Conclusion

The decline in merchandise exports during October 2017 after 14 months and slower growth of engineering exports were very much in line with the apprehension of EEPC. This was basically attributed to delayed refund of both IGST paid exports and input-tax credit for LUT/Bond exports to the exporters under the new GST regime that led to liquidity crunch for them. Slower growth in engineering exports during the said month was also caused by the same factor. However, a higher statistical base was also pointed out as a reason by some economists.

India's engineering exports to N E Asia countries recorded highest positive growth to the extent of 74.8 percent in April – October 2017-18 over the same period in the previous year, followed by North America and Latin America. On the flipside, India's exports to Africa and Middle East & West Asia registered slow growth in exports in October 2017. USA and UAE still remained top two importers of Indian engineering products with over USD 5495.1 million and USD 2804.6 million of imports respectively during April –October 2017-18.

The slowdown in engineering export growth may continue as corrected measures approved by the GST Council is yet to be implemented properly and the fund crisis faced by the exporters, especially from the MSME sector still persists as a consequence. The situation may worsen if this problem is not addressed immediately. Moreover, global uncertainties, rupee volatility and economic slowdown on the domestic front is also apprehended to weigh on India's overseas shipment in the near term.

