

Engineering Export-Import Monitor

October 2019



Engineering the future

EEPCINDIA
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Analysis of Indian engineering exports and imports for October 2019

Overall Scenario

India's merchandise exports declined for the third straight month to October 2019

- ❖ India's merchandise exports conceded its third straight monthly decline on a year-on-year (y-o-y) basis and fourth monthly decline of this fiscal during October 2019. However, the extent of decline moderated to 1.11 percent in dollar term as against 6.57 percent in the previous month.
- ❖ Merchandise exports from India stood at US\$ 26.38 billion during October 2019 as against US\$ 26.67 billion in the same month last fiscal, registering 1.11 percent decline y-o-y as global slowdown led to slackening of demand from overseas. In rupee terms however, the drop in exports was higher at 4.59 percent.
- ❖ Cumulative value of exports for the period April-October 2019-20 was US\$ 185.95 billion as against US\$ 190.15 billion during the same period last fiscal, registering a negative growth of 2.21 percent. In rupee terms, the decline was lower at 1.04 percent.
- ❖ Merchandise imports during October 2019 registered 16.31 percent drop y-o-y as against a lower 13.85 percent in September 2019. Inbound shipment of goods during October 2019 was recorded at US\$ 37.39 billion as against US\$ 44.68 billion in the same month last fiscal. In Rupee terms, imports were 19.26 percent lower during the same time period.
- ❖ Cumulative value of imports for the period April-October 2019-20 declined to US\$ 280.67 billion from USD 306.31 billion during the same period of fiscal 2018-19, registering a negative growth of 8.37 percent in Dollar terms.
- ❖ Trade deficit narrowed down further as decline in imports exceeded that of exports. Merchandise trade deficit during October 2019 at US\$ 11.01 billion was 38.8 percent lower than the deficit recorded in October 2018 at US\$ 18.0 billion. On a cumulative basis, trade deficit shrank by 18.5 percent to US\$ 94.72 billion during the first seven months of 2019-20 from US\$ 116.15 billion during the same period last fiscal.

India's engineering exports recorded y-o-y growth in October 2019 after six months

- ❖ Defying the trend of broader merchandise exports, Indian engineering exports bounced back to growth path in October 2019 after witnessing y-o-y decline in the previous four months. Engineering exports from India achieved 1.66 percent growth during October 2019 as shipments went up to US\$ 6.25 billion from US\$ 6.15 billion in the same month last fiscal. This was the second monthly y-o-y rise in engineering exports in fiscal 2019-20 after May 2019.

- ❖ On a cumulative basis however engineering exports continued to slide on a y-o-y basis. During April-October 2019-20, engineering exports stood at US\$ 44.97 billion as against US\$ 46.41 billion in the same period last fiscal registering a decline of 3.10 percent.
- ❖ The share of engineering exports in India's total merchandise exports rose during October 2019 was 24.05 percent as against 24.4 percent in September, 24.3 percent in August and 22.7 percent in July 2019. However, the share was higher at 25.4 percent and 24.2 percent in June and May 2019 respectively. On a cumulative basis, the contribution of engineering exports in India's total merchandise exports was 24.2 percent during April-October 2019-20.
- ❖ Out of 33 engineering panels, only 13 panels recorded year-on-year decline in exports during October 2019. The number of panels however increased to 17 when estimated on a cumulative basis for the first seven months of fiscal 2019-20.
- ❖ During October 2019, 12 nations out of India's top 25 export destinations for engineering products recorded growth in exports vis-à-vis October 2018. The number of countries reduced to 9 when estimated on a cumulative basis.

India's October engineering imports down by 6.8 %

- ❖ India's Engineering imports during October 2019 were valued at US\$ 8.7 billion compared to US\$ 9.3 billion in October 2018 registering 6.8 per cent decline in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports in October 2019 when compared to October 2018 has increased marginally to 23.3%.

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	6479.99	-7.70
May	6928.08	7244.48	4.57
June	6512.31	6352.14	-2.46
April-June	20460.93	20076.61	-1.88
July	6052.64	5948.76	-1.72
August	6974.48	6347.69	-8.99
September	6769.15	6343.74	-6.28
April-September	19796.27	18640.19	-5.84
October	6151.93	6253.79	1.66
April-October	46409.13	44970.59	-3.10

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 generally come from what is produced within a country, 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 four months saw just the reverse. In April 2019, manufacturing growth accelerated while engineering exports dropped to negative. During May, engineering exports bounced back to growth path and manufacturing growth accelerated. Engineering exports declined once again in June 2019 and manufacturing growth also slowed down noticeably. The decline in engineering exports continued in July but at a slower pace. Manufacturing also witnessed accelerated growth. During August, engineering exports decelerated faster and manufacturing growth turned negative. The month of September 2019 again saw both moved in the opposite direction when decline in engineering exports moderated but decline in manufacturing growth accelerated. 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 2019	-7.70	2.5
May 2018	4.57	4.4
June 2019	-2.46	0.3
April-June 2019	-1.88	2.4
July 2019	-1.72	4.5
August 2019	-8.99	-1.6
September 2019	-6.28	-3.9
July-September 2019	-5.84	-0.4
October 2019	1.66	N A
April-October 2019	-3.10	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%
Quarter 1	17653.40	20460.93*	15.90%
July	5595.63	6052.64*	8.17%
August	5766.60	6974.48*	20.95%
September	7088.19	6769.15*	-4.50%
Quarter 2	18450.42	19796.27*	7.29%
October	5669.59	6151.93*	8.51%
November	6872.84	5737.61	-16.52%
December	7163.56	6911.61	-3.52%
Quarter 3	19705.99	18801.15*	-4.59%
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	80948.22*	6.23%

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:

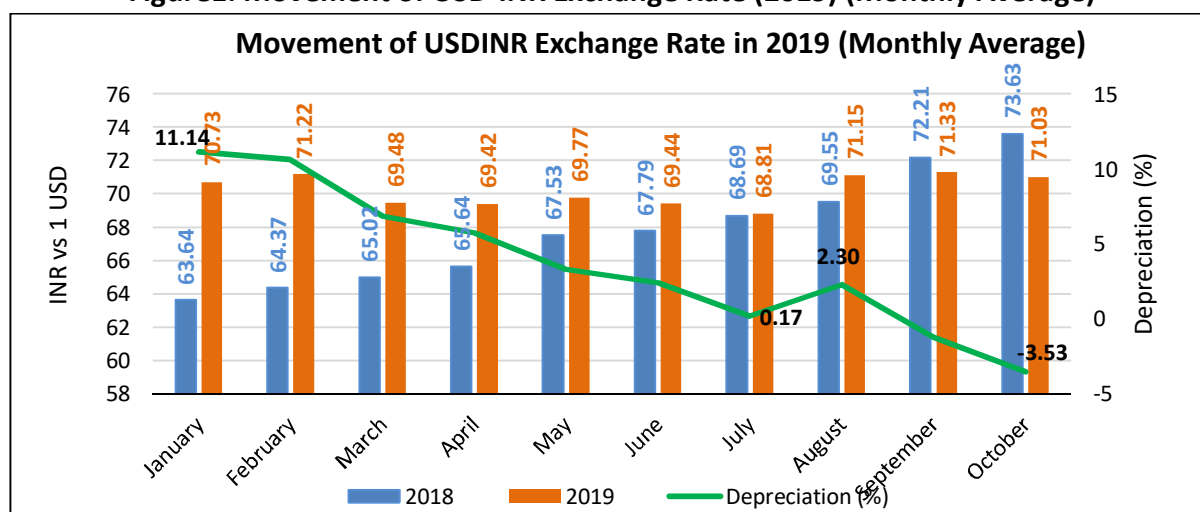
Table 4: USD-INR average exchange rate

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
August	69.55	71.15	2.30	Depreciation
September	72.22	71.33	-1.22	Appreciation
October	73.63	71.03	-3.53	Appreciation

Source: RBI, FBIL, EEPIC Research

Indian rupee strengthened marginally over the month in October 2019 and also appreciated over the same month last year vis-à-vis the US Dollar. This is the second month in a row in 2019 when Indian Rupee witnessed y-o-y appreciation over the greenback. A noteworthy feature had been the relative hardening of the Rupee in 2019 as indicated by the narrowing in the rate of depreciation over corresponding months of last year till July 2019 followed by appreciation from September. Meanwhile, the pace of depreciation accelerated only in August 2019 as the official exchange rate of rupee dropped below 71 per dollar once again after March 2019. However, Rupee continued to remain below 71 in October despite the appreciation in September and October 2019. 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 depreciated since the very beginning of 2019 but the pace of depreciation has been decelerating 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. The month of August witnesses higher depreciation while it turned to appreciation in the next two months.

3. Top 25 engineering export destinations in October 2019

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

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

US\$ million

Country	October 2018	October 2019	Growth (%)	April-October 2018-19	April-October 2019-20	Growth (%)
U S A	937.56	902.34	-3.76	6738.30	6659.11	-1.18
UAE	305.98	257.50	-15.85	2773.28	2726.56	-1.68
GERMANY	278.55	271.19	-2.64	1989.62	1839.08	-7.57
SINGAPORE	120.78	139.73	15.69	1236.95	1608.54	30.04
NEPAL	287.91	187.24	-34.97	1800.67	1583.79	-12.04

Country	October 2018	October 2019	Growth (%)	April-October 2018-19	April-October 2019-20	Growth (%)
BANGLADESH	215.72	198.30	-8.08	1573.02	1481.48	-5.82
U K	220.27	203.38	-7.67	1693.38	1480.04	-12.60
MEXICO	173.67	177.34	2.11	1605.12	1435.08	-10.59
MALAYSIA	166.61	201.14	20.72	885.56	1324.43	49.56
CHINA	168.95	249.65	47.77	994.71	1224.14	23.07
ITALY	201.71	141.31	-29.94	1364.75	1195.59	-12.39
KOREA RP	136.42	158.98	16.54	1089.64	1169.02	7.28
VIETNAM	79.66	222.64	179.48	598.82	1083.02	80.86
NIGERIA	102.18	181.31	77.44	690.65	971.10	40.61
SOUTH AFRICA	106.31	164.00	54.26	1024.69	955.66	-6.74
THAILAND	144.03	132.77	-7.82	957.70	936.31	-2.23
SAUDI ARABIA	84.18	127.11	51.00	770.41	836.17	8.54
FRANCE	103.66	113.77	9.75	817.69	826.71	1.10
INDONESIA	127.64	116.74	-8.54	988.85	787.81	-20.33
SRI LANKA	98.46	127.82	29.83	811.58	750.85	-7.48
JAPAN	84.89	72.37	-14.75	731.89	607.60	-16.98
BELGIUM	130.20	100.95	-22.47	1082.02	605.15	-44.07
TURKEY	157.13	94.25	-40.02	1220.36	603.58	-50.54
BRAZIL	70.13	78.00	11.23	584.66	600.72	2.75
NETHERLAND	94.55	74.59	-21.11	624.12	516.19	-17.29
Total engineering exports to top 25 countries	4597.16	4694.41	2.12	34648.44	33807.73	-2.43
Total engineering exports	6151.93	6253.79	1.66	46409.13	44970.59	-3.10
Share (%)	74.73	75.07		74.66	75.18	

Source: Department of Commerce, Government of India

India's top 25 engineering export destinations: Some observations

- ❖ In 9 out of 25 countries, engineering exports recorded positive cumulative growth during April- October 2019-20 over April- October 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-October 2019, which is 0.5% higher than its share in the April- October 2018.
- ❖ USA maintained its numero uno position, being the top exporting destination for India's engineering products during October 2019 over October 2018 as well as for April- October 2019 over April- October 2018. But like the previous months India's exports to US recorded a moderate negative growth in October 2019 over October 2018 as well as negative cumulative growth. 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.
- ❖ Vietnam once again recorded highest positive cumulative growth during April- October 2019 over April- October 2018 as well as for October 2019 over October 2018.

- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Vietnam, Malaysia and Singapore recorded high positive growth during April- October 2019 over April- October 2018, barring Indonesia and Thailand.
- ❖ Like the previous months, India's engineering exports to China recorded significant positive cumulative growth during April- October 2019 over April- October 2018 as well as monthly growth for October 2019 over October 2018.
- ❖ Like the previous month barring France, all the European nations falling under the top 25 engineering exports destinations, recorded negative growth during April- October 2019 over April- October 2018, as well as in October 2019 over October 2018.
- ❖ India's engineering exports to its top 25 destinations during April- October 2019 over April- October 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-September 2019 as opposed to April-September 2018.

Table 6: Region wise exports trend

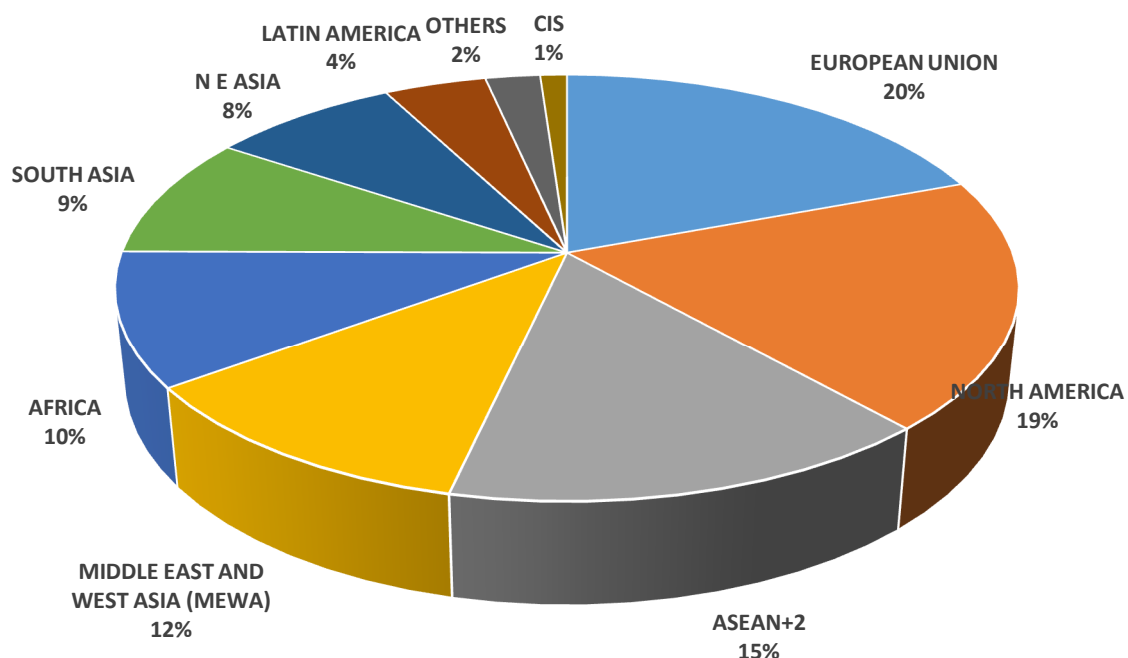
US\$ million

Regions	October 2018	October 2019	Growth (%)	April-October 2018-19	April-October 2019-20	Growth (%)
EUROPEAN UNION	1356.54	1177.94	-13.17	9830.72	8689.98	-11.60
NORTH AMERICA	1170.13	1160.43	-0.83	8821.87	8574.71	-2.80
ASEAN+2	791.45	961.16	21.44	5792.31	6817.56	17.70
MIDDLE EAST AND WEST ASIA (MEWA)	639.91	661.75	3.41	5479.09	5116.55	-6.62
AFRICA	607.51	710.13	16.89	4631.74	4571.35	-1.30
SOUTH ASIA	640.34	548.23	-14.38	4546.42	4149.80	-8.72
N E ASIA	462.46	564.84	22.14	3392.59	3577.32	5.45
LATIN AMERICA	244.63	270.84	10.71	2036.86	1932.76	-5.11
OTHERS	181.33	131.20	-27.65	1421.94	1034.98	-27.21
CIS	57.63	67.28	16.75	455.60	505.58	10.97
Total engineering exports	6151.93	6253.79	1.66	46409.13	44970.59	-3.10

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-October 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-October 2019 over April- October 2018 with a share of 19.3 percent of total engineering exports.
- ❖ Like the previous month India's exports to ASEAN+2 recorded highest positive growth during April- October 2019 over April- October 2018, followed by CIS.
- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April- October 2019 with a share of 19.1 percent and 15.2 percent of total engineering exports respectively.
- ❖ Like the previous month barring ASEAN+ 2, CIS and North East Asia, all the other major regions recorded negative cumulative growth in exports of engineering products from India during April- October 2019 over April- October 2018.

5. Panel Wise Engineering Exports

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

Table 7: Trends in engineering panel Exports for October 2019 compared to October 2018

US\$ Million

Engineering Panels	October, 2018	October, 2019	Growth (%)	April-October 2018	April-October 2019	Growth (%)
1. Iron and Steel and Products made of Iron and Steel						
Iron and Steel	755.77	903.72	19.6	5807.33	5555.21	-4.3
Products of Iron and Steel	567.5	590.28	4.0	4127.92	4064.13	-1.5
Sub Total	1323.27	1494	12.90	9935.25	9619.34	-3.18
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals						
Copper and products	108.51	115.42	6.37	582.93	515.59	-11.55
Aluminium and products	478.33	399.72	-16.43	3422.21	2896	-15.38
Zinc and products	29.62	40.4	36.39	358.31	314.49	-12.23
Nickel and products	6.06	6.99	15.35	45.13	69.21	53.36
Lead and products	38.15	39.6	3.80	229.31	209.01	-8.85
Tin and products	0.67	0.78	16.42	4.41	5.85	32.65
Other Non-Ferrous Metals	45.11	48.49	7.49	314.46	316.19	0.55
Sub Total	706.45	651.4	-7.79	4956.76	4326.34	-12.72
3. Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	50.87	86.66	70.4	403.22	513.16	27.3
IC Engines and Parts	235.83	200.14	-15.1	1583.7	1482.21	-6.4
Pumps of all types	78.99	80.36	1.73	565.83	570.68	0.86
Air condition and Refrigerators	150.26	115.62	-23.1	1203.91	861.25	-28.5
Industrial Machinery for dairy, food processing , textiles etc.	502.12	476.26	-5.2	3395.97	3215.2	-5.3
Machine Tools	38.72	34.05	-12.06	282.2	262.66	-6.92
Machinery for Injecting moulding, valves and ATMs	128.34	156.32	21.8	902.62	1030.54	14.2
Sub Total	1185.13	1149.41	-3.0	8337.45	7935.7	-4.82
Electrical Machinery	672.4	748.32	11.29	5041.14	5003.49	-0.75
5. Automobiles						
Motor Vehicle/cars	646.71	645.07	-0.3	4956.1	4699.17	-5.2
Two and Three Wheelers	176.71	196.6	11.3	1284.58	1247.35	-2.9
Auto Components/Part	454.47	437.87	-3.65	3283.38	3177.94	-3.21
Sub Total	1277.89	1279.54	0.13	9524.06	9124.46	-4.20
Aircrafts and Spacecraft parts and products	115.35	115.39	0.03	1091.15	804.87	-26.24
Ships Boats and Floating products and parts	118.03	130.45	10.52	2553.5	3024.6	18.45
8. Other engineering products						

Engineering Panels	October, 2018	October, 2019	Growth (%)	April-October 2018	April-October 2019	Growth (%)
Medical and Scientific instruments	130.24	146.98	12.85	968.88	1020.92	5.37
Railway Transport	29.91	21.03	-29.69	214.78	195.29	-9.07
Hand Tools & Cutting Tools	70.77	60.46	-14.57	443.76	448.5	1.07
Electrodes Accumulators	4.32	4.44	2.78	29.45	34.98	18.78
Accumulator and Batteries	31.12	32.64	4.88	224.17	250.36	11.68
Bicycle & Parts	30.92	32.26	4.33	216.3	221.71	2.50
Cranes Lifts & Winches	46.43	40.13	-13.57	274.54	332.85	21.24
Office Equipment	10.71	18.86	76.10	71.96	119.78	66.45
Other Construction Machinery	161.13	102.31	-36.50	961.25	836.05	-13.02
Prime Mica & Mica Products	2.01	1.87	-6.97	15.41	27.07	75.67
Other misc. items	235.85	224.3	-4.90	1549.32	1644.28	6.13
Sub total	753.41	685.28	-9.04	4969.82	5131.79	3.26
Total engineering exports	6151.93	6253.79	1.66	46409.13	44970.59	-3.10

Source: Department of Commerce, Government of India

Engineering products with negative growth in October 2019

- Exports of Aluminium and products under Chapter 76: fell by 16.4% in October 2019 and 15.4% in April-October 2019

Panel wise engineering exports: Some observations

- ❖ Year on year decline for the month of October 2019 witnessed in 13 out of total 33 engineering panels. These include some of the key panels such as Aluminium and parts, IC Engines and parts, Air condition and repair machinery, other industrial machinery, motor vehicles and auto components other construction. In cumulative terms too, 17 out of 33 panels exhibited a year-on-year decline.
- ❖ Iron and Steel figures recovered from the negative growth observed in previous months and registered 19.6 percent growth during October 2019 with an overseas shipment recording US\$ 903.72 million from US\$ 755.77 million in the same month last year. In cumulative terms, Iron and steel figures fell by 4.3 % in the first seven months of 2019-20 vis-à-vis same period last fiscal.
- ❖ Products of Iron and Steel also recovered from the negative monthly trend witnessed in the previous months and registered 4% growth in October 2019 vis-à-vis October 2018. Cumulative exports registered negative growth to the extent of 1.5% during April-October 2019-20 compared to same period last fiscal. This led to cumulative fall in iron and steel

and products of iron and steel to the extent of 3.18% percent in April-October 2019 corresponding to the same period last year.

- ❖ The Non-Ferrous metal segment witnessed declining export growth in Aluminium and products to the extent of 16.43% in the month of October 2019 and 15.38% during April-October compared to same period last fiscal. Heavyweight segments like Copper and products recorded 6.37% growth monthly and 11.55% decline in cumulative terms compared to same period last fiscal. In cumulative terms too, four major out of seven non-ferrous panels experienced a decline in April-October 2019 when compared to April-October 2018.
- ❖ Industrial machinery panel exhibited (-) 3% growth during October 2019 over October 2018 and even recorded decline in cumulative growth to the extent of 4.85% in the first seven months of 2019-20 compared to same period last fiscal. Four out of seven panels exhibited decline in October 2019 when compared to October 2018. Air Condition and Repair Machinery recorded maximum decline to the extent of 23% in October 2019 vis-à-vis last month. 15% negative growth was also witnessed in IC Engines and parts in October 2019. Sectors like Machine Tools, Other Industrial Machinery also witnessed negative growth in October 2019 compared to last month. In cumulative terms also the panel witnessed negative growth trend in four panels and the total decline has been outweighed by the monthly declining trend.
- ❖ Electrical Machinery and equipment which generally exhibits rise and is a major export for India experienced growth to the extent of 11.29% in October 2019 when compared to October 2018. In cumulative terms there was 0.75% fall in exports in April-October 2019 when compared to April-October 2018.
- ❖ The panel Automobiles recorded 2.2 percent growth during October 2019, moving down from US\$ 823.42 million in October 2018 to US\$ 841.67 million in October 2019. The growth was accounted for by the increase in y-o-y exports of Two and Three Wheelers by 11.3 percent. Decline in exports was witnessed in Auto components and parts to the extent of 3.65% in October 2019. In cumulative terms though the picture is grim as all three sub-panels recorded a decline in April-October 2019-20 when compared to the same period last year. Overall in cumulative terms the total Automobiles panel recorded a 4.7% decline.
- ❖ Exports of Aircrafts and Spacecraft parts and products recorded positive monthly growth (0.03 percent drop) and negative cumulative growth (26.24 percent drop). On the other hand, 'Ship, Boats and Floating Bodies' exhibited a positive monthly growth in exports (10.52 percent rise) and positive cumulative exports (18.45 percent rise).
- ❖ Some other miscellaneous sectors such as Office equipment, Electrodes Accumulators, Accumulators and Batteries, Bicycle and parts and Medical and Scientific instruments experienced positive growth in exports in both monthly and cumulative terms although decline in cumulative terms is exhibited by the other construction machinery panel and railway Transport and Equipment panel, etc.

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

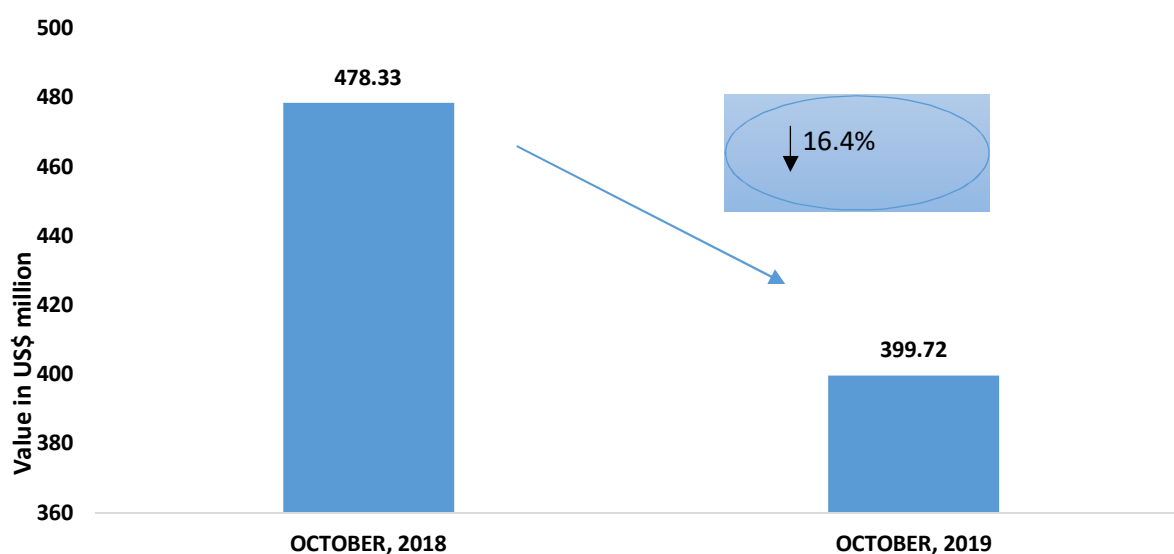
Table 8A: Chapter 76: Aluminium and Products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	395.75	412.51	3.6%	407.91	-1.1%
May	291.4	514.50	75.9%	375.44	-27.0%
June	331.32	542.75	63.2%	412.74	-24.0%
July	341.04	475.16	38.8%	399.74	-15.9%
August	359.46	504.19	40.3%	417.68	-17.2%
September	451.66	494.77	9.5%	490.96	-0.8%
October	405.08	478.33	44.97%	399.72	-16.4%
April-October	2539.74	3422.21	34.14%	2896	-15.38%

Table 8B: Chapter 76: Aluminium and Products					
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%	180.50	-2.7%
August	156.97	198.46	26.4%	187.23	-5.66%
September	192.78	202.27	4.92%	199.78	-1.2%
October	170.30	200.96	18.18%		
April-October	1112.05	1355.78	21.92%	1101.76 (April-September)	

Slump in Aluminium and Aluminium Products exports

- ❖ There has been a fall in India's Aluminium exports to the extent of 16.4% in October 2019 when compared to October 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 15.4% from in April-October 2019-20 from April-October 2018-19

Figure 3: Slump in Aluminium Exports in October 2019 v/s October 2018



Reasons for the fall

- ❖ 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.¹
- ❖ As, China being the world's largest consumer of base metals, and any economic turmoil in the country might badly hit demand for metals. The continuing US-China trade war had a detrimental impact on global commodity markets and the subdued global industrial and economic activities lead to declining demand. As per latest reports, for the first time in 30 years, China's aluminium consumption this year both domestic demand and exports has deteriorated.
- ❖ Additionally, Indian domestic industry is also affected by cheaper imports from South-East Asian FTA partners which is also affecting their export capability.²

6. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during October 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 13-21)

¹ https://www.business-standard.com/article/markets/flagging-consumption-and-import-surge-hurt-india-s-aluminium-producers-119082001074_1.html

² https://www.business-standard.com/article/companies/vedanta-to-export-over-50-of-aluminium-as-india-increases-imports-119073001222_1.html

Table 9: Export of Iron & Steel

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
VIETNAM	18.49	159.24	761.20	210.23	693.13	229.71
NEPAL	106.54	56.43	-47.04	724.46	580.94	-19.81
U A E	53.81	68.33	26.98	408.07	450.65	10.43
ITALY	77.73	57.35	-26.22	478.78	417.90	-12.72
CHINA	18.25	73.40	302.13	139.28	306.48	120.04
High cumulative growth						
VIETNAM	18.49	159.24	761.20	210.23	693.13	229.71
CHINA	18.25	73.40	302.13	139.28	306.48	120.04
OMAN	6.23	4.63	-25.73	35.04	64.57	84.27
HONG KONG	0.54	0.56	3.53	42.38	63.25	49.24
SRI LANKA	5.38	25.22	368.88	76.19	108.08	41.85
RUSSIA	5.79	8.72	50.66	49.71	68.72	38.25
Sharp cumulative decline						
KOREA	47.49	23.77	-49.94	298.50	180.78	-39.44
NETHERLAND	19.44	11.87	-38.96	107.62	67.34	-37.43
SAUDI ARABIA	8.45	4.85	-42.55	79.60	50.40	-36.68
TURKEY	8.64	10.40	20.34	121.34	78.89	-34.98
BELGIUM	54.76	51.01	-6.84	373.39	244.61	-34.49
INDONESIA	16.36	43.03	162.98	165.29	108.69	-34.25
SPAIN	25.94	23.16	-10.72	211.09	140.69	-33.35

(Source: Department of Commerce, Government of India)

- ❖ Vietnam, Nepal and UAE were the three top three importers of Indian Iron and Steel during April- October 2019 with market shares of 12.48 percent, 10.46 percent and 8.11 percent respectively.
- ❖ Vietnam, China, Oman, Hong Kong, Sri Lanka and Russia recorded more than 35 percent year-on-year growth in exports of Indian Iron and Steel during April- October 2019 compared to April- October 2018.
- ❖ Korea, Netherland and Saudi Arabia experienced sharp downfall to the extent of more than 35% drop in exports during April- October 2019 compared to same period last fiscal.

Table 10: Export of Products of Iron & Steel

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
U S A	133.01	119.82	-9.92	931.85	961.60	3.19
UAE	32.94	35.17	6.77	254.61	239.28	-6.02
GERMANY	37.80	33.87	-10.40	247.76	230.51	-6.96
CANADA	17.87	38.16	113.49	158.05	182.37	15.39
U K	27.06	24.83	-8.23	180.09	174.61	-3.04
High cumulative growth						
PAKISTAN	0.55	0.00	-99.94	1.25	15.81	1164.82
PERU	0.14	7.56	5291.23	2.87	33.85	1079.97
ETHIOPIA	1.87	2.74	46.77	8.27	21.60	161.21
DOMINICAN REPUBLIC	0.41	1.00	146.43	5.78	11.55	99.87
COLOMBIA	2.66	2.97	11.42	9.33	17.32	85.55
INDONESIA	3.53	15.83	348.20	35.80	63.52	77.43
Sharp cumulative decline						
IRAQ	0.31	0.30	-2.96	30.12	3.36	-88.85
EGYPT	5.39	3.77	-30.06	68.13	21.16	-68.94
TANZANIA	3.41	2.98	-12.69	51.34	19.62	-61.78
SOUTH AFRICA	8.25	5.35	-35.15	56.54	36.82	-34.87
KUWAIT	6.73	12.92	92.06	60.43	40.00	-33.81
QATAR	10.10	7.69	-23.85	85.46	57.12	-33.16
CHILE	1.48	3.46	133.17	49.18	33.62	-31.65

(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- October 2019 with 23.66 percent, 5.89 percent and 5.67 percent shares respectively in India's global import of the same.
- ❖ Pakistan, Peru and Ethiopia experienced more than 100% growth in import of 'Products of Iron and Steel' during April- October 2019.
- ❖ Iraq, Egypt and Tanzania conceded substantial decline in imports by more than 60% for the said product group from India during April- October 2019.

Table 11: Export of Industrial Machinery

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
U S A	190.21	164.94	-13.29	1336.15	1245.56	-6.78

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
BANGLADESH	57.82	60.84	5.22	360.47	399.93	10.95
THAILAND	62.14	57.94	-6.76	367.07	393.68	7.25
GERMANY	48.83	47.80	-2.11	372.89	357.85	-4.03
CHINA	37.76	64.70	71.37	295.37	340.90	15.42
High cumulative growth						
PHILIPPINES	5.64	6.64	17.59	40.91	62.68	53.22
NIGERIA	34.17	77.40	126.53	209.20	316.86	51.46
UGANDA	4.42	8.39	89.96	35.89	51.59	43.72
SINGAPORE	15.95	24.57	54.06	128.40	181.42	41.30
BELGIUM	9.04	15.87	75.53	68.55	88.52	29.13
KOREA	19.57	14.83	-24.21	106.05	132.62	25.05
FRANCE	20.22	24.75	22.38	155.42	190.75	22.73
Sharp cumulative decline						
IRAN	21.30	4.47	-79.03	144.59	32.11	-77.79
VIETNAM	23.26	8.16	-64.93	121.72	66.81	-45.11
KENYA	15.09	10.63	-29.57	131.41	77.98	-40.66
TURKEY	38.97	24.83	-36.27	291.08	177.39	-39.06
U K	42.24	32.64	-22.73	319.92	218.53	-31.69
SPAIN	19.31	12.68	-34.31	149.29	110.05	-26.28

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April- October 2019 with 15.70 percent share in India's global import of the product group. Bangladesh and Thailand were the two immediate followers of USA with 5.04 percent and 4.96 percent shares respectively.
- ❖ Philippines, Nigeria, Uganda and Singapore were among the major importing nations witnessing growth of more than 40% in imports of Industrial machinery from India during April- October 2019 over the same period last fiscal.
- ❖ Among the major importers, Iran, Turkey, Vietnam, UK, Kenya and Spain recorded over 25 percent year-on-year declines in imports during April- October 2019.

Table 12: Automobiles

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
MEXICO	89.65	103.84	15.82	874.62	851.74	-2.62
SOUTH AFRICA	55.51	104.09	87.51	453.25	581.77	28.35
U S A	82.58	75.17	-8.98	587.23	500.79	-14.72

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
SAUDI ARABIA	11.79	59.38	403.58	137.40	340.94	148.14
NIGERIA	33.03	52.98	60.39	225.41	299.09	32.69
High cumulative growth						
ISRAEL	1.74	9.88	468.38	6.50	68.04	946.88
VIETNAM	0.72	12.12	1584.61	6.81	47.73	600.42
JORDAN	0.19	2.48	1229.68	7.86	29.18	271.38
THAILAND	2.52	5.73	127.47	9.16	28.99	216.44
SAUDI ARABIA	11.79	59.38	403.58	137.40	340.94	148.14
KUWAIT	6.14	7.39	20.32	23.91	54.88	129.57
ITALY	16.55	1.70	-89.74	84.02	136.85	62.87
OMAN	2.39	3.65	53.05	16.97	26.47	55.97
Sharp cumulative decline						
EGYPT	11.49	1.99	-82.64	81.89	12.11	-85.22
BELGIUM	5.19	0.40	-92.36	42.93	6.63	-84.55
ECUADOR	3.17	2.17	-31.40	62.38	18.70	-70.03
CANADA	8.65	7.37	-14.81	79.96	32.28	-59.63
ALGERIA	26.61	0.00	-100.00	189.92	80.74	-57.49
BANGLADESH	68.98	35.25	-48.90	406.11	249.25	-38.63
INDONESIA	19.86	5.40	-72.81	213.51	138.03	-35.35

(Source: Department of Commerce, Government of India)

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- October 2019 with 14.32, 9.78 and 8.42 percent share in India's global exports respectively over the same period last fiscal.
- ❖ Israel, Vietnam, Jordan, Thailand, Saudi Arabia and Kuwait recorded over 125 percent growth in imports of the product group from India during April- October 2019 over the same period last fiscal.
- ❖ Countries like Belgium, Egypt and Ecuador saw their imports of automobile lower by more than 70% during April- October 2019 compared to same period last fiscal.

Table 13: Export of Non-Ferrous metals

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
KOREA	49.93	98.85	97.98	538.88	693.89	28.76
MALAYSIA	92.19	129.36	40.33	411.51	611.24	48.54
U S A	79.16	55.69	-29.65	517.44	460.33	-11.04

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
TAIWAN	24.73	14.68	-40.67	168.90	158.06	-6.42
THAILAND	15.27	16.11	5.47	120.73	117.32	-2.82
High cumulative growth						
SINGAPORE	1.40	0.41	-70.89	9.90	60.20	508.26
CHINA	9.64	16.32	69.40	53.99	116.03	114.90
OMAN	2.31	5.43	134.89	15.11	31.53	108.64
BAHARAIN	1.21	1.42	17.23	19.84	36.45	83.72
EGYPT	2.58	0.65	-74.87	12.32	21.50	74.49
AUSTRALIA	2.11	3.11	47.59	13.18	20.16	52.91
Sharp cumulative decline						
TURKEY	65.46	1.74	-97.34	403.16	17.88	-95.57
GREECE	0.18	1.55	741.47	63.17	8.29	-86.88
MEXICO	21.87	7.16	-67.29	242.22	82.86	-65.79
ITALY	31.83	8.22	-74.17	190.81	68.15	-64.28
SPAIN	23.12	8.37	-63.79	139.66	54.15	-61.23
NETHERLAND	21.44	8.49	-60.40	118.85	54.79	-53.90

(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- October 2019 with 18.21 percent, 16.04 percent and 12.08 percent shares respectively in India's global import of the same.
- ❖ Singapore, China and Oman experienced more than 100% growth in import of Non-ferrous metals and products ' during April- October 2019.
- ❖ Turkey, Greece and Mexico conceded substantial decline in imports by more than 65% for the said product group from India during April- October 2019 vis-à-vis same period last fiscal.

Table 14: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
U S A	156.19	191.23	22.44	1179.07	1306.67	10.82
GERMANY	71.07	84.35	18.68	587.14	539.99	-8.03
U K	38.82	56.96	46.72	312.41	418.29	33.89
SINGAPORE	60.29	49.50	-17.90	359.55	316.07	-12.09
FRANCE	12.40	37.11	199.25	133.85	158.48	18.40
High cumulative growth						
NIGERIA	7.32	20.59	181.20	45.83	122.64	167.59
SOUTH AFRICA	3.88	15.37	295.83	21.57	43.37	101.03

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
MEXICO	3.03	3.99	31.59	43.53	78.38	80.06
POLAND	11.07	6.45	-41.71	44.25	73.32	65.70
KOREA	3.17	3.68	15.87	23.88	38.62	61.69
Sharp cumulative decline						
INDONESIA	11.94	3.56	-70.18	93.07	27.91	-70.02
BELGIUM	35.06	8.96	-74.44	247.43	78.53	-68.26
JAPAN	10.29	6.41	-37.69	142.68	61.39	-56.97
EGYPT	7.76	2.32	-70.15	32.56	14.73	-54.78
SPAIN	2.51	3.10	23.57	39.14	26.19	-33.07
CHINA	24.93	16.94	-32.07	198.16	133.51	-32.63

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April- October 2019 with market shares of 26.12 percent, 10.79 percent and 8.36 percent respectively. Out of these top three importers, Germany and Singapore experienced a drop in imports during April- October 2019 compared to April- October 2018.
- ❖ Nigeria, South Africa, Mexico, Poland and Korea recorded more than 60% growth in imports of India's Electrical Machinery and Components during April- October 2019 vis-a-vis April- October 2018.
- ❖ Indonesia and Belgium experienced the sharp decline in its imports, -70% and 68% in April- October 2019 when compared to April- October 2018. It is also the case for Egypt and Japan which experienced more than 50 percent drop.

Table 15: Export of Aircrafts and Space crafts

US\$ million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
U S A	32.51	39.26	20.78	326.88	294.26	-9.98
U K	14.52	8.97	-38.21	138.03	97.96	-29.03
FRANCE	15.47	12.30	-20.46	160.47	94.08	-41.38
SINGAPORE	13.66	18.24	33.53	154.27	85.93	-44.30
GERMANY	8.10	5.90	-27.22	77.06	40.95	-46.85
High cumulative growth						
SPAIN	0.15	0.64	337.33	0.95	3.35	252.38
MEXICO	0.48	1.03	111.56	3.35	6.20	85.08
HONG KONG	0.23	0.29	24.68	2.50	4.30	72.12
VIETNAM	0.23	0.04	-81.43	2.59	4.16	60.62
CANADA	0.75	0.45	-40.05	6.64	10.64	60.12
MALAYSIA	3.34	7.58	127.09	22.09	33.57	52.00

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Sharp cumulative decline						
SEYCHELLES	0.18	0.05	-71.43	23.13	0.14	-99.40
IRELAND	11.34	0.09	-99.17	12.42	1.38	-88.90
BELGIUM	0.13	0.02	-82.13	11.87	1.42	-88.05
POLAND	0.36	0.31	-13.84	10.68	2.57	-75.95
SWITZERLAND	0.87	0.65	-24.52	16.86	5.83	-65.44

(Source: Department of Commerce and CSO)

- ❖ USA, UK and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April- October 2019 with around 36.56, 12.17 and 11.69 percent shares respectively in India's total global exports of the product.
- ❖ Spain, Mexico and Hong Kong registered substantial growths of more than 70% in import of the product group from India during April- October 2019 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Seychelles, Ireland, Belgium, Poland and Switzerland dropped more than 65 percent on a year-on-year basis during April- October 2019 when compared to April- October 2018.

Table 16: Export of Ships, Boats and Floating Structures and parts

US\$ million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
U A E	78.74	0.01	-99.99	1152.86	967.23	-16.10
SINGAPORE	5.07	25.27	398.84	384.68	784.53	103.95
CYPRUS	0.00	0.00	-	0.00	349.98	-
MALAYSIA	0.00	0.00	-	0.00	191.34	-
SRI LANKA	10.51	12.01	14.22	189.87	163.01	-14.15
High cumulative growth						
NETHERLAND	0.00	0.00	-	0.03	6.69	21195.16
GERMANY	0.00	12.26	-	0.06	12.27	18952.30
FRANCE	0.15	0.00	-100.00	2.76	22.55	718.40
MAURITIUS	0.00	1.45	145843.08	2.33	7.35	215.15
SINGAPORE	5.07	25.27	398.84	384.68	784.53	103.95
Sharp cumulative decline						
SOUTH AFRICA	0.00	0.00	-	198.48	0.00	-100.00
BELGIUM	0.00	0.01	-	150.05	0.01	-100.00
NIGERIA	0.00	0.00	-	24.87	0.00	-99.99
QATAR	0.00	0.00	-	29.01	0.01	-99.97

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
SAUDI ARABIA	0.00	0.00	-	104.60	4.71	-95.49
BANGLADESH	0.41	0.00	-100.00	20.48	2.39	-88.33
OMAN	0.00	65.04	-	215.84	65.56	-69.63

Note: Export figures in case of some nations are showing zero due to rounding off but actually they are very small in value.
(Source: Department of Commerce and CSO)

- ❖ UAE, Singapore and Cyprus became the largest importer of ships, boats and floating structures followed by Malaysia and Sri Lanka. Their respective shares are 31.97 percent, 25.94 percent, 11.57 percent, 6.33 percent and 5.39 percent.
- ❖ Imports to Netherland and Germany recorded significantly large increase as they had practically no import in April- October 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- October 2019. Whereas the exports dropped to zilch for South Africa, Belgium, Nigeria and Qatar.

Table 17: Export of Auto Components

US\$ Million

COUNTRY	OCTOBER 2018	OCTOBER 2019	Growth (%)	APRIL- OCTOBER 2018	APRIL- OCTOBER 2019	Growth (%)
Top Five Importers						
U S A	103.21	94.57	-8.37	707.00	716.95	1.41
BANGLADESH	18.30	25.05	36.95	182.04	165.55	-9.06
BRAZIL	16.84	19.80	17.61	166.02	162.68	-2.01
GERMANY	23.79	20.68	-13.08	151.99	152.26	0.18
TURKEY	24.42	21.99	-9.95	206.80	147.07	-28.88
High cumulative growth						
PHILIPPINES	4.66	9.55	105.03	25.66	51.00	98.79
CZECH REPUBLIC	1.46	4.51	207.92	11.15	20.82	86.67
SAUDI ARABIA	2.54	2.39	-5.61	12.02	22.41	86.42
MALAYSIA	2.18	3.55	62.99	15.01	21.90	45.95
CHILE	1.99	1.71	-14.40	10.67	15.01	40.68
TAIWAN	1.79	2.19	22.16	9.66	13.57	40.55
Sharp cumulative decline						
UZBEKISTAN	1.49	0.20	-86.67	10.49	1.61	-84.62
MYANMAR	2.48	2.31	-6.71	20.85	10.87	-47.88
ALGERIA	0.89	0.91	2.48	10.79	6.50	-39.71
KENYA	3.13	0.81	-74.10	15.99	11.07	-30.79
TURKEY	24.42	21.99	-9.95	206.80	147.07	-28.88
ARGENTINA	0.23	0.45	91.87	5.85	4.20	-28.21

(Source: Department of Commerce and CSO)

- ❖ USA remained the top importer of auto components in April- October 2019 with a share of 22.56 percent. It is followed by Bangladesh, Brazil, Germany and Turkey with respective shares of 5.21 percent, 5.12 percent, 4.80 percent and 4.63 percent.
- ❖ Philippines, Czech Republic and Saudi Arabia recorded maximum increase of more than 85 percent in imports from April- October 2019 when compared to April- October 2018
- ❖ However, Uzbekistan, Myanmar, Algeria, Argentina, Turkey and Kenya recorded significant decline of more than 28 percent in April- October 2019 when compared to April- October 2018.

Analysis of India's engineering imports

India's Engineering imports during October 2019 were valued at US\$ 8711.7 million compared to US\$ 9346.3 million in October 2018 recording a moderate negative growth of 6.8 percent in dollar terms.

Cumulative engineering imports during April- October 2019-20 was recorded at US\$ 59.2 billion as against US\$ 63.2 billion during the same period last fiscal registering fall of 6.3 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 October 2019 has increased slightly to that during October 2018 estimated at 23.3%.

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

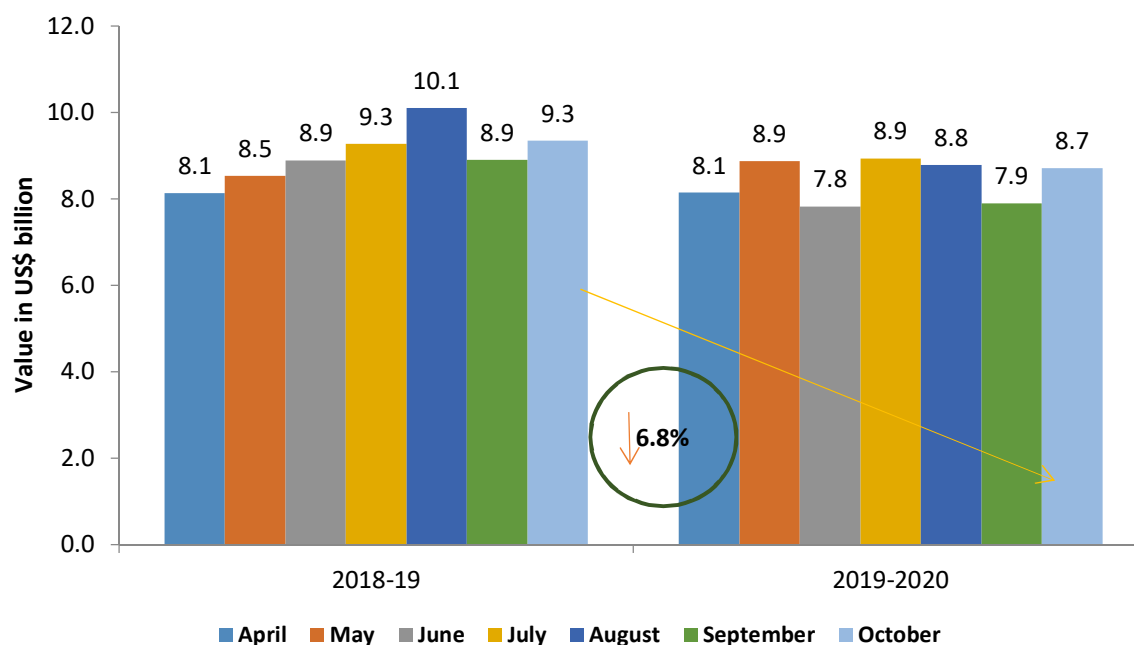
Table 18: Engineering Imports
(US\$ Million)

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
August	10097.3	8779.3	-13.1
September	8858.41	7915.5	-10.6
October	9346.29	8711.71	-6.8

Source: Department of Commerce, Government of India

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

Fig 4: Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19
US\$ billion



Source: EEPC 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 seven months of the current fiscal 2019-20 depicted in the table below:

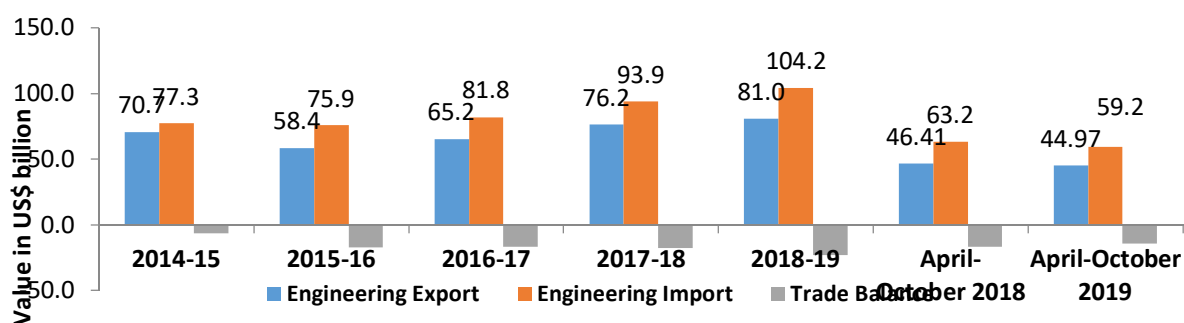
Table 19: Engineering Trade
(US\$ Million)

Trade Flow	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April-October 2018	April-October 2019	Growth %
Engineering Export	70.7	58.4	65.2	76.2	81.0	6.3	46.41	44.97	-3.1
Engineering Import	77.3	75.9	81.8	93.9	104.2	10.9	63.2	59.2	-6.3
Trade Balance	-6.6	-17.5	-16.6	-17.7	-23.1		-16.8	-14.2	

(*) 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-October 2019-20 of the current fiscal**

Figure 5: Trend in Monthly Engineering Trade
US\$ Billion



To conclude...

After experiencing a Y-o-Y downfall in engineering exports in the first six months of the current fiscal, India's engineering exports recorded a positive y-o-y growth in October 2019. The increase has been on the account of significant growth in export of various segments of industrial machinery including nuclear reactors (70%), Machinery for ATMs (22%), etc. Rise in exports was also noticed in Zinc and products (36%), iron and steel (20%), office equipment (76%) and electrical machinery (11%), etc. While this is a positive news for the Indian engineering sector, exporters need to be cautious given that depressing sentiment are still prevailing in the global trade following economic slowdown in many regions across the globe. This trend has been attributed to several factors including sharp deterioration in manufacturing activity and global trade, with higher tariffs and prolonged trade policy uncertainty damaging investment and demand for capital goods. Apart from slowdown in major Western economies, significant slowdown was also witnessed in Chinese markets which majorly impacted the demand for base metals in China. While growth is projected to pick up in 2020 in many emerging markets in Latin America, the Middle East, and emerging and developing Europe that are under macroeconomic strain, there is uncertainty. At the same time as per recent IMF projections, The U.S.-China trade war will cut 2019 global growth to its slowest pace since the 2008-2009 financial crisis. IMF further mentions that if the trade war is not resolved quickly the outlook may worsen further.

The WTO has recently sharply cut global trade growth forecasts for 2019 to 1.2 per cent from the earlier 2.6 per cent, mainly due to trade tensions and sluggish global economy. This would be the weakest year since 2009. The WTO had also forecasted that the global trade growth is projected to grow at 2.7 per cent in 2020, down from the previous projection of 3 per cent. The decline in growth projection in world trade is discouraging for us as we are also going through a rough time this fiscal.

Recently India suffered a huge setback at the World Trade Organization (WTO) in a dispute against the US that had challenged its key export subsidy schemes including the one for special economic zones. The other affected schemes are - Merchandise Exports from India Scheme (MEIS), Export Oriented Units Scheme and sector specific schemes, including Electronics Hardware Technology Parks Scheme and Bio-Technology Parks Scheme; Export Promotion Capital Goods Scheme; and Duty-Free Imports for Exporters Scheme. The

Government is now in the process of finalizing Remission of Duties or Taxes on Export Product (RoDTEP) scheme to incentivise the exports at an estimated cost of Rs 50,000 crore as a replacement for the biggest scheme in the WTO ruling list, the Merchandise Exports from India Scheme (MEIS). Since the total revenue impact of MEIS for 2018-19 is estimated to be Rs 36,615 crore, the amount earmarked for RoDTEP is expected to more than adequately incentivise exports for all the schemes that may have to be withdrawn in the wake of adverse WTO ruling. The exporting community is also hopeful that the new scheme would address their concerns and help them in becoming globally competitive.

