

# Engineering Export-Import Monitor

July 2019



*Engineering the future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

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

23<sup>rd</sup> August 2019

### Overall Scenario

#### **India's goods exports rise 2.25% to \$26.33 billion in July 2019**

- ❖ Merchandise exports from India came back to growth path in July 2019 with 2.25 percent year-on-year growth after a 9.71 percent year-on-year decline in June 2019.
- ❖ During July 2019, merchandise exports were recorded at US\$ 26.33 billion as compared to US\$ 25.75 billion in July 2018.
- ❖ In Rupee terms, the growth in merchandise exports was 2.42 percent in July 2019 over the same month last fiscal.
- ❖ Cumulative merchandise exports however declined during April-July 2019-20 as it dropped to US\$ 107.41 billion from US\$ 107.81 billion during April-July 2018-19, conceding 0.37 percent fall over the same period last fiscal.
- ❖ Imports registered noticeable decline during July 2019. India's merchandise import were US\$ 39.76 billion in July 2019, which was 10.43 percent lower in Dollar terms over imports of US\$ 44.39 billion in July 2018. In Rupee terms, imports were 10.28 percent lower over the same month last fiscal.
- ❖ Cumulative value of imports for the period April-July 2019-20 was US\$ 166.80 billion as against US\$ 173.08 billion during the period April-July 2018-19, registering a negative growth of 3.63 percent year-on-year.
- ❖ The trade deficit narrowed down once again in July 2019 and this time the lowering of deficit was higher at around 28 percent from only 8 percent in the previous month. Trade deficit during July 2019 was US\$ 13.43 billion as against US\$ 18.63 billion in June 2018. On a cumulative basis, trade deficit declined by 9.0 percent to US\$ 59.39 billion in April-July 2019-20 from US\$ 65.27 billion during the same period last fiscal.

#### **India's engineering exports fall 1.43% to \$5.97 billion in July 2019**

- ❖ Indian Engineering exports conceded year-on-year decline for the second straight month to July 2019 with 1.43 percent drop over the same month last fiscal. As on date, engineering exports dropped in three out of four months in 2019-20. During the reporting month, it stood at US\$ 5.97 billion as against US\$ 6.05 billion in July 2018.
- ❖ Cumulative engineering exports during April-July 2019-20 also witnessed 1.76 percent decline over the same period last fiscal. It was recorded at US\$ 26.05 billion during the aforesaid time period as against US\$ 26.51 billion during the same period last fiscal.



- ❖ Share of engineering exports in total merchandise exports topped to 22.7 percent in July 2019 which was somewhat lower than that of in June 2019 at 25.4 percent and in May 2019 at 24.2 percent. On a cumulative basis, the contribution of engineering exports in India's total merchandise exports was 24.3 percent during April-July 2019-20.
- ❖ Out of 33 engineering panels, 18 panels recorded year-on-year growth in exports during April-July 2019 over the same period last year while for July 2019, the number of such panels was 15.
- ❖ During April-July 2018-19, 11 out of top 25 countries recorded positive growth in engineering exports from India over the same period last year.

#### **India's July engineering imports down 3.1%**

- ❖ India's Engineering imports during July 2019 were valued at US\$ 9.2 billion compared to US\$ 8.9 billion in July 2018 registering 3.1 per cent decline in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports is estimated at a higher 22.5 percent in July 2019 as against 21.8 percent in July 2018.

## Analysis of India's engineering exports

### 1. Engineering exports: monthly trend

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

**Table 1: Engineering Exports: monthly trend**  
(US\$ million)

Month	2018-19	2019-20	Growth (%)
April	7020.54	6479.98	-7.70
May	6928.08	7244.71	4.57
June	6512.31	6356.19	-2.40
<b>April-June</b>	<b>20460.93</b>	<b>20080.88</b>	<b>-1.86</b>
July	6052.64	5965.85	-1.43
<b>April-July</b>	<b>26513.57</b>	<b>26046.73</b>	<b>-1.76</b>

Source: DGCIS, Govt. of India.

### 2. 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. As exports happen over and above production generally, some correlation between manufacturing production growth and engineering export growth should exist. We briefly looked at the trend in manufacturing growth as also engineering export growth to see if they move in tandem. It may be mentioned that manufacturing has 77.63% weightage in India's industrial production.

The first month of fiscal 2019-20 saw engineering exports growth and manufacturing growth moving in the opposite direction but the next two months saw just the reverse. In April 2019, manufacturing growth accelerated while engineering exports dropped to negative. During May, engineering exports bounced bank to growth path and manufacturing growth accelerated. Engineering exports declined once again in June 2019 and manufacturing growth also slowed down noticeably. Perhaps, the trend in Table 2 shows a lagged effect of a month. We will need to see how this plays out during the course of the rest of the fiscal.

**Table 2: Engineering exports growth vis-à-vis manufacturing growth (2019-20)**

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April-March 2018-19	<b>6.32</b>	<b>3.5</b>
April 2019	-7.72	4.0
May 2018	4.57	4.5
June 2019	-2.40	1.2
April-June 2019	-1.86	3.2
July 2019	-1.43	N A
April-July 2019	-1.76	N A

(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	6928.08*	14.57%
June	5703.28	6512.31*	14.19%
<b>Quarter 1</b>	<b>17653.40</b>	<b>20460.93*</b>	<b>15.90%</b>
July	5595.63	6052.64*	8.17%
August	5766.60	6979.96	21.04%
September	7088.19	6769.70	-4.49%
<b>Quarter 2</b>	<b>18450.42</b>	<b>19802.30*</b>	<b>7.33%</b>
October	5669.59	6153.58	8.54%
November	6872.84	5737.61	-16.52%
December	7163.56	6911.61	-3.52%
<b>Quarter 3</b>	<b>19705.99</b>	<b>18802.80</b>	<b>-4.58%</b>
January	6217.28	6294.12	1.24%
February	6332.92	6439.29	1.68%
March	7839.32	9156.46	16.80%
<b>Quarter 4</b>	<b>20389.52</b>	<b>21889.87</b>	<b>7.36%</b>
April-March	<b>76199.33</b>	<b>80955.90*</b>	<b>6.24%</b>

Source: DGCI&S \* Revised data

## Impact of Exchange Rate

How has the exchange rate been changing in 2019 vis-à-vis 2018? We look at the monthly average exchange rate for both 2019 and 2018. The table below provides the same:

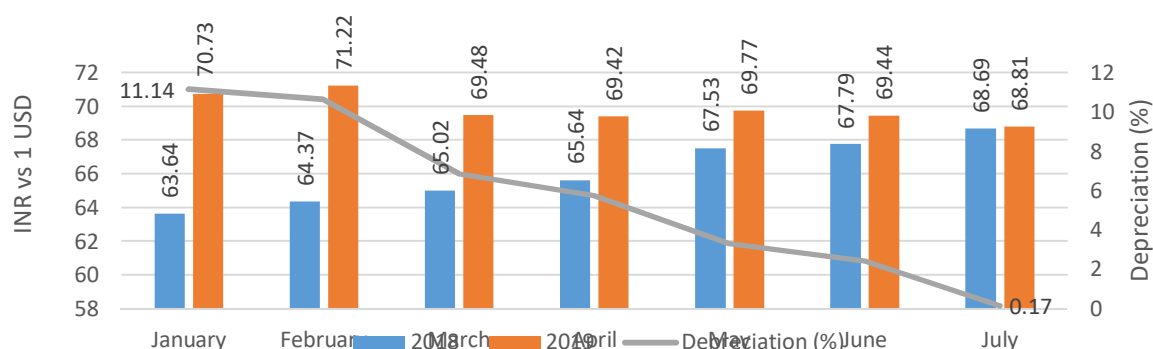
**Table 4: USD-INR average exchange rate**

Month	Average Exchange Rate (1 USD to INR)		Year-on-Year Change (%)	Direction
	2018	2019		
January	63.64	70.73	11.14	Depreciation
February	64.37	71.22	10.64	Depreciation
March	65.02	69.48	6.86	Depreciation
April	65.64	69.42	5.76	Depreciation
May	67.53	69.77	3.32	Depreciation
June	67.79	69.44	2.43	Depreciation
July	68.69	68.81	0.17	Depreciation

Source: RBI, FBIL, EEP Research

During July 2019, the official exchange rate of rupee vis-à-vis the US Dollar depreciated marginally by 0.17 percent over July 2018. A noteworthy feature has been the relative hardening of the Rupee since January 2019, indicated by the narrowing in the rate of depreciation over corresponding months of last year. This following chart provides a clearer picture.

**Figure1: Movement of USD-INR Exchange Rate (2019) (Monthly Average)**



Source: RBI, FBIL, EEP Research

The chart shows that Indian Rupee has been depreciating since the very beginning of 2019 but the rate of depreciation has been lowering with time. While the year-on-year depreciation of rupee vis-à-vis the USD was 11.14 percent in January 2019, it was mere 0.17 percent in July 2019.

### 3. Top 25 engineering export destinations in July 2019

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during July 2019.

**Table-5: Engineering exports country wise, (2018-19)**

US\$ million

Country	July 2018	July 2019	Growth (%)	April- July 2018-19	April- July 2019-20	Growth (%)
U S A	923.88	903.71	-2.18	3699.64	3825.27	3.40
UAE	229.16	272.12	18.75	1907.35	1967.73	3.17
SINGAPORE	171.26	155.52	-9.19	880.69	1220.49	38.58
GERMANY	243.46	256.75	5.46	1082.94	1047.55	-3.27
NEPAL	248.93	226.64	-8.96	1005.45	914.01	-9.09
U K	244.81	216.88	-11.41	948.83	848.51	-10.57
BANGLADESH	237.51	213.11	-10.27	888.26	844.35	-4.94
MEXICO	229.97	223.55	-2.79	992.79	843.10	-15.08
MALAYSIA	140.66	142.28	1.16	403.58	757.19	87.62
KOREA RP	111.96	194.39	73.63	639.09	695.87	8.88
ITALY	150.53	130.14	-13.54	749.13	620.69	-17.15
CHINA	136.16	144.85	6.38	582.92	601.11	3.12
THAILAND	120.11	129.18	7.55	469.30	536.27	14.27
SOUTH AFRICA	107.07	134.85	25.94	683.90	520.20	-23.94
INDONESIA	149.27	78.44	-47.45	590.37	483.89	-18.04
NIGERIA	85.21	113.25	32.90	397.86	480.43	20.75
VIETNAM	134.22	160.05	19.24	333.05	449.13	34.85
FRANCE	117.52	112.40	-4.35	461.38	447.56	-2.99
SAUDI ARABIA	85.58	130.13	52.05	449.56	423.97	-5.69
JAPAN	77.74	94.86	22.02	410.45	357.92	-12.80
SRI LANKA	80.66	103.18	27.92	401.21	355.61	-11.37
CYPRUS	0.65	1.21	84.15	3.26	353.50	10749.86
BELGIUM	112.43	87.51	-22.17	614.19	345.68	-43.72
BRAZIL	84.17	90.12	7.08	334.22	345.37	3.34
TURKEY	183.33	75.45	-58.85	740.50	316.70	-57.23
<b>Total engineering exports to top 25 countries</b>	4406.25	4390.57	-0.36	19669.91	19602.10	-0.34
<b>Total engineering exports</b>	6055.15	5968.58	-1.43	26522.15	26058.90	-1.75
<b>Share (%)</b>	72.77	73.56		74.16	75.22	

Source: Department of Commerce, Government of India

**India's top 25 engineering export destinations: Some observations**

- ❖ In 11 out of 25 countries, engineering exports recorded positive cumulative growth during April- July 2019-20 over April- July 2018-19.

- ❖ India's engineering exports to its top 25 nations accounted for 75.2 per cent of India's total engineering exports in April-July 2019, which is marginally higher than its share in the April-July 2018.
- ❖ USA retained its numero uno position, being the top exporting destination for India's engineering products during July 2019 over July 2018 as well as for April-July 2019 over April-July 2018. However India's exports to US recorded a negative growth in July 2019 over July 2018. But it is too early to relate it with the negative impact of termination of the US GSP which commenced from June 5, 2019. The impact of GSP on Indian engineering sector is expected to remain adverse in the coming months.
- ❖ India's engineering exports to China recorded positive cumulative growth during April-July 2019 over April-July 2018 like the previous quarter, after the prolonged hiatus.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Malaysia like the 1<sup>st</sup> quarter once again recorded the highest growth during April-July 2019 over April-July 2018. All the four countries namely Singapore, Malaysia, Thailand and Vietnam recorded positive cumulative growth during April-July 2019 over April-July 2018, following last month's trend.
- ❖ India's engineering exports to Cyprus recorded the highest positive cumulative growth once again during April-July 2019 over April-July 2018.
- ❖ All the European nations falling under the top 25 engineering exports destinations, recorded negative growth during April-July 2019 over April-July 2018.
- ❖ India's engineering exports to its top 25 destinations during April-July 2019 over April-July 2018 recorded a negative growth in line with the negative growth in India's total global engineering exports during the same period.

#### 4. Region wise India's engineering exports

The following table depicts region wise India's engineering exports for April-July 2019 as opposed to April-July 2018.

**Table 6: Region wise exports trend**

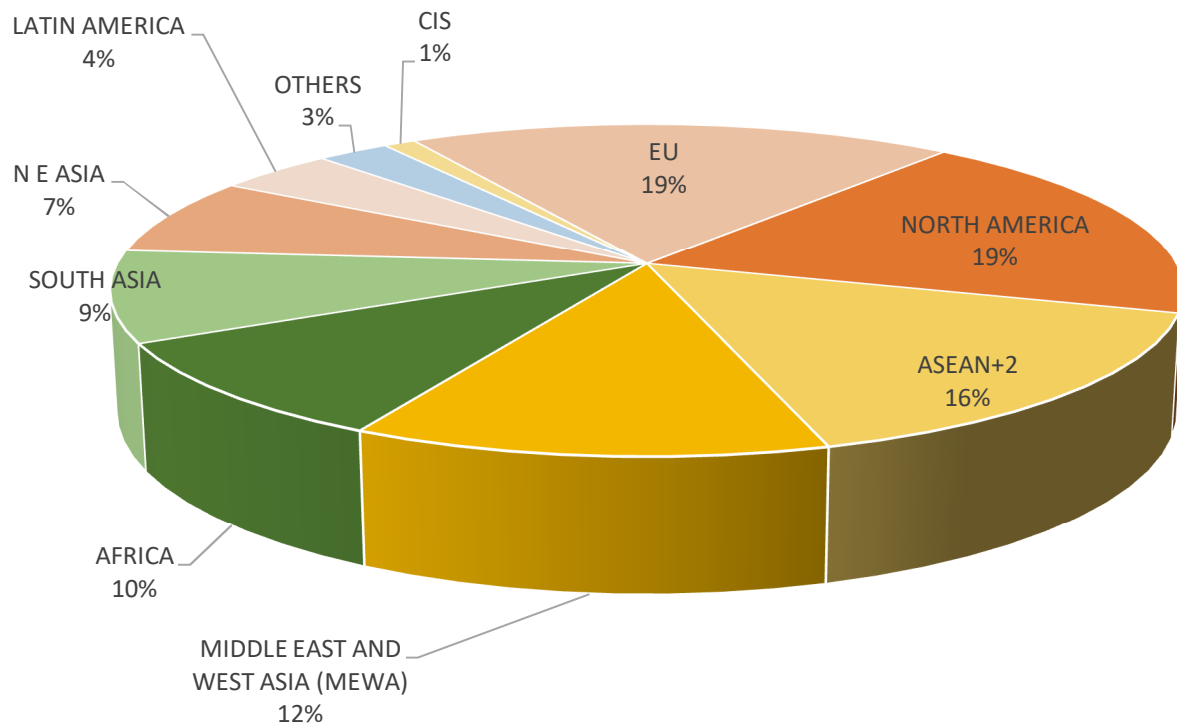
US\$ million

Regions	July 2018	July 2019	Growth (%)	April- July 2018-19	April- July 2019-20	Growth (%)
The European Union (EU)	1221.64	1136.48	-6.97	5469.23	4993.86	-8.69
North America	1213.08	1193.07	-1.65	4955.09	4925.22	-0.60
ASEAN+2	851.28	809.03	-4.96	3299.41	4060.11	23.06
Middle East and West Asia (MEWA)	541.18	628.45	16.12	3475.00	3227.72	-7.12
Africa	594.62	611.05	2.76	2595.93	2528.53	-2.60
South Asia	613.80	592.95	-3.40	2498.87	2323.59	-7.01
N E Asia	416.83	520.59	24.89	1951.98	1951.34	-0.03
Latin America	320.87	291.00	-9.31	1163.63	1090.68	-6.27
Others	213.36	100.41	-52.94	874.07	664.89	-23.93
CIS	68.47	85.57	24.97	238.95	292.96	22.61
<b>Total engineering exports</b>	<b>6055.15</b>	<b>5968.58</b>	<b>-1.43</b>	<b>26522.15</b>	<b>26058.90</b>	<b>-1.75</b>

Source: Department of Commerce, Government of India

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

**Figure 2: India's region wise exports during April-July 2019**



Source: Data from DGCI&S and EEPC India analysis

### Region wise engineering exports: some observations

- ❖ EU ranked the region with highest shipment of engineering products from India during April-July 2019 over April-July 2018 with a share of 19.2 percent of total engineering exports.
- ❖ India's exports to ASEAN+2 recorded highest positive growth during April-July 2019 over April-July 2018, followed by CIS which recorded significant positive growth during the same.
- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April-July 2019 with a share of 18.9 percent and 15.6 percent of total engineering exports respectively.



- ❖ Like the 1st quarter of 2019-20, barring ASEAN+ 2 and CIS, all the other major regions recorded negative cumulative growth in exports of engineering products from India during April-July 2019 over April-July 2018.

## 5. Panel Wise Engineering Exports

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

**Table 7: Trends in engineering panel Exports for July 2019 compared to July 2018**  
US\$ Million

Engineering Panels	July, 2018	July, 2019	Growth (%)	April-July 2018	April-July 2019	Growth (%)
<b>1. Iron and Steel and Products made of Iron and Steel</b>						
Iron and Steel	804.63	749.6	-6.8	3154.75	2810.63	-10.9
Products of Iron and Steel	536.62	594.05	10.7	2258.77	2281.06	1.0
<b>Sub Total</b>	<b>1341.25</b>	<b>1343.65</b>	0.18	<b>5413.52</b>	<b>5091.69</b>	-5.94
<b>2. Non-Ferrous Metals and Products made of Non-Ferrous Metals</b>						
Copper and products	55.65	62.46	12.24	300.8	249.84	-16.94
Aluminium and products	475.16	405.44	-14.67	1944.92	1602.25	-17.62
Zinc and products	35.67	52.13	46.15	253.05	191.02	-24.51
Nickel and products	6.08	4.77	-21.55	25.71	49.95	94.28
Lead and products	31.24	19.47	-37.68	127.07	93.82	-26.17
Tin and products	0.81	0.48	-40.74	2.4	3.01	25.42
Other Non-Ferrous Metals	42.09	43.38	3.06	175.7	175.38	-0.18
<b>Sub Total</b>	<b>646.7</b>	<b>588.13</b>	-9.06	<b>2829.65</b>	<b>2365.27</b>	-16.41
<b>3. Industrial Machinery</b>						
Industrial Machinery like Boilers, parts, etc.	54.22	66.01	21.7	211.07	292.03	38.4
IC Engines and Parts	225.19	231.51	2.8	818.65	850.49	3.9
Pumps of all types	67.64	83.13	22.90	306.42	334.46	9.15
Air condition and Refrigerators	161.01	107.65	-33.1	662.31	492.24	-25.7
Industrial Machinery for dairy, food processing , textiles etc.	449.58	441.36	-1.8	1860.96	1808.11	-2.8
Machine Tools	35.19	35.97	2.22	162.25	153.38	-5.47
Machinery for Injecting moulding, valves and ATMs	113.61	148.58	30.8	485.84	570.89	17.5
<b>Sub Total</b>	<b>1106.44</b>	<b>1114.21</b>	0.7	<b>4507.5</b>	<b>4501.6</b>	-0.1

Engineering Panels	July, 2018	July, 2019	Growth (%)	April-July 2018	April-July 2019	Growth (%)
Electrical Machinery	748.08	683.62	-8.62	2746.32	2855.29	3.97
<b>5. Automobiles</b>						
Motor Vehicle/cars	695.01	637.2	-8.3	2783.03	2618.48	-5.9
Two and Three Wheelers	192.19	181.57	-5.5	737.01	677.91	-8.0
Auto Components/Part	446.91	464.35	3.90	1813.3	1807.22	-0.34
<b>Sub Total</b>	<b>1334.11</b>	<b>1283.12</b>	<b>-3.82</b>	<b>5333.34</b>	<b>5103.61</b>	<b>-4.31</b>
Aircrafts and Spacecraft parts and products	153.23	112.62	-26.50	683.56	432.33	-36.75
Ships Boats and Floating products and parts	43.8	96.51	120.34	2253.07	2723.36	20.87
<b>8. Other engineering products</b>						
Medical and Scientific instruments	144.76	146.59	1.26	555.8	578.74	4.13
Railway Transport	28.49	21.12	-25.87	121.42	115.92	-4.53
Hand Tools & Cutting Tools	59.65	64.03	7.34	237.24	265.97	12.11
Electrodes Accumulators	4.01	5.45	35.91	16.19	20.32	25.51
Accumulator and Batteries	39.86	46.5	16.66	130.01	149.25	14.80
Bicycle & Parts	28.48	31.63	11.06	119.16	127.11	6.67
Cranes Lifts & Winches	34.58	45.97	32.94	144.76	181.4	25.31
Office Equipment	12.5	12.93	3.44	32.8	64.05	95.27
Other Construction Machinery	112.73	119.39	5.91	551.87	507.97	-7.95
Prime Mica & Mica Products	2.05	5.7	178.05	8.24	21.17	156.92
Other misc. items	211.92	244.68	15.46	829.12	941.68	13.58
<b>Sub total</b>	<b>679.03</b>	<b>743.99</b>	<b>9.57</b>	<b>2746.61</b>	<b>2973.58</b>	<b>8.26</b>
<b>Total engineering exports</b>	<b>6052.64</b>	<b>5965.85</b>	<b>-1.43</b>	<b>26513.57</b>	<b>26046.73</b>	<b>-1.76</b>

Source: Department of Commerce, Government of India

#### Engineering products with negative growth in July 2019

- Exports of primary steel under Chapter 72: fell by 6.8% in July 2019 and 10.9% in April-July 2019
  - Exports of Aluminium and products under Chapter 76: fell by 15% in July 2019 and 17.6% in April-July 2019
  - Exports of Lead and its products: fell by 37.68% in July 2019 and 26.17% in April-July 2019
- Facts derived from the above table

## Panel wise engineering exports: Some observations

- ❖ Year on year decline was witnessed in 12 out of total 33 engineering panels. These include some of the key panels such as iron and steel, non-ferrous metals, electrical machinery, aircrafts, spacecraft and parts, motor vehicles and two-three wheelers and several panels under industrial machinery. In cumulative terms too, 15 out of 33 panels exhibited a year-on-year decline.
- ❖ Iron and Steel figures continued to drop by 6.8 percent during July 2019 with an overseas shipment recording US\$ 749.6 million from US\$ 804.63 million in the same month last year. In cumulative terms, Iron and steel figures fell by 10.9 % in the first four months of 2019-20 vis-à-vis same period last fiscal.
- ❖ Products of Iron and Steel exhibited positive monthly and cumulative growth to the extent of 10% and 1% respectively. This led to cumulative fall in iron and steel and products of iron and steel which dropped by 5.94% percent to the same period last year.
- ❖ The fall in major segments in the Non-Ferrous metal is one of the major features of July 2019. Heavyweight segments like Aluminium, Lead, Nickel and Tin recorded more than 15% decline in July 2019 over July 2018. In cumulative terms too, five out of seven non-ferrous panels experienced a decline in July 2019 when compared to July 2018.
- ❖ Industrial machinery panel exhibited 0.7% growth during July 2019 over July 2018 and recorded decline in cumulative growth to the extent of 0.1% in the first four months of 2019-20 compared to same period last fiscal. Two out of seven panels exhibited decline in July 2019 when compared to July 2018. 22.9% growth was witnessed in Pumps of all types making it the highest recorded y-o-y growth within the broader panel in July 2019. 21.7% growth was also witnessed in 'Industrial Boilers'. Maximum decline in July 2019, occurred in Air-condition and refrigerators to the extent of (-) 33.1% compare to that of July 2018. In cumulative terms the panel witnessed negative growth trend in only three panels and the total decline is also marginal at 0.13% compared to same period last fiscal.
- ❖ Electrical Machinery and equipment which generally exhibits rise and is a major export for India also experienced a decline of 8.62% in July 2019 when compared to July 2018. Although in cumulative terms there was 3.97% rise in exports in April-July 2019 when compared to April-July 2018.
- ❖ The panel Automobiles recorded 7.7 percent negative growth during July 2019, moving down from US\$ 887.2 million in July 2018 to US\$ 818.77 million in July 2019. The decline was accounted for by the drop in y-o-y exports of Motor vehicles/cars by 8.3 percent and two and three wheelers by 5.5%. Marginal rise in exports was only witnessed in Auto components and parts. In cumulative terms though the picture is grim as all three sub-panels recorded a decline in April-July 2019-20 when compared to the same period last year. Overall in cumulative terms the total Automobiles panel recorded a 6.42% decline.
- ❖ Exports of Aircrafts and Spacecraft parts and products recorded decline in both monthly (26.5 percent drop) and cumulative (36.75 percent drop) terms. On the other hand, 'Ship, Boats and Floating Bodies' exhibited a significantly high growth in exports in both monthly (120.34 percent rise) and cumulative (20.87 percent rise) terms.
- ❖ Some other miscellaneous sectors such as Office equipment, Electrodes Accumulators, Accumulators and Batteries, Hand Tools & Cutting Tools, Bicycle & Parts, Cranes Lifts & Winches and Medical and Scientific instruments experienced growth in exports in both monthly and cumulative terms although decline in both terms is exhibited by the other construction machinery panel.

**Data for panels experiencing a decline in the month July 2019 vis-à-vis July 2018**

<b>Table 8A: Chapter 72: Iron &amp; Steel</b>					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	900.36	837.85	-6.9%	715.13	-14.6%
May	787.41	776.79	-1.3%	692.45	-10.9%
June	691.32	735.22	6.4%	653.72	-11.1%
July	850.94	804.63	-5.4%	749.6	-6.8%
April-July	<b>3230.03</b>	<b>3154.49</b>	<b>-2.3%</b>	<b>2810.9</b>	<b>-10.9%</b>

<b>Table 8B: Chapter 72: Iron &amp; Steel</b>					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	1,286.78	1,018.92	-20.8%	1,006.47	-1.2%
May	1,118.11	887.05	-20.7%	941.28	6.1%
June	952.27	860.81	-9.6%	843.09	-2.1%
July	1,337.84	973.33	-27.2%		
April-July	<b>4695</b>	<b>3740.11</b>	<b>-20.3%</b>	<b>2,790.84 (April-June)</b>	

<b>Table 9A: Chapter 76: Aluminium and Products</b>					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	395.75	410.14	3.6%	407.91	-0.5%
May	291.4	512.52	75.9%	384.1	-25.1%
June	331.32	540.59	63.2%	418.56	-22.6%
July	341.04	473.28	38.8%	405.44	-14.3%
April-July	<b>1359.51</b>	<b>1936.53</b>	<b>42.4%</b>	<b>1616.01</b>	<b>-16.6%</b>

<b>Table 9B: Chapter 76: Aluminium and Products</b>					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	164.35	163.31	-0.6%	178.78	9.47
May	129.38	197.5	52.7%	166.61	-15.64
June	147.6	207.71	40.7%	190.68	-8.2
July	150.35	185.55	23.4%		
April-July	<b>591.68</b>	<b>754.07</b>	<b>27.4%</b>	<b>536.07(April-June)</b>	

<b>Table 10A: Chapter 78: Lead and Products</b>					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	26.58	27.35	2.9%	30.1	10.1%

<b>Table 10A: Chapter 78: Lead and Products</b>					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
May	15.41	35.8	132.3%	24.75	-30.9%
June	15.02	32.68	117.6%	19.49	-40.4%
July	27.13	31.24	15.1%		
April-July	84.14	127.07	51.0%	74.34(April-June)	

<b>Table 10B: Chapter 78: Lead and Products</b>					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	11.1	11.02	-0.7%	13.89	26.0%
May	6.39	14.68	129.7%	11.92	-18.8%
June	6.5	13.2	103.1%	9.49	-28.1%
July	11.81	12.34	4.5%		
April-July	35.8	51.24	43.1%	35.3 (April-June)	

<b>Table 11A: Ch 75: Nickel and Products</b>					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	2.74	5.2	89.8%	4.16	-20.0%
May	2.31	6	159.7%	35.04	484.0%
June	2.16	5.96	175.9%	5.21	-12.6%
July	2.65	5.7	115.1%		
April-July	9.86	22.86	131.8%	44.41 (April-June)	

<b>Table 11B: Ch 75: Nickel and Products</b>					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	0.14	0.32	128.6%	0.26	-18.8%
May	0.13	0.32	146.2%	0.23	-28.1%
June	0.12	0.32	166.7%	0.27	-15.6%
July	0.18	0.28	55.6%		
April-July	0.57	1.24	117.5%	0.76(April-June)	

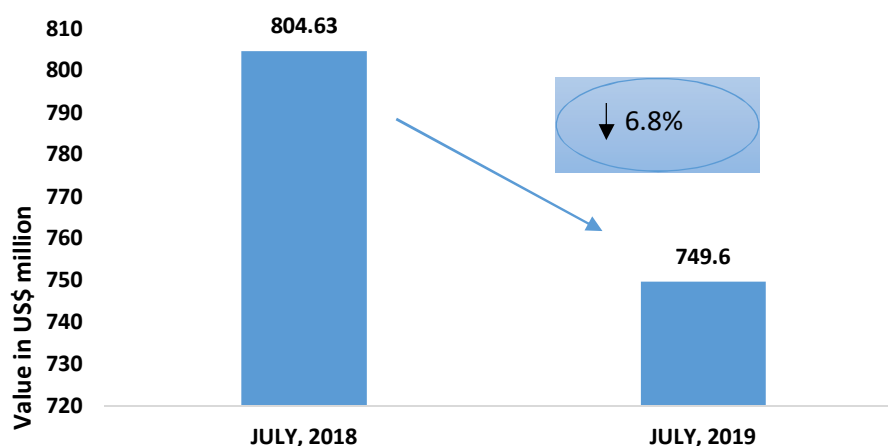
### Slump in Iron & Steel exports

- ❖ India's exports of Iron and Steel exhibited a decline to the extent of 6.8 % from US\$ 804.63 million in July 2018 to US\$ 749.6 million in July 2019). In cumulative terms it declined by 10.9 percent in April-July 2019 vis-à-vis April-July 2018.
- ❖ Decline in Iron and Steel exports was witnessed in some of India's major export destinations including Indonesia (-61.98%), Taiwan (-38.19%), Netherland (-24.48%),



Italy (-28.03%), Korea (-10.28%), and Saudi Arabia (-69.37%) in the month of July 2019 compared to July 2018.

**Figure 3: Slump in Iron and Steel Exports in July 2019 v/s July 2018**



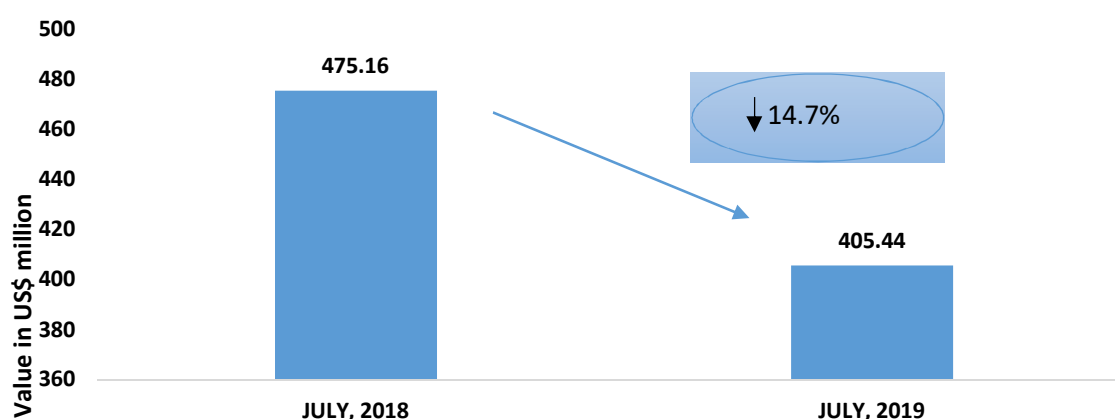
### Reasons for the fall

- ❖ In domestic front, higher input prices are also affecting the steel exports from India. On the basis of our calculations it is found that the price difference between domestic and international steel prices for the MSME exporters would amount to around Rs 3000 crores.
- ❖ India's exports of Iron and Steel to USA witnessed 18.7% drop in July 2019 compared to same month last fiscal falling from USD 16.27 million in July 2018 to USD 13.23 million in July 2019. As we are aware that the GSP benefits were withdrawn this year and the withdrawal came into force June 5th onward. This drop might be a consequence of that. However it is too early to comment as the full impact is expected to unfold in the coming months.
- ❖ The fall in iron and steel exports to the EU countries is to the tune of 23.6% falling from USD 165.03 million in July 2018 to USD 126.06 million in July 2019. This probably on account of the Quota imposed by EU on 14 India steel products post September 2018. Thus, the base effect of this Quota on steel exports growth to EU countries will impact further post September 2019 steel exports.

### Slump in Aluminium and Products exports

- ❖ There has been a fall in India's Aluminium exports to the extent of 14.67% in July 2019 when compared to July 2018. Aluminium is one of the heavy weight segment under the section of Non-ferrous metals. On the other hand, in cumulative terms, India's exports of Aluminium and products fell by 17.6% from USD 1944.92 million in April-July 2018-19 to USD 1602.25 million in April-July 2019-20.

**Figure 4: Slump in Aluminium Exports in July 2019 v/s July 2018**



### Reasons for the fall

- ❖ Aluminium exporters of primary products like ingots say that the fall is due to the US market being impacted as supplies from Canada and Mexico, who are no longer impacted by Section 232, are displacing Indian exports while domestic regulations in US are making it difficult for India to exports Aluminium products.
- ❖ The LME price has been down since January by about 21% due to the ongoing US-China trade war and its massive negative impact on the Chinese economy. This has impacted even big domestic aluminium companies such as HINDALCO which posted a 28% fall in its first quarter consolidated net profit. Infact the downward trend of LME has impacted the overall base metal industry.<sup>1</sup>
- ❖ Additionally, Indian domestic industry is also affected by cheaper imports from South-East Asian FTA partners which is also affecting their export capability.<sup>2</sup>
- ❖ Significantly, global prices of Aluminium too have fallen which further disincentives exports from the country.

### 6. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during July 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 12-20)

**Table 12: Export of Iron & Steel**  
US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
NEPAL	111.63	92.73	-16.94	418.59	376.25	-10.12

<sup>1</sup> <https://www.thehindubusinessline.com/markets/commodities/lme-aluminium-to-fall-to-1710/article27990674.ece>

<sup>2</sup> [https://www.business-standard.com/article/companies/vedanta-to-export-over-50-of-aluminium-as-india-increases-imports-119073001222\\_1.html](https://www.business-standard.com/article/companies/vedanta-to-export-over-50-of-aluminium-as-india-increases-imports-119073001222_1.html)

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
UAE	71.09	75.19	5.77	209.14	254.09	21.50
VIETNAM	72.99	112.02	53.47	124.36	241.57	94.26
ITALY	43.72	31.47	-28.03	241.00	149.92	-37.79
BANGLADESH	24.05	46.77	94.46	92.01	139.03	51.10
<b>High cumulative growth</b>						
OMAN	6.45	5.27	-18.36	16.81	46.80	178.42
VIETNAM	72.99	112.02	53.47	124.36	241.57	94.26
CHINA	26.54	26.64	0.39	88.53	138.01	55.89
BANGLADESH	24.05	46.77	94.46	92.01	139.03	51.10
RUSSIA	7.85	11.52	46.71	28.56	41.54	45.45
MALAYSIA	26.61	30.40	14.26	82.68	106.66	29.00
<b>Sharp cumulative decline</b>						
INDONESIA	9.59	3.65	-61.98	86.71	34.61	-60.08
TAIWAN	21.21	13.11	-38.19	82.89	44.76	-46.00
NETHERLAND	11.61	8.77	-24.48	60.19	36.66	-39.09
SPAIN	18.20	18.22	0.14	101.98	62.45	-38.76
ITALY	43.72	31.47	-28.03	241.00	149.92	-37.79
KOREA	29.59	26.55	-10.28	160.06	100.25	-37.36
SAUDI ARABIA	12.08	3.70	-69.37	40.89	26.56	-35.05

Source: Department of Commerce, Government of India

- ❖ Nepal, UAE and Vietnam were the three top three importers of Indian Iron and Steel during April-July 2019 with market shares of 13.39 percent, 9.04 percent and 8.59 percent respectively.
- ❖ Oman, Vietnam, China, Bangladesh and Russia recorded more than 45 percent year-on-year growth in exports of Indian Iron and Steel during April-July 2019 compared to April-July 2018.
- ❖ Indonesia, Taiwan, Netherland, Spain, Italy and Korea and experienced sharp downfall to the extent of more than 37% drop in exports during April-July 2019 compared to same period last fiscal.

**Table 13: Export of Products of Iron & Steel**

US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
U S A	130.23	148.12	13.73	508.51	570.35	12.16
UAE	28.84	35.84	24.25	154.25	148.42	-3.78
GERMANY	30.95	32.44	4.83	131.14	128.84	-1.76
U K	23.76	27.60	16.15	94.86	101.65	7.15
CANADA	20.39	27.00	32.42	80.59	85.59	6.21
<b>High cumulative growth</b>						
PERU	0.27	12.73	4618.65	2.04	21.08	932.46

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL- JULY 2018	APRIL- JULY 2019	Growth (%)
MALAYSIA	3.21	2.77	-13.55	12.11	15.39	27.13
PHILIPPINES	2.05	2.10	2.29	9.81	12.26	24.90
CHINA	5.04	5.81	15.30	19.96	24.17	21.09
FRANCE	10.38	12.77	23.03	47.47	55.45	16.83
NIGERIA	4.02	9.21	129.13	37.91	43.34	14.33
<b>Sharp cumulative decline</b>						
IRAQ	0.37	0.37	-1.10	19.13	1.84	-90.40
TANZANIA	3.82	3.93	2.84	29.79	11.99	-59.75
EGYPT	14.84	2.71	-81.77	22.30	10.17	-54.41
QATAR	12.02	8.22	-31.66	52.02	33.79	-35.04
BRAZIL	6.91	5.03	-27.19	29.74	21.28	-28.43
CHILE	8.72	1.65	-81.07	38.11	27.83	-26.98
SOUTH AFRICA	7.83	4.99	-36.25	30.77	23.13	-24.83

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-July 2019 with 25 percent, 6.5 percent and 5.7 percent shares respectively in India's global import of the same.
- ❖ Peru, Malaysia, Philippines and China experienced more than 20% growth in import of Products of Iron and Steel during April- July 2019.
- ❖ Iraq, Tanzania, Egypt and Qatar conceded substantial decline in imports by more than 35% for the said product group from India during April-July 2019.

**Table 14: Export of Industrial Machinery**

US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL- JULY 2018	APRIL- JULY 2019	Growth (%)
<b>Top Five Importers</b>						
U S A	166.68	169.58	1.74	735.75	717.80	-2.44
THAILAND	52.30	60.27	15.23	162.96	234.52	43.91
BANGLADESH	52.58	48.44	-7.86	203.28	214.55	5.54
GERMANY	48.25	52.60	9.02	199.97	211.28	5.66
CHINA	166.68	169.58	1.74	735.75	717.80	-2.44
<b>High cumulative growth</b>						
PHILIPPINES	4.93	11.49	133.11	22.34	38.44	72.08
KOREA	14.08	20.14	43.08	48.54	80.60	66.04
THAILAND	52.30	60.27	15.23	162.96	234.52	43.91
JAPAN	11.58	20.80	79.66	41.13	58.18	41.44
SINGAPORE	16.17	36.08	123.12	79.57	106.21	33.48
NIGERIA	19.19	27.37	42.59	112.79	148.56	31.72
BELGIUM	9.48	18.26	92.58	38.54	47.17	22.41
RUSSIA	11.06	19.48	76.10	44.35	53.28	20.13
<b>Sharp cumulative decline</b>						

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
IRAN	17.34	2.09	-87.93	71.36	16.88	-76.34
ALGERIA	6.41	3.90	-39.09	34.93	18.19	-47.93
TURKEY	35.56	21.86	-38.54	172.86	98.58	-42.97
VIETNAM	21.26	8.15	-61.66	60.96	41.94	-31.21
U K	54.27	30.16	-44.43	153.39	117.44	-23.44
NETHERLAND	16.82	11.37	-32.38	70.23	54.04	-23.06
SPAIN	16.47	15.06	-8.55	84.55	67.42	-20.26

Source: Department of Commerce, Government of India

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April-July 2019 with 16.2 percent share in India's global export of the product group. Thailand and Bangladesh were the two immediate followers of USA with 5.1 percent and 4.9 percent shares respectively.
- ❖ Philippines, Korea, Thailand, Japan and Singapore were among the major importing nations witnessed highest growths in imports of Industrial machinery from India during April-July 2019 over the same period last fiscal.
- ❖ Among the major importers, Iran, Algeria, Turkey, Vietnam, UK Netherland and Spain recorded over 20 percent year-on-year declines in imports during April-July 2019.

**Table 15: Automobiles**

US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
MEXICO	127.44	132.84	4.24	549.19	483.81	-11.90
SOUTH AFRICA	62.00	81.62	31.65	282.43	314.96	11.52
U S A	57.11	36.70	-35.75	333.14	259.16	-22.21
NIGERIA	38.25	37.47	-2.04	124.89	155.09	24.19
SAUDI ARABIA	26.73	62.32	133.14	63.17	148.82	135.58
<b>High cumulative growth</b>						
ISRAEL	0.36	8.72	2338.27	2.81	47.23	1582.92
VIETNAM	0.00	3.97	#DIV/0!	2.71	31.19	1051.33
KUWAIT	3.36	13.30	295.89	8.03	28.75	257.88
JORDAN	4.32	9.50	119.90	6.12	21.64	253.68
SAUDI ARABIA	26.73	62.32	133.14	63.17	148.82	135.58
ITALY	6.01	13.24	120.10	40.54	84.69	108.92
JAPAN	1.83	14.87	712.55	18.05	31.61	75.12
ETHIOPIA	5.29	6.33	19.85	19.67	25.49	29.62
<b>Sharp cumulative decline</b>						
BELGIUM	8.05	0.53	-93.48	32.92	4.64	-85.90
ARGENTINA	1.70	1.31	-22.97	23.74	4.01	-83.12
EGYPT	9.21	0.47	-94.84	44.51	9.77	-78.06



COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
ECUADOR	15.58	1.68	-89.19	40.25	10.71	-73.40
CANADA	8.89	1.01	-88.67	47.24	18.25	-61.37
AUSTRALIA	1.63	2.99	83.73	26.62	11.00	-58.67
SRI LANKA	19.87	22.20	11.72	153.05	78.71	-48.58
U K	20.90	12.74	-39.06	70.03	39.51	-43.57

Source: Department of Commerce, Government of India

Note: Automobiles include Motor Vehicles/cars and Two and Three Wheelers

- ❖ Mexico, South Africa and USA were top three importers of India's Automobiles during April-July 2019 with 14.7, 9.6 and 7.8 percent share in India's global exports respectively over the same period last fiscal.
- ❖ Israel, Vietnam, Kuwait, Jordan, Saudi Arabia and Italy recorded over 100 percent growth in imports of the product group from India during April-July 2019 over the same period last fiscal.
- ❖ Countries like Argentina, Belgium, Egypt, and Ecuador saw their imports of automobile lower by more than 70% during April-July 2019 compared to same period last fiscal.

**Table 16: Export of Non-Ferrous metals**

US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
KOREA	51.74	122.79	137.35	342.55	417.09	21.76
MALAYSIA	68.03	62.61	-7.96	143.61	266.59	85.63
U S A	72.11	53.94	-25.20	285.72	244.97	-14.26
TAIWAN	22.85	31.17	36.41	81.29	100.30	23.39
CHINA	3.46	11.63	235.95	34.55	78.56	127.37
<b>High cumulative growth</b>						
SINGAPORE	1.92	13.06	579.60	4.20	44.29	954.85
EGYPT	0.47	6.63	1313.84	2.71	19.25	609.54
OMAN	2.96	3.93	32.82	6.78	17.17	153.21
POLAND	0.58	1.09	87.41	5.06	11.61	129.33
CHINA	3.46	11.63	235.95	34.55	78.56	127.37
MALAYSIA	68.03	62.61	-7.96	143.61	266.59	85.63
<b>Sharp cumulative decline</b>						
BULGARIA	4.61	0.09	-98.12	34.88	0.37	-98.95
GREECE	1.82	1.81	-0.45	58.37	2.27	-96.11
TURKEY	72.17	2.24	-96.90	262.75	10.94	-95.84
MEXICO	39.17	12.81	-67.29	177.21	58.68	-66.89
ITALY	25.58	5.74	-77.57	115.43	49.70	-56.95
SPAIN	18.41	5.67	-69.20	68.98	33.36	-51.64
NETHERLAND	12.97	6.89	-46.89	63.03	33.90	-46.21

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
BANGLADESH	22.27	9.50	-57.33	76.95	45.43	-40.96

Source: Department of Commerce and CSO

- ❖ Korea, Malaysia and USA were the top three importers of India's Non-ferrous metals and products' during April-July 2019 with 19.7 percent, 12.6 percent and 11.6 percent shares respectively in India's global export of the same.
- ❖ Singapore, Egypt, China, Poland and Oman experienced more than 100% growth in import of Non-ferrous metals and products ' during April-July 2019.
- ❖ Greece, Bulgaria, Turkey and Mexico conceded substantial decline in imports by more than 65% for the said product group from India during April-July 2019 vis-à-vis same period last fiscal.

**Table 17: Export of Electrical Machinery and Components**

US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
U S A	197.16	182.51	-7.43	607.94	774.56	27.41
GERMANY	61.05	63.34	3.75	320.44	306.87	-4.23
U K	56.00	56.84	1.50	186.22	257.79	38.43
SINGAPORE	72.79	48.31	-33.63	204.28	184.54	-9.66
UAE	18.95	14.05	-25.90	71.58	72.81	1.71
<b>High cumulative growth</b>						
MEXICO	1.99	17.91	801.39	23.31	62.54	168.30
POLAND	5.18	18.25	252.10	22.34	44.51	99.23
KOREA	2.90	4.21	45.08	14.61	28.31	93.79
NIGERIA	7.91	17.03	115.30	25.88	47.43	83.23
U K	56.00	56.84	1.50	186.22	257.79	38.43
U S A	197.16	182.51	-7.43	607.94	774.56	27.41
<b>Sharp cumulative decline</b>						
INDONESIA	40.03	3.74	-90.67	60.82	16.15	-73.45
CHINA	36.93	28.66	-22.40	140.71	56.45	-59.88
JAPAN	4.27	8.16	91.10	66.44	29.27	-55.95
TURKEY	16.26	4.44	-72.70	49.72	27.41	-44.88
BELGIUM	18.25	8.40	-53.98	100.20	57.35	-42.76
CANADA	2.27	5.40	137.80	20.44	14.65	-28.31
NETHERLAND	6.05	5.45	-9.90	28.31	20.38	-27.99

Source: Department of Commerce and CSO

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April-July 2019 with market shares of 27.13 percent, 10.75 percent

and 9.03 percent respectively. Out of these top three importers, Germany experienced a drop in imports during April-July 2019 compared to April-July 2018.

- ❖ Mexico, Poland, Korea and Nigeria recorded more than 80% growth in imports from India during April-July 2019 vis-a-vis April-July 2018. UK and USA recorded more than 25 percent growth in imports of India's Electrical Machinery and Components during April-July 2019 when compared with April-July 2018.
- ❖ Indonesia experienced the sharp decline in its imports (-73.45%) in April-July 2019 when compared to April-July 2018. It is also the case for China and Japan which experienced more than 55 percent drop.

**Table 18: Export of Aircrafts and Space crafts**

US\$ million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
U S A	54.74	38.93	-28.88	198.29	164.44	-17.07
U K	12.23	9.26	-24.33	91.95	56.28	-38.79
FRANCE	25.69	19.84	-22.80	95.20	55.55	-41.65
SINGAPORE	24.15	12.83	-46.86	102.29	40.99	-59.92
GERMANY	9.37	6.30	-32.82	50.78	19.66	-61.29
<b>High cumulative growth</b>						
SPAIN	0.10	0.20	109.03	0.55	1.17	110.36
MEXICO	0.43	0.98	126.32	1.78	3.07	72.18
ISRAEL	3.77	3.64	-3.39	9.18	13.56	47.71
PHILIPPINES	0.41	0.59	43.17	1.55	2.12	36.59
U A E	0.22	0.82	273.42	1.96	2.68	36.39
MALAYSIA	2.69	4.59	70.91	13.43	18.26	35.91
SWEDEN	0.90	1.27	41.11	3.66	4.54	24.04
<b>Sharp cumulative decline</b>						
SEYCHELLES	0.00	0.00	-100.00	19.63	0.05	-99.73
BELGIUM	0.06	0.01	-76.97	11.37	1.29	-88.65
POLAND	2.09	0.31	-85.21	7.04	1.44	-79.55
SWITZERLAND	0.55	0.53	-3.85	14.58	3.78	-74.10
GERMANY	9.37	6.30	-32.82	50.78	19.66	-61.29
SINGAPORE	24.15	12.83	-46.86	102.29	40.99	-59.92

Source: Department of Commerce and CSO

- ❖ USA, UK and France were the top three importers of India's Aircrafts and Space crafts during April-July 2019 with around 38.03, 13.02 and 12.85 percent shares respectively in India's total global exports of the product.
- ❖ Spain and Mexico registered substantial growths of more than 70% in import of the product group from India during April-July 2019 as compared with the same period last fiscal.

- ❖ On the flipside, demand for India's Aircrafts & Space crafts from Seychelles, Belgium, Switzerland, Germany, Singapore and Poland dropped more than 50 percent on a year-on-year basis during April-July 2019 when compared to April-July 2018.

**Table 19: Export of Ships, Boats and Floating Structures and parts**

US\$ million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
UAE	2.11	14.89	604.41	1048.81	962.95	-8.19
SINGAPORE	28.20	21.76	-22.83	379.60	736.21	93.94
CYPRUS	0.00	0.00	-	0.00	349.98	-
MALAYSIA	0.00	0.00	-	0.00	191.33	-
INDONESIA	0.00	0.00	-	0.00	179.09	-
<b>High cumulative growth</b>						
U S A	0.00	0.28	-	0.02	0.29	1580.33
MAURITIUS	0.00	0.00	-44.19	1.86	5.89	217.70
INDONESIA	0.00	0.00	-	37.07	89.70	142.00
DENMARK	0.01	0.00	-100.00	0.02	0.05	130.40
SINGAPORE	28.20	21.76	-22.83	379.60	736.21	93.94
SRI LANKA	13.45	33.48	148.99	51.14	78.70	53.88
<b>Sharp cumulative decline</b>						
BELGIUM	0.00	0.00	-	150.05	0.00	-100.00
NIGERIA	0.00	0.00	-	24.87	0.00	-100.00
QATAR	0.00	0.00	-	29.01	0.00	-100.00
SOUTH AFRICA	0.00	0.00	-	198.48	0.00	-100.00
OMAN	0.00	0.02	-	187.76	0.02	-99.99
SAUDI ARABIA	0.00	0.00	-	104.60	4.71	-95.49
BANGLADESH	0.00	0.00	-	20.07	2.39	-88.09

Source: Department of Commerce and CSO

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

- ❖ UAE, Singapore and Cyprus became the largest importer of ships, boats and floating structures followed by Malaysia and Indonesia. Their respective shares are 35.36 percent, 27.03 percent, 12.85 percent, 7.03 percent and 3.29 percent.
- ❖ India's exports to Cyprus, Malaysia and Indonesia recorded significantly large increase as they had practically no import in April-July 2018.
- ❖ However, sharp decline was noticed in exports to Saudi Arabia and Bangladesh. In fact exports to these countries have been less than US\$ 5 million in April-July 2019. Whereas the exports dropped to zilch for Belgium, Nigeria, Oman, Qatar and South Africa.

**Table 20: Export of Auto Components**

US\$ Million

COUNTRY	JULY 2018	JULY 2019	Growth (%)	APRIL-JULY 2018	APRIL-JULY 2019	Growth (%)
<b>Top Five Importers</b>						
U S A	93.26	102.77	10.20	383.20	417.06	8.84
BRAZIL	23.63	23.81	0.75	95.49	96.84	1.41
BANGLADESH	36.94	28.07	-24.02	117.15	92.96	-20.65
GERMANY	20.10	23.25	15.63	81.10	86.50	6.66
TURKEY	24.59	20.03	-18.55	125.93	80.14	-36.37
<b>High cumulative growth</b>						
SAUDI ARABIA	3.27	8.60	162.90	5.72	14.15	147.33
PHILIPPINES	2.73	8.51	211.73	11.13	22.11	98.68
MALAYSIA	1.97	2.98	51.28	7.71	12.78	65.67
U A E	9.98	15.52	55.56	36.39	59.77	64.25
CZECH REPUBLIC	1.49	2.53	70.50	6.09	9.56	56.90
CHILE	1.42	2.22	55.66	5.95	8.79	47.75
KOREA	3.94	6.25	58.60	15.30	22.56	47.43
PERU	2.17	1.57	-27.55	5.78	8.52	47.42
<b>Sharp cumulative decline</b>						
MYANMAR	2.79	0.95	-65.96	11.54	5.26	-54.38
ALGERIA	1.32	1.24	-6.40	6.19	3.78	-38.93
TURKEY	24.59	20.03	-18.55	125.93	80.14	-36.37
SRI LANKA	5.52	4.12	-25.29	23.58	16.52	-29.94
ROMANIA	8.19	2.87	-64.92	32.36	25.58	-20.96
BANGLADESH	36.94	28.07	-24.02	117.15	92.96	-20.65
KENYA	1.44	1.73	19.95	7.38	5.90	-20.03

Source: Department of Commerce and CSO

- ❖ USA remained the top importer of auto components in April-July 2019 with a share of 23.07 percent. It is followed by Brazil, Bangladesh, Germany and Turkey with respective shares of 5.4 percent, 5.1 percent, 4.8 percent and 4.4 percent.
- ❖ Saudi Arabia, Philippines and Malaysia recorded maximum increase of more than 65 percent in imports from April-July 2019 when compared to April-July 2018
- ❖ However, Myanmar, Turkey and Algeria recorded significant decline of more than 35 percent in April-July 2019 when compared to April-July 2018.

### Analysis of India's engineering imports

India's Engineering imports during July 2019 were valued at US\$ 8938.2 million compared to US\$ 9272.5 million in July 2018 recording a negative growth of 3.6 percent in dollar terms.



Cumulative engineering imports during Apr-July 2019-20 was recorded at US\$ 33.8 billion as against US\$ 34.8 billion during the same period last fiscal registering fall of 3.0 percent.

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 in July 2019 is a little higher to that during July 2018 estimated at 22.5%.

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

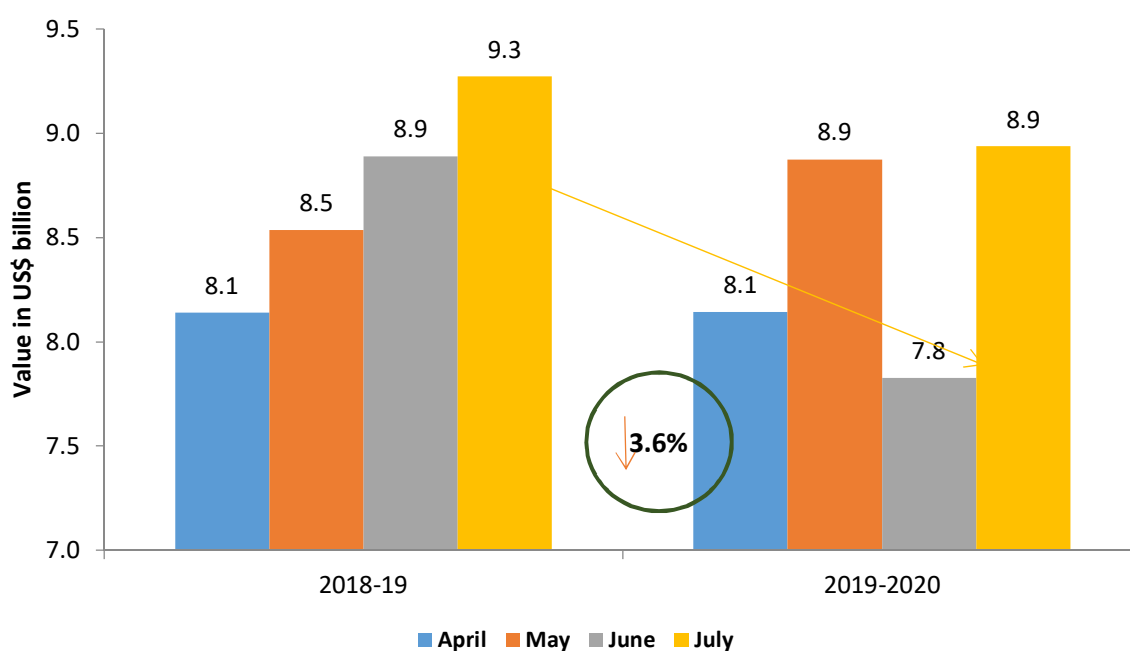
**Table 21: Engineering Imports**  
(US\$ Million)

Months	2018-19	2019-20	Growth (%)
Apr	8139.45	8143.84	0.1
May	8536	8875.2	4.0
June	8890.89	7827.95	-12.0
July	9272.5	8938.2	-3.6

Source: Department of Commerce, Government of India

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

**Fig 5: Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19**  
US\$ billion



Source: EEPIC India analysis

## 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 three months of the current fiscal 2019-20 depicted in the table below:

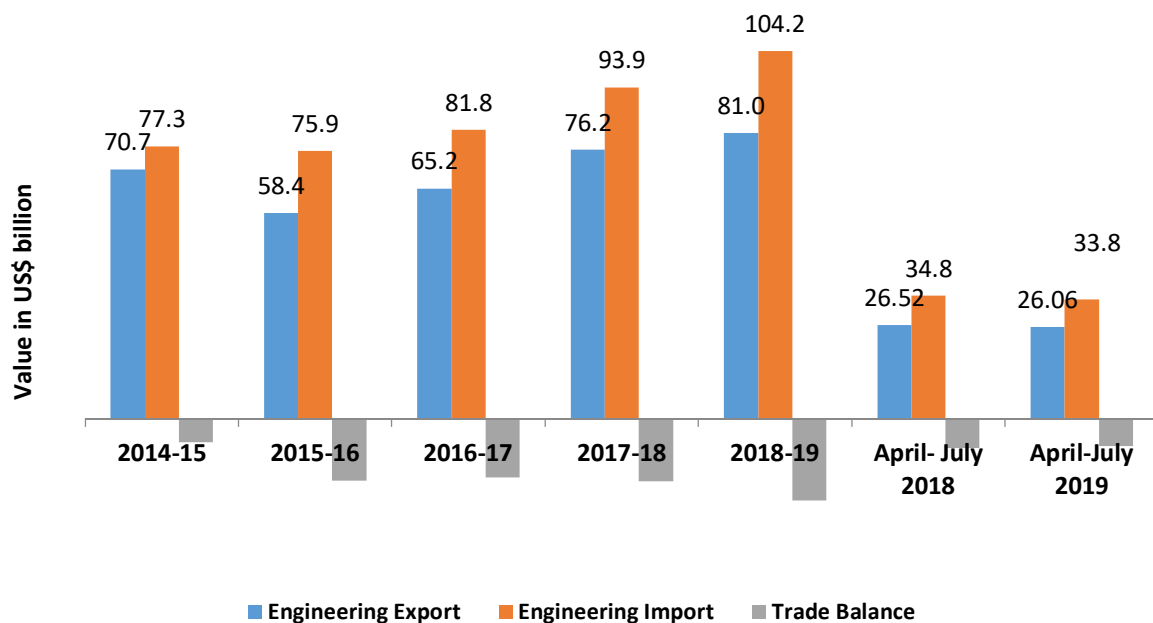
**Table 22: Engineering Trade**  
(US\$ Million)

Trade Flow	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April-July 2018	April-July 2019	Growth %
Engineering Export	70.7	58.4	65.2	76.2	81.0	6.3%	26.5	26.1	-1.7%
Engineering Import	77.3	75.9	81.8	93.9	104.2	10.9%	34.8	33.8	-3.0%
Trade Balance	-6.6	-17.5	-16.6	-17.7	-23.1		-8.3	-7.7	

(\* ) 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-July 2019-20 of the current fiscal**

**Figure 6: Trend in Monthly Engineering Trade**  
US\$ Billion



## Challenges faced by Indian engineering exporters

- ❖ **Higher Steel Prices:** Engineering exporters are facing disadvantage because of domestic steel prices being higher than international prices. While in recent months, the domestic prices of steel have fallen due to recessionary conditions, this remains a major factor in making our exports uncompetitive.
- ❖ **Streamline and Simplify GST Refunds:** There are still past problems with regard to GST Refunds pertaining to July- Sep 2017 and those stuck in ICEGATE. Issues like the problem of Higher or Identical Duty Drawback taken during the transition period is blocking working capital. Further, currently, any supplies by a DTA unit to SEZ units or those who hold Advance Authorization has to be carried out through the LUT route which creates considerable problem in getting the Input Tax Credit.
- ❖ **IGST Refunds not being credit from May 2019 onwards:** IGST Refunds from Kolkata Port, Mundra Port as well as other ports were being paid regularly and efficiently. However, while exporters have received IGST Refunds up to the month of April 2019 from all other Ports/CFS's, refunds for the month of May and June remain unpaid. Customs officials have informed exporters that while blocking IGST Refunds of a few Exporters who have been classified as "Risky" and placed on Caution List, the "System" has inadvertently blocked IGST Refunds of over 900 genuine exporters as well. This is creating considerable problems for exporters.
- ❖ **Scheme for Unrebated Taxes:** Even though the DGFT website is not accepting Shipping Bills post August 1, 2019, there is no clarity as to when the scheme will be withdrawn. A Cut-off date should be announced and ROSCTL scheme should be announced prior to that.
- ❖ **Limited availability of Credit/Finance is adversely affecting SMEs:** The banking regulations for lending to SMEs are very stringent like higher rate of interest ranging from 8-14%, Collateral requirement etc. which offset profits and makes Indian exporters uncompetitive when compared with their counterparts. Further, while the RBI Caution Listing gets postponed every 3 months, exporters face tremendous problems especially in case of SBI where bank merger has taken place and the exporter earlier had an account with one of the merged bank.
- ❖ **Cost of Export Credit:** With respect to the cost of credit, now that the RBI Governor has said that the time has come to link rates to repo, urge that export credit should also be linked to REPO rate instead of the current practice of being tied to the MCLR.
- ❖ **Payment of Interest on balance in respective Exchange Earners' Foreign Currency (EEFC) accounts:** Exporters have suggested that interest be paid on balance in their respective Exchange Earners' Foreign Currency (EEFC) accounts maintained in foreign currency with a bank authorized to deal in foreign exchange. It is to be mentioned that various articles published regarding Dr. Bimal Jalan Panel's transfer of RBI's surplus reserves during the last week elucidates that most of the RBI's income comes from interest earned on foreign

reserves invested overseas and that on securities in India. The foreign reserves herein which are being referred to also include the EEFC balances maintained in foreign currency by respective exporters of India<sup>3</sup>.

While not substantial, the foreign reserves include exporter's balances also, and thus, the member exporters feel that their request regarding interest on EEFC has merit if the interest is being earned on foreign reserves of the country. Since the release of the official statement that the RBI's income comes from interest earned on foreign reserves, the exporters' fraternity have once again requested for the consideration of their long standing suggestion of the interest be paid on their respective EEFC balances. At a time, when the export credit is a major issue for the exporters, the interest on EEFC accounts balance, if offered will prove to be a welcome measure by the Government and help in relaxing the credit constraints. It is suggested that the interest may be offered through the respective banks on the balances in the EEFC accounts wherein the Government may charge a pertinent fee/levy on the same and the respective financial institutions may levy nominal charges that will be incurred in the disbursement. This will complement the Government's ease of doing business policy and ameliorate the business milieu in the country.

## To conclude...

According to export data for July 2019 engineering exports from India continued to drop for the second straight month. This fall in exports was led mainly by year-on-year decline in shipments of major exported product groups like major ferrous and non-ferrous metals including Iron and Steel, Aluminium and products, Nickel and its products, Lead and products and other Tin and its products.

Y-O-Y decline was also witnessed in Electrical machinery, Automobile, etc. Cumulative decline was also witnessed in the major ferrous and non-ferrous metals as well as Industrial machinery, Automobiles, Aircraft, spacecraft and parts and other construction machinery. As per recent reports, falling LME prices have affected the overall base metal industry.

Furthermore it seems that external factors like US-China tariff war, protectionist policies adopted by several developed regions like Europe and the US, withdrawal of GSP benefit to Indian exporters by the US and growing geopolitical disputes in the Middle East have been impacting the Indian exports adversely.

The impact of protectionist policies adopted by both EU and US was apprehended to increase cross-dumping in other regions and create further pressure on Indian exporters. The impact is already witnessed in the slowing imports of ferrous and non-ferrous metals. WTO in its quarterly World Trade Outlook report projected global merchandise exports growth to fall from 3.9% in 2018 to 3.7% in 2019.

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<sup>3</sup> (<https://economictimes.indiatimes.com/news/economy/policy/jalan-panel-finalises-report-on-rbi-capital-recommends-surplus-transfer-to-govt-in-3-5-years/articleshow/70258737.cms?from=mdr>)

The International Monetary Fund also cut the global growth forecast for 2019 by 20 basis points to 3.3%, the lowest since the 2008 financial crisis, blaming the US-China trade tensions, loss of momentum in Europe and the uncertainty surrounding Brexit.

In domestic front, increasing imports from FTA partners especially South East Asia, rising input prices and high ocean freight rate have been affecting the profitability of the exporters since months.

Shutdown of key production units such as the Starlight Factory have also had a negative impact on the overall export capability of the country.

Frequent fluctuations in Rupee due to the continuing global disputes is also a cause of concern for the exporters. In addition, lack of adequate credit flow to the export sector is also leading to fund crisis for the exporters.

