

Sector-wise Study on India's Export

World Trade Centre Mumbai has conducted an analytical study on the trends in India's exports across processed food, textile, auto-components, and engineering goods over a period of 15 years. The study shows that the composition of India's importers has undergone change during this period.

Key Findings of the Study

- India's exports of motor vehicle components and wires & cables have grown at an impressive average annual rate of 20% and more since 2001.
- However, India's exports of milk powder and tea have grown at an average annual rate of only 3-4% during this period. One of the main reasons for tepid growth in export of milk powder is that our export is concentrated only on a few neighbouring countries. Around 96% of our export revenue comes from SAARC countries of Pakistan, Bangladesh, Nepal, Afghanistan etc. India has lost its market in the middle east and Africa during this period. UAE and the African country of Madagascar used to account for 25% of India's export of milk powder in 2001. By 2016, the share of these two countries declined to 2%.

India must identify export opportunities for milk powder in Africa, Latin America and Asia. Considering the perishable nature of the product, the cost of transporting it in special container to far-off countries is high, thereby rendering Indian producers uncompetitive in the global market. Therefore, Government of India and Government of various states must support milk exporters in improving their production efficiency and thereby reducing the overall production cost. This can be done by offering capital subsidy for investment in modern milk processing technologies.

- In Apparel sector, the four countries - USA, UAE, UK and Germany – account for 60% of India's total exports. Relying only on a few countries will make our exports vulnerable to adverse economic condition in these markets. Therefore, we need to diversify our export destination to countries in Latin America, Africa and Asia.

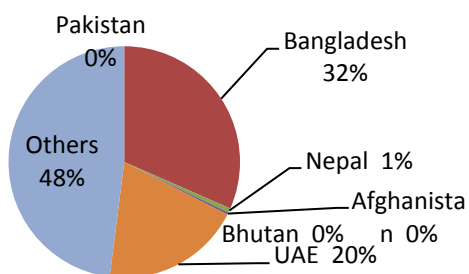
Processed Food

Milk Powder – Shift from Middle East to SAARC Countries

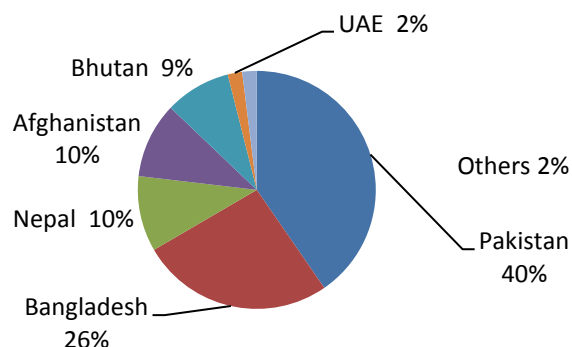
India's export of milk powder has risen In the processed food sector, India's overseas market for milk powder shifted from Middle East and Africa to SAARC countries. In 2002, India exported 20% of its overall shipment of milk powder to UAE. By 2016, the share of UAE fell to 2%. On the other hand, the share of Madagascar fell from 5% to zero during this period.

SAARC countries accounted for 32% of India's total export of milk powder in 2002. However, by 2016, SAARC countries accounted for 96% of India's export of milk powder. Among SAARC countries, Pakistan (40%), Bangladesh (26%), Nepal (10%), Afghanistan (10%) and Bhutan (9%) constituted 96% of milk powder export from India. Pakistan, which was not an importer of India's milk powder in 2002, accounted for 40% of India's overseas market for this product in 2016.

Share in India's export of Milk Powder 2002



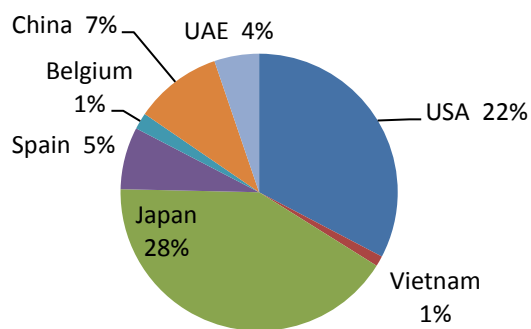
Share in India's export of Milk Powder 2016



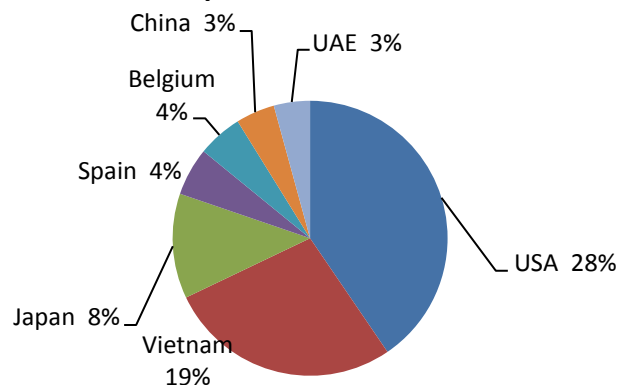
Marine Products - Shift in Markets from Japan and China to USA and Vietnam

India's export of marine products has grown at a compounded annual growth of 10% during 2001 and 2016. India's key Asian market for Marine Products has shifted from Japan to Vietnam between 2001 and 2016. While Japan accounted for 28% of India's marine exports in 2001, the corresponding figure was only 8% in 2016. On the other hand, Vietnam's share in India's marine exports rose from 1% to 19% during this period. The share of USA has risen from 22% to 28%, while that of China declined from 7% to 3%.

Share in India's export of marine products 2001



Share in India's export of marine products 2016



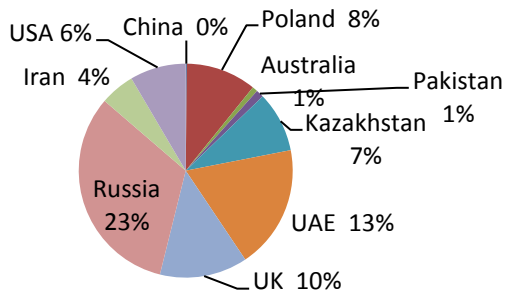
European Union continues to be a major market for India's marine products, with the top 5 countries (UK, Spain, Italy, Netherland, and France) accounting for 17% of India's total marine exports.

Tea – Shift from West to East

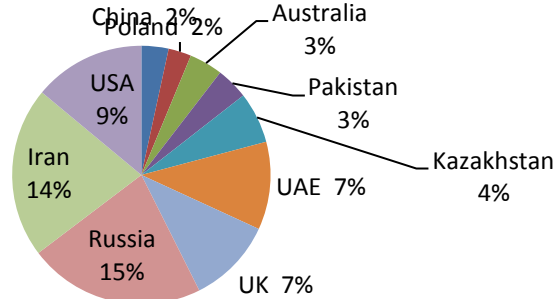
India's export of tea has grown at a compounded annual growth rate of 4% during 2001 and 2016. Share of countries such as Russia and Poland in India's total tea export has fallen during 2001 to 2016, while that of Iran, Australia, and China has expanded. Russia was the major market for Indian tea exporters in 2001 as it accounted for 23% of total tea exports. Subsequently, its share declined to 15% in 2016. Similarly, the share of UK and Poland declined from 10% and 8% respectively to 7% and 2%. In the Western market, only the share of USA has risen from 6% to 9% during this period.

On the other hand, the share of Iran rose from 4% to 14%, while that of Australia, China and Pakistan has risen 2% during this period.

Share in India's Tea Exports 2001

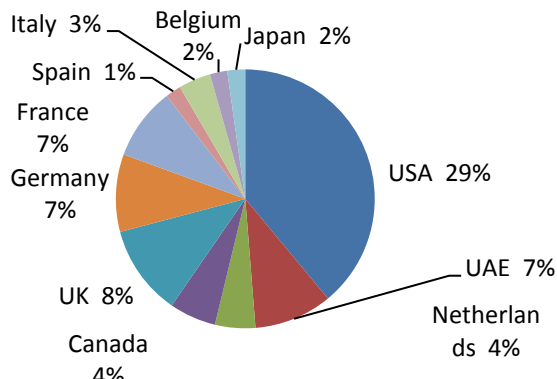


Share in India's Tea Exports 2016

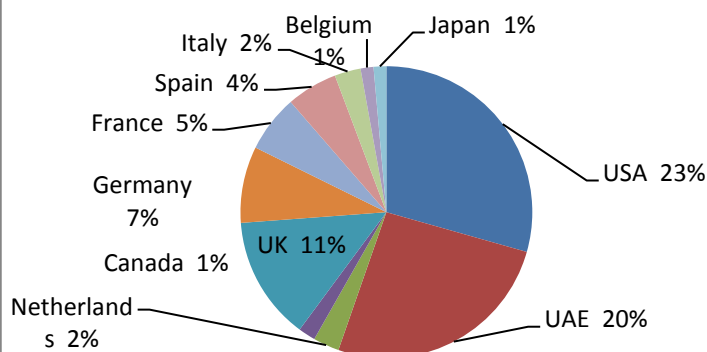


subsequently to 23% by 2016. The share of UAE rose from 7% to 20% during this period. Share of seven countries in European Union continued to remain 32% in India's apparel exports. However, within these seven countries, the share of UK and Spain rose 3% each, while the share of France and Netherland fell 2%.

Share in Apparel Export 2001



Share in Apparel Export 2016



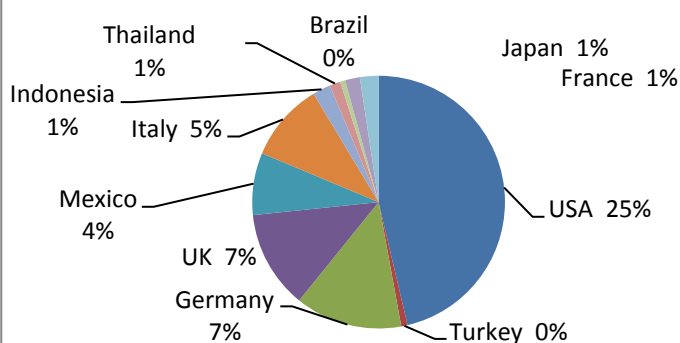
Auto Components

Parts and Accessories of Motor Vehicles – Shift from Developed Countries to Developing Countries

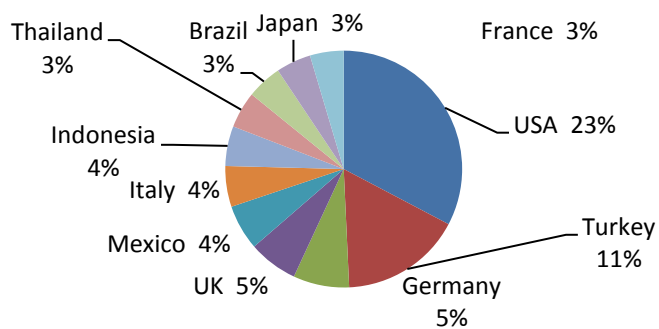
India's export of motor vehicle parts and accessories has grown at a compounded annual growth rate of 20% between 2001 and 2016. During this period, exports of these goods shifted to developing countries in Asia and Latin America. The share of developed countries such as USA, UK and Germany declined 2% each during this period. France and Japan are the only two developed countries whose share expanded (rising 2% each) during this period.

On the other hand, the developing country Turkey emerged as the major importer of motor vehicle components from India. Share of Turkey rose from Zero to 11% during this period. Share of other emerging markets such as Thailand, Brazil, Indonesia rose between 2-4% during this period.

Share in India's exports of Motor Vehicles (Parts and Accessories) 2001



Share in India's exports of Motor Vehicles (Parts and Accessories) 2016



Tyres and Tubes – Growing market in developing countries and least developing countries

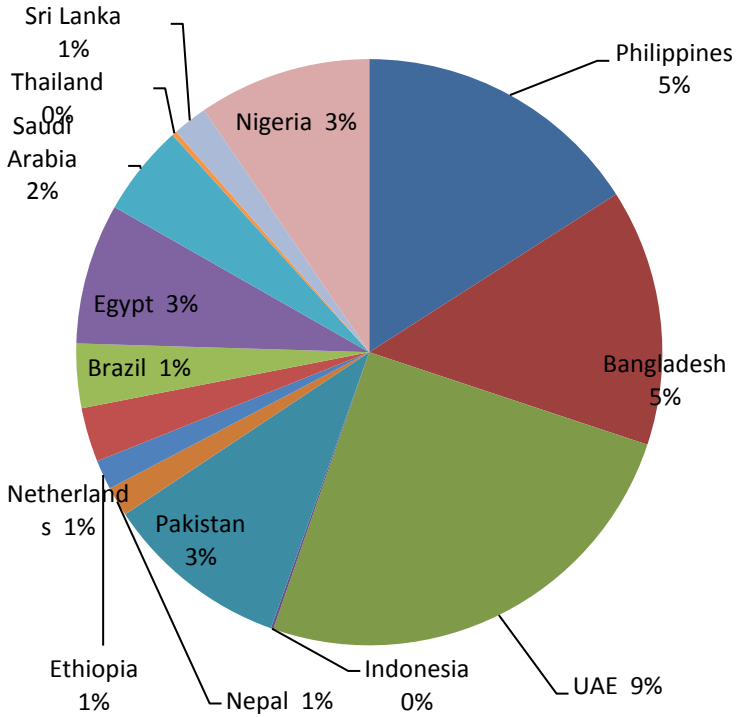
India's export of tyres and tubes has grown at a compounded annual growth rate of 7% during 2001 and 2016. The 13 developing and least developed countries (Philippines, Bangladesh, UAE, Indonesia, Pakistan, Nepal, Ethiopia, Brazil, Egypt, Saudi Arabia, Thailand, Sri Lanka and Nigeria) account for 61% of India's total export of tyres and tubes as of 2016. These countries accounted for only 33% for India's exports in 2001.

India's export of auto components such as tyres and tubes have been growing considerably in developing countries and least developing countries. For instance, export to Indonesia and Thailand has grown at a compounded annual growth rate (CAGR) of 52% and 35% respectively between 2001 and 2016. Significantly, share of Philippines, another developing country from Asia, in India's total exports of tyres and tubes has doubled from 5% to 10% during this period.

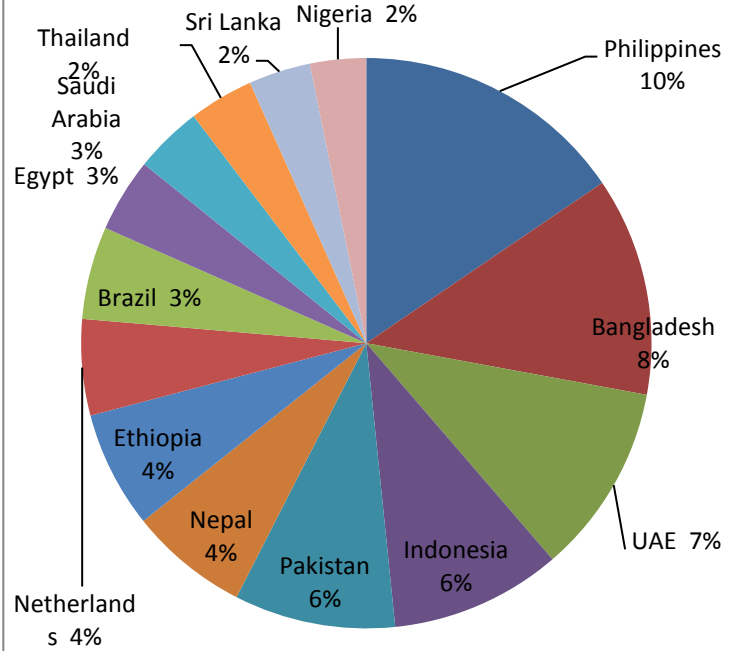
Exports to least developing countries such as Nepal and Ethiopia have grown at a CAGR of 24% each.

Among developed countries, the share of Netherland has grown from 1% to 4% between 2001 and 2016.

Share in exports of Tyres and Tubes 2001



Share in exports of Tyres and Tubes 2016



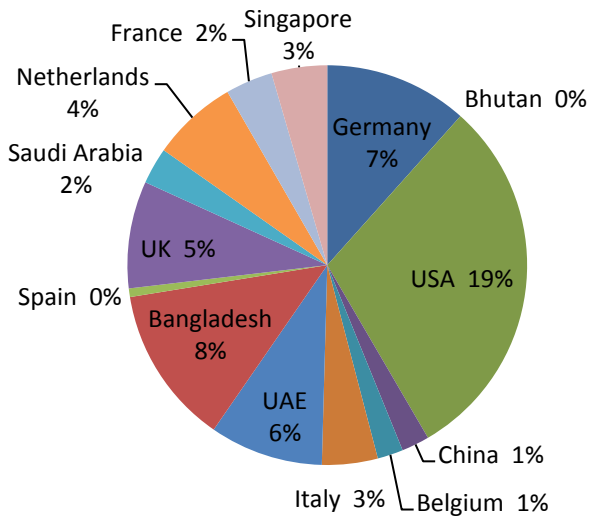
Engineering Goods

Machine Tools – Shift to European Union and Developing Countries

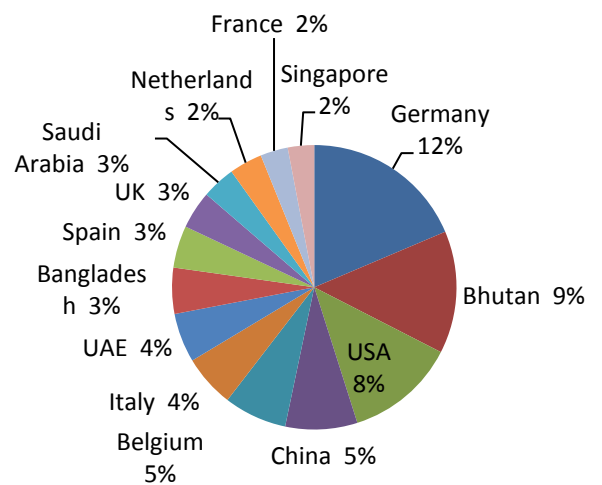
India's export of machine tools has grown at a compounded annual growth rate of 10% between 2001 and 2016. USA was the major importer of India's machine tools with 19% of India's exports going to this country in 2001. However, the share of the USA more than halved to 8% by 2016. On the other hand, the share of the three European countries (Germany, Belgium and Spain) more than doubled to 20% from 9% during this period.

Share of China in India's total exports has risen from 1% to 5% during this period. Among the least developed countries, Bhutan has 9% share in India's exports as of 2016 compared to nil in 2001.

Share in Export of Machine Tools and Parts 2001



Share in Export of Machine Tools and Parts 2016

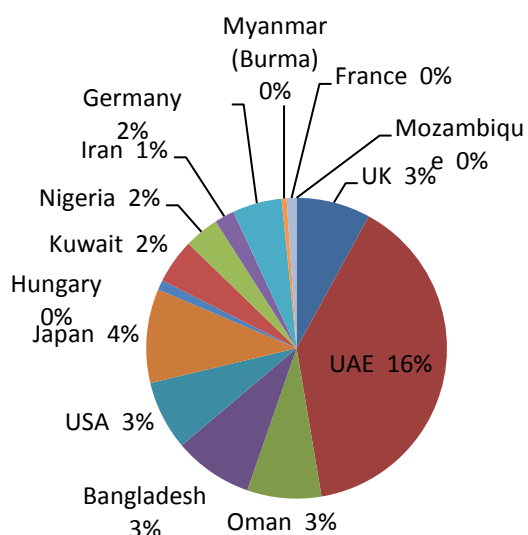


Wires and Cables – Expanding to new markets

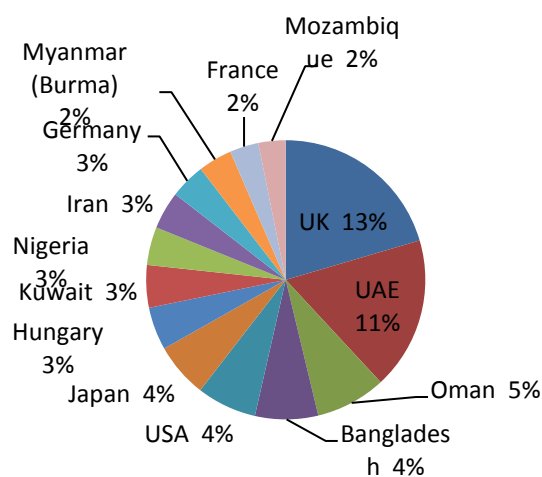
India's export of wires and cables has grown at a compounded annual growth rate of 22% over 2001-2016. Manufacturers of wires and cables have identified demand in markets such as France, Myanmar, Mozambique and Hungary, who are not traditional customers of India in this segment. These four countries, together account for 9% of India's exports of wires and cables in 2016 compared to nil in 2001. Share of United Kingdom has risen more than four-fold from 3% to 13% between 2001 and 2016.

On the other hand, the share of UAE has declined from 16% to 11% during this period. The share of other middle east countries such as Iran and Oman grew 2% in this period.

Share in Export of Wires and Cables 2001



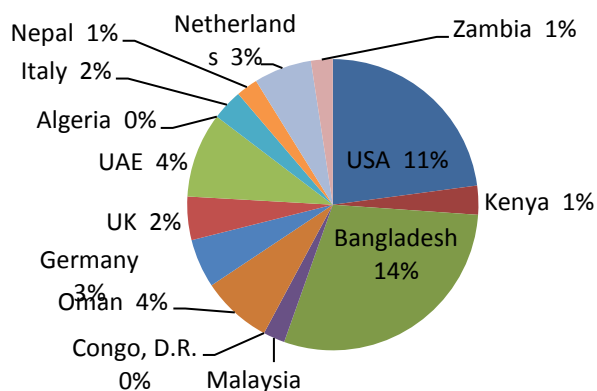
Share in Export of Wires and Cables 2016



Transformers and Parts – Finding New Markets in Africa

India's exports of transformers have grown at a compounded annual growth rate of 13% between 2001-02 and 2015-16. India's export in this segment has made inroads into some of the African countries such as Algeria, Congo and Kenya. Together, these three countries account for 15% of India's total export of transformers and parts as of 2016, compared to 1% in 2001. During this period, the share of Bangladesh has fallen from 14% to 6%. Malaysia is also one of the significant importer of India's transformers and parts, with a share of 5% in 2016 compared to 1% in 2001.

Share in India's exports of Transformers and Parts 2001



Share in India's exports of Transformers and Parts 2016

