

Engineering Export-Import Monitor

April 2019



Engineering the future

EEPCINDIA
ENGINEERING THE FUTURE

Analysis of Indian engineering exports and imports for April 2019

India's Merchandise Trade scenario

- ❖ After reaching its all-time high in fiscal 2018-19 and witnessing double digit year-on-year growth in March 2019, India's merchandise exports managed a marginal 0.64 percent growth in April 2019 over the same month last fiscal. Merchandise exports in the said month inched up to US\$ 26.07 billion from US\$ 25.91 billion in April 2018. In Rupee terms however, merchandise exports secured a higher 6.45 percent growth in the reporting month.
- ❖ Major commodity groups of export showing positive growth in April 2019 over the corresponding month of last fiscal were Petroleum Products (30.75%), Electronic Goods (27.78%), Organic & Inorganic Chemicals (15.06%), RMG of all Textiles (4.42%) and Drugs & Pharmaceuticals (4.03%).
- ❖ India's Merchandise Imports recorded a higher 4.48 percent year-on-year growth in April 2019 as against mere 1.44 percent in the previous month. Merchandise imports in April 2019 were US\$ 41.40 Billion as against US\$ 39.63 Billion in April 2018. In rupee terms, the growth was higher at 10.52 percent.
- ❖ Major commodity groups of import showing negative growth in April 2019 over the corresponding month of last year were Transport equipment (-31.69%), Vegetable Oil (-20.70%), Pearls, precious & Semi precious stones (-8.90%) and Wood & Wood products (-1.36%).
- ❖ The trade deficit in April 2019 narrowed down by 11.73 percent to US\$ 15.33 billion from US\$ 13.72 billion in April 2018.

India's Engineering Exports scenario

- ❖ Like the broader merchandise trade, engineering exports from India also saw a decline in shipment in April 2019 over the same month last fiscal after reaching its all-time high in fiscal 2018-19 aided by double digit year-on-year growth in five out of twelve months in that fiscal.
- ❖ Engineering exports dropped by 7.62 percent to US\$ 6,485.24 million in April 2019 from US\$ 7,020.54 million in April 2018. Share of engineering exports in total merchandise exports was 24.87 percent during the month.
- ❖ Out of 33 engineering panels, 17 panels sharing almost 51.51 percent of the products, recorded growth in exports during April 2019 over the same period last year while the remaining 16 panels conceded decline in exports.

- ❖ During April 2019, 9 out of top 25 countries recorded positive growth in engineering exports from India over the same period last year.

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

After reaching its all-time high in fiscal 2018-19 and witnessing double digit year-on-year growth in March 2019, India's merchandise exports conceded marginal 0.64 percent growth in April 2019 over the same month last fiscal. Merchandise exports in the said month just inched up to US\$ 26.07 billion from US\$ 25.91 billion in April 2018. In Rupee terms however, merchandise exports secured a higher 6.45 percent growth in the reporting month.

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India's Merchandise Imports recorded a higher 4.48 percent year-on-year growth in April 2019 as against mere 1.44 percent in the previous month. Merchandise imports in April 2019 were US\$ 41.40 Billion as against US\$ 39.63 Billion in April 2018. In rupee terms, the growth was higher at 10.52 percent.

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Oil imports in April 2019 were US\$ 11.38 billion, which was 9.26 percent higher in dollar terms compared to US\$ 10.41 billion in April 2018. In this connection it is mentioned that the global Brent price (\$/bbl) has decreased by 0.60% in April 2019 vis-à-vis April 2018 as per data available from World Bank (Pink Sheet).

Non-oil imports in April 2019 were estimated at US\$ 30.02 billion which was 2.78 percent higher in dollar terms compared to US\$ 29.21 billion in April 2018.

The trade deficit in April 2019 narrowed down by 11.73 percent to US\$ 15.33 billion from US\$ 13.72 billion in April 2018.

2. Engineering exports

Like the broader merchandise trade, engineering exports from India also saw a decline in shipment in April 2019 over the same month last fiscal after reaching its all-time high in fiscal 2018-19 aided by double digit year-on-year growth in five out of twelve months in that fiscal.

Engineering exports dropped by 7.62 percent to US\$ 6,485.24 million in April 2019 from US\$ 7,020.54 million in April 2018. Share of engineering exports in total merchandise exports was 24.87 percent during the month.

Out of 33 engineering panels, 17 panels sharing almost 51.51percent of the products, recorded growth in exports in April 2019 over the same month last year while the remaining 16 panels conceded decline in exports.

In 9 out of 25 countries, engineering exports recorded positive monthly growth in April 2019 over April 2018.

The monthly engineering figures for 2019-20 vis-à-vis 2018-19 are depicted below as per the latest availability of figure:

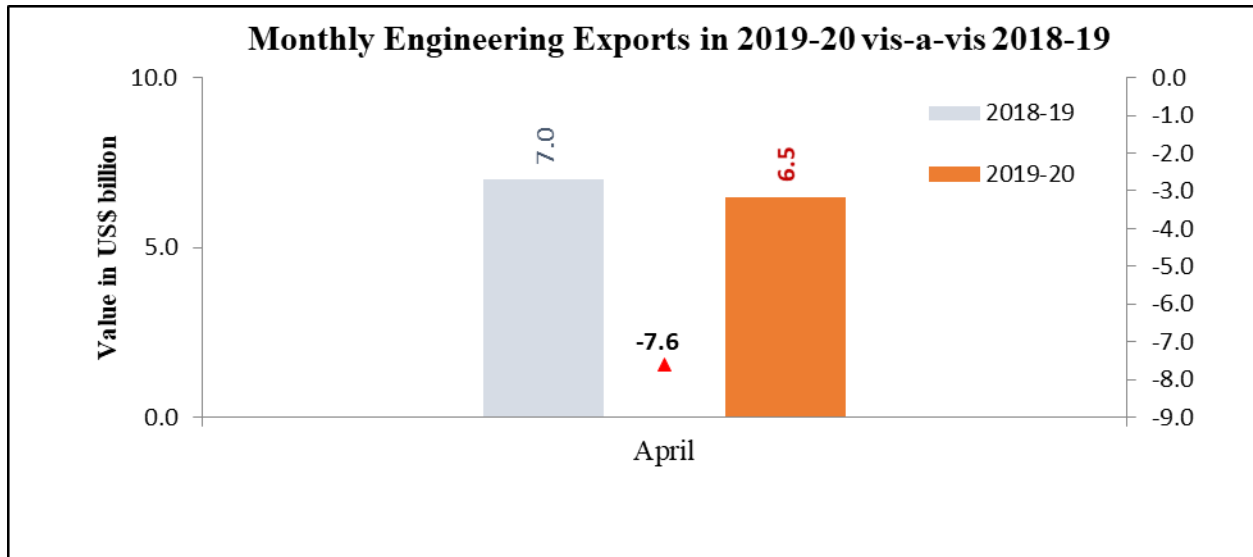
Table1: Engineering Exports
(US\$ million)

Month	2018-19	2019-20	Growth (%)
April	7020.54	6485.24	-7.62

Source: DGCIIS, Govt. of India.

Figure 1 below depicts the monthly trend in engineering exports during Fiscal 2019-20 in comparison to fiscal 2018-19.

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



(Source: QE, Ministry of Commerce; 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 declining in the previous two months. During February 2019, engineering export growth was marginally up but manufacturing growth slipped to negative while in March, manufacturing growth remained unchanged but engineering growth accelerated substantially. The manufacturing Index in the Index of Industrial Production (IIP) stood at 139.6 in March 2019 as against 129.2 in February 2019,

135.2 in January 2019, 135.8 in December 2018, 126.8 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 in 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	18.93	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	8.54	8.2
November 2018	-16.52	-0.7
December 2018	-3.52	2.9
October-December 2018	-4.58	3.4
January 2019	1.24	1.0
February 2019	1.68	-0.4
March 2019	16.80	-0.4
January-March 2019	7.36	0.1
April-March 2018-19	6.32	3.5

(Source: Department of Commerce and CSO)

We also present the month wise corresponding revised engineering exports for 2018-19 as opposed to 2017-18.

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

Months	2017-18	2018-19	Growth (%)
April	5902.86	7020.54	18.93%
May	6047.26	6929.58	14.59%

June	5703.28	6511.59	14.17%
Quarter 1	17653.40	20463.04	15.92%
July	5595.63	6111.92	9.23%
August	5766.60	6979.96	21.04%
September	7088.19	6769.70	-4.49%
Quarter 2	18450.42	19861.58	7.65%
October	5669.59	6153.58	8.54%
November	6872.84	5737.61	-16.52%
December	7163.56	6911.61	-3.52%
Quarter 3	19705.99	18802.80	-4.58%
January	6217.28	6294.12	1.24%
February	6332.92	6439.29	1.68%
March	7839.32	9156.46	16.80%
Quarter 4	20389.52	21889.87	7.36%
April-March	76199.33	81017.29	6.32%

Source: DGCI&S

3. Impact of Exchange Rate

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

Table 4: Average exchange rate

April	Average exchange rate 1 USD to INR
2018	65.64
2019	69.42

(Source: Calculated from RBI archive)

During April 2019, the official exchange rate of rupee vis-à-vis the US Dollar depreciated by 5.76 percent over April 2018. The pace of year-on-year depreciation in April 2019 was substantially slower than that of in March 2019 at 6.86 percent.

We begin by looking at the Engineering Panel wise exports for the month of April 2019 vis-a-vis April 2018. The data is given in Table 5 below:

Table 5: Trends in engineering panel Exports for April 2019 compared to April 2018
US\$ Million

Sl no.	Panel	April 2018	April 2019	Growth %
A	Iron and Steel	837.85	715.13	-14.6
B	Products of Iron and Steel	563	557.57	-1.0
	Sub Total	1400.85	1272.7	-9.15
A	Copper and products	109.54	67.11	-38.73
B	Aluminium and products	412.51	414.89	0.58
C	Zinc and products	79.65	44.18	-44.53
D	Nickel and products	6.1	4.44	-27.21
E	Lead and products	27.35	30.1	10.05
F	Tin and products	0.49	0.65	32.65
G	Other Non-Ferrous Metals	43.43	41.78	-3.80
	Sub Total	679.07	603.15	-11.18
A	Industrial Machinery like Boilers, parts, etc	59.04	72.37	22.6
B	IC Engines and Parts	171.4	186.99	9.1
C	Pumps of all types	81.45	83.62	2.66
D	Air condition and Refrigerators	135.42	113.21	-16.4
E	Industrial Machinery for dairy, food processing , textiles etc	488.91	454.32	-7.1
F	Machine Tools	43.98	39.42	-10.37
G	Machinery for Injecting moulding, valves and ATMs	129.68	129.8	0.1
	Sub Total	1109.88	1079.73	-2.7
4	Electrical Machinery	709.69	682.37	-3.85
A	Motor Vehicle/cars	610.74	643.12	5.3
B	Two and Three Wheelers	170.16	151.8	-10.8
C	Auto Components/Part	445.9	412.32	-7.53
	Sub Total	1226.8	1207.24	-1.59
6	Aircrafts and Spacecraft parts and products	152.44	95.38	-37.43
7	Ships Boats and Floating products and parts	1076.07	830.58	-22.81
A	Medical and Scientific instruments	133	139.64	4.99
B	Railway Transport	36.72	31.23	-14.95
C	Hand Tools & Cutting Tools	57.61	62.55	8.57
D	Electrodes Accumulators	4.34	4.72	8.76

E	Accumulator and Batteries	24.76	34.87	40.83
F	Bicycle & Parts	31.97	32.6	1.97
G	Cranes Lifts & Winches	36.09	46.88	29.90
H	Office Equipments	5.41	13.25	144.92
I	Other Construction Machinery	140.55	124.37	-11.51
J	Prime Mica & Mica Products	1.83	4.01	119.13
K	OTHER MISC. ITEMS	193.46	219.97	13.70
Sub total		665.74	714.09	7.26
Total engineering exports		7020.54	6485.24	-7.62

(Source: Department of Commerce, Government of India)

Some factors that need to be noted are:

- ❖ During April 2019, exports of engineering goods (panel wise) dropped to US\$ 6485.24 million compared to US\$ 7020.54 million in April 2018 recording a negative growth of 7.62percent for the first time in this fiscal 2019-20. Out of 33 engineering panels, 17 panels sharing almost 51.51percent of the products, recorded growth in exports in April 2019 over the same month last year while the remaining 16 panels conceded decline in exports.
- ❖ Iron and Steel figures recorded 14.6 percent drop in exports during April 2019 with an overseas shipment recording US\$ 715.13 million from US\$ 837.85 million in the same month last year. Products of Iron and Steel also recorded negative exports by 1.0 percent during April 2019 falling to US\$ 557.57 million from US\$ 563 million during the same period last in April 2018.
- ❖ Among the 7 non-ferrous metals and products made of non-ferrous metals, 'Tin and products 'Lead and products' and 'Aluminium and products' recorded growth in exports during April 2019. 'Tin and its products' recorded highest growth to the extent of 32.65 percent during April 2019 moving up from US\$ 0.49 million to US\$ 0.65 billion in 2019-20 for the month of April. 'Aluminium and products' increased to the extent of 0.6 percent from US\$ 412.5 million in April 2018 to US\$ 414.9 million in April 2019. 'Copper and products' , 'Zinc and products' and 'Nickel and products' experienced drop in exports to the extent of 38.73percent, 44.53percent and 27.21percent respectively in April 2019 compared to same period last fiscal.
- ❖ Industrial machinery panel as a whole recorded negative growth in exports to the extent of 2.7 percent during April 2019 vis-à-vis same period last fiscal. Among which sectors like, Industrial Boilers recorded 22.6 percent growth in exports during April 2019 compared to April 2018 and other sectors like Air Condition Machinery and parts Industrial machinery and parts and Machine Tools recorded 16.4 percent, 7.1 percent

and 10.37 percent fall in exports respectively during the said period. Sectors like IC engines & parts recorded positive export growth to the extent of 9.1 percent and Pumps and Valves recorded 2.66 percent growth in exports during April 2019 compared to same period last fiscal.

- ❖ Electrical Machinery and equipments panel also faced drop in exports to the extent of 3.85 percent during April 2019 over the same period last fiscal.
- ❖ Exports of Auto Components and parts recorded 1.59 percent negative growth during April 2019, moving down from US\$ 1226.8 million in April 2018 to US\$ 1207.24 million in April 2019. The automobile sector (including Motor Vehicles and Two/Three Wheelers) experienced growth in exports by 1.8 percent from US\$ 780.9 million in April 2018 to US\$ 794.92 million in April 2019.
- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded 37.43 percent drop in exports during April 2019 over the same period last year. Similar to that, Ship, Boats and Floating Bodies also exhibited negative growth in exports of 22.8 percent dropping from from US\$ 1076.07 million in April 2018 to US\$ 830.58 million in April 2019.
- ❖ Some other miscellaneous sectors like Office Equipments scaled up from US\$ 5.41 million in April 2018 to US\$ 13.25 million in April 2019 growing by 144 percent during the same period. Some other sectors like Medical and Scientific Instruments, Electrodes and Accumulators, Accumulators and Batteries, Hand Tools and Cutting Tools, Cranes, Lifts and Winches, Bicycle and Parts recorded growth in exports to the extent of 4.99 percent, 8.76 percent, 40.83 percent, 8.57 percent, 29.90 percent and 1.97 percent respectively in April 2019 over the same period last year. On the other hand Railway Transport and Equipment and Other Construction Machinery recorded fall in exports to the extent of 14.95 percent and 11.51 percent in April 2019 compared to April 2018.

Products with negative growth in April 2019 compared to April 2018

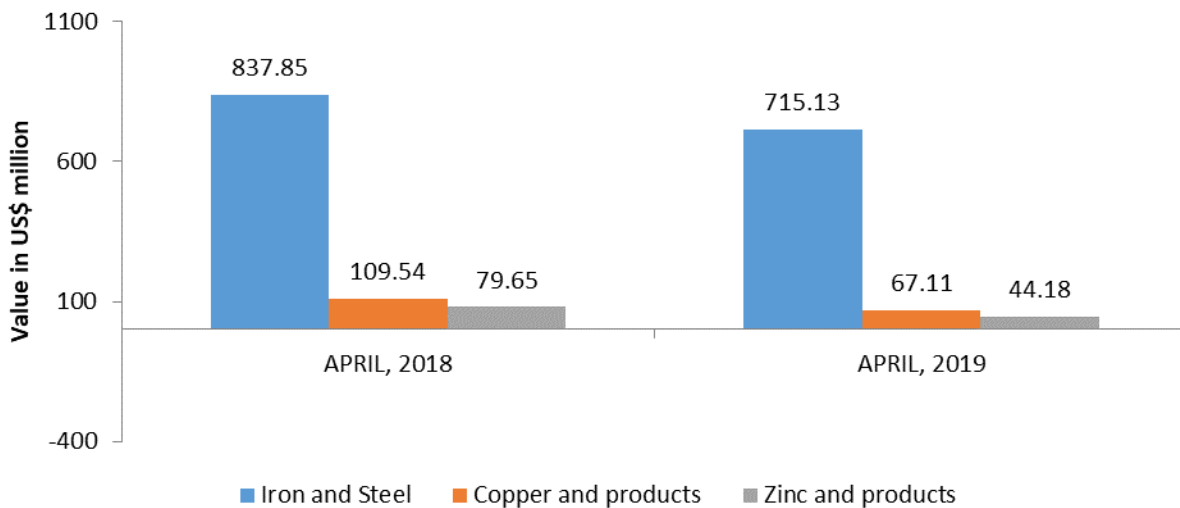
- a) In our view, while the exchange rate may be a factor in the margin, the main reasons for the falling engineering exports is the sharp decline in exports in both ferrous and non-ferrous primary products. Some heavy ticket exports products which have shown drastic fall both monthly as well as on cumulative basis are:
 - a. **Exports of primary steel under Chapter 72: fell by 14.6% in April 2019**
 - b. **Exports of Copper and Copper products under Chapter 74: fell by 38.7% in April 2019.**
 - c. **Exports of Zinc and products: fell by 44.5% in April 2019**

d. **Exports of Nickel and products fell by 27.2% in April 2019 compared to April 2018**

The cumulative impact of the fall in the above three product lines is USD 0.20 billion for April 2019. Had this figure been added to the USD 6.48 billion for April 2019, our exports growth would have experienced a lesser negative growth to the extent of 4.7% compared to the current negative growth of 7.62%.

Figure 2

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



Reasons for the fall

Iron and Steel

- There was a fall in the exports by 14.6 % (i.e. USD 715.13 million) in April 2019 vis-à-vis April 2018.
- 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.
- A big cause of worry for the steel exporters during the middle of the election season has been revealed in the latest statistics by JPC that India finished steel

exports slipped markedly by more than a third in the 2018-19 fiscal. The precipitous fall came as a consequence of US and Europe, the two biggest buyers of the alloy globally, bringing in safeguard duties on the product during the last one year. Between April 2018 and March 2019, exports of finished steel went down by 33.33 per cent from the previous financial year to 6.4 million tonnes from 9.6 million tonnes. On the other hand, imports by India of the product climbed 4 per cent to 7.8 million tonnes from 7.5 million tonnes compared to previous fiscal, leading to India becoming a net importer.

- Decline in growth has been observed in Italy (-50.8%), USA (-41%), Belgium (-36.9%), Korea (-58.2%), Spain (-52.3%), Turkey (-40%) in the month of April 2019 vis-à-vis April 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. As a suggestive measure EEPC India proposed recently in a meeting that there could be a passbook scheme through which steel companies may be asked to supply steel to MSME exporters registered with EEPC to get steel at the export prices. The other way is to use the Advance Authorization Scheme route by allowing Indian MSME units to purchase steel at the FOB price of Indian Steel companies and payment be made EEPC accounts for MSME exporters.

Copper and Copper products:

- There was a fall in the exports by 38.73 % (i.e. USD 67.11 million) in April 2019 vis-à-vis April 2018.
- Major fall in export during April 2019 observed in China (-46%), Bangladesh (-42.9%), Nepal (-32.5%), Malaysia (-70%), Thailand (-31%).
- 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.
- Noting with concern over 60 percent fall in copper and copper product exports in March 2019 and 39% in April 2019, EEPC India suggested the Government to develop internationally compatible standards and bring a Copper scrap policy like the Steel scrap policy in order to prevent import of inferior and hazardous material.
- 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 44.5 % (i.e. USD 44.18 million) in April 2019 vis-à-vis April 2018.
 - Exports fell mainly in Korea (-10%), Thailand (-65.4%), Indonesia (-62.4%), China (-75.8%), Bangladesh (-99.9%), Malaysia (-71.8%), Kenya (-59.6%).
 - There has been a drop in integrated production of zinc by Hindustan Zinc Ltd for the full fiscal 2018-19 by 12%. 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.

4. 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 2019 over April 2018 in absolute value.

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

Country	April 2018	April 2019	Growth (%)
U S A	960.21	896.63	-6.6
CYPRUS	0.93	350.65	37680.6
UAE	602.82	347.78	-42.3
MALAYSIA	98.46	315.19	220.1
SINGAPORE	290.83	282.67	-2.8
GERMANY	295.60	241.41	-18.3
BANGLADESH	238.83	236.67	-0.9
NEPAL	249.11	226.28	-9.2
MEXICO	244.67	192.73	-21.2
U K	193.76	188.05	-2.9
ITALY	202.14	171.12	-15.3
KOREA RP	187.07	158.52	-15.3
INDONESIA	125.27	146.66	17.1
CHINA	185.97	144.80	-22.1
THAILAND	93.98	125.77	33.8
NIGERIA	83.30	120.34	44.5
SOUTH AFRICA	314.26	113.25	-64.0
FRANCE	100.31	106.83	6.5
VIETNAM	68.95	99.60	44.5
BELGIUM	133.04	98.46	-26.0
SAUDI ARAB	184.10	87.10	-52.7
SRI LANKA	79.29	80.34	1.3
JAPAN	90.32	79.66	-11.8
TURKEY	182.78	78.16	-57.2
BRAZIL	73.29	78.02	6.4
Top 25			
Countries Total	5279.29	4966.72	-5.9
Grand Total	7020.54	6485.24	-7.62
Share % Total			
Engineering			
Exports	75.20	76.58	

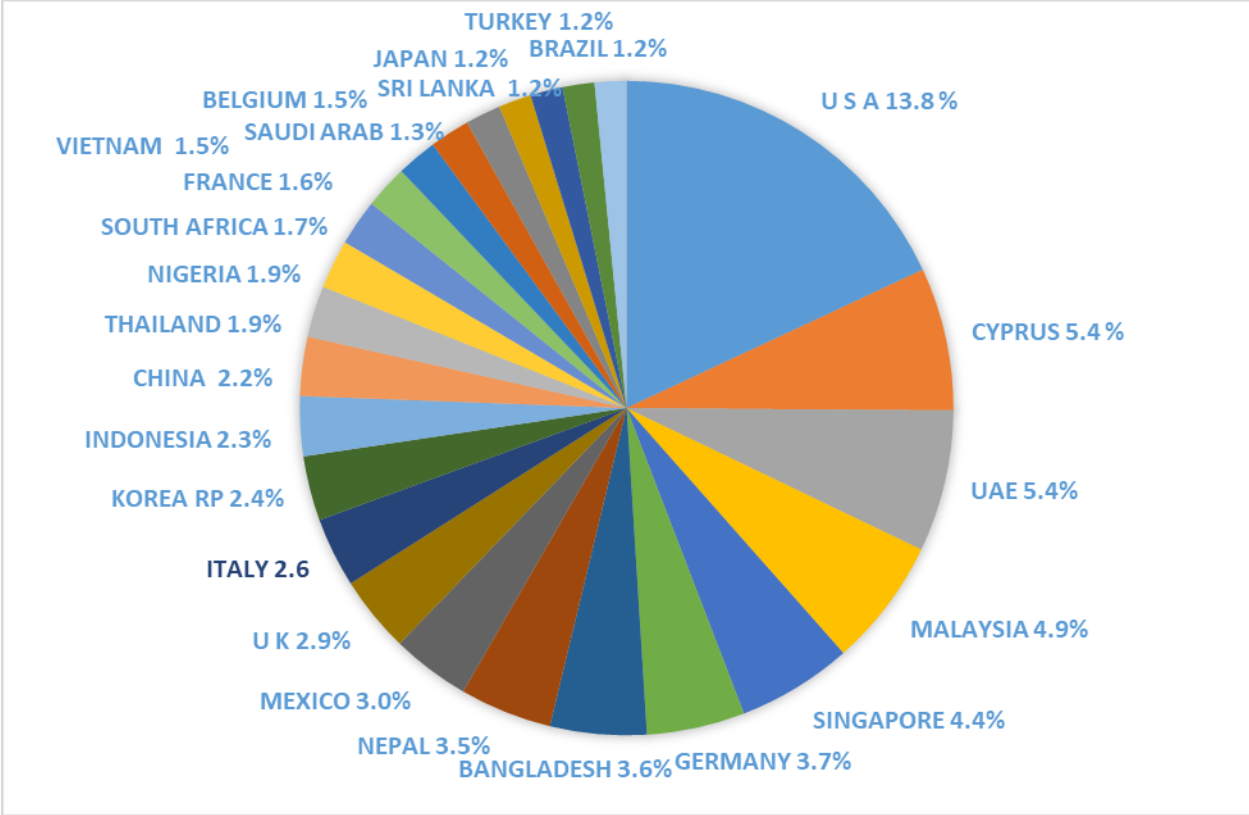
*Note: Red font indicates negative growth
(Source: Department of Commerce, Government of India)*

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

- ❖ In 9 out of 25 countries, engineering exports recorded positive monthly growth in April 2019 over April 2018.
- ❖ USA retained its numero uno position, being the top exporting destination for India's engineering products in April 2019 over April 2018, although it recorded a negative growth rate.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Malaysia recorded the highest growth in April 2019 over April 2018. Barring Singapore, all the other four countries - Malaysia, Indonesia, Thailand and Vietnam recorded positive monthly growth in April 2019 over April 2018.
- ❖ India's engineering exports to South Africa recorded the highest negative growth in April 2019 over April 2018.
- ❖ Cyprus for the first time recorded high import growth in April 2019 over April 2018.
- ❖ Among European nations falling under the top 25 engineering exports destinations, exports to France alone recorded positive growth in April 2019 over April 2018.
- ❖ India's engineering exports to its top 25 nations accounted for 76.6 per cent of India's total engineering exports in April 2019, which is higher than its share in the April 2018.
- ❖ The fall in India's engineering exports to its top 25 destinations in April 2019 over April 2018 is lower compared to the fall in 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 in April 2019



Source: EEPIC India analysis

5. Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for April 2019 as opposed to April 2018. Table 7 gives this picture:

Table -7: Region wise exports trend

US\$ million

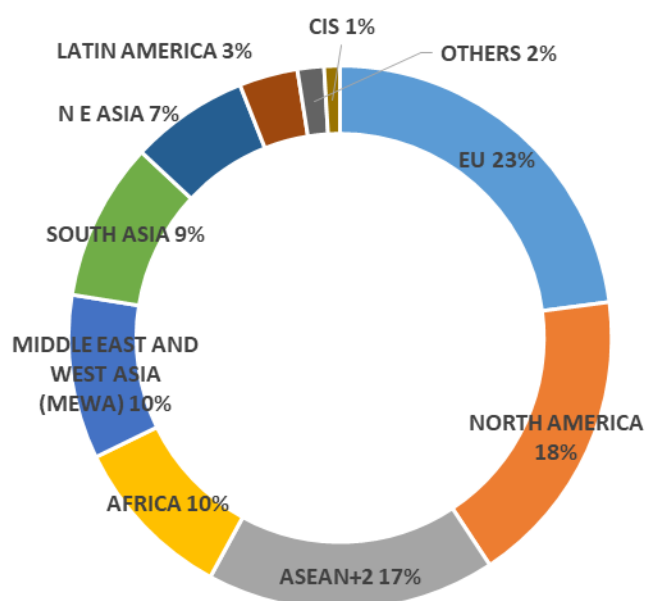
Regions	April 2018	April 2019	Growth (%)
EU	1345.76	1484.57	10.3
NORTH AMERICA	1274.34	1155.55	-9.3

ASEAN+2	831.22	1117.03	34.4
AFRICA	742.42	639.26	-13.9
MIDDLE EAST AND WEST ASIA (MEWA)	1171.38	632.08	-46.0
SOUTH ASIA	620.33	610.76	-1.5
N E ASIA	532.27	456.09	-14.3
LATIN AMERICA	247.42	226.21	-8.6
OTHERS	204.92	102.42	-50.0
CIS	50.48	61.28	21.4
Grand Total	7020.54	6485.24	-7.6

(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 April 2019



(Source: EEPC India analysis)

- ❖ EU ranked the region with highest shipment of engineering products from India in April 2019 over April 2018 with a share of 22.9 percent of total engineering exports.
- ❖ India's exports to ASEAN+2 countries recorded the highest positive growth in April 2019 over April 2018.

- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April 2019 with a share of 17.8 percent and 17.2 percent of total engineering exports respectively.
- ❖ Baring EU, ASEAN+ 2, and CIS, all the other major regions recorded negative monthly growth in exports of engineering products from India in April 2019 over April 2018.

6. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during April 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	APRIL 2018	APRIL 2019	Growth (%)
Top Five Importers			
NEPAL	102.16	94.16	-7.82 %
UAE	54.90	55.92	1.85 %
VIETNAM	18.00	50.76	182.02 %
ITALY	90.43	44.53	-50.75 %
CHINA	16.75	43.61	160.26 %
High cumulative growth			
SINGAPORE	1.22	10.42	757.19 %
OMAN	3.47	11.22	223.76 %
VIETNAM	18.00	50.76	182.02 %
CHINA	16.75	43.61	160.26 %
THAILAND	6.64	13.87	108.66 %
SRI LANKA	5.57	11.57	107.47 %
JAPAN	15.20	24.97	64.35 %
BANGLADESH	27.81	40.20	44.58 %
Sharp cumulative decline			
KUWAIT	11.61	1.24	-89.31 %
QATAR	12.07	2.84	-76.48 %
INDONESIA	30.83	10.78	-65.05 %
PORTUGAL	11.41	4.00	-64.92 %
TAIWAN	28.47	10.18	-64.22 %

KOREA RP	52.70	22.04	-58.18 %
SPAIN	44.97	21.45	-52.29 %
ITALY	90.43	44.53	-50.75 %

(Source: Department of Commerce, Government of India)

- ❖ Nepal, UAE and Vietnam were the three top three importers of Indian Iron and Steel during April 2019 with market shares of 13.17 percent, 7.82 percent and 7.10 percent respectively.
- ❖ Singapore, Oman, Vietnam, China, Thailand and Sri Lanka recorded more than 100 percent year-on-year growth in exports of Indian Iron and Steel during April 2019.
- ❖ Kuwait, Qatar and Indonesia experienced sharp downfall in exports during April 2019.

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

COUNTRY	APRIL 2018	APRIL 2019	Growth (%)
Top Five Importers			
U S A	126.60	142.01	12.17 %
U A E	47.02	43.89	-6.66 %
GERMANY	33.45	30.99	-7.37 %
U K	24.10	24.96	3.56 %
CANADA	19.84	21.41	7.94 %
High cumulative growth			
MALAYSIA	2.50	5.89	136.11 %
PHILIPPINES	3.27	5.54	69.53 %
CHINA	4.31	6.52	51.27 %
THAILAND	5.70	7.12	24.82 %
NEPAL	8.84	10.91	23.52 %
MEXICO	5.48	6.74	22.94 %
FRANCE	12.57	14.36	14.31 %
ITALY	15.23	17.35	13.90 %
Sharp cumulative decline			
CHILE	12.34	4.15	-66.37 %
OMAN	9.32	3.51	-62.30 %
SRI LANKA	9.98	5.55	-44.42 %
NIGERIA	12.72	7.58	-40.37 %
BRAZIL	6.92	4.36	-37.00 %

KUWAIT	5.80	4.39	-24.26 %
QATAR	13.51	10.66	-21.10 %
SOUTH AFRICA	7.28	5.97	-18.03 %

(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 2019 with 25.47 percent, 7.87 percent and 5.56 percent shares respectively in India's global import of the same.
- ❖ Malaysia, Philippines and China experienced more than 50% growth in import of 'Products of Iron and Steel' during April 2019.
- ❖ Chile and Oman conceded substantial decline in imports of more than half for the said product group from India during April 2019.

Table 10: Export of Industrial Machinery

US\$ Million

COUNTRY	April 2018	April 2019	Growth (%)
Top Five Importers			
U S A	179.74	163.90	-8.81
BANGLADESH	53.48	65.15	21.83
THAILAND	27.86	55.34	98.66
GERMANY	49.48	51.18	3.44
UAE	39.76	45.09	13.41
High cumulative growth			
THAILAND	27.86	55.34	98.66
ETHIOPIA	3.41	5.64	65.40
FRANCE	19.51	30.72	57.50
NIGERIA	24.37	37.61	54.33
OMAN	11.75	18.06	53.69
KOREA	10.74	16.31	51.92
SUDAN	4.00	6.04	51.04
RUSSIA	8.67	12.51	44.28
TANZANIA	5.69	8.01	40.97
Sharp cumulative decline			
IRAN	13.72	3.85	-71.96
KUWAIT	13.27	6.24	-52.98
ALGERIA	10.57	5.05	-52.24
NETHERLAND	19.89	10.49	-47.28
TURKEY	43.42	25.29	-41.76
SPAIN	31.27	18.81	-39.86
AUSTRALIA	11.57	7.64	-33.94
CHINA	52.88	37.93	-28.27

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April 2019 with 15.2 percent share in India's global import of the product group. Bangladesh and Germany were the two immediate followers of USA with 6.0 percent and 5.1 percent shares respectively.
- ❖ Thailand, Ethiopia, France and Nigeria were among the major importing nations witnessed highest growths in imports of Industrial machinery from India during April 2019 over the same month last fiscal.
- ❖ Among the major importers, Iran, Kuwait and Nigeria recorded over 50 percent year-on-year declines in imports during April 2019.

Table 11: Automobiles

COUNTRY	April 2018	April 2019	Growth (%)
Top Five Importers			
MEXICO	155.51	106.45	-31.55
U S A	101.70	88.45	-13.03
SOUTH AFRICA	66.86	65.63	-1.84
INDONESIA	22.56	48.47	114.86
ALGERIA	9.22	41.94	355.04
High cumulative growth			
ISRAEL	0.46	11.40	2376.61
POLAND	0.59	5.11	764.35
ITALY	3.83	23.84	521.68
ALGERIA	9.22	41.94	355.04
FRANCE	2.45	9.14	272.67
VIETNAM	2.48	7.77	212.80
UAE	6.30	19.28	206.28
SAUDI ARABIA	6.80	17.38	155.55
CONGO	2.74	6.27	129.01
INDONESIA	22.56	48.47	114.86
U K	2.85	5.83	104.51
Sharp cumulative decline			
ARGENTINA	8.91	0.34	-96.22
MOZAMBIQUE	9.26	1.93	-79.12
BELGIUM	10.23	2.19	-78.63
AUSTRALIA	8.34	1.88	-77.47
ECUADOR	7.07	2.54	-64.07
AUSTRIA	6.60	3.49	-47.17
CANADA	14.25	7.96	-44.13
PERU	11.49	6.62	-42.42

- ❖ Mexico, USA and South Africa were top three importers of India's Automobiles during April 2019 with 13.39, 11.13 and 8.26 percent share in India's global exports respectively during the month.
- ❖ Israel, Poland and Italy recorded over 500 percent growth in imports of the product group from India during April 2019 over the same month last fiscal. Eight more major imports doubled their imports from India during the month.
- ❖ Five countries saw their imports of automobile from Cote more than halved during April 2019.

Table 12: Export of Non-Ferrous metals

US\$ Million

COUNTRY	April-18	April-19	Growth (%)
Top Five Importers			
KOREA RP	104.76	103.80	-0.9%
MALAYSIA	28.67	82.94	189.3%
U S A	76.08	68.20	-10.4%
CHINA P RP	52.61	24.09	-54.2%
U ARAB EMTS	22.26	22.13	-0.6%
High cumulative growth			
AFGHANISTAN	0.38	12.23	3136.4%
SINGAPORE	0.84	7.37	778.1%
POLAND	1.02	5.75	463.6%
MALAYSIA	28.67	82.94	189.3%
OMAN	3.29	6.73	104.7%
Sharp cumulative decline			
CHINA P RP	52.61	24.09	-54.2%
NETHERLAND	14.39	8.96	-37.7%
BANGLADESH PR	14.92	9.43	-36.8%
VIETNAM SOC REP	9.62	6.35	-33.9%
JAPAN	20.79	13.92	-33.1%

(Source: Department of Commerce and CSO)

- ❖ Korea, Malaysia and USA were the top three importers of Indian Non-ferrous metals during April 2019 with market shares of 17.2 percent, 13.8 percent and 11.3 percent respectively. However, both Korea and Malaysia experienced a decline April 2019 when compared to April 2018.

- ❖ Afghanistan, Singapore, Poland, Malaysia and Oman experienced more than 100% growth in their imports in April 2019 when compared to April 2018.
- ❖ China, experienced more than 50 percent decline in its import. It was followed by Netherland, Bangladesh, Vietnam and Japan and all four recorded more than 30% decline in their imports.

Table 13: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	April-18	April-19	Growth (%)
Top Five Importers			
U S A	173.47	161.11	-7.1%
GERMANY	119.24	70.65	-40.8%
U K	30.19	59.98	98.7%
SINGAPORE	37.16	37.90	2.0%
BANGLADESH PR	14.55	29.56	103.1%
High cumulative growth			
TURKEY	4.75	12.78	169.1%
NIGERIA	4.91	12.53	155.1%
BANGLADESH PR	14.55	29.56	103.1%
U K	30.19	59.98	98.7%
TAIWAN	8.25	14.18	71.9%
AUSTRALIA	6.62	10.40	57.1%
MEXICO	8.44	13.16	55.9%
Sharp cumulative decline			
CHINA P RP	36.89	8.67	-76.5%
JAPAN	16.47	6.21	-62.3%
GERMANY	119.24	70.65	-40.8%
VIETNAM SOC REP	6.95	5.47	-21.4%
BELGIUM	33.55	29.41	-12.3%

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April 2019 with market shares of 23.6 percent, 10.4 percent and 8.8 percent respectively. Both USA and Germany experienced a drop in imports when compared to April 2018.
- ❖ Turkey, Nigeria and Bangladesh recorded more than 100 percent growth in imports of India's Electrical Machinery and Components during April 2019 when compared with April 2018. Apart from the top three imports to UK, Taiwan, Australia and Mexico also experienced more than 50% rise.

- ❖ While China remained among the top five exporters, it also experienced the sharpest decline in its imports (76.5%) in April 2019 when compared to April 2018. It is also the case for Germany which experienced a 40 percent drop. Other countries which experienced sharp drop include Japan, Vietnam and Belgium.

Table 14: Export of Aircrafts and Spacecrafts

US\$ million

COUNTRY	April-18	April-19	Growth (%)
Top Five Importers			
U S A	53.29	39.18	-26.5%
U K	21.28	11.42	-46.4%
SINGAPORE	17.95	9.49	-47.1%
FRANCE	21.90	9.42	-57.0%
MALAYSIA	2.90	4.36	50.1%
High cumulative growth			
SWITZERLAND	0.7	1.9	180.1%
MALAYSIA	2.9	4.4	50.1%
SWEDEN	0.7	1.0	47.0%
ITALY	0.9	1.1	11.9%
CANADA	0.9	0.9	6.8%
Sharp cumulative decline			
POLAND	1.17	0.29	-75.2%
RUSSIA	4.01	1.07	-73.2%
GERMANY	11.34	3.60	-68.2%
THAILAND	1.45	0.61	-57.7%
FRANCE	21.90	9.42	-57.0%
JAPAN	1.92	0.85	-55.5%
TURKEY	1.31	0.62	-52.5%

(Source: Department of Commerce and CSO)

- ❖ USA, UK and Singapore were the top three importers of India's 'Aircrafts and Spacecrafts' during April 2019 with around 41.1, 12 and 10 percent shares respectively in India's total global exports of the product.
- ❖ Switzerland, Malaysia and Sweden registered substantial growths in import of the product group from India during April 2019 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Poland, Russia, Germany, Thailand, France, Japan and Turkey dropped more than 50 percent on a year-on-year basis during April 2019 when compared to April 2018.

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

US\$ million

COUNTRY	April-18	April-19	Growth (%)
Top Five Importers			
CYPRUS	0.00	349.98	3499793857%
SINGAPORE	188.86	177.51	-6%
MALAYSIA	0.00	159.21	1592144413%
U ARAB EMTS	381.39	91.47	-76%
INDONESIA	0.00	27.39	273949765%
High cumulative growth			
CYPRUS	0.00	349.98	3499793857%
MALAYSIA	0.00	159.21	1592144413%
INDONESIA	0.00	27.39	273949765%
LIBERIA	0.00	11.00	110035707%
MAURITIUS	0.00	3.16	31565240%
Sharp cumulative decline			
BAHARAIN IS	5.28	0.00	-100%
BANGLADESH PR	20.07	0.00	-100%
OMAN	171.53	0.00	-100%
SAUDI ARAB	104.60	0.00	-100%
SOUTH AFRICA	198.48	0.00	-100%
U ARAB EMTS	381.39	91.47	-76%
SINGAPORE	188.86	177.51	-6%
SRI LANKA DSR	5.86	9.87	69%

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)

- ❖ Cyprus became the largest importer of ships, boats and floating structures followed by Singapore, Malaysia, UAE and Indonesia. Their respective shares are 42.1 percent, 19.2 percent, 3.3 percent, 1.3 percent and 0.4 percent.
- ❖ Imports to Cyprus, Malaysia and Indonesia recorded significantly large increase as they had practically no import in April 2018.
- ❖ However, sharp decline was noticed in imports to Bahrain, Bangladesh, Oman, Saudi Arabia, South Africa, UAE, Singapore and Sri Lanka. Infact imports to the first five countries became almost zero in April 2019.

Table 16: Export of Auto Components
US\$ Million

COUNTRY	April-18	April-19	Growth (%)
Top Five Importers			
U S A	98.69	94.13	-4.6%
BRAZIL	21.57	22.67	5.1%
BANGLADESH PR	22.75	20.95	-7.9%
GERMANY	19.57	20.52	4.8%
TURKEY	35.07	17.17	-51.1%
High cumulative growth			
U ARAB EMTS	6.98	11.93	70.9%
COLOMBIA	4.54	7.05	55.1%
CANADA	6.07	6.41	5.6%
BRAZIL	21.57	22.67	5.1%
GERMANY	19.57	20.52	4.8%
Sharp cumulative decline			
TURKEY	35.07	17.17	-51.1%
BELGIUM	7.21	5.55	-23.0%
FRANCE	9.42	7.52	-20.2%
U K	14.89	12.13	-18.6%
ITALY	17.13	14.44	-15.7%
RUSSIA	6.83	5.78	-15.4%

(Source: Department of Commerce and CSO)

- ❖ USA remained the top importer of auto components in April 2019 with a share of 22.8 percent. It is followed by Brazil, Bangladesh, Germany and Turkey with respective shares of 5.5 percent, 5.1 percent, 5 percent and 4.2 percent.
- ❖ UAE, Colombia, Canada, Brazil and Germany recorded maximum increase in imports in April 2019 when compared to April 2018
- ❖ However, Turkey, Belgium, France, UK, Italy and Russia recorded significant decline in April 2019 when compared to April 2018.

7. Import Analysis of Engineering Goods

India's Engineering imports during April 2019 were valued at US\$ 8143.84 million compared to US\$ 8139.45 million in April 2018 registering a negligible growth to the extent of 0.1 percent in dollar terms.

Engineering imports for the year 2018-19 was recorded at US\$ 104.2 billion as against US\$ 93.9 billion during 2017-18 and US\$ 81.83 billion in 2016-17 registering a cumulative growth of 10.9 and 11.6% respectively.

The share of engineering imports in India's total merchandise imports was estimated at 19.7% in April 2019 as against 20.5 percent in April 2018 and 18.3 percent in April 2017.

The monthly engineering import figures for fiscal April 2019 vis-à-vis April 2018 is depicted below as per the latest availability of figure:

Table 17: Engineering Imports
(US\$ Million)

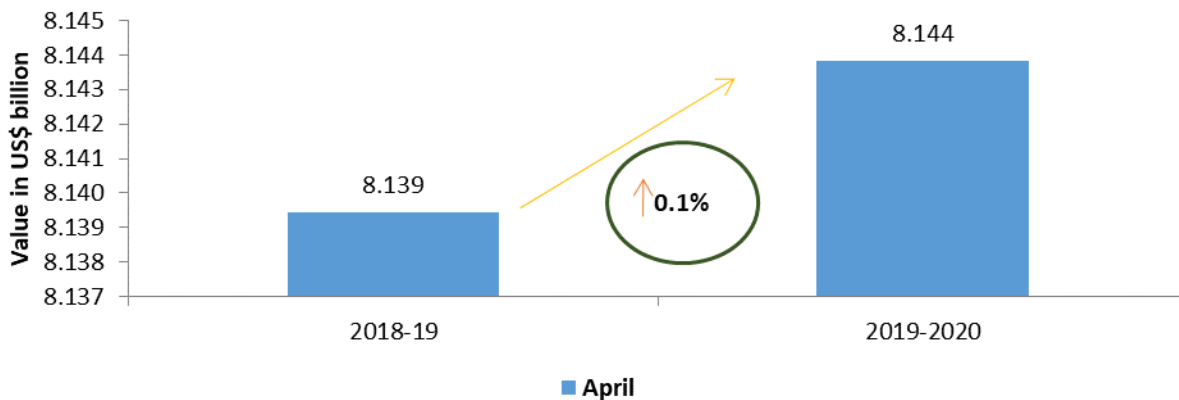
Months	2018-19	2019-20	Growth (%)
Apr	8139.45	8143.84	0.1

(Source: Department of Commerce, Government of India)

Figure 5 below depicts the monthly trend in engineering imports for April 2019 and April 2018

Figure 5: Trend in Monthly Engineering Imports (In US\$ billion) for 2018-19

Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19



(Source: EEPC India analysis)

8. Trend in two-way engineering trade

We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2018-19 as well as the first month of the current fiscal 2019-20 depicted in the table below:

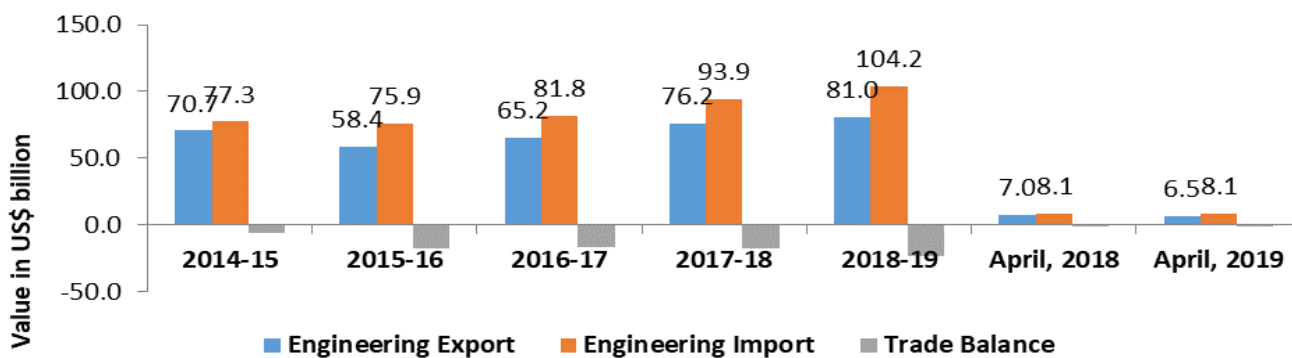
Table 18: Engineering Trade
(US\$ Million)

	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April, 2018	April, 2019	Growth %
Engineering Export	70661.2	58351.58	65239.19	76199.33	81017.29	6.3	7020.54	6485.24	-7.6
Engineering Import	77279.45	75859.72	81834.75	93897.2	104163	10.9	8139.45	8143.84	0.1
Trade Balance	-6618.25	-17508.14	-16595.6	-17697.9	-23145.7		1118.91	-1658.6	

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

Figure 6 below depicts the yearly trend in engineering trade from 2014-15 to 2018-19 as well as April 2019 of the current fiscal

Figure 6: Trend in Monthly Engineering Trade (In US\$ Billion)



9. Conclusion

India's merchandise export growth dropped to below 1 percent in April 2019 after securing double-digit growth during March 2019 and achieving its all-time high in fiscal 2018-19. Engineering export also followed the broader merchandise trend by registering 7.6 percent year-on-year decline in April 2019 after witnessing second consecutive record breaking fiscal in 2018-19 with over US\$ 80 billion of shipments for the first time.

The decline in India's export is reflective of the persistent decline in global exports. In February, in its World Trade Outlook quarterly report, WTO projected global merchandise exports growth to fall from 3.9% in 2018 to 3.7% in 2019. Recent reports show that escalation in US-China tariff war has further worsened the situation with lower sales, industrial production and exports reported by economies such as US, China and Japan. This is compounded by other issues such as the protectionist policies adopted by several countries including European nations and growing geopolitical disputes in the Middle East. While US has announced that they will not withdraw any GSP benefits for India before the Indian general elections are over, there is much uncertainty among exporters regarding this.

Apart from global factors, several domestic factors have also affected India's export performance. High cost of procuring inputs at the domestic front is affecting the profitability of the exporters. Moreover, domestic issues such as the shutdown of the Sterlite factory have affected the production and consequently export of various products. The frequent fluctuations in Rupee due to the continuing global disputes is also a cause of concern for the exporters. The exporters and manufacturers also require better credit flow to ward off financial constraints in their operation.

10. Summary on global trends

Global economic activities have been subdued in the last few quarters. US is apprehended to see weak growth at least in the first quarter of 2019 as reflected by declining factory activity. The Euro area growth slowed down in the last quarter of 2018 on soft domestic demand and contracting manufacturing activity. In the UK, growth slowed down on Brexit uncertainty, with industrial production contracting between September 2018 and January 2019. The Japanese economy rebounded in the last quarter of 2018 on increased domestic consumption expenditure and recovering investment spending, but latest data on manufacturing activity and business confidence suggested that growth again lost momentum in the first quarter of 2019. Chinese economy decelerated in the last quarter of 2018 as subdued domestic and global demand impacting industrial activity. Much of this weakness seems to have continued into 2019 as reflected in low factory output in 2019 till date, though the purchasing managers' index (PMI) moved into expansion zone in March after three months of contraction. Russian economy continued to be impacted in 2019 by both domestic and external headwinds. The Brazilian economy ended 2018 on a weak note while economic indicators suggested that economic activity might be restrained by both weak domestic and external demand in the first half of 2019. The South African economy slowed down in the final quarter of 2018 and subdued industrial activity coupled with worsening external demand indicated further loss in momentum in the first quarter of 2019.

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