

# Engineering Export-Import Monitor

July 2020



*Engineering the future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

## Analysis of Indian engineering exports and imports for July 2020

17<sup>th</sup> Aug 2020

### Overall Scenario

#### Merchandise trade

##### Decline in exports moderated further in July 2020

- ✚ Merchandise exports in July 2020 was recorded at USD 23.64 billion, as compared to USD 26.33 billion in July 2019, exhibiting a negative growth of 10.21 percent. However, the decline was much lower than 12.41 percent in June, 36.47 percent in May and 60.28 percent in April 2020. This gradual improvement was attributed to full or partial unlocking of essential economic activities worldwide and subsequent rise in global demand. In Rupee terms, the year-on-year decline in exports during June 2020 was 2.14 percent.
- ✚ Major commodities which recorded positive growth during July 2020 vis-à-vis July 2019 are Other cereals (204.99%), Rice (47.99%), Iron ore (39.61%), Oil seeds (32.61%), Oil meals (28.44%), Meat, dairy & poultry products (22.14%), Fruits & vegetables (21.01%), Drugs & pharmaceuticals (19.53%), Coffee (14.27%), Cereal preparations & miscellaneous processed items (12.92%), Ceramic products & glassware (9.72%) and Engineering goods (8.46%) among others. On the other hand, Petroleum products (-51.54%), Gems & jewellery (-49.61%), Leather & leather products (-26.96%), Man-made yarn/fabs./made-ups etc. (-23.33%), RMG of all textiles (-22.09%) etc. continued to see decline in exports.
- ✚ Cumulative value of exports for the period April-July 2020-21 was USD 74.96 billion as against USD 107.41 billion during the same period last fiscal, registering 30.21 percent decline in Dollar terms and 24.00 percent in Rupee terms.
- ✚ Imports in July 2020 were USD 28.47 billion, which was 28.40 percent lower in Dollar terms over imports of USD 39.76 billion in July 2019. In rupee terms, the decline was 21.96 percent.
- ✚ Cumulative value of imports for the period April-July 2020-21 was USD 88.91 billion as against USD 166.80 billion during the period April-July 2019-20, registering a negative growth of 46.70 percent in Dollar terms and 41.94 percent in Rupee terms.
- ✚ Trade deficit declined by 64.04 percent during July 2020 as it narrowed down to USD 4.83 billion during July 2020 from USD 13.43 billion in July 2019. On a cumulative basis, the decline was 76.51 percent to USD 13.95 billion from USD 59.39 billion during April-July 2019.

### **Engineering exports from India returned to growth path in July 2020**

- ✚ In a noticeable development, engineering exports from India returned to growth path in July 2020 with a 9.08 percent increase over the same month last fiscal. During the months of June, May and April 2020, engineering exports conceded 6.37 percent, 22.96 percent and 63.43 percent year-on-year declines respectively. Engineering exports during July 2020 stood at USD 6411.28 million as against USD 5877.77 million in the same month last fiscal.
- ✚ On a cumulative basis however engineering exports continued to decline. Cumulative engineering exports during the first four months of 2020-21 was recorded at USD 20,147.01 million as against USD 25,722.75 million during the same period last fiscal, registering a decline of 21.68 percent.
- ✚ Share of engineering in total merchandise exports was 27.12 percent in July 2020 as against 26.57 percent in June 2020, 28.72 percent during May and 22.33 percent in April 2020. On a cumulative basis, the share was recorded at 26.88 percent.
- ✚ Out of 33 engineering panels, 17 panels recorded negative growth and 16 panels recorded positive growth in exports during July 2020 vis-à-vis July 2019. In cumulative terms, 28 out of 33 panels exhibited a year-on-year decline in exports.
- ✚ During June 2020, exports to 14 nations out of India's top 25 export destinations for engineering products recorded positive monthly growth in comparison to July 2019. USA has retained its top position of being the numero uno destination for India's engineering products during April- July 2020

### **India's July engineering imports down by 37.7%**

- ✚ India's Engineering imports during July 2020 were valued at US\$ 5.57 billion compared to US\$ 8.93 billion in July 2019 recording a significant negative growth of 37.7 percent in dollar terms.
- ✚ The share of engineering imports in India's total merchandise imports during July 2020 has been estimated at 19.6%.

## **Analysis of India's engineering exports**

### **1. Engineering exports: Monthly trend**

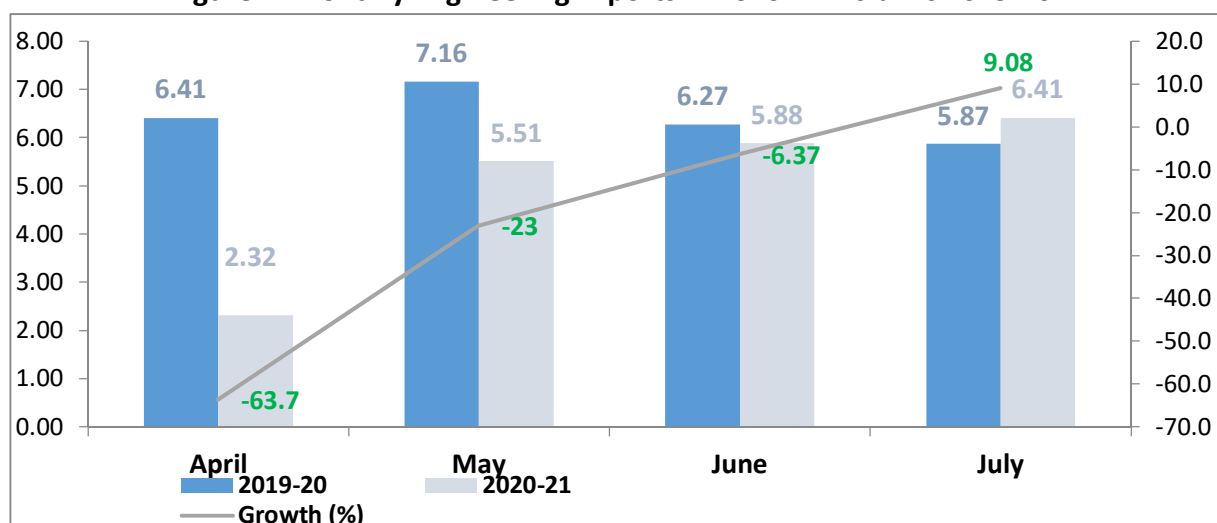
The monthly engineering figures for 2020-21 vis-à-vis 2019-20 are shown below as per the latest DGCIIS estimates:

**Table 1: Engineering Exports: Monthly trend 2020-21**  
(US\$ million)

Month	2019-20	2020-21	Growth (%)
April	6410.79	2344.64	-63.43
May	7159.37	5515.72	-22.96
June	6274.82	5875.38	-6.37
April-June	<b>19844.98</b>	<b>13735.73</b>	<b>-30.78</b>
July	5877.77	6411.28	9.08
April-July	<b>25722.75</b>	<b>20147.01</b>	<b>-21.68</b>

Source: DGCIS, Govt. of India.

**Figure 1: Monthly Engineering Exports in 2020-21 vis-à-vis 2019-20**



## 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.

**During fiscal 2019-20, engineering exports growth and manufacturing growth moved in the same direction in as many as nine out of twelve months, including March 2020.** The first three months of Fiscal 2020-21 saw both of them moved in the same direction as gradual

moderation was noticed for both after sharp decline in April 2020 as depicted in the following table.

**Table 2: Engineering exports growth vis-à-vis manufacturing growth from April 2019**

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2019	-7.70	2.5
May 2019	4.57	4.4
June 2019	-2.46	0.3
July 2019	-1.72	4.8
August 2019	-8.99	-1.6
September 2019	-6.27	-4.0
October 2019	1.63	-2.1
November 2019	8.00	3.0
December 2019	-1.05	-0.3
January 2020	-4.52	1.6
February 2020	8.90	3.1
March 2020	-42.52	-20.6
April 2020	-63.43	-67.1
May 2020	-22.96	-38.4
June 2020	-6.37	-17.1
July 2020	9.08	N A

*(Source: Department of Commerce and CSO)*

We also present the month-wise corresponding **revised engineering exports for 2019-20** as opposed to 2018-19.

**Table 3: Revised engineering exports for 2019-20 (US\$ million)**

Months	2018-19	2019-20	Growth (%)
April	7020.54	6410.79*	-8.69

Months	2018-19	2019-20	Growth (%)
May	6928.08	7159.37*	3.34
June	6512.31	6274.82*	-3.65
Quarter 1	<b>20460.93</b>	<b>19844.98*</b>	<b>-3.01</b>
July	6052.64	5877.77*	-2.89
August	6974.48	6347.76	-8.99
September	6769.15	6344.77	-6.27
Quarter 2	<b>19796.27</b>	<b>18641.54</b>	<b>-5.83</b>
October	6151.93	6252.68	1.64
November	5740.17	6199.17	8.00
December	6905.63	6811.53	-1.36
Quarter 3	<b>18797.73</b>	<b>19263.38</b>	<b>2.48</b>
January	6295.94	6011.39	-4.52
February	6442.37	7015.51	8.90
March	9162.3	5266.9	-42.52
Quarter 4	<b>21900.61</b>	<b>18293.8</b>	<b>-16.47</b>
April-March	<b>80955.54</b>	<b>75972.46*</b>	<b>-6.16</b>

Source: DGCI&S \* Revised data

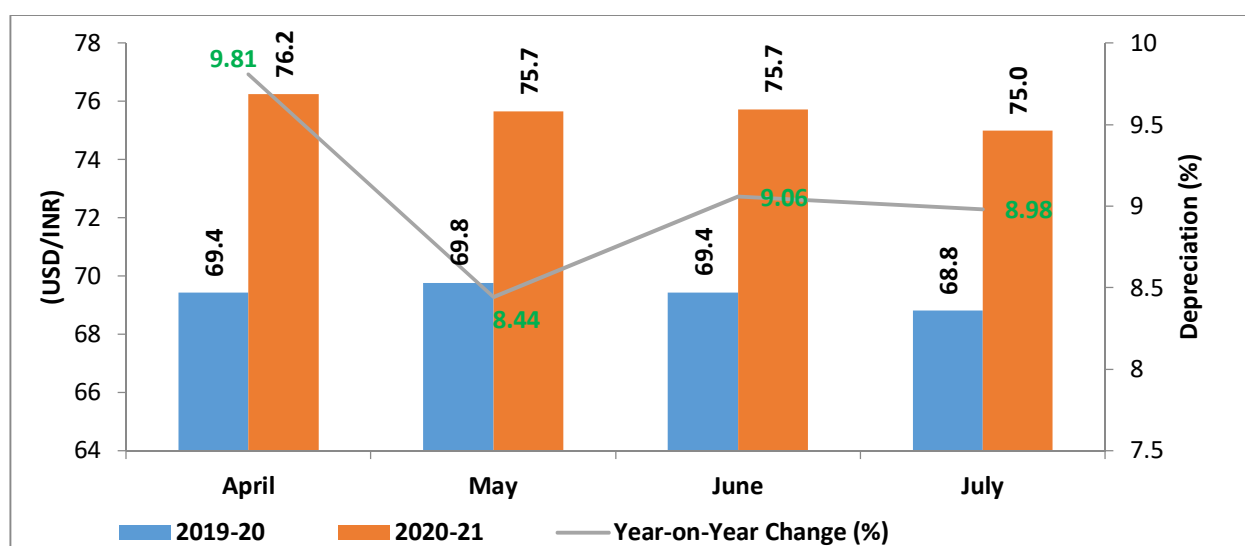
### Impact of Exchange Rate

How did the exchange rate fare during July 2020 and what was the recent trend in Re-Dollar movement? In order to get a clearer picture of the recent Re-Dollar trend, not only we took the exchange rate of July 2020, but considered each month of fiscal 2019-20 and 2020-21 and looked at the movement of monthly average exchange rate of Rupee vis-à-vis the US Dollar as mere one month figure does not determine the trend. The tables and the charts below depict the short-term trend clearly:

**Table 4A: USD-INR average exchange rate in 2020-21**  
(As per latest data release by FBIL)

Month	Average Exchange Rate (1 USD to INR)		Year-on-Year Change (%)	Direction
	2019-20	2020-21		
April	69.43	76.24	9.81	Depreciation
May	69.77	75.66	8.44	Depreciation
June	69.44	75.73	9.06	Depreciation
July	68.81	74.99	8.98	Depreciation

**Figure2A: Movement of USD-INR Exchange Rate in 2020-21 (Monthly Average)**



Source: RBI, FBIL, EEP Research

**Rupee continued to weaken year-on-year in July 2020 but the month-on-month analysis showed weak recovery in the last three months:** The year-on-year comparison showed that depreciation of rupee moderated slightly in July 2020. The movement of rupee vis-à-vis the greenback was broadly in the confined range of 75.00 - 76.20 levels.

**Outlook does not seem so gloomy:** The Pandemic-led sell off in the domestic capital market seems to have stabilized. RBI has also been accumulating foreign exchange reserves and has taken it to near the all-time high levels. Current Account is expected to yield a surplus during the last completed quarter. These factors, coupled with the prospects of foreign inflows lead by Reliance may help rupee escaping any sharp downtrend in the near term and moving towards a slow recovery instead. However, possibilities of sharper US-China confrontation, any escalation in the India-China tensions and further adversities arising out of the ongoing Pandemic cannot be ruled out as deterrents to a smooth recovery of Indian Rupee.

## Rupee-Dollar Trends in 2019-20 vis-à-vis 2018-19

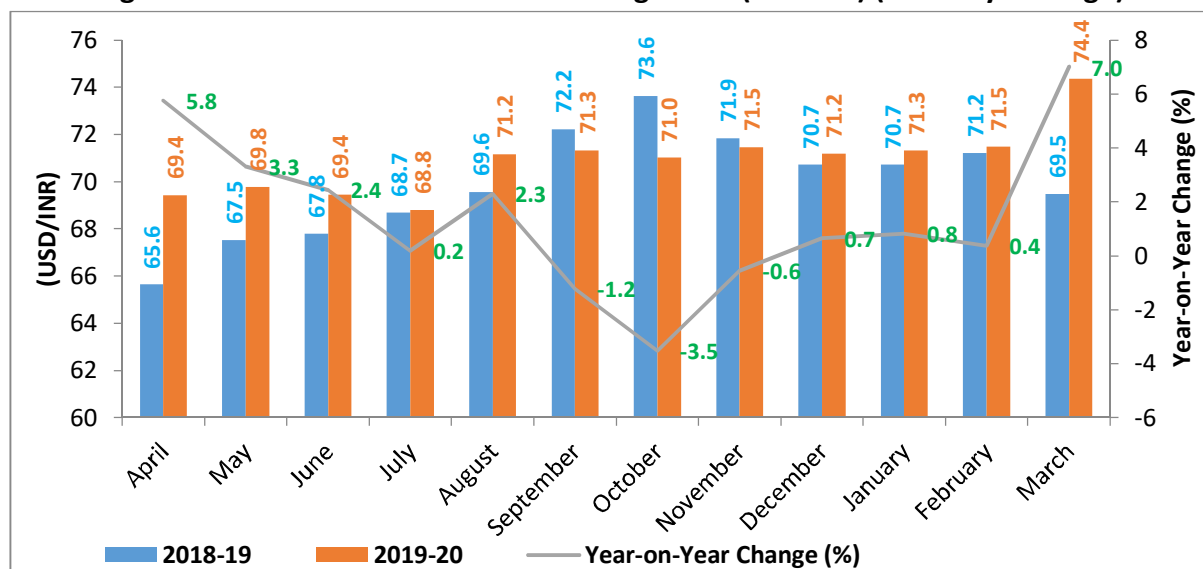
**Table 4B: USD-INR average exchange rate in 2019-20**

Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction
Month	2018-19	2019-20		
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	72.21	71.33	-1.22	Appreciation
October	73.63	71.03	-3.53	Appreciation
November	71.85	71.45	-0.56	Appreciation
December	70.73	71.19	0.65	Depreciation
January	70.73	71.31	0.82	Depreciation
February	71.22	71.49	0.38	Depreciation
March	69.48	74.35	7.01	Depreciation
<b>April – March (Monthly Avg.)</b>	<b>69.92</b>	<b>70.90</b>	<b>1.46</b>	<b>Depreciation</b>

During 2019-20, Rupee depreciated over the US Dollar between April to August 2019 but at a narrowing rate over the month and then witnessed some appreciation in the next three months. December 2019 to February 2020 again saw marginal depreciation of rupee over the greenback but the month of March 2020 saw a record low of rupee as COVID-19 Pandemic started taking toll on investors' sentiment. The pictorial representation may provide a clearer picture.



**Figure2B: Movement of USD-INR Exchange Rate (2019-20) (Monthly Average)**



Source: RBI, FBIL, EEP Research

### 3. Top 25 engineering export destinations in July 2020

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during April- July 2020 over April- July 2019.

**Table-5: Engineering exports country wise (April-July 2020)**

US\$ million

Country	July 2019	July 2020	Growth (%)	Apr-July 2019	Apr-July 2020	Growth (%)
U S A	892.89	998.86	11.87	3774.96	2627.09	-30.41
CHINA	144.83	595.49	311.16	600.93	2216.72	268.88
SINGAPORE	155.54	141.16	-9.25	1220.50	1341.09	9.88
UAE	269.92	269.46	-0.17	1959.49	1041.23	-46.86
MALAYSIA	140.01	197.16	40.81	754.10	934.37	23.91
VIETNAM	159.70	236.89	48.34	448.23	707.67	57.88
GERMANY	255.53	268.59	5.11	1044.78	705.65	-32.46
KOREA RP	192.19	195.73	1.84	693.45	665.15	-4.08
INDONESIA	77.85	250.42	221.68	482.86	621.12	28.64
MEXICO	221.53	171.74	-22.47	829.52	401.33	-51.62
ITALY	129.71	134.34	3.57	619.16	389.02	-37.17
U K	215.99	172.05	-20.34	846.28	386.01	-54.39
THAILAND	123.92	152.99	23.46	512.80	373.48	-27.17
BANGLADESH	204.84	164.94	-19.48	798.63	365.05	-54.29
NEPAL	220.41	131.58	-40.30	891.34	338.40	-62.03
SAUDI ARAB	130.09	90.84	-30.17	423.96	332.66	-21.54
JAPAN	94.80	67.90	-28.38	357.28	304.83	-14.68
BELGIUM	86.94	73.58	-15.37	344.26	287.53	-16.48
TURKEY	74.85	86.72	15.85	315.31	275.54	-12.61

Country	July 2019	July 2020	Growth (%)	Apr-July 2019	Apr-July 2020	Growth (%)
<b>FRANCE</b>	104.96	135.34	28.94	435.92	255.00	-41.50
<b>TAIWAN</b>	54.10	57.20	5.73	197.94	249.84	26.22
<b>SRI LANKA</b>	100.24	110.17	9.91	351.35	247.55	-29.54
<b>NIGERIA</b>	112.78	90.90	-19.40	478.40	237.82	-50.29
<b>NETHERLAND</b>	67.11	68.37	1.88	280.86	215.46	-23.29
<b>CANADA</b>	65.74	64.40	-2.04	256.58	208.73	-18.65
<b>Total engineering exports to top 25 countries</b>	<b>4296.47</b>	<b>4926.82</b>	<b>14.67</b>	<b>18918.89</b>	<b>15728.34</b>	<b>-16.86</b>
<b>Total engineering exports</b>	<b>5877.76</b>	<b>6411.15</b>	<b>9.08</b>	<b>25722.74</b>	<b>20147.00</b>	<b>-21.67</b>
<b>Share (%)</b>	<b>73.10</b>	<b>76.85</b>		<b>73.55</b>	<b>78.07</b>	

Source: Department of Commerce, Government of India

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

- 6 out of 25 countries, recorded positive cumulative growth in engineering exports during April- July 2020 over April- July 2019. However 14 out of 25 countries recorded positive monthly growth in July 2020 over July 2019 which is an improvement over the last month performance where ten countries recorded positive monthly growth.
- USA has once again ranked as the numero uno destination for India's engineering products during April- July 2020 over April-July 2019, like the previous month.
- Like before, China ranked as the second destination for India's engineering products during April- July 2020 over April-July 2019, registering a very high positive cumulative growth as well as positive monthly growth during July 2020 over July 2019.
- In a similar fashion Singapore also ranked as the third destination for India's engineering products during April- July 2020 over April-July 2019, registering a positive growth like the previous month.
- After China, Vietnam recorded the highest positive cumulative growth for India's engineering products during April- July 2020 over April-July 2019. While Indonesia recorded the highest positive monthly growth for India's engineering products during July 2020 over July 2019, after China.
- Among the European nations under India's top 25 engineering export destinations Germany, Italy, France and Netherlands recorded a positive monthly growth in July 2020 over July 2019.
- Among the ASEAN countries under the top 25 engineering exports destinations countries like Vietnam, Malaysia Indonesia and Singapore recorded positive growth during April-

July 2020 over April-July 2019, barring Thailand which recorded moderate negative growth during the same period.

- ✚ The share of India's engineering exports to its top 25 nations accounted for 78.1 percent of India's total engineering exports in April-July 2020.
- ✚ India's engineering exports to its top 25 destinations during April-July 2020 over April-July 2019 recorded a high negative growth which is however less in comparison to 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 2020 as opposed to April-July 2019.

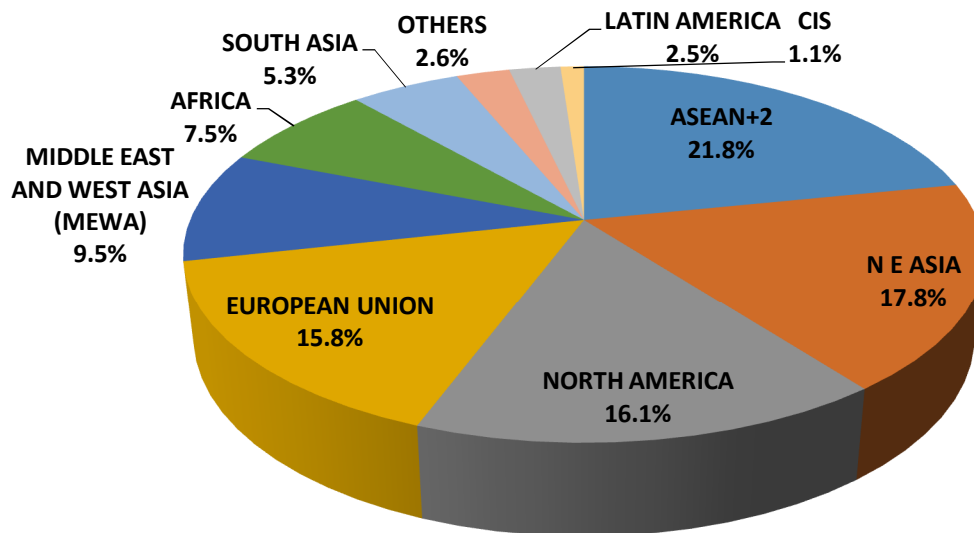
**Table 6: Region wise engineering exports in April-July 2020**  
US\$ million

Regions	July 2019	July 2020	Growth (%)	Apr- July 2019	Apr- July 2020	Growth (%)
<b>ASEAN+2</b>	792.12	1126.94	42.27	4003.85	4393.37	9.73
<b>N E ASIA</b>	517.36	967.92	87.09	1946.89	3588.26	84.31
<b>NORTH AMERICA</b>	1180.15	1235.00	4.65	4861.06	3237.15	-33.41
<b>EUROPEAN UNION</b>	1118.84	1177.34	5.23	4944.78	3188.57	-35.52
<b>MIDDLE EAST AND WEST ASIA (MEWA)</b>	625.07	544.77	-12.85	3214.70	1907.05	-40.68
<b>AFRICA</b>	600.58	515.57	-14.16	2491.78	1520.67	-38.97
<b>SOUTH ASIA</b>	575.06	438.82	-23.69	2250.75	1064.64	-52.70
<b>OTHERS</b>	96.21	112.39	16.82	647.13	520.15	-19.62
<b>LATIN AMERICA</b>	287.30	191.58	-33.32	1075.72	498.32	-53.68
<b>CIS</b>	84.58	100.82	19.19	284.73	228.10	-19.89
<b>Grand Total</b>	<b>5877.76</b>	<b>6411.15</b>	<b>9.08</b>	<b>25722.74</b>	<b>20147.00</b>	<b>-21.67</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 3: Region wise shares of India's engineering exports during Apr-July 2020**



Source: Data from DGCI&S and EEPC India analysis

#### **Region wise engineering exports: some observations**

- ✚ ASEAN+2 once again recorded as the numero uno destination, as the region with highest shipment of engineering products from India during April-July 2020 over April-July 2019 with a share of more than 21 percent of total engineering exports.
- ✚ India's exports to NE Asia and North America ranked second and third in global shipments of Indian engineering goods in April-July 2020 with a share of 17.8 percent and 16.1 percent of total engineering exports respectively.
- ✚ EU ranked fourth in global shipments of Indian engineering goods in April-July 2020 with a share of 15.8 percent.
- ✚ North East Asia is the only region to have recorded high positive monthly and cumulative growth in exports of engineering products from India during April-July 2020 over April-July 2019, like before. ASEAN+2 recorded a significant positive cumulative growth in exports of engineering products from India during April-July 2020 over April-July 2019 unlike the previous month. All other regions recorded negative growth due to the vast disruption in commerce and trade on account of COVID19.

#### **5. Panel Wise Engineering Exports**

We begin by looking at the Engineering Panel wise exports for the month of July 2020 vis-a-vis July 2019 as well as April-July 2020-21 vis-à-vis April-July 2019-20. The data is given in Table 7 below:

**Table 7: Trends in engineering panel Exports for July 2020 compared to July 2019 as well as April-July 2020-21 vis-à-vis April-July 2019-20**

US\$ Million

Engineering Panels	JUL 2019	JUL 2020	Growth (%)	Apr-Jul 2019	Apr-Jul 2020	Growth (%)
<b>Iron and Steel and Products made of Iron and Steel</b>						
Iron and Steel	749.58	1302.51	73.77	2810.76	4298.76	52.9
Products of Iron and Steel	592.28	528.83	-10.71	2281.74	1493.53	-34.5
<b>Sub Total</b>	<b>1341.87</b>	<b>1831.34</b>	<b>36.48</b>	<b>5092.51</b>	<b>5792.3</b>	<b>13.74</b>
<b>Non-Ferrous Metals and Products made of Non-Ferrous Metals</b>						
Copper and products	62.53	108.81	74.02	249.90	406.28	62.58
Aluminium and products	399.74	447.08	11.84	1595.10	1739.72	9.07
Zinc and products	52.14	73.21	40.40	191.03	266.17	39.34
Nickel and products	4.79	4.49	-6.26	49.98	15.33	-69.33
Lead and products	19.47	22.03	13.15	93.81	117.35	25.09
Tin and products	0.48	0.86	79.80	3.00	1.95	-34.89
Other Non-Ferrous Metals	43.17	47.32	9.63	175.27	108.58	-38.05
<b>Sub Total</b>	<b>582.314</b>	<b>703.806</b>	<b>20.86</b>	<b>2358.12</b>	<b>2655.4</b>	<b>12.61</b>
<b>Industrial Machinery</b>						
Industrial Machinery like Boilers, parts, etc	64.85	68.28	5.3	290.84	143.53	-50.7
IC Engines and Parts	230.71	236.38	2.5	849.32	546.05	-35.7
Pumps of all types	75.39	76.95	2.07	327.10	199.79	-38.92
Air condition and Refrigerators	108.25	91.95	-15.1	492.85	256.15	-48.0
Industrial Machinery for dairy, food processing , textiles etc	391.01	400.17	2.3	1590.56	1072.74	-32.6
Machine Tools	35.19	34.61	-1.65	150.74	88.876	-41.04
Machinery for Injecting moulding, valves and ATMs	150.13	145.27	-3.2	572.65	404.30	-29.4

Engineering Panels	JUL 2019	JUL 2020	Growth (%)	Apr-Jul 2019	Apr-Jul 2020	Growth (%)
<b>Sub Total</b>	<b>1055.54</b>	<b>1053.61</b>	-0.2	<b>4274.1</b>	<b>2711.48</b>	<b>-36.56</b>
<b>Electrical Machinery</b>	<b>683.20</b>	<b>844.68</b>	<b>23.64</b>	<b>2854.97</b>	<b>2356.05</b>	<b>-17.48</b>
<b>5. Automobiles and Auto components and Parts</b>						
<b>Motor Vehicle/cars</b>	619.20	401.04	-35.2	2544.7	980.0373	-61.5
<b>Two and Three Wheelers</b>	181.48	129.17	-28.8	677.82	323.04	-52.3
<b>Auto Components/Part</b>	464.91	378.91	-18.50	1808.08	908.63	-49.75
<b>Sub Total</b>	<b>1265.597</b>	<b>909.1226</b>	-28.17	<b>5030.60</b>	<b>2211.71</b>	<b>-56.03</b>
<b>Aircrafts and Spacecraft parts and products</b>	<b>107.43</b>	<b>96.76</b>	<b>-9.93</b>	<b>424.79</b>	<b>232.71</b>	<b>-45.22</b>
<b>Ships Boats and Floating products and parts</b>	<b>95.49</b>	<b>282.30</b>	<b>195.63</b>	<b>2722.34</b>	<b>2402.16</b>	<b>-11.76</b>
<b>8. Other engineering products</b>						
<b>Medical and Scientific instruments</b>	146.83	150.57	2.54	579.04	434.16	-25.02
<b>Railway Transport</b>	21.12	9.95	-52.88	115.92	21.52	-81.44
<b>Hand Tools &amp; Cutting Tools</b>	64.05	65.33	2.00	265.71	161.39	-39.26
<b>Electrodes Accumulators</b>	5.45	3.57	-34.50	20.32	9.98	-50.89
<b>Accumulator and Batteries</b>	46.59	34.06	-26.88	149.42	78.70	-47.33
<b>Bicycle &amp; Parts</b>	31.54	30.19	-4.28	126.96	71.14	-43.97
<b>Cranes Lifts &amp; Winches</b>	46.01	40.09	-12.85	181.53	98.97	-45.48
<b>Office Equipment</b>	12.30	12.15	-1.18	61.82	33.33	-46.09
<b>Other Construction Machinery</b>	126.87	92.15	-27.37	516.21	266.67	-48.34
<b>Prime Mica &amp; Mica Products</b>	5.68	3.28	-42.20	21.15	7.79	-63.16
<b>OTHER MISC. ITEMS</b>	239.9	248.31	3.51	927.18	601.51	-35.12
<b>Sub Total</b>	<b>746.33</b>	<b>689.65</b>	-7.59	<b>2965.29</b>	<b>1785.18</b>	<b>-39.80</b>

Engineering Panels	JUL 2019	JUL 2020	Growth (%)	Apr-Jul 2019	Apr-Jul 2020	Growth (%)
<b>Total engineering exports</b>	<b>5877.76</b>	<b>6411.27</b>	<b>9.08</b>	<b>25722.74</b>	<b>20147.00</b>	<b>-21.68</b>

Source: DGCI&S

#### Engineering ferrous and non-ferrous products with negative growth in May 2020

- Exports of Products of Iron and Steel under Chapter 73: fell by 10.71% in July 2020 and 34.54% in April-July 2020-21
- Exports of Nickel and products under Chapter 75: fell by 6.26% in July 2020 and 69.3% in April-July 2020-21

- ✚ After having a dismal performance in the first two months of the current fiscal mainly due to the COVID situation, India's engineering exports started showing signs of recovery since June. While total exports still declined in June, the rate of decline was much lower than that of the previous two months. Contrarily in July, 2020, India's engineering exports recorded a significant growth of 9.08 percent given the fact that COVID still continues to impact global trade and economy negatively. In cumulative terms though due to the massive export decline in April and May 2020, engineering exports for the first 4 months of 2020 declined at 21.68 percent
- ✚ Among major panels, a steady growth was noticed in exports from ferrous and non-ferrous sectors which grew both in monthly and cumulative terms
- ✚ Exports of iron and steel recorded massive increase on account of rise in Chinese demand. This overcrowded the export decline in the products of iron and steel segment thereby increasing the export of the total group by 36.48 percent. The total segment also recorded in 13.74 percent jump in exports in cumulative terms
- ✚ The same pattern is also reflected in case of other non-ferrous metals barring Nickel as their exports jumped on the back of rising demand in China. Both monthly and cumulative export changes remained positive at 20.86 and 12.61 percent respectively
- ✚ Within industrial machinery, although overall there was a decline in the monthly exports at 0.2%, the decline was much lower than that of the previous months. Recovery was noticed in segments including industrial machinery for boilers (5.3%), IC engines (2.5%), pumps (2.07%) and industrial machinery for food processing and textiles (2.3%). However, exports remained subdued for air-condition and refrigeration machinery (15.1%), machine tools and others. In cumulative terms the growth was definitely negative given the significant decline in exports that the sector had to suffer in the last few months
- ✚ The electrical machinery segment showed recovery in June 2020 itself. In July too, exports grew as demand in top export destinations remained buoyant. The sector grew in monthly terms while the growth still remained negative in cumulative terms given the sharp decline in exports the sector had to face in the first two months of the current fiscal

- ✚ Unlike other sectors which showed some signs of recovery in July 2020, exports in the entire automobile sector remained negative both in monthly and cumulative terms due to subdued demand in all major markets
- ✚ While exports of aircraft, spacecraft and parts declined in both monthly and cumulative terms, there was a significant rise (more than 150 percent) in July exports of ships, boats and floating structures. The increase was majorly attributed to significant rise in exports to Singapore and Shri Lanka
- ✚ In the rest of the engineering segments, while there was decline in almost all, slight increase in monthly exports was noticed in case of medical instruments (2.54%) and hand tools and cutting tools (2.00%)

#### 6. Data for ferrous and non-ferrous panels experiencing a decline in the month of July 2020 vis-à-vis July 2019

Table 8A: Chapter 73: Products of Iron & Steel					
Values in US\$ Million					
Month	2018-19	2019-20	Growth (%)	2020-21	Growth (%)
April	565.04	557.10	-1.1	101.74	-81.74
May	575.87	544.83	-5.3	375.08	-30.9
June	587.78	591.46	0.6	478.60	-18.8
July	539.72	592.28	10.5	528.83	-10.71
August	691.22	624.46	-9.3		
September	615.69	570.35	-7.36		
October	569.97	592.72	3.99		
November	533.39	572.77	7.38		
December	666.88	653.10	-2.07		
January	562.16	628.11	11.73		
February	539.59	590.07	9.35		
March	723.35	461.36	-36.2		
April-March	7259.37	7004.58	-3.51		

Table 8B: Chapter 73: Products of Iron & Steel					
Quantities in '000 MT					
Month	2018-19	2019-20	Growth (%)	2020-21	Growth (%)
April	265.95	264.77	-0.44	53.48	-79.80
May	295.46	247.80	-15.99	150.79	-39.15
June	288.75	293.38	1.60		



Table 8B: Chapter 73: Products of Iron & Steel					
Quantities in '000 MT					
Month	2018-19	2019-20	Growth (%)	2020-21	Growth (%)
July	237.38	271.11	<b>14.21</b>		
August	327.95	284.78	<b>-13.16</b>		
September	293.51	259.36	<b>-11.63</b>		
October	247.69	263.78	<b>6.49</b>		
November	241.06	267.61	<b>11.01</b>		
December	323.76	305.79	<b>-5.55</b>		
January	278.10	306.58	<b>10.24</b>		
February	<b>276.80</b>	<b>306.94</b>	<b>10.89</b>		
March	<b>349.72</b>	<b>231.34</b>	<b>-33.85</b>		
April-March	<b>3426.18</b>	<b>3303.70</b>	<b>-3.57</b>		

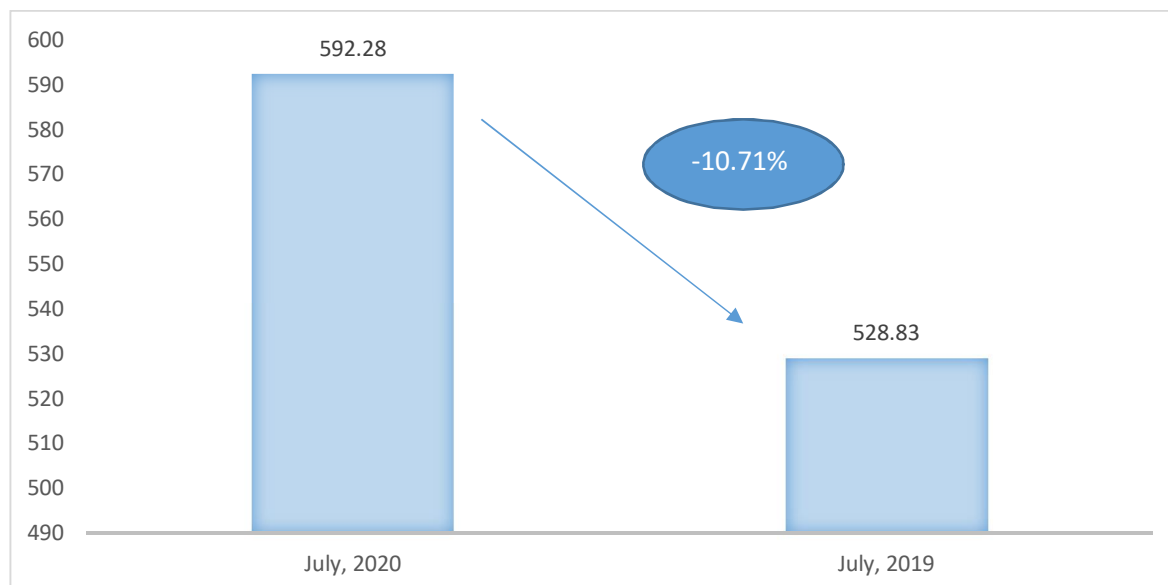
Table 9A: Chapter 75: Nickel and Products					
Values in US\$ Million					
Month	2018-19	2019-20	Growth (%)	2020-21	Growth (%)
April	6.1	4.14	<b>-27.0</b>	1.18	<b>-71.54</b>
May	6.72	35.23	<b>424.3</b>	2.96	<b>-91.6</b>
June	6.81	5.50	<b>-19.2</b>	6.55	<b>19.1</b>
July	6.08	4.80	<b>-21.1</b>	4.49	<b>-6.26</b>
August	7.47	4.92	<b>-34.1</b>		
September	5.24	6.07	<b>15.89</b>		
October	5.90	9.34	<b>40.46</b>		
November	3.88	4.91	<b>26.58</b>		
December	5.35	6.88	<b>28.47</b>		
January	2.75	6.24	<b>127.22</b>		
February	5.89	3.84	<b>-34.8</b>		
March	<b>5.58</b>	<b>4.14</b>	<b>-25.8</b>		
April-	<b>73.55</b>	<b>98.74</b>	<b>34.25</b>		

Table 9B: Chapter 75: Nickel and Products					
Quantities in '000 MT					
Month	2018-19	2019-20	Growth (%)	2020-21	Growth (%)
April	0.32	0.26	<b>-17.65</b>	0.08	<b>-67.62</b>
May	0.32	13.59	<b>4049.51</b>	0.15	<b>-98.84</b>

Table 9B: Chapter 75: Nickel and Products					
Quantities in '000 MT					
Month	2018-19	2019-20	Growth (%)	2020-21	Growth (%)
June	0.33	0.27	-15.92		
July	0.28	0.30	9.28		
August	0.35	0.24	-31.19		
September	0.30	0.43	43.57		
October	0.32	0.33	0.18		
November	0.25	0.25	-0.95		
December	0.22	0.33	50.19		
January	0.19	0.33	74.14		
February	0.24	0.35	46.36		
March	0.20	0.34	67.50		
April-	2.80	17.02	507.9		

➤ Slump in products of Iron and steel exports

Figure 4: Slump in Products of Iron and Steel Exports in July 2020 v/s July 2019 (in USD million)

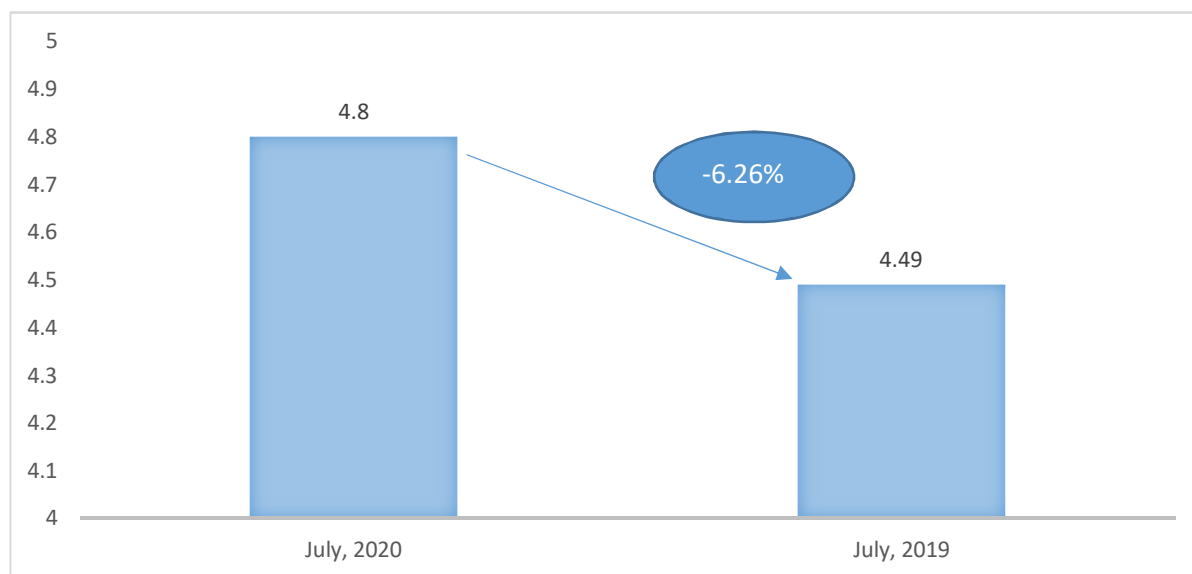


**Reason for fall:** The top import destinations for the products of iron and steel are majorly North America, Europe and Middle East. These markets are still reeling from COVID and in many instances buyers have come back to the market after significant period of lockdown. Hence business sentiment is still subdued in these markets which is causing a decline in exports. This is unlike the trend in iron and steel exports which recorded a massive high due to increased demand in China. Apart from the demand issue faced by the exporters of iron

and steel product, a surge in demand for raw materials such as iron ore in China have created an upward pressure on key input prices. This is also affecting the exporters' margins during demand deficiency.

➤ **Slump in exports of Nickel and its products**

**Figure 5: Slump in Exports of Nickel and its products in July 2020 v/s July 2019 (in USD million)**



**Reason for fall:** A drop in export of nickel by Philippines in the first half of 2020 created an upward pressure on the LME prices of Nickel. This affected the profitability of Indian exporters. However since the stainless steel demand across the world is expected to stabilize spearheaded by a sharp rise in demand in China, the situation may revive in the coming months.

**7. Engineering panels – country-wise analysis**

We now analyse the performance of some of the important products during July 2020. We have taken the major panels and computed the top importers and sharp declines to get an idea of the current trade pattern. (Tables 14-22)

**Table 10: Export of Iron & Steel**  
US\$ Million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
<b>CHINA</b>	26.64	394.46	1380.70	138.01	1545.48	1019.82
<b>VIETNAM</b>	111.96	180.63	61.33	241.51	555.56	130.03

<b>U A E</b>	75.19	60.51	-19.52	254.09	260.49	2.52
<b>ITALY</b>	31.47	61.15	94.33	149.92	188.53	25.75
<b>NEPAL</b>	92.73	56.36	-39.22	376.26	153.82	-59.12
<b>High cumulative growth</b>						
<b>CHINA</b>	26.64	394.46	1380.70	138.01	1545.48	1019.82
<b>INDONESIA</b>	3.65	51.49	1312.45	34.61	85.85	148.06
<b>THAILAND</b>	7.63	42.40	455.65	47.87	115.13	140.52
<b>VIETNAM</b>	111.96	180.63	61.33	241.51	555.56	130.03
<b>TAIWAN</b>	13.11	26.07	98.83	44.76	84.78	89.43
<b>Sharp cumulative decline</b>						
<b>NEPAL</b>	92.73	56.36	-39.22	376.26	153.82	-59.12
<b>MALAYSIA</b>	30.40	14.48	-52.36	106.66	43.76	-58.97
<b>BANGLADESH</b>	46.77	16.17	-65.43	139.03	63.21	-54.53
<b>JAPAN</b>	11.20	10.08	-9.98	74.21	40.50	-45.42
<b>GERMANY</b>	13.89	11.26	-18.94	50.36	28.55	-43.30
<b>BRAZIL</b>	8.01	7.22	-9.79	32.17	18.69	-41.89

(Source: Department of Commerce, Government of India)

- China, Vietnam and UAE were the three top three importers of Indian Iron and Steel during April 2020-July 2020 with market shares of 35.95 percent, 12.92 percent and 6.06 percent respectively.
- China recorded a monumental growth of 1019.82 percent followed by Indonesia and Thailand at 148.06 percent and 140.52 percent in exports of Indian Iron and Steel during April 2020-July 2020 compared to April 2019-July 2019.
- Nepal, Malaysia and Bangladesh experienced sharp downfall to the extent of more than 50% drop in exports during April 2020-July 2020 compared to same period last fiscal.

**Table 11: Export of Products of Iron & Steel**

US\$ Million

<b>COUNTRY</b>	<b>JULY 2019</b>	<b>JULY 2020</b>	<b>Growth (%)</b>	<b>APRIL 2019- JULY 2019</b>	<b>APRIL 2020- JULY 2020</b>	<b>Growth (%)</b>
<b>Top Five Importers</b>						
<b>U S A</b>	147.73	119.12	-19.37	569.97	284.61	-50.07
<b>CANADA</b>	27.00	14.39	-46.71	85.59	103.84	21.32
<b>U A E</b>	35.84	35.15	-1.92	148.43	89.55	-39.67
<b>GERMANY</b>	32.37	30.60	-5.47	128.78	78.54	-39.01
<b>SAUDI ARABIA</b>	11.05	25.01	126.25	53.28	62.68	17.63
<b>High cumulative growth</b>						
<b>INDONESIA</b>	5.74	4.50	-21.71	18.76	42.06	124.17
<b>EGYPT</b>	2.70	1.89	-30.03	10.16	19.01	87.06
<b>OMAN</b>	17.69	15.72	-11.13	32.55	45.98	41.28
<b>MALAYSIA</b>	2.76	2.29	-16.99	15.42	19.44	26.01

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
CANADA	27.00	14.39	-46.71	85.59	103.84	21.32
<b>Sharp cumulative decline</b>						
NIGERIA	9.21	6.45	-30.04	43.08	14.73	-65.80
BANGLADESH	7.17	10.53	46.87	41.85	15.55	-62.84
FRANCE	12.48	9.50	-23.82	55.16	24.37	-55.83
U K	27.47	18.92	-31.13	101.52	47.00	-53.70
U S A	147.73	119.12	-19.37	569.97	284.61	-50.07
U A E	35.84	35.15	-1.92	148.43	89.55	-39.67

(Source: Department of Commerce, Government of India)

- USA, Canada and UAE were the top three importers of India's 'Products of Iron & Steel' during April 2020-July 2020 with 19.06 percent, 6.95 percent and 6.00 percent shares respectively in India's global import of the same.
- Indonesia experienced more than 124% growth followed by Egypt and Oman in import of 'Products of Iron and Steel' during April 2020-July 2020.
- Nigeria, Bangladesh and France conceded substantial decline in imports by more than 55% for the said product group from India during April 2020-July 2020.

**Table 12: Export of Industrial Machinery**  
US\$ Million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
U S A	158.92	160.96	1.28	668.89	428.75	-35.90
CHINA	46.61	51.64	10.78	178.90	165.16	-7.68
THAILAND	55.11	66.99	21.55	218.90	133.86	-38.85
GERMANY	51.59	51.77	0.34	208.90	131.03	-37.28
U A E	37.92	44.62	17.66	159.26	127.20	-20.13
<b>High cumulative growth</b>						
GEORGIA	0.21	0.44	110.64	0.38	1.40	267.22
SURINAME	0.02	0.11	482.43	0.31	1.12	266.87
SOUTH SUDAN	0.18	0.01	-94.86	0.44	1.60	261.29
TOGO	0.13	0.68	435.04	0.88	2.67	202.30
LATVIA	0.19	0.57	195.69	0.53	1.21	129.39
BENIN	0.81	1.61	98.98	1.18	2.37	101.68
<b>Sharp cumulative decline</b>						
BANGLADESH	44.88	40.84	-9.00	196.80	80.18	-59.26
ITALY	29.17	23.68	-18.80	125.65	67.27	-46.46
NIGERIA	26.91	34.96	29.96	147.08	80.45	-45.30

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
THAILAND	55.11	66.99	21.55	218.90	133.86	-38.85
GERMANY	51.59	51.77	0.34	208.90	131.03	-37.28
U S A	158.92	160.96	1.28	668.89	428.75	-35.90

(Source: Department of Commerce, Government of India)

- USA was the largest importer of Indian 'Industrial machinery' during April 2020-July 2020 with 15.81 percent share in India's global import of the product group. China and Thailand were the two immediate followers of USA with 6.09 percent and 4.94 percent shares respectively.
- Georgia, South Sudan, Suriname and Togo were among the major importing nations witnessing growth of more than 200% in imports of Industrial machinery from India followed by Latvia and Benin during April 2020-July 2020 over the same period last fiscal.
- Among the major importers, Bangladesh, Italy and Nigeria recorded over 45 percent year-on-year declines in imports during April 2020-July 2020.

**Table 13: Automobiles**

US\$ Million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
MEXICO	132.79	110.75	-16.60	483.76	239.75	-50.44
SAUDI ARABIA	62.30	8.99	-85.57	148.24	111.29	-24.93
SOUTH AFRICA	81.51	38.64	-52.60	314.69	105.30	-66.54
U S A	36.68	68.27	86.13	259.12	100.99	-61.03
NIGERIA	37.47	23.24	-37.96	154.84	67.78	-56.22
<b>High cumulative growth</b>						
SUDAN	0.62	1.23	97.45	0.89	7.55	752.10
AUSTRIA	2.50	16.89	575.69	14.81	31.69	114.01
EGYPT	0.47	4.69	887.50	9.77	20.81	113.14
BRUNEI	1.91	2.94	53.70	3.81	7.57	98.57
SOMALIA	1.47	1.17	-20.48	3.96	5.70	43.85
<b>Sharp cumulative decline</b>						
INDONESIA	8.39	6.10	-27.27	114.06	15.43	-86.47
BANGLADESH	32.44	9.79	-69.82	118.07	23.15	-80.39
NEPAL	31.12	8.65	-72.21	129.01	29.66	-77.01
SOUTH AFRICA	81.51	38.64	-52.60	314.69	105.30	-66.54
U S A	36.68	68.27	86.13	259.12	100.99	-61.03

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
NIGERIA	37.47	23.24	-37.96	154.84	67.78	-56.22
MEXICO	132.79	110.75	-16.60	483.76	239.75	-50.44

(Source: Department of Commerce, Government of India)  
Automobiles include Motor Vehicles/cars and Two and Three Wheelers

- ✚ Mexico, Saudi Arabia and South Africa were top three importers of India's Automobiles during April 2020-July 2020 with 18.40, 8.54 and 8.08 percent share in India's global exports respectively over the same period last fiscal.
- ✚ Sudan recorded a meteoric growth of more than 750% followed by Austria and Egypt with more than 100% growth in imports of the product group from India during April 2020-July 2020 over the same period last fiscal.
- ✚ Countries like Indonesia, Bangladesh, Nepal, USA and South Africa saw their imports of automobile lower by more than 60% during April 2020-July 2020 compared to same period last fiscal.

**Table 14: Export of Non-Ferrous metals**  
US\$ Million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
MALAYSIA	61.06	144.72	137.01	266.94	540.23	102.37
KOREA	123.03	142.54	15.85	418.76	493.32	17.80
CHINA	14.35	105.98	638.72	106.36	376.39	253.87
SINGAPORE	13.44	15.48	15.19	45.35	208.46	359.64
U S A	67.96	59.54	-12.39	298.14	187.15	-37.23
<b>High cumulative growth</b>						
SINGAPORE	13.44	15.48	15.19	45.35	208.46	359.64
CHINA	14.35	105.98	638.72	106.36	376.39	253.87
MALAYSIA	61.06	144.72	137.01	266.94	540.23	102.37
TAIWAN	31.22	18.18	-41.78	100.72	131.89	30.95
KOREA	123.03	142.54	15.85	418.76	493.32	17.80
<b>Sharp cumulative decline</b>						
ITALY	6.69	2.57	-61.63	53.33	9.80	-81.63
MEXICO	13.17	7.16	-45.64	59.80	20.34	-65.98
NEPAL	14.01	12.06	-13.87	61.96	25.10	-59.50
U K	17.33	14.52	-16.20	60.99	30.72	-49.62
THAILAND	17.27	9.76	-43.49	66.84	37.03	-44.59
JAPAN	12.20	5.82	-52.26	55.30	33.02	-40.29

(Source: Department of Commerce and CSO)

- ✚ Malaysia, Korea and China were the top three importers of India's Non-ferrous metals and products' during April 2020-July 2020 with 20.34 percent, 18.58 percent and 14.17 percent shares respectively in India's global import of the same.

✚ Singapore experienced massive growth of more than 359% followed by China and Malaysia at 253.87% and 102.37% respectively in import of Non-ferrous metals and products during April 2020-July 2020.



✚ Italy, Mexico and Nepal conceded substantial decline in imports by more than 55% for the said product group from India during April 2020-July 2020 vis-à-vis same period last fiscal.

**Table 15: Export of Electrical Machinery and Components**

US\$ Million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
U S A	182.27	318.75	74.88	774.29	922.48	19.14
GERMANY	63.35	77.49	22.30	306.67	248.24	-19.05
U A E	14.10	41.49	194.31	72.87	85.33	17.10
JAPAN	8.16	10.74	31.56	29.27	84.19	187.66
SINGAPORE	48.29	11.22	-76.76	184.52	83.69	-54.64
<b>High cumulative growth</b>						
NEW ZEALAND	0.31	0.32	1.56	1.52	29.18	1813.75
HONG KONG	2.66	20.11	655.38	15.02	62.93	318.97
JAPAN	8.16	10.74	31.56	29.27	84.19	187.66
TURKEY	4.44	9.18	106.73	27.41	41.67	52.03
<b>Sharp cumulative decline</b>						
U K	56.85	35.10	-38.26	257.79	57.61	-77.65
MEXICO	17.91	7.42	-58.56	62.54	18.15	-70.98
POLAND	18.25	7.09	-61.15	44.51	16.54	-62.84
SINGAPORE	48.29	11.22	-76.76	184.52	83.69	-54.64
NIGERIA	17.02	6.39	-62.47	47.41	24.57	-48.18

(Source: Department of Commerce and CSO)

✚ USA, Germany and U A E were the three top importers of Indian Electrical Machinery and Components during April 2020-July 2020 with market shares of 39.15 percent, 10.54 percent and 3.62 percent respectively.

✚ New Zealand recorded massive growth of 1813.75 % followed by Hong Kong and Japan at 318.97% and 187.66% in imports of India's Electrical Machinery and Components during April 2020-July 2020 vis-a-visa April 2019 – July 2019.

✚ UK and Mexico experienced the sharp decline of more than 70% in its imports in April 2020-July 2020 when compared to April 2019 – July 2019. It is also the case for Poland and Singapore which experienced more than 50 percent drop.

**Table 16: Export of Aircrafts and Space crafts**

US\$ million



COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
U S A	39.22	34.81	-11.24	164.66	82.56	-49.86
FRANCE	13.12	13.31	1.42	49.00	28.05	-42.76
U K	9.37	6.92	-26.12	56.39	25.83	-54.20
SINGAPORE	12.88	10.23	-20.56	41.04	21.58	-47.41
GERMANY	6.46	2.53	-60.78	20.36	11.75	-42.31
<b>High cumulative growth</b>						
IRELAND	0.04	0.00	-90.04	0.95	5.03	428.59
U A E	0.82	5.72	596.09	2.68	6.72	150.95
RUSSIA	2.81	3.19	13.72	3.62	4.79	32.24
POLAND	0.31	0.13	-58.61	1.44	1.82	26.59
<b>Sharp cumulative decline</b>						
MALAYSIA	4.73	3.56	-24.79	18.39	6.22	-66.18
U K	9.37	6.92	-26.12	56.39	25.83	-54.20
U S A	39.22	34.81	-11.24	164.66	82.56	-49.86
SINGAPORE	12.88	10.23	-20.56	41.04	21.58	-47.41
FRANCE	13.12	13.31	1.42	49.00	28.05	-42.76

*(Source: Department of Commerce and CSO)*

- ✚ USA, France and UK were the top three importers of India's 'Aircrafts and Spacecrafts' during April 2020 - July 2020 with around 35.48, 12.05 and 11.10 percent shares respectively in India's total global exports of the product.
- ✚ Ireland and U A E registered substantial growth of 428.59% and 150.95% respectively in import of the product group from India during April 2020 - July 2020 as compared with the same period last fiscal.
- ✚ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Malaysia, UK, USA, Singapore and France dropped more than 40 percent on a year-on-year basis during April 2020 - July 2020 when compared to April 2019 - July 2019.

**Table 17: Export of Ships, Boats and Floating Structures and parts**

US\$ million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
SINGAPORE	21.76	39.07	79.50	736.21	854.37	16.05
INDONESIA	0.00	157.78	-	89.70	381.28	325.05
U A E	14.89	8.01	-46.22	962.94	277.06	-71.23
MALAYSIA	0.00	0.00	-	191.33	239.44	25.14
GIBRALTAR	0.00	0.00	-	179.09	175.23	-2.15
<b>High cumulative growth</b>						

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
MALTA	0.00	0.00	-	0.01	114.42	1735451.81
INDONESIA	0.00	157.78	-	89.70	381.28	325.05
SRI LANKA	33.48	61.84	84.73	78.70	135.84	72.61
MALAYSIA	0.00	0.00	-	191.33	239.44	25.14
SINGAPORE	21.76	39.07	79.50	736.21	854.37	16.05
<b>Sharp cumulative decline</b>						
CYPRUS	0.00	0.00	-	349.98	0.00	-100.00
LIBERIA	15.21	0.00	-100.00	45.08	0.00	-100.00
NORWAY	0.00	0.00	-	58.33	0.00	-100.00
U A E	14.89	8.01	-46.22	962.94	277.06	-71.23

*(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.

- 🚩 Singapore, Indonesia and UAE became the largest importer of ships, boats and floating structures followed by Malaysia and Gibraltar. Their respective shares are 35.57 percent, 15.87 percent, 11.53 percent, 9.97 percent and 7.29 percent.
- 🚩 Though Malta recorded negligible imports in July 2020 but the cumulative Imports to Malta recorded meteoric increase as they had negligible import in April 2019 - July 2019. Indonesia registered substantial growth of 325.05% in import of the product group from India during April 2020 - July 2020 as compared with the same period last fiscal.
- 🚩 However, sharp decline of more than 70 percent was noticed in exports to UAE from India during April 2020 - July 2020 as compared with the same period last fiscal. Whereas the exports dropped to zilch for Cyprus, Liberia and Norway.

**Table 18: Export of Auto Components**

US\$ Million

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Top Five Importers</b>						
U S A	102.79	87.96	-14.42	417.01	206.29	-50.53
TURKEY	20.04	22.11	10.37	80.14	62.73	-21.72
GERMANY	23.26	24.01	3.23	86.51	56.14	-35.11
VIETNAM	17.51	24.19	38.12	61.36	48.12	-21.58
BANGLADESH	28.08	21.08	-24.93	92.97	39.10	-57.94
<b>High cumulative growth</b>						
CONGO	0.11	0.20	88.85	1.12	4.10	266.88
UZBEKISTAN	0.31	0.67	114.63	0.86	1.97	128.93
SLOVENIA	0.37	1.25	240.39	1.74	3.38	94.97
GHANA	0.09	1.28	1343.99	0.99	1.74	74.93

COUNTRY	JULY 2019	JULY 2020	Growth (%)	APRIL 2019- JULY 2019	APRIL 2020- JULY 2020	Growth (%)
<b>Sharp cumulative decline</b>						
U A E	15.65	5.69	-63.64	59.90	15.62	-73.92
BRAZIL	24.13	13.96	-42.13	97.20	31.23	-67.87
THAILAND	14.68	9.95	-32.24	64.53	23.12	-64.17
U K	12.48	9.76	-21.77	52.20	21.54	-58.74
BANGLADESH	28.08	21.08	-24.93	92.97	39.10	-57.94

(Source: Department of Commerce and CSO)

- USA remained the top importer of auto components in April 2020 - July 2020 with a share of 22.70 percent. It is followed by Turkey, Germany, Vietnam and Bangladesh with respective shares of 6.90 percent, 6.18 percent, 5.30 percent and 4.30 percent.
- Congo recorded maximum increase of more than 260 percent followed by Uzbekistan and Slovenia in imports from April 2020 - July 2020 when compared to April 2019 - July 2019. However, absolute figures are not very convincing for any of the nations.
- U A E, Brazil and Thailand recorded significant decline of more than 60 percent in April 2020 - July 2020 when compared to April 2019 - July 2019.

## Analysis of India's engineering imports

India's Engineering imports during July 2020 were valued at US\$ 5571.34 million compared to US\$ 8938.17 million in July 2019 registering a negative growth of 37.7 percent in dollar terms.

Cumulative engineering imports during April-March 2019-20 was recorded at US\$ 100.55 billion as against US\$ 111.21 billion during the same period last fiscal registering a fall of 9.6 percent.

The share of engineering imports in India's total merchandise imports during July 2020 in has been estimated at 19.6%.

The monthly engineering import figures for fiscal April-July 2020 vis-a-vis April-July 2019 is depicted below as per the latest availability of figure:

**Table 19: Monthly engineering Imports during 2020-21 (US\$ Mn.)**

Months	2019-20	2020-21	Growth (%)
April	8143.84	3858.97	-52.6
May	8875.24	6433.42	-27.5
June	7827.95	4558.01	-41.8
July	8938.17	5571.34	-37.7

The monthly engineering import figures for fiscal April-March 2019-20 vis-à-vis April-March 2018-19 is depicted below as per the latest availability of figure:

**Table 20: Engineering Imports during 2019-20 vis-à-vis 1018-19**

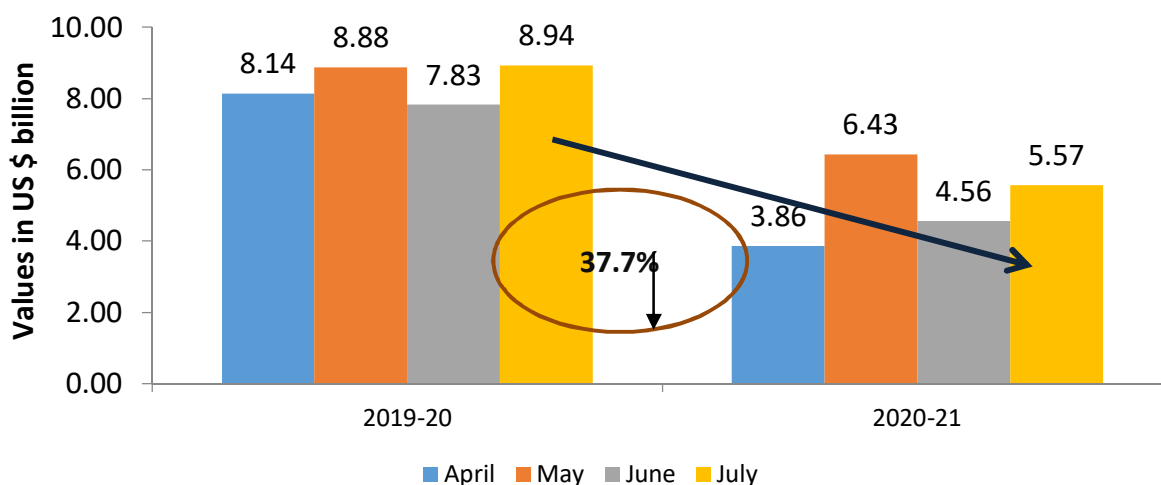
(US\$ Million)

Months	2018-19	2019-20	Growth (%)
April	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
November	9245.44	7611.71	-17.7
December	10331.2	8896.1	-13.9
January	9594.17	9271.98	-3.4
February	8381.48	8446.97	0.8
March	9402.1	7132.2	-24.1

Source: Department of Commerce, Government of India

Figure below depicts engineering imports for April-July 2020 compared to April-July 2019

**Fig 6: Monthly Engineering Imports for April-July 2020 vis-a-vis April-July 2019**



Source: EEPC India analysis

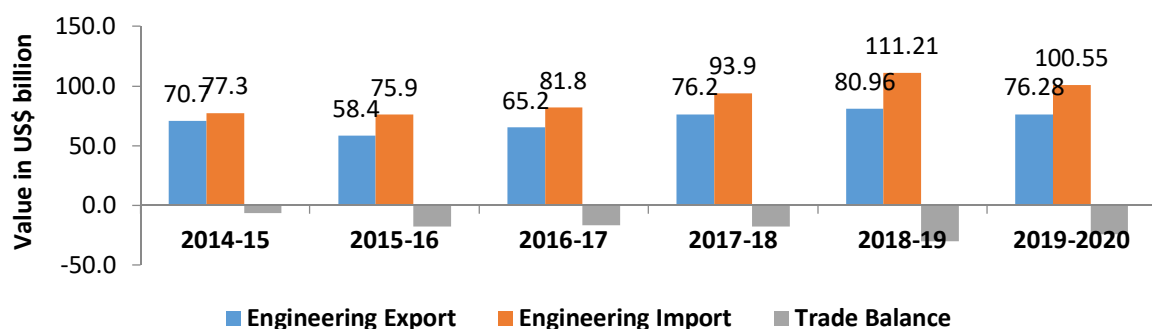
We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2019-20 as well as the current fiscal 2020-21 depicted in the table below:

**Table 21: Tear-wise trend in engineering trade**  
(US\$ Billions)

Trade Flow	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Growth (%)	Apr-July 2019	Apr-July 2020	Growth (%)
Engineering Export	70.7	58.4	65.2	76.2	81.0	76.3	-5.8	25.7	20.1	-21.7
Engineering Import	77.3	75.9	81.8	93.9	110.1	100.6	-8.7	33.8	20.4	-39.6
Trade Balance	-6.6	-17.5	-16.6	-17.7	-23.1	-24.3		-8.1	-0.3	

Figure13 below depicts the yearly trend in engineering trade from 2014-15 to 2019-20

**Figure 7: Trend in Yearly Engineering Trade**



## Conclusion

This time, the situation turned somewhat optimistic as decline in merchandise exports continued to narrow down over the previous fiscal. While the trade balance went back to its usual deficit status after an extremely rare surplus in June, the resurgence of non-oil exports is noteworthy. At (-)4 per cent, non-oil exports are on the way to growth.

Engineering exports from India came back to growth path for the first time after the COVID Pandemic started damaging the economic prospect across the globe. During July 2020, the 9 percent year-on-year growth of engineering exports was basically driven by higher exports of Iron & Steel, most of the other non-ferrous metal and metal products, Ships, Boats and Floating Structures and Electric machinery and equipment.

Although, a one month performance cannot establish a trend and a little bit of base effect has also helped to achieve this growth, it is observed that engineering exports have been gradually improving in the last few months. Strategic relaxation of Lockdown or strategic unlocking of economic activities has definitely contributed to higher shipment. Cumulative performance is still showing negative growth but continuation of this improving trend in engineering exports may reverse the situation by the end of the ongoing fiscal.

Global economic as well as trade scenario did not see any noticeable improvement as of now. Rather, analyses and predictions of the experts say the opposite. The situation may worsen as the pandemic does not show any signs of subsiding in the near future. Almost all

international organisations predict a deep set recession for the global economy in 2020. As the world gradually comes into terms with the new post COVID normal, trade emerges as one of the most important factors to instill confidence in the global economy.

The OECD predicts against the background of a rapidly spreading pandemic wreaking havoc on global economy, trade has to be continued to ensure smooth supply of essentials and to send a signal of confidence to the global economy. However to keep trade flowing mutual trust and cooperation among different trade partners will be essential in the near future. Implementing several import restrictions, protectionist measures and trade tensions such as the US-China trade war are also apprehended to weaken the prospects of revival of both trade and economy.

The recent unexpected rise in steel prices by Indian steel companies on the back of rise in international steel prices and sudden rise in global demand has added to the woes of engineering sector as steel is the single most important input for engineering products. EEPIC India has urged for immediate government intervention in this connection to ensure availability of steel at the export parity price especially for MSME engineering as this rise in prices will simply make them less competitive in the global market and their survival will come into question in turn.

Moreover, as most of India's engineering sector comprise of MSMEs who do not have adequate access to capital or technology, government needs to take necessary steps to address these concerns in order to help Indian MSME engineering escape the adverse effect of this pandemic and ensure higher contribution to engineering exports of India.

Blockage of MEIS Scheme is also a matter of serious concern for the exporting community. The scheme was extended in March 2020 and it was on that basis that exporters had priced their products from April 1, 2020 when suddenly on July 23, 2020, the DGFT website blocked the uploading of shipping bills and that came as a shock to the exporting community. Even now the exporters do not know the fate of the MEIS scheme and this should be clarified by the Government at the earliest. In order to ensure growth in exports during this difficult the government should reconsider the decision and should ensure the benefit in place for the exporters.

