

Engineering Export-Import Monitor

September 2018



Engineering the future

EEPCINDIA
ENGINEERING THE FUTURE

Analysis of Indian engineering exports and imports for September 2018
25 October, 2018

India's merchandise trade scenario

- ❖ Growth run of India's merchandise exports came to a halt in September 2018 after six months as exports conceded year-on-year decline for the first time in this fiscal. Merchandise exports in September 2018 stood at US\$ 27.95 billion as against US\$ 28.57 billion in the same month last fiscal, recording a decline of 2.15 percent year-on-year. This decline was primarily attributed to a higher export base in September 2017 leading to an exorbitant 26% year-on-year growth following an imminent cut off then in duty drawback at pre-GST rates. In rupee terms however, merchandise exports registered a positive growth of 9.65 percent.
- ❖ Despite a decline in overseas shipment, Plastic and Linoleum (28.17 percent), Petroleum Products (26.76 percent), Organic & Inorganic Chemicals (16.92 percent) recorded substantial year-on-year growth during September 2018.
- ❖ Cumulative value of exports for the period April-September 2018-19 was US\$ 164.04 billion as against US\$ 145.75 billion during the same period last fiscal, registering a positive growth of 12.54 percent in Dollar terms.
- ❖ Merchandise imports grew by 10.45 percent year-on-year during the month concerned to reach US\$ 41.93 billion from US\$ 37.96 billion during September 2017.
- ❖ Major commodity groups of import witnessed high growth in September 2018 over the same month last fiscal were Gold (51.47 percent), Petroleum, Crude & products (33.59 percent), Coal, Coke & Briquettes, etc. (23.62 percent) and Electronic goods (11.40 percent).
- ❖ Cumulative value of imports for the period April-September 2018-19 recorded at US\$ 258.36 billion as against US\$ 222.42 billion during the first half of 2017-18, registering a positive growth of 16.16 percent in Dollar terms.
- ❖ Merchandise trade deficit narrowed down to a five-month low at US\$ 13.98 billion in September 2018 but it was 43.40 percent higher than the deficit seen in the same month last fiscal at US\$ 9.40 billion. Cumulative trade deficit for April-September 2018-19 was at US\$ 94.32 billion as against US\$ 76.66 billion during the same period last fiscal registering 23.04 percent growth year-on-year.

India's engineering exports scenario

- ❖ Following the broader merchandise trend, Indian engineering exports also faced its first monthly decline of the current fiscal during September 2018. Engineering exports growth during September 2018 recorded 4.4 percent decline over the same month last fiscal as it dropped to US\$ 6776.26 million from US\$ 7088.19 million in September 2017. Like merchandise exports, high statically base was the reason for such decline in engineering exports as the later also witnessed a sudden jump in September 2017.
- ❖ Cumulative export growth however continued to remain in the growth path by registering 11.71 percent higher exports during April-September 2018-19 over the same period last fiscal. Engineering exports during the first half of 2018-19 stood at US\$ 40.33 billion as against US\$ 36.10 billion during the first half of 2017-18.
- ❖ The share of engineering exports in India's total merchandise exports moderated to 24.24 percent in September 2018 as against 25.1 percent in August. However, it was higher than 23.8 percent in July, 23.5 percent in June and 24.1 percent in May 2018. Share of engineering to total merchandise exports on a cumulative basis was 24.6 percent during April-September 2018-19.
- ❖ Out of 33 engineering panels, 29 panels sharing almost 88 percent of the products recorded growth in exports during April-September 2018-19, over the same period last fiscal, while the remaining four panels demonstrated decline in exports.
- ❖ Out of the top 25 countries, 19 countries recorded positive cumulative growth in engineering exports from India during April-September 2018-19 over April-September 2017-18.
- ❖ Top 25 nations accounted for 73.9 percent of India's total engineering exports in September 2018 over September 2017.

India's Engineering Imports scenario

- ❖ India's engineering imports during September 2018 were valued at US\$ 8064.26 million compared to US\$ 8028.2 million in September 2017 registering a marginal growth of 0.4 percent.
- ❖ The share of engineering imports in India's total merchandise imports was estimated at a lower 19.3 percent in September 2018 as against 21.4 percent in August 2018.

1. Trend in overall merchandise trade

Growth run of India's merchandise exports came to a halt after six months in September 2018 when exports conceded year-on-year decline for the first time in the ongoing fiscal. Merchandise exports in September 2018 stood at US\$ 27.95 billion as against US\$ 28.57 billion in the same month last fiscal, recording a decline of 2.15 percent year-on-year. This decline was primarily attributed to a higher export base in September 2017 leading to an exorbitant 26% year-on-year growth as exporters were in a hurry to offset the adverse impact of impending cut

in duty drawback rates in the post-GST regime to the extent possible. In rupee terms however, merchandise exports registered a positive growth of 9.65 percent.

Despite a decline in overseas shipment, Plastic and Linoleum (28.17 percent), Petroleum Products (26.76 percent), Organic & Inorganic Chemicals (16.92 percent) recorded substantial year-on-year growth during September 2018.

Cumulative value of exports for the period April-September 2018-19 was US\$ 164.04 billion as against US\$ 145.75 billion during the same period last fiscal, registering a positive growth of 12.54 percent in Dollar terms.

Non-petroleum and Non Gems and Jewellery exports in September 2018 were US\$ 19.80 billion, as compared to US\$ 20.31 billion in September 2017, exhibiting a negative growth of 2.49 percent. Cumulative non-petroleum and Non Gems and Jewellery exports during April-September 2018-19 were US\$ 119.05 billion, as compared to US\$ 107.91 Billion for the corresponding period in 2017-18, registering an increase of 10.32 percent.

Merchandise imports grew by 10.45 percent year-on-year during the month concerned to reach US\$ 41.93 billion from US\$ 37.96 billion during September 2018.

Major commodity groups of import witnessed high growth in September 2018 over the same month last fiscal were Gold (51.47 percent), Petroleum, Crude & products (33.59 percent), Coal, Coke & Briquettes, etc. (23.62 percent) and Electronic goods (11.40 percent).

Cumulative value of imports for the period April-September 2018-19 recorded at US\$ 258.36 billion as against US\$ 222.42 billion during the first half of 2017-18, registering a positive growth of 16.16 percent in Dollar terms.

Oil import in September 2018 at US\$ 10.91 billion was 33.59 percent higher in Dollar terms in comparison to US\$ 8.17 billion recorded in September 2017. Cumulative oil imports during April-September 2018-19 at US\$ 69.73 billion was 50.05 per cent higher in Dollar terms as compared to US\$ 46.47 billion recorded in the same period last year. In this connection it is mentioned that the global Brent price (\$/bbl) has increased by 42.97% in September 2018 vis-à-vis September 2017 as per data available from World Bank (Pink Sheet).

Non-oil imports in September 2018 were estimated at US\$ 31.02 billion, which was 4.11 percent higher in Dollar terms than US\$ 29.79 Billion of imports recorded in September 2017. On a cumulative basis, non-oil imports in April-September 2018-19 were US\$ 188.63 billion as against US\$ 175.95 billion during the same period last fiscal, witnessing a growth of 7.21 percent year-on-year.

Merchandise trade deficit narrowed down to a five-month low at US\$ 13.98 billion in September 2018 but it was 43.40 percent higher than the deficit seen in the same month last fiscal at US\$ 9.40 billion. Cumulative trade deficit for April-September 2018-19 was at US\$

94.32 billion as against US\$ 76.66 billion during the same period last fiscal registering 23.04 percent growth year-on-year.

2. Engineering exports

Following the broader merchandise trend, Indian engineering exports also faced its first monthly decline of the current fiscal during September 2018. Engineering exports growth during September 2018 recorded 4.4 percent decline over the same month last fiscal as it dropped to US\$ 6776.26 million from US\$ 7088.19 million in September 2017. Like merchandise exports, high statically base was the reason for such decline in engineering exports as the later also witnessed a sudden jump in September 2017.

Cumulative export growth however continued to remain in the growth path by registering 11.71 percent higher exports during April-September 2018-19 over the same period last fiscal. Engineering exports during the first half of 2018-19 stood at US\$ 40.33 billion as against US\$ 36.10 billion during the first half of 2017-18.

The share of engineering exports in India's total merchandise exports moderated to 24.24 percent in September 2018 as against 25.1 percent in August. However, it was higher than 23.8 percent in July, 23.5 percent in June and 24.1 percent in May 2018. Share of engineering to total merchandise exports on a cumulative basis was 24.6 percent during April-September 2018-19.

Out of 33 engineering panels, 29 panels sharing almost 88 percent of the products recorded growth in exports during April-September 2018-19, over the same period last fiscal, while the remaining four panels demonstrated decline in exports.

Out of the top 25 countries, 19 countries recorded positive cumulative growth in engineering exports from India during April-September 2018-19 over April-September 2017-18.

Top 25 nations accounted for 73.9 percent of India's total engineering exports in September 2018 over September 2017.

The cumulative engineering exports for April-September 2018-19 vis-à-vis April-September 2017-18 is tabled below as per the latest availability of data:

Table1: Engineering exports
(US\$ million)

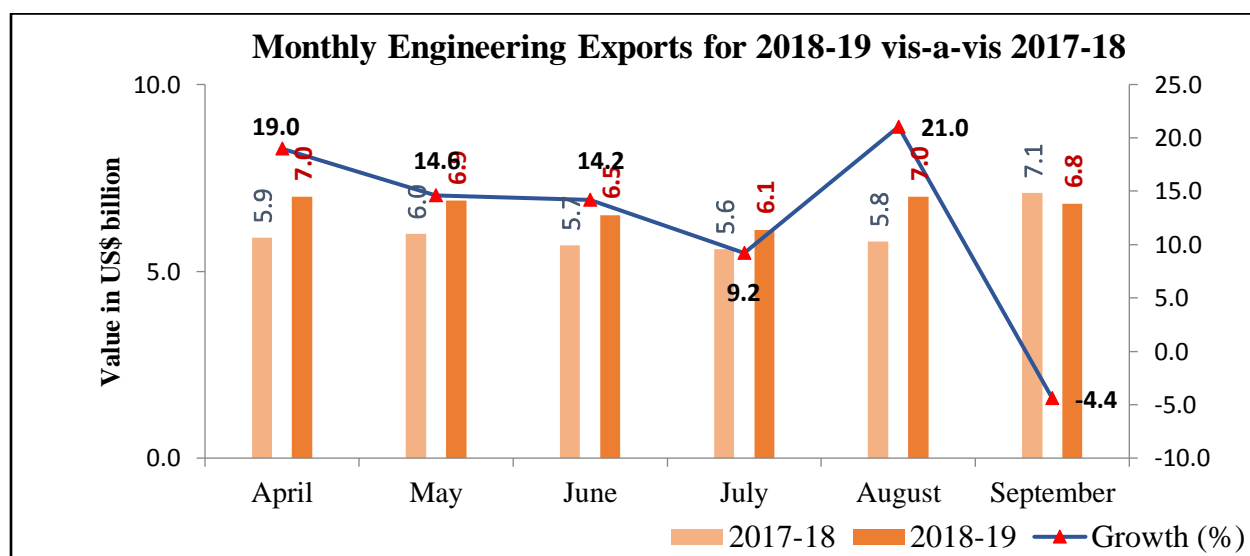
Month	2017-18	2018-19	Growth (%)
April	5902.86	7021.92	18.96
May	6047.26	6929.78	14.59
June	5703.28	6511.69	14.17

Month	2017-18	2018-19	Growth (%)
April-June	17653.40	20463.39	15.92
July	5595.63	6111.87	9.23
August	5766.60	6979.91	21.04
September	7088.19	6776.26	-4.40
July- September	18450.42	19868.04	7.68
April- September	36103.82	40331.43	11.71

(Source: Quick Estimates, Department of Commerce, Government of India)

Figure 1 depicts the trend in monthly engineering exports for **2018-19 vis-à-vis 2017-18**

Figure1: Trend in monthly engineering exports (In US\$ million)



(Source: EEPC India analysis)

Correlation between engineering exports and manufacturing output

The Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. As production and exports are directly correlated, some correlation between manufacturing production growth and engineering exports growth is very likely to exist. Hence, a broad analysis of industrial production, especially of the manufacturing sector is effective in the

context of engineering exports analysis as manufacturing has 77.63 percent weightage in India's industrial production.

The Trends in the growth of engineering exports and manufacturing established some correlation in 2017-18. 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 exports growth and manufacturing growth accelerated while in May 2017, both of them continued to witness growth but at a decelerated rate. During June 2017, engineering export growth accelerated but manufacturing production declined y-o-y. From July to December 2017, both engineering exports growth and manufacturing growth have showed strong positive correlation before defying the same in February 2018. The month of July saw acceleration in engineering growth and deceleration in the pace of decline in manufacturing production. During August and September engineering exports witnessed acceleration in growth while manufacturing production bounced back to growth path in August and grew at the same pace in September. During October, growth of both manufacturing production and engineering export slowed down while in November, both enjoyed significant acceleration in growth. A repetition of October 2017 was seen in December 2017 when both engineering exports and manufacturing output conceded some deceleration in growth. However, the pace of growth slowed down in January 2018 and engineering exports even declined In February 2018 but manufacturing growth was largely flat in both months on a year-on-year basis. March 2018 witnessed movement in opposite direction when engineering exports came back to the growth path but manufacturing growth slowed down.

During the first and second month of fiscal 2018-19, both engineering exports and manufacturing moved in the same direction. Growth accelerated for both in April 2018. During May 2018, both engineering exports and manufacturing growth slowed down sizeably. However, During June, July and August 2018, these two moved in opposite directions. During June and July, manufacturing growth surged but engineering exports growth moderated while in August, just the opposite has happened. The manufacturing Index in the Index of Industrial Production (IIP) stood at 129.8 in Aug 2018 as against 127.6 in July, 128.3 in June, 130.1 in May and 123.1 in April 2018.

The growth rates in engineering exports and that of manufacturing in the country during the current fiscal are shown in Table 2 below:

Table 2: Engineering exports growth vis-à-vis manufacturing growth (2018-19)

Months/ Year	Engg. exports growth (%)	Manufacturing growth (%)
April-March 2017-18	16.81	4.5
April 2018	18.96	4.9

Months/ Year	Engg. exports growth (%)	Manufacturing growth (%)
May 2018	14.59	3.6
Jun 2018	14.17	6.7
April-June 2018	15.92	5.0
July 2018	9.23	7.0
August 2018	21.04	4.6
September 2018	-4.40	N A
July-September 2018	7.68	N A

* As per "Quick Estimates" of Ministry of Commerce, Govt of India for August 2018
(Source: Department of Commerce and CSO)

We also present the month wise corresponding revised engineering exports for 2017-18 as opposed to 2016-17.

Table 3: Revised engineering exports for 2017-18 (US\$ million)

Month	2016-17	2017-18	Growth (%)
April	4744.32	5902.86*	24.42
May	5636.17	6047.26*	7.29
June	5066.99	5703.28*	12.56
Quarter 1	15447.48	17653.40*	14.28
July	4794.12	5595.63*	16.72
August	4873.71	5766.60*	18.32
September	4917.78	7088.19*	44.13
Quarter 2	14585.61	18450.42*	26.50
October	5133.58	5670.57	10.46
November	4841.37	6872.54	41.95
December	5688.32	7160.88	25.89

Month	2016-17	2017-18	Growth (%)
Quarter 3	15663.27	19703.99	25.80
January	5334.66	6217.67	16.55
February	6501.99	6332.64	-2.60
March	7706.18	7850.32	1.87
Quarter 4	19542.83	20400.63	4.39
April-March	65239.19	76208.44*	16.81

Source: DGCI&S

* Revised figures

3. Impact of exchange rate

How has the exchange rate changed in September 2018 vis-à-vis September 2017? In order to find it out, we look at the average exchange rate in September for both 2018 and 2017. Table 4 provides the same:

Table 4: Average exchange rate

September	Average exchange rate 1 USD to INR
2017	64.44
2018	72.22

(Source: Calculated from RBI archive)

During September 2018, the official exchange rate of rupee vis-à-vis the US Dollar has depreciated by an alarming 12.07 percent over September 2017 as rupee reached its all time low vis-à-vis the US Dollar and continued to weaken. The year-on-year depreciation in September 2018 was higher than that of in August 2018 at 8.72 percent.

4. Panel-wise analysis of engineering exports

We begin by looking at the engineering panel-wise exports for the month of September 2018 vis-à-vis September 2017. The data is given in Table 5.

Table5: Trends in engineering panel exports for September 2018 compared to September 2017 (US\$ million)

Sl no.	Panel	September 2017	September 2018	Growth %	April-September 2017-18	April-September 2018-19	Growth %
1. Iron and Steel and Products of Iron and Steel							
A	A. Iron and Steel	1064.53	843.56	-20.76	5190.26	5051.23	-2.68
B	B. Products of Iron	639.19	613.4	-4.03	3303.95	3562.14	7.81
Subtotal		1703.72	1456.96	-14.48	8494.21	8613.37	1.40
2. Non Ferrous Metals and Products							
A	Copper and products	345.68	95.76	-72.30	1666.49	474	-71.56
B	Aluminium and products	454.12	506.31	11.49	2146.49	2955.4	37.69
C	Zinc and products	91.57	45.05	-50.80	359.37	328.69	-8.54
D	Nickel and products	3.52	5.89	67.33	21.48	39.07	81.89
E	Lead and products	41.56	31.05	-25.29	160.97	191.16	18.76
F	Tin and products	1.55	0.57	-63.23	6.07	3.74	-38.39
G	Other Non-Ferrous Metals	46.36	43.95	-5.20	244.81	269.29	10.00
Sub Total		984.36	728.58	-25.98	4605.68	4261.35	-7.48
3. Industrial Machinery and parts							
A	Industrial Machinery like Boilers, parts, etc	57.72	71.31	23.54	280.8	353.03	25.72
B	IC Engines and Parts	213.87	254.12	18.82	1297.09	1347.67	3.90
C	Pumps of all types	88.75	93.73	5.61	468.1	487.17	4.07
D	Air condition and Refrigerators	106.11	211.25	99.09	540.25	1053.54	95.01
E	Industrial Machinery for dairy, food processing , textiles etc	484.51	530.77	9.55	2456.24	2892.4	17.76
F	Machine Tools	39.77	37.94	-4.60	236.8	243.36	2.77
G	Machinery for Injecting moulding, valves and ATMs	145.16	140.37	-3.30	737.66	773.64	4.88
Sub Total		1135.89	1339.49	17.92	6016.94	7150.81	18.84
4	Electrical Machinery	590.07	845.95	43.36	2783.88	4371.09	57.01

Sl no.	Panel	September 2017	September 2018	Growth %	April-September 2017-18	April-September 2018-19	Growth %
A	Motor Vehicle/cars	610.19	740.91	21.42	3759.35	4310.09	14.65
B	Two and Three Wheelers	171.29	185.6	8.35	975.01	1107.88	13.63
C	Auto Components/Part	460.05	498.13	8.28	2435.24	2828.71	16.16
Sub Total		1241.53	1424.64	14.75	7169.6	8246.68	15.02
6	Aircrafts and Spacecraft parts and products	165.12	131.66	-20.26	963.59	977.52	1.45
7	Ships Boats and Floating products and parts	565.08	140.39	-75.16	2417.72	2503	3.53
8. Miscellaneous							
A	Medical and Scientific instruments	161.14	141.25	-12.34	773.75	837.24	8.21
B	Railway Transport	29.72	25.86	-12.99	143.86	184.87	28.51
C	Hand Tools & Cutting Tools	68.54	67.78	-1.11	348.97	373.07	6.91
D	Electrodes Accumulators	4.14	4.5	8.70	21.52	25.13	16.78
E	Accumulator and Batteries	23.65	29.08	22.96	122.39	193.16	57.82
F	Bicycle and Parts	34.52	31.78	-7.94	160.34	185.05	15.41
G	Cranes Lifts and Winches	32	39.93	24.78	158.54	228.13	43.89
H	Office Equipments	6.38	15.51	143.10	47.05	61.25	30.18
I	Other Construction Machinery	129.79	115.18	-11.26	623.96	800.24	28.25
J	Prime Mica and Mica Products	2.02	3.11	53.96	11.4	13.52	18.60
K	OTHER MISC. ITEMS	210.52	234.61	11.44	1240.42	1305.95	5.28
Sub total		702.42	708.59	0.88	3652.2	4207.61	15.21
Total engineering exports		7088.19	6776.26	-4.40	36103.82	40331.43	11.71

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ During April-September 2018-19, exports of engineering goods registered a double digit growth of 11.71 percent compared to April-September 2017-18. While the monthly engineering exports dropped to US\$ 6776.26 million in September 2018 compared to September 2017, recording a negative growth for the first time in the new fiscal.
- ❖ Out of 33 engineering panels, 29 panels sharing almost 88 percent of the products recorded growth in exports during April-September 2018-19, over the same period last fiscal, while the remaining four panels demonstrated decline in exports.
- ❖ Products of Iron and steel recorded a growth of 7.81 percent in exports during April-September 2018-19 with overseas shipments of US\$ 3562.14 million from US\$ 3303.95 million over the same period last fiscal.
- ❖ Among the seven non-ferrous metals and products made of non-ferrous metals, only two products recorded positive growth in September 2018 compared to September 2017. Aluminium and products recorded positive growth of 11.49 percent and Nickel and products recorded substantial growth of 67.33 during September 2018 over the same period last fiscal.
- ❖ The Industrial machinery panel as a whole recorded growth in exports of 17.92 percent during September 2018 vis-à-vis the same period last fiscal. Barring 'Machine tools' and 'Machinery for ATMs' all the other sectors under this panel have positive growth figures, with sectors like Air condition and repair machinery recording highest growth in exports to the extent of 99.09 percent in September 2018 compared to September 2017. Pumps and valves and Industrial Machinery for dairy, agriculture, etc recorded single digit growth figures of 5.61 percent and 9.55 percent respectively in exports during September 2018 compared to the same period last fiscal. Cumulative figures for Industrial machinery as a whole recorded growth in exports of 18.84 percent during April-September 2018-19 compared to the same period last fiscal, with all sectors recording positive growth.
- ❖ The Electrical machinery and equipments panel experienced considerable growth in exports to the extent of 43.36 percent during September 2018 over the same period last fiscal. Cumulative exports for April-September 2018-19 recorded 57.01 percent growth, moving up to US\$4371.09 million from US\$2783.88million in April- September 2017-18.
- ❖ Exports of Auto and auto components recorded significant growth figure of 14.75 percent during September 2018, scaling up from US\$1241.53 million in September 2017 to US\$1424.64 million in September 2018. Cumulative exports for April-September 2018-19 recorded 15.02 percent growth, moving up to US\$8246.68 million from US\$7169.6 million in April- September 2017-18.

- ❖ Exports of ‘Aircrafts and spacecraft parts and products’ and ‘Ships, Boats and Floating Structures’ recorded negative monthly growth in September 2018 over September 2017 but positive cumulative growth over the during April-September 2018-19 over the same period last year.
- ❖ It has been observed that all sectors under panel namely miscellaneous registered positive cumulative growth in exports. Accumulators and batteries recorded the highest cumulative growth of 57.82 percent during April-September 2018-19 over the same period last year. Cranes, lifts and winches and Office Equipments recorded substantial growth in exports to the extent of 43.89 percent and 30.18 percent during April-September 2018-19 over the same period last year.

5. Top 25 destinations for Indian engineering exports

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during September 2018 over September 2017 in absolute value.

Table-6: Engineering exports country wise, (2018-19)
(Values in US\$ million)

Country	August 2017	August 2018	Growth (%)	April-August 2017-18	April-August 2018-19	Growth (%)
U S A	1044.45	1057.33	1.23	4777.49	5802.62	21.46
UAE	542.19	282.17	-47.96	2614.42	2467.15	-5.63
GERMANY	288.63	314.99	9.13	1447.45	1712.08	18.28
NEPAL	226.49	259.62	14.63	1060.81	1509.38	42.29
U K	252.59	245.73	-2.71	1359.74	1475.05	8.48
MEXICO	253.28	211.36	-16.55	1413.55	1431.48	1.27
BANGLADESH	197.87	231.24	16.86	1074.33	1357.38	26.35
ITALY	209.11	194.68	-6.90	1221.52	1162.80	-4.81
SINGAPORE	113.83	103.50	-9.08	920.76	1116.30	21.24
TURKEY	145.15	156.11	7.56	843.24	1065.11	26.31
KOREA RP	152.11	161.54	6.20	896.75	953.49	6.33
BELGIUM	96.98	170.66	75.98	616.39	952.16	54.47

Country	August 2017	August 2018	Growth (%)	April-August 2017-18	April-August 2018-19	Growth (%)
SOUTH AFRICA	111.93	122.73	9.65	725.49	918.37	26.59
INDONESIA	169.56	119.11	-29.76	767.64	861.22	12.19
CHINA	283.53	130.47	-53.98	1368.31	825.03	-39.70
THAILAND	109.55	150.71	37.57	591.02	813.76	37.69
MALAYSIA	260.74	154.51	-40.74	917.79	722.65	-21.26
FRANCE	127.01	119.22	-6.14	708.48	714.28	0.82
SRI LANKA	259.58	174.09	-32.94	730.45	713.26	-2.35
SAUDI ARABIA	119.62	120.64	0.85	604.37	686.08	13.52
JAPAN	83.60	124.53	48.96	473.61	647.06	36.62
SPAIN	96.73	116.48	20.41	552.35	611.90	10.78
NIGERIA	73.10	110.35	50.96	348.97	588.47	68.63
NETHERLAND	70.13	88.21	25.78	418.30	529.82	26.66
VIETNAM	146.20	87.99	-39.82	563.61	519.17	-7.89
Top 25 Countries Total	5433.97	5007.98	-7.84	27016.86	30156.07	11.62
Grand Total	7088.19	6776.26	-4.40	36103.82	40331.43	11.71
Share % Total Engineering Exports	76.66	73.90		74.83	74.77	

Note: Red font indicates negative growth

(Source: Department of Commerce, Government of India)

The country wise engineering export figures for September 2018 show the following facts:

- ❖ Out of the top 25 countries, 19 countries recorded positive cumulative growth in engineering exports from India during April-September 2018-19 over April-September 2017-18.

- ❖ USA retained its numero uno position, being the top exporting destination for India's engineering products in September 2018. It registered significant positive cumulative growth during April-September 2018-19 over April-September 2017-18 of 21.46 percent.
- ❖ Nigeria and Belgium holds the second and third positions respectively in terms of high cumulative growth during the same period.
- ❖ India's engineering exports to China which has been recording negative growth, once again recorded negative growth in September 2018 over the same month last year. It registered highest negative cumulative growth during April-September 2018 over April-September 2017 of 39.7 percent.
- ❖ Among European nations falling under the top 25 engineering exports destinations, exports to Belgium once again recorded the highest growth both on monthly as well as cumulative basis. On cumulative basis, only Italy recorded negative export growth during April-September 2018-19 vis-à-vis April-September 2017-18.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Thailand recorded the highest monthly as well as the highest cumulative growth. Similarly, barring Malaysia and Vietnam, all the ASEAN nations falling under the top 25 engineering exports destinations recorded positive cumulative growth during April-September 2018-19 vis-à-vis April-September 2017-18.
- ❖ Out of 221 exports destinations of Indian engineering goods, the top 25 nations accounted for 73.9 percent of India's total engineering exports in September 2018 over September 2017.
- ❖ India's total global engineering exports during April-September 2018-19 over April-September 2017-18 is scantily higher compared to India's engineering exports to its top 25 destinations during the same period.

6. Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for September 2018 as opposed to September 2017. Table7 gives this picture:

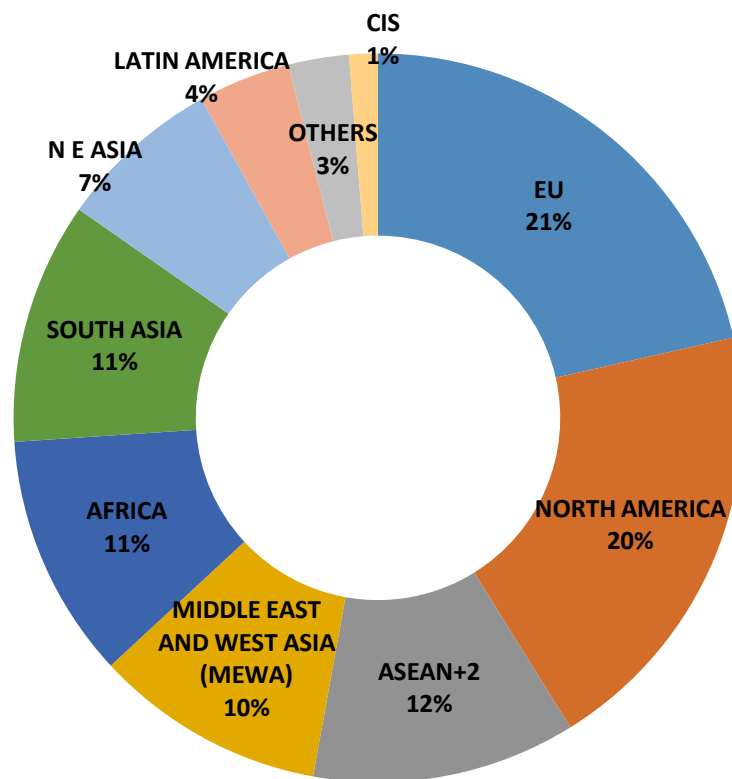
Table -7: Region wise exports trend

Country	(\$ million)					
	September 2017	September 2018	Growth (%)	April-September 2017-18	April-September 2018-19	Growth (%)
EU	1357.84	1454.33	7.11	7495.53	8479.56	13.13
NORTH AMERICA	1342.38	1333.75	-0.64	6455.89	7653.63	18.55
ASEAN+2	973.51	793.49	-18.49	4598.90	5004.97	8.83
MIDDLE EAST AND WEST ASIA (MEWA)	918.80	694.45	-24.42	4763.85	4900.18	2.86
AFRICA	590.69	735.07	24.44	3449.06	4025.30	16.71
SOUTH ASIA	732.34	727.43	-0.67	3090.71	3902.82	26.28
N E ASIA	643.29	492.15	-23.50	3222.97	2930.26	-9.08
LATIN AMERICA	296.19	277.20	-6.41	1673.63	1792.27	7.09
OTHERS	169.80	182.01	7.19	1002.87	1243.69	24.01
CIS	63.35	86.35	36.30	350.37	398.33	13.69
GRAND TOTAL	7088.19	6776.26	-4.40	36103.82	40331.43	11.71

(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 September 2018



(Source: EEPC India analysis)

- ❖ EU ranked the region with highest shipment of engineering products from India during September 2018 with a share of 21.5 percent of total engineering exports.
- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods that recorded substantial cumulative growth during April-September 2018-19 vis-à-vis April-September 2017-18.
- ❖ India's exports to CIS countries once again recorded the highest positive monthly growth in September 2018 over September 2017, followed by Africa.
- ❖ Barring North East Asia, all the other regions recorded positive cumulative growth in exports during April-September 2018-19 vis-à-vis April-September 2017-18.

7. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during September 2018. We have taken the major panels and computed the top importers and sharp declines to get an idea of the current trade pattern. (Tables 8-16)

Table 8: Export of Iron & Steel

US\$ Million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Five Importers						
NEPAL	75.32	99.28	31.82	364.02	617.64	69.67
ITALY	92.78	74.02	-20.22	463.52	401.05	-13.48
U A E	70.17	66.83	-4.75	323.23	354.20	9.58
BELGIUM	52.38	71.21	35.94	364.75	318.64	-12.64
KOREA RP	25.93	45.61	75.87	155.48	251.01	61.44
High cumulative growth						
BHUTAN	1.86	4.60	146.77	8.16	27.14	232.63
DJIBOUTI	2.23	6.34	184.07	16.49	42.62	158.46
FRANCE	1.25	1.33	6.23	6.33	15.03	137.49
KENYA	7.55	9.44	24.99	18.10	38.09	110.46
CANADA	1.82	7.04	286.28	16.71	29.28	75.25
QATAR	3.66	1.79	-51.11	24.01	41.50	72.85
NEPAL	75.32	99.28	31.82	364.02	617.64	69.67
KOREA RP	25.93	45.61	75.87	155.48	251.01	61.44
Sharp cumulative decline						
PERU	2.36	2.59	9.69	24.84	9.98	-59.82

GHANA	2.24	2.19	-2.24	19.42	9.41	-51.53
ECUADOR	2.96	0.91	-69.35	20.47	10.00	-51.18
SOUTH AFRICA	2.93	3.15	7.33	35.16	17.68	-49.71
SWEDEN	0.57	1.66	190.16	12.05	6.17	-48.75
INDONESIA	54.55	27.00	-50.50	239.94	148.93	-37.93
ETHIOPIA	6.97	16.51	137.00	73.16	48.95	-33.09
SRI LANKA	48.44	8.10	-83.27	105.63	70.83	-32.95

(Source: Department of Commerce, Government of India)

- ❖ Nepal, Italy and UAE were the three top three importers of Indian Iron and Steel during April - September 2018 with market shares of 12.23 percent, 7.94 percent and 7.01 percent respectively.
- ❖ France, Bhutan, Kenya, and Djibouti recorded more than 100 percent year-on-year growth in exports of Indian Iron and Steel during April–September 2018.
- ❖ South Africa, Peru, Ghana and Ecuador experienced sharp downfall in exports during April-September 2018.

Table 9: Export of Products of Iron & Steel

US\$ Million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Five Importers						
U S A	159.86	141.80	-11.30	847.20	799.01	-5.69
U A E	34.40	34.16	-0.69	211.70	221.74	4.74
GERMANY	37.61	36.39	-3.25	191.12	211.52	10.67
U K	27.52	27.22	-1.09	140.23	153.04	9.14
CANADA	16.39	20.40	24.44	83.23	140.18	68.42
High cumulative growth						
CHILE	3.77	1.77	-53.00	9.09	47.70	424.55

AFGHANISTAN	3.80	4.74	24.63	6.51	24.44	275.32
TANZANIA	3.50	14.16	305.05	18.58	47.94	157.97
QATAR	8.25	11.40	38.13	32.84	75.36	129.45
EGYPT	4.67	13.75	194.22	30.60	62.74	105.01
NIGERIA	5.67	6.66	17.37	27.18	49.73	82.97
CANADA	16.39	20.40	24.44	83.23	140.18	68.42
Sharp cumulative decline						
COLOMBIA	10.45	2.64	-74.71	46.47	6.67	-85.65
SAUDI ARABIA	48.28	11.87	-75.41	162.98	74.79	-54.11
OMAN	16.06	6.79	-57.73	87.04	42.11	-51.62
MALAYSIA	5.74	3.33	-42.03	33.30	19.11	-42.62
SRI LANKA	9.20	8.78	-4.59	57.62	38.58	-33.04
THAILAND	5.44	10.54	93.65	60.94	49.83	-18.24

(Source: Department of Commerce, Government of India)

- ❖ USA, UAE and Germany were the top three importers of India's 'Products of Iron & Steel' during April - September 2018 with 22.43 percent, 6.22 percent and 5.94 percent shares respectively in India's global import of the same.
- ❖ Chile, Qatar, Tanzania and Nigeria were among the nations witnessing significant growth in import of Indian 'Products of Iron and Steel' during April - September 2018.
- ❖ On the other hand, Colombia, Saudi Arabia and Malaysia conceded substantial decline in imports of the said product group from India during April - September 2018.

Table 10: Export of Industrial Machinery

US\$ Million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Five Importers						
U S A	174.70	200.86	14.98	954.61	1,146.01	20.05

GERMANY	50.18	53.13	5.89	262.84	324.10	23.31
THAILAND	32.84	71.81	118.69	149.96	304.91	103.32
BANGLADESH	51.24	52.30	2.07	267.65	302.51	13.03
U K	57.49	53.34	-7.22	301.58	277.63	-7.94
High cumulative growth						
UZBEKISTAN	0.97	15.26	1473.16	8.08	31.35	288.01
HONG KONG	1.99	1.86	-6.47	8.03	26.74	233.10
THAILAND	32.84	71.81	118.69	149.96	304.91	103.32
ALGERIA	3.91	9.35	138.87	27.04	53.66	98.43
INDONESIA	25.10	34.64	38.00	111.27	194.81	75.08
SWEDEN	3.75	5.30	41.57	18.62	32.12	72.49
NIGERIA	18.76	41.28	120.08	103.10	175.00	69.73
SPAIN	12.16	25.99	113.68	77.11	129.98	68.55
Sharp cumulative decline						
SENEGAL	5.04	0.93	-81.58	23.28	9.74	-58.18
FINLAND	0.75	0.71	-4.84	15.28	6.69	-56.19
BHUTAN	1.55	2.03	30.79	27.38	14.95	-45.39
PHILIPPINES	12.41	6.94	-44.12	55.55	35.26	-36.51
KUWAIT	24.15	17.62	-27.03	117.66	75.18	-36.11
HUNGARY	5.86	1.67	-71.51	18.22	12.31	-32.40
MALAYSIA	18.25	11.33	-37.92	103.58	82.49	-20.36
BRAZIL	25.39	17.84	-29.72	134.17	109.20	-18.61

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April–September 2018 with 16.03 percent share in India's global import of the product group, followed by Germany and Thailand with 4.53 percent and 4.26 percent shares.
- ❖ Uzbekistan, Hong Kong, Algeria and Thailand were among the nations witnessing significant growth of imports of Industrial machinery from Indian during April - September 2018
- ❖ Among the major importers, export to Senegal, Finland, Bhutan and Philippines recorded sharp declines in imports during April - September 2018.

Table 11: Export of Automobiles

US\$ Million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Five Importers						
MEXICO	155.85	115.31	-26.01	956.68	784.96	-17.95
U S A	2.90	96.60	3234.44	13.79	504.69	3559.84
SOUTH AFRICA	61.72	65.06	5.42	428.81	397.74	-7.24
BANGLADESH	42.93	73.57	71.35	250.71	337.13	34.47
NEPAL	53.31	58.46	9.66	217.40	261.66	20.36
High cumulative growth						
U S A	2.90	96.60	3234.44	13.79	504.69	3559.84
CONGO D. REP.	2.58	3.87	49.77	10.14	28.69	182.80
CONGO P REP	1.63	6.52	300.93	5.44	13.75	152.93
NIGERIA	19.67	38.91	97.89	92.35	192.38	108.31
ALGERIA	16.68	42.78	156.41	94.37	163.31	73.05
U A E	17.65	29.83	69.04	65.21	111.93	71.64
JAPAN	2.04	6.28	207.21	18.19	30.82	69.44
TUNISIA	1.64	5.64	243.47	22.44	37.81	68.48

Sharp cumulative decline						
COTE D'IVOIRE	4.70	1.03	-78.03	51.41	7.15	-86.10
NETHERLAND	1.23	0.74	-39.50	29.50	5.39	-81.74
SPAIN	2.33	5.20	123.37	71.29	26.10	-63.39
ITALY	10.19	14.02	37.64	182.68	67.47	-63.07
GERMANY	9.23	6.72	-27.23	115.45	44.70	-61.28
ARGENTINA	7.28	1.19	-83.70	64.67	25.80	-60.10
THAILAND	4.54	1.05	-76.83	16.20	6.64	-59.02

(Source: Department of Commerce, Government of India)

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

- ❖ Mexico, USA and South Africa were top three importers of India's Automobiles during April-September of 2018 witnessing 14.49, 9.32 and 7.34 percent share respectively. Mexico being the largest importer shares 14.49 percent of imports of automobiles from India.
- ❖ Countries like Congo, U S A and Nigeria saw over 100 percent growths in imports of Indian automobile during April- September 2018 among major importers.
- ❖ Cote D'Ivoire, Netherland and Spain conceded substantial decrease in imports of Automobiles from India during April- September 2018.

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

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Five Importers						
U S A	104.44	86.89	-16.80	455.73	516.51	13.34
KOREA RP	95.88	76.97	-19.72	568.16	510.67	-10.12
TURKEY	6.02	53.03	780.87	114.64	342.41	198.69

MALAYSIA	177.48	98.32	-44.60	485.58	331.02	-31.83
MEXICO	34.57	20.36	-41.09	94.64	221.95	134.52
High cumulative growth						
GREECE	0.46	2.07	354.81	15.61	63.64	307.71
VIETNAM	7.70	6.55	-14.93	17.91	54.60	204.86
TURKEY	6.02	53.03	780.87	114.64	342.41	198.69
NETHERLAND	5.87	20.13	242.94	39.01	103.45	165.21
MEXICO	34.57	20.36	-41.09	94.64	221.95	134.52
SPAIN	17.49	21.25	21.54	60.65	121.00	99.52
THAILAND	7.16	18.07	152.27	57.01	111.90	96.27
JAPAN	10.82	16.76	54.92	57.92	111.42	92.36
ISRAEL	4.02	2.44	-39.49	18.38	27.91	51.86
ITALY	13.37	19.99	49.49	118.57	165.55	39.62
Sharp cumulative decline						
SINGAPORE	18.01	2.53	-85.93	80.96	10.27	-87.31
CHINA	152.34	35.15	-76.93	753.24	102.34	-86.41
U A E	82.45	19.33	-76.55	381.89	117.92	-69.12
BAHARAIN	0.44	4.20	857.66	45.61	20.19	-55.73
MALAYSIA	177.48	98.32	-44.60	485.58	331.02	-31.83
QATAR	13.36	16.81	25.81	85.59	66.38	-22.44

- ❖ USA (US\$516 million), Korea (US\$510 million) and Turkey (US\$342 million) were the top three importers of Indian Non-ferrous metals during April - September 2018 with market shares of 12.12 percent, 11.98 percent and 8.04 percent respectively.
- ❖ Greece, Vietnam, Turkey and Mexico witnessed highest growth in imports of Indian Non-ferrous metal products during April-September 2018.
- ❖ Singapore, China, UAE and Bahrain conceded significant decline in imports of non-ferrous metals from India during the April - September 2018.

Table 13: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Importers						
U S A	102.99	224.32	117.81	501.90	1,022.92	103.81
GERMANY	86.20	112.94	31.02	350.04	516.17	47.46
SINGAPORE	11.81	51.38	335.19	78.75	300.86	282.02
U K	34.05	42.16	23.82	157.57	274.02	73.90
BELGIUM	3.42	59.74	1645.84	20.42	212.61	941.40
High cumulative growth						
BELGIUM	3.42	59.74	1645.84	20.42	212.61	941.40
SINGAPORE	11.81	51.38	335.19	78.75	300.86	282.02
EGYPT	1.59	6.04	279.25	8.11	24.80	206.01
INDONESIA	8.23	12.96	57.52	26.74	81.13	203.46
CHINA	22.21	19.21	-13.51	72.84	173.24	137.84
U S A	102.99	224.32	117.81	501.90	1,022.92	103.81
JAPAN	12.14	40.37	232.63	65.95	132.40	100.77
U K	34.05	42.16	23.82	157.57	274.02	73.90
Sharp cumulative decline						
VIETNAM	12.54	7.87	-37.26	63.16	33.01	-47.73

TURKEY	22.82	2.95	-87.09	100.79	57.45	-43.01
KUWAIT	3.43	2.78	-18.76	35.40	27.82	-21.42
U A E	35.97	20.77	-42.26	150.70	127.75	-15.23
SOUTH AFRICA	5.29	3.89	-26.45	20.74	17.69	-14.72
HONG KONG	2.76	3.71	34.48	21.45	19.84	-7.51
FRANCE	26.23	18.50	-29.44	130.93	121.50	-7.20

(Source: Department of Commerce and CSO)

- ❖ USA (US\$ 1022 million), Germany (US\$ 516 million) and Singapore (US\$ 301 million) were the three top importers of Indian Electrical Machinery and Components during April - September 2018 with market shares of 23.4 percent, 11.81 percent and 6.88 percent respectively.
- ❖ Belgium, Singapore and Egypt recorded highest growth in imports of India's Electrical Machinery and Components during April - September 2018.
- ❖ On the other hand, Vietnam, Kuwait, UAE and Turkey conceded highest declines in imports of India's Electrical Machinery and Components during April- September 2018.

Table 14: Export of Aircrafts and Spacecrafts

US\$ million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top Five Importers						
U S A	47.51	41.96	-11.68	289.41	294.56	1.78
FRANCE	21.39	23.21	8.54	115.11	144.95	25.93
SINGAPORE	31.24	13.79	-55.85	128.57	138.77	7.93
U K	13.71	13.33	-2.75	96.41	124.62	29.25
GERMANY	23.84	9.82	-58.80	115.34	68.86	-40.30
High cumulative growth						

SOUTH AFRICA	0.00	6.76	807168.36	1.11	7.24	552.12
MEXICO	0.22	0.70	222.24	1.25	2.87	129.43
SWEDEN	0.66	0.86	30.37	2.65	5.88	122.00
U K	13.71	13.33	-2.75	96.41	124.62	29.25
FRANCE	21.39	23.21	8.54	115.11	144.95	25.93
AUSTRIA	1.49	1.29	-13.40	7.04	8.76	24.39
Sharp cumulative decline						
RUSSIA	2.74	0.58	-78.91	25.39	10.33	-59.30
CHINA	1.33	1.18	-11.14	22.63	9.75	-56.89
THAILAND	2.81	0.51	-81.91	9.67	4.27	-55.87
POLAND	0.68	1.15	68.75	17.75	10.33	-41.83
GERMANY	23.84	9.82	-58.80	115.34	68.86	-40.30
ISRAEL	2.57	3.32	29.48	25.22	16.53	-34.47
PHILIPPINES	0.99	0.43	-56.34	3.55	2.37	-33.13

(Source: Department of Commerce and CSO)

- ❖ USA, France and Singapore were the top three importers of India's 'Aircrafts and Spacecrafts' during April-September 2018-19 with around 30.13, 14.83, and 14.20 percent shares respectively in India's total global exports of the product.
- ❖ South Africa and Mexico continued to register substantial growths in import of the product group during April-September 2018-19 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from China, Russia and Thailand dropped significantly on a year-on-year basis during April-September 2018 along with some other nations.

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

US\$ million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top 5 Importers						
UAE	227.30	25.24	-88.90	1,036.25	1,074.21	3.66
SINGAPORE	-	0.03		371.08	379.68	2.32
OMAN	-	28.09		2.47	215.84	8648.20
SOUTH AFRICA	-	-		-	198.48	
SRI LANKA	108.24	86.49	-20.09	156.75	179.40	14.45
High cumulative growth						
MAURITIUS	-	-		0.01	2.33	42248.46
OMAN	-	28.09		2.47	215.84	8648.20
ISRAEL	1.81	0.23	-87.46	3.29	59.57	1710.81
FRANCE	0.34	0.11	-66.66	0.45	2.61	473.79
SAUDI ARAB	-	-		19.11	104.60	447.45
SRI LANKA	108.24	86.49	-20.09	156.75	179.40	14.45
Sharp cumulative decline						
LIBERIA	-	-		84.61	-	-100.00
EGYPT	-	-		213.77	-	-100.00
CAMEROON	-	-		20.63	-	-100.00
MYANMAR	-	-		21.28	-	-100.00
U S A	226.99	0.02	-99.99	443.65	0.07	-99.98

Note: Export figures in case of some nations are showing zero due to rounding off but actually they are very small in value.

(Source: Department of Commerce and CSO)

- ❖ UAE is the largest importer of India's 'Ships, boats and floating structures and parts' during April-September 2018-19 with 42.92 percent share in India's total global exports of the product followed by Singapore with 15.17 percent share. Oman emerged as the third largest importer with 8.62 percent share.
- ❖ Mauritius, Oman, Israel and Saudi Arabia recorded robust growth in imports of 'Ships, Boats and Floating Structures and Parts' during April-August 2018-19 while South Africa and Belgium saw sizeable imports of the same during April-September 2018-19 against no exports during the same period last fiscal.
- ❖ Liberia and Egypt were among the nations that recorded no imports during April - September 2018 against substantial export during the same period last fiscal. USA also saw significant downfall in imports from India.

Table 16: Export of Auto Components

US\$ Million

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
Top 5 Importers						
U S A	86.33	108.50	25.68	484.56	603.71	24.59
TURKEY	35.42	26.59	-24.93	175.07	182.37	4.17
BANGLADESH	19.00	20.61	8.47	117.42	163.75	39.45
BRAZIL	21.56	25.03	16.06	119.36	149.13	24.94
GERMANY	21.44	21.83	1.81	106.59	128.20	20.27
High cumulative growth						
ROMANIA	3.77	9.56	153.71	14.08	51.98	269.25
COLOMBIA	4.10	7.90	92.71	22.45	42.21	88.00
MYANMAR	2.25	3.50	55.14	10.20	18.37	80.15
VIETNAM SOC	13.63	15.30	12.30	52.37	76.96	46.95
U A E	8.20	24.05	193.37	55.21	79.42	43.83
JAPAN	13.04	12.00	-7.95	60.25	85.62	42.09

COUNTRY	SEPTEMBER, 2017	SEPTEMBER, 2018	Growth (%)	APRIL, 2017 - SEPTEMBER, 2017	APRIL, 2018- SEPTEMBER, 2018	Growth (%)
BANGLADESH	19.00	20.61	8.47	117.42	163.75	39.45
EGYPT	5.96	7.28	22.31	28.42	38.86	36.71
SWEDEN	3.87	4.40	13.61	19.94	25.96	30.20
Sharp cumulative decline						
PERU	4.90	2.78	-43.21	17.15	10.82	-36.90
NETHERLAND	3.19	2.26	-29.32	18.39	15.63	-15.00
POLAND	4.73	3.80	-19.70	24.38	21.23	-12.91
CANADA	6.10	6.49	6.49	43.29	37.85	-12.57
SOUTH AFRICA	5.47	7.58	38.54	49.26	43.24	-12.22

(Source: Department of Commerce and CSO)

- ❖ USA is the topmost importer of auto components/parts from India during April-September 2018 with a share of 21.34 percent in India's global exports of auto components. Turkey and Bangladesh were the immediate followers of USA with 6.45 percent and 5.79 percent shares respectively.
- ❖ Romania, Colombia and Myanmar are among the prominent nations recorded significant increase in imports of Indian Auto Components/Parts during April-September 2018-19 over April-September 2017-18.
- ❖ Peru and Netherland conceded highest declines in imports during April-September 2018-19 over the same period last fiscal followed by Poland and Canada.

8. Import analysis of engineering goods

India's engineering imports during September 2018 were valued at US\$ 8064.26 million compared to US\$ 8028.2 million in September 2017 registering a marginal growth of 0.4 percent.

On the other hand, India's merchandise imports grew by 10.45 percent year-on-year during the month concerned to reach US\$ 41.93 billion from US\$ 37.96 billion during September 2017.

The share of engineering imports in India's total merchandise imports was estimated at a lower 19.3 percent in September 2018 as against 21.4 percent in August, 19.8 percent in July, 18.7 percent in June and 20.6 percent in May 2018. The share of engineering imports for the year 2017-18 stood at around 20.2 percent compared to 21.3 percent in 2016-17.

The monthly engineering import figures for fiscal 2018-19 vis-à-vis 2017-18 are below as per the latest availability of data.

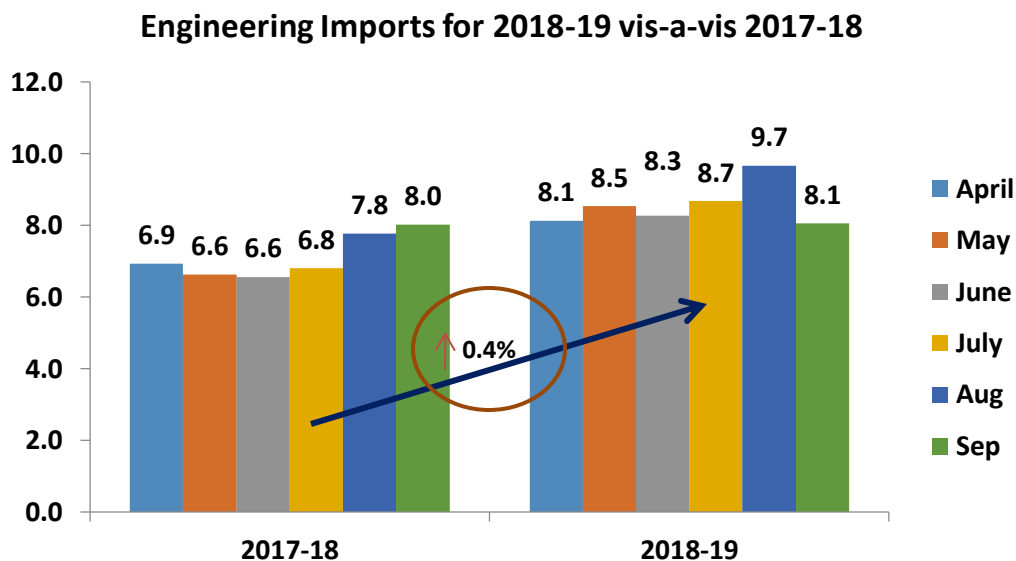
Table 17: Engineering Imports
(US\$ million)

Months	2017-18	2018-19	Growth (%)
April	6936.7	8139.45	17.34
May	6628.73	8535.98	28.77
June	6567.1	8268.14	25.90
Quarter 1 (April-June)	20132.53	24943.57	23.90
July	6811.16	8683.39	27.49
August	7769.3	9667.6	24.43
September	8028.2	8064.26	0.45
Quarter 2 (July-September)	22608.66	26415.25	16.84
April-September	42741.19	51358.82	20.16

(Source: Department of Commerce, Government of India)

Figure 3 below depicts the monthly trend in engineering imports for 2018-19 vis-à-vis 2017-18

Figure3: Trend in monthly engineering imports for 2018-19 (US\$ billion)



(Source: EEPC India analysis)

9. Trend in two-way engineering trade

We now present the trend in the two way yearly trade for the engineering sector from 2014-15 to 2017-18 in the table below:

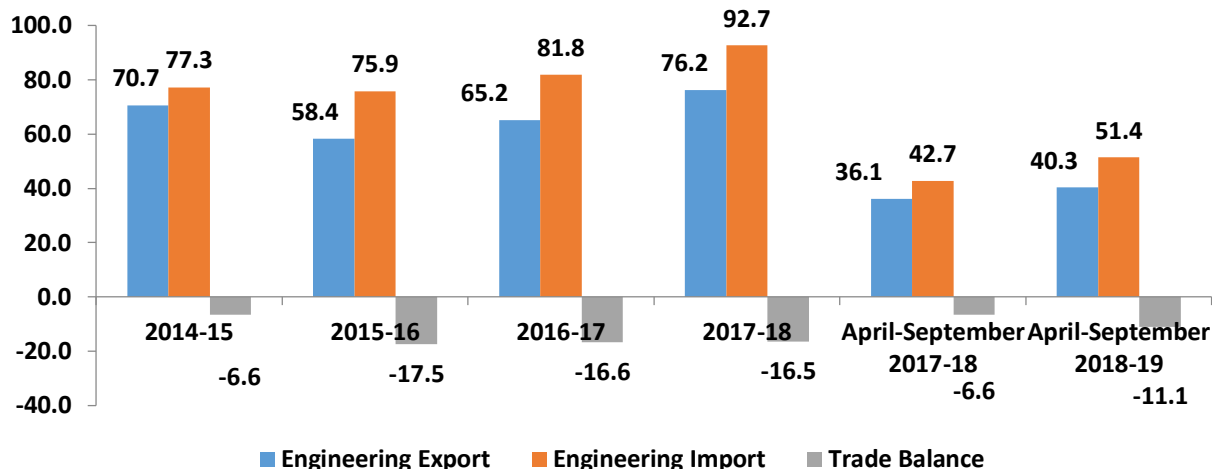
Table 18: Engineering trade
(US\$ million)

	2014-15	2015-16	2016-17*	2017-18	Growth %	April-September 2017-18	April-September 2018-19	Growth %
Engineering exports	70661.2	58351.58	65239.19	76208.44	16.81	36103.82	40331.43	11.71
Engineering imports	77279.45	75859.72	81834.75	92692.13	13.27	42741.19	51358.82	20.16
Trade balance	-6618.25	-17508.1	-16595.6	-16483.7		-6637.37	-11027.4	

(*) Figures for 2016-17 both the Engineering Export and Import values are updated as per latest Quick Estimate values

Figure 4 below depicts the yearly trend in engineering trade **from 2014-15 to 2017-18 and April-September of the current fiscal 2018-19**

Figure 3: Trend in monthly engineering trade (US\$ billion)



10. Conclusion

Both merchandise as well as engineering exports in September 2018 declined on a year-on-year basis for the first time in fiscal 2018-19. As stated earlier, there was no substantial decline in absolute value of exports during September 2018 in comparison to other months of fiscal 2018-19 but an abnormally high overseas shipment in September 2017 to escape the imminent cut in pre-GST duty drawback rates resulted in a year-on-year trend.

On a cumulative basis, both merchandise as well as engineering exports are very much on the growth path. This poor show in one month is not likely to reverse the trend of exports and exports are expected to come back to growth path in October 2018.

However, the concerns on higher exports remain the same that may dampen the prospect of Indian overseas shipment in the short term as mentioned in our earlier analysis. The key bottlenecks to growth of engineering export are the growing tension in global trade especially among the large economies, initiation of safeguard investigation by the European Commission on import of selected steel products, US investigation on India's compliance with the norms under Generalised System of Preference and possible extinction of India's export subsidy schemes following appeal from developed economies before WTO. Concern on GST and ITC refund have subsided to some extent but rising raw material cost still remains a major hindrance to engineering exports.
