

Engineering Exports and Imports Monitor

January 2019



Engineering the future

EEPCINDIA
ENGINEERING THE FUTURE

Analysis of Indian engineering exports and imports for January 2019

India's Merchandise Trade scenario

- ❖ Merchandise export growth accelerated to 3.74 percent year-on-year in January 2019 from a meagre 0.34 in the previous month and 0.8 percent in November 2018. Merchandise exports during January 2019 stood at US\$ 26.36 Billion as compared to US\$ 25.41 Billion in January 2018. In rupee terms also, year-on-year merchandise exports grew faster at 15.31 percent as against 10.48 percent in December 2018.
- ❖ Noticeable contraction in exports of Petroleum Products (19.02%), 'Mica, Coal & Other Ores, Minerals including processed minerals' (6.07%) and Marine products (8.73%) among others restricted the growth of overall merchandise exports during January 2019. However, decent growth in exports of Drugs & Pharmaceuticals (15.2%), Organic & Inorganic Chemicals (15.56%), RMG of all Textiles (9.33%) and Gems and Jewellery (6.67%) saved overall merchandise exports from a decline.
- ❖ Cumulative export growth slowed down to single digit. Cumulative merchandise exports for the period April-January 2018-19 stood at US\$ 271.80 Billion as against US\$ 248.18 Billion during the corresponding period of the previous fiscal, registering a growth of 9.52 percent year-on-year.
- ❖ India's Merchandise Imports crawled up by a marginal 0.01 percent year-on-year in January 2019 as against a decline in the previous month. Imports in January 2019 recorded at US\$ 41.09 billion as against US\$ 41.08 billion in January 2018. In rupee terms however, imports recorded a double-digit growth at 11.16 percent over the same month last year.
- ❖ Major commodity groups of imports showing contraction in imports during January 2019 over the same month last year were 'Metaliferrous ores & other minerals' (48.87%), 'Pearls, Precious and Semi-precious Stones' (36.51%), Transport equipment (21.43%), Vegetable Oil (19.89%) and 'Petroleum, Crude and Products' (3.59%). On the other hand, import of Gold (38.16%), Iron & Steel (17.57%), Non-ferrous metals (10.41%) and Machinery, electrical & non-electrical (10.19%) increased year-on-year.
- ❖ Cumulative value of imports for the period April-January 2018-19 however recorded a higher 11.27 percent growth as it surged to US\$ 427.73 billion from US\$ 384.42 billion during the period April-January 2017-18.
- ❖ Trade deficit narrowed down by 6.0 percent to US\$ 14.73 billion in January 2019 from US\$ 15.67 billion a year ago due to lower import. Cumulative trade deficit during April-December 2018-19 however zoomed by 14.44 percent to US\$ 155.93 billion from US\$ 136.25 billion during April-January 2017-18.

India's Engineering Exports scenario

- ❖ After declining in the previous two months, Indian engineering exports bounced back to growth path in January 2019, however with a feeble 1.39 percent increase over the same month last fiscal. Overseas shipment of engineering exports was recorded at US\$ 6,303.46 million in January 2019 as against US\$ 6,217.28 million during the same month last fiscal.
- ❖ Inadequate credit flow to export sector, delay in input tax credit refund and high ocean freight cost accompanied by external impediment like panic on US-china trade war has been keeping engineering exports subdued in the last few months.
- ❖ Cumulative engineering exports during April-January 2018-19 grew by 5.48 percent over the same period last fiscal. Engineering exports during the first ten months of fiscal 2018-19 stood at US\$ 65,427.54 million as against US\$ 62,027.09 million during the corresponding period of the previous fiscal.
- ❖ The share of engineering exports in India's total merchandise exports surged to slid to 23.91 percent in January 2019 from 24.76 percent in December 2018. The share was seen at 24.07 percent when cumulative engineering export for April-January 2018-19 was taken into consideration.

India's Engineering Imports scenario

- ❖ India's Engineering imports during January 2019 were valued at US\$ 9236.01 million compared to US\$ 8959.49 million in January 2018 registering 3.1 percent in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports is estimated at a higher 22.5 percent in January 2019 as against 21.8 percent in January 2018.

1. Trend in overall merchandise trade

Merchandise export growth accelerated to 3.74 percent year-on-year in January 2019 from a meagre 0.34 in the previous month and from 0.8 percent in November 2018. Merchandise exports during January 2019 stood at US\$ 26.36 Billion as compared to US\$ 25.41 Billion in January 2018. In rupee terms also, year-on-year merchandise exports grew faster at 15.31 percent as against 10.48 percent in December 2018.

Noticeable contraction in exports of Petroleum Products (19.02%), 'Mica, Coal & Other Ores, Minerals including processed minerals' (6.07%) and Marine products (8.73%) restricted the growth of overall merchandise exports during January 2019. However, decent growth in exports of Drugs & Pharmaceuticals (15.2%), Organic & Inorganic Chemicals (15.56%), RMG of all Textiles (9.33%) and Gems and Jewellery (6.67%) saved exports from a decline.

Cumulative export growth slowed down to single digit largely due to marginal growth in the previous two months. Cumulative merchandise exports for the period April-January 2018-19

stood at US\$ 271.80 Billion as against US\$ 248.18 Billion during the corresponding period of the previous fiscal, registering a growth of 9.52 percent year-on-year.

Non-petroleum and Non Gems and Jewellery exports in January 2019 were US\$ 19.90 billion, as compared to US \$ 18.40 billion in January 2018, exhibiting a positive growth of 8.17 percent. Non-petroleum and Non Gems and Jewellery exports in April-January 2018-19 were US\$ 197.56 billion, as compared to US\$ 183.05 billion for the corresponding period in 2017-18, an increase of 7.92 percent.

India's Merchandise Imports crawled up by a marginal 0.01 percent year-on-year in January 2019 as against a decline in the previous month. Imports in January 2019 recorded at US\$ 41.09 billion as against US\$ 41.08 billion in January 2018. In rupee terms however, imports recorded a double-digit growth at 11.16 percent over the same month last year.

Major commodity groups of imports showing contraction in imports over the same month last year were 'Metaliferrous ores & other minerals' (48.87%), 'Pearls, Precious and Semi-precious Stones' (36.51%), Transport equipment (21.43%), Vegetable Oil (19.89%) and 'Petroleum, Crude and Products' (3.59%). On the other hand, import of Gold (38.16%), Iron & Steel (17.57%), Non-ferrous metals (10.41%) and Machinery, electrical & non-electrical (10.19%) increased year-on-year.

Cumulative value of imports for the period April-January 2018-19 however recorded a higher 11.27 percent growth as it surged to US\$ 427.73 Billion from US\$ 384.42 Billion during the period April-January 2017-18.

Oil imports in January 2019 were US\$ 11.24 Billion, which was 3.59 percent lower in Dollar terms compared to US\$ 11.66 Billion in January 2018. Oil imports in April-January 2018-19 were US\$ 119.34 Billion, which was 36.65 percent higher in Dollar terms compared to US\$ 87.33 Billion over the same period last year. In this connection it is mentioned that the global Brent price (\$/bbl) has decreased by 14.09% in January 2019 vis-à-vis January 2018 as per data available from World Bank.

Non-oil imports in January 2019 were estimated at US\$ 29.85 Billion, which was 1.43 percent higher in Dollar terms compared to US\$ 29.42 Billion in January 2018. Non-oil imports in April-January 2018-19 stood at US\$ 308.39 Billion which was 3.80 percent higher in Dollar terms compared to US\$ 297.09 Billion in April-January 2017-18.

Trade deficit narrowed down by 6.0 percent to US\$ 14.73 billion in January 2019 from US\$ 15.67 billion a year ago due to lower import. Cumulative trade deficit during April-December 2018-19 however zoomed by 14.44 percent to US\$ 155.93 billion from US\$ 136.25 billion during April-January 2017-18.

2. Engineering exports

After declining in the previous two months, Indian engineering exports bounced back to growth path in January 2019, however with a feeble 1.39 percent increase over the same month last fiscal. Overseas shipment of engineering exports was recorded at US\$ 6,303.46 million in January 2019 as against US\$ 6,217.28 million during the same month last fiscal.

Inadequate credit flow to export sector, delay in input tax credit refund and high ocean freight cost accompanied by external impediment like panic on US-china trade war has been keeping engineering exports subdued in the last few months.

Cumulative engineering exports during April-January 2018-19 grew by 5.48 percent over the same period last fiscal. Engineering exports during the first ten months of fiscal 2018-19 stood at US\$ 65,427.54 million as against US\$ 62,027.09 million during the corresponding period of the previous fiscal.

The share of engineering exports in India's total merchandise exports surged to slid to 23.91 percent in January 2019 from 24.76 percent in December 2018. The share was seen at 24.07 percent when cumulative engineering export for April-January 2018-19 was taken into consideration.

The monthly engineering figures for 2018-19 vis-à-vis 2017-18 are depicted below as per the latest availability of figure:

Table1: Engineering Exports
(US\$ million)

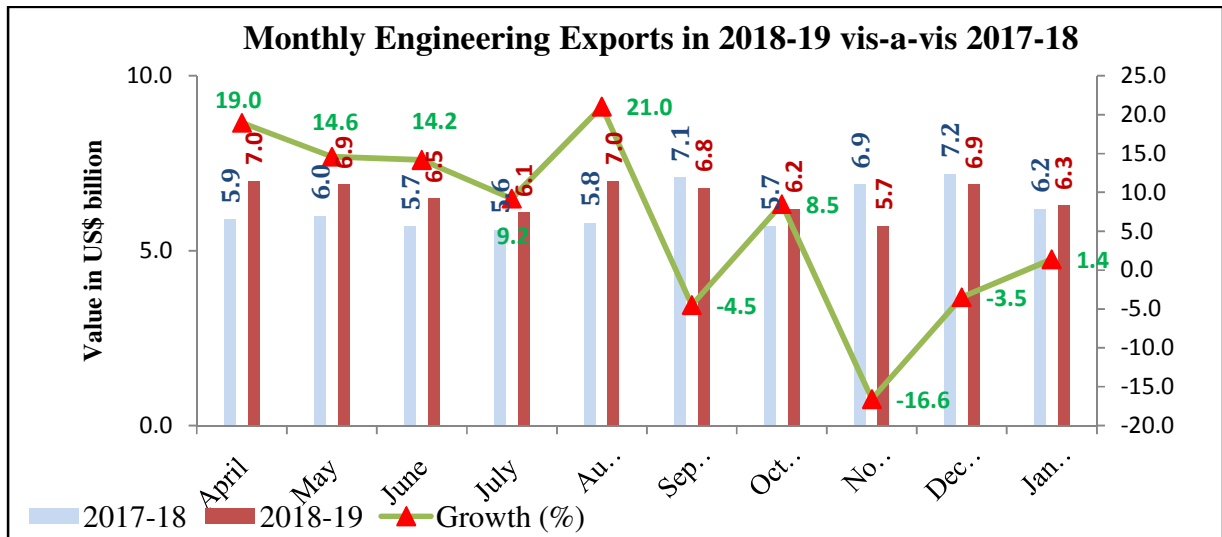
Month	2017-18	2018-19	Growth (%)
April	5902.86	7021.81	18.96
May	6047.26	6929.62	14.59
June	5703.28	6511.59	14.17
April-June	17653.40	20463.02	15.92
July	5595.63	6111.85	9.23
August	5766.60	6979.77	21.04
September	7088.19	6769.32	-4.50
July-September	18450.42	19860.94	7.64
October	5669.59	6153.11	8.53
November	6872.84	5737.05	-16.53
December	7163.56	6909.96	-3.54

Month	2017-18	2018-19	Growth (%)
October-December	19705.99	18800.12	-4.60
January	6217.28	6303.46	1.39
April-January	62027.09	65427.54	5.48

Source: Department of Commerce

Figure 1 below depicts the monthly trend in engineering exports during Fiscal 2018-19 in comparison to fiscal 2017-18.

Figure1: Trend in Monthly Engineering Exports (In US\$ billion)



(Source: DGCIS; EEPC India analysis)

Correlation between Manufacturing Production and Engineering Exports

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 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. However, these two moved in opposite directions in each month between June and August 2018. During June and July, manufacturing growth surged but engineering exports growth moderated, while in August, just the reverse happened. Again the next four months saw both of them moving in the same direction. In September 2018, engineering exports declined and manufacturing growth slowed down. October 2018 witnessed rebound in engineering exports to growth path and acceleration in manufacturing growth. In November 2018, both manufacturing output and engineering exports declined over the same month last fiscal while In December 2018, decline in engineering export slowed down considerably and manufacturing came back to growth path. The manufacturing Index in the Index of Industrial Production (IIP) stood at 132.1 in December 2018 as against 126.9 in November 2018, 133.9 in October and 131.6 in September 2018.

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 (2018-19)

Months/ Year	Engg. Export growth (%)	Manufacturing growth (%)
April-March 2017-18	16.81	4.5
April 2018	18.96	4.9
May 2018	14.59	3.6
Jun 2018	14.17	6.9
April-June 2018	15.92	5.1
July 2018	9.23	7.0
August 2018	21.04	5.2
September 2018	-4.49	4.8
July-September 2018	7.65	5.6
October 2018	8.51	8.2
November 2018	-16.40	-0.6
December 2018	-3.54	2.7

Months/ Year	Engg. Export growth (%)	Manufacturing growth (%)
October-December 2018	-4.60	3.4
January 2019	1.39	N A

(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	5669.59	10.44%
November	4841.37	6872.84	41.96%
December	5688.32	7163.56	25.93%
Quarter 3	15663.27	19705.99	25.81%
January	5334.66	6217.28	16.55%
February	6501.99	6332.64	-2.60%
March	7706.18	7850.32	1.87%
Quarter 4	19542.83	20400.24	4.39%
April-March	65239.19	76210.05	16.82%

Source: DGCI&S (Data Revised up to January 2019)

3. Impact of Exchange Rate

How has the exchange rate changed in January 2019 vis-à-vis January 2018? In order to find it out, we look at the monthly average exchange rate for both January 2019 and January 2018. The table below provides the same:

Table 4: Average exchange rate

January	Average exchange rate 1 USD to INR
2018	63.64
2019	70.73

(Source: Calculated from RBI archive)

During January 2019, the official exchange rate of rupee vis-à-vis the US Dollar depreciated by 11.14 percent over January 2018. The pace of year-on-year depreciation in January 2019 accelerated from that of in December 2018 at 10.10 percent.

4. Panel-wise analysis of engineering exports

We begin by looking at the engineering panel-wise exports for the month of January 2019 vis-à-vis January 2018. The data is given in Table 5.

Table5: Trends in engineering panel exports for January 2019 compared to January 2018 (US\$ million)

Sl no.	Panel	January 2018	January 2019	Growth %	April-January 2017-18	April-January 2018-19	Growth %
1. Iron and Steel and Products of Iron and Steel							
A	A. Iron and Steel	916.07	817.82	-10.7	9320.52	8022.3	-13.9
B	B. Products of Iron and Steel	560.13	623.99	11.4	5580.55	5947.24	6.6
Subtotal		1476.2	1441.81	-2.33	14901.1	13969.5	-6.25
2. Non Ferrous Metals and Products							
A	Copper and products	321.91	75.43	-76.57	2903.18	881.12	-69.65
B	Aluminium and products	439.12	474.16	7.98	3892.38	4842	24.40
C	Zinc and products	83.07	68.44	-17.61	741.95	521.67	-29.69
D	Nickel and products	2.94	6.79	130.95	37.99	62.08	63.41
E	Lead and products	36.39	38.05	4.56	298.02	339.52	13.93
F	Tin and products	1.24	0.56	-54.84	8.86	7.32	-17.38
G	Other Non-Ferrous Metals	41.63	44.59	7.11	412.06	444.88	7.96
Sub Total		926.3	708.02	-23.56	8294.44	7098.59	-14.42
3. Industrial Machinery and parts							
A	Industrial Machinery like Boilers, parts, etc	57.95	78.96	36.3	476.27	610.87	28.3
B	IC Engines and Parts	164.94	198.44	20.3	2023.4	2276.2	12.5
C	Pumps of all types	77.75	81.07	4.27	798.05	819.96	2.75
D	Air condition and Refrigerators	125.33	133.18	6.3	996.23	1651.59	65.8
E	Industrial Machinery for dairy, food processing , textiles etc	428.69	456.29	6.4	4301.83	4794.42	11.5
F	Machine Tools	33.74	39.03	15.68	384.78	400	3.96
G	Machinery for Injecting moulding, valves and	120.65	139.14	15.3	1254.03	1320.9	5.3

SI no.	Panel	January 2018	January 2019	Growth %	April-January 2017-18	April-January 2018-19	Growth %
	ATMs						
	Sub Total	1009.05	1126.11	11.6	10234.6	11873.9	16.0
4	Electrical Machinery	702.9	674.21	-4.08	5351.71	6928.38	29.46
A	Motor Vehicle/cars	708.89	620.53	-12.5	6825.41	7024.77	2.9
B	Two and Three Wheelers	150.98	144.46	-4.3	1641.69	1775.57	8.2
C	Auto Components/Part	435.43	494.49	13.56	4206.82	4762.06	13.20
	Sub Total	1295.3	1259.48	-2.77	12673.92	13562.4	7.01
6	Aircrafts and Spacecraft parts and products	174.32	106.82	-38.72	1707.63	1433.23	-16.07
7	Ships Boats and Floating products and parts	24.63	278.92	1032.44	2639.97	3412.39	29.26
8. Miscellaneous							
A	Medical and Scientific instruments	125.63	133.58	6.33	1338.9	1382.82	3.28
B	Railway Transport	9.11	22.98	152.25	222.3	303.15	36.37
C	Hand Tools & Cutting Tools	58.32	63.03	8.08	583.4	631.27	8.21
D	Electrodes Accumulators	3.14	4.69	49.36	36.63	44.23	20.75
E	Accumulator and Batteries	18.91	27.63	46.11	218.76	313.35	43.24
F	Bicycle and Parts	27.55	35.23	27.88	261.16	318.36	21.90
G	Cranes Lifts and Winches	33.43	46.47	39.01	299.19	408.77	36.63
H	Office Equipments	3.4	11.44	236.47	69.81	113.88	63.13
I	Other Construction Machinery	129.66	132.42	2.13	1148.07	1379.9	20.19
J	Prime Mica and Mica Products	1.29	4.68	262.79	17.23	24.36	41.38
K	OTHER MISC. ITEMS	198.15	225.94	14.03	2028.31	2228.98	9.89
	Sub total	608.58	708.09	16.35	6223.76	7149.07	14.87
	Total engineering exports	6217.29	6303.46	1.39	62027.09	65427.54	5.48

Some trends that need to be noted are:

- ❖ During April-January 2018-19, exports of engineering goods registered a growth of 5.48 percent compared to April- January 2017-18. While the monthly engineering exports registered a marginal increase to the extent of 1.4% from US\$ 6217.3 million in January 2018 to US\$ 6303.5 million in January 2019.

- ❖ 28 out of 33 engineering panels sharing almost 85 percent of the products recorded growth in exports during April- January 2018-19, over the same period last fiscal, while the remaining five panels demonstrated decline in exports.
- ❖ India's exports of Iron and Steel (constituting 12.3% share out of total engineering exports) decreased from US\$ 916 million in January 2018 to US\$ 817.8 million in January 2019, recording a decline of 10.7 percent. Cumulative exports of Iron and Steel also recorded negative growth to the extent of 14% during April-January 2018-19 vis-a-vis April-January 2017-18. On the other hand, Products of Iron and steel recorded growth in exports both monthly as well as on cumulative basis to the extent of 11.4% and 6.6% respectively during Jan 2019 vis-a-vis Jan 18 and during April-Jan 2018-19 vis-a-vis April-Jan 2017-18 respectively.
- ❖ Among the seven non-ferrous metals and products, more than 50 percent i.e. four products recorded positive growth in January 2019 compared to January 2018. Nickel and products recorded highest growth of staggering 131 percent during January 2019 over the same period last fiscal. Aluminium and products and Lead and products also registered growth in exports both monthly to the extent of 8% and 5% respectively as well as on cumulative basis to the extent of 24% and 14% respectively during April-Jan 2018-19 compared to same period last fiscal.
- ❖ The cumulative figures for Industrial machinery (comprising of 18.1% export share out of total engineering exports) as a whole recorded growth in exports of 16 percent during April- January 2018-19 vis-à-vis the same period last fiscal. All the sectors under this panel recorded positive monthly and cumulative growth figures, with sectors like Air condition and Refrigerators recording highest growth in exports to the extent of 66 percent in April- January 2018-19 compared to April- January 2017-18. Industrial Machinery for Boilers, IC Engines, Machinery for dairy recorded double digit cumulative growth while the remaining panels recorded single digit growth.
- ❖ The electrical machinery and equipments panel (constituting 11% export share out of total engineering exports) recorded fall in exports in January 2019 by 4.1 percent after 7.8% growth observed in December 2018. Cumulative exports for April- January 2018-19 recorded 29.5 percent growth, moving up to US\$ 6928.4 million from US\$ 5351.71 million in April- January 2017-18.
- ❖ Exports of Auto and auto components recorded a decline of 2.8 percent during January 2019, descending from US\$ 1295.3 million in January 2018 to US\$ 1259.5 million in January 2019. The drop in monthly exports have been largely due to the fall in exports observed in Motor Vehicles/cars slumping by 12.5 percent in January 2019 and Two and Three Wheelers dipping by 4.3 percent. Cumulative exports for Auto and Auto parts recorded 7.01 percent growth for April- January 2018-19.

- ❖ Exports of Aircrafts and spacecraft parts and products recorded negative monthly growth in January 2019 to the extent of 38.72 percent compared to January 2018 as well as negative cumulative growth by 16.07 percent during April- January 2018-19 over the same period last year. Ships, Boats and Floating Structures recorded staggering growth in exports during January 2019 scaling up from US\$ 24.63 million in January 2018 to US\$ 278.92 million in January 2018. Similar trend was also observed during December 2018.
- ❖ It has been observed that all sectors under panel namely miscellaneous registered positive monthly as well as cumulative growth in exports. Office Equipments recorded highest cumulative growth of 63.13 percent during April-Jan 2018-19 followed by Accumulators and batteries growing by 43.24 percent. Cranes, lifts and winches and Railway Transport equipment recorded substantial growth in exports to the extent of 36.63 percent and 36.37 percent during April- January 2018-19 over the same period last year.

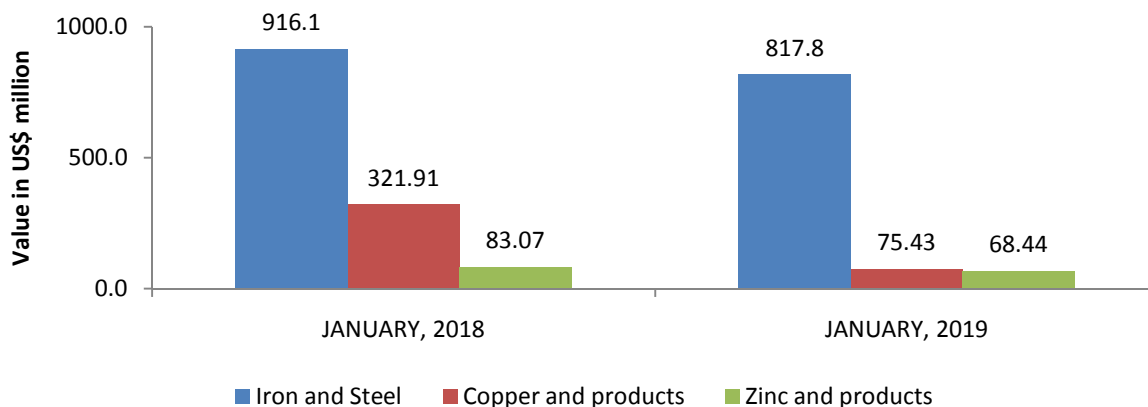
Products with negative growth in January 2019 compared to January 2018 and April-January 2018-19 vis-a-vis April-January 2017-18

- a) In our view, while the exchange rate may be a factor in the margin, the main reasons for the falling engineering exports is the sharp decline in exports in both ferrous and non-ferrous primary products. Some heavy ticket exports products which have shown drastic fall are:
- a. Exports of primary steel under Chapter 72: fell by 10.7% in January 2019 and 14% in the first ten months.
 - b. Exports of Copper and Copper products under Chapter 74: fell by 76.6% in January 2019 and 69.6% in first the ten months.
 - c. Exports of Zinc and products: fell by 17.6% in January 2019 and 29.7% in the first ten months
 - d. Exports of Tin and products: fell by 54.8% in January 2019 and 17.4% in the first ten months

The cumulative impact of the fall in the above four product lines is USD 3.542 billion for the first ten months (without any growth). Had this figure been added to the USD 65 billion for the first ten months of the current fiscal, our exports growth would have been shot up to over 11.2% than the current growth rate of over 5.5%, even if we assume that there was no growth in the above four metals and non ferrous metals exports.

Figure 2

Slump in ferrous and non ferrous metal exports during January 2019 v/s January 2018



Reasons for the fall

Iron and Steel

- There was a fall in the exports by 10.73 % (i.e. USD 817.82 million) in January 2019 vis-à-vis January 2018. Cumulatively, the decline was 13.93% (i.e., around USD 8022.3 million) in first 10 months (April-January 2019) vis-à-vis same period last year.
- Reasons for the fall as per the feedback from Industry (both producers and users) has been stated to be that the domestic price realization is far better than external prices. Further, global price trends also indicate that the Chinese have dropped steel prices between 10% and 15% in various categories and this has further impacted our steel exports negatively.
- Decline in growth has been observed in Belgium (-17.83%), Indonesia (-27.88%), South Korea (-17.57%), Malaysia (-28.83%), USA (-57.54%). It is clear from these facts that the protectionist policies adopted by EU, US are also responsible for the decline in exports of steel.
- Government intervention needed for reducing steel prices in India so that the steel industry could compete with their global counter parts. High logistic, finance cost, power cost, cess are making Indian steel industry commercially non-competitive. These areas need emphasis from the Government to ensure competitiveness of the industry in the global market.

Copper and Copper products:

- There was a fall in the exports by 76.57 % (i.e. USD 75.43 million) in January 2019 vis-à-vis January 2018. Cumulatively, the decline was 69.65 % (i.e., around USD

881.12 million) in first 10 months (April-January 2018-19) vis-à-vis same period last year.

- Major fall in export observed in UAE (-32.31%), Nepal (-13.28%), Bangladesh (-6.33%), South Korea (-96.50%), China (-99.04%).
- Indian domestic refined copper production has fallen significantly during the first half of 2018-19 mainly due to the shutdown of the 400 KT, Tuticorin smelter of Sterlite which accounted for 40% of the country's copper smelting capacity.
- Recently Supreme Court refused to allow Vedanta plan to reopen Sterlite Copper's Tuticorin plant. Therefore, in this context, EEPC India feels that the trend in exports of copper will continue.
- Domestic industry rely heavily on imports of copper concentrate from far off countries, particularly from South Africa in a big way. This really increases the cost of production. The duty on the copper concentrate is presently 2.5% finished goods coming at zero duty, there is a situation of inverted duty structure. Government could consider removal of this duty in order to help the industry becoming globally competitive.
- Another source of imports of copper concentrate was Indonesia which according to industry has imposed an export tax. This in turn is making our imports expensive.
- Indonesia is a FTA partner of India under India – ASEAN FTA and the Government should take up this issue at G2G level.

Zinc and Zinc products:

- There was a fall in the exports by 17.61 % (i.e. USD 68.44 million) in January 2019 vis-à-vis January 2018. Cumulatively, the decline was 29.69 % (i.e., around USD 521.67 million) in first 10 months (April-January 2018-19) vis-à-vis same period last year.
- Exports fell mainly in Bangladesh (-17.71%), Japan (-52.66%), Singapore (-82.42%), Malaysia (-98.83%), Sri Lanka (-32.41%).
- There has been a drop in production of zinc by Hindustan Zinc Ltd for the first nine months by 11%. The shortfall in production has led to reduced allocation for exports in order to meet domestic demand. In addition, lower international prices have also contributed to the reduction in the value of exports.

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 April-January2018 over April- January2017 in absolute value and also for January2018 viz-a-viz January2017.

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

Country	January 2018	January 2019	Growth (%)	April-January 2017-18	April-January 2018-19	Growth (%)
U S A	864.73	1034.49	19.63	8370.75	9796.48	17.03
UAE	229.94	366.34	59.32	3608.50	3676.45	1.88
GERMANY	294.70	227.26	-22.88	2593.21	2718.43	4.83
NEPAL	260.29	247.39	-4.96	2049.72	2551.59	24.48
U K	267.47	225.04	-15.86	2369.82	2323.56	-1.95
BANGLADESH	210.94	215.96	2.38	1949.93	2282.36	17.05
MEXICO	191.89	172.24	-10.24	2217.45	2092.33	-5.64
ITALY	175.56	190.06	8.26	2033.65	1842.01	-9.42
SINGAPORE	99.30	203.94	105.37	1589.57	1634.57	2.83
TURKEY	195.79	131.13	-33.03	1384.35	1532.01	10.67
MALAYSIA	196.31	166.32	-15.28	1745.15	1493.06	-14.45
INDONESIA	167.70	172.75	3.01	1427.15	1477.43	3.52
CHINA	305.51	126.11	-58.72	2608.16	1458.59	-44.08
KOREA RP	184.65	120.03	-35.00	1575.51	1453.93	-7.72
SRI LANKA	88.30	192.73	118.27	1170.99	1445.27	23.42
BELGIUM	134.64	114.81	-14.73	1110.33	1406.49	26.67
SOUTH AFRICA	80.48	85.17	5.82	1130.59	1358.91	20.19
THAILAND	106.68	113.05	5.97	1003.26	1342.52	33.82
SAUDI ARAB	110.47	124.09	12.33	1046.15	1182.93	13.07
FRANCE	108.74	111.53	2.57	1167.59	1136.28	-2.68
JAPAN	95.40	95.75	0.36	837.94	1030.57	22.99
NIGERIA	89.58	103.73	15.80	668.55	1024.66	53.27
SPAIN	85.13	87.54	2.82	917.86	964.36	5.07
VIETNAM	62.66	96.72	54.35	1008.08	857.71	-14.92
NETHERLAND	71.10	81.58	14.74	700.47	850.61	21.43
Top 25 Countries Total	4677.97	4805.75	2.73	46284.73	48933.08	5.72
Grand Total	6217.29	6303.46	1.39	62027.09	65427.54	5.48
Share % Total Engineering Exports	75.24	76.24		74.62	74.79	

Note: Red font indicates negative growth

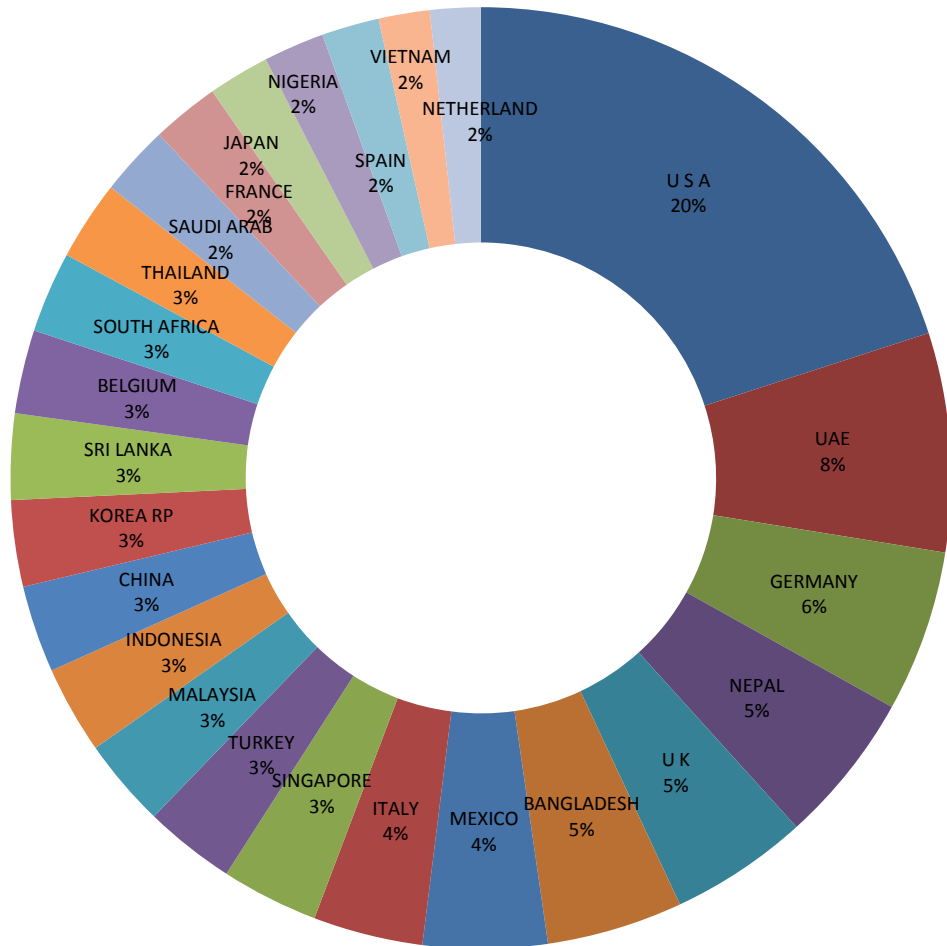
(Source: Department of Commerce, Government of India)

The country wise engineering export figures for January 2019 show the following facts:

- ❖ In 17 out of 25 countries, engineering exports recorded positive cumulative growth during April- January 2018-19 over April- January 2017-18.
- ❖ USA like before retained its numero uno position, being the top exporting destination for India's engineering products on a cumulative basis during April- January 2018-19 and also on a monthly in January 2019. It registered significant positive cumulative growth during April- January 2018-19 over April- January 2017-18 of 17.03 percent.
- ❖ UAE and Germany ranked next in terms of cumulative engineering imports during April-January 2018-19 over April-January 2017-18 registering moderate growth.
- ❖ India's engineering exports to China recorded highest negative growth in January 2019 over the same month last year of 58.72 percent.
- ❖ Among European nations falling under the top 25 engineering exports destinations, exports to Belgium like the previous month recorded the highest growth of 26.67 percent on a cumulative basis. Engineering exports to other European nations like Germany and Spain also registered positive cumulative growth during April-January 2018-19 over April-January 2017-18.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Thailand recorded the highest cumulative growth during April-January 2018-19 over April-January 2017-18, while Singapore recorded the highest monthly growth in January 2019 over the same month last year. Unlike the previous month, Singapore reverted and recorded positive cumulative growth during April- January 2018-19 vis-à-vis April-January 2017-18 along with Indonesia.
- ❖ India's engineering exports to its top 25 nations accounted for 76.24 per cent of India's total engineering exports in January 2019.
- ❖ India's engineering exports to its top 25 destinations during April- January 2018-19 over April- January 2017-18 was marginally higher compared to India's total global engineering exports during the same period.

We present pie chart showing the share percentage of India's top exporting destination (top 25 destinations) comprising an export share of more than 76% of India's global engineering exports.

Figure 3: Share% of India's top exporting destinations during April-January 2018-19



Source: EEPC India analysis

6. Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for January 2019 as opposed to January 2018. Table7 gives this picture:

Table -7: Region wise exports trend

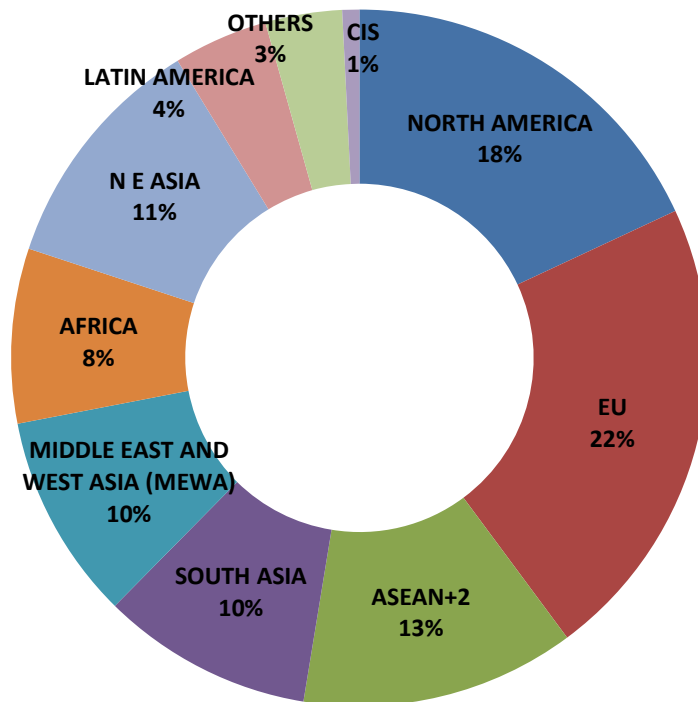
US\$ million

Regions	January 2019	January 2018	Growth (%)	April-January 2018-19	April-January 2017-18	Growth (%)
EU	1352.43	1261.83	-6.70	12942.90	13428.03	3.75
NORTH AMERICA	1123.94	1285.98	14.42	11143.80	12609.54	13.15
ASEAN+2	791.98	917.67	15.87	8352.05	8436.07	1.01
MIDDLE EAST AND WEST ASIA (MEWA)	596.08	677.88	13.72	7272.13	7563.52	4.01
SOUTH ASIA	609.96	703.93	15.41	5628.05	6797.94	20.79
AFRICA	504.30	590.53	17.10	5683.05	6521.19	14.75
N E ASIA	695.42	422.23	-39.28	5899.45	4781.38	-18.95
LATIN AMERICA	272.40	227.77	-16.38	2798.42	2809.67	0.40
OTHERS	221.28	160.04	-27.68	1731.05	1836.55	6.10
CIS	49.51	55.60	12.31	576.20	643.63	11.70
Grand Total	6217.29	6303.46	1.39	62027.09	65427.54	5.48

(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 4: India's region wise exports during January 2019



(Source: EEPC India analysis)

- ❖ North America ranked the region with highest shipment of engineering products from India during January 2019 with a share of 20.4 percent of total engineering exports.
- ❖ India's exports to African countries recorded the highest positive growth in January 2019 vis-à-vis January 2018, followed by ASEAN+2.
- ❖ India's exports to EU and ASEAN+2 ranked second and third in global shipments of Indian engineering goods during January 2019 with a share of 20.02 percent and 14.56 percent of total engineering exports respectively.
- ❖ South Asia, MEWA and CIS recorded positive growth in exports during January 2019 vis-à-vis January 2018.
- ❖ Baring North East Asia, all the other regions recorded positive cumulative growth in exports of engineering products from India during April- January 2018-19 over April- January 2017-18.

7. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during January 2019. 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	JANUARY 2018	JANUARY 2019	Growth (%)	APRIL, 2017- JANUARY 2018	APRIL, 2018 - JANUARY 2019	Growth (%)
Top Five Importers						
NEPAL	90.12	90.64	0.57	686.41	1001.65	45.93
ITALY	75.89	85.04	12.06	840.88	628.39	-25.27
UAE	64.79	77.10	19.00	614.38	599.59	-2.41
BELGIUM	51.24	42.10	-17.83	627.19	501.93	-19.97
KOREA	29.60	24.40	-17.57	288.87	386.71	33.87
High cumulative growth						
DJIBOUTI	5.73	1.57	-72.62	31.90	61.20	91.85
BHUTAN	3.36	3.55	5.48	25.27	43.38	71.71
NIGERIA	1.81	2.48	36.89	28.59	47.28	65.38
CANADA	2.60	5.87	125.87	30.61	50.38	64.57
NEPAL	90.12	90.64	0.57	686.41	1001.65	45.93
AUSTRALIA	2.98	3.47	16.38	25.63	34.52	34.66
GERMANY	11.69	14.44	23.55	101.61	136.57	34.40
QATAR	1.65	2.84	72.33	44.46	59.73	34.34
Sharp cumulative decline						
HONG KONG	5.75	8.85	54.00	116.45	51.72	-55.59
INDONESIA	37.31	26.91	-27.88	465.34	240.28	-48.36
IRAN	11.65	2.24	-80.74	112.66	59.03	-47.60
PHILIPPINES	24.31	2.30	-90.52	156.15	83.69	-46.40
VIETNAM	21.54	47.21	119.14	537.26	305.83	-43.08
SRI LANKA	12.76	27.00	111.59	226.29	138.16	-38.94
TAIWAN	37.15	9.16	-75.34	313.25	197.42	-36.98
U S A	37.37	15.87	-57.54	307.14	211.89	-31.01

(Source: Department of Commerce, Government of India)

- ❖ Nepal, Italy and UAE were the three top three importers of Indian Iron and Steel during April - January 2018 with market shares of 12.49 percent, 7.83 percent and 7.47 percent respectively.

- ❖ Djibouti recorded more than 90 percent year-on-year growth in exports of Indian Iron and Steel during April-January 2018.
- ❖ Hong Kong, Indonesia and Iran experienced sharp downfall in exports during April-January 2018.

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

COUNTRY	JANUARY 2018	JANUARY 2019	Growth (%)	APRIL, 2017- JANUARY 2018	APRIL, 2018- JANUARY 2019	Growth (%)
Top Five Importers						
U S A	131.53	148.31	12.75	1349.18	1374.96	1.91
U A E	32.51	43.83	34.84	341.49	371.41	8.76
GERMANY	34.61	40.73	17.66	318.51	358.67	12.61
U K	26.88	28.92	7.61	239.18	263.16	10.03
CANADA	30.26	35.96	18.84	190.30	233.83	22.88
High cumulative growth						
CHILE	1.50	1.39	-7.22	17.98	54.03	200.45
TANZANIA	1.56	2.93	87.73	35.07	71.93	105.12
EGYPT	2.68	3.86	43.81	43.76	81.59	86.45
QATAR	10.73	11.13	3.75	70.16	121.60	73.30
SINGAPORE	3.42	4.97	45.41	36.22	55.19	52.37
NEPAL	8.31	11.69	40.77	64.11	93.99	46.61
MEXICO	5.86	8.25	40.62	53.38	75.66	41.74
Sharp cumulative decline						
IRAN	1.13	0.72	-36.57	50.18	4.38	-91.27
OMAN	17.78	6.93	-61.03	162.17	66.14	-59.22
SENEGAL	2.40	1.28	-46.76	44.06	18.06	-59.01
COLOMBIA	1.03	5.66	447.03	64.99	34.70	-46.60
SAUDI ARAB	9.27	13.74	48.21	237.81	131.42	-44.74
MALAYSIA	4.62	2.53	-45.34	45.85	30.53	-33.40

(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 - January 2018 with 23.12 percent, 6.25 percent and 6.03 percent shares respectively in India's global import of the same.
- ❖ Chile and Tanzania were among the nations witnessing significant growth of more than 100 per cent in import of 'Products of Iron and Steel' during April - January 2018.

- ❖ Iran, Oman and Senegal conceded substantial decline in imports of more than half for the said product group from India during April - January 2018.

Table 10: Export of Industrial Machinery

US\$ Million

COUNTRY	JANUARY, 2018	JANUARY, 2019	Growth (%)	APRIL,2017 - JANUARY,2018	APRIL,2018 - JANUARY,2019	Growth (%)
Top Five Importers						
U S A	151.1	201.11	33.1	1572	1918.28	22.03
BANGLADESH	44.24	61.07	38.06	464.4	545.47	17.46
GERMANY	47.2	53.46	13.27	450.27	535.11	18.84
THAILAND	22.06	38.44	74.25	246.09	512.88	108.41
U K	42.85	28.78	-32.84	486.05	431.88	-11.15
High cumulative growth						
HONG KONG	1.75	1.57	-10.3	13.6	32.7	140.55
UZBEKISTAN	1.77	4.83	172.43	22.98	49.83	116.82
THAILAND	22.06	38.44	74.25	246.09	512.88	108.41
PORTUGAL	0.92	1.85	100.45	18.48	31.77	71.95
NIGERIA	23.09	39.81	72.4	187.29	316.22	68.84
TAIWAN	3.28	3.21	-2.25	28.68	45.54	58.78
TUNISIA	2.12	1.79	-15.31	15.21	23.34	53.49
ALGERIA	10.19	7.64	-25.02	55.13	83.57	51.57
DENMARK	4.75	2.36	-50.26	27.12	39.87	47.01
SPAIN	19.74	22.73	15.16	141.38	205.25	45.18
Sharp cumulative decline						
KUWAIT	15.88	5.92	-62.74	211.68	111.61	-47.27
SENEGAL	1.19	1.9	59.71	32.29	17.51	-45.79
MOZAMBIQUE	1.79	1.18	-34.45	22.41	14.47	-35.43
BHUTAN	2.12	2.34	10.78	35.35	23.58	-33.28
BRAZIL	19.02	15.06	-20.8	215.08	173.47	-19.35
HUNGARY	1.99	1.88	-5.83	26.05	21.05	-19.2

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April– January 2019 with 16.16 percent share in India's global import of the product group, followed by Bangladesh and Germany with 4.59 percent and 4.51 percent shares respectively.
- ❖ Hong Kong, Uzbekistan and Thailand were among the importing nations witnessed over 100 percent growths in imports of Industrial machinery from India during April - January 2019 over the same period last fiscal.

- ❖ Among the major importers, Senegal, Kuwait and Bhutan recorded sharp year-on-year declines in imports during April - January 2019.

Table 11: Export of Automobiles

US\$ Million

COUNTRY	JANUARY, 2018	JANUARY, 2019	Growth (%)	APRIL,2017 - JANUARY,2018	APRIL,2018 - JANUARY,2019	Growth (%)
Top Five Importers						
MEXICO	120.64	95.61	-20.75	1476.92	1122.92	-23.97
U S A	95.77	100.67	5.11	446.88	944.77	111.41
SOUTH AFRICA	32.71	35.05	7.15	646.5	622.43	-3.72
BANGLADESH	54.74	48.93	-10.6	481.58	584.94	21.46
NEPAL	36	35.5	-1.4	388.81	435.79	12.08
High cumulative growth						
U S A	95.77	100.67	5.11	446.88	944.77	111.41
BHUTAN	7.6	6.78	-10.81	34.8	70.44	102.43
CANADA	7.05	3.23	-54.25	53.75	108.6	102.02
NIGERIA	25.9	32.68	26.17	189.73	345.84	82.28
TUNISIA	4.05	2.44	-39.83	39.61	59.21	49.49
EGYPT	8.29	13.37	61.32	86.59	121.72	40.57
BELGIUM	2.18	6.22	185.98	41.71	55.66	33.44
COLOMBIA	14.99	16.47	9.88	162.31	213.98	31.84
Sharp cumulative decline						
COTE D' IVOIRE	2.96	0.46	-84.33	79.15	11.87	-85.01
ISRAEL	7.58	0.24	-96.81	59.92	10.06	-83.21
NETHERLAND	0.66	1.1	67.53	33.55	8.09	-75.89
ARGENTINA	8.01	0.52	-93.49	98.99	28.15	-71.56
THAILAND	1.23	0.29	-76.43	27.83	12.03	-56.77
TURKEY	5.38	0.28	-94.76	49.81	21.78	-56.26
GERMANY	8.95	7.73	-13.68	156.16	76.58	-50.96

(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- January of 2019 witnessing 12.76, 10.74 and 7.07 percent share respectively.
- ❖ Countries like Canada, USA, and Bhutan saw over 100 percent growths in imports of Indian automobile during April- January 2019 among major importers.
- ❖ Cote D'Ivoire, Israel, Netherland and Argentina conceded substantial decrease in imports of Automobiles from India during April- January 2019.

Table 12: Export of Non-Ferrous metals

US\$ Million

COUNTRY	JANUARY, 2018	JANUARY, 2019	Growth (%)	APRIL,2017 - JANUARY,2018	APRIL,2018 - JANUARY,2019	Growth (%)
Top Five Importers						
U S A	86.13	103.02	19.61	839.58	887.38	5.69
MALAYSIA	131.04	112.07	-14.48	1026.97	840.25	-18.18
KOREA RP	131.38	64.6	-50.83	985.73	733.26	-25.61
TURKEY	59.56	58.72	-1.42	186.11	471.23	153.2
TAIWAN	27.04	42.25	56.28	190.95	313.3	64.07
High cumulative growth						
EGYPT	1.02	5.54	445.24	9.65	34.4	256.37
BULGARIA	0.09	0.1	14.42	18	52.62	192.36
VIETNAM	3.98	5.64	41.47	32.03	82.22	156.74
TURKEY	59.56	58.72	-1.42	186.11	471.23	153.2
NETHERLAND	7.1	12.52	76.28	65.64	159.4	142.83
ETHIOPIA	0.88	3.11	254.11	10.97	23.11	110.58
MEXICO	7.55	12.72	68.43	136.74	284.61	108.14
POLAND	5.2	9.72	87.13	14.87	29.2	96.45
THAILAND	13.34	20.62	54.55	100.76	185.37	83.97
SPAIN	18.02	11.9	-33.93	115.67	191.39	65.47
Sharp cumulative decline						
CHINA	191.69	6.1	-96.82	1529.7	253.76	-83.41
SINGAPORE	2.45	18.22	643.23	248.85	70.08	-71.84
IRAN	2.68	1.11	-58.66	35.76	10.22	-71.43
MONTENEGRO	1.09	0.59	-45.58	26.79	9.24	-65.5
U A E	19.71	21.3	8.08	479.56	199.72	-58.35
QATAR	27.78	2.39	-91.41	162.51	79.9	-50.83
COLOMBIA	4.55	4.43	-2.64	80.3	43.4	-45.95
PHILIPPINES	1.27	2.37	86.29	29.63	17.56	-40.73
OMAN	4.38	6	36.88	72.07	43.27	-39.95
INDONESIA	9.82	8.03	-18.2	111.53	70.85	-36.47

- ❖ USA (US\$ 887.38 million), Malaysia (US\$ 840.25 million) and Korea (US\$ 733.26 million) were the top three importers of Indian Non-ferrous metals during April - January 2019 with market shares of 12.50 percent, 11.84 percent and 10.33 percent respectively.
- ❖ Egypt, Turkey, Bulgaria, Vietnam, Netherland, Mexico and Ethiopia witnessed over 100 percent year-on-year growths in imports of Indian Non-ferrous metal products during April- January 2019.

- ❖ China, Singapore and Iran were the nations conceded highest declines in imports of non-ferrous metals from India during the April - January 2019 over the same period last fiscal.

Table 13: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	JANUARY 2018	JANUARY 2019	Growth (%)	APRIL, 2017- JANUARY 2018	APRIL, 2018 - JANUARY 2019	Growth (%)
Top Importers						
U S A	96.81	185.04	91.13	982.85	1666.19	69.53
GERMANY	92.95	33.52	-63.94	750.04	754.56	0.60
U K	76.54	61.43	-19.74	362.09	427.34	18.02
SINGAPORE	35.55	40.94	15.16	216.16	422.00	95.22
BELGIUM	51.14	27.13	-46.96	87.01	314.93	261.95
High cumulative growth						
BELGIUM	51.14	27.13	-46.96	87.01	314.93	261.95
INDONESIA	4.48	42.27	842.78	50.63	152.76	201.71
EGYPT	1.97	4.99	153.58	17.44	48.40	177.60
CANADA	1.45	3.98	173.74	25.51	54.81	114.90
JAPAN	21.65	12.10	-44.10	102.71	204.35	98.97
SINGAPORE	35.55	40.94	15.16	216.16	422.00	95.22
U S A	96.81	185.04	91.13	982.85	1666.19	69.53
NETHERLAND	3.29	3.61	9.63	36.23	60.60	67.29
Sharp cumulative decline						
TAIWAN	8.72	0.66	-92.43	54.05	21.69	-59.88
VIETNAM	10.50	10.03	-4.43	119.30	62.62	-47.51
TURKEY	30.94	10.39	-66.42	141.62	95.10	-32.85
HONG KONG	15.81	3.02	-80.91	49.05	33.63	-31.45
KUWAIT	4.93	2.14	-56.54	52.51	37.77	-28.08
UAE	14.18	22.85	61.10	237.65	194.70	-18.07

(Source: Department of Commerce and CSO)

- ❖ USA (US\$ 1666 million), Germany (US\$ 755 million) and UK (US\$ 427 million) were the three top importers of Indian Electrical Machinery and Components during April - January 2018 with market shares of 24.05 percent, 10.89 percent and 6.17 percent respectively.
- ❖ Belgium, Egypt and Indonesia recorded highest growth in imports of India's Electrical Machinery and Components during April - January 2018.
- ❖ On the other hand, Vietnam, Taiwan and Turkey conceded highest declines in imports of India's Electrical Machinery and Components during April- January 2018.

Table 14: Export of Aircrafts and Spacecrafts

US\$ million

COUNTRY	JANUARY 2018	JANUARY 2019	Growth (%)	APRIL, 2017- JANUARY 2018	APRIL, 2018 - JANUARY 2019	Growth (%)
Top Five Importers						
U S A	57.19	38.34	-32.95	536.35	441.10	-17.76
SINGAPORE	15.73	13.38	-14.93	210.81	202.53	-3.93
FRANCE	19.35	11.93	-38.31	206.62	200.78	-2.83
U K	15.06	11.92	-20.84	178.16	188.48	5.79
GERMANY	39.75	6.75	-83.01	215.01	94.68	-55.97
High cumulative growth						
SEYCHELLES	0.52	0.05	-90.19	1.82	23.21	1172.55
SOUTH AFRICA	0.02	0.02	36.34	1.60	7.67	379.66
IRELAND	0.76	0.00	-99.92	6.02	12.79	112.34
SWEDEN	0.53	1.13	113.12	5.63	10.75	91.09
UAE	0.63	0.58	-8.25	6.26	7.45	18.97
MALAYSIA	2.40	3.97	65.47	28.27	33.27	17.67
Sharp cumulative decline						
POLAND	3.16	0.40	-87.27	29.30	11.64	-60.28
NETHERLAND	1.63	0.27	-83.63	13.52	5.74	-57.51
GERMANY	39.75	6.75	-83.01	215.01	94.68	-55.97
CHINA	2.14	0.93	-56.42	28.86	12.88	-55.36
RUSSIA	0.75	0.22	-70.53	34.12	15.98	-53.15
THAILAND	1.03	1.28	24.38	15.46	7.55	-51.18
ISRAEL	3.44	2.25	-34.67	42.89	24.77	-42.26

(Source: Department of Commerce and CSO)

- ❖ USA, Singapore and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April- January 2018-19 with around 30.78, 14.13, and 14.01 percent shares respectively in India's total global exports of the product.
- ❖ Seychelles, South Africa and Ireland continued to register substantial growths in import of the product group during April- January 2018-19 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Thailand, Poland, China, Russia and Netherland dropped significantly on a year-on-year basis during April- January 2018 along with some other nations.

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

US\$ million

COUNTRY	JANUARY 2018	JANUARY 2019	Growth (%)	APRIL, 2017- JANUARY 2018	APRIL, 2018 - JANUARY 2019	Growth (%)
Top 5 Importers						
UAE	11.27	90.03	698.70	1051.29	1285.46	22.28
SRI LANKA	12.30	93.17	657.65	169.05	564.18	233.74
SINGAPORE	0.01	71.68	801875.87	442.98	467.80	5.60
OMAN	-	-	-	2.47	276.45	11104.72
SOUTH AFRICA	-	-	-	-	198.48	66722215.52
High cumulative growth						
SOUTH AFRICA	-	-	-	-	198.48	66722215.52
OMAN	-	-	-	2.47	276.45	11104.72
SAUDI ARAB	-	-	-	19.11	104.60	447.45
SRI LANKA	12.30	93.17	657.65	169.05	564.18	233.74
INDONESIA	-	-	-	36.07	109.60	203.85
Sharp cumulative decline						
CAMEROON	-	-	-	20.63	-	-100.00
LIBERIA	-	-	-	84.61	-	-100.00
MYANMAR	-	-	-	21.28	-	-100.00
NORWAY	-	-	-	82.42	-	-100.00
EGYPT	-	-	-	213.77	-	-100.00
U S A	-	-	-	443.69	0.16	-99.96
MAURITIUS	-	-	-	38.46	2.33	-93.93

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- January 2018-19 with 37.67 percent share in India's total global exports of the product followed by Sri Lanka and Singapore with 16.53 and 13.71 percent share respectively.
- ❖ South Africa, Oman and Saudi Arabia recorded robust growth in imports of 'Ships, Boats and Floating Structures and Parts' during April- January 2018-19.
- ❖ Cameroon, Liberia and Myanmar were among the nations that recorded no imports during April - January 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	JANUARY 2018	JANUARY 2019	Growth (%)	APRIL, 2017- JANUARY 2018	APRIL, 2018- JANUARY 2019	Growth (%)
Top 5 Importers						
U S A	95.33	116.86	22.59	846.90	1046.58	23.58
TURKEY	25.04	18.22	-27.25	297.99	266.01	-10.73
BANGLADESH	28.98	27.21	-6.11	225.50	251.95	11.73
BRAZIL	20.84	24.44	17.29	201.38	239.30	18.83
GERMANY	19.27	21.61	12.17	183.20	222.85	21.64
High cumulative growth						
COLOMBIA	4.91	8.51	73.30	44.19	77.61	75.62
UAE	9.80	24.40	149.08	94.31	155.19	64.55
ROMANIA	12.57	8.57	-31.85	55.63	82.24	47.83
VIETNAM	6.41	14.01	118.42	93.65	136.15	45.38
JAPAN	10.50	10.87	3.55	103.72	134.70	29.87
EGYPT	5.35	6.87	28.29	50.78	65.54	29.07
U S A	95.33	116.86	22.59	846.90	1046.58	23.58
GERMANY	19.27	21.61	12.17	183.20	222.85	21.64
Sharp cumulative decline						
SAUDI ARAB	1.50	3.25	117.00	29.58	19.23	-34.98
PERU	1.40	1.21	-13.29	26.62	21.22	-20.28
NETHERLAND	3.13	2.94	-5.86	30.17	26.82	-11.12
TURKEY	25.04	18.22	-27.25	297.99	266.01	-10.73
POLAND	3.70	4.07	9.98	38.96	35.61	-8.60

(Source: Department of Commerce and CSO)

- ❖ USA is the topmost importer of auto components/parts from India during April- January 2018 with a share of 21.98 percent in India's global exports of auto components. Turkey and Bangladesh were the immediate followers of USA with 5.59 percent and 5.29 percent shares respectively.
- ❖ Romania, Colombia and UAE are among the prominent nations recorded significant increase in imports of Indian Auto Components/Parts during April- January 2018-19 over April- January 2017-18.
- ❖ Saudi Arab, Peru and Netherland conceded highest declines in imports during April- January 2018-19 over the same period last fiscal followed by Poland.

8. Import analysis of engineering goods

India's Engineering imports during January 2019 were valued at US\$ 9236.01 million compared to US\$ 8959.49 million in January 2018 registering a moderate growth to the extent of 3.1 percent in dollar terms.

Cumulative engineering imports during Apr-Jan 2018-19 was recorded at US\$ 86.9 billion as against US\$ 76.9 billion during the same period last fiscal registering a cumulative growth of 13.1 percent.

The share of engineering imports in India's total merchandise imports is estimated at a higher 22.5 percent in January 2019 as against 21.8 percent in January 2018.

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

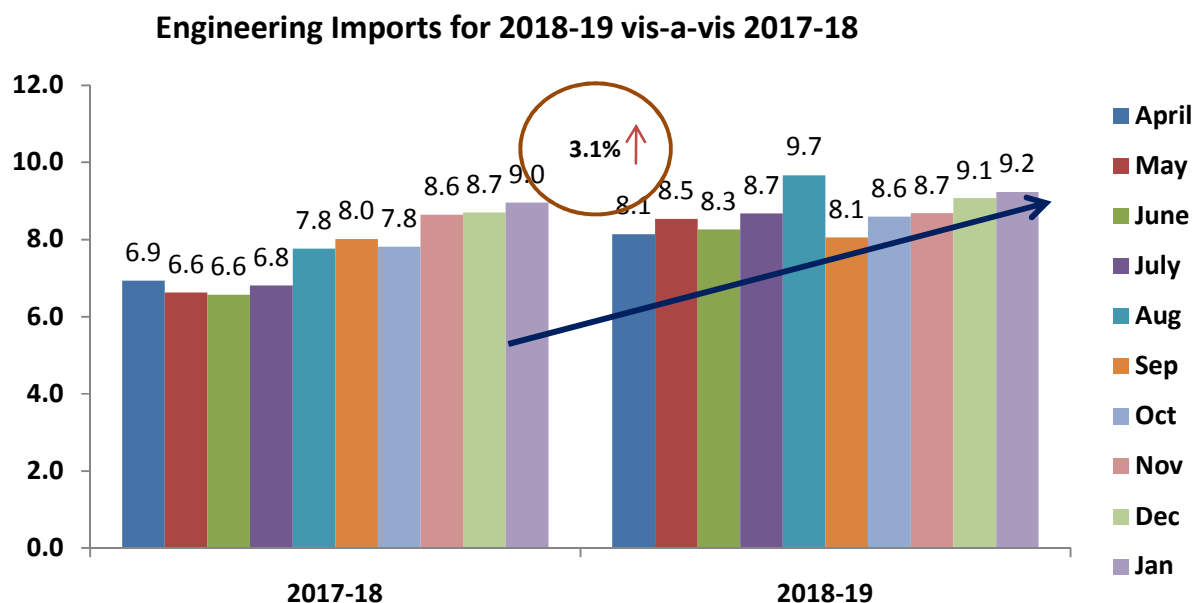
Table 17: Engineering Imports
(US\$ Million)

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
October	7812.5	8599.9	10.08
November	8644.2	8686.4	0.5
December	8703.5	9072.2	4.2
Quarter 3 (October-December)	25160.20	26358.50	4.76
January	8959.49	9236.01	3.10
April-January	76860.88	86953.33	13.13

(Source: Department of Commerce, Government of India)

Figure 5 below depicts the monthly trend in engineering imports for 2018-19 vis-a-vis 2017-18

Figure5: Trend in Monthly Engineering Imports (In US\$ billion) for 2018-19



(Source: EEPC India analysis)

9. Trend in two-way engineering trade

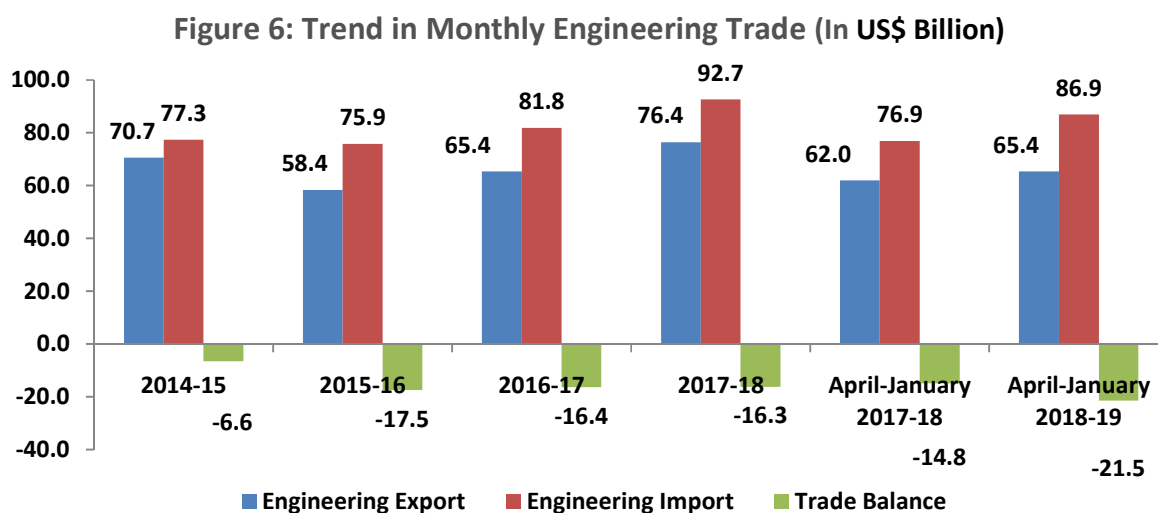
We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2017-18 as well as the current fiscal of 2018-19 depicted in the table below:

Table 18: Engineering Trade
(US\$ billion)

	2014-15	2015-16	2016-17	2017-18	Growth %	April-January 2017-18	April-January 2018-19	Growth %
Engineering exports	70.7	58.4	65.4	76.4	16.81	62.0	65.4	5.5
Engineering imports	77.3	75.9	81.8	92.7	13.27	76.9	86.9	13.1
Trade balance	-6.6	-17.5	-16.4	-16.3		-14.8	-21.5	

(*)Engineering Import figures for April-January 2018-19 v/s 2017-18 are updated as per latest Quick Estimate values

Figure 6 below depicts the yearly trend in engineering trade **from 2014-15 to 2017-18 and April-January of the current fiscal 2018-19**



10. Conclusion

India's merchandised exports recorded somewhat higher growth in January 2019 at 3.74 percent from below 1 percent growth in the previous two months. On a cumulative basis merchandise exports continued to grow at double digit.

Indian engineering exports, after conceding year-on-year decline in the previous two months, came back to growth path during the month concerned and recorded 1.39 percent growth over the same month last fiscal. It continued to grow on a cumulative basis but the rate of growth has been decelerating with time.

According to the Indian exporting community, growth is limited by impediments like lack of adequate credit flow to export sector, delay in uploading eBRC by banks, US withdrawal of benefits to Indian exports, delay in refund of input tax credit and denial of GST on availing higher duty drawback among others. Higher price of steel in the domestic market was a reason for the fall in steel export that in turn pulled down the overall growth of engineering exports.

The external threats to foreign trade still persist as the fear of an imminent tariff war aggravated with the initiation of safeguard investigation by the European Commission on a number of steel products imported by EU. US investigation on India's compliance with the norms under Generalised System of Preference is another external shock for the exporting community. These two concerns along with the volatile trend of Rupee clouded the outlook for global exports. Back home, manufacturers seeks better credit flow on the back of rising raw material cost and post-GST fund shortage for the exporters while exporters want reduction in the cost of shipment.

11. Summary on global trends

According to the UN, global economic growth was somewhat steady at 3.1 percent during 2018. However, industrial production and merchandise trade volumes across the globe saw a slowdown during the last year. US economy is expected to grow at 2.8% in 2018 and the impact of interest rate tightening is not likely to hamper the momentum as fiscal stimulus is still there. Europe is expected to grow at around 2 percent driven by solid household consumption and continuation of accommodative monetary policy. Real GDP growth in Japan slowed down to 1.0 percent in 2018 from 1.7 percent in the previous year due to rapid decline in private housing investment and weak consumer confidence. CIS countries witnessed acceleration in growth and lower inflation. Among the Asian nations, Western Asia saw a gradual recovery in growth during 2018 but growth in Eastern Asia, including China is likely to moderate slightly with possibility of slowdown in exports. South Asia, after achieving 5.6 percent growth in 2018, is expected to maintain the pace in the current year. Latin American economy on the other hand, is projected to see faster growth at 1.7 percent in 2019 from 1 percent in 2018. South Africa is yet to see any significant recovery in economic activities as concern on fiscal slippage and slow pace of structural reforms are likely to take its toll on growth.

12. Projections for 2018-19

In FY 2017-18, total engineering exports was to the tune of USD 76 billion. In the first ten months of FY 2018-19, the total engineering exports is USD 65.43 billion. Annualizing this leads to USD 78.51 billion in FY 2018-19 which amounts to a modest growth of over 3.31%.

Without the headwinds, both domestic and external faced in the first ten months of the current fiscal, our exports may have increased by another 3 to 4 billion and our exports in FY 2018-19 may have been in the vicinity of USD 82 to 83 billion.

