

# Engineering Exports and Imports Monitor

February 2019



*Engineering the future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

## Analysis of Indian engineering exports and imports for February 2019

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

- ❖ Year-on-year merchandise export growth moderated to 2.44 percent in February 2019 from 3.74 percent in January 2019. However, it was higher than 0.34 and 0.8 percent recorded in the previous two months respectively. Merchandise exports during February 2019 stood at US\$ 26.67 Billion as compared to US\$ 26.03 Billion in February 2018. In rupee terms however, the growth was much higher at 13.34 percent during the month concerned.
- ❖ Major commodity groups of export showing positive year-on-year growth over the same month last year were Drugs & Pharmaceuticals (16.11%), RMG of all Textiles (7.17%), Organic & Inorganic Chemicals (4.14%), Cotton Yarn/Fabs./made-ups, Handloom Products etc. (2.25%) and Engineering Goods (1.73%).
- ❖ Cumulative value of exports for the period April-February 2018-19 was US\$ 298.47 Billion as against US\$ 274.21 Billion during April-February 2017-18, registering a positive growth of 8.85 percent.
- ❖ India's Merchandise Imports witnessed year-on-year decline during February 2019. Imports in February 2019 were US\$ 36.26 Billion, which was 5.41 percent lower than the imports recorded in February 2018 at US\$ 38.34 Billion. In rupee terms however, merchandise imports were 4.66 percent higher over February 2018.
- ❖ Major commodity groups of imports conceded decline over February 2018 were 'Pearls, Precious and Semi-precious Stones' (17.5%), Gold (10.81%), 'Petroleum, Crude and Products' (8.05%), Electronic Goods (6.48%) and Organic and Inorganic Chemicals (0.44%).
- ❖ Cumulative value of imports for the period April-February 2018-19 however registered 9.75 percent growth as it went up to US\$ 464.00 Billion from US\$ 422.76 Billion recorded during April-February 2017-18.
- ❖ Trade deficit narrowed down by 21.95 percent to US\$ 9.6 billion in February 2019 from a higher US\$ 12.3 billion in February 2018 as a result of decline in imports. Cumulative trade deficit during April-February 2018-19 however zoomed by 11.42 percent to US\$ 165.52 billion from US\$ 148.55 billion during April-February 2017-18.

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

- ❖ Indian engineering exports continued to grow for the second straight month as it recorded 1.74 percent growth in February 2019 over the same month last fiscal.



Overseas shipment of engineering exports was recorded at US\$ 6,442.87 million in February 2019 as against US\$ 6,332.92 million during the same month last fiscal.

- ❖ Cumulative engineering exports during April-February 2018-19 grew by 5.12 percent over the same period last fiscal. Engineering exports during the first eleven months of fiscal 2018-19 stood at US\$ 71,861.27 million as against US\$ 68,360.01 million during the corresponding period of the previous fiscal.
- ❖ Out of 33 engineering panels, 23 panels sharing almost 77 percent of the products, recorded growth in exports in February 2019 over the same month last year while the remaining 10 panels conceded decline in exports.
- ❖ During February 2019, 11 out of top 25 countries recorded positive growth in engineering exports from India over the same month last year.
- ❖ The share of engineering exports in India's total merchandise exports was 24.16 percent in February 2019 as against 23.91 percent in January 2019. On a cumulative basis, the share was seen at 24.08 percent during April-February 2018-19.

#### **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**

Year-on-year merchandise export growth moderated to 2.44 percent in February 2019 from 3.74 percent in January 2019. However, it was higher than 0.34 and 0.8 percent in the previous two months respectively. Merchandise exports during February 2019 stood at US\$ 26.67 Billion as compared to US\$ 26.03 Billion in February 2018. In rupee terms however, the growth was much higher at 13.34 percent during the month concerned.

Major commodity groups of export showing positive year-on-year growth over the same month last year were Drugs & Pharmaceuticals (16.11%), RMG of all Textiles (7.17%), Organic & Inorganic Chemicals (4.14%), Cotton Yarn/Fabs./made-ups, Handloom Products etc. (2.25%) and Engineering Goods (1.73%).

Cumulative value of exports for the period April-February 2018-19 was US\$ 298.47 Billion as against US\$ 274.21 Billion during April-February 2017-18, registering a positive growth of 8.85 percent in Dollar terms.

India's Merchandise Imports witnessed year-on-year decline during February 2019. Imports in February 2019 were US\$ 36.26 Billion, which was 5.41 percent lower in Dollar terms over

imports of US\$ 38.34 Billion in February 2018. In rupee terms however, merchandise imports were 4.66 percent higher over February 2018.

Major commodity groups of imports conceded decline over February 2018 were 'Pearls, Precious and Semi-precious Stones' (17.5%), Gold (10.81%), 'Petroleum, Crude and Products' (8.05%), Electronic Goods (6.48%) and Organic and Inorganic Chemicals (0.44%).

Oil imports in February 2019 were US\$ 9.38 Billion which was 8.05 percent lower in Dollar terms compared to US\$ 10.20 Billion in February 2018. Oil imports in April-February 2018-19 were US\$ 128.72 Billion which was 31.98 percent higher in Dollar terms compared to US\$ 97.53 Billion over the same period last year. In this connection it is mentioned that the global Brent price (\$/bbl) has decreased by 1.97% in February 2019 vis-à-vis February 2018 as per data available from World Bank (Pink Sheet).

Non-oil imports in February 2019 were estimated at US\$ 26.89 Billion which was 4.45 percent lower in Dollar terms compared to US\$ 28.14 Billion in February 2018. Non-oil imports in April-February 2018-19 were US\$ 335.28 Billion which was 3.09 percent higher in Dollar terms compared to US\$ 325.23 Billion in April-February 2017-18.

Cumulative value of imports for the period April-February 2018-19 however registered 9.75 percent growth as it went up to US\$ 464.00 Billion from US\$ 422.76 Billion recorded during April-February 2017-18.

Trade deficit narrowed down by 21.95 percent to US\$ 9.6 billion in February 2019 from a higher US\$ 12.3 billion in February 2018 as a result of decline in imports. Cumulative trade deficit during April-February 2018-19 however zoomed by 11.42 percent to US\$ 165.52 billion from US\$ 148.55 billion during April-February 2017-18.

## **2. Engineering exports**

Indian engineering exports continued to grow for the second straight month as it recorded 1.74 percent growth in February 2019 over the same month last fiscal. Overseas shipment of engineering exports was recorded at US\$ 6,442.87 million in February 2019 as against US\$ 6,332.92 million during the same month last fiscal.

Cumulative engineering exports during April-February 2018-19 grew by 5.12 percent over the same period last fiscal. Engineering exports during the first eleven months of fiscal 2018-19 stood at US\$ 71,861.27 million as against US\$ 68,360.01 million during the corresponding period of the previous fiscal.

The share of engineering exports in India's total merchandise exports was 24.16 percent in February 2019 as against 23.91 percent in January 2019. On a cumulative basis, the share was seen at 24.08 percent during April-February 2018-19.

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

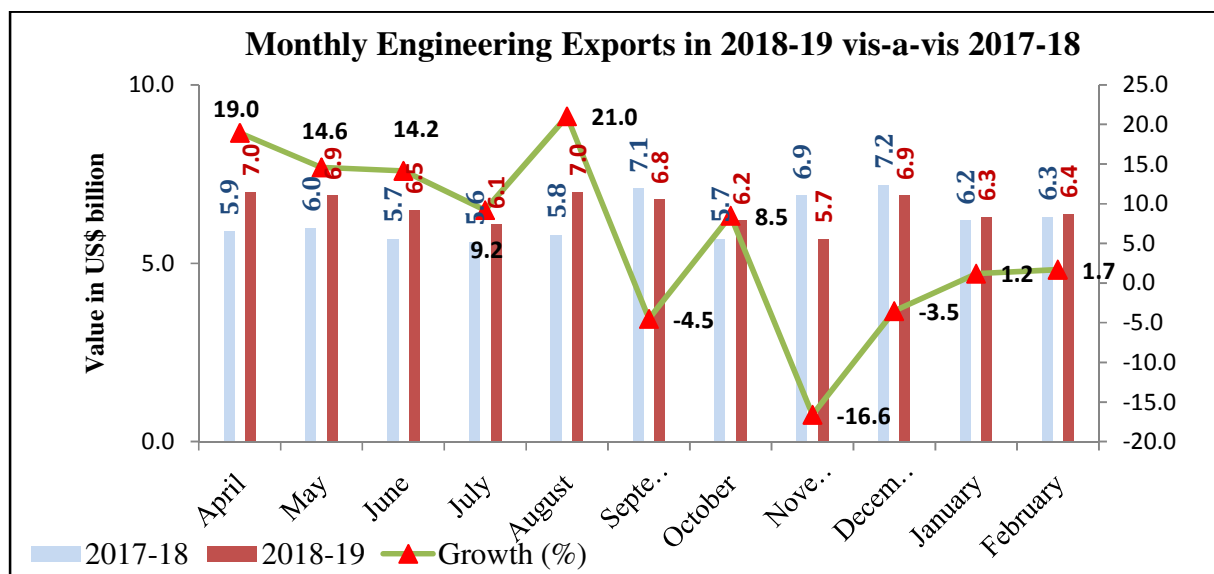
**Table1: Engineering Exports**  
(US\$ million)

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
<b>April-June</b>	<b>17653.40</b>	<b>20463.02</b>	<b>15.92</b>
July	5595.63	6111.85	9.23
August	5766.60	6979.77	21.04
September	7088.19	6769.32	-4.50
<b>July-September</b>	<b>18450.42</b>	<b>19860.94</b>	<b>7.64</b>
October	5669.59	6153.1	8.53
November	6872.84	5737.05	-16.53
December	7163.56	6911.39	-3.52
<b>October-December</b>	<b>19705.99</b>	<b>18801.54</b>	<b>-4.59</b>
January	6217.28	6292.9	1.22
February	6332.92	6442.87	1.74
<b>April-February</b>	<b>68360.01</b>	<b>71861.27</b>	<b>5.12</b>

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: DGCI&S; 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 month of January 2019 witnessed slowdown in manufacturing growth over December 2018 but engineering export came back to growth path after declines in the previous two months. The manufacturing Index in the Index of Industrial Production (IIP) stood at 135.6 in February 2019 as against 135.9 in December 2018, 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 (%)
<b>April-March 2017-18</b>	<b>16.81</b>	<b>4.5</b>
April 2018	18.96	4.9
May 2018	14.59	3.6
Jun 2018	14.17	6.9
<b>April-June 2018</b>	<b>15.92</b>	<b>5.1</b>
July 2018	9.23	7.0
August 2018	21.04	5.2
September 2018	-4.49	4.8
<b>July-September 2018</b>	<b>7.65</b>	<b>5.6</b>
October 2018	8.51	8.2
November 2018	-16.40	-0.6
December 2018	-3.54	3.0
<b>October-December 2018</b>	<b>-4.60</b>	<b>3.5</b>
January 2019	1.22	1.3
February 2019	1.74	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%
<b>Quarter 1</b>	<b>15447.48</b>	<b>17653.40</b>	<b>14.28%</b>
July	4794.12	5595.63	16.72%
August	4873.71	5766.60	18.32%
September	4917.78	7088.19	44.13%
<b>Quarter 2</b>	<b>14585.61</b>	<b>18450.42</b>	<b>26.50%</b>
October	5133.58	5669.59	10.44%
November	4841.37	6872.84	41.96%

Month	2016-17	2017-18	Growth (%)
December	5688.32	7163.56	25.93%
<b>Quarter 3</b>	<b>15663.27</b>	<b>19705.99</b>	<b>25.81%</b>
January	5334.66	6217.28	16.55%
February	6501.99	6332.92	-2.60%
March	7706.18	7850.32	1.87%
<b>Quarter 4</b>	<b>19542.83</b>	<b>20400.52</b>	<b>4.39%</b>
<b>April-March</b>	<b>65239.19</b>	<b>76210.33</b>	<b>16.82%</b>

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

### 3. Impact of Exchange Rate

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

**Table 4: Average exchange rate**

February	Average exchange rate 1 USD to INR
2018	64.37
2019	71.22

(Source: Calculated from RBI archive)

### 4. Panel-wise analysis of engineering exports

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

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

Sl no.	Panel	February 2018	February 2019	Growth %	April-February 2017-18	April-February 2018-19	Growth %
<b>1. Iron and Steel and Products of Iron and Steel</b>							
A	A. Iron and Steel	877.47	802.8	-8.5	10197.99	8823.43	-13.5
B	B. Products of Iron and Steel	537.03	589.33	9.7	6117.58	6537.14	6.9
<b>Subtotal</b>		<b>1414.5</b>	<b>1392.13</b>	<b>-1.58</b>	<b>16315.6</b>	<b>15360.6</b>	<b>-5.85</b>
<b>2. Non Ferrous Metals and Products</b>							
A	Copper and products	253.24	56.71	-77.61	3156.42	937.85	-70.29
B	Aluminium and products	386.12	416.84	7.96	4278.5	5246.49	22.62



SI no.	Panel	February 2018	February 2019	Growth %	April-February 2017-18	April-February 2018-19	Growth %
C	Zinc and products	78.35	44.43	-43.29	820.3	566.1	-30.99
D	Nickel and products	4.27	5.93	38.88	42.26	68.01	60.93
E	Lead and products	41.01	25.52	-37.77	339.03	365.04	7.67
F	Tin and products	1.15	1.26	9.57	10.01	8.58	-14.29
G	Other Non-Ferrous Metals	44.16	47.01	6.45	456.22	491.94	7.83
<b>Sub Total</b>		<b>808.3</b>	<b>597.7</b>	<b>-26.05</b>	<b>9102.74</b>	<b>7684.01</b>	<b>-15.59</b>
<b>3. Industrial Machinery and parts</b>							
A	Industrial Machinery like Boilers, parts, etc	65.27	85.98	31.7	541.54	696.63	28.6
B	IC Engines and Parts	178.31	213.38	19.7	2201.71	2489.46	13.1
C	Pumps of all types	82.07	84.49	2.95	880.12	904.95	2.82
D	Air condition and Refrigerators	139.99	142.07	1.5	1136.22	1794.65	57.9
E	Industrial Machinery for dairy, food processing , textiles etc	464.42	459.26	-1.1	4766.25	5253.99	10.2
F	Machine Tools	36.35	42	15.54	421.13	443.17	5.23
G	Machinery for Injecting moulding, valves and ATMs	122.23	133.33	9.1	1376.26	1453.63	5.6
<b>Sub Total</b>		<b>1088.64</b>	<b>1160.51</b>	<b>6.6</b>	<b>11323.2</b>	<b>13036.5</b>	<b>15.1</b>
4	Electrical Machinery	584.13	718.87	23.07	5935.84	7637.05	28.66
A	Motor Vehicle/cars	725.63	654.7	-9.8	7551.04	7679.34	1.7
B	Two and Three Wheelers	165.93	159.27	-4.0	1807.62	1934.83	7.0
C	Auto Components/Part	475.79	476.27	0.10	4682.61	5237.15	11.84
<b>Sub Total</b>		<b>1367.35</b>	<b>1290.24</b>	<b>-5.64</b>	<b>14041.27</b>	<b>14851.32</b>	<b>5.77</b>
6	Aircrafts and Spacecraft parts and products	173.39	89.45	-48.41	1881.02	1536	-18.34
7	Ships Boats and Floating products and parts	251.28	509.9	102.92	2891.25	3922.24	35.66
<b>8. Miscellaneous</b>							
A	Medical and Scientific instruments	137.26	131.54	-4.17	1476.16	1517.92	2.83
B	Railway Transport	17.4	25.44	46.21	239.7	328.62	37.10
C	Hand Tools & Cutting Tools	58.66	61.75	5.27	642.06	693.16	7.96
D	Electrodes Accumulators	3.43	4.62	34.69	40.06	48.85	21.94
E	Accumulator and Batteries	21.88	28.65	30.94	240.64	342	42.12
F	Bicycle and Parts	29.95	36.4	21.54	291.11	353.97	21.59
G	Cranes Lifts and	39.53	41.86	5.89	338.72	450.05	32.87

SI no.	Panel	February 2018	February 2019	Growth %	April-February 2017-18	April-February 2018-19	Growth %
	<b>Winches</b>						
H	<b>Office Equipments</b>	4.22	12.93	206.40	74.03	126.81	71.30
I	<b>Other Construction Machinery</b>	132.77	116.9	-11.95	1280.84	1497.28	16.90
J	<b>Prime Mica and Mica Products</b>	1.45	5.01	245.52	18.68	30.61	63.87
K	<b>OTHER MISC. ITEMS</b>	198.78	218.97	10.16	2227.09	2444.26	9.75
	<b>Sub total</b>	<b>645.33</b>	<b>684.07</b>	6.00	<b>6869.09</b>	<b>7833.53</b>	14.04
	<b>Total engineering exports</b>	<b>6332.92</b>	<b>6442.87</b>	1.74	<b>68360.01</b>	<b>71861.2</b>	5.12

Some trends that need to be noted are:

- ❖ During April-February 2018-19, exports of engineering goods registered a growth of 5.12 percent compared to April- February 2017-18. While the monthly engineering exports registered a marginal increase to the extent of 1.74% from US\$ 6332.92 million in February 2018 to US\$ 6442.87 million in February 2019.
- ❖ 28 out of 33 engineering panels sharing almost 85 percent of the products recorded growth in exports during April- February 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\$ 877.47 million in February 2018 to US\$ 802.8 million in February 2019, recording a decline of 8.5 percent. Cumulative exports of Iron and Steel also recorded negative growth to the extent of 13.5% during April-February 2018-19 vis-a-vis April-February 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 9.7% and 6.9% respectively during Feb 2019 vis-a-vis Feb 18 and during April-Feb 2018-19 vis-a-vis April-Feb 2017-18 respectively.
- ❖ Among the seven non-ferrous metals and products, more than 50 percent i.e. four products recorded positive growth in February 2019 compared to February 2018. Nickel and products recorded highest growth of 39 percent during February 2019 and 61% during April-February 2018-19 over the same period last fiscal. Aluminium and products and Lead and products also registered growth in exports on cumulative basis to the extent of 22.6% and 7.7% respectively during April-Feb 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 15.1 percent

during April- February 2018-19 vis-à-vis the same period last fiscal. All the sectors under this panel recorded positive monthly and cumulative growth figures unlike Industrial machinery for dairy. Sectors like Air condition and Refrigerators recording highest growth in exports to the extent of 58 percent in April- February 2018-19 compared to April- February 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 10.6% export share out of total engineering exports) recorded rise in export growth in February 2019 by 23.1 percent after 4.1% dip observed in January 2019. Cumulative exports for April- February 2018-19 recorded 28.66 percent growth, moving up to US\$ 7637.05 million from US\$ 5935.84 million in April- February 2017-18.
- ❖ Exports of Auto and auto components recorded a decline of 5.65 percent during February 2019 continuing a similar trend observed in the previous month falling by 2.8% in January 2019. Exports of Auto Components fell from US\$ 1367.35 million in February 2018 to US\$ 1290.24 million in February 2019. The slump in the Auto Components sector have been largely due to the fall in exports observed in Motor Vehicles/cars slumping by 9.8 percent in February 2019 and Two and Three Wheelers dipping by 4 percent. Cumulative exports for Auto and Auto parts recorded 5.77 percent growth for April- February 2018-19.
- ❖ Exports of Aircrafts and spacecraft parts and products recorded negative monthly growth in February 2019 to the extent of 48.41 percent compared to February 2018 as well as negative cumulative growth by 18.34 percent during April- February 2018-19 over the same period last year. Ships, Boats and Floating Structures recorded staggering growth in exports during February 2019 scaling up from US\$ 251.3 million in February 2018 to US\$ 509.9 million in February 2019. Similar trend was also observed during in January 2019 as well as December 2018.
- ❖ It has been observed that all sectors under panel namely miscellaneous registered positive cumulative growth in exports. Office Equipments recorded highest cumulative growth of 71.3 percent during April-Feb 2018-19 followed by Accumulators and batteries growing by 42.12 percent. Railway Transport equipment and Cranes, lifts and winches recorded substantial growth in exports to the extent of 37.1 percent and 32.87 percent during April- February 2018-19 over the same period last year.

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

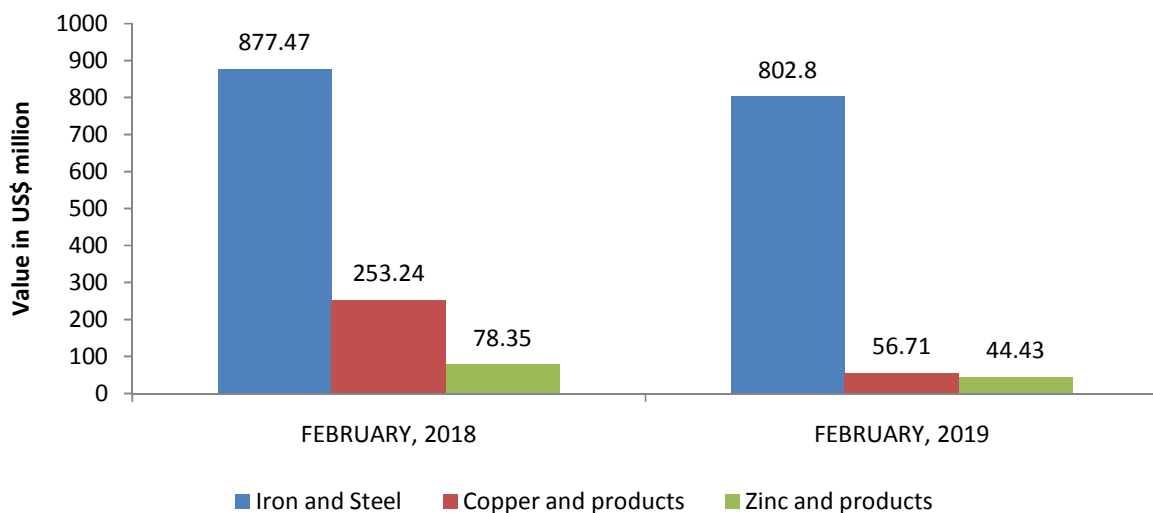
a) In our view, while the exchange rate may be a factor in the margin, the main reasons for the falling engineering exports is the sharp decline in exports in both ferrous and non-ferrous primary products. Some heavy ticket exports products which have shown drastic fall are:

- a. Exports of primary steel under Chapter 72: fell by 8.5% in February 2019 and 13.5% in the first eleven months.
- b. Exports of Copper and Copper products under Chapter 74: fell by 77.6% in February 2019 and 70.3% in first eleven months.
- c. Exports of Zinc and products: fell by 43.3% in February 2019 and 31% in the first eleven months

The cumulative impact of the fall in the above four product lines is USD 3.84 billion for the first eleven months (without any growth). Had this figure been added to the USD 71.86 billion for the first eleven months of the current fiscal, our exports growth would have been shot up to over 10.7% than the current growth rate of over 5.12%, 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 February 2019 v/s February 2018



## Reasons for the fall

### Iron and Steel

- There was a fall in the exports by 8.5 % (i.e. USD 802.8 million) in February 2019 vis-à-vis February 2018. Cumulatively, the decline was 13.5% (i.e., around USD 8823.43 million) in first 11 months (April-February 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 (-20.2%), Spain (-52.1%), Indonesia (-39.2%), Japan (-32.7%), Thailand (-73.6%), USA (-35.5%) in the month of Feb 2019 vis-à-vis Feb 2018. 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 77.6 % (i.e. USD 56.71 million) in February 2019 vis-à-vis February 2018. Cumulatively, the decline was 70.3 % (i.e., around USD 937.85 million) in first 11 months (April-February 2018-19) vis-à-vis same period last year.
- Major fall in export observed in UAE (-44%), Korea Rep (-96.3%), Nepal (-27%), Sri Lanka (-36.5%), China (-97.7%).
- 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 relies 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 43.3 % (i.e. USD 44.43 million) in February 2019 vis-à-vis February 2018. Cumulatively, the decline was 30.99 % (i.e., around USD 566.1 million) in first 11 months (April-February 2018-19) vis-à-vis same period last year.
  - Exports fell mainly in Korea (-61%), UAE (-71.5%), Thailand (-57.1%), Indonesia (-37.6%), Bangladesh (-36.8%), Malaysia (-78.9%), Japan (-44.8%).
  - 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.
- It is pertinent to mention that recently the US President announced his decision to withdraw India's name from the Generalized System of Preferences (GSP) program on March 5, 2019. Withdrawal of GSP will definitely have adverse impact on the products (833 engineering products out of 1900 total products) exported from India under GSP programme which are mostly manufactured by Indian MSMEs.

Indian engineering exports are already going through tough time because of high input cost, issues with GST, lack of finance for MSMEs and sluggish global economies etc. Engineering exports also in recent months have been faltering. In this context, the sudden withdrawal of GSP by USA will be detrimental for Indian exporting community. The government should provide some fiscal support for affected products especially for the labour intensive MSME sector.

#### 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-February 2018-19 over April- February 2017-18 in absolute value and also for February 2019 viz-a-viz February 2018.

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

Country	February 2018	February 2019	Growth (%)	April-February 2017-18	April-February 2018-19	Growth (%)

Country	February 2018	February 2019	Growth (%)	April-February 2017-18	April-February 2018-19	Growth (%)
U S A	840.90	973.16	15.73	9211.64	10766.98	16.88
UAE	259.51	255.76	-1.45	3868.01	3932.15	1.66
GERMANY	292.89	253.43	-13.47	2886.10	2972.73	3.00
NEPAL	240.73	197.00	-18.16	2290.44	2748.59	20.00
BANGLADESH	217.88	248.54	14.07	2167.80	2530.81	16.75
U K	208.01	197.18	-5.21	2577.83	2520.54	-2.22
MEXICO	210.05	206.36	-1.75	2427.49	2298.32	-5.32
ITALY	193.85	212.72	9.74	2227.50	2055.06	-7.74
SINGAPORE	250.56	417.48	66.62	1840.13	2051.81	11.50
INDONESIA	149.63	257.89	72.35	1576.79	1735.34	10.06
TURKEY	181.09	112.00	-38.15	1565.45	1641.62	4.87
SRI LANKA	82.40	175.95	113.52	1253.40	1621.21	29.35
CHINA	251.40	155.32	-38.22	2859.56	1614.20	-43.55
MALAYSIA	143.72	119.77	-16.66	1888.87	1611.92	-14.66
KOREA RP	162.59	115.98	-28.67	1738.11	1569.58	-9.70
BELGIUM	160.90	99.12	-38.40	1271.23	1505.55	18.43
THAILAND	114.33	128.39	12.29	1117.59	1470.85	31.61
SOUTH AFRICA	95.82	80.47	-16.02	1226.41	1439.40	17.37
SAUDI ARAB	104.29	124.13	19.03	1150.44	1306.97	13.61
FRANCE	140.44	119.98	-14.57	1308.03	1256.62	-3.93
NIGERIA	90.60	133.75	47.63	759.15	1158.44	52.60
JAPAN	85.91	99.27	15.55	923.85	1129.75	22.29
SPAIN	129.19	85.94	-33.48	1047.05	1049.82	0.26
VIETNAM	65.99	150.88	128.63	1074.07	1007.87	-6.16
NETHERLAND	95.39	73.81	-22.62	795.86	924.31	16.14
<b>Top 25 Countries Total</b>	4768.08	4994.28	4.74	51052.80	53920.45	5.62
<b>Grand Total</b>	6332.92	6442.87	1.74	68360.01	71861.20	5.12
<b>Share % Total Engineering Exports</b>	75.29	77.52		74.68	75.03	

Note: Red font indicates negative growth

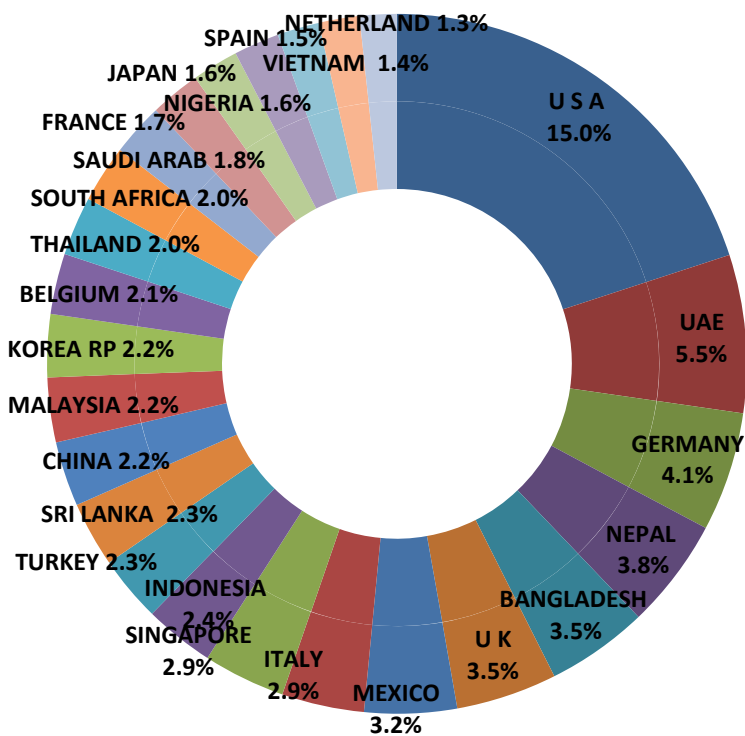
(Source: Department of Commerce, Government of India)

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

- ❖ In 17 out of 25 countries, engineering exports recorded positive cumulative growth during April- February 2018-19 over April- February 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- February 2018-19 and also on a monthly basis in February 2019. It registered considerable positive cumulative growth during April- February 2018-19 over April- February 2017-18 of 16.88 percent.
- ❖ Nigeria, Thailand and Sri Lanka ranked next in terms of high import growth during April-February 2018-19 over April-February 2017-18 .
- ❖ India's engineering exports to China recorded the highest negative cumulative growth during April- February 2018-19 over April- February 2017-18.
- ❖ Among European nations falling under the top 25 engineering exports destinations, exports to Belgium like the previous two months recorded the highest growth of 18.43 percent on a cumulative basis. However exports to Belgium recorded negative growth on a monthly basis in February 2019 over February 2018. Engineering exports to other European nations like Germany and Spain registered marginal positive growth during April-February 2018-19 over April-February 2017-18.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Thailand once again recorded the highest cumulative growth during April-February 2018-19 over April-February 2017-18, while Vietnam recorded the highest monthly growth in February 2019 over the same month last year.
- ❖ India's engineering exports to its top 25 nations accounted for 77.52 per cent of India's total engineering exports in February 2019, which is slightly higher than its share in the previous month of January 2019.
- ❖ India's engineering exports to its top 25 destinations during April- February 2018-19 over April- February 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 77% of India's global engineering exports.**

**Figure 3: Share% of India's top exporting destinations during April-February 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. Table 7 gives this picture:

**Table -7: Region wise exports trend**

US\$ million

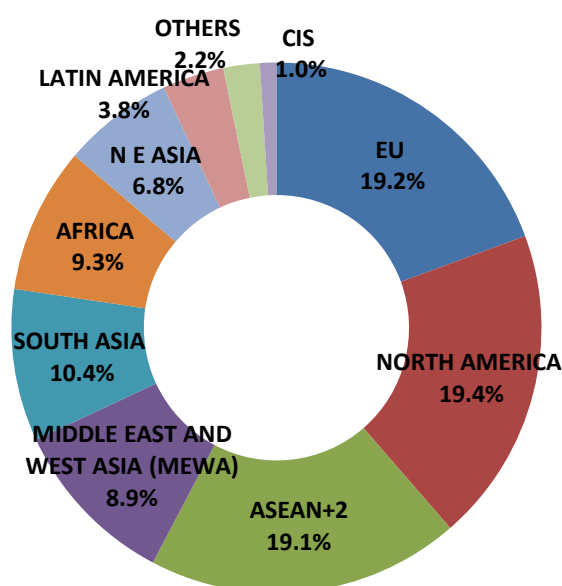
Regions	February 2018	February 2019	Growth (%)	April-February 2017-18	April-February 2018-19	Growth (%)
<b>EU</b>	1425.01	1240.15	-12.97	14367.91	14668.59	2.09
<b>NORTH AMERICA</b>	1124.28	1248.17	11.02	12268.08	13854.54	12.93
<b>ASEAN+2</b>	901.85	1230.31	36.42	9253.89	9664.09	4.43

<b>MIDDLE EAST AND WEST ASIA (MEWA)</b>	606.53	572.90	-5.54	7878.66	8135.40	3.26
<b>SOUTH ASIA</b>	597.83	667.35	11.63	6225.88	7465.24	19.91
<b>AFRICA</b>	545.27	597.01	9.49	6228.32	7118.18	14.29
<b>N E ASIA</b>	574.43	437.67	-23.81	6473.88	5218.48	-19.39
<b>LATIN AMERICA</b>	276.70	241.87	-12.59	3075.12	3051.49	-0.77
<b>OTHERS</b>	220.98	143.08	-35.25	1952.02	1977.25	1.29
<b>CIS</b>	60.05	64.37	7.18	636.25	707.95	11.27
<b>Grand Total</b>	6332.92	6442.87	1.74	68360.01	71861.20	5.12

(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 February 2019**



(Source: EEPC India analysis)

- ❖ North America ranked the region with highest shipment of engineering products from India during February 2019 with a share of 19.4 percent of total engineering exports.
- ❖ India's exports to ASEAN+2 countries recorded the highest positive growth in February 2019 vis-à-vis February 2018, followed by South Asia.



- ❖ India's exports to EU and ASEAN+2 ranked second and third in global shipments of Indian engineering goods during February 2019 with a share of 19.2 percent and 19.1 percent of total engineering exports respectively.
- ❖ CIS and Africa recorded positive growth in exports during February 2019 vis-à-vis February 2018.
- ❖ Baring North East Asia and the Latin America, all the other regions recorded positive cumulative growth in exports of engineering products from India during April- February 2018-19 over April- February 2017-18.

## 7. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during February 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	FEBRUARY 2018	FEBRUARY 2019	Growth (%)	APRIL, 2017- FEBRUARY 2018	APRIL, 2018 - FEBRUARY 2019	Growth (%)
<b>Top Five Importers</b>						
NEPAL	85.00	61.95	-27.12	771.41	1063.59	37.88
ITALY	84.32	101.07	19.86	925.20	729.44	-21.16
UAE	45.23	50.06	10.67	659.61	649.64	-1.51
BELGIUM	72.15	57.54	-20.24	699.34	559.47	-20.00
KOREA	23.30	32.59	39.86	312.17	419.30	34.32
<b>High cumulative growth</b>						
DJIBOUTI	4.77	3.63	-23.93	36.67	64.83	76.79
CANADA	3.46	5.33	54.20	34.07	55.71	63.52
NIGERIA	3.08	2.71	-12.08	31.67	49.99	57.83
BHUTAN	7.54	4.52	-40.01	32.80	47.91	46.04
NEPAL	85.00	61.95	-27.12	771.41	1063.59	37.88
QATAR	1.24	3.01	143.36	45.70	62.74	37.29
KOREA	23.30	32.59	39.86	312.17	419.30	34.32
GERMANY	12.25	11.89	-2.95	113.86	147.37	29.43
<b>Sharp cumulative decline</b>						
IRAN	9.84	1.65	-83.22	122.50	60.68	-50.46
PHILIPPINES	8.41	0.89	-89.47	164.56	84.58	-48.61
INDONESIA	26.69	16.24	-39.17	492.04	256.52	-47.87

<b>HONG KONG</b>	0.35	13.37	3686.74	116.81	65.09	-44.27
<b>SRI LANKA</b>	6.95	5.77	-16.97	233.24	143.93	-38.29
<b>TAIWAN</b>	21.58	13.74	-36.30	334.82	211.17	-36.93
<b>U S A</b>	23.35	15.07	-35.45	330.49	226.94	-31.33
<b>VIETNAM</b>	23.56	103.51	339.29	560.83	408.83	-27.10

(Source: Department of Commerce, Government of India)

- ❖ Nepal, Italy and UAE were the three top three importers of Indian Iron and Steel during April - February 2019 with market shares of 12.05 percent, 8.27 percent and 7.36 percent respectively.
- ❖ Djibouti recorded more than 75 percent year-on-year growth in exports of Indian Iron and Steel during April- February 2019.
- ❖ Iran, Philippines and Indonesia experienced sharp downfall in exports during April- February 2018.

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

US\$ Million

<b>COUNTRY</b>	<b>FEBRUARY 2018</b>	<b>FEBRUARY 2019</b>	<b>Growth (%)</b>	<b>APRIL, 2017- FEBRUARY 2018</b>	<b>APRIL, 2018 - FEBRUARY 2019</b>	<b>Growth (%)</b>
<b>Top Five Importers</b>						
<b>U S A</b>	118.21	159.87	35.24	1467.39	1534.78	4.59
<b>U A E</b>	31.90	34.71	8.83	373.39	406.82	8.95
<b>GERMANY</b>	32.80	32.22	-1.77	351.32	390.82	11.24
<b>U K</b>	25.27	26.96	6.69	264.45	290.11	9.70
<b>CANADA</b>	32.79	18.85	-42.53	223.09	252.68	13.26
<b>High cumulative growth</b>						
<b>CHILE</b>	1.40	0.91	-35.05	19.38	54.94	183.43
<b>TANZANIA</b>	1.79	3.54	97.75	36.86	75.47	104.76
<b>EGYPT</b>	2.57	2.79	8.64	46.33	84.38	82.14
<b>QATAR</b>	11.49	10.24	-10.86	81.66	131.84	61.46
<b>SINGAPORE</b>	4.49	4.32	-3.82	40.71	59.49	46.14
<b>NEPAL</b>	11.76	15.26	29.73	75.87	109.28	44.02
<b>MEXICO</b>	5.63	7.18	27.49	59.01	82.84	40.38
<b>Sharp cumulative decline</b>						
<b>IRAN</b>	0.81	0.41	-49.13	51.00	4.79	-90.60
<b>OMAN</b>	13.18	4.95	-62.47	175.35	71.08	-59.46
<b>SENEGAL</b>	1.46	1.28	-11.76	45.52	19.35	-57.50

<b>COLOMBIA</b>	1.87	3.06	63.82	66.86	37.76	-43.52
<b>SAUDI ARAB</b>	10.95	13.75	25.60	248.76	145.17	-41.64
<b>MALAYSIA</b>	3.99	3.65	-8.37	49.84	34.19	-31.40

(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 - February 2019 with 23.48 percent, 6.22 percent and 5.98 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 - February 2019.
- ❖ Iran, Oman and Senegal conceded substantial decline in imports of more than half for the said product group from India during April - February 2019.

**Table 10: Export of Industrial Machinery**

US\$ Million

<b>COUNTRY</b>	<b>FEBRUARY, 2018</b>	<b>FEBRUARY, 2019</b>	<b>GROWTH (%)</b>	<b>APRIL,2017 - FEBRUARY, 2018</b>	<b>APRIL,2018 - FEBRUARY,2019</b>	<b>GROWTH (%)</b>
<b>Top Five Importers</b>						
<b>U S A</b>	159.26	184.90	16.10	1,690.07	2,070.03	22.48
<b>GERMANY</b>	52.07	53.55	2.83	498.28	581.94	16.79
<b>THAILAND</b>	22.24	55.32	148.67	244.11	554.70	127.24
<b>BANGLADESH</b>	39.79	43.91	10.33	475.14	480.20	1.06
<b>U K</b>	44.96	29.85	-33.59	526.68	458.78	-12.89
<b>High cumulative growth</b>						
<b>THAILAND</b>	22.24	55.32	148.67	244.11	554.70	127.24
<b>HONG KONG</b>	1.93	1.36	-29.51	15.51	33.37	115.11
<b>UZBEKISTAN</b>	4.04	6.22	53.97	26.76	48.63	81.69
<b>NIGERIA</b>	19.71	28.95	46.87	174.83	277.49	58.72
<b>PORTUGAL</b>	3.09	2.79	-9.72	21.54	33.97	57.67
<b>TAIWAN</b>	2.15	2.72	26.41	30.02	46.87	56.11
<b>ALGERIA</b>	8.88	12.80	44.13	64.02	96.37	50.54
<b>POLAND</b>	4.56	6.86	50.27	50.97	74.53	46.22
<b>COLOMBIA</b>	2.48	4.45	79.57	29.73	42.91	44.34
<b>AUSTRIA</b>	1.58	3.12	97.94	19.93	28.51	43.10
<b>Sharp cumulative decline</b>						
<b>SENEGAL</b>	1.44	1.38	-3.98	32.86	18.36	-44.12
<b>KUWAIT</b>	13.94	7.72	-44.62	189.83	109.89	-42.11
<b>GUATEMALA</b>	2.55	0.95	-62.95	20.20	12.15	-39.84
<b>MOZAMBIQUE</b>	1.47	1.28	-12.87	23.29	15.36	-34.02
<b>BHUTAN</b>	2.37	1.77	-25.66	37.50	24.78	-33.93

<b>SWITZERLAND</b>	2.30	1.58	-31.15	30.89	23.58	-23.66
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(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April– February 2019 with 16.76 percent share in India's global import of the product group, followed by Thailand and Germany with 4.71 percent and 4.49 percent shares respectively.
- ❖ Thailand , Hong Kong, and Uzbekistan were among the importing nations witnessed over 100 percent growths in imports of Industrial machinery from India during April - February 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 - February 2019.

**Table 11: Export of Automobiles**

US\$ Million

<b>COUNTRY</b>	<b>FEBRUARY, 2018</b>	<b>FEBRUARY, 2019</b>	<b>GROWTH (%)</b>	<b>APRIL,2017 - FEBRUARY, 2018</b>	<b>APRIL,2018 - FEBRUARY,2019</b>	<b>GROWTH (%)</b>
<b>Top Five Importers</b>						
<b>MEXICO</b>	137.08	98.22	-28.35	1,614.00	1,221.14	-24.34
<b>U S A</b>	87.33	117.19	34.19	534.21	1,061.92	98.78
<b>SOUTH AFRICA</b>	50.23	36.70	-26.92	696.72	659.15	-5.39
<b>BANGLADESH</b>	50.30	43.94	-12.65	531.88	628.87	18.24
<b>NEPAL</b>	37.75	31.51	-16.52	426.56	467.30	9.55
<b>High cumulative growth</b>						
<b>CAMBODIA</b>	1.37	5.79	323.37	8.89	40.61	356.82
<b>IRAQ</b>	3.69	3.20	-13.27	15.34	36.77	139.72
<b>CANADA</b>	4.25	13.02	206.27	58.01	121.62	109.66
<b>MOZAMBIQUE</b>	3.35	1.61	-51.73	12.73	26.53	108.36
<b>U S A</b>	87.33	117.19	34.19	534.21	1,061.92	98.78
<b>QATAR</b>	0.94	7.64	711.94	22.52	43.68	93.97
<b>BHUTAN</b>	4.24	3.02	-28.83	39.04	73.46	88.17
<b>CONGO D. REP.</b>	3.41	4.32	26.73	25.97	48.58	87.09
<b>Sharp cumulative decline</b>						
<b>COTE D' IVOIRE</b>	7.62	0.36	-95.31	86.77	12.22	-85.91
<b>ISRAEL</b>	0.67	2.75	309.69	60.59	12.81	-78.86
<b>NETHERLAND</b>	0.26	0.71	166.62	33.82	8.79	-74.00
<b>ARGENTINA</b>	8.18	1.52	-81.47	107.17	29.67	-72.32
<b>NICARAGUA</b>	2.57	0.15	-94.34	29.06	9.78	-66.34
<b>TURKEY</b>	5.00	0.05	-98.96	54.80	21.84	-60.16
<b>THAILAND</b>	1.04	0.80	-23.29	28.87	12.83	-55.56

(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- February of 2019 witnessing 12.70, 11.05 and 6.86 percent share respectively.
- ❖ Countries like Cambodia, Iraq and Canada saw over 100 percent growths in imports of Indian automobile during April- February 2019 among major importers.
- ❖ Cote D'Ivoire, Israel, Netherland and Argentina conceded substantial decrease in imports of Automobiles from India during April- February 2019.

**Table 12: Export of Non-Ferrous metals**

US\$ Million

COUNTRY	FEBRUARY, 2018	FEBRUARY, 2019	GROWTH (%)	APRIL,2017 - FEBRUARY, 2018	APRIL,2018 - FEBRUARY,2019	GROWTH (%)
<b>Top Five Importers</b>						
U S A	97.09	86.39	-11.02	936.68	969.52	3.51
MALAYSIA	88.73	48.62	-45.21	1,115.70	887.97	-20.41
KOREA RP	114.90	47.09	-59.02	1,100.63	779.98	-29.13
TURKEY	33.98	35.82	5.39	220.09	504.66	129.29
TAIWAN	28.95	17.21	-40.54	219.90	330.06	50.09
<b>High cumulative growth</b>						
EGYPT	0.73	1.02	39.65	10.38	35.42	241.13
BULGARIA	1.11	0.11	-90.38	19.11	52.73	175.88
NETHERLAND	5.75	8.40	46.04	71.39	167.60	134.77
TURKEY	33.98	35.82	5.39	220.09	504.66	129.29
VIETNAM	7.64	5.27	-30.97	39.66	87.28	120.05
ETHIOPIA	0.67	2.23	231.40	11.65	25.34	117.56
POLAND	1.46	4.69	221.72	16.32	33.62	105.97
MEXICO	15.45	19.75	27.83	152.19	303.99	99.74
THAILAND	19.66	21.84	11.07	120.42	207.19	72.06
SPAIN	19.14	12.12	-36.64	134.80	203.03	50.61
<b>Sharp cumulative decline</b>						
CHINA	121.46	10.35	-91.48	1,651.16	264.12	-84.00
QATAR	28.30	2.46	-91.32	190.81	82.35	-56.84
U A E	27.19	19.66	-27.70	506.76	219.39	-56.71
SINGAPORE	0.93	49.77	5260.58	249.78	119.28	-52.24
COLOMBIA	5.38	3.84	-28.70	85.68	47.24	-44.87
BAHARAIN	6.12	2.62	-57.22	57.03	35.98	-36.91
INDONESIA	9.86	5.83	-40.88	121.39	76.68	-36.83
OMAN	2.79	6.62	137.30	74.86	49.71	-33.60



<b>KOREA RP</b>	114.90	47.09	-59.02	1,100.63	779.98	-29.13
<b>ECUADOR</b>	0.97	3.34	243.93	15.89	24.31	53.00

- ❖ USA (US\$ 969.52 million), Malaysia (US\$ 887.97 million) and Korea (US\$ 779.98 million) were the top three importers of Indian Non-ferrous metals during April - February 2019 with market shares of 12.62 percent, 11.56 percent and 10.15 percent respectively.
- ❖ Egypt, Bulgaria, Netherland, Turkey and Vietnam witnessed over 100 percent year-on-year growths in imports of Indian Non-ferrous metal products during April- February 2019.
- ❖ China, Qatar and UAE were the nations conceded highest declines in imports of non-ferrous metals from India during the April - February 2019 over the same period last fiscal.

**Table 13: Export of Electrical Machinery and Components**

US\$ Million

<b>COUNTRY</b>	<b>FEBRUARY 2018</b>	<b>FEBRUARY 2019</b>	<b>Growth (%)</b>	<b>APRIL, 2017- FEBRUARY 2018</b>	<b>APRIL, 2018 - FEBRUARY 2019</b>	<b>Growth (%)</b>
<b>Top Importers</b>						
<b>U S A</b>	85.96	150.74	75.35	1068.81	1807.38	69.10
<b>GERMANY</b>	91.08	71.76	-21.21	841.12	825.97	-1.80
<b>SINGAPORE</b>	18.41	71.48	288.20	234.57	493.06	110.19
<b>U K</b>	20.34	44.39	118.30	382.42	471.59	23.32
<b>BELGIUM</b>	51.35	3.39	-93.40	138.36	318.27	130.03
<b>High cumulative growth</b>						
<b>INDONESIA</b>	6.20	7.53	21.58	56.83	160.29	182.07
<b>EGYPT</b>	2.27	2.37	4.32	19.71	50.77	157.61
<b>BELGIUM</b>	51.35	3.39	-93.40	138.36	318.27	130.03
<b>SINGAPORE</b>	18.41	71.48	288.20	234.57	493.06	110.19
<b>SWITZERLAND</b>	1.64	3.82	132.91	20.68	42.86	107.20
<b>JAPAN</b>	10.67	29.47	176.10	113.38	233.80	106.21
<b>CANADA</b>	3.01	3.58	19.01	28.51	58.39	104.79
<b>MEXICO</b>	2.12	28.55	1246.44	44.46	80.47	80.97
<b>Sharp cumulative decline</b>						
<b>TAIWAN</b>	2.18	0.64	-70.68	56.23	22.33	-60.30
<b>VIETNAM</b>	6.88	6.27	-8.90	126.19	68.90	-45.40
<b>TURKEY</b>	13.36	6.62	-50.41	154.98	101.72	-34.37
<b>KUWAIT</b>	2.69	1.60	-40.67	55.20	39.36	-28.69
<b>HONG KONG</b>	3.03	3.72	22.76	52.08	37.35	-28.29
<b>UAE</b>	27.45	14.09	-48.67	265.10	208.77	-21.25

(Source: Department of Commerce and CSO)

- ❖ USA (US\$ 1807 million), Germany (US\$ 826 million) and Singapore (US\$ 493 million) were the three top importers of Indian Electrical Machinery and Components during April - February 2019 with market shares of 23.67 percent, 10.81 percent and 6.46 percent respectively.
- ❖ Indonesia, Egypt and Belgium recorded highest growth in imports of India's Electrical Machinery and Components during April - February 2019.
- ❖ On the other hand Taiwan, Vietnam and Turkey conceded highest declines in imports of India's Electrical Machinery and Components during April- February 2019.

**Table 14: Export of Aircrafts and Spacecrafts**  
US\$ million

COUNTRY	FEBRUARY 2018	FEBRUARY 2019	Growth (%)	APRIL, 2017- FEBRUARY 2018	APRIL, 2018 - FEBRUARY 2019	Growth (%)
<b>Top Five Importers</b>						
U S A	51.16	32.03	-37.40	587.52	484.33	-17.56
SINGAPORE	15.62	7.59	-51.38	226.43	210.95	-6.84
FRANCE	23.70	9.22	-61.09	230.32	210.38	-8.66
U K	19.42	12.58	-35.23	197.59	201.34	1.90
GERMANY	30.57	5.96	-80.50	245.58	101.26	-58.77
<b>High cumulative growth</b>						
SEYCHELLES	0.07	2.87	3836.62	1.90	26.08	1274.94
SOUTH AFRICA	0.06	0.28	349.43	1.66	7.94	378.54
SWEDEN	0.51	1.68	231.00	6.13	12.43	102.64
IRELAND	0.58	0.01	-99.05	6.61	12.80	93.64
MEXICO	0.36	0.48	35.58	2.82	5.28	87.38
UAE	0.14	0.40	184.33	6.40	7.85	22.63
<b>Sharp cumulative decline</b>						
POLAND	2.05	0.31	-84.80	31.35	11.95	-61.88
GERMANY	30.57	5.96	-80.50	245.58	101.26	-58.77
THAILAND	2.94	0.10	-96.54	18.40	7.65	-58.44
NETHERLAND	1.85	0.65	-64.95	15.37	6.39	-58.41
RUSSIA	1.93	0.20	-89.68	36.05	16.18	-55.11
CHINA	1.01	1.13	11.60	29.87	14.01	-53.10
ISRAEL	5.82	1.89	-67.46	48.71	26.66	-45.27

(Source: Department of Commerce and CSO)

- ❖ USA, Singapore and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April- February 2019 with around 31.53, 13.73 and 13.70 percent shares respectively in India's total global exports of the product.

- ❖ Seychelles, South Africa and Sweden continued to register substantial growths in import of the product group during April- February 2019 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Poland, Germany, Thailand, Russia and Netherland dropped significantly on a year-on-year basis during April- February 2019 along with some other nations.

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

US\$ million

COUNTRY	FEBRUARY 2018	FEBRUARY 2019	Growth (%)	APRIL, 2017- FEBRUARY 2018	APRIL, 2018 - FEBRUARY 2019	Growth (%)
<b>Top 5 Importers</b>						
UAE	30.19	37.91	25.55	1081.48	1323.37	22.37
SINGAPORE	168.87	237.99	40.93	611.85	705.78	15.35
SRI LANKA	6.67	109.92	1548.19	175.72	674.10	283.63
OMAN	-	-	-100.00	2.47	276.45	11102.57
INDONESIA	-	120.93	-	36.07	230.53	539.12
<b>High cumulative growth</b>						
SOUTH AFRICA	-	-	-	-	198.48	66722215.52
OMAN	-	-	-100.00	2.47	276.45	11102.57
INDONESIA	-	120.93	-	36.07	230.53	539.12
SAUDI ARAB	-	-	-	19.11	104.60	447.45
SRI LANKA	6.67	109.92	1548.19	175.72	674.10	283.63
<b>Sharp cumulative decline</b>						
CAMEROON	-	-	-	20.63	-	-100.00
LIBERIA	-	-	-	84.61	-	-100.00
MYANMAR	-	-	-	21.28	-	-100.00
EGYPT	-	-	-	213.77	-	-100.00
NORWAY	-	-	-	82.42	-	-100.00
U S A	-	-	-	443.69	0.15	-99.97
MAURITIUS	-	1.95	-	38.46	4.28	-88.86

**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- February 2019 with 33.74 percent share in India's total global exports of the product followed by Singapore and Sri Lanka with 18 and 17.19 percent share respectively.

- ❖ South Africa, Oman and Indonesia recorded robust growth in imports of 'Ships, Boats and Floating Structures and Parts' during April- February 2019.
- ❖ Cameroon, Liberia and Myanmar were among the nations that recorded no imports during April - February 2019 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	FEBRUARY 2018	FEBRUARY 2019	Growth (%)	APRIL, 2017- FEBRUARY 2018	APRIL, 2018 - FEBRUARY 2019	Growth (%)
<b>Top 5 Importers</b>						
U S A	102.82	106.70	3.78	949.71	1153.31	21.44
TURKEY	31.83	20.94	-34.20	329.82	286.96	-13.00
BANGLADESH	31.59	31.02	-1.80	257.09	282.93	10.05
BRAZIL	25.06	27.38	9.27	226.44	266.70	17.78
GERMANY	20.73	22.46	8.31	203.94	245.31	20.28
<b>High cumulative growth</b>						
COLOMBIA	5.28	8.35	58.15	49.47	85.96	73.76
UAE	12.00	11.40	-5.02	106.31	166.60	56.71
VIETNAM	8.22	14.92	81.49	101.87	151.06	48.29
ROMANIA	10.25	7.97	-22.29	65.88	90.21	36.92
JAPAN	11.27	12.48	10.78	114.99	147.21	28.01
EGYPT	4.97	4.78	-3.92	55.75	70.31	26.13
U S A	102.82	106.70	3.78	949.71	1153.31	21.44
GERMANY	20.73	22.46	8.31	203.94	245.31	20.28
<b>Sharp cumulative decline</b>						
PERU	3.69	2.42	-34.43	30.31	23.64	-22.00
SAUDI ARAB	1.51	5.08	235.60	31.10	24.31	-21.82
TURKEY	31.83	20.94	-34.20	329.82	286.96	-13.00
NETHERLAND	3.54	3.14	-11.20	33.71	29.96	-11.12
POLAND	4.55	3.49	-23.24	43.50	39.14	-10.02

(Source: Department of Commerce and CSO)

- ❖ USA is the topmost importer of auto components/parts from India during April-February 2019 with a share of 22 percent in India's global exports of auto components. Turkey and Bangladesh were the immediate followers of USA with 5.48 percent and 5.40 percent shares respectively.
- ❖ Colombia, UAE and Vietnam are among the prominent nations recorded significant increase in imports of Indian Auto Components/Parts during April- February 2019 over April- February 2019.

- ❖ Saudi Arab, Peru and Turkey conceded highest declines in imports during April- February 2019 over the same period last fiscal followed by Netherland.

## 8. Import analysis of engineering goods

India's Engineering imports during February 2019 were valued at US\$ 8062.3 million compared to US\$ 7923.9 million in February 2018 registering a marginal growth to the extent of 1.7 percent in dollar terms.

Cumulative engineering imports during Apr-Feb 2018-19 was recorded at US\$ 95 billion as against US\$ 84.78 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 22.2 percent in February 2019 as against 20.7 percent in February 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:

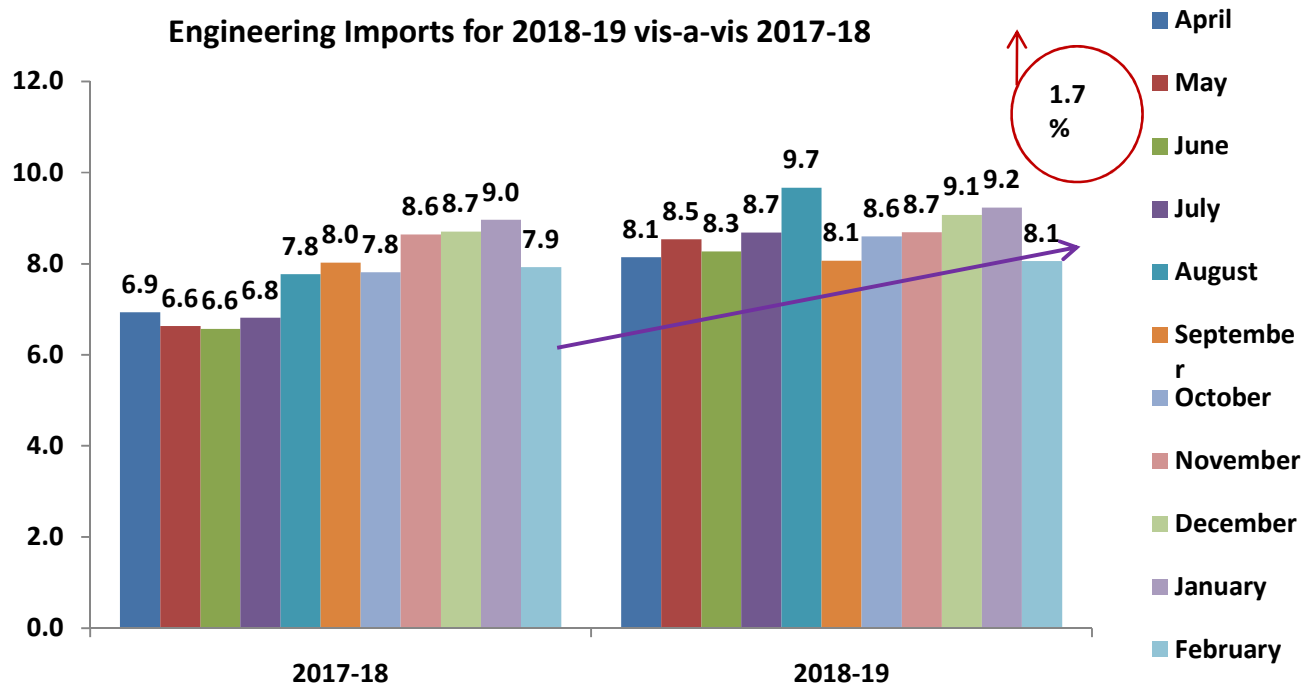
**Table 17: Engineering Imports**  
(US\$ Million)

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
<b>Quarter 1 (April-June)</b>	<b>20132.53</b>	<b>24943.57</b>	<b>23.90</b>
July	6811.16	8683.39	27.49
August	7769.3	9667.6	24.43
September	8028.2	8064.26	0.45
<b>Quarter 2 (July-September)</b>	<b>22608.66</b>	<b>26415.25</b>	<b>16.84</b>
October	7812.5	8599.9	10.08
November	8644.2	8686.4	0.5
December	8703.5	9072.2	4.2
<b>Quarter 3 (October-December)</b>	<b>25160.20</b>	<b>26358.50</b>	<b>4.76</b>
January	8959.49	9236.01	3.10
February	7923.9	8062.3	1.7
<b>April-February</b>	<b>84784.8</b>	<b>95015.6</b>	<b>12.1</b>

(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**



### 9. Trend in two-way engineering trade

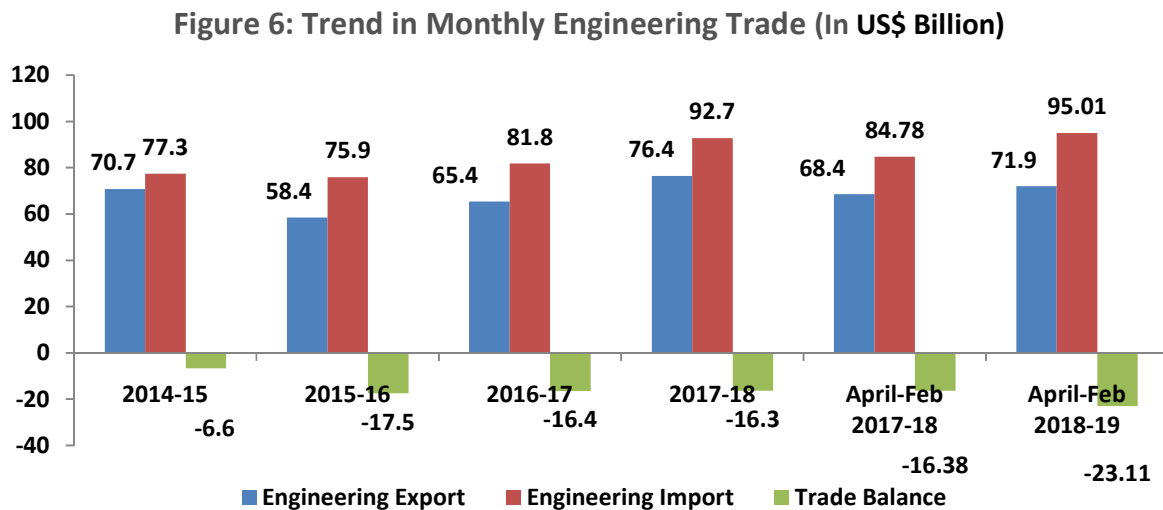
We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2017-18 as well as the current fiscal of 2018-19 depicted in the table below:

**Table 18: Engineering Trade**  
(US\$ billion)

	2014-15	2015-16	2016-17	2017-18	Growth %	April-February 2017-18	April-February 2018-19	Growth %
<b>Engineering exports</b>	70.7	58.4	65.4	76.4	<b>16.81</b>	68.4	71.9	5.1
<b>Engineering imports</b>	77.3	75.9	81.8	92.7	<b>13.27</b>	84.78	95.01	12.1
<b>Trade balance</b>	-6.6	-17.5	-16.4	-16.3		-16.38	-23.11	

(\*)Engineering Import figures for April-February 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-February of the current fiscal 2018-19**



## 10. Conclusion

India’s merchandised export growth moderated in February 2019 over the month but was higher than below 1 percent growth seen in the previous two months. On a cumulative basis merchandise export growth decelerated to single digit.

Indian engineering exports, recorded year-on-year growth for the second month in a row after declining in the last two months of 2018 as it recorded 1.74 percent growth during February 2019 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, withdrawal of GSP benefits to Indian exports by the US Government, 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 impediments like US-China tariff war coupled with the initiation of safeguard investigation by the European Commission on a number of steel products imported by EU is likely to have ripple effects on global trade volume. US investigation on India's compliance with the norms under Generalized System of Preference is another major external shock for the exporting community. These 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 economic growth decelerated in the fourth quarter of 2018 over the third one but increased to 2.9 percent in 2018 from 2.2 percent in 2018 and the impact of interest rate tightening is not likely to hamper the momentum as fiscal stimulus is still there. Growth in European Union was at 1.9 percent against 2.4 percent in 2018 despite the continuation of accommodative monetary policy as weak industrial sector and shaken business confidence weighed on growth. 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 eleven months of FY 2018-19, the total engineering exports is USD 71.86 billion. Annualizing this leads to USD 78.39 billion in FY 2018-19 which amounts to a modest growth of over 3.15%.

Without the headwinds both domestic and external faced in the first eleven 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.

