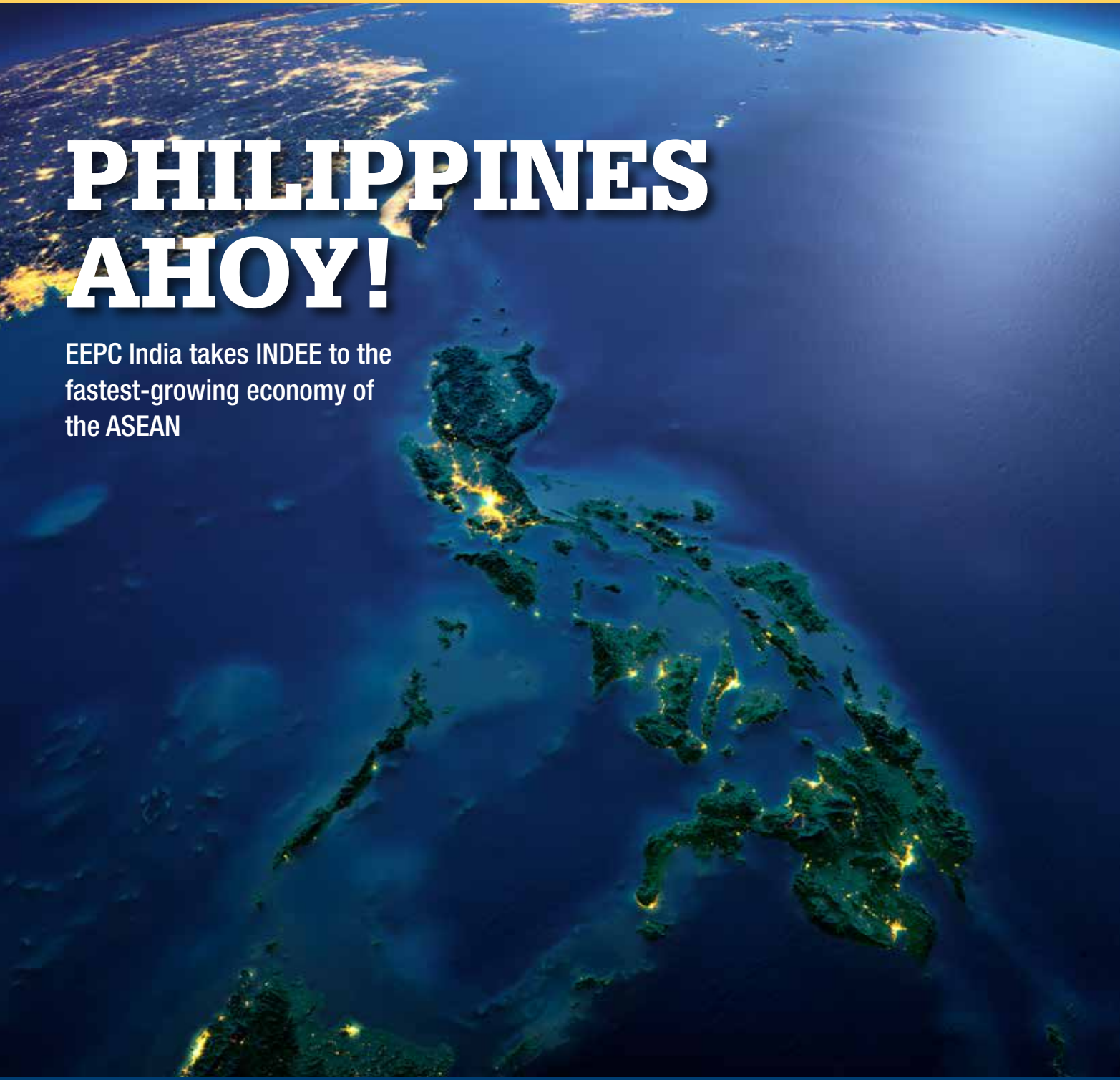
FAQS ON FTAS | NATIONAL AWARDS | INTERVIEW

IndianEngineeringExports

Rs150

ie² | Magazine of EEPC INDIA (formerly Engineering Export Promotion Council) www.eepcindia.org VOL. 11, ISSUE NO. 4, JULY 2018



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IndianEngineeringExports
ie² | Magazine of the Engineering Export Promotion Council
Vol. 11, Issue No. 4, July 2018

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Printed and published by Suranjan Gupta,
Executive Director, for and
on behalf of the owner,
EEPC India
Vanijya Bhavan, 1st Floor
International Trade Facilitation Centre
1/1 Wood Street, Kolkata 700 016

Printed at
Swapna Printing Works Pvt Ltd
52 Raja Rammohan Sarani, Kolkata 700 009

Published from
EEPC India
Vanijya Bhavan, 1st Floor
International Trade Facilitation Centre
1/1 Wood Street, Kolkata 700 016

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The views expressed in the magazine are
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EXCLUSIVE MEMBER SECTION AT www.eepcindia.org

An exclusive member's section has been introduced on EEPC India's website. The User ID and Password has been sent to members on their email ID that is on record with EEPC India. If any member has not received it, please contact EEPC India at: eepcho@eepcindia.net.

The email IDs of some members are not available with EEPC India. Please provide your email ID at eepcho@eepcindia.net so that we can mail the details to you. It is also recommended that all members view their details in the Member's Directory on EEPC India's website and verify their email ID.

All members are also requested to provide mobile numbers of key contact persons over email. This will enable EEPC India to send important alerts and messages on SMS.

ENDLESS GST WOES

After the introduction of GST, our government has completed one year and all the relevant ministries and ministers are celebrating the achievement. Of course, with lot of bottlenecks, they were able to introduce the same during last year and continuing it with lot of obstacles being faced by the various trades.

In our case, after having paid the money four times towards GST against our exports, we are still waiting for the reimbursement from the government which is due since the last one year. We did make an error in claiming higher DBK but at the same time, the government cannot penalise a trader four times the value of DBK. In China, the traders are getting more benefits for exports and also incentives against their performance, but in India it is the other way around. The traders' money is being kept by the government, without being refunded which affects the working capital of small traders. The government should rather focus on increasing the volume and value of the exports, instead of doing such things as happened in our case, which really is not a positive note on the export front. With the kind of system prevailing in India, where the grievances of exporters are not being heard or attended to by the ministry concerned, we are only taking our nation backwards.

Though you have taken up the matter with the ministers/ministry concerned for which we are really grateful to you, we are forced to write this kind of letter as our money is stuck with the government for the past year.

A Council Member

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Our IGST refunds (exports) are not coming due to EGM with Error Code C. Export LCL Cargo packed at ICD locations are depacked at Gateway ports and repacked into other containers. Therefore, the container number at ICD location is different from the Gateway ports. This results in EGM details not matching at the ICD locations and Gateway ports, which further results in EGM with Error Code C. This problem is unique to LCL cargo.

Exporters like us are unnecessarily being harassed and suffering a huge loss with no fault of ours, as our refunds are not being released by customs authorities. This is a procedural lacuna of customs. All such shipping bills, EGM details are to be corrected by customs official at Gateway port. Custom officials at respective ICDs are not authorised to correct this. As the number of shipping bills from all ICDs is accumulating at Gateway port, things have come to a standstill. The remedy to this problem is to allow customs officials at respective ICDs to correct this online.

We suggest that there should be some responsibility of the shipping line/carrier for filing the EGM. They are not held accountable and do not take interest in solving the problem, besides charging us for the same. We request you to ensure that shipping lines are penalised for not doing their job properly. Another suggestion is that exporters should be able to track EGM corrective actions on ICE Gate Portal.

We request you to look into this matter at the earliest.

A Council Member

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THANK YOU!

We are grateful to you for resolving issue of 'Validation of 7 digit Numeric # on EGM Field' within committed time. We really appreciate the support of your team for taking up our concerns and resolving issues on priority.

We understand that backend work on the second issue raised by us must also be on the way in regards to Circular No. 37/11/2018-GST F. No.349/47/2017-GST (Subject: Clarifications on exports related refund issues – regarding Board vide Circular No. 17/17/2017 – GST dated 15 November 2017) so that we would be able to generate combined ARN for multiple continuous months of the same FY for ITC refund against exports.

Mahesh Lekhi, Director, Source Scan Agency (I) Pvt Ltd

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From the Chairman's Desk

THE last month has been one of frenetic activities. At our last Board meeting on 31 May 2018, we discussed large number of issues pertaining to the engineering exporting sector as also EEPC India. To follow up on some of the major ones, I and my colleagues met Mr PK Das, Member, Customs, Central Board of Indirect Taxes and Customs (CBIC). The Joint Secretary, Customs also joined during the meeting. While congratulating the CBIC for the Second Fortnightly refunds camp being organised all over the country, we discussed the many issues that our members have been representing to us regarding their GST refund difficulties. The fact that many exporters had, due to lack of information, taken the higher duty drawback in the transitional period of July-September 2017, needed special policy dispensation and separate mechanism through which the IGST refund could be paid/adjusted was something we urged Mr Das. We have since separately represented to the Chairperson, CBIC. We will pursue this with the new Chairperson, who has taking over this month. Among other issues, the nil IGST amount shown in shipping bills despite it being paid; the problem of codes in LCL shipments; the PFMS error issue in the Customs scrolls; and the differing interpretation of the ITC refund formula for LUT-based shipments were also raised and a non-paper given to Mr Das.

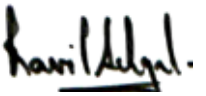
The other major issue that has been impacting the engineering exporting community has been the northward-bound steel prices. This is something we have been pursuing with the Department of Commerce, Ministry of Steel, and the DGFT and we have met the relevant officials as also represented in the Steel Consumers' Council Meeting in Bengaluru on 29 June 2018 where we presented our views before the Minister of Steel and the Minister of State for Steel, as well as senior officials from the Steel Ministry. We do hope some moderation of steel prices will happen and the Ministry of Steel will use its persuasive powers to rein in steel prices as well as to enhance supplies to the MSME sector. In fact, at the Steel Consumers' Council meeting we stressed the need for quality steel in the domestic market and requested the Steel Ministry to advise the Department of Revenue to do away the 'Pre-Import' condition in the Advance Authorisation scheme so that our exporters do not face the problem of meeting the international steel standards of their respective buyers.

It would be a remiss if I do not congratulate the Department of Commerce for the Foundation Stone laying of the new Vanijya Bhavan by Prime Minister Narendra Modi, along with his colleagues, the Commerce & Industry and Civil Aviation Minister, Mr Suresh Prabhu, the Minister of State for Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr CR Chaudhary, the Minister of State (i/c) of Housing and Urban Affairs, Mr Hardeep Singh Puri, and senior government officials. The construction will cost Rs226 crore and will be a paperless, state-of-the-art office where bilateral and multilateral negotiations can be held.

Talking of bilateral and multilateral negotiations, one cannot but touch upon the global trade war initiated by the US Administration. India, unfortunately, has become entangled with the US imposing 25 percent tariffs on our steel products and 10 percent on aluminium products while the GSP benefit is yet to be extended to us. We have, in turn, responded with similar tariffs on a range of products. Further, the US has put pressure on us with respect to our oil imports from Iran and this will have a negative impact on our engineering goods exports to that country. This kind of tit-for-tat trade action, we thought, had become a thing of the past, but it does seem that neo-mercantilism is, once again, back in global policy circles. As the US will soon realise, such high tariff on critical imports for their own country will be self-defeating and, while it may benefit a few segments of their domestic industry, it will not only be inflationary but also lead to overall job losses in their own country. Perhaps, the focus is not so much on trade but on who takes the lead in Technology and clearly the West doesn't want China to become the Technology leader in the rest of the 21st century and thereafter.

Be that as it may, India will have to do much strategic thinking as also in carving out its own space, based on its strength in the global comity of nations. I am sure our leadership will not be found wanting in this challenging task.

I do hope that our readers will enjoy this edition of the magazine and provide us with their valuable comments, as always.



Ravi Sehgal

SPOTLIGHT

DEPARTMENT OF COMMERCE
GOVERNMENT OF INDIA

Frequently asked questions on FTAs – Engineering sector

As a follow-up to the general FAQs on free trade agreements (FTAs), this is the first set of a sectoral FAQ on FTAs focusing on the engineering sector. Beginning with an introduction of the engineering sector, this FAQ seeks to provide information on the opportunities and challenges facing this sector in the country. This is intended to be a ready-reckoner for trade and industry including their associations and bodies; students of international trade, academicians, trade researchers, etc for understanding the specific issues concerning FTAs that have been signed by India.

The FAQ also covers the treatment given on

engineering tariff lines in the FTAs that India has signed. These include the agreements with ASEAN, Japan, and Korea. Since the list of tariff lines listing export opportunities under each of these FTAs has also been provided, we hope stakeholders (including exporters) would find it useful for exploring business opportunities. We bring you the first part of this document. The remaining will follow in subsequent issues of IndianEngineeringExports

1. INTRODUCTION

1.1 How is the engineering sector defined?

A: The engineering is a diverse sector encompassing a number of subsectors related to the manufacturing from metals and their ores. It is a diverse industry with a number of segments, and can be broadly categorised into two parts – heavy engineering and light engineering. There are, however, a number of subsectors within the engineering sector, namely, iron and steel; other base metals and their products; mechanical machinery; electrical machinery; transport equipment (including automotives); instruments and appliances; time measuring instruments; musical instruments; arms and ammunition; and furniture and related articles.

1.2 What is the contribution of the engineering sector to the Indian economy?

A: In a country like India, the engineering sector, which has witnessed unparalleled growth in the past few years, plays a vital role for the development of other industrial sectors of the economy. India's engineering industry accounts for 27 percent of the total factories in the industrial sector and represents 63 percent of the overall foreign collaborations as on December 2013.

The engineering sector is one of the largest contributors to exports accounting for 25.1 percent of the total exports during 2014-15. India's engineering exports in 2014-15 was $78 billion which is 10.7 percent higher than the corresponding figure of 2013-14.

Capacity creation in sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotive, and consumer durables are driving demand in the engineering sector. The engineering sector is the largest of the industrial sectors in India. India has a comparative advantage in some of the engineering subsectors in terms of manufacturing costs, market knowledge, technology, and creativity.

The Government of India also plays a crucial role in developing the engineering section of the economy. The engineering industry has been de-licensed and enjoys 100 percent foreign direct investment (FDI). Further, the National Policy on Electronics is formulated by the Government of India to boost India's electronics systems and design the manufacturing industry and improve its share in the global market.

1.3 How have the overall and subsector exports performed within the engineering sector?

A: India's exports in the engineering sector during 2014-15 are to the tune of $78 billion.

Transport equipment is the leading contributor to engineering exports. The segment accounted for 33.5 percent of the total engineering exports during financial year 2014-15. Machinery and instruments is the other major contributor with a share of 31.8 percent of the total engineering exports. The base metal sector (including iron and steel) contributes 32.9 percent to the total exports from the engineering sector.

The engineering sector's shipment to ASEAN with whom we have an FTA rose by 9.6 percent during 2014-15 from the corresponding period of 2013-14. However, in the case of Japan, the engineering exports registered a dip in exports by 1.3 percent and were 0.93 billion in 2014-15. Exports of engineering products to another CEPA partner South Korea registered a growth of 14.8 percent and rose to $1.4 billion during 2014-15.

1.4 How have States performed in terms of exports in the engineering exports?

A: The data for Indian states indicates that engineering exports grew from Rs410,134 crore in 2013-14 to Rs477,382 crore in 2014-15 registering a growth rate of 16.4 percent. Among the Indian states, for the period 2014-15, Odisha's share of engineering exports in its total exports is 64.8 percent while the corresponding share for Maharashtra is 27.9 percent. However, Maharashtra accounts for 26 percent of India's total engineering exports which stands at Rs477,382 crore. Some of the other states with significant share in India's total engineering exports during 2014-15 are Tamil Nadu with 15.2 percent, Karnataka with 9.4 percent, and Gujarat with 9.1 percent.

In terms of growth rates some of the larger States which have recorded impressive growth rates in engineering exports from the period 2013-14 to 2014-15 are Andhra Pradesh with 77.6 percent, Madhya Pradesh with 45.8 percent, Karnataka with 20.6 percent, Rajasthan with 12.7 percent, and Maharashtra with 10.4 percent.

1.5 How have imports performed in the engineering sector?

A: Despite the robust growth in engineering exports, the merchandise trade deficit continues to rise as import growth has regularly outpaced export growth. The import-ex-

port gap in the engineering items is overly negative at $17 billion (2012-13) despite the fact that engineering items are among the largest contributors to India's total export basket.

1.6 What is the quantum of investments in the engineering sector?

A: The FDI inflows in the engineering sector increased to $17.3 billion in 2103-14 from $8.9 billion in 2009-10.

1.7 What is the product coverage (HS Codes) in the engineering sector?

A: The Harmonised System (HS) codes covered in the engineering sector are given in **Table1**

Table1: Harmonised System (HS) codes covered in engineering sector

HS chapter	Description
72	Iron and steel
73	Articles of iron or steel
74	Copper and articles thereof.
75	Nickel and articles thereof
76	Aluminium and articles thereof.
78	Lead and articles thereof
79	Zinc and articles thereof
80	Tin and articles thereof
81	Other base metals; cermets; articles thereof
82	Tools implements, cutlery, spoons and forks, of base metal; parts thereof of base metal
83	Miscellaneous articles of base metal
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
88	Aircraft, spacecraft, and parts thereof
89	Ships, boats and floating structures
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof
91	Clocks and watches and parts thereof
92	Musical instruments; parts and accessories of such articles
93	Arms and ammunition; parts and accessories thereof
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishing; lamps and lighting fittings not elsewhere specified or inc

1.8 What are the rules of origin in the engineering sector under the important FTAs?

A: Under the India-ASEAN Trade in Goods Agreement, no product specific rules (PSRs) were implemented and hence there is only a general rules of origin namely CTSH+35 percent. This would mean that for any engineering product which is using non-originating inputs for processing, the criteria would require at least a HS 6 digit change in nomenclature along with at least a value addition of 35 percent.

Services

1.9 What are the various categories and CPC classification of engineering services?

A: The engineering services can be classified under the Central Product Classification (CPC) nomenclature in the following subcategories:

- CPC 86721: Advisory and consultative engineering services
- CPC 86722: Engineering design services for the construction of foundations and building structures
- CPC 86723: Engineering design services for mechanical and electrical installations for buildings
- CPC 86724: Engineering design services for the construction of civil engineering works
- CPC 86725: Engineering design services for industrial processes and production
- CPC 86726: Engineering design services not elsewhere specified (n.e.s).
- CPC 86727: Other engineering services during the construction and installation phase
- CPC 86729: Other engineering services

1.10 How are advisory and consultative engineering services defined?

A: This subcategory of services includes assistance, advisory and recommendation services concerning engineering issues. Included here are the undertaking of preparatory technical feasibility studies and project impact studies. Examples are: study of the impact of topography and geology on the design, construction and cost of a road, pipeline or other transportation infrastructure; study of the quality or suitability of materials intended for use in a construction project, and the impact on design, construction and cost of using different materials; study of the environmental impact of a project; study of the efficiency gains in production as a result of alternative process, technology or plant layout. The provision of these services is not necessarily related to a construction project. It may consist, for

example, of the appraisal of the structural, mechanical and electrical installations of buildings, of expert testimony in litigation cases, of assistance to government bodies in drafting laws, etc.

1.11 How are engineering design services for the construction of foundations and building structures defined?

A: These are structural engineering design services for the load-bearing framework of residential and commercial, industrial and institutional buildings. Design services consist of one or a combination of the following: preliminary plans, specifications and cost estimates to define the engineering design concept; final plans, specifications and cost estimates, including working drawings, specifications regarding materials to be used, method of installation, time limitations and other specifications necessary for tender submission and construction and expert advice to the client at the time of calling for and accepting tenders; services during the construction phase. Exclusion: Engineering services for buildings if they are an integral part of the engineering design service for a civil work or production plant or facility.

1.12 How are engineering design services for mechanical and electrical installations for buildings defined?

A: This comprises both mechanical and electrical engineering design services for the power system, lighting system, fire alarm system, communication system and other electrical installations for all types of buildings and/or the heating, ventilating, air conditioning, refrigeration and other mechanical installations for all types of buildings. Design services consist of one or a combination of the following: preliminary plans, specifications and cost estimates to define the engineering design concept; final plans, specifications and cost estimates, including working drawings, specifications regarding materials to be used, method of installation, time limitations and other specifications necessary for tender submission and construction and expert advice to the client at the time of calling for and accepting tenders; services during the construction phase.

1.13 How are engineering design services for the construction of civil engineering works defined?

A: These are specific engineering design services for the construction of civil engineering works, such as bridges and viaducts, dams, catchment basins, retaining walls, irrigation systems, flood control works, tunnels, highways and streets including interchanges and related works, locks, canals, wharves and harbours works, water supply and sanitation works such as water distribution systems, water, sewage, industrial and solid waste treatment plants and other civil engineering projects. Design services consist of one or a combination of the following: preliminary plans, specifications and cost estimates to define the engineering design concept; final plans, specifications and cost estimates, including working drawings, specifications regarding materials to be used, method of installation, time limitations and other specifications necessary for tender submission and construction and expert advice to the client at the time of calling for and accepting tenders; services during the construction phase. Included are engineering design services for buildings if they are an integral part of the engineering design for a civil engineering work.

1.14 How are engineering design services for industrial processes and production defined?

A: The engineering design services for production processes, procedures and facilities. Included here are design services as they relate to methods of cutting, handling and transporting logs and logging site layout; mine development layout and underground construction, the complete civil, mechanical and electrical mine surface plant installations including hoists, compressors, pumping stations, crushers, conveyors and ore and waste-handling systems; oil and gas recovery procedures, the construction, installation and/or maintenance of drilling equipment, pumping stations, treating and storage facilities and other oil field facilities; materials flows, equipment layout, material handling systems, processes and process control (which may integrate computer technology) for manufacturing plants; special machinery, equipment and instrumentation systems; any other design services for production procedures and facilities.

Design services consist of one or a combination of the following: preliminary plans, specifications and cost estimates to define the engineering design concept; final plans, specifications and cost estimates, including working drawings, specifications regarding materials to be used, method of construction and/or installation, time limitations and other specifications necessary for tender submission and construction and expert advice to the client at the time of calling for and accepting tenders; services during the installation phase. Included are engineering design services for buildings if they are an integral part of the engineering design service for a production plant or facility.

1.15 How are engineering design services not elsewhere specified (n.e.s.) defined?

A: These include other specialty engineering design services, i.e. acoustical and vibration engineering designs, traffic control systems designs, prototype development and detailed designs for new products and any other specialty engineering design services. Exclusion: The aesthetic design of products and the complete design of products which do not require complex engineering (e.g. furniture) are classified in subclass 87907 (Specialty design services).

1.16 How are other engineering services during the construction and installation phase defined?

A: These are advisory and technical assistance services to the client during construction to ensure that construction work is in conformity with the final design. This involves services provided both in offices and in the field, such as the review of shop drawings, periodic visits to the site to assess progress and quality of the work, guiding the client and the contractor in the interpretation of contract documents and any other advice on technical questions that may develop during construction.

1.17 How are other engineering services defined?

A: This is a class of engineering services not elsewhere classified. Included here are geotechnical engineering services providing engineers and architects with necessary subsurface information to design various projects; groundwater engineering services including groundwater resources assessment, contamination studies and quality management; corrosion engineering services including inspection, detection and corrosion control programmes; failure investigations and other services requiring the expertise of engineers.

1.18 What are the commitments taken by India in engineering services?

A: India has made commitments on engineering services (CPC 8672) in all its FTAs. The limitations on market access for mode 1 and 2 are 'None.' This would mean that India has provided market access without any commitments on the cross-border supply (Mode 1) and consumption abroad (Mode 2). For mode 3 or the commercial presence abroad, the limitation is 'None,' but this is subject to certain conditions. In mode 4 or movement of natural persons (MONP), the commitment is 'Unbound' except in the horizontal section.

The limitations on National treatment for mode 1 and 2 is 'None' which would mean that national treatment is provided for the two modes by India. For mode 3, the limitation on national treatment is 'None,' except for Malaysia (which is 'Unbound'). For mode 4, the limitation is 'Unbound' except as indicated in the horizontal section. This effectively means that India has not taken any commitment to provide national treatment on MONP.

1.19 What are the various categories and CPC classification of Integrated Engineering Services?

A: The integrated engineering services have the following subclassification under the CPC nomenclature:

- CPC 86731: Integrated engineering services for transportation infrastructure turnkey projects
- CPC 86732: Integrated engineering and project management services for water supply and sanitation works turnkey projects
- CPC 86733: Integrated engineering services for the construction of manufacturing turnkey projects
- CPC 86739: Integrated engineering services for other turnkey projects

1.20 What are Integrated Engineering Services for transportation infrastructure turnkey projects defined?

A: These are fully integrated engineering services for the construction of transportation infrastructure turnkey projects. Services included here are planning and pre-investment studies, preliminary and final design, cost estimation, construction scheduling, inspection and acceptance of contract work as well as technical services, such as the selection and training of personnel and the provision of operation and maintenance manuals and any other engineering services provided to the client that form part of an integrated bundle of services for a turnkey project.

1.21 What are integrated engineering and project management services for water supply and sanitation works turnkey projects defined?

A: These include the fully integrated engineering services for the construction of water supply and sanitation works turnkey projects. Services included here are planning and pre-investment studies, preliminary and final design, cost estimation, construction scheduling, inspection and acceptance of contracts as well as technical services, such as the selection and training of personnel and the provision of operation and maintenance manuals and any other engineering services provided to the client that form part of an integrated bundle of services for a turnkey project.

1.22 What are integrated engineering for the construction of manufacturing turnkey projects defined?

A: This includes the fully integrated engineering services for the construction of manufacturing facilities turnkey projects. Services included here are planning and pre-investment studies to address issues such as the integration of operations, site selection, pollution and effluent control and capital requirements; all necessary structural, mechanical and electrical design services; production process engineering design services including detailed process flow diagrams, general site and plant arrangement drawings, plant and equipment specifications; tender specifications; construction scheduling inspection and acceptance of work as well as technical services, such as the selection and training of personnel, the provision of operations and maintenance manuals, start-up assistance and any other engineering services that form part of an integrated bundle of services for a turnkey project.

1.23 What are Integrated Engineering Services for other turnkey projects defined?

A: These are fully integrated engineering services for other construction works. Services included here are planning and pre-investment studies, preliminary and final design, cost estimates, construction scheduling, inspection and acceptance of contracts as well as technical services, such as the selection and training of personnel and the provision of operation and maintenance manuals and any other engineering services provided to the client that form part of an integrated bundle of services for a turnkey project.

1.24 Has India committed Integrated Engineering Services in its FTAs?

A: Yes, India has committed Integrated Engineering services (CPC 8673) in all its FTAs. The limitations on market access for modes 1 and 2 is 'None.' This would mean that India provides full market access on both the cross border supply (Mode 1) and consumption abroad (Mode 2) for integrated engineering services. For mode 3 or the commercial presence abroad, the limitations is 'None' although this is subject to certain conditions. In mode 4 or movement of natural persons (MONP), it is 'Unbound' except as in horizontal section. This means that India has not taken any commitment on this mode.

For national treatment, the limitations for mode 1 and 2 is 'None' which means that India has provided market access on these two modes. For mode 3, the limitations are 'None' in all agreements except, Malaysia and ASEAN. For mode 4, the limitations are 'Unbound' except in horizontal section.

2. INDIA-ASEAN COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA)

2.1 What are the main products in India's IATIG (India-ASEAN Trade in Goods Agreement) exclusion list of the engineering sector?

A: Some of the products in India's IATIG exclusion list in the engineering sector are:

i. Auto components (locks, fuel nozzles, pistons, filters, wipers, starter motors, seat belts, brakes, suspension systems, mufflers exhaust pipes, steering wheels

ii. Copper cathodes, bars/rods hollow profiles, wires

iii. Unwrought aluminium ingots, billets, wire-bars, wire-rods, plates

iv. Oil, water, injection pumps

v. Motors (micro, stepper, wiper, DC), DC generators

vi. Automobiles (four and two wheels)

vii. Instruments (hydrographic, meteorological, geophysical), tachometers, speedometers.

2.2 How is the FTA utilisation rate defined and what is it under the IATIG?

A: The FTA utilisation rate for India's trading partner is defined as the ratio of India's imports that are granted tariff preferences under the FTA from the trading partner to India's total imports from the same trading partner. In the case of IATIG, the FTA utilisation rate for ASEAN on specific subsectors of the engineering sector for the period 2014-15 is given in **Table2**.

2.3 How have exports performed in the engineering sector to the ASEAN?

A: India's exports in the engineering sector during 2014-15 is to the tune of $8.9 billion. Transport equipment is the leading contributor to engineering exports. The segment accounted for 38.8 percent of the total engineering exports during financial year 2014-15. Machinery and instruments is the other major contributor with a share of 33.3 percent of the total engineering exports. The base metal sector (including iron and steel) contributes 27.4 percent to the total exports from the engineering sector.

2.4 What are the products of export interest in the engineering sector for India with some of the ASEAN FTA partners?

A: Based on the commitments made by some of the ASEAN countries, the broad categories of products of exports interest for India to some of these countries could be as follows:

Indonesia

- Mechanical machinery (HS 84)
- Electrical machinery(HS 85)

Malaysia

- Mechanical machinery (HS 84)
- Electrical machinery (HS 85)

Thailand

- Mechanical machinery (HS 84)
- Electrical machinery(HS 85)
- Automotives

2.5 What are the general rules of origin in the engineering sector under the IATIG?

A: Under the India-ASEAN Trade in Goods Agreement, no product specific rules (PSRs) were implemented and hence there is only a general rules of origin namely CTSH+35 percent.

This would mean that for any engineering product which is using non-originating inputs for processing, the criteria would require at least a HS 6 digit change in nomenclature along with at least a value addition of 35 percent.

2.6 What is the cumulation criteria under the IATIG?

A: Rule 5 of Annex 2 of the IATIG deals with the cumulative rules of origin criteria under this agreement. This rule effectively confers originating status to any material used in the working or processing in a FTA

Table2: FTA utilisation rate for ASEAN on specific subsectors

Sector	Iron and steel	Mechanical machinery	Electrical machinery	Automotives
Utilisation rate (%)	23.8	13.7	16.7	40.2

partner country provided the criteria of wholly originating or the CTSH+35 percent for non-originating inputs is met.

For example, let us suppose that ingots are imported from a third country (neither ASEAN nor India) X and is used to make hot rolled coils of carbon steel in a ASEAN country Y and it meets the value addition criteria of 35 percent. The hot rolled coils are now exported to India for use of our cold rolled manufacturers to make cold rolled coils. Subsequently, the cold rolled coils are exported to an ASEAN country Z which provides duty concession on the same under the IATIG. In this case, the hot rolled coils would be considered as originating in the ASEAN country and would be eligible for preferences into India. India on the other hand would be entitled to consider the hot rolled coils as originating in India for computing the value addition for exports of hot rolled coils to Z.

2.7 What is the criteria for wholly originating products under IATIG?

A: The criteria for wholly originating products are given in Rule 3 of Annex 2 of the Agreement and are as under:

a. plant and plant products grown and harvested in the Party; (plant here refers to all plant life, including forestry products, fruit, flowers, vegetables, trees, seaweed, fungi and live plants)

b. live animals born and raised in the Party; (animals referred to in paragraphs (b) and (c) covers all animal life, including mammals, birds, fish, crustaceans, molluscs, reptiles, and living organisms)

c. products obtained from live animals referred to in paragraph (b); (products refer to those obtained from live animals without further processing, including milk, eggs, natural honey, hair, wool, semen and dung)

d. products obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted in the Party

e. minerals and other naturally occurring substances, not included in paragraphs (a) to (d), extracted or taken from the Party's soil, waters, seabed or beneath the seabed

f. products taken from the waters, seabed or beneath the seabed outside the territorial waters of the Party, provided that that Party has the rights to exploit such waters, seabed and beneath the seabed in accordance with the United Nations Convention on the Law of the Sea, 1982

g. products of sea-fishing and other marine products taken from the high seas by vessels registered with the Party and entitled to fly the flag of that Party

h. products processed and/or made on board factory ships registered with the Party and entitled to fly the flag of that Party, exclusively from products referred to in paragraph (g)

i. articles collected in the Party which can no longer perform their original purpose nor are capable of being restored or repaired and are fit only for disposal or recovery of parts of raw materials, or for recycling purposes

j. products obtained or produced in the Par-

Table3: Services schedule of commitments for ASEAN countries

Subsector	Mode	Limitation on market access	Mode	Limitation on national treatment	Additional commitments
Engineering Services (CPC 8672)	(1)	None	(1)	None	
	(2)	None	(2)	None	
	(3)	Only through incorporation with a foreign equity ceiling of 51 percent. In the case of foreign investors having prior collaboration in that specific service sector in India, FIPB approval would be required.	(3)	None	
	(4)	Unbound except as indicated in the horizontal section	(4)	Unbound except as indicated in the horizontal section	
Integrated Engineering Services (CPC 8673)	(1)	None, subject to domestic regulations	(1)	None, subject to domestic regulations	
	(2)	None	(2)	None	
	(3)	None except that the establishment would be only through incorporation with a foreign equity ceiling of 49 percent and subject to the condition that in the case of foreign investors having prior collaboration in that specific service sector in India, FIPB approval would be required.	(3)	Unbound	
	(4)	Unbound	(4)	Unbound	

ty solely from products referred to in paragraphs (a) to (i).

2.8 What are the minimal or non-qualifying operations which by itself would not confer preferences under IATIG?

A:. The minimal or non-qualifying operations that would by itself not confer originating status under the IATIG are given in Rule 7 of Annex 2 of the Agreement and are:
i. operations to ensure the preservation of products in good condition during transport and storage (such as drying, freezing, keeping in brine, ventilation, spreading out, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations)
ii. simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching(including the making-up of sets of articles), washing, painting, cutting
iii. changes of packing and breaking up and assembly of consignments
iv. simple cutting, slicing and repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards, and all other simple packing operations
v. affixing of marks, labels or other like distinguishing signs on products or their packaging
vi. simple mixing of products whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in this Annex to enable them to be considered as originating products
vii. simple assembly of parts of products to constitute a complete product
viii. disassembly
ix. slaughter which means the mere killing of animals
x. mere dilution with water or another substance that does not materially alter the characteristics of the products.

Services

2.9 What are the commitments on Engineering and Integrated Engineering Services in India's Schedule with ASEAN countries?

A: The services schedule of commitments on engineering and integrated engineering services for all ASEAN countries (excepting Philippines) is given in **Table3**.

2.10 What are the commitments on Engineering and Integrated Engineering Services by the ASEAN countries with India?

A:. The commitments of some of the ASEAN countries on engineering and integrated engineering services are given here.

Indonesia

Subsector	Mode	Limitation on market access	Mode	Limitation on national treatment	Additional commitments
Engineering Services (CPC 8672 except CPC 86721, 86725, 86726)					
Integrated Engineering Services (CPC 8673)	(1)	None	(1)	None	
	(2)	None	(2)	None	
	(3)	a. Joint operation by establishing a representative office License for representative office shall be valid for 3 years and can be extended			
b. Joint venture company by fulfilling the requirements as specified in the Horizontal Section and the Foreign Capital Investment Law	(3)	a. License fee requirement			
-Registered foreign company shall form a joint operation with local partner(s) which is(are) registered by Construction Services Development Board and having qualification A/Big					
b. Local partner(s) in joint venture shall be registered by Construction Services Development Board and having qualification A/Big					
	(4)	As specified in the Horizontal Section	(4)	As specified in the Horizontal Section	

Malaysia					
Subsector	**Mode**	**Limitation on market access**	**Mode**	**Limitation on national treatment**	**Additional commitments**
Engineering Services (CPC 8672)	(1)	None	(1)	Engineering services must be authenticated by a registered professional engineer in Malaysia	4)The qualifying examination to determine the competence and ability to supply the services for the purposes of registration with professional bodies will be conducted in the English language
	(2)	None	(2)	Engineering services must be authenticated by a registered professional engineer in Malaysia	
	(3)	(a) Engineering services may be supplied only by a natural person			
(b) For multidisciplinary practices (Architecture, Engineering and/or Quantity Surveying), foreign equity up to a maximum of 10 percent for joint ventures by professionals who are registered in the country of origin. Foreign directorship is not allowed	(3)	(a) None			
(b) Unbound					
	(4)	Unbound except as indicated in the horizontal section of 2 (b), subject to temporary registration for a period of one year per temporary registration	(4)	Unbound, except for the categories of natural persons referred to under market access	
Integrated Engineering Services (CPC 8673)	(1)	None	(1)	Integrated engineering services must be authenticated by the relevant registered professionals in Malaysia	
	(2)	None	(2)	Integrated engineering services must be authenticated by the relevant registered professionals in Malaysia	
	(3)	Only through a representative office, regional office or locally incorporated joint-venture corporation with Malaysian individuals or Malaysian- controlled corporations or both for the purpose of services contract awarded in Malaysia.			
The aggregate foreign shareholding in the joint- venture corporation shall not exceed 30 percent	(3)	None			
	(4)	Unbound except as indicated in the horizontal commitments section	(4)	Unbound except for the categories of natural persons referred to in the market access column	

Thailand

Subsector	Mode	Limitation on market access	Mode	Limitation on national treatment	Additional commitments
Engineering Services (CPC 86721 to 86727+86729)	(1)	Unbound	(1)	Unbound	
	(2)	None	(2)	None	
	(3)	None	(3)	None	
	(4)	(a) As indicated in the horizontal section			
(b) Unbound for civil engineer	(4)	Unbound, except as provided in the horizontal section			

Vietnam

Subsector	Mode	Limitation on market access	Mode	Limitation on national treatment	Additional commitments
Engineering Services (CPC 8672)					
Integrated Engineering Services (CPC 8673)	(1)	None	(1)	None	
	(2)	None	(2)	None	
	(3)	None, except: foreign enterprises have to be juridical persons of another Party	(3)	None, except: The supply of services related to topographical, geotechnical, hydro geological and environmental surveys and technical surveys for urban-rural development planning, sectoral development planning are subject to the authorisation of the Government of Vietnam	
	(4)	Unbound, except as provided in the horizontal section	(4)	Unbound, except as provided in the horizontal section	

Q4, the quarter banks wish to forget

The hitherto robust banking system in India received a severe jolt in the final quarter of fiscal 2017-18, when banking fraud and losses threatened to irrevocably damage the reputation of bankers and the integrity of the banking business

EXPERTEYE

T R SHASTRI

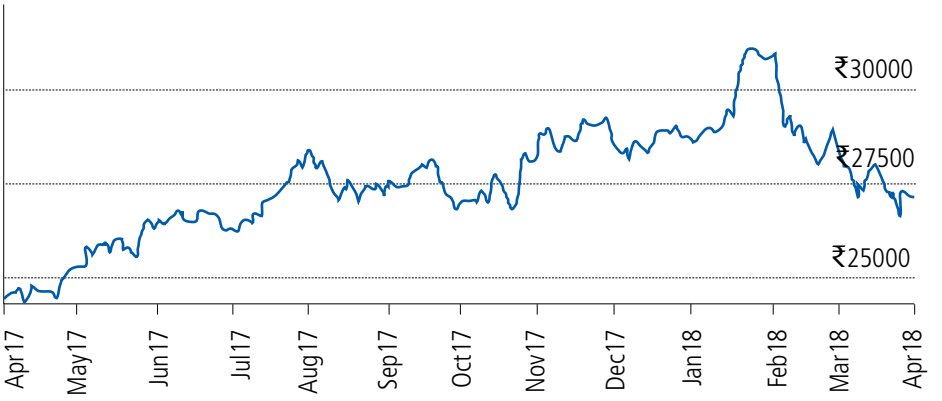
Prof. Shastri is Joint Director, Manipal Academy of Banking, Bengaluru

GENERALLY banks are busy during the fourth quarter of the financial year. It is the quarter where all efforts are made to improve balance sheet size, quality of assets and profitability. Investment portfolio is revisited for the nth time to see whether there is any residual scope to do a revaluation adjustment and improve the profits. Branch managers will be on their toes to ensure that all credit limits are fully utilised by borrowers and pending collections are done post-haste to support both sides of the balance sheet. Recoveries are hastened at least to the extent needed to avoid an adverse asset classification. All planned new branches are opened, even if it is for records on 'soft launch' basis. Neither transfers of employees nor is availing leave allowed. New products or schemes planned are launched, though not fully ready. All these are forced on critical basis on the branch managers, as if there is no next year, as if this is the last full financial year for the retiring CEO. In many banks, the progress achieved during this quarter could be nearly

equal to that in the earlier nine months under many parameters. Such asymmetric growth is across all corporates since target is a buzzword in a commercial world and the complete measurement of performance of the entity and individuals happens at the end of the financial year. Banks and bankers are no exception.

The last two financial years had put enough pressure on banks in the form of mobilising 'Jan Dhan' accounts and handling demonetisation, respectively. Banks thought this year's (2017-18) last quarter will be routine banking business as usual. However, it was not to be. The fourth quarter of the financial year 2017-18 turned out to be different and a difficult quarter for the Indian banking system. Many financial and non-financial events and policy decisions made the quarter unique, eventful, and stressed. It eclipsed the performance of the entire year for most banks, darkening all the positive news of the quarter. The movement of the banking sectoral index, i.e. S&P BSE Bankex comprising constituents of the S&P BSE 500 which are members of the banking sector, generally reflects the health and growth prospect of this sector. **Graph1** showing this index for the financial year 2017-18 pictorially reflects the image of the banking sector during this year. Many banks perhaps wished this quarter never existed!

Graph1: S&P BSE Bankex



The positive news

The quarter had many positive developments and announcements favouring banks. The new year actually started with lot of optimism. For example, the government issued a gazette notification on 29 January 2018 for recapitalisation of PSBs by Rs2.11 lakh crore over a period of two years. Rating agencies and the market reacted very favourably to this news. The National Company Law Tribunal (NCLT) deciding cases was considered as an NPA killer for banks. Provisions for accounts referred to the NCLT were reduced by RBI from 50 percent to 40 percent of dues at the end of March for secured loans. This hoped to help banks strengthen their financial results for the year ended March 2018. While announcing the earlier quarterly results, banks were dutifully mentioning that all stressed assets have been identified, restructured or provided for as per guidelines as a cause for not-so-encouraging performance till then. Banks were hastening to announce that with this, the future quarters' burden to make provision is less, the economy is turning around and fresh capital infusion and accompanying financial discipline will make the banks more robust than ever so far.

As usual, the private sector banks were the first to announce the Q3 results. South Indian Bank announced the results on 9 January stating that the Bank had come back to the normal trajectory and both the topline and bottomline have progressed as per plan. Next day, IndusInd Bank announced 25 percent increase in net profit. Two leading old private sector banks – Karnataka and Federal – showed record 27 and 26 percent growth in net profit respectively during Q3. Among the new private sector banks, Yes Bank, Kotak Mahindra Bank, HDFC Bank and Axis Bank showed 22, 20, 20, and 25 percent growth rates respectively in net profits in the third quarter.

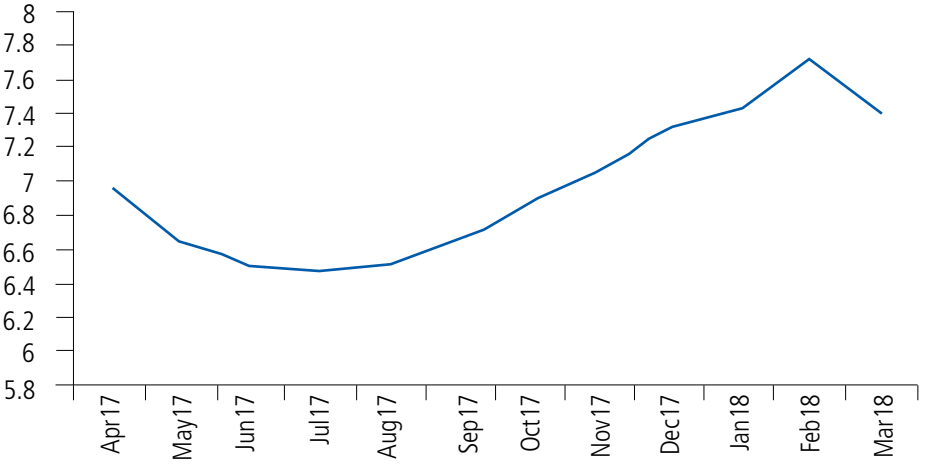
The public sector banks' results were not so encouraging but the accompanying assurances promised brighter future. Hence the Q3 results of Canara Bank (61 percent drop), BoB (56 percent drop) or SBI's loss of Rs1887 crore (so also losses of BoI, Corporation Bank, United Bank, Andhra Bank, etc.) did not raise alarm bells. In fact, Moody's changed the outlook of Central Bank of India (CBI) to positive from stable. 'The positive outlook also reflects Moody's view on the expected evolution of their balance sheets, including a stabilisation in asset quality, moderate improvement in profitability metrics, and stable funding and liquidity positions,' Moody's had said in a statement. Though the loss widened to Rs1664 crore in Q3, CBI was expected to receive Rs5160 crore of capital infusion from the government. Similarly, Moody's Investors Service affirmed the long-term local and foreign currency bank deposit rating of IDBI Bank at B1 and changed the outlook to positive from stable. For the first time, Indian Banks Association got its first woman chairperson. Press reports indicated that the New Year has begun with a bang for Jan Dhan Yojana (PMJDY) accounts with the largest inflow of Rs5928 crore from November 2017 till Mid-January 2018. Bank of India, which was earlier placed under PCA by RBI, announced that it had begun the new year on a strong note, recovering as much as Rs2000 crore over the last fortnight. In fact, the Finance Ministry wanted state-owned financial intermediaries to undertake a host of activities, including adding cleanliness message at ATM counters and ATM slips; instituting an annual cleanest branch award; offering suggestions on cleanliness to loan clients; and constructing toilets as part of

the government's 'Cleanliness Fortnight' from 16 January 2018. Thus Q4 was anything but scary to start with.

When quality credit off-take is not encouraging, banks depend on so called treasury income to supplement. The surplus liquidity is invested in low risk government securities over and above the mandated SLR requirement. The treasury of the bank trades in these securities to maximise profit. However, if the interest rate increases, the valuation of the held securities falls and results in loss. The 10 year G-Sec bond yield, considered as the benchmark, has been steadily raising during the financial year (**Graph2**) and ICRA report pointed to a possible valuation (M2M) loss of Rs15,500 crore for the entire banking system during the quarter. Banks had approached RBI seeking regulatory permission for spreading the loss over quarters, as earlier. The new RBI DG in a speech at FIIMDA had taken the banks to task for seeking such permission. He had said, 'Interest rate risk of banks cannot be managed over and over again by their regulator… . Recourse to such asymmetric options – heads I win, tails the regulator dispenses – is akin to the use of steroids. They get addictive and have long-term adverse effects in the form of frequent relapse even though their use may be justified to relieve occasional intense pain.' Banks were really worried on how to handle this huge loss. But fortunately, by a circular issued just in time on 2 April, RBI allowed the banks to spread the provisioning towards the depreciation of the bond portfolio over four quarters, commencing from the quarter in which the loss was first incurred.

RBI also issued couple of other guidelines during the quarter which helped the banks. For example, for GST-registered MSMEs which were standard as on 31 August 2017 and for which the aggregate exposure of banks did not exceed Rs25 crore as on 31 January 2018, the amounts overdue as on 1 September 2017 and payments due between 1 September 2017 and 31 January 2018, be

Graph2: 10-year G-Sec bond yield (%)



allowed by banks to be paid not later than 180 days from their original due date, without a downgrade in asset classification, thus helping the banks to show better asset quality at the year end. Similarly, all bank loans to MSMEs, engaged in providing or rendering of services shall qualify under priority sector without any credit caps, thus helping banks in reaching priority sector targets by including larger loans. Only one bank was added to the list of banks under prompt corrective action during the quarter, though there were news reports of a few more eligible banks. The government's blueprint for responsible lending included setting up of specialised committees to track loans above Rs250 crore and stressed asset management verticals to focus on recovery was a positive news.

The negative news

However, the woes of banks in the quarter were manifold. Many public sector banks announced losses, increased losses or reduced profit in the third quarter. The largest bank of the country showed loss. It was imposed penalty of Rs40 lakh by RBI for non-compliance with directions issued by it on 'Detection and impounding of counterfeit notes.' Of course, a large new private sector bank was levied penalty at a much higher level of Rs58.9 crore for non-compliance with directions issued by it on sale of assets in the investment portfolio. Cyber security attacks on banks continued and even a small private sector bank in interior Tamil Nadu lost a few crore of rupees due to an unauthorised remittance caused by the attackers.

A leading public sector bank closed all its 20-year-old branches and exited South Africa in February after paying fine levied by the local central bank and facing an investigation. The bank started assessing the need to have large global network, concentrate on larger global markets, and focus on cleaning up its domestic operations. Public sector banks began to rationalise their overseas operations and started consolidating 35 of these operations as part of the government's 'clean and responsible' banking initiative and 69 operations were identified for further examination. Bank of India was allowed to terminate/close its Yangon representative office with effect from 19 January 2018 by Myanmar's Ministry of Planning and Finance. Overseas expansion became a luxury rather than necessity for banks. Overseas posting as an incentive to bankers became scarce.

Two dreadful events happened in quick succession in the middle of the quarter. On 5 February, Punjab National Bank in a stock exchange notice said it had come across a suspected fraud amounting to Rs280.70 crore involving certain fraudulent letters of undertaking issued by two of its employees at its Brady House branch in Mumbai, which

stands reported to appropriate regulatory and investigating authorities and a detailed investigation is on. In the next around ten days, PNB revised the amount to around Rs11,400 crore, which gained headlines for several weeks. Though the fraud took place in PNB, its initial reluctance to meet all the claims required provision at other banks also; but finally PNB paid all. Multiple investigation agencies including auditors' body started probing. To a PTI query under RTI, RBI said it is under examination for supervisory/ enforcement action.

Reasons for this biggest banking fraud have been analysed in depth but it damaged the reputation of bankers and banking business integrity irrevocably. Banks suddenly transferred all those who had completed three years' service in same branch en masse, though it was not the 'transfer season.' Linking the SWIFT connectivity with internal core banking solution was to be mandatorily done by banks in the next few weeks. The issuance of letter of undertaking or letter of comfort by banks for trade credits for imports into India was discontinued by RBI suddenly with immediate effect. Incidentally, RBI had delegated the power to banks to issue these instruments on 1 November 2004, before which date, each such issuance required RBI permission. Trade organisations, particularly those in precious metals, apprehended adverse effect on the credit flow to this sector. NPA cases being investigated by CBI appeared as news items regularly. There was hue and cry on the inefficiency of public sector banks and everyone had a suggestion to remedy the situation, mainly tending towards privatisation argument. The Chief Economic Advisor to the government said 'public sector ownership handicaps PSBs in the decision-making process and we need to relieve them of that.' A leading industry body said the fraudulent transactions at PNB should act as a strong trigger for the government to reduce its stake to less than 50 percent in PSBs. Of course, the bank unions opposed it and the finance minister ruled it out.

The second 'shocking news' to banks was the RBI circular on 12 February substituting the existing guidelines for resolution of stressed assets with a harmonised and simplified generic framework, in view of the enactment of the Insolvency and Bankruptcy Code, 2016. The existing 'schemes' such as CDR, SDR, 5/25 structure, Change in Ownership outside SDR, and S4A were withdrawn and the Joint Lenders' Forum as an institutional mechanism for resolution of stressed accounts was discontinued. It is not that these schemes were running successfully with real industrial revival happening; studies had shown exactly the opposite. However, these schemes created a very comfortable parking space for banks to hide the stressed assets, evergreen the books and avoid showing larger provisions and for borrowers to continue to pretend as healthy. As if to answer many representations against this decision of RBI, some even from government, a deputy governor of RBI very lucidly explained the logic of each step in a speech titled 'It is not Business as Usual for Lenders and Borrowers' immediately after the end of this painful quarter. The hopes of revival of such cosy shelters faded and the pressure on large provisions showed up suddenly during the quarter.

This guideline resulted in most public sector banks showing much higher provisions for poor quality loans and hence loss or higher loss during this last quarter. Their losses have almost entirely wiped out the $13-billion capital infusion by the government (**Table1**), and the situation is unlikely to improve in the current fiscal year, ratings agency Fitch said. Interestingly, most private sector banks also showed reduced profit or loss during the quarter. The renewal of tenure of the CEO of a leading new private sector bank occupied headlines because RBI did not agree to the bank's board recommendation in view of poor asset quality. Incidentally, this bank had reported its first quarterly loss during Q4. The CEO of another large new private sector bank came under cloud due to governance issues; this bank incidentally had a spike in its provisions for bad loans during this quarter. The impact of these was that the cry for privatisation suddenly slowed down with 'experts' realising that privatisation itself is not the solution. A leading banker gave a gloomy picture of government banks' share in business by forecasting that in the next five years, its share will be 50 percent compared to around 75 percent at present.

Bankers faced the worst music. The CBI booked a former general manager of IDBI and 30 others for allegedly cheating the bank to the tune of Rs445.32 crore by availing farm loans on the basis of fake documents. It registered a case against five directors of a private company, eight officials of SBI, including the bank's Chief Manager and Deputy Manager for causing a loss of close to Rs4.12 crore to the bank. The former CMD and two EDs of Canara Bank were charged by CBI for cheating and forgery in the alleged loan default of over Rs68 crore sanctioned in 2013. Dozens of officials were suspended and many taken into custody by CBI arising out of the fraud in PNB. Reports indicate that 'while the job pressure is increasing, the risk of investigative agencies questioning their decisions is further affecting the morale.' More importantly, the credit decision pace was adversely affected.

The financial risks faced by banks are grouped into three categories – operational risk, credit risk, and market risk. During this quarter, there was the operational risk leading to the biggest banking fraud, very high NPA levels due to credit risk, and, of course, the market risk of interest rate strengthening leading to large treasury loss in M2M. Thus banks were hit heavily from all directions. But the world lives on hope, if there is no good news. 'Last year was one of despair, this year is of hope and the one ending March 2020 will be one of happiness,' the SBI chairman said during the press briefing after the results announcement. The public and banking sector cling to this, in the absence of any other good news from this sector in the last quarter.

Table1: Status of public and private sector banks in Q4 January-March 2017-18

Bank	Net profit (Rs cr)	Gross NPA %	Net NPA %	Provisions (Rs cr)
Public sector banks				
Allahabad Bank	-3509.63	15.96	8.04	4783.42
Andhra Bank	-2535.82	17.09	8.48	5429.33
Bank of Baroda	-3102.34	12.26	5.49	6672.38
Bank of India	-3969.27	16.58	8.26	6674.12
Bank of Maharashtra	-113.51	19.48	11.24	2040.58
Canara Bank	-4859.77	11.84	7.48	9075.04
Central Bank	-2113.51	21.48	11.10	3971.25
Corporation Bank	-1838.40	16.21	11.33	4022.21
Dena Bank	-1225.42	22.04	11.95	1991.30
IDBI Bank	-5662.76	27.95	16.69	10544.34
Indian Bank	131.98	7.37	3.81	1546.34
IOB	-3606.73	25.28	15.33	6774.55
Oriental Bank	-1650.22	17.63	10.48	2334.92
PNB	-13416.91	18.38	11.24	20353.10
Punjab & Sind	-524.62	11.19	6.93	604.03
SBI	-7718.17	10.91	5.73	28096.07
Syndicate Bank	-2195.12	11.53	6.28	3937.30
UCO Bank	-2134.36	24.64	13.10	2239.01
Union Bank	-2583.38	15.73	8.42	5667.92
United Bank	-260.62	24.10	16.49	1384.95
Vijaya Bank	207.31	6.34	4.32	556.35
	-62681.27			**128698.51**
Select private sector banks				
Axis Bank	-2188.74	6.77	3.40	7179.53
Bandhan Bank	387.86	1.25	0.58	109.09
City Union Bank	152.13	3.03	1.70	86.15
DCB Bank	64.21	1.79	0.72	38.81
Dhanlaxmi Bank	-17.16	7.35	3.19	80.12
Federal Bank	144.99	3.00	1.69	371.53
HDFC Bank	4799.28	1.30	0.40	1541.10
ICICI Bank	1020.00	8.84	4.77	6625.75
IDFC Bank	41.93	3.31	1.69	242.46
IndusInd Bank	953.09	1.17	0.51	335.55
Karnataka Bank	11	4.92	2.96	541.75
KarurVysya	50.56	6.56	4.16	394.17
Kotak Mahindra	1124.05	2.22	0.98	306.91
Lakshmi Vilas	-622.25	9.98	5.66	921.42
RBL Bank	178.12	1.40	0.78	112.86
South Indian Bank	114.1	3.59	2.60	148.63
Yes Bank	1179.44	1.28	0.64	399.64
	7392.61			**19435.47**

Source: moneycontrol.com

INTERVIEW

EEPC India should take a position, independent from industry and the Ministry

Bhaskar Sarkar
Former Executive Director & Secretary, EEPC India

Mr Bhaskar Sarkar retired on 31 May 2018 after a three-decade-long association with EEPC India, the last six years at the helm as Executive Director and Secretary. In a free-wheeling interview with IndianEngineeringExports, the former Editor of *ie*^{2} talks about the changing face of EEPC India over the years, its rise as the foremost EPC in India, of the challenges overcome, and his own aspirations for the organisation to scale newer heights

You were associated with EEPC India long before you formally joined the organisation, then called the Engineering Export Promotion Council of India. Could you tell us about your experiences during that time?

My association with EEPC India started in 1984. At that time I was Auditor of EEPC India and the job was confined to statutory and internal Auditor. Later in a scheme called International Price Reimbursement Scheme (IPRS), EEPC India was allotted some funds and through the agency of DGFT, EEPC India was supposed to reimburse the difference between domestic and international prices of steel. I was the Auditor of that scheme also.

EEPC India had several foreign offices at that time, as many as 14 foreign offices at some point. That was before computers came in, so accounting and auditing in EEPC India was a challenge because it involved many currencies, many conversions and laws of many countries. So you have to have an overview of more or less the whole world for you to do the accounting properly. All this made me interested in EEPC India as I've always been keen on knowing things and EEPC India for me was a source of knowledge which was not available in many other companies in India. In fact, gradually I became so involved in the organisation's affairs outside my own work that management had trust in me even before I joined. That's how my association was so deep with EEPC India.

What made you join EEPC India?

What happened was Mr Maitra, who was a good friend, was earlier in charge of accounts. He was, due to his own career path, supposed to follow a route that would take him up to ED. At that time it was thought that the accounts team in Head Office had to be augmented to a different level so that six months or a year later,

when Mr Maitra stopped looking after these things, there would be someone who could take care of the accounts of EEPC India as a whole, which was by no means small. There was some computerisation, but not like today's ERP and so on, and as all the data from the branches were coming to the Head Office to be incorporated, it was felt that some control was needed as EEPC India's activities were increasing. My interview was some time on 9 February 2001. Unfortunately, I remember that day well. I lost my father on 6 February in 2001. So when I appeared for the interview, I was in the traditional mourning clothes. Then I finally joined EEPC India on 2 April 2001, 1 April being a holiday.

Did working with EEPC India satisfy your aspirations? What was your background like?

Being a science student, I had no idea of commerce, and I used to think bookkeeping was some kind of librarianship! The reason I started studying CA was that it did not have an admission test; you could apply if you had a certain percentage of marks in your graduation. So I hung around for a year after I enrolled, basically doing nothing. But then my father retired, and I had a guilty feeling because of my parents' enormous confidence in me. I sat for the exams knowing full well I wouldn't get through. When the results came I saw that though I had failed, I had passed in all the subjects but my aggregate was a few marks short. I thought, if with no effort I could do this, with a little effort I can get through and my confidence was bolstered. I sat for the exams again and I not only passed, I got a rank! I couldn't believe it and initially thought the marksheet was fake. I was convinced only a month later when my name appeared in the institute journal. That was when I joined Garden Reach Shipbuilders and Engineers (GRSE). I completed my CA while working there from 1980-84, but I was feeling the urge to go to the real commercial world, see how things happen, I needed to see the whole industry. The feeling got intensified from what I saw in GRSE where they concentrated mainly on shipbuilding, which was essentially a Navy order and the contract was cost plus. That haunted me – if I'm here, I'll become part of this system and lose my competitive mindset altogether. I realised then that I had to go for independent practice.

I have no regrets joining EEPC India because while I was practising, I got glimpses of what EEPC India could do – I could see the possibilities even then.

But you were Secretary. Don't you need to qualify to become company secretary?

When I left Garden Reach and started practising as a Chartered Accountant, I was also doing secretarial services for many companies. A company like EEPC India does not statutorily require a qualified Company Secretary. That compulsion is not there for unlisted companies. Since I was doing secretarial practice, I automatically became Secretary.

We know that EEPC India has moved a long way in the past two decades. What were the main activities of EEPC India when you joined in 2001?

I'll just go back to the birth of the present EEPC India. Up to 1990, 91, 92 – that is, before WTO and liberalisation – the role of EEPC India was as an arm of the Ministry of Commerce. Even the administrative expenses to a great extent were being sponsored by them. So at that time there were a lot of people whose thinking was in line with government thinking – even if nobody works my salary is assured. Since 1990-92 government support to EEPC India for administrative activities started declining and the grant was phased out. Finally, in 1996-97 we got a letter from the Ministry that EEPC India would not get anything for administration and overheads and would enjoy autonomy in administration. This was the birth of a new EEPC India.

In fact, my induction in EEPC India, though it came a few years later in 1997-98 – but that was the triggering factor which led to my appointment, because management felt the necessity to have someone who could make EEPC India self-reliant and run it on a sustainable basis. Unfortunately, the people before me were from a different pedigree – they were not running a private organisation, they hadn't seen one – that was a problem. For me the challenge was to bring in the air of private industry in EEPC India and also replace this public sector mindset. I was much abused but finally I did it and I'm telling you, that was my biggest success in EEPC India. There are people, including many in Delhi, whose mindset now is that whatever we are doing, it needs to be, at the least, self-supportive. So we can give all kinds of lectures, provided there is somebody who takes care of Rs1.5 crore a month, which is needed for our salaries and other administrative expenses. That is not a small sum; somebody has to earn it somewhere. Now people have started realising that. This is one of my achievements. I was the first person to bring in the idea of sponsorship, and the first sponsor in EEPC India was brought by me.

Similarly, *ie*^{2}, the present magazine; earlier there was some kind of magazine which was printed like an info bulletin in Delhi. It was not of the present standard, and it was printing more or less whatever was available in the public domain – if the government issued a circular, it was printed in the bulletin, there was nothing new. So Mr Maitra and I thought of thoroughly revamping this magazine and the concept of *ie*^{2} came up. That transition was dangerous, you know. To change the scale, the look, the appeal of *ie*^{2}, definitely it asked for more investment. And then we had to justify that investment. Initially, all the advertisements in *ie*^{2} were brought by me, at least for the first 10-11 months when I could afford the time.

Similarly award functions. Earlier, for award functions there was a separate award brochure, which was distributed to the awardees

and some dignitaries. The print run was around 200-250, it hardly had an impact. If it is given only to the people who are advertising themselves, there is hardly any advertisement value. Also, whatever we earned from the advertisements was used up in the printing, there was no surplus value. So I thought of an awards version of *ie²* because I felt there must be a few thicker editions also on a periodical basis, may be quarterly or so, so that the interest in *ie²* remains. Besides, the awardees would like to see their photographs in *ie²*. I thought of using new things to keep it alive, so that it's in the minds of people that this month's *ie²* has not come. Now people complain to me, I'm not getting *ie²*, even from the Ministry! We achieved what we set out to do to a certain extent, but, of course, we can do better.

Can you tell us about the transformation of EEPC India from being an organisation with a few hundred members to becoming the largest Export Promotion Council in India with around 13,000 members?

EEPC India was established in 1955. At that time around 70 percent of Indian engineering exports was happening from Kolkata port. So obviously, the headquarters of EEPC India was here. Most of the members were here. However, Kolkata was a foundry-dominated kind of industry. Even today, most of the people here are basically foundrymen. When EEPC India started in the initial years, 90 percent of our exports were going to USA and Europe. With the passage of time, this 90 percent exports that used to go to the USA or EU, has been reduced to only 30 percent. We've really started diversifying, we're going to Africa, Latin America, Southeast Asian countries, even our neighbours, whom earlier we used to ignore, but China did not. Again, industries in India had started upgrading engineering to the next level; they had started to manufacture a lot of machinery/modern forgings, bringing in many new players in the diversified market. Government policy to protect the automotive and component industry has also resulted in building up the demand for these products, which generated a lot of new exporting members. EEPC India, in turn, continuously augmented its services to members resulting in a slow but steady growth of members.

Further, we had undertaken a lot of membership drives. We did direct workshops, awareness campaigns all over India, which are still being continued. We also got support from the Ministry. How? In the policy itself; it is there in the Handbook of Procedures that if somebody wants to get incentives under different DGFT schemes, he has to be a member of the Council in which his product falls. Plus whenever EEPC India takes delegations, or does events abroad, those who participate do so at a subsidised rate. So that also incentivises a producer to become a member of EEPC India.

What was the status of exports of engineering goods and products from India at that time? Could you briefly talk about the steps taken then by EEPC India to augment exports of Indian engineering goods and services?

This year I'm very fortunate that just when I left EEPC India, the 2017-18 fiscal was over and it is a record of EEPC India since inception. But given that dollar prices have also gone up, we must appreciate that we haven't achieved the level we should have. The essential fact here is that out of the amount of exports of goods and services, only 6-7 percent are high technology products. Our exporters are exporting raw materials and intermediaries abroad, which are not high-end products, so the margin is less, volume is more. We are in a position now, at least in some countries where we are more relevant than the USA or Europe, for import of special purpose machinery. The US/European standards are useless in many countries who can neither afford their goods, nor is it required for them to acquire those high-tech machines.

So essentially, we have to broaden our scope, from low-tech items to high-tech items. While it is happening slowly and steadily, there is a surge in iron and steel and items made of iron and steel. Since such items entail little engineering and are mainly raw material and intermediaries, we should not be very complacent about that, we have to go up the value chain and do something much better. So this $76 billion or whatever can easily be scaled up to around twice this size. Maybe you can target 2025, you have to do that.

For this the technology initiative was important. Why has it not taken off properly?

Number one is the industrial revolution didn't happen in India. Our traditional industry was craft-based and not geared for mass production. We had our Dolmadol canons, we had the Ashoka Pillar, we had so many other things. The whole Crusade was fought using Indian Wootz steel with which the Damascus sword was manufactured. The steel was being supplied from India all through. Colonisation made India a supplier of low-end products to the factories in England. Even today an exporter takes pride in becoming an OEM supplier to a global brand, though he does not exercise control, either on the design or on the metallurgy. The creative mind of a craftsman is undermined. As a result there is a huge disconnect between the basic technology and the person working on this.

In Germany, as a contrast, around 1500 patents belong to the MSMEs. R&D activities are happening, there was a lot of effort from their Ministry to encourage this R&D and a separate organisation was created for that, post second world war. That organisation is itself the present-day Bauhaus, which is, again, encouraging 'do-it-yourself.' In India, the skills that we used to have are no longer valued and the traditional businessmen working in the British Raj are falling far behind in the technology requirement of the day. While the rest of the world is getting excited about Industry 4.0, we are lagging far behind. Our only motive is to buy and sell and make a profit

out of it, not to develop a product. That is the problem with India. Though so many engineers pass out every year, unfortunately, none of them are going to the core sector. A mechanical engineer is shifting to IT, or may be banking, or finance. The core sector is not in a position to pay him properly. So if that is not corrected, then there will be problems, which is what we are facing now. For our survival we have to come up the value chain.

The problem with technology was that the MSMEs in India never had the required R&D spending power, they are too small. You can see from the statistics that the R&D spending in India is very low. How many engineers in India apply for patenting a product? In comparison to Korea also we are falling behind. So the problem is that the whole mindset, the young people, the whole generation that is supposed to join this engineering industry to take it forward, with their fresh mind to do R&D, those people are totally distanced from the core sector. Earlier we used to adore a person who's from Shibpur or Jadavpur or Durgapur; now all those people are joining TCS, or Cognizant, so that brand we have lost. Because being only a Shibpur, Jadavpur engineer is not bringing any money. What is happening is a tragedy. We must bring back the good old days; good engineers are still there, we have just to create an ecosystem to encourage them.

The government has institutions to support R&D ...

Yes. The government had three-four schemes to support R&D, but the government doesn't have connect with the industry. The government also has a lot of labs that are doing research. Not only the government even the IITs are doing research. But what those researches are, what is their applicability in the commercial market – that is not transparent. I mean no one has tried to do it that way: a man does his research, submits it to his superior, gets his degree, and it's over. It is filed somewhere. Neither did they have any intention to make it public nor did we have any intention to know more – that kind of curiosity, what is this organisation doing, or what kind of work. There was a lacuna on both sides; EEPC India is just trying to bridge that gap.

How do you envisage taking it forward?

Unless and until we get new engineers, there'll be a problem. The problem is in an MSME, the person who is the owner or partner or whatever, he is the marketing man, he is also the production manager, finance manager, having multiple duties. So normally he spends the whole day in making two ends meet. He does not have that much time left to think of something else, to make it better; he thinks whatever I'm doing that is also jeopardised, so how can I economise, ... so in every meeting we are talking about 1, 2, 3 percent arbitrage here and there. Like MEIS support may be increased to 3 percent. But if you talk of higher arbitrage you have to think about selling your product at a price which is unimaginable. We are not playing in that field at all. Very few of us. It can start definitely with our adjoining countries. Like Bangladesh may not have a demand for missiles, but it definitely will have a demand for agricultural machinery, or food processing machinery, or garment machinery. Similarly, Africa can have that, Southeast Asia can have that; we must start there. In fact, now in pharmaceutical machinery, India is one of the leading exporters to Bangladesh. We can have similar connect established with many of the African countries. The best part of India is, whenever I go abroad, I tell them, we have not come here to sell you a product, we have come to give you a solution. I'll give you a pharmaceutical machine and with that you produce your own product. I'm giving you the machine at an affordable price, which is totally compliant with your requirements. You don't need all that sophisticated stuff, where the final price will be much more expensive. India definitely has the solution. India needs to look at that possibility, and I think the government is also keen to do that, but it'll take some time.

> **"What I wanted to do specially... was to collaborate. Another thing we desired was that the best engineering show from India should be done by EEPC India every year. That was my motto and we did it in Hannover Messe in 2015. In 2016 we went to Innoprom**

There appears to be not just a change in the pace of activities of EEPC India over the years but a change in the fundamental approach and vision of EEPC India. How did this come about?

What I wanted to do specially – everybody is doing exhibitions, buyer-seller meets – number one was to collaborate. Collaboration is very much required in today's world because we are not experts in every aspect of things. Another thing we desired was that the best engineering show from India should be done by EEPC India every

year. That was my motto and we did it in Hannover Messe in 2015. In 2016 we went to Innoprom – that was the best engineering show abroad for that year. In 2017 we went to the Czech Republic, again the best engineering show abroad. So basically, the change in the mindset of the government has already set in. Earlier when they were thinking of a megashow, they used to call CII, FICCI, Assocham, ... but now, if it's engineering, the first person called is EEPC India. So that is the changing perception. Collaboration that I talked about was there in the Hannover fair in 2015 where FICCI and CII were also called in. We went for collaboration, EEPC India was the lead agency, CII and FICCI supported EEPC India. So I don't want to compete, I want to collaborate. By this kind of collaboration, EEPC India has already grown to a different level. You can just see, that EEPC India is the lead agency, and CII, FICCI are supporting EEPC India – this kind of collaboration makes the EEPC India brand higher. So now we are recognised as the top agency for engineering and at every opportunity EEPC India is getting the first option.

My next question was EEPC India's activities seem to have grown exponentially over the past two decade or so – the INDEEs, IESS, BSMs, and others. Were these EEPC India initiatives? What other activities did EEPC India take up? You have answered these more or less. Would you like to add something?

I'll talk about my personal challenges. On IESS. The first edition was done by Mr Maitra as Executive Director. It was a kind of maiden venture, and the Ministry had also taken the view that as it was the first time, whatever EEPC India could do in a modest way, they would not look into it that strictly. The second IESS was after Mr Maitra left and I had just three months to do it. Since then so many IESSes have been done. First time people came just to see what it was all about but slowly and steadily we were being challenged, why are the same people coming, what's new? So to take it to a different level was really a challenge. In this year's IESS and the last one also, the amount of global participation and other participation – so many technology institutes – was unprecedented in IESS earlier. We have tried to create a platform, at least in one vertical, which should be one of the top. I am thinking that to be the technology vertical. More and more technology companies are coming to IESS. That was a challenge and till the last edition we've done it successfully and, I hope, it'll be done better in the next editions.

You were at the helm of EEPC India for the past six years. Could you tell us about your experience as Executive Director of EEPC India? What were the major challenges you faced? Tell us about some achievements.

As I said earlier, one of the major challenges I faced, and I understand my successor will also face, is the amount of passengers we had to carry. So everything in EEPC India, because of so many passengers, became very expensive. Even without getting any government support many organisations can perform at a particular cost. But it became costlier because we had to carry these passengers. One is the economic side; the other is the motivational side. Since some of these passengers are not working at all, others get demotivated. We need to do an immediate study of the skill and competence requirements of employees and make a road map accordingly. I am totally against recruiting people without ambition and a career path. Despite telling everybody we have to grow up together, it doesn't always happen. What happens is all those who do not have any aspiration, they flock together. And they create a negative atmosphere.

Problem two, many a times the interference from higher ups is more than what is required. They can tell us what is to be done. But they cannot tell us how it is to be done. So sometimes they wanted to tell us both without actually knowing the physical limitations within which EEPC India is working, what are the issues. These are some of the problems and at times they were tough but ...

Our intention is to uplift brand EEPC India and brand India. There are some inner equations, struggles going on in between. At times it is a little bit tricky to balance both the interests and come out clean. So that is also the challenge at some point of time. But other than that EEPC India has a very good future. Now the platform it is sitting in, it is only to rise I hope, and my advice to everybody is that EEPC India should take a position, independent from the industry and also from the Ministry, so that it balances both of their requirements and finally takes brand India to a new level.

Now that you have retired what are your plans for the future? Will you be engaging with EEPC India in some capacity? You have so much talent, it would be a pity if it goes waste.

I've got some offers, one being particularly to look at the technology initiative. It has already started in Bangalore where we have two persons. In Kolkata we need to get it done, but it is going a bit slow. Still it needs to be done. Then the basic thing which I think my challenge should be is to make both these centres self-sustaining. If I can do that then I would have done a great job for EEPC India once again. Then I can devote more time for listening to Indian Classical music sitting in lap of the Himalayas!

Any final words?

There are some things unique in EEPC India. For example, the calendar. You see it and you know it can't be bought in the market. Branding has to be done in many different ways. This I started personally. For example, the gifts. I have developed them to create branding. The Damascus sword replica and many others and we provide a brief history of the product. That is the branding we wanted to do.

Growth run of engineering exports continues, but problems remain

Despite the impressive growth of Indian engineering exports in fiscal 2018-19, the engineering exporting community is dogged by the rising costs of raw materials, post-GST funds crunch, looming tariff war, safeguard investigation, and the volatile rupee, among other issues

OVERSIGHT

POLICY WONK

INDIA'S merchandise exports recorded a higher positive growth in comparison to April 2018 registering 20.18 percent in May 2018 over May 2017 in dollar terms.

Merchandise exports from India increased by 25.99 percent in rupee terms in May 2018 over the same period last year. Exports during May 2018 increased to $28.9 billion from $24 billion during the same period last year.

The surge in exports in May 2018 over the same month last fiscal was led by expansion in shipments in engineering goods (14.77), organic and inorganic chemicals (34.21), drugs and pharmaceuticals (25.67), petroleum products (104.47), rice (15.24), cotton yarn/fabs./made-ups, handloom products etc (24.7), and plastic and linoleum (36.04) percent respectively. Some major commodity groups like cashew (-36.85), iron ore (-24.32), and RMG of all textiles (-16.62), recorded negative growth in exports during the reporting month.

India's merchandise imports during May 2018 were valued at $43.48 billion which was 14.85 percent higher in dollar terms over the level of imports valued at $37.86

billion in May 2017.

Major commodity groups of imports showing high growth in May 2018 over the corresponding month last year include fertilisers, crude and manufactured (73.47), petroleum, crude and products (49.46), iron and steel (39.1), machine tools (58.52), machinery, electrical and non electrical (30.86), organic and inorganic chemicals (28.26), and project goods (48.2) percent respectively.

Oil imports during May 2018 were valued at $11.5 billion, which was 49.46 percent higher than oil imports valued at $7.69 billion in May 2017. In this connection it is mentioned that the global Brent prices ($/bbl) have increased by 50.68 percent in May 2018 vis-à-vis May 2017 as per World Bank commodity price data (The pink sheet).

Non-oil imports during May 2018 were estimated at $31.98 billion which was 6.03 percent higher than non-oil imports of $30.16 billion in May 2017.

Trade deficit for May 2018 increased moderately at $14.62 billion as against the deficit of $13.84 billion during May 2017, registering a growth of 5.6 percent.

Engineering exports

Indian engineering exports registered significant growth of 14.78 percent in the second month of the new fiscal 2018-19. Engineering exports increased to $6940.79 million in May 2018 from $6047.16 million in the same month last fiscal.

Engineering exports for the year April-May 2018-19 recorded $13,921.18 million as against $11,949.99 million during the same period last fiscal registering a cumulative growth of 16.5 percent.

The share of engineering exports in India's total merchandise exports was estimated at 24.05 percent in May 2018.

The cumulative engineering figures for fiscal 2018-19 for the months of April and May 2018 vis-à-vis April and May 2017 are depicted in **Table1** as per the latest availability of data.

INDIA'S MERCHANDISE TRADE SCENARIO

- **India's merchandise exports recorded a higher positive growth in comparison to April 2018, registering 20.18 percent in May 2018 over May 2017 in dollar terms.**
- **Merchandise exports from India increased by 25.99 percent in rupee terms in May 2018 over the same period last year. Exports during May 2018 increased to $28.86 billion from $24.01 billion during the same period last year.**
- **The surge in exports in May 2018 over the same month last fiscal was led by the increase in shipments of engineering goods (14.77), organic and inorganic chemicals (34.21), drugs and pharmaceuticals (25.67), petroleum products (104.47), rice (15.24), cotton yarn/fabs/made-ups, handloom products etc (24.7), and plastic and linoleum (36.04) percent respectively. Some major commodity groups like cashew (-36.85), iron ore (-24.32), and RMG of all textiles (-16.62), recorded negative growth in exports during the reporting month.**
- **India's merchandise imports during May 2018 were valued at $43.48 billion which was 14.85 percent higher in dollar terms over the level of imports valued at $37.86 billion in May 2017.**
- **Major commodity groups of imports showing high growth in May 2018 over the corresponding month last year include fertilisers, crude and manufactured (73.47), petroleum, crude and products (49.46), iron and steel (39.1), machine tools (58.52), machinery, electrical and non electrical (30.86), organic and inorganic chemicals (28.26) and project goods (48.2) percent.**
- **Trade deficit for May 2018 increased moderately at $14.62 billion as against the deficit of $13.84 billion during May 2017, registering a growth of 5.6 percent.**

INDIA'S ENGINEERING EXPORTS SCENARIO

- **Indian engineering exports registered significant growth of 14.78 percent in May 2018 vis-à-vis 2017.**
- **Engineering exports increased to $6940.79 million in May 2018 from $6047.16 million in the same month last fiscal.**
- **The share of engineering exports in India's total merchandise exports was estimated at 24.05 percent in May 2018.**
- **Out of 33 engineering panels, 26 panels sharing almost 79 percent of the products recorded growth in exports in May 2018 over the same month last year while the remaining seven panels conceded decline in exports.**
- **During May 2018, 21 out of top 25 countries recorded positive growth in engineering exports from India over the same month last year.**
- **Top 25 nations accounted for 76.64 percent of India's total engineering exports in May 2018 over May 2017.**

INDIA'S ENGINEERING IMPORTS SCENARIO

- **India's engineering imports for the new fiscal 2018-19 were valued at $8.5 billion during May 2018 compared to $6.6 billion in May 2017, registering considerable growth to the extent of 28.8 percent in dollar terms.**
- **The share of engineering imports in India's total merchandise imports was estimated at 20.6 percent in May 2018 compared to 20.5 percent share in April 2018.**

Figure1 depicts the cumulative trend in engineering exports for April-May 2018 vis-à-vis April-May 2017.

The engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. Now, as production and exports are directly correlated, some correlation between manufacturing production growth and engineering export growth is very likely to exist. Hence, a broad analysis of industrial production, especially of the manufacturing sector, is effective in the context of engineering export analysis as manufacturing has 77.63 percent weightage in India's industrial production.

Fiscal 2017-18 ended with a growth rate of 16.8 percent in the engineering sector and 4.5 percent growth of the manufacturing sector. The month of March 2018 witnessed movement in opposite directions when engineering exports came back to growth but manufacturing growth slowed down. The figures slightly improved in the month of April 2018 where both engineering exports and manufacturing growth moved in the same direction. Engineering exports registered growth rate of 18.19 percent and manufacturing sector witnessed 5.2 percent growth in the month of May 2018. The manufacturing index in the index of industrial production (IIP) stood at 123.4 in April 2018 as against 138.9 (revised) in March 2018, 129.9 in February 2018, and 133.8 (revised) in January 2018.

The growth rates in engineering exports and manufacturing in the country during the current fiscal are shown in **Table2**.

An analysis of the engineering exports and manufacturing growth data for fiscal 2017-18 and the first month of 2018-19 have established some correlation between the two. In January 2018, engineering exports growth decelerated over the month while manufacturing more or less maintained its trend. In February 2018, the engineering sector deteriorated sharply but the manufacturing sector maintained its growth path. In March 2018, the engineering sector revived and the manufacturing sector witnessed a slowdown in the growth rate. The new fiscal 2018-19, however, saw both engineering exports and manufacturing output achieving faster growth.

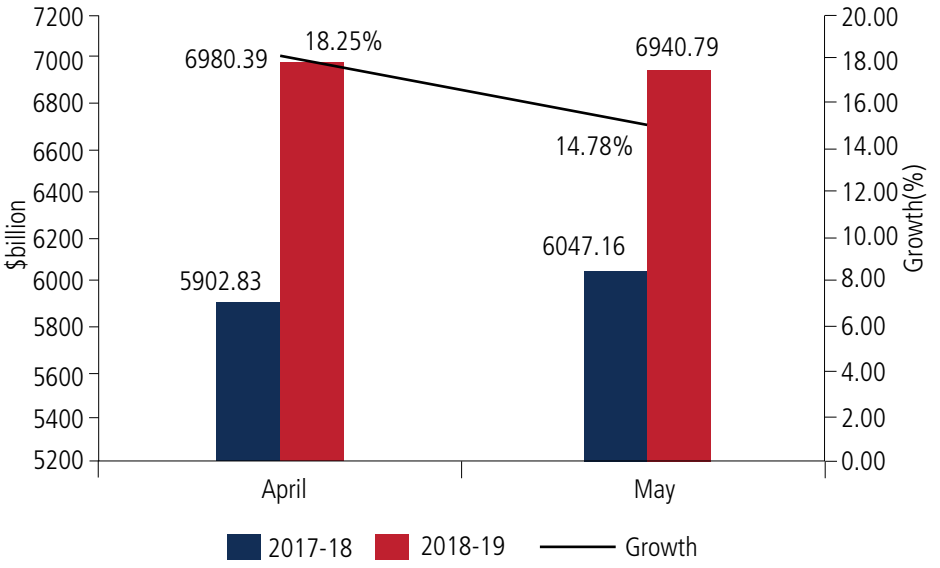
We also present the month-wise corresponding revised engineering exports for 2017-18 as opposed to 2016-17 in **Table3**.

Table1: Engineering exports ($ million)

Month	2017-18	2018-19	Growth (%)
April	5902.89	6976.54	18.19
May	6047.16	6940.79	14.78

Source: Department of Commerce, Government of India

Figure1: Trend in monthly engineering exports for April-May 2018-19 vis-à-vis April-May 2017-18 ($ million)



Source: EEPC India analysis)

Impact of exchange rate

How has the exchange rate changed in May 2018 vis-à-vis May 2017? In order to find it out, we look at the average exchange rate for both May 2018 and 2017. **Table4** provides the data.

During May 2018, the official exchange rate of the rupee vis-à-vis the dollar depreciated to the extent of 4.8 percent on a year-on-year basis, i.e. over May 2017.

Panel-wise analysis of engineering exports

We begin by looking at the engineering panel-wise exports for the month of May 2018 vis-à-vis May 2017. The data is given in **Table5**.

Some factors that need to be noted are:

- During May 2018, exports of engineering goods were slightly subdued compared to the previous month of April and recorded a positive growth of 14.78 percent on a month-on-month basis compared to 18.2 percent in April 2018. Out of 33 engineering panels, 26 panels sharing almost 79 percent of the products recorded growth in exports in May 2018 over the same month last year while the remaining seven panels conceded decline in exports.
- Iron and steel figures recorded 1.4 percent drop in exports during May 2018 with overseas shipments recording $776.7 million

from $787.41 million in the same month last year. Cumulative figures showed 5.1 percent drop in exports during April-May 2018-19 touching $1601.9 million from $1687.7 million during the same period last fiscal. Products of iron and steel recorded growth in exports by 12.56 percent during May 2018, increasing to $573.7 million from $509.69 million in May 2017. The cumulative exports for products of iron and steel increased by 9.46 percent to $1135.48 million during April-May 2018-19 from $1037.38 million during the same period in 2017-18.

• Among the seven non-ferrous metals and products made of non-ferrous metals, aluminium and products, zinc and products, nickel and products, and lead and products recorded substantial growth in exports during May 2018. Nickel and products recorded highest growth of 166.7 percent during May 2018, scaling up from $2.52 million in 2017-18 to $6.72 billion in 2018-19 for the month of May. Copper and products and tin and products experienced a drop to the extent of 72.52 percent and 82.16 percent respectively in May 2018 compared to same period last fiscal.

• The industrial machinery panel as a whole recorded growth in exports to the extent of 17.67 percent during May 2018 vis-à-vis the same period last fiscal, among which sectors like pumps and valves recorded 24 percent growth in exports in May 2018 compared to May 2017, industrial boilers recorded 20.5 percent growth in exports during may 2018 compared to May 2017, and other sectors like air condition machinery and parts recorded 118.5 percent growth and industrial machinery and parts recorded 21.8 percent growth. Sectors like IC engines and parts recorded fall in exports during May 2018 to the extent of 16.71 percent and machinery for ATMs experienced drop in exports to the extent of 2.98 percent during May 2018 compared to same period last fiscal.

• The electrical machinery and equipments panel showed considerable growth in ex-

Table2: Engineering exports growth vis-à-vis manufacturing growth (2017-18)

Month/Year	Engg exports growth (%)	Manufacturing growth (%)
Apr-Mar 2016-17	**11.33**	**4.9**
Apr 2017	24.42	2.9
May 2017	7.32	2.6
Jun 2017	12.57	-0.7
Apr-Jun 2017-18	**14.29**	**1.6**
Jul 2017	16.72	-0.1
Aug 2017	18.21	3.8
Sep 2017	44.12	3.8
Jul-Sep 2017-18	**26.46**	**2.5**
Oct 2017	10.47	2.0
Nov 2017	41.96	10.4
Dec 2017	25.85	8.7
Oct-Dec 2017-18	**25.79**	**7.0**
Jan 2018	15.10	8.6
Feb 2018	-2.60	8.5
Mar 2018	1.87	4.4*
Jan-Mar 2017-18	**4.39**	**7.1***
Apr-Mar 2017-18	**16.81**	**4.5***
April 2018	18.19	5.2*
May 2018	14.77	N.A.

** As per 'quick estimates' of Ministry of Commerce, Govt of India, for April 2018*
Source: Department of Commerce and CSO

Table3: Revised engineering exports for 2017-18 ($ million)

Month	2015-16	2016-17	Growth (%)
April	4744.32	5902.80*	24.42
May	5636.17	6047.16	7.29
June	5066.99	5703.79	12.57
Quarter 1	**15447.48**	**17653.75***	**14.28**
July	4794.12	5597.35	16.75
August	4873.71	5761.35	18.21
September	4917.78	7087.17	44.11
Quarter 2	**14585.61**	**18445.87**	**26.47**
October	5133.58	5670.57	10.46
November	4841.37	6872.54	41.95
December	5688.32	7160.88	25.89
Quarter 3	**15663.27**	**19703.99**	**25.80**
January	5334.66	6217.67	16.55
February	6501.99	6332.64	-2.60
March	7706.18	7850.32	1.87
Quarter 4	**19542.83**	**20400.63**	**4.39**
April-March	**65239.19**	**76204.24***	**16.81**

** Revised figure; Source: DGCI&S*

ports to the extent of 38.46 percent during May 2018 over the same period last fiscal. Cumulative exports for April-May 2018-19 recorded 46.08 percent growth, moving to $1277.2 million from $874.32 million in April-May 2017-18.

• Exports of auto components and parts recorded 23.8 percent growth during May 2018, scaling up from $1146.18 million in May 2017 to $1143.89 million in May 2018. The automobile sector (including motor vehicles and two/three-wheelers) experienced growth in exports by 23.03 percent from $772.92 million in May 2017 to $950.89 million in May 2018.

• Exports of aircrafts and spacecraft parts and products recorded 39.89 percent growth in exports during May 2018 over the same period last year. On the other hand, ship, boats and floating bodies exhibited drop in exports of 8.13 percent, moving down from $931.2 million in May 2017 to $855.5 million in May 2018.

• Some other miscellaneous sectors like office equipments squeezed to the extent of 40.3 percent during May 2018 vis-à-vis May 2017. Some other sectors like accumulators and batteries, railway and transport equipment, cranes, lifts and winches, other construction machinery, and bicycle and parts recorded growth in exports to the extent of 81.9, 23, 42.6, 80.2, and 18.39 percent respectively in May 2018 over the same period last year.

Top 25 destinations for Indian engineering exports

We now look at the export scenario of top 25 nations that had highest demand for Indian engineering products during May 2018 over May 2017 in absolute value. **Table6** provides the data.

The country-wise engineering export figures for May 2018 show the following facts:

• During May 2018, out of the top 25 countries, 21 recorded positive growth in engineering exports from India over the same month last year.

• USA once again ranked as the numero uno exporting destination for India's engineering products in May 2018. It registered high positive cumulative growth during April-May 2018 over April-May 2017 to the extent of 19.75 percent.

• Oman recorded the highest exports growth of almost 340 percent during April-May 2018 vis-à-vis April-May 2017. Singapore and Nigeria held the second and third position respectively in terms of high growth during the same period.

• Out of the top 25 export destinations, France once again recorded dip in exports during April-May 2018 compared to the same period last fiscal.

• India's engineering exports to China recorded negative growth for the second time both monthly as well as cumulatively.

• Among European nations falling under the top 25 engineering export destinations, Belgium recorded the highest growth in May 2018 over May 2017. France, UK, and Italy recorded negative growth during April-May 2018 compared to the same period last fiscal.

• Among the ASEAN countries under the top 25 engineering export destinations, Singapore recorded highest growth both monthly as well as cumulatively. Indonesia revived its growth and recorded positive growth in May 2018 compared to May 2017. All the three ASEAN countries – Singapore, Indonesia and Thailand under the top 25 recorded positive growth both on monthly as well as cumulatively.

• Out of 217 exports destinations of Indian engineering goods, the top 25 nations accounted for 76.6 percent of India's total engineering exports in May 2018 over May 2017.

• Overall, India's engineering exports to its top 25 destinations registered a higher growth in exports during April-May 2018 over April-May 2017 compared to India's total global engineering exports during the same period.

Table4: Average exchange rate

October	Average Exchange Rate 1 USD to INR
2017	64.42
2018	67.54

Source: Calculated from RBI archive

Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for April 2018 as opposed to April 2017. **Table7** and **Figure2** give this picture.

• EU ranks as the region with highest shipments of engineering products from India during May 2018 with a share of more than 22 percent of total engineering exports.

• India's exports to North America and MEWA ranks second and third in global shipments of Indian engineering goods that recorded considerable growth during May 2018 over the same period last fiscal.

• India's exports recorded positive monthly growth for all the regions in May 2018 over May 2017 barring MEWA.

• Exports to ASEAN+2 registered the highest growth of 34.6 percent in May 2018 compared to May 2017.

Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during April 2018. We have taken the major panels and computed the top importers and sharp declines to get an idea of the current trade pattern. (**Tables8-16**)

Export of iron and steel

• Nepal, Italy, and Belgium were the top three importers of Indian iron and steel during April-May 2018 with market shares of 12.04, 9.71, and 6.31 percent respectively.

• Kuwait, Philippines, Bhutan, and France recorded more than 200 percent year-on-year growth in exports of Indian iron and steel during April-May 2018.

• South Africa, Sweden, Sudan and Ethio-

Table5: Trends in engineering panel exports for May 2018 compared to May 2017 ($ million)

Sl no.	Panel	May 2017	May 2018	Growth %	Apr-May 2017-18	Apr-May 2018-19	Growth %
1. Iron and steel and products made of iron and steel							
A	Iron and steel	787.41	776.71	-1.36	1687.77	1601.9	-5.09
B	Products of iron and steel	509.69	573.7	12.56	1037.38	1135.48	9.46
Subtotal		**1297.1**	**1350.41**	**4.11**	**2725.15**	**2737.38**	**0.45**
2. Nonferrous metals and products made of nonferrous metals							
A	Copper and products	241.27	66.3	-72.52	450.02	175.14	-61.08
B	Aluminium and products	293.12	521.9	78.05	654.54	934.98	42.85
C	Zinc and products	54.36	69.39	27.65	111.09	149.04	34.16
D	Nickel and products	2.52	6.72	166.67	5.61	12.82	128.52
E	Lead and products	15.41	35.8	132.32	41.99	63.15	50.39
F	Tin and products	1.85	0.33	-82.16	2.92	0.82	-71.92
G	Other non-ferrous metals	38.01	45.67	20.15	77.56	88.28	13.82
Subtotal		**646.54**	**746.11**	**15.40**	**1343.73**	**1424.23**	**5.99**
3. Industrial machinery							
A	Industrial machinery like boilers, parts, etc	39.72	47.88	20.54	84.92	106.7	25.65
B	IC engines and parts	224.5	186.99	-16.71	432.49	358.25	-17.17
C	Pumps of all types	64	79.36	24.00	138.22	160.48	16.10
D	Air condition and refrigerators	80.73	176.39	118.49	169.42	310.28	83.14
E	Industrial machinery for dairy, food processing, textiles etc	373.24	454.66	21.81	765.78	937.15	22.38
F	Machine tools	34.93	39.38	12.74	80.17	83.17	3.74
G	Machinery for injecting moulding, valves and ATMs	111.94	108.6	-2.98	228.62	238.06	4.13
Subtotal		**929.06**	**1093.26**	**17.67**	**1899.62**	**2194.09**	**15.50**
4. Electrical machinery		**412.06**	**570.54**	**38.46**	**874.32**	**1277.2**	**46.08**
5. Automobiles							
A	Motor vehicle/cars	609.68	776.03	27.28	1202.05	1382.14	14.98
B	Two and three wheelers	163.24	174.86	7.12	321.88	344.19	6.93
C	Auto components/part	370.97	465.29	25.43	735.4	909.58	23.69
Subtotal		**1143.89**	**1416.18**	**23.80**	**2259.33**	**2635.91**	**16.67**
6.	**Aircrafts and spacecraft parts and products**	**137.77**	**192.73**	**39.89**	**301.57**	**345.49**	**14.56**
7.	**Ships boats and floating products and parts**	**931.22**	**855.5**	**-8.13**	**1336**	**1932.48**	**44.65**
8. Other engineering products							
A	Medical and scientific instruments	115.83	133.66	15.39	232.27	266.48	14.73
B	Railway transport	27.82	34.21	22.97	42.6	70.93	66.50
C	Hand tools and cutting tools	53.88	61.14	13.47	110.4	119.04	7.83
D	Electrodes, accumulators	3.49	3.71	6.30	6.56	8.04	22.56
E	Accumulator and batteries	18.88	34.34	81.89	38.44	58.49	52.16
F	Bicycle and parts	24.52	29.03	18.39	50.29	60.82	20.94
G	Cranes, lifts and winches	24.27	34.61	42.60	50.93	70.25	37.93
H	Office equipments	9.6	5.73	-40.31	17.35	11.12	-35.91
I	Other construction machinery	92.61	166.87	80.19	188.76	301.54	59.75
J	Prime mica and mica products	1.94	2.73	40.72	3.91	4.56	16.62
K	Other misc. Items	176.68	210.03	18.88	468.76	403.13	-14.00
Subtotal		**549.52**	**716.06**	**30.31**	**1210.27**	**1374.4**	**13.56**
Total engineering exports		**6047.16**	**6940.79**	**14.78**	**11949.99**	**13921.18**	**16.50**

Source: Department of Commerce, Government of India

Table6: Engineering exports country-wise, 2017-18

Country	May 2017	May 2018	Growth (%)	Apr-May 17-18	Apr-May 18-19	Growth (%)
USA	903.13	903.56	0.05	1556.43	1863.87	19.75
UAE	954.16	783.04	-17.93	1232.79	1385.87	12.42
Germany	208.47	261.03	25.22	450.15	556.64	23.66
Mexico	230.84	253.73	9.92	479.62	498.40	3.91
Singapore	98.34	192.22	95.47	194.07	483.05	148.90
Nepal	167.71	266.16	58.71	326.23	472.69	44.89
South Africa	117.65	142.96	21.51	239.85	457.21	90.63
Bangladesh	179.44	198.51	10.63	342.86	437.32	27.55
UK	218.68	228.63	4.55	450.66	422.50	-6.25
Italy	246.98	201.84	-18.28	463.62	403.98	-12.86
Belgium	96.94	253.23	161.23	213.55	386.26	80.88
Turkey	100.41	194.29	93.49	259.41	377.07	45.36
Korea	149.56	179.46	19.99	321.20	366.52	14.11
China	189.27	115.77	-38.84	395.46	301.77	-23.69
Indonesia	106.06	152.08	43.40	247.29	277.35	12.16
Saudi Arabia	70.87	87.46	23.41	195.33	271.56	39.02
Oman	25.43	59.77	135.00	61.11	268.81	339.85
France	120.05	121.71	1.38	257.67	222.07	-13.82
Spain	98.59	100.30	1.73	207.04	212.59	2.68
Japan	91.32	121.91	33.50	150.54	212.23	40.98
Thailand	94.86	115.25	21.50	171.45	209.23	22.04
Nigeria	42.62	112.90	164.91	88.49	196.20	121.71
Netherlands	65.34	91.07	39.37	148.33	176.88	19.24
Sri Lanka	94.51	93.76	-0.79	190.79	173.06	-9.30
Brazil	72.93	88.94	21.95	140.00	162.26	15.90
Top 25 countries total	4744.15	5319.58	12.13	8783.96	10795.40	22.90
Grand total	6047.15	6940.76	14.78	11949.95	13921.16	16.50
Share % total engineering exports	**78.45**	**76.64**		**73.51**	**77.55**	

Source: Department of Commerce, Government of India
Note: Highlighted figures indicate negative growth

pia experienced sharp fall in exports during April-May 2018.

Export of products of iron and steel

• USA, UAE, and Germany were the top three importers of India's Products of Iron and Steel during April-May 2018 with 22.09, 8, and 5.85 percent shares respectively in India's global import of the same.

• Mauritania, Chile, Afghanistan, and Nigeria were among the nations witnessing significant growth in import of Indian products of iron and steel during April-May 2018.

• On the other hand, Iran, Ivory Coast, Iraq, and Columbia conceded substantial decline in imports of the product group from India during April-May 2018.

Export of industrial machinery

• USA was the largest importer of Indian in-

Table7: Region-wise exports trend ($ million)

Region	May 2017	May 2018	Growth (%)	Apr-May 2017-18	Apr-May 2018-19	Growth (%)
EU	1226.7	1523.9	24.2	2561.6	2870.7	12.1
North America	1172.0	1229.8	4.9	2118.3	2504.2	18.2
Middle East and West Asia (MEWA)	1209.3	1127.1	-6.8	1945.2	2299.7	18.2
ASEAN+2	561.7	756.1	34.6	1145.4	1587.3	38.6
Africa	478.0	610.4	27.7	1302.8	1352.8	3.8
South Asia	475.4	605.4	27.3	934.6	1183.2	26.6
NE Asia	480.2	494.3	3.0	1011.4	1026.6	1.5
Latin America	256.4	293.5	14.5	495.8	540.9	9.1
Others	133.5	241.5	81.0	317.7	446.5	40.5
CIS	54.1	58.8	8.6	117.1	109.3	-6.7
Grand total	**6047.1**	**6940.8**	**14.8**	**11950.0**	**13921.2**	**16.5**

*Note: *Figures have been rounded off. **Myanmar has been included in ASEAN+2 and not in South Asia, since ASEAN is a formal economic grouping.*
Source: Department of Commerce, Government of India

dustrial machinery during April-May 2018 with 17.05 percent share in India's global import of the product group, followed by Bangladesh and Germany with 4.63 and 4.45 percent shares respectively.

• Cambodia, Tunisia, Nigeria, and Argentina were among the nations that witnessed significant growth of imports of industrial machinery from Indian during April-May 2018.

• Among the major importers, exports to Switzerland, Taiwan, Senegal, and UK recorded sharp decline during April-May 2018.

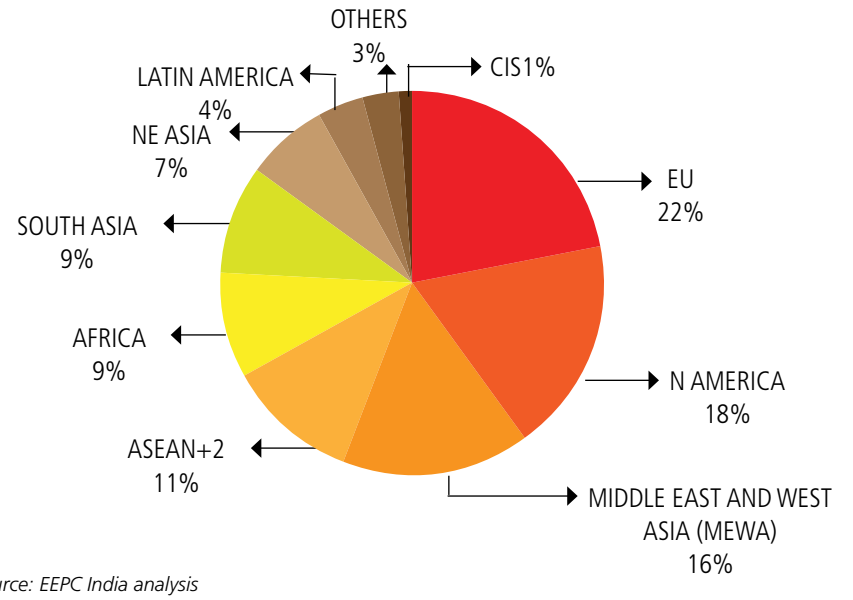
Export of automobiles

• Mexico, USA, and South Africa were the top three importers of India's automobiles during April-May 2018, witnessing 16.73, 11.91, and 8.98 percent share respectively. Mexico being the largest importer shared 16.73 percent of exports of automobiles from India.

• Countries like Canada, USA, Mozambique, Myanmar, and Saudi Arabia saw over 100 percent growth in imports of Indian automobiles during April-May 2018 among major importers.

• Turkey, Netherlands, Spain, France, and Italy conceded substantial decrease in imports of automobiles from India during April-May 2018.

Figure 2: India's region wise exports during May 2018



Source: EEPC India analysis

Export of non-ferrous metals

• Korea ($214.09 million), USA ($161.71 million), and Turkey ($138.47million) were the top three importers of Indian non-ferrous metals during April-May 2018 with market shares of 15.03, 11.35, and 9.72 percent respectively and y-o-y growth of 6.07, 28.61, and 252.75 percent respectively.

• Bulgaria, Vietnam, Qatar, Tanzania, Mexico, and Greece witnessed highest growth in imports of Indian non-ferrous metal products during April-May 2018.

• Singapore, China, Iran, UAE, and Belgium conceded significant decline in imports of non-ferrous metals from India during the April-May 2018.

Export of electrical machinery and components

• USA ($282.06 million), Germany ($168.83

Table8: Export of iron and steel ($ million)

Country	May 17	May 18	Growth %	Apr-May 17-18	Apr-May 18-19	Growth %
TOP 5 IMPORTERS						
Nepal	55.01	103.29	87.77	106.31	192.80	81.36
Italy	115.66	65.04	-43.77	192.25	155.47	-19.13
Belgium	61.22	49.15	-19.70	133.97	101.14	-24.51
South Korea	31.98	42.89	34.12	66.14	95.59	44.52
UAE	37.29	36.81	-1.30	93.45	91.71	-1.87
HIGH CUMULATIVE GROWTH						
Kuwait	0.71	2.64	270.33	1.74	14.25	717.02
Philippines	1.26	17.37	1282.71	3.85	24.07	524.56
Bhutan	1.00	5.27	428.13	2.31	9.98	331.77
France	1.03	5.26	409.56	2.12	6.75	218.31
Nigeria	3.49	7.65	119.18	6.25	13.45	115.12
Qatar	1.40	10.00	615.71	10.53	22.07	109.50
Kenya	2.31	2.87	23.79	4.39	9.10	107.48
Djibouti	1.74	4.04	131.73	3.88	7.84	101.83
SHARP CUMULATIVE DECLINE						
South Africa	1.86	2.56	37.86	24.36	5.16	-78.81
Sweden	1.52	0.68	-55.01	6.13	1.73	-71.73
Sudan	1.73	0.83	-52.06	5.31	1.60	-69.85
Ethiopia	10.38	7.26	-30.10	24.09	8.02	-66.70
Peru	4.15	2.77	-33.32	8.94	4.00	-55.31
Ecuador	4.95	2.84	-42.69	10.01	4.55	-54.59
Ghana	3.42	1.22	-64.30	6.30	3.01	-52.29
Indonesia	31.62	19.32	-38.90	88.54	50.15	-43.36

Source: Department of Commerce, Government of India

Table9: Export of products iron and steel ($ million)

Country	May 17	May 18	Growth %	Apr-May 17-18	Apr-May 18-19	Growth %
TOP 5 IMPORTERS						
USA	133.91	124.23	-7.23	253.44	250.86	-1.02
UAE	46.83	43.84	-6.39	93.53	90.86	-2.86
Germany	30.07	33.02	9.81	58.91	66.47	12.83
UK	19.97	23.38	17.07	39.69	47.48	19.61
Canada	12.61	20.12	59.52	25.30	39.96	57.94
HIGH CUMULATIVE GROWTH						
Mauritania	0.17	5.91	3278.15	0.31	8.08	2546.54
Chile	0.76	12.60	1556.47	1.48	24.95	1585.23
Afghanistan	0.22	2.62	1087.45	0.73	5.74	690.04
Nigeria	2.52	15.59	517.71	4.39	28.30	544.96
Qatar	3.76	14.71	291.30	9.67	28.22	191.69
Bangladesh	5.11	19.89	289.49	11.19	29.28	161.68
Singapore	2.93	6.42	119.46	5.53	11.11	100.78

Table9: Export of products iron and steel ($ million) contd.

Country	May 17	May 18	Growth %	Apr-May 17-18	Apr-May 18-19	Growth %
SHARP CUMULATIVE DECLINE						
Iran	7.59	0.33	-95.71	21.90	0.48	-97.82
Ivory Coast	0.45	0.09	-80.07	5.91	0.29	-95.08
Iraq	0.18	0.44	145.61	6.49	0.77	-88.12
Colombia	2.93	0.45	-84.50	6.10	1.15	-81.14
Egypt	5.65	2.30	-59.34	13.80	5.11	-62.95
Senegal	2.41	0.90	-62.66	5.94	2.45	-58.68

Source: Department of Commerce, Government of India

Table10: Export of industrial machinery ($ million)

Country	May 17	May 18	Growth %	Apr-May 17-18	Apr-May 18-19	Growth %
TOP 5 IMPORTERS						
USA	152.54	194.37	27.42	299.70	374.11	24.83
Bangladesh	39.56	48.05	21.47	86.84	101.54	16.92
Germany	39.10	48.18	23.23	81.52	97.66	19.80
Turkey	30.79	51.17	66.15	67.16	94.58	40.83
China	37.92	40.27	6.22	74.74	93.16	24.65
HIGH CUMULATIVE GROWTH						
Cambodia	0.43	5.73	1232.53	0.93	6.19	562.64
Tunisia	0.41	1.39	243.01	2.45	5.52	125.60
Nigeria	12.16	39.89	227.94	28.57	64.25	124.92
Argentina	3.23	5.69	76.34	4.84	9.78	102.28
Spain	11.93	19.74	65.52	27.97	51.01	82.38
Oman	6.77	15.55	129.79	15.12	27.30	80.53
Sweden	2.94	4.33	47.62	5.59	10.04	79.52
Algeria	2.95	7.60	157.55	10.76	18.17	68.95
SHARP CUMULATIVE DECLINE						
Switzerland	8.65	2.02	-76.60	12.00	4.20	-64.96
Taiwan	6.73	1.73	-74.26	9.01	3.85	-57.31
Senegal	2.86	1.62	-43.39	6.97	4.18	-40.01
UK	60.72	29.86	-50.82	96.40	60.20	-37.55
Bhutan	1.79	2.42	35.27	9.92	6.67	-32.72
Kuwait	15.36	10.14	-34.01	33.77	23.41	-30.68
Singapore	17.26	16.31	-5.55	47.12	33.20	-29.53
Philippines	8.11	5.81	-28.38	15.94	12.34	-22.57

Source: Department of Commerce, Government of India

Table11: Export of automobiles ($ million)

Country	May 17	May 18	Growth %	Apr-May 17-18	Apr-May 18-19	Growth %
TOP 5 IMPORTERS						
Mexico	169.55	133.37	-21.34	340.84	288.87	-15.25
USA	1.81	103.98	5644.25	3.43	205.68	5890.41
South Africa	74.54	88.23	18.36	133.48	155.09	16.19
Bangladesh	48.16	32.34	-32.85	87.75	88.49	0.84
Nepal	28.95	54.39	87.90	56.29	78.42	39.32
HIGH CUMULATIVE GROWTH						
Canada	0.00	13.30		0.06	27.55	47694.60
USA	1.81	103.98	5644.25	3.43	205.68	5890.41
Mozambique	0.30	0.99	232.85	0.59	10.25	1627.01
Iraq	0.34	1.60	368.41	0.58	5.19	801.42
Cambodia	0.64	1.98	211.62	0.96	6.19	543.73
Myanmar	0.80	5.19	548.56	1.39	8.16	488.49
Saudi Arabia	3.35	16.10	380.63	4.04	22.90	467.37
New Zealand	1.15	5.94	418.11	2.32	9.27	298.97
SHARP CUMULATIVE DECLINE						
Turkey	2.33	0.02	-99.18	7.56	0.08	-98.88
Cote d'Ivoire	14.16	1.08	-92.36	20.97	1.59	-92.42
Israel	2.10	0.18	-91.52	6.57	0.64	-90.29
Netherlands	5.75	2.68	-53.42	18.30	2.68	-85.34
Spain	19.90	6.20	-68.82	42.20	7.37	-82.55
France	29.92	15.24	-49.06	53.98	17.69	-67.23
Italy	28.93	20.60	-28.80	70.20	24.44	-65.19

Note: Automobiles sector includes motor vehicles and two- and three-wheelers
Source: Department of Commerce, Government of India

Table12: Export of nonferrous metals ($ million)

Country	May 17	May 18	Growth %	Apr-May 17-18	Apr-May 18-19	Growth %
TOP 5 IMPORTERS						
South Korea	92.0	109.3	18.9	201.8	214.1	6.1
USA	58.0	85.6	47.7	125.7	161.7	28.6
Turkey	5.5	71.4	1202.6	39.3	138.5	252.8
Mexico	7.0	49.9	609.0	15.9	71.5	351.1
China	104.2	3.3	-96.8	197.4	55.9	-71.7
HIGH CUMULATIVE GROWTH						
Bulgaria	0.1	21.4	21580.6	0.4	27.4	6158.2
Vietnam	1.5	14.8	865.7	2.3	24.4	949.4
Qatar	0.8	10.4	1133.0	1.8	18.4	928.7
Tanzania	1.0	8.5	747.6	1.7	9.1	422.1
Mexico	7.0	49.9	609.0	15.9	71.5	351.1
Greece	0.1	36.2	47085.5	14.6	54.3	272.7
Turkey	5.5	71.4	1202.6	39.3	138.5	252.8
Japan	11.0	25.3	129.6	17.6	46.1	162.5

Table12: Export of nonferrous metals ($ million) contd.						
Country	**May 17**	**May 18**	**Growth %**	**Apr-May 17-18**	**Apr-May 18-19**	**Growth %**
HIGH CUMULATIVE GROWTH						
Spain	8.9	22.2	149.6	18.1	35.6	96.1
Israel	3.2	6.8	109.9	5.6	10.9	95.7
SHARP CUMULATIVE DECLINE						
Singapore	33.5	0.8	-97.6	35.5	1.6	-95.4
China	104.2	3.3	-96.8	197.4	55.9	-71.7
Iran	2.5	1.2	-50.8	6.9	2.5	-63.7
UAE	74.0	20.5	-72.3	111.4	42.7	-61.6
Belgium	1.3	1.5	13.0	7.1	3.1	-56.6
Malaysia	31.0	11.4	-63.4	83.2	40.0	-51.9

Source: Department of Commerce, Government of India

Table13: Export of electrical machinery and components ($ million)						
Country	**May 17**	**May 18**	**Growth %**	**Apr-May 17-18**	**Apr-May 18-19**	**Growth %**
TOP 5 IMPORTERS						
USA	82.93	108.49	30.82	150.26	282.06	87.71
Germany	30.79	49.58	61.03	103.95	168.83	62.41
UK	17.32	49.66	186.76	63.69	79.85	25.38
Singapore	12.90	38.79	200.56	20.87	75.95	263.88
China	7.47	20.07	168.51	17.92	56.99	217.98
HIGH CUMULATIVE GROWTH						
Taiwan	0.50	8.30	1550.52	1.08	16.55	1431.93
Canada	1.27	12.68	896.66	2.00	16.04	700.36
Belgium	3.85	3.55	-7.78	6.81	37.10	444.82
Lao PDR	1.16	5.39	365.81	1.28	6.66	419.91
Sudan	0.80	0.54	-31.98	1.71	7.54	341.70
Singapore	12.90	38.79	200.56	20.87	75.95	263.88
China	7.47	20.07	168.51	17.92	56.99	217.98
Spain	2.96	11.17	277.14	5.74	15.07	162.68
SHARP CUMULATIVE DECLINE						
Ethiopia	2.90	0.55	-81.00	5.07	0.89	-82.41
Turkey	9.05	9.92	9.61	26.84	14.67	-45.34
Vietnam	14.84	3.69	-75.16	19.14	10.64	-44.40
Russia	2.48	2.10	-15.39	5.23	3.18	-39.23
France	23.39	16.07	-31.30	52.87	33.54	-36.55
Kuwait	4.22	3.49	-17.30	10.28	6.63	-35.55
UAE	30.27	22.46	-25.79	53.25	38.48	-27.74

Source: Department of Commerce, Government of India

Table14: Export of aircrafts and spacecrafts ($ million)						
Country	**May 17**	**May 18**	**Growth %**	**Apr-May 17-18**	**Apr-May 18-19**	**Growth %**
TOP 5 IMPORTERS						
USA	39.40	44.41	12.73	81.49	97.66	19.84
Singapore	18.55	32.23	73.76	35.74	50.17	40.39
France	12.58	25.24	100.55	31.65	47.14	48.95
UK	11.49	18.78	63.42	39.09	40.17	2.76
Germany	27.14	20.87	-23.11	38.95	32.20	-17.31
HIGH CUMULATIVE GROWTH						
Belgium	0.17	10.81	6122.03	0.23	11.00	4770.96
Switzerland	3.46	12.74	268.40	5.01	13.43	168.07
France	12.58	25.24	100.55	31.65	47.14	48.95
Singapore	18.55	32.23	73.76	35.74	50.17	40.39
Malaysia	2.23	3.39	52.08	5.08	6.29	23.81
USA	39.40	44.41	12.73	81.49	97.66	19.84
SHARP CUMULATIVE DECLINE						
Russia	2.90	1.94	-33.14	17.47	5.95	-65.93
Israel	1.88	2.13	13.03	6.74	5.04	-25.27
Germany	27.14	20.87	-23.11	38.95	32.20	-17.31
UK	11.49	18.78	63.42	39.09	40.17	2.76
USA	39.40	44.41	12.73	81.49	97.66	19.84
Malaysia	2.23	3.39	52.08	5.08	6.29	23.81
Singapore	18.55	32.23	73.76	35.74	50.17	40.39
France	12.58	25.24	100.55	31.65	47.14	48.95

Source: Department of Commerce, Government of India

Table15: Export of ships, boats and floating structures and parts ($ million)						
Country	**May 17**	**May 18**	**Growth %**	**Apr-May 17-18**	**Apr-May 18-19**	**Growth %**
TOP 5 IMPORTERS						
UAE	678.39	568.80	-16.16	714.49	950.19	32.99
Singapore	0.00	74.17	-	21.79	263.04	1107.13
South Africa	0.00	0.00	-	0.00	198.48	-
Oman	0.00	16.23	-	0.00	187.76	-
Belgium	0.00	150.05	-	0.00	150.05	-
HIGH CUMULATIVE GROWTH						
South Africa	0.00	0.00	-	0.00	198.48	-
Oman	0.00	16.23	-	0.00	187.76	-
Belgium	0.00	150.05	-	0.00	150.05	-
Bangladesh	0.00	0.00	-	0.00	20.07	-
Qatar	0.00	8.34	-	0.00	8.34	-
Bahrain	0.00	0.00	-	0.00	5.28	-
Singapore	0.00	74.17	-	21.79	263.04	1107.13
SHARP CUMULATIVE DECLINE						
Cameroon	0.00	0.00	-	20.63	0.00	-100.00

Table15: Export of ships, boats and floating structures and parts ($ million) contd.						
Country	**May 17**	**May 18**	**Growth %**	**Apr-May 17-18**	**Apr-May 18-19**	**Growth %**
SHARP CUMULATIVE DECLINE						
Egypt	0.00	0.00	-	213.77	0.00	-100.00
Liberia	0.00	0.00	-	84.61	0.00	-100.00
Malaysia	6.20	0.00	-100.00	6.20	0.00	-100.00
USA	216.51	0.02	-99.99	216.61	0.02	-99.99
Sri Lanka	23.16	12.23	-47.19	23.17	18.09	-21.92

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

Table16: Export of auto components ($ million)						
Country	**May 17**	**May 18**	**Growth %**	**Apr-May 17-18**	**Apr-May 18-19**	**Growth %**
TOP 5 IMPORTERS						
USA	78.69	96.22	22.28	154.61	194.91	26.06
Turkey	25.15	32.35	28.61	53.05	67.42	27.09
Bangladesh	19.45	27.51	41.42	32.21	50.25	55.99
Brazil	18.36	24.66	34.27	34.68	46.23	33.31
Germany	14.83	20.99	41.61	30.34	40.57	33.74
HIGH CUMULATIVE GROWTH						
Romania	1.93	9.94	415.83	4.44	18.01	305.96
Myanmar	1.39	3.24	133.12	2.26	6.40	182.99
Vietnam	6.35	9.97	57.07	8.37	22.42	167.86
Japan	8.93	25.20	182.07	17.95	37.65	109.70
Colombia	3.54	6.37	80.02	6.59	10.91	65.55
Bangladesh	19.45	27.51	41.42	32.21	50.25	55.99
Egypt	4.78	6.98	46.12	8.71	13.47	54.59
Belgium	4.72	6.49	37.43	9.51	13.70	44.06
China	5.09	7.80	53.37	10.83	15.19	40.30
SHARP CUMULATIVE DECLINE						
Saudi Arabia	3.44	0.83	-75.85	9.49	1.90	-79.96
Canada	5.57	5.74	3.11	13.95	11.81	-15.34
Korea	4.34	3.68	-15.14	8.65	7.39	-14.52
Philippines	4.00	2.90	-27.42	6.90	6.17	-10.59
Netherlands	3.17	2.59	-18.39	6.19	5.55	-10.28
UAE	7.74	7.63	-1.49	16.16	14.61	-9.60
Nepal	10.48	9.12	-12.96	17.70	16.12	-8.97
Poland	3.98	3.51	-11.76	7.34	6.81	-7.24
South Africa	7.20	7.58	5.28	16.10	15.19	-5.69
Indonesia	9.59	9.80	2.27	21.75	21.06	-3.17

Source: Department of Commerce and CSO

million) and UK ($79.85 million) were the three top importers of Indian electrical machinery and components during April-May 2018 with market shares of 22.08, 13.22, and 6.25 percent respectively.

• Taiwan, Canada, and Belgium recorded highest growth in imports of India's electrical machinery and components during April-May 2018.

• On the other hand, Ethiopia, Turkey, Vietnam, and Russia conceded highest decline in imports of India's electrical machinery and components during the period.

Export of aircrafts and spacecrafts

• USA, Singapore, and France were the top importers of India's aircrafts and spacecrafts during April-May 2018 with 28.27, 14.52, and 13.64 percent shares respectively in India's total global exports of the product.

• Belgium and Switzerland recorded gigantic growth rates even though the increase in import volumes of aircrafts and spacecrafts remains less than $15 million during April-May 2018.

• On the flipside, demand for India's aircrafts and spacecrafts from Russia, Israel, Germany, and UK declined significantly during April-May 2018.

Export of ships, boats and floating structures and parts

• UAE was the largest importer of India's ships, boats and floating structures and parts during April-May 2018 with 49.17 percent share in India's total global exports of the product followed by Singapore and South Africa with 13.61 and 10.27 percent share respectively.

• Singapore recorded high growth in imports of ships, boats and floating structures and parts during April-May 2018 over the same period last year.

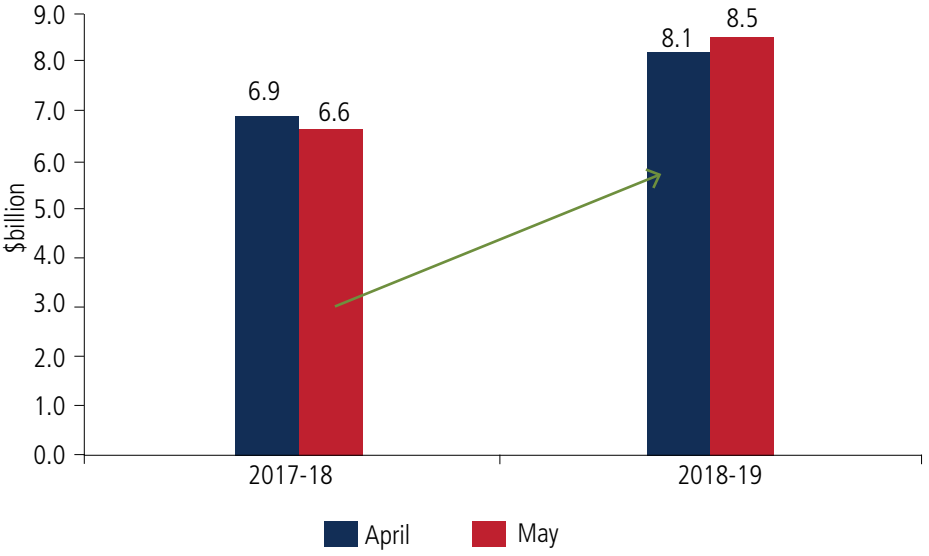
• Cameroon, Egypt, Liberia, Malaysia, USA, and Sri Lanka recorded significant decline in imports during April-May 2018 over the same period last year.

Table17: Engineering imports ($ million)

Month	2017-18	2018-19	Growth (%)
April	6936.70	8139.45	17.3
May	6628.73	8535.98	28.8
April-May	13565.4	16675	22.9

Source: Department of Commerce, Government of India

Figure2: Trend in monthly engineering imports for 2018-19 vis-à-vis 2017-18 ($ billion)



Source: EEPC India analysis)

Export of auto components

• USA was the topmost importer of auto components/parts from India during April-May 2018, with a share of more than 21 percent in the total auto components exports followed by Turkey and Bangladesh with 7.41 and 5.52 percent share respectively.

• Romania, Myanmar, and Vietnam were among the prominent nations recording significant increase in imports of Indian auto components/parts during April-May 2018 over April-May 2017.

• Saudi Arabia conceded substantial decline in imports of auto components/parts during April-May 2018 over the same period last fiscal.

Import analysis of engineering goods

India's engineering imports during May 2018 were valued at $8535.98 million compared to $6628.73 million in May 2017, registering considerable growth of 28.8 percent in dollar terms. Imports for the previous month of April 2018 stood at $8139.45 million compared to $6936.7 million in April 2017.

The share of engineering imports in India's total merchandise imports was estimated at 20.6 percent in May 2018, quite similar to the previous month of April 2018 maintaining 20.5 percent share out of total merchandised imports.

The monthly engineering imports figures for fiscal 2018-19 vis-à-vis 2017-18 are depicted in **Table17** as per the latest availability of data. **Figure2** depicts the monthly trend in engineering imports for May 2018 compared to May 2017.

Trend in two-way engineering trade

We now present the trend in two-way yearly

trade for the engineering sector from 2014-15 to 2017-18 depicted in **Table18**. **Figure3** depicts the yearly trend in engineering trade from 2014-15 to 2017-18.

Conclusion

India's merchandise export growth accelerated to six-month high during May 2018 due to a broad-based recovery in petroleum and like sectors. However, imports also grew significantly following the rise in the import price of crude oil. Trade deficit as a result went up to four-month high.

The engineering sector, despite achieving a noticeable growth in exports during May 2018, underperformed the broader merchandise export growth. The growth in engineering exports was attributed to substantial rise in the overseas shipments of electrical machinery, auto components/parts, non-ferrous metals, aircrafts and spacecraft, and industrial machinery. The share of engineering in total merchandise exports declined slightly to 24 percent from 25 percent recorded during the entire fiscal 2017-18.

USA, UAE, and Germany remained the top three exporting destinations for Indian engineering products during the first two months of the new fiscal. However, exports to the USA were largely flat while that to UAE declined when compared to the same period last fiscal. The EU continued to be the highest importing region for Indian engineering with 22 percent share and 12 percent growth in imports over the same period last fiscal. Other than CIS, all regions experienced growth in engineering imports from India during April-May 2018-19.

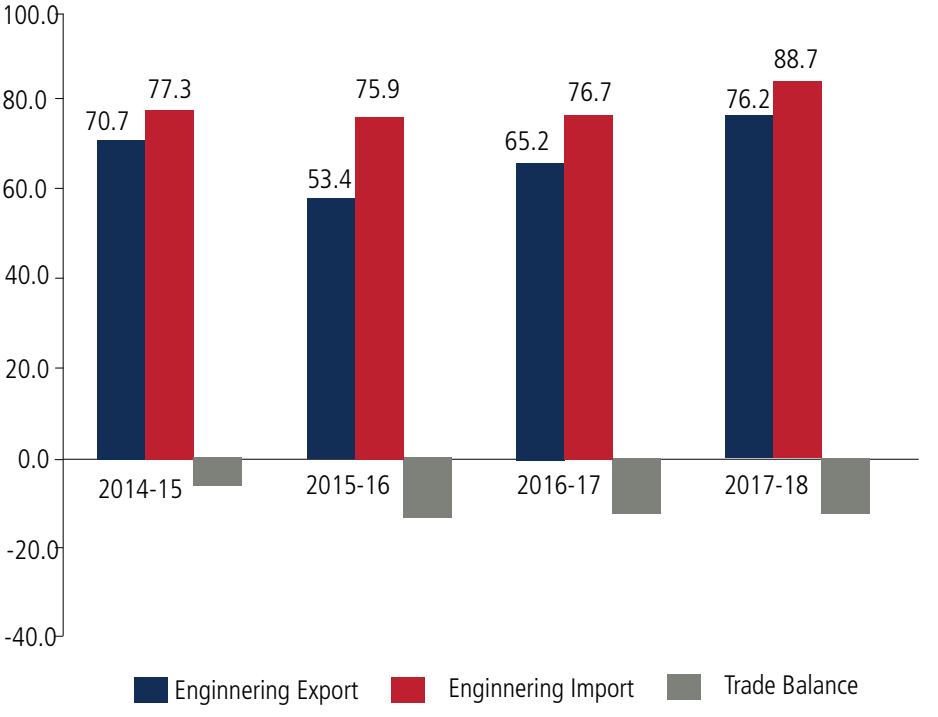
Despite the impressive growth of Indian engineering exports during April-May 2018, rising raw material costs has continued to be a growing concern for exporters. In addition, post-GST fund shortage continues even with substantial efforts by the government to mitigate GST-related issues. On the global front, fear of an imminent tariff war is damaging the prospects of international trade backed by intermittent bullying from the USA and China. Initiation of safeguard investigation by the European Commission on imports of selected steel products further intensified the panic across the globe. The US investigation on India's compliance with the norms under the Generalised System of Preference is another external shock for the exporting community. The volatile trend of rupee has also clouded the outlook for global exports.

Table18: Engineering trade ($ million)

	2014-15	2015-16	2016-17	2017-18	Growth %
Engineering export	70661.2	58351.58	65239.19	76204.38	16.8
Engineering import	77279.45	75859.72	76712.38	88654.28	15.6
Trade balance	-6618.25	-17508.1	-11473.2	-12449.9	

Source: DGCI&S

Figure3: Trend in monthly engineering trade ($ billion)



TENDER

Bangladesh Power Development Board

Invitation for International Tender

1	Ministry/Division	Ministry of Power, Energy & Mineral Resource/Power Division
2	Agency	Bangladesh Power Development Board (BPDB)
3	Procuring Entity Name	Director, Directorate of Purchase, BPDB, Dhaka
4	Procuring Entity Code	Not used at present
5	Procuring Entity District	Dhaka, Bangladesh
6	Invitation for	Procurement of Air Filter PAD & Boxes for GT Units 8 & 9 of Shahjibazar 60 MW Power Station, BPDB, Hobiganj, Sylhet
7	Invitation Ref. No.	27.11.0000.314.18.319.18
8	Date	03-06-2018
KEY INFORMATION		
8	Date	03-06-2018
9	Procurement Method	Open Tendering Method (Single Stage Single Envelope)
FUNDING INFORMATION		
10	Budget and Source of Funds	Revenue and BPDB's Cash Foreign Exchange Allocation
11	Development of Patners (if applicable)	Not applicable
PARTICULAR INFORMATION		
12	Project/Programme Code (if applicable)	Not applicable
13	Project/Programme Name (if applicable)	Not applicable
14	Tender Package No.	GR-16 (FY 2017-2018)
15	Tender Package Name	Procurement of Air Filter PAD & Boxes for GT Units 8 & 9 of Shahjibazar 60 MW Power Station, BPDB, Hobiganj, Sylhet
16.	Tender Publication Date	05-06-2018
17	Tender last Selling Date	25-07-2018 During Office hours
18	Tender Closing Date and Time	26-07-2018 at 11.00 AM (Tenders can be submitted on any day before closing time during Office hour)
19	Tender• Opening Date and Time	26-07-2018 at 11.30 AM
20	Name & Address of the Offices(s)	

	Selling Tender Document (Principal)	Director, Directorate of Purchase, BPDB, WAPDA Building (9th floor), 12-Motijheel C/A, Dhaka
	Selling Tender Document (Other)	Not applicable
	Receiving Tender Document	Director, Directorate of Purchase, BPDB, WAPDA Building (9th floor), 12-Motijheel C/A, Dhaka
	Opening Tender Document	Director, Directorate of Purchase, BPDB, WAPDA Building (9th floor), 12-Motijheel C/A, Dhaka
21	Place/Date/Time of Pre-Tender Meeting (Optional)	
INFORMATION FOR TENDERER		
22	Eligibility of Tenderer	Tenderers from all countries except the countries specified in TDS
23	Brief Description of Goods or Works	Procurement of Air Filter PAD & Boxes for GT Units 8 & 9 of Shahjibazar 60 MW Power Station, BPDB, Hobiganj, Sylhet
24	Brief Description of Related Services	As per Tender Document
25	Tender Document Price	Non-refundable BD Taka 1,000.00 (One thousand) only in the form Pay Order in Favour of Director, Directorate of Purchase, BPDB, Dhaka

26	Lot	Identification of Lot	Location	Tender Security Amount	Completion Time
		Procurement of Air Filter PAD & Boxes for GT Units 8 & 9	Shahjibazar 60 MW Power Station, BPDB, Hobiganj, Sylhet	USD 1,800.00 or BDT 1,50,000.00	180 days from the date of opening of L/C

PROCURING ENTITY DETAILS		
27	Validity of Tender and Tender Security	120 days respectively from Tender opening date
28	Name of Official Inviting Tender	Sayeed Akram Ullah
29	Designation of Official Inviting Tender	Director
30	Address or Official Inviting Tender	Directorate of Purchase, BPDB, WAPDA Building (9th floor), 12-Motijheel C/A, Dhaka
31	Contact details of official inviting Tender	Tel: 9550532 e-mail: dir.purchase@bpdb.gov.bd
32	Special Instruction	The purchaser reserves the right to accept any tender or to annul the Tender Process, or to reject any or all tenders, at any time prior to Contract Award

Sayeed Akram Ullah

Director, Directorate or Purchase, BPDB, Dhaka

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Subcon 2018, Birmingham, UK

EEPC India participated in SUBCON 2018, Birmingham, UK. (**1**) Dr Aman Puri, Consul-General of India, Birmingham, UK, inaugurating the India Pavilion at Subcon 2018. Mr RP Jhalani, Former Chairman, EEPC India, is on his right, and Mr Nishikant Jumde, Sr Joint Director, EEPC India is on his left. (**2**) Dr Aman Puri, Consul-General of India, Birmingham, UK, visiting the EEPC India Booth. Mr RP Jhalani, Former Chairman, EEPC India, and Mr Nishikant Jumde, Sr Joint Director, EEPC India are present. (**3**) Dr Aman Puri, Consul-General of India, Birmingham, UK, touring the India Pavilion. (**4**) Dr Aman Puri, Consul-General of India, Birmingham, UK in front of the EEPC India Booth along with Mr RP Jhalani, Former Chairman, Mr Nishikant Jumde, Sr Joint Director, and Mr Bhaskar Vaithiyanathan, Sr Executive Officer, EEPC India, and Indian exhibitors.

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4

PHILIPPINES AHOY!

EEPC INDIA TAKES INDEE TO THE FASTEST-GROWING ECONOMY OF THE ASEAN

WORLDVIEW

PHILIPPINES

THE Philippines, foremost among the Pearls of the Orient and once perceived as Asia's wealthiest nation second only to Japan, is gradually moving towards reclaiming its preeminent position among Southeast Asian nations. As the fastest-growing economy in the ASEAN with a population of 102 million, the island archipelago is predicted to become the 20th largest economy in the world, fifth largest in Asia, and the largest in the Southeast Asian region by 2050.

Together with the Philippines, India and Vietnam are forecast to be the 'emerging stars' in Asia's prosperity by 2030, according to the UK-based BMI Research, with Asia accounting 'for the largest share of global GDP at around 40 percent,' driven by a 'combination of strong demographics, robust macro fundamentals, greater trade integration, and government policy aimed at reform.' In this scenario, enhancing bilateral

trade relations are expected to be mutually beneficial.

In 2016-17, India-Philippines trade stood at around $1.981 billion, with India's exports amounting to $1487 million and imports $494 million. The engineering sector, including automobiles, is one of the main areas of Indian investment in the Philippines. Indian engineering exports to this island country is on the rise with $603.56 million worth of shipments during April-February 2017-18.

EEPC India's 39th INDEE is scheduled to be held in Manila, Philippines, over 22-25 August 2018. This will be the first time that EEPC India travels to the archipelago of 7641 islands. INDEE is the largest Indian engineering overseas multiproduct exhibition representing smart manufacturing technologies, metal cutting machinery, industrial supply, industrial and electrical machinery, and sheet metal machinery, among others. The 39th INDEE is coinciding with the largest metalworking exposition in the Philippines – International Metalworking Expo and a concurrent metalworking show PDMEX.

The Philippine economy is the 34th largest in the world, with an estimated 2017 gross domestic product (nominal) of $348.593 billion. Primary exports include semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil, and fruits. Its major trading partners include the United States, Japan, China, Singapore, South Korea, the Netherlands, Hong Kong, Germany, Taiwan and Thailand.

In 2017, exports from the Philippines were valued at an estimated $53.22 billion, up from $43.44 billion in 2016. Major commodities in the exports basket were semiconductors and electronic products, machinery and transport equipment, wood manufactures, chemicals, processed food and beverages, garments, coconut oil, copper concentrates, seafood, and bananas/fruits and exports share of the major partners was Japan 16.2, US 14.8, Hong Kong 13.7, China 11.1, Singapore 6.1, Thailand 4.2, Germany 4.1, and South Korea 4 percent, respectively.

Its imports were worth an estimated $90.42 billion in 2017, growing by $12.90 billion from the previous year's figure of $77.52 billion and main commodities imported were electronic products, mineral fuels, machinery and transport equipment, iron and steel, textile fabrics, grains, chemicals, and plastic. The imports share of its major trading partners was China 18.1, Japan 11.4, South Korea 8.7, US 8, Thailand 7.1, Indonesia 6.8, Singapore 5.9, and Taiwan 5.3 percent respectively.

A newly industrialised country, the Philippine economy has been transitioning

from one based upon agriculture to an economy with more emphasis upon services and manufacturing. Of the country's total labour force of around 40.813 million, the agricultural sector employs 30 percent, and accounts for 14 percent of GDP; the industrial sector employs around 14 percent of the workforce and accounts for 30 percent of GDP; and the 47 percent of workers involved in the services sector contribute 56 percent of GDP. The country is a net importer but it is also a creditor nation.

Till the 1950s, despite the devastation of World War II, the Philippines was regarded as the second wealthiest in Asia, next only to Japan. However, in the 60s its economic performance started being overtaken. The economy stagnated and the country suffered from slow economic growth and bouts of economic recession. Only in the 1990s with a programme of economic liberalisation did the economy begin to recover.

The economy is heavily reliant upon remittances from overseas Filipinos, which surpass foreign direct investment as a source of foreign currency. Remittances peaked in 2010 at 10.4 percent of the national GDP, and were 8.6 percent in 2012 and in 2014, Philippines total worth of foreign exchange remittances was $28 billion. Despite constraints, service industries such as tourism and business process outsourcing have been identified as areas with some of the best opportunities for growth for the country.

Goldman Sachs includes the country in its list of the Next Eleven economies but China and India have emerged as major economic competitors. Goldman Sachs estimates that by the year 2050, it will be the 20th largest economy in the world. HSBC also projects the Philippine economy to become the 16th largest economy in the world, 5th largest economy in Asia and the largest economy in the Southeast Asian region by 2050.

The economy has been relatively resilient to global economic shocks due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding services industry. During 2017, the current account balance fell into the negative range, the first time since the 2008 global financial crisis. However, international reserves remain at comfortable levels and the banking system is stable.

Economic growth has accelerated, averaging over 6 percent per year from 2011 to 2017. Although 2017 saw a new record year for net foreign direct investment inflows, FDI to the Philippines has continued to lag regional peers, in part because the Philippine constitution and other laws limit foreign investment and restrict foreign ownership in important activities/sectors – such as land ownership and public utilities.

The Philippines is a founding member of the United Nations, World Trade Organisation, Association of Southeast Asian Nations, the Asia-Pacific Economic Cooperation forum, and the East Asia Summit. It is a member of the World Bank, the International Monetary Fund, the Asian Development Bank which is headquartered in Mandaluyong, the Colombo Plan, the G-77 and the G-24 among other groups and institutions. Its capital city is Manila and the most populous city is Quezon City, both part of Metro Manila.

OF SHARED VALUES

RELATIONS between India and the Philippines have always been cordial, even before the formal establishment of diplomatic relations almost 70 years ago – in November 1949, and signing of the Treaty of Friendship signed in Manila on 11 July 1952. The two Asian countries have a lot in common: both countries gained independence from western colonialism around the same time – the Philippines in 1946 and India in 1947; they have strong and established democratic traditions (with brief infractions over the years); and the shared colonial experience have given them the strength of communication in English. It is no wonder that both countries have emerged as frontline service sectors in the business process outsourcing industry with the world's exponential growth in digitisation and globalisation,.

Over the years, India and the Philippines have been supportive of each other in the international arena. India supported the Philippines' positions on many issues dealing with international trade and the WTO, international labour, and in its bid to become a non-permanent member of the UN Security Council from 2005 to 2006, when India withdrew its candidacy in favour of the Philippines. The Philippines reciprocated the gesture when India was elected to the rotating two-year membership in the Security Council.

While the two nations have regularly held bilateral negotiations on trade, investment, economic, technical, scientific, and technical cooperation, they have failed to realise the full potential of their relations. Despite the shared values and commonalities, such as anti-colonialism, South-South cooperation, a strong democratic polity, an independent judiciary and press, and the wide use of the English language, relations between the two countries have been relatively unexplored and reflect a lack of informed knowledge about one another.

When India launched her Look East Policy and intensified partnership with ASEAN

Indian Sikhs in Manila during a festival

in 1992, this also resulted in intensified relations with countries in the region including the Philippines, both bilaterally and as a regional grouping. The relationship with Philippines has intensified since then in political security, and economic and people-to-people interactions. Coupled with current developments in the Philippines, the stage appears to be set for further intensification in bilateral relations, covering the broad canvas of consultations and cooperation on matters related to foreign policy, security, defence, trade, tourism, people-to-people relations, and culture. Furthermore, strengthened ASEAN-India relations have had a positive impact on bilateral relations, especially with accelerated impetus given to trade and investment.

Early this year, bilateral relations received a boost when the heads of the member-states of the Association of Southeast Asian Nations (ASEAN) were invited for India's 67th Republic Day celebrations on 26 January 2018, and India hosted the India-ASEAN Commemorative Summit in New Delhi. Philippine President Rodrigo Duterte and Indian Prime Minister Narendra Modi held bilateral talks on the sidelines of the when they explored the possibilities of furthering military cooperation.

Defence cooperation

The defence relations of the two maritime

nation-states have been marked by frequent visits by Indian navy warships and coast guard ships to the Philippines since 1998 and thereafter in 2017 under the terms of the 2006 Philippines-India Defence Cooperation Agreement. A memorandum of understanding was also signed between Invest India and the Philippines' Board of Investments for promotion of investments.

The mainstay of bilateral defence cooperation continue to capacity building and training, exchange visits of delegation and ship visits. The Philippines also participated in India's Def-Expo in April 2018. The participation of officers of the armed forces of both countries in various specialised training courses in each other's countries has intensified, as have visits by National Defence College (NDC) delegations, including the first ever NDC visit from the Philippines to India. INTELLEX meetings have contributed towards sharing and exchanging information on a range of sensitive issues; the last INTELLEX meeting took place in Manila in January 2015 with the previous one being held in New Delhi in February 2013. In recognition of the need to further strengthen defence cooperation, the Joint Defence Cooperation Committee was constituted and had its first meeting in Manila in January 2012 followed by the second meeting in New Delhi on 24 March 2017.

The Government of India sent an Indian Air Force flight with relief material for the victims of super typhoon Haiyan, which struck Philippines on 7-8 November 2013. Following the tragic loss of life, livelihood and property as a result of typhoon Pablo/Bopha, which struck southern Philippines in December 2012, the Government of India provided disaster relief assistance of $200,000 to the Philippines Government and $100,000 as disaster relief assistance following the October 2013 earthquake in Bohol. India announced an immediate relief assistance of $500,000 on 11 July 2017 for the relief and rehabilitation efforts underway in the city of Marawi which had come under siege on 23 May 2017 after armed terrorists belonging to the Maute group owing allegiance to ISIS took over the city.

Trade and commerce

Economic relations have grown gradually over the years. Despite the implementation of the India-ASEAN FTA in Goods, India-Philippines trade has, so far, not grown fast. However, a number of growth drivers suggest a major and sustained growth in two-way trade and investment, helped by the conclusion of the India-ASEAN Trade in Services and Investment Agreements. Indian investment in the Philippines is mainly in the areas of textiles, garments, IT&ITes, steel, Airports, chemicals, Automobiles and pharmaceuticals.

Some of the major Indian investments in Philippines are the Aditya Birla Group in textiles and chemicals (Indo Phil Group), and the Ispat Group in steel. A recent major entrant has been the GMR Group, which, in collaboration with a local company Megawide, won the bid in April 2014 for upgrading and running the Cebu-Mactan airport project for the next 25 years and commenced operations in November 2014. They also won the bid for Clark International airport expansion. Tata Motors and Mahindra have made their presence felt in the automobile sector. Collaboration in the BPO sector has grown exponentially in the last few years. Several Indian IT companies have already set up BPO operations in the Philippines and these include companies like WIPRO, TCS, L&T Infotech, Innodata, IL&FS Genpact, Infosys, HIGS (Hindujas), Tech Mahindra etc. This close partnership in IT & BPO has become a win-win situation for both countries.

Similarly we have a strong presence in pharma (generics) where pharma majors such as Dabur Pharma, Lupin, Torrent, Zydus Cadilla, and Claris Life Sciences have set up liaison officse to promote their products. Lupin has also acquired a stake in a local company. Estimated Indian investments in the Philippines are valued at more than $650 million. During the last few years, Indian companies have successfully executed some small and medium sized projects in the Philippines. Kalpataru and Kamani Engineering Corporation were engaged in executing transmission line projects in the Mindanao region of the Philippines. Other engineering firms have been repairing and setting up sugar plants for Philippine companies.

Various joint working groups (JWG) have been set up and their meetings, particularly the JWG on Trade and Investment, on Agriculture, on Health, on Tourism, and on Renewable Energy are expected to identify new growth and partnership areas between government and industry in both countries and contribute towards enhanced two-way growth in trade and investment. Additionally, consultations on science and technology, defence, and other areas are also expected to have their flow-on impact.

ITEC and culture

The Philippines is one of the beneficiaries of programmes under ITEC and Colombo Plan. During 2017-18, the country used majority of the 65 civilian slots under ITEC and Colombo Plan. Similarly, about 30 slots are allotted for defence which are also been utilised. So far almost a thousand Filipino nationals have benefited under these schemes, covering a wide range of technical courses, such as rural development, agriculture, renewable energy, small scale industries, banking, finance and management, quality control and marketing, planning and public administration, textiles, parliamentary studies and legislative practices, computer software, water resources management, defence, etc.

There is a Cultural Exchange Programme between the two countries and an Executive Programme on Cultural Exchanges (2016-

18) was signed between the two sides in October 2015. An MoU between the Indian Council for Cultural Relations (ICCR) and University of the Philippines Diliman (UP) was signed for the establishment of ICCR Chair of Indian Studies at the Asian Centre, UP. A five-member group sponsored by ICCR of renowned Dhrupad vocalists, Gundecha Brothers, visited the Philippines from 29 September to 2 October 2013. An eight-member cultural troupe, Rondalla Ensemble, participated from the National Commission for Culture and the Arts (NCCA) of Philippines in the Grand Finale of IIC Experience organised by the India International Centre in New Delhi from 17-24 October 2013. The University of Philippines staged a musical adaptation of the Mahabharata in February-March 2014 and buoyed by the success, this was staged again in July 2014. An ICCR-sponsored six-member Odissi dance troupe led by Nandini Ghosal visited Philippines in June 2015 and performed at the Asia Pacific College, Makati, Manila on 27 June 2015; and at the Davao Medical School Foundation Auditorium on 28 June 2015; a five-member musical troupe Krosswindz visited the Philippines from 19-22 November 2015 and performed in Manila. TM Krishna, Carnatic vocal artiste performed in Manila on 1 September 2016. An ICCR-sponsored seven-member delegation led by Ms Jayaprabha Menon visited the Philippines during 8-11 May 2017 to participate in the Dance Xchange Festival.

Regular Indian cultural events are organised in Manila and other parts of the Philippines such as Indian national days (Republic Day and Independence Day), Indian festivals (Holi, Diwali, etc.) and other important events (Rashtriya Ekta Diwas, Pravasi Bharatiya Diwas, International Yoga Day, etc.). There are local Indian clubs who also organise cultural events in the Philippines, including a Flute Concert by Shashank in March 2014 and by vocalist Ashwini Bhide Deshpande in October 2014. As part of the Indian Embassy's effort to promote culinary diplomacy, an Indian Food Festival was organised over 11-17 September 2017 in collaboration with the Sofitel Hotel, Manila. The Indian cuisine was also showcased during the Taste of the World Festival at the Adamson University on 6 December 2017. The Embassy of India has also participated in the DFA's year-end diplomatic reception and fashion show, Colours of Asia Pacific on 13 December 2017.

Significant effort is exerted to further deepen people-to-people cooperation between India and the Philippines. The Philippines participated in the 9th Delhi Dialogue with the theme ASEAN-India Relations: Charting the Course for the Next 25 Years, during 4-5 July 2017. A 10-member youth delegation from the National Youth Commission of the Philippines attended the first-ever ASEAN-India Youth Summit with the theme Shared Values, Common Destiny. The Youth Summit was organised by the India Foundation, Ministry of External Affairs (MEA) and State of Madhya Pradesh to celebrate the 25th anniversary of the ASEAN-India Dialogue Partnership in Bhopal, Madhya Pradesh over 14-18 August 2017.

Under the ASEAN-India rubric, journalists from the Philippines have been regularly visiting India, the latest being in January 2018 when two journalists from the Philippines, Mr Edu Punay (*Philippine Star*) and Ms Jeannette Andrade (*Philippine Daily Inquirer*), visited India for the ASEAN-India Media Exchange Programme.

Indians in the Philippines

The Indian community in the Philippines, according to the Bureau of Immigration, is estimated to be about 120,000. Around 5000 people of Indian origin have acquired Filipino citizenship. Punjabis and Sindhis constitute the bulk of the community. Over the last decade, there are a growing number of professionals, estimated in the range of about 1500, who are working in the Philippines, in organisations such as the Asian Development Bank, International Rice Research Institute, UN agencies, as also in multinational corporations, BPOs, and with Indian joint ventures in the country.

The Philippines is also emerging as a destination for Indian students. There are more than 10,000 Indian students pursuing medical courses in various universities in the Philippines. Currently nearly 50 percent of the students at the prestigious Asian Institute of Management in Manila are from India. The flying schools are also attractive as instructions are in English and students do not have to learn the local language. Several universities in the Philippines, such as the University of Santo Tomas, the University of the Philippines, the University of the Visayas, Adamson University, and the University of Mindanao have opened special 'India chapters' in their prestigious libraries, which houses collection of books on India (gifted through the Public Diplomacy division of the Ministry of External Affairs). A bust of Mother Teresa has been installed at the University of Santo Tomas, gifted by the Indian Council for Cultural Relations.

The resident Indian community is fairly active and they celebrate Indian festivals and organise various social events. The major association is the Federation of Indian Chamber of Commerce of the Philippines. The Philippines-India Business Council, a sub-Committee of the Philippine Chamber of Commerce and Industry, helps organise business networking meetings for visiting Indian business delegations. There are several places of religious worship, such as 28 Sikh gurdwaras including Khalsa Diwan and several Hindu Temples. A number of other associations also exist such as the Indian Ladies' Club, Bharati Indian Expats Women's Association and spiritual organisations such as Sri Satya Sai Organisation, Art of Living, Chinmaya Ashram, Brahma Kumaris, Siddhi Yoga, and Mother Teresa's Missionaries of Charity.

PEARL OF THE ORIENT SEAS

El Nido Bay at Palawan island, Philippines

Farewell, my adored Land, region of the sun caressed,
Pearl of the Orient Sea, our Eden lost,
With gladness I give you my life, sad and repressed;
And were it more brilliant, more fresh and at its best,
I would still give it to you for your welfare at most.

My Last Farewell by **José Rizal**

THE Philippines, an archipelagic country in the western Pacific and once among the wealthiest nations of Asia, was colonised by Spain in the 16th century. The moniker Pearl of the Orient, *Perla del Mar de Oriente* in Spanish, became popular following its appearance in an unnamed poem by Filipino national hero José Rizal, written on the eve of his execution in 1896 by the Spanish colonial government for the crime of rebellion after the Philippine Revolution, inspired in part by his writings, broke out.

The official name of the Philippines has changed several times in the course of its history. Originally named after King Philip II of Spain in the mid-16th century, it underwent several mutations till the end of World War II, when it became the Republic of the Philippines.

Today, the Philippines is an archipelago of some 7641 islands. It is believed that during the last ice age they were joined to mainland Asia by a land bridge, enabling human beings to walk from there. The first people on the islands were hunter-gatherers. Later, between 3000 and 2000 BCE, people learned to farm; they grew rice and domesticated animals. From the 10th century Filipinos traded with China and by the 12th century Arab merchants reached the Philippines and they introduced Islam.

The exact scope and mechanisms of Indian cultural influences on early Philippine polities are still the subject of debate among Southeast Asian historiographers, but the current scholarly consensus is that there was probably little or no direct trade between India and the Philippines, and Indian cultural traits, such as linguistic terms and religious practices, filtered in during the 10th through the early 14th centuries, through early Philippine polities' relations with the Hindu Majapahit empire. The Philippine archipelago is thus one of the countries (others include Afghanistan and Southern Vietnam), just at the outer edge of what is considered the 'Greater Indian cultural zone.'

Colonial legacy

Colonialism created the Philippines, shaped

its political culture and continues to influence its mindset. The 333 years under Spain and nearly five decades under the USA decisively moulded the nation

- Journalist **Alan Robles**

The islands in the Philippines archipelago were sparsely populated due to consistent natural disasters and inter-kingdom conflicts. Therefore, colonisation was made easy and the small states of the archipelago quickly became incorporated into the Spanish Empire and were Hispanicised and Christianised.

In 1521 Ferdinand Magellan sailed across the Pacific. He landed in the Philippines and claimed them for Spain. However, he was killed in battle before he could set up a puppet ruler on behalf of the Spanish crown. The Spaniards did not gain a foothold in the Philippines until 1565 when Miguel Lopez de Legazpi led an expedition, which built a fort in Cebu. Later, in 1571 the Spaniards landed in Luzon. Here they built the city of Intramuros (later called Manila), which became the capital of the Philippines. Spanish conquistadors marched inland and conquered Luzon. Spaniards owned vast estates worked by Filipinos. Along with conquistadors went friars who converted the Filipinos to Catholicism and built schools and universities. Goods such as silk, porcelain, and lacquer that the Chinese exported to the Philippines were re-exported to Mexico, enriching the coffers of the conquerors.

1762 witnessed a brief foray by the British, who captured Manila and held it for two years. They handed it back in 1764 under the terms of the Treaty of Paris, signed in 1763.

Anti-colonial struggle

In 1872 there was a rebellion in Cavite. Though the rebellion was quickly crushed, nationalist feeling continued to grow, fuelled by Filipino nationalist and polymath Dr Jose Rizal (1861-96). An ophthalmologist by profession, Rizal became a writer and a key member of the Filipino Propaganda Movement, which advocated political reforms for the colony under Spain. His writings stoked the fires of nationalism. In 1892 Jose Rizal founded a movement called Liga Filipina, which called for reform rather than revolution. As a result Rizal was arrested and exiled to Dapitan on Mindanao. Meanwhile Andres Bonifacio formed a more extreme organisation called the Katipunan. In August 1896 they began a revolution. Jose Rizal was accused of supporting the revolution, although he did not and he was executed on 30 December 1896. Yet his execution merely inflamed Filipino opinion and the revolution grew.

Then in 1898 came war between the USA and Spain. On 30 April 1898 the Americans defeated the Spanish fleet in Manila Bay. Meanwhile Filipino revolutionaries had surrounded Manila. Their leader, Emilio Aguinaldo declared the Philippines independent on 12 June. However, as part of the peace treaty Spain ceded the Philippines to the USA. The Americans planned to take over. War between American forces in Manila and the Filipinos began on 4 February 1899. The Filipino-American War lasted until 1902 when Aguinaldo was captured.

American rule lasted almost four decades till in December 1941 Japan attacked the US fleet at Pearl Harbour and Japanese troops invaded the Philippines. Manila fell to the Japanese on 2 January 1942 and by 6 May 1942 all of the Philippines were in Japanese hands. American troops returned to the Philippines in October 1944 and recaptured Manila in February 1945, but the capital city was devastated by the two armies.

The Philippines became independent on 4 July 1946, and Manuel Roxas was the first president of the newly-independent nation. Among his successors was the most internationally-renowned Filipino, Ramon Magsaysay. Ferdinand Marcos was elected president in 1965. Marcos was accused of massive corruption and embezzling billions of dollars in public funds. Nearing the end of his term, Marcos declared Martial Law on 21 September 1972. This period of his rule was characterised by political repression, censorship, and human rights violations but the US were steadfast in their support.

On 21 August 1983, Marcos' chief rival, opposition leader Benigno Aquino, Jr, was assassinated on the tarmac at Manila International Airport. Aquino became a martyr and Filipinos were enraged by his murder. Marcos eventually called snap presidential elections in 1986. Marcos was proclaimed the winner, but the results were widely regarded as fraudulent, and Marcos' 20-year rule ended in 1986, when a 'people power' movement in Manila (EDSA1) forced him into exile and installed Corazon Aquino, widow of the assassinated leader, as president. Her presidency was hampered by several coup attempts that prevented a return to full political stability and economic development. Fidel Ramos was elected president in 1992 when the US closed its last military bases on the islands. Joseph Estrada was elected president in 1998. He was succeeded by his vice-president, Gloria Macapagal-Arroyo, in January 2001 after Estrada's stormy impeachment trial on corruption charges broke down and another 'people power' movement (EDSA2) demanded his resignation. Macapagal-Arroyo was elected to a six-year term as president in May 2004. During her presidency the Philippine economy was one of the few to avoid contraction following the 2008 global financial crisis, expanding each year of her administration. Benigno Aquino III was elected to a six-year term as president in May 2010 and was succeeded by Rodrigo Duterte in May 2016.

Tempestuous megadiversity

The Philippines is an archipelago comprising some 7641 islands with a total land area, including inland bodies of water, of 300,000 sq km. Its 36,289-km coastline makes it the country with the fifth longest coastline in the world. It is bordered by the Philippine Sea to the east, the South China Sea to the west, and the Celebes Sea to the south. The island of

Mayon Volcano, an active stratovolcano in the province of Albay in Bicol Region, on the island of Luzon in the Philippines

Borneo is located southwest and Taiwan is located directly to the north. The Moluccas and Sulawesi are located to the south-southwest and Palau is located to the east of the islands.

Most of the mountainous islands are covered in tropical rainforest and volcanic in origin. The highest mountain, Mount Apo at 2954 m above sea level, is located on the island of Mindanao. The Galathea Depth in the Philippine Trench located in the Philippine Sea is the deepest point in the country and the third deepest in the world.

The longest river is the Cagayan River in northern Luzon. Manila Bay, upon the shore of which the capital city of Manila lies, is connected to Laguna de Bay, the largest lake in the Philippines, by the Pasig River. Subic Bay, the Davao Gulf, and the Moro Gulf are other important bays. The San Juanico Strait separates the islands of Samar and Leyte but it is traversed by the San Juanico Bridge.

Situated on the western fringes of the Pacific Ring of Fire, the Philippines experiences frequent seismic and volcanic activity, with around 20 earthquakes registered daily, though most are too weak to be felt. The last major earthquake was the 1990 Luzon earthquake.

There are many active volcanoes such as the Mayon Volcano, Mount Pinatubo, and Taal Volcano. The eruption of Mount Pinatubo in June 1991 produced the second-largest terrestrial eruption of the 20th century. Not all notable geographic features are so violent or destructive. A more serene legacy of the geological disturbances is the Puerto Princesa Subterranean River, the area represents a habitat for biodiversity conservation; the site also contains a full mountain-to-the-sea ecosystem and has some of the most important forests in Asia.

Due to the volcanic nature of the islands, mineral deposits are abundant. The country is estimated to have the second-largest gold deposits after South Africa, one of the largest copper deposits in the world, and is also rich in nickel, chromite, and zinc. These mineral resources remain largely untapped because of growing environmental consciousness. Geothermal energy is a product of volcanic activity that the Philippines has harnessed more successfully. The Philippines is the world's second-biggest geothermal producer behind the United States, with 18 percent of the country's electricity needs being met by geothermal power.

The Philippines' rainforests and its extensive coastlines make it home to a diverse range of birds, plants, animals, and sea creatures. It is one of the ten most biologically megadiverse countries. Around 1100 land vertebrate species can be found in the Phil-

Loboc river in the Philippines is a major tourist attaraction

ippines including over 100 mammal species and 170 bird species not thought to exist elsewhere. The Philippines has among the highest rates of discovery in the world with 16 new species of mammals discovered in the last ten years. Because of this, the rate of endemism for the Philippines has risen and likely will continue to rise. Native mammals include the palm civet cat, the dugong, the cloud rat and the Philippine tarsier associated with Bohol.

Although the Philippines lacks large mammalian predators, it does have some very large reptiles such as pythons and cobras, together with gigantic saltwater crocodiles. The largest crocodile in captivity, known locally as lolong, was captured in the southern island of Mindanao. The national bird, known as the Philippine eagle, has the longest body of any eagle, generally measuring 86 to 102 cm in length and weighing 4.7 to 8 kg.

Philippine maritime waters encompass as much as 2.2 million sq km producing unique and diverse marine life, an important part of the Coral Triangle. The total number of corals and marine fish species was estimated at 500 and 2400 respectively. New records and species discoveries continuously increase these numbers, underlining the uniqueness of the marine resources in the Philippines. The Tubbataha Reef in the Sulu Sea was declared a World Heritage Site in 1993. Philippine waters also sustain the cultivation of pearls, crabs, and seaweeds.

With an estimated 13,500 plant species in the country, 3200 of which are unique to the islands, Philippine rainforests boast an array of flora, including many rare types of orchids and rafflesia. According to Conservation International, 'the country is one of the few nations that is, in its entirety, both a hotspot and a megadiversity country, placing it among the top priority hotspots for global conservation.'

Typhoon Haiyan, locally known as Super Typhoon Yolanda, is one of the strongest typhoons that hit the Philippines. The Philippines has a tropical maritime climate that is usually hot and humid. There are three seasons: tag-init or tag-araw, the hot dry season or summer from March to May; tag-ulan, the rainy season from June to November; and tag-lamig, the cool dry season from December to February. The southwest monsoon (from May to October) is known as the Habagat, and the dry winds of the northeast monsoon (from November to April), the Amihan. Temperatures usually range from 21°C to 32 °C – the coolest month being January and the warmest May.

Diverse ethnicity

Filipinos generally belong to several Asian

ethnic groups classified linguistically as part of the Austronesian or Malayo-Polynesian speaking people. It is believed that thousands of years ago Austronesian-speaking Taiwanese aborigines migrated to the Philippines from Taiwan, bringing with them knowledge of agriculture and ocean-sailing, eventually displacing the earlier Negrito groups of the islands. Negritos, such as the Aeta and the Ati, are considered among the earliest inhabitants of the islands.

Being at the crossroads of the West and East, the Philippines is also home to migrants from places as diverse as China, Spain, Mexico, United States, India, South Korea, and Japan. The two most important non-indigenous minorities are the Chinese and the Spaniards.

The Chinese are mostly the descendants of immigrants from Fujian, China after 1898, numbering around two million, although there are an estimated 27 percent of Filipinos who have partial Chinese ancestry, stemming from pre-colonial and colonial Chinese migrants. Intermarriage between the groups is evident in the major cities and urban areas.

At least one-third of the population of Luzon, as well as old settlements in the Visayas and Zamboanga City at Mindanao (around 13.33 percent of the Philippine population), have partial Hispanic ancestry (from varying points of origin and ranging from Latin America to Spain). Recent genetic studies confirm this partial European and Latin-American ancestry.

Other important non-indigenous minorities include Indians, Britons, and Japanese people. The descendants of mixed-race couples are known as mestizos.

Languages

Ethnologue lists 186 individual languages in the Philippines, 182 of which are living languages, while four no longer have any known speakers. Most native languages are part of the Philippine branch of the Malayo-Polynesian languages, which is itself a branch of the Austronesian language family. The only language not classified as an Austronesian language are the various Spanish-based creole varieties collectively called Chavacano.

Filipino and English are the official languages of the country. Filipino is a standardised version of Tagalog, spoken mainly in Metro Manila and other urban regions. Both Filipino and English are used in government, education, print, broadcast media, and business. In most towns, the local indigenous language is spoken.

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Waterfall in the National Park island of Siquijor, Philippines

Languages not indigenous to the islands are also taught in select schools. Mandarin is used in Chinese schools catering to the Chinese Filipino community. Islamic schools in Mindanao teach Modern Standard Arabic in their curriculum. French, German, Japanese, Korean, and Spanish are taught with the help of foreign linguistic institutions. The Department of Education began teaching the Malay languages of Indonesian and Malaysian in 2013.

Scientific research

The Philippines is among the premier nations of Asia in the field of scientific research. The International Rice Research Institute (IRRI), established in 1960 to reduce poverty and hunger, improve the health of rice farmers and consumers, and ensure environmental sustainability of rice farming, developed rice varieties that contributed to the Green Revolution in the 1960s which preempted famine in Asia, including India. IRRI is one of 15 agricultural research centres in the world that form the CGIAR – Consortium of International Agricultural Research Centres, a global partnership of organisations engaged in research on food security.

The Philippine Department of Science and Technology is the governing agency responsible for the development of coordination of science- and technology-related projects in the country. The National Scientist of the Philippines award is given to individuals who have contributed to different field of science in the country. Notable Filipino scientists include Maria Orosa, a food technologist famous for her formulated food products like calamansi nip, soyalac and the banana ketchup, Fe del Mundo, the first woman admitted as a student to Harvard Medical School, a paediatrician whose pioneering work in paediatrics as an active medical practice spanned eight decades, Paulo Campos, a physician who was dubbed as the 'Father of Nuclear Medicine in the Philippines' for his contributions in the field of nuclear medicine, and Ramon Barba, an inventor and horticulturist known for his method to induce more flowers in mango trees.

The Philippines bought its first satellite in 1996. In 2016, the Philippines first mi-

cro-satellite, Diwata-1 was launched aboard the US Cygnus spacecraft.

Communications

The very high levels of literacy in the Philippines have ensured intensified communications in the electronics era. The Philippines has a sophisticated cellular phone industry and a high concentration of users. Text messaging is a popular form of communication and, in 2007, the nation sent an average of one billion SMS messages per day. It is generally believed that the two people power revolutions, EDSA1 and EDSA2, succeeded in unseating two governments largely because of mobile phone communication.

Over five million mobile phone users also use their phones as virtual wallets, making it a leader among developing nations in providing financial transactions over cellular networks. The Philippine Long Distance Telephone Company commonly known as PLDT is the leading telecommunications provider. It is also the largest company in the country.

There are approximately 383 AM and 659 FM radio stations and 297 television and 873 cable television stations. Estimates for Internet penetration in the Philippines vary widely ranging from a low of 2.5 million to a high of 24 million people. Social networking and watching videos are among the most frequent Internet activities.

Tourism

The travel and tourism sector is a major contributor to the economy, contributing 7.1 percent to the Philippine GDP in 2013 and providing 1,226,500 jobs or 3.2 percent of total employment. As many as 2,433,428 international visitors arrived from January to June 2014 up by 2.22 percent in the same period in 2013. South Korea, China, and Japan accounted for 58.78 percent while the Americas accounted for 19.28 percent and Europe 10.64 percent. The Department of Tourism has responsibility for the management and promotion of the tourism sector.

The country's rich biodiversity is one of the main tourist attractions with its beaches, mountains, rainforests, islands and diving spots among the most popular tourist destinations. As an archipelago, the Philippines has numerous beaches, caves and other rock formations. Boracay has glaring white sand beaches and was named as the best island in the world by Travel + Leisure in 2012. The Banaue Rice Terraces in Ifugao, the historic town of Vigan in Ilocos Sur, the Chocolate Hills in Bohol, Magellan's Cross in Cebu and the Tubbataha Reef in Visayas are other highlights.

The Philippines is also one of the favourite retirement destinations for foreigners due to its warm climate all year round, beaches and low cost of living.

Culture

Philippine culture is a combination of Eastern and Western cultures. The Philippines exhibits aspects found in other Asian countries with a Malay heritage, yet its culture also displays a significant number of Spanish and American influences. Traditional festivities known as barrio fiestas (district festivals) to commemorate the feast days of patron saints are common, these community celebrations are times for feasting, music, and dancing. The Ati-Atihan, Moriones, and Sinulog festivals are the most well-known.

Some traditions, however, are changing or gradually being forgotten due to modernisation. The Bayanihan Philippine National Folk Dance Company has been lauded for preserving many of the various traditional folk dances found throughout the Philippines. They are famed for their iconic performances of Philippine dances such as the tinikling and singkil that both feature clashing bamboo poles.

One of the most visible Hispanic legacies is the prevalence of Spanish names and surnames among Filipinos; a Spanish name and surname, however, does not necessarily denote Spanish ancestry. This peculiarity, unique among the people of Asia, came as a result of a colonial edict by Governor-General Narciso Clavería y Zaldua, which ordered the systematic distribution of family names and implementation of Hispanic nomenclature on the population. The names of many streets, towns, and provinces are also in Spanish.

The common use of the English language is an example of the American impact on Philippine society. It has contributed to the ready acceptance and influence of American pop cultural trends. This affinity is seen in the Filipinos' love of fast food and American film and music. Fast food outlets are found on many street corners. American global fast food chain stalwarts have entered the market, but local fast food chains like Goldilocks and most notably Jollibee, the leading fast food chain in the country, have emerged and compete successfully against their foreign rivals.

Architecture

Spanish architecture has left an imprint in the Philippines in the way many towns were designed around a central square or plaza mayor, but many of the buildings bearing its influence were demolished during World War II. Some examples remain, mainly among the country's churches, government buildings, and universities. Four Philippine baroque churches are included in the list of UNESCO World Heritage Sites: the San Agustín Church in Manila, Paoay Church in Ilocos Norte, Nuestra Señora de la Asunción (Santa María) Church in Ilocos Sur, and Santo Tomás de Villanueva Church in Iloilo. Vigan in Ilocos Sur is also known for the many Hispanic-style houses and buildings preserved there.

The American occupation in 1898 introduced a new breed of architectural structures in the Philippines. This led to the construction of government buildings and Art Deco theatres. During the American period, some semblance of city planning using the architectural designs and master plans by Daniel Burnham was done

on the portions of the city of Manila. Part of Burnham's plan was the construction of government buildings that resembled Greek or Neoclassical architecture. In Iloilo, a lot of the colonial edifices constructed during the American occupation in the country can still be seen. Commercial buildings, houses and churches in that era are abundant in the city and especially in Calle Real.

However, certain areas of the country like Batanes have slight differences as both Spanish and Filipino ways of architecture assimilated differently due to the climate. Limestone and coral were used as building materials. Idjangs or Ivatan castles were the primary shelter of the people prior to the Spanish conquest of the whole Philippines.

Music

Philippine music has evolved rapidly due to the different influences stemming from colonialism under other countries. Before the Spanish conquest of the islands, most music was reminiscent of, or heavily influenced by, nature. Some examples of this tribal music are Koyu No Tebulul of the T'boli and Ambo Hato of the Ifugao. This genre is often accompanied by gong music and one well-known instrument is the Kulintang.

During the Spanish era Rondalya music, where traditional string orchestra mandolin type instruments were used, was widespread. In the Philippines, Rondalya refers to any group of stringed instruments that are played using a plectrum or pick. Filipino instruments are made from indigenous Philippine wood; plectrums and picks are made from tortoise-shell. Other stringed instruments composing the standard Filipino rondalla are the 14-string bandurria found only in the Philippines, the laúd, the octavina, the Twelve-string guitar, the Ukulele, the bajo de uñas or double bass, the Guitarrón mexicano, and other Filipino-made instruments modeled and developed after the guitar. Harana and Kundiman are prevalent during this time wherein these songs are often used in courtship rituals.

Marcelo Adonay (organist), Simplicio Solis (organist), Diego C Perez (pianist), Jose Conseco (pianist), and Doña Dolores Paterno (composer) are some of the recognised musicians in this era. Nowadays, American pop culture has a heavy hold on the Filipinos that evolved from the Spanish times when the American occupation happened. Along with Korean pop, these two are dominating the recent music scene in media. However, the revival of Spanish-influence folk music has been possible thanks to the different choir groups coming in and going out of the country, such as the Philippine Madrigal Singers.

Dance

Just like the evolution of Philippine music, dance as well has been in constant change. Prior to colonial rule, the Philippines had a wide array of ethnic dances from different tribal groups. Both Luzon and Visayas, at first, were more akin to tribal movements until the Spanish came. Mindanao represents more of an array of Muslim inspired dances and Spanish influence was limited to the region of Zamboanga.

Universal dances in the Philippines are found at societal functions such as rituals, mimicry, lifecycle, and parties. During the Spanish era, most dances were accompanied by Rondalya music usually with 14-string bandurrias that the Filipinos invented or by other type of stringed instruments that locally evolved.

One famous dance is called the Tinikling, where a band of Rondalya musicians play along with the percussive beat of the two bamboo poles. It usually starts with men and women acting a scene about 'How rural townsfolk mingle.' The dancers then graze through the clashing of the bamboo poles held on opposite sides. The end displays the paired bamboo poles crossing each other. The Muslim version of this where bamboo poles are also used is called the Singkil.

Cariñosa is a Hispanic Filipino dance, unofficially considered as the 'National Dance of the Philippines.' It's a courtship dance which involves a woman holding a fan or a handkerchief, where it plays an instrumental role as it places the couple in romance scenario.

Nowadays, in the Modern and Post-Modern time periods, dances may vary from the delicate ballet up to the more street-oriented styles of breakdancing to name a few.

Visual art

Pottery and weaving are among the very first art forms showcasing Filipino artistic design and are evident from cave dwellings all over the country. Among these are mostly anthropomorphic earthenware jars dating from c. 5 BCE to 225 CE. Weaving was mostly done by women, using fibres from abaca, pineapple, cotton, and bark to make clothes, rugs, and hats. Baskets were mostly utilised to carry grain and other foods.

Early Philippine sculpture is characterised by frontal nudity. One of the earliest forms are the bulols by the Ifugao people which serve as an assurance for bountiful harvests. The original function of these sculptures are related to the ceremonies and beliefs of the tribes who created them. Arab and Russian missionaries also brought bevelled type of carvings in the form of Okkil. The beginnings of this sculpture type started with the Islamisation of Sulu. The Spanish colonisation of the country did not hinder Filipinos creating sculptures for objects of adoration. During this time, sculptures of deities and saints were used to teach Filipinos Christian doctrines. During American colonialism, worshippers of faith were not discouraged to sculpt in order to adorn churches. Filipinos' first exposure to painting happened when Spain conquered the Philippines and these were used as religious propaganda often displayed in churches. However, as education progressed and wealth increased, more and more artists started to shift from the traditional religious motifs to a more secular pattern of imagery.

Vigan, a city in the Philippines on the west coast of Luzon island, is known for its preserved Spanish colonial architecture

Paintings of early modernist painters such as Damián Domingo often had a religious association but the art of Juan Luna and Félix Hidalgo showed a trend towards political statement. The first Philippine national artist Fernando Amorsolo used post-modernism to produce paintings that illustrated aspects of Philippine culture, while other artists such as Fernando Zóbel used both realistic and abstract techniques.

In the modern period, the integration of architecture in the Art Deco style happened. Many of these examples can be seen in statues all over the country especially in public parks and spaces.

Cuisine

Filipino cuisine has evolved over several centuries from its Malayo-Polynesian origins to become a mixed cuisine with many Hispanic, Chinese, American, and other Asian influences that have been adapted to local ingredients and the Filipino palate to create distinctively Filipino dishes. Dishes range from the very simple, like a meal of fried salted fish and rice, to the elaborate, such as the paellas and cocidos created for fiestas.

Popular dishes include lechón, adobo, sinigang, kare-kare, tapa, crispy pata, pancit, lumpia, and halo-halo. Some common local ingredients used in cooking are calamansi, coconuts, saba (a kind of short wide plantain), mangoes, ube, milkfish, and fish sauce. Filipino taste buds tend to favour robust flavours, but the cuisine is not as spicy as those of its neighbours.

The traditional way of eating with the hands known as kamayan (using the washed right hand for bringing food to the mouth) was previously more often seen in the less urbanised areas. However, due to the various Filipino restaurants that introduced Filipino food to people of other nationalities as well as to Filipino urbanites, kamayan fast became popular. This recent trend also sometimes incorporates the 'Boodle Fight' concept (as popularised and coined by the Philippine Army), wherein banana leaves are used as giant plates on top of which rice portions and Filipino viands are placed all together for a filial, friendly and/or communal kamayan feasting.

Literature

José Rizal was a pioneer of the Philippine Revolution through his literary works, especially the novels, *Noli Me Tangere* (Touch me Not) and *El Filibusterismo* (The Filibusterer). The story goes that a day before his execution, Dr. José Rizal was visited by his mother and sisters. When they took their leave, Rizal told his sister, Trinidád, in English to look into the stove. When they were about to board their carriage in the courtyard, a guard handed them Rizal's stove. At home, the Rizal women recovered a folded paper from the stove, on which was written an unsigned, untitled and undated poem of

14 five-line stanzas. The Rizals reproduced copies of the poem and sent them to Rizal's friends in the country and abroad. Later various friends printed and published the poem with different titles, one of which was *Mi Ultimo Adios* (My Last Farewell).

Philippine mythology has been handed down primarily through the traditional oral folk literature of the Filipino people. While each unique ethnic group has its own stories and myths to tell, Hindu and Spanish influences can nonetheless be detected in many cases. Philippine mythology mostly consists of creation stories or stories about supernatural creatures, such as the aswang, the manananggal, the diwata/engkanto, and nature. Some popular figures from Philippine mythologies are Maria Makiling, Lam-Ang, and the Sarimanok.

Philippine literature comprises works usually written in Filipino, Spanish, or English. Some of the most known were created from the 17th to 19th century. *Adarna*, for example, is a famous epic about an eponymous magical bird allegedly written by José de la Cruz or Huseng Sisiw. Francisco Balagtas, poet and playwright who wrote *Florante at Laura*, is recognised as a preeminent writer in the Filipino language. Several Filipino writers were awarded National Artist of the Philippines such as NVM Gonzalez, Amado V Hernandez, Francisco Arcellana, Nick Joaquín, F Sionil José and many more.

METRO MANILA

Makati in Metro Manila, the financial hub of Philippines

METROPOLITAN Manila is the seat of government and one of the three defined metropolitan areas of the Philippines. It is officially known as the National Capital Region (NCR), and is commonly known as Metro Manila or simply Manila. It is made up of 16 cities – the City of Manila (the Philippine capital), Quezon City (the country's most populous city and former capital), Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, San Juan, Taguig, and Valenzuela, as well as the municipality of Pateros.

NCR encompasses an area of 619.57 sq km and has a population of 12,877,253 as of 2015. It is the second most populous and the most densely populated region of the Philippines. It is also the ninth most populous metropolitan area in Asia and the fifth most populous urban area in the world.

The region is the centre of culture, economy, education and government of the Philippines. Designated as a global power city, NCR exerts a significant impact on commerce, finance, media, art, fashion, research, technology, education, and entertainment, both locally and internationally. It is the home to all the consulates and embassies in the Philippines, thereby making it an important centre for international diplomacy in the country. Its economic power makes the region the country's premier centre for finance and commerce. NCR accounts for 37.2 percent of the gross domestic product of the Philippines.

The region was established in 1975 through Presidential Decree No. 824 in response to the needs to sustain the growing population and for the creation for the centre of political power and the seat of the Government of the Philippines. The Province of Manila, the predecessor entity of the region, is one of the first eight provinces that revolted against the Spanish colonial rule in the Philippines at the end of the 19th century. Manila's role in the Revolution is honoured in the Flag of the Philippines, where the sun's eight rays symbolise the eight revolutionary provinces.

The NCR accounted for 37.2 percent of the GDP of the Philippines in 2013. The employment rate of NCR was at 89.6 percent as of 2012. According to Brookings Institution, the 2014 share of output by industry in Metro Manila was: trade and tourism 31.4, business/finance 28.6, local/non-market 15.6, manufacturing 12.5, transportation 4.9, construction 4, utilities: 2.8, and commodities 0.3 percent respectively.

Metro Manila has added an estimated 1.85 million sq m of office spaces since 2015 in the central business districts in Makati, Taguig, and Quezon City as more global firms such as Google and HSBC seek to outsource business process in the Philippines. The vacancy rate for office spaces remains low, at less 3 percent in the year-end of 2014. Manila remains as the least expensive capital city in the Asia-Pacific to occupy prime office space at an average rent of $22 per sq m per month.

Metro Manila makes it to the 'Global Top 30' cities according to property consultancy firm Jones Lang Lasalle, citing its economic scale, vast population, large GDP and BPO specialisation as its competitive edge. Furthermore, the region ranks third for the top business process outsourcing global destinations, next to Bangalore and Mumbai. The region's retail sector remains strong, bolstered by remittances abroad, BPOs, and its tourism sector.

Historically, the main business district of the metropolis was Binondo, where commercial trading flourished since the 15th century. By the 60s, economic activities shifted from Binondo to Makati. It transformed Makati into one of the leading financial centres in Asia. Still, Binondo remained as a cultural and financial centre because of the vast Chinese population residing and doing business in the area.

Central business districts

Metro Manila has many central business districts (CBD), which categorises it under the multiple nuclei model in human geography terms. The most prominent CBDs are the Makati Central Business District, Bonifacio Global City, Ortigas Centre, Binondo, and Alabang. The region also has plenty of mixed-use developments owned and developed by private corporations such as the Ayala Corporation, Eton Properties, Megaworld Corporation and SM Prime Holdings.

Makati, the nation's 16th most populous city, is the premier business and commercial centre. The CBD is headquarters to most of the multinational corporations residing in the Philippines as well as the country's biggest commercial firms and BPO companies. It has an office stock of 1.1 million sq m of Grade A and premium office space. It is the home to the tallest skyscrapers in the region as well as in the country.

Bonifacio Global City is the newest business district of Manila and is the premier financial and lifestyle centre of the metropolis. It is located in the northwestern part of Taguig City. It used to be a military base known as Fort Bonifacio. Upon its privatisation, the place was transformed into a business hub featuring numerous tourist attractions such as the Mind Museum, high-end shops, towering office skyscrapers, and luxurious lofts and condominiums. Bonifacio Global City will soon overtake the Makati Central Business District as the premier financial centre of the country in the future. One of the reasons for it is that the Philippine Stock Exchange will relocate its headquarters in BGC. Also, it has more spaces and land for future developments. It is also the most active business district, generating over 50 percent of the growth in property market and has more available space for rent or lease and sale than Makati.

Ortigas Centre is the CBD located in Mandaluyong and Pasig, with a small portion of it located in Quezon City. Landmarks in Ortigas include the EDSA Shrine, Shangri-La Plaza and the SM Megamall. Furthermore, the Medical City has its main campus in Ortigas Centre. Important financial and national institutions headquartered in Ortigas are the Asian Development Bank, Union Bank of The Philippines and the National Economic and Development Authority. Ortigas is also the home to the headquarters of San Miguel Corporation, Jollibee Foods Corporation, Lopez Group of Companies and the Manila Electric Company.

Ambassador Extraordinary and Plenipotentiary

Embassy of the Republic of the Philippines

Ma Teresita C Daza

I congratulate EEPC India for holding the 39th India Engineering Exhibition (INDEE) in Manila, Philippines on 22-25 August 2018. As one of India's largest exhibitions of engineering, INDEE can serve as a good platform to showcase and promote products to foreign investors, buyers, particularly those interested in the engineering industry.

The Philippines, a founding member of the UN, ASEAN, and WTO, is one of most dynamic economies in the region. The World Bank and the Asian Development Bank both expect the Philippines to remain among the fastest growing economies in the region for 2018.

The Philippines and India enjoy 69 years of diplomatic relations. A Trade Agreement was signed in 1979 aimed at promoting the development of trade and economic relations between the two countries. Both countries are exerting efforts to further deepen relations across different fronts, including in the engineering field.

I wish EEPC success in the upcoming 39th INDEE and all its future undertakings.

EEPC India 49th National Awards for excellence

49th National Awards: Mr Bhaskar Sarkar, Executive Director & Secretary, EEPC India; Mr Mahesh K Desai, Sr Vice Chairman, EEPC India; Mr Ravi Sehgal, Chairman, EEPC India; Mr CR Chaudhary, Union Minister of State for Commerce and Industry, and Chief Guest; Ms Rita Teaotia, Union Commerce Secretary, and Special Invitee; Mr BS Bhalla, Joint Secretary, Department of Commerce, Government of India; and Ms Kamna Raj Aggarwalla, Regional Chairperson (NR), EEPC India, at the 49th National Awards Ceremony at Hyatt Regency in New Delhi

The Chief Guest addressing the award winners and distinguished invitees

EEPC INDIA AWARDS

Mr Ravi Sehgal, Chairman, EEPC India, presenting a specially created memento to Mr CR Chaudhary, Union Minister of State for Commerce and Industry, a silver salver engraved with tools used in engineering

JSW Steel Ltd receiving the Gold Trophy for Top Exporter for 2016-17 – Large Enterprise

EEPCINDIA
ENGINEERING THE FUTURE
49TH EXPORT
Awards
NATIONAL

CALCUTTA EXPORT COMPANY

TOP EXPORTER AWARD FOR 2016-17
SMALL ENTERPRISE – SILVER TROPHY

EEPC INDIA AWARDS

Mr Mahesh K Desai, Sr Vice Chairman, EEPC India presenting a memento to Ms Rita Teaotia, Union Commerce Secretary, and Special Invitee to the awards function

Bajaj Auto Ltd receiving the Silver Trophy for Top Exporter for 2016-17 – Large Enterprise

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

PONDY OXIDES AND CHEMICALS LIMITED

TOP EXPORTER AWARD FOR 2016-17
MEDIUM ENTERPRISE – GOLD TROPHY

EEPC INDIA AWARDS

Mr Rakesh Shah, former Chairman and Chairman, Publicity, Exhibition and Delegation Committee of EEPC India, receiving the Silver Trophy for Top Exporter for 2016-17: Medium Enterprise on behalf of Nipha Exports Pvt Ltd

Mr Mahesh Keyal, Member, EEPC India, receiving the Gold Trophy for Top Exporter for 2016 –17: Merchant Exporter awarded to Mortex India

EEPCINDIA
ENGINEERING THE FUTURE
49TH EXPORT
Awards
NATIONAL

JINDAL ALUMINIUM LIMITED

STAR PERFORMER AWARD FOR 2016-17
LARGE ENTERPRISE

Product group: Aluminium and articles thereof

EEPC INDIA AWARDS

Ms Kamna Raj Aggarwalla, Regional Chairperson (NR), EEPC India presenting a memento to Mr BS Bhalla, Joint Secretary, Department of Commerce, Government of India

Mahindra & Mahindra Ltd awarded the Special Trophy for Excellence in Exports of High-Technology Products for 2016 –17

EEPCINDIA
ENGINEERING THE FUTURE
49TH EXPORT
Awards
NATIONAL

MMTC LIMITED

SPECIAL TROPHY FOR EXCELLENCE IN EXPORTS OF MEIS ITEMS MERCHANT EXPORTER

EEPC INDIA AWARDS

Hyundai Motor India Ltd receiving the Star Performer Award for 2016-17 in the product group Motor vehicles – Large Enterprise

Jyoti Steel Industries awarded Star Performer for 2016-17 in the product group Rolled, drawn and folded products of iron and steel – Small Enterprise

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

ASE STRUCTURE DESIGN PVT. LTD

SPECIAL TROPHY FOR EXCELLENCE IN EXPORTS OF ENGINEERING SERVICES SMALL ENTERPRISE

EEPC INDIA AWARDS

TVS Motor Company Ltd receiving the Star Performer Award for 2016-17 in the product group Two/three wheelers and parts – Large Enterprise

Bharat Forge Limited awarded Star Performer for 2016-17 in the product group Steel forgings – Large Enterprise

EEPCINDIA
ENGINEERING THE FUTURE
49TH EXPORT
Awards
NATIONAL

MANIAR & CO

STAR PERFORMER AWARD FOR 2016-17
SMALL ENTERPRISE

Product group: Motor vehicles

EEPC INDIA AWARDS

Rashtriya Ispat Nigam Ltd (Visakhapatnam Steel Plant) receiving the Star Performer Award for 2016-17 in the product group Basic iron and steel – Large Enterprise

Hindustan Aeronautics Ltd awarded Star Performer for 2016-17 in the product group Defence Related items – Large Enterprise

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

TECK LINK SALES & MKTG. PVT. LTD

STAR PERFORMER AWARD FOR 2016-17
MEDIUM MERCHANT

Product group: Rolled, drawn and folded products of iron and steel

EEPC INDIA AWARDS

Bharat Heavy Electricals Ltd awarded Star Performer for 2016-17 in the product group Project exports – Large Enterprise

Toyota Kirloskar Motor Pvt Ltd receiving the Star Performer Award for 2016-17 in the product group Automobile components – Large Enterprise

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

JOHN DEERE INDIA PVT. LTD

STAR PERFORMER AWARD FOR 2016-17
LARGE ENTERPRISE

Product group: Agricultural tractors

EEPC INDIA AWARDS

Mr Ravi Sehgal, Chairman, EEPC India, receiving the Star Performer Award for 2016-17 in the product group Sanitary and industrial castings – Small Enterprise on behalf of Carnation Industries Ltd

Spark Engineering Pvt Ltd awarded Star Performer for 2016- 17 in the product group Bicycles and parts – Small Enterprise

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

APAR INDUSTRIES LIMITED

STAR PERFORMER AWARD FOR 2016-17
LARGE ENTERPRISE

Product group: Metal fasteners, springs and allied articles

EEPC INDIA AWARDS

Sarda Metals & Alloys Ltd receiving the award for Special Contribution: Highest Growth in Exports dur-ing 2016-17 – Large Enterprise

Industrial Boilers Ltd receiving the award for Maximum Participation in Council's Promotional Activities in 2016-17 – Medium Enterprise

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

MARATHON ELECTRIC INDIA PVT. LIMITED

STAR PERFORMER AWARD FOR 2016-17
LARGE ENTERPRISE

Product group: Electric motors, generators and transformers, and parts

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

EVEREST CASTING PVT LTD

STAR PERFORMER AWARD FOR 2016-17
SMALL ENTERPRISE

Product group: Automobile components

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

STEEL TUBES (INDIA)

STAR PERFORMER AWARD FOR 2016-17
MICRO MERCHANT EXPORTER

Product group: Tubes, pipes and hollow profiles, and tube or pipe fittings, of iron or steel

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

AXIS ELECTRICAL COMPONENTS (I) PVT. LTD

STAR PERFORMER AWARD FOR 2016-17
SMALL ENTERPRISE

Product group: Aluminium and articles thereof

EEPCINDIA
ENGINEERING THE FUTURE
49TH EXPORT
Awards
NATIONAL

C.R.I. PUMPS PRIVATE LIMITED

STAR PERFORMER AWARD FOR 2016-17
LARGE ENTERPRISE

Product group: Pumps, compressors, hydraulic and pneumatic power engines and parts

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

APEX INTERNATIONAL

STAR PERFORMER AWARD FOR 2016-17
SMALL ENTERPRISE

Product group: Pumps, compressors, hydraulic and pneumatic power engines and parts

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

RBA FERRO INDUSTRIES PRIVATE LIMITED

STAR PERFORMER AWARD FOR 2016-17
MEDIUM ENTERPRISE

Product group: Sanitary and industrial castings

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

ANUGRAHA VALVE CASTINGS LIMITED

STAR PERFORMER AWARD FOR 2016-17
LARGE ENTERPRISE

Product group: Domestic appliances and parts

EEPCINDIA
ENGINEERING THE FUTURE
49TH EXPORT
Awards
NATIONAL

KOSTWEIN INDIA COMPANY PVT LTD

STAR PERFORMER AWARD FOR 2016-17
SMALL ENTERPRISE

Product group: Miscellaneous general purpose machinery

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

SAI INDO METAL RESOURCES PVT LTD

STAR PERFORMER AWARD FOR 2016-17
MEDIUM MERCHANT

Product group: Domestic appliances and parts

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

SAVERA AUTO COMPS PVT. LTD

STAR PERFORMER AWARD FOR 2016-17
MEDIUM ENTERPRISE

Product group: Domestic metal products

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

VOLTA IMPEX PVT.LTD

STAR PERFORMER AWARD FOR 2016-17
MEDIUM MERCHANT

Product group: Machinery for mining, quarrying and construction, and parts

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

RATAN MICA EXPORTS PVT LTD

STAR PERFORMER AWARD FOR 2016-17
SMALL ENTERPRISE

Product group: Mica and other mineral-based articles used mainly for electrical purposes

EEPCINDIA
ENGINEERING THE FUTURE

49TH EXPORT
Awards
NATIONAL

SKIPPER SEIL LIMITED

INTERTEK AWARD FOR QUALITY EXCELLENCE FOR 2016-17

ECOWATCH

Economic growth

• India's economy grew at its fastest pace of the last seven quarters in January-March 2018 (fourth quarter or Q4) and outpaced that of China once again to become the fastest-growing economy of the world with a 7.7 percent year-on-year GDP growth over the same quarter last fiscal. Higher growth was led by manufacturing and construction activities as well as surge in investments on the expenditure side.

• For the entire fiscal 2017-18, real GDP growth was recorded at 6.7 percent y-o-y as against a higher 7.1 percent in 2016-17 as demonetisation and GST implementation took its toll on the growth of the first two quarters.

• Gross value added (GVA) at basic prices (bp), the new measure of economic growth, also went up to 7.6 percent in Q4 of fiscal 2017-18 from 6.6 percent in the previous quarter and 6 percent in the same quarter last fiscal. For fiscal 2017-18, GVAbp growth, however, is lower at 6.5 percent against 7.1 percent in 2016-17.

• Now it is confirmed that the impact of demonetisation and GST implementation has completely waned and structural reform measures undertaken by the incumbent government has started yielding fruit once again.

Provisional estimates of GVA for Q4 of 2017-18 at basic price by economic activity

Economic activity (Major sectors)	Growth (%) over the previous fiscal	
	Q4 of 2016-17	Q4 of 2017-18
Agriculture, forestry and fishing	**7.1**	**4.5**
Mining and quarrying	18.8	2.7
Manufacturing	6.1	9.1
Electricity, gas, water supply and other utility services	8.1	7.7
Construction	-3.9	11.5
Industry	**5.0**	**8.8**
Trade, hotels, transport, communication and services related to broadcasting	5.5	6.8
Financial, real estate and professional services	1.0	5.0
Public Administration, defence and other services	16.4	13.3
Service	**6.3**	**7.7**
GVA at basic price	**6.0**	**7.6**

Source: CSO, Govt of India

Annual estimates of GDP in 2017-18

Items	Rates of GDP (%)	
	2016-17	2017-18
Agriculture, forestry and fishing	**6.3**	**3.4**
Mining and quarrying	13.0	2.9
Manufacturing	7.9	5.7
Electricity, gas, water supply and other utility services	9.2	7.2
Construction	1.3	5.7
Industry	**6.8**	**5.5**
Trade, hotels, transport, communication and services related to broadcasting	7.2	8.0
Financial, real estate and professional services	6.0	6.6
Public administration, defence and other services	10.7	10.0
Service	**7.5**	**7.9**
GVA at basic price	**7.1**	**6.5**

Source: CSO, Govt of India

Annual estimates of expenditures of GDP in 2017-18		
Items	**Rates of GDP (%)**	
	2016-17	**2017-18**
1. Private final consumption expenditure (PFCE)	55.9	55.8
2. Government final consumption expenditure (GFCE)	10.3	10.8
3. Gross fixed capital formation (GFCF)	31.1	31.4
4. Change in stocks	0.7	0.7
5. Valuables	1.3	1.9
6. Exports	20.4	20.2
7. Less imports	21.4	22.6
8. Discrepancies	1.6	1.7
GDP	**100.0**	**100.0**
GDP (% change over previous year)	**7.1**	**6.7**

Source: CSO, Govt of India

Inflation

Consumer price index-based inflation eased for the third straight month to March 2018

Indian retail inflation or CPI continued to surge for the second straight month to May 2018 at 4.87 percent y-o-y led by a broad-based rise in the prices of fuel and light; food and beverages; miscellaneous items; clothing, footwear and pan; and tobacco and intoxicants. The inflation on 'food and beverages,' carrying over 50 percent weightage in CPI commodity basket increased to a three-month high 3.4 percent in May 2018 from 3 percent in April 2018, due to an unfavourable base effect and pickup in inflation on fruits and vegetables.

Core CPI inflation (CPI excluding 'food and beverage' and 'fuel and light' items) tightened further to 46-month high at 6.2 percent from 5.9 percent in April 2018, 5.4 percent in March 2018, 5.2 percent in February 2018 and 5.1 percent in January 2018.

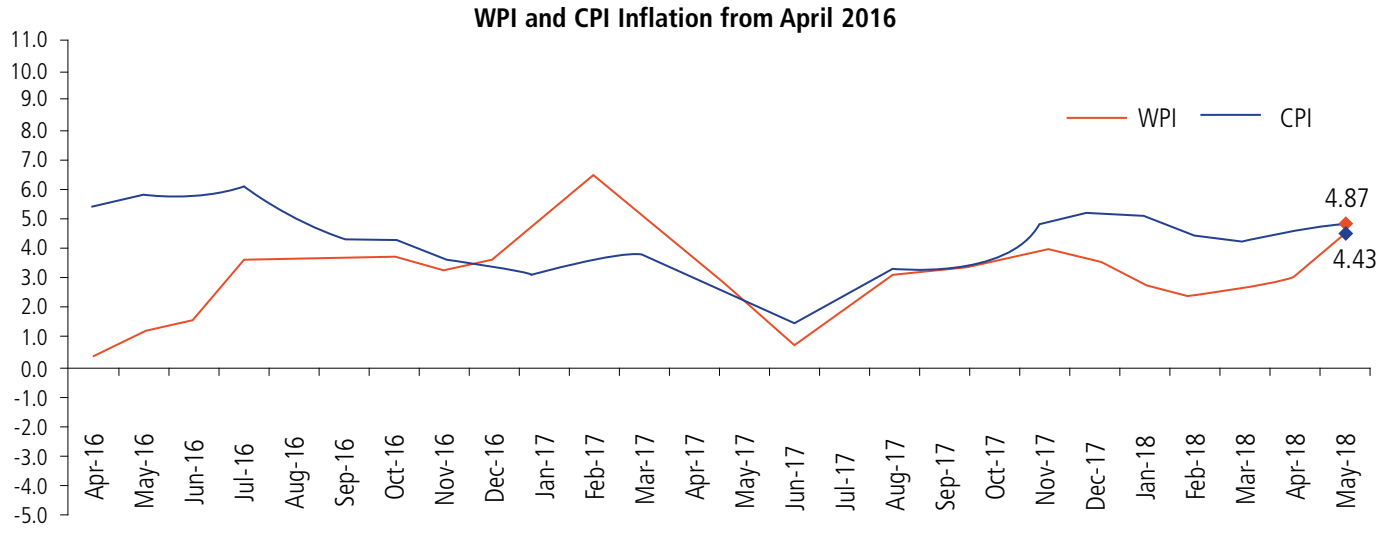
CPI inflation: May 2018					
Index	**Change m-o-m (%)**	**Change y-o-y (%)**	**Financial year (avg.)**	**Financial year (avg.)**	
				2016-17	**2017-18**
Combined CPI	137.8	0.51	4.87	4.53	3.58
Rural (2012=100)	135.4	0.50	4.88	5.00	3.59
Urban (2012=100)	139.8	0.45	4.72	4.00	3.57
CPI: Occupation-wise					
CPI for industrial workers (2001=100)	288 (Apr 2018)	0.3	4.00	5.6	4.1

Source: CSO, MOSPI, Labour Bureau, Govt of India

Wholesale price index-based inflation also bucked the eight-month downtrend

Wholesale price index-based (WPI) inflation in India rose sharply once again to 4.43 percent in May 2018 driven by rise in the prices of non-food manufactured products, and most of the products in 'fuel and light' group due to costlier crude petroleum and natural gas.

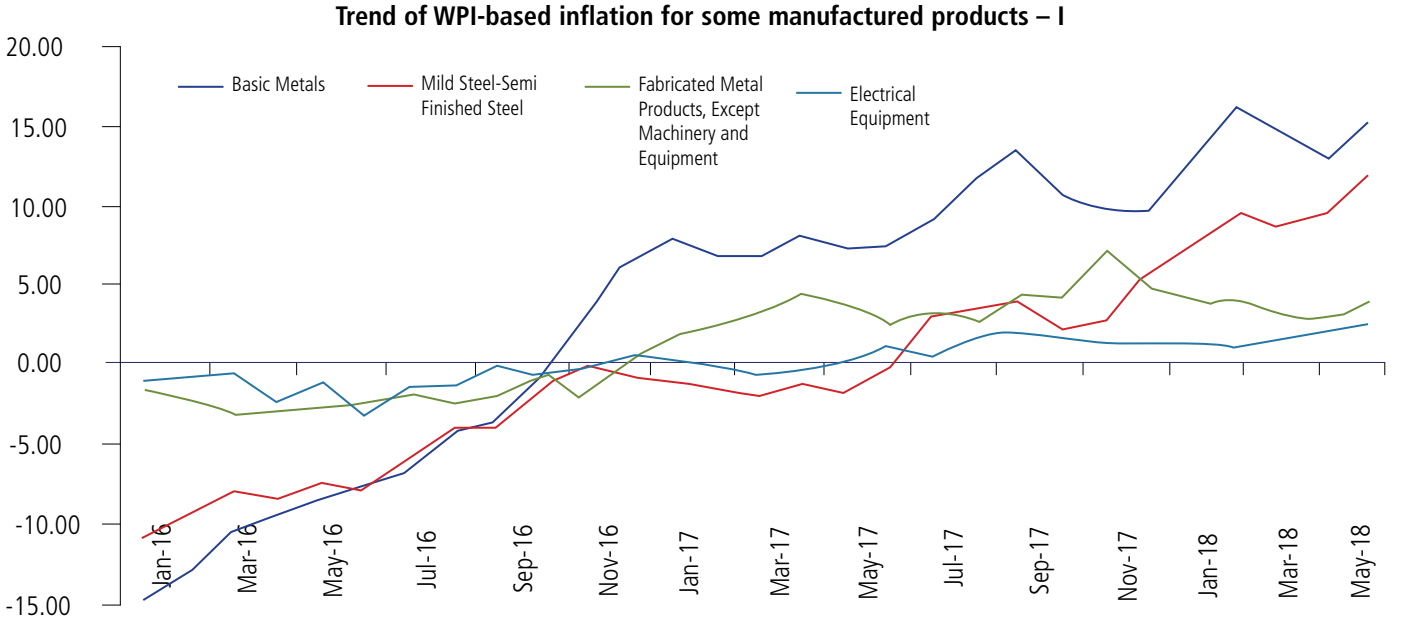
Core WPI inflation (inflation on 'non-food manufactured' articles) jumped to 4.4 percent in May 2018 from 3.6 percent in April 2018, 3.9 percent in February 2018 and 3.4 percent in January 2018 as a consequence of pass through of higher input costs and a depreciating rupee.



Source: CSO, Office of the Economic Advisor, Govt of India

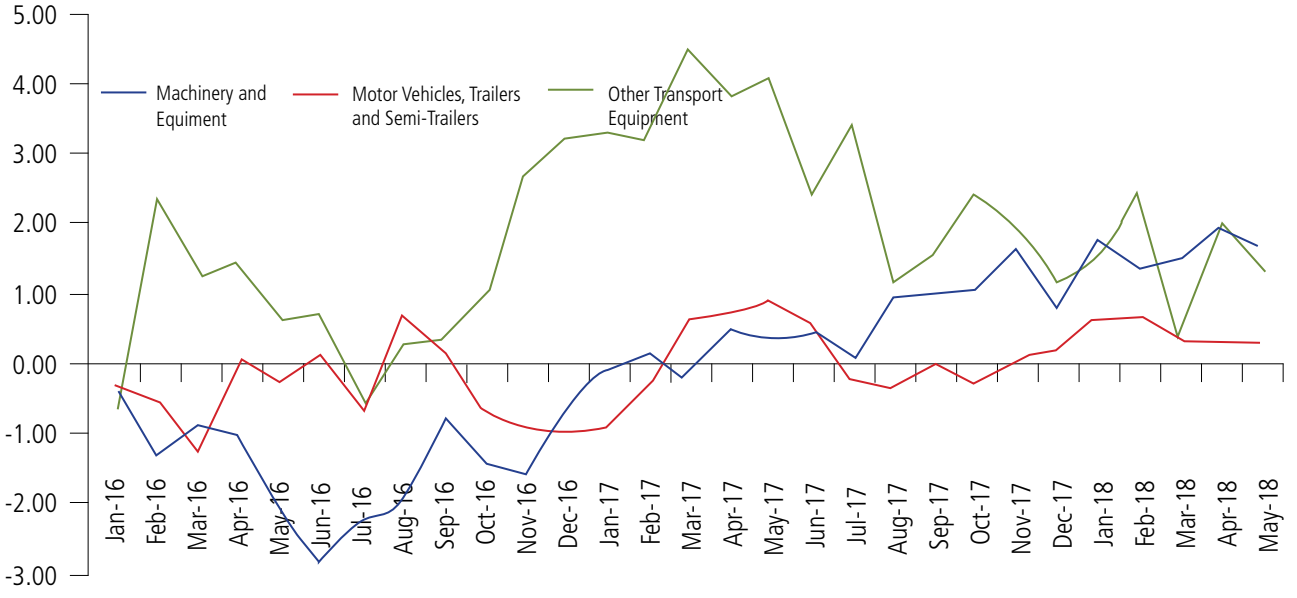
WPI inflationary trend for manufactured items (product-group wise) related to engineering

The following two charts represent the trend of WPI-based inflation for some important manufactured product groups that fall under the engineering sector.



Source: Office of the Economic Advisor, Govt of India

Trend of WPI-based Inflation for Some Manufactured Products – II



Source: Office of the Economic Advisor, Govt of India

Industrial production (as per new base year 2011-12)

Industrial output, as measured by the index of industrial production (IIP) accelerated to 4.9 percent y-o-y in April2018 from 4.6 percent in March 2018 driven by good comeback of manufacturing and mining sectors. Manufacturing grew by 5.2 percent as against 4.7 percent in March 2018 while mining growth surged to 3.1 percent from 5.1 percent in the previous month. Electricity, however, dipped to a 14-month low of 2.1 percent from 5.9 percent in March 2018.

Among the use based subsectors of manufacturing, capital goods rebounded to 13 percent in April 2018 as against 1.8 percent decline in March 2018. Growth of consumer non-durables also propped up substantially to 7 percent from 2.9 percent in March 2018.

Cumulative industrial growth during fiscal 2017-18 slowed down marginally to 4.3 percent from 4.6 percent during the previous fiscal.

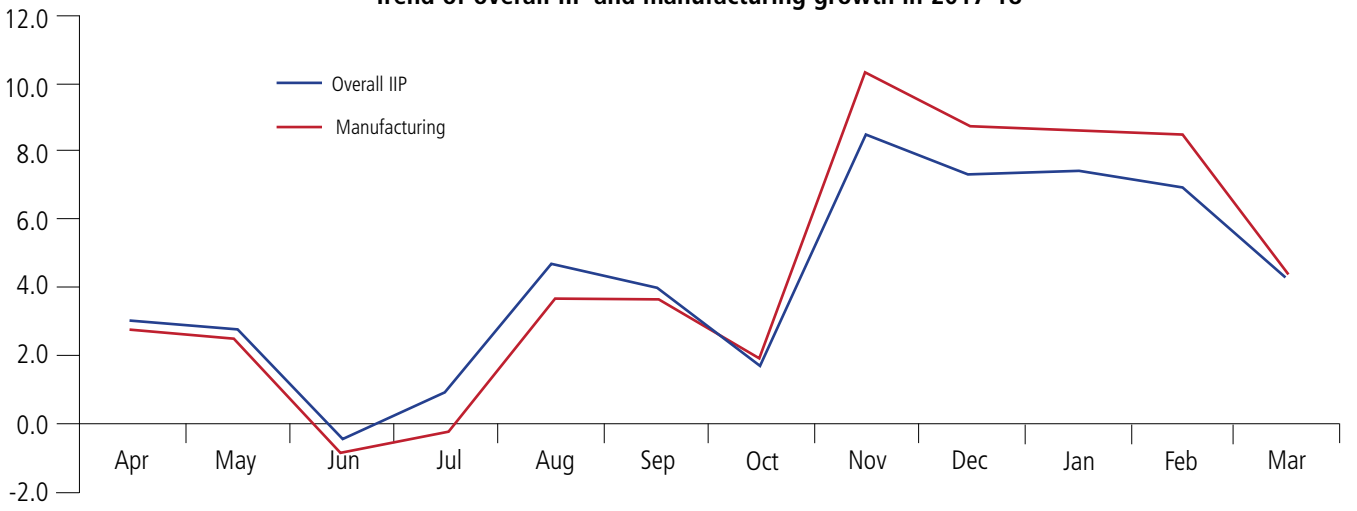
In terms of industries, 16 out of the 23 industry groups (as per two-digit NIC-2008) in the manufacturing sector witnessed positive y-o-y growth during April 2018.

Sector-wise industrial growth (measured by IIP): April 2018 and April-March 2017-18

	Weight (%)	Y-o-y	Cumulative (Apr-Mar)	
			2016-17	2017-18
General index	**100**	**4.9**	**4.6**	**4.3**
Mining	14.37	5.1	5.3	2.3
Manufacturing	77.63	5.2	4.4	4.5
Electricity	7.99	2.1	5.8	5.4
Industrial growth: Use-based				
Primary goods	34.05	3.1	4.9	3.7
Capital goods	8.22	13.0	3.2	3.9
Intermediate goods	17.22	1.6	3.3	2.3
Infrastructure/construction goods	12.34	7.5	3.9	5.6
Consumer durables	12.84	4.3	2.9	0.7
Consumer non-durables	15.33	7.0	7.9	10.4

Source: CSO, MOSPI, Govt of India

Trend of overall IIP and manufacturing growth in 2017-18



Source: CSO, MOSPI, Govt. of India

Output growth in engineering sector as measured in IIP

The following table depicts y-o-y (y-o-y) production growth of the subsectors of manufacturing that fall under engineering sector. All six industry groups (at two-digit level as per NIC 2008) that apparently come under the engineering sector recorded positive y-o-y growth during April 2018 while production of 'electrical equipment' declined during the previous fiscal.

Output growth in subsectors of manufacturing that fall under engineering sector

Industry code	Description of segment	Weight in IIP (%)	Y-o-y growth in Feb 2018	Growth in Apr-Feb 2017-18
24	Manufacture of basic metals	12.80	3.9	5.7
25	Manufacture of fabricated metal products, except machinery and equipment	2.65	7.8	2.2
27	Manufacture of electrical equipment	3.00	5.2	-12.6
28	Manufacture of machinery and equipment	4.77	8.5	5.6
29	Manufacture of motor vehicles, trailers and semi-trailers	4.86	21.9	12.6
30	Manufacture of other transport equipment	1.78	13.9	14.0

Source: CSO, MOSPI, Govt. of India

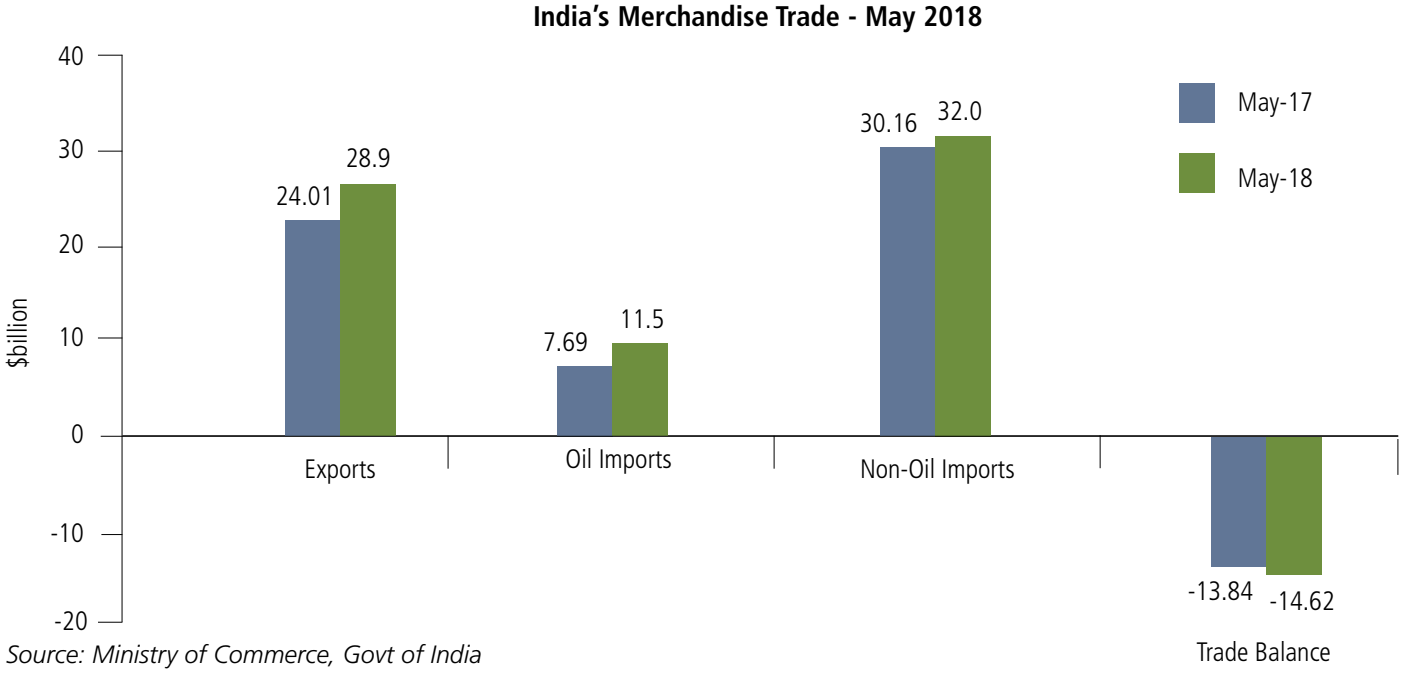
Foreign trade: May2018 (merchandise)

- India's merchandise exports recorded a higher positive growth in comparison to April 2018 registering 20.18 percent in May 2018 over May 2017 in dollar terms.
- Merchandise exports from India increased by 25.99 percent in rupee terms in May 2018 over the same period last year. Exports during May 2018 increased to $28.86 billion from $24.01 billion during the same period last year.
- Surge in exports in May 2018 over the same month last fiscal was led by expansion in shipment in engineering goods (14.77 percent), organic and inorganic chemicals (34.21 percent), drugs and pharmaceuticals (25.67 percent), petroleum products (104.47 percent), rice (15.24 percent), cotton yarn/fabs/made-ups, handloom products, etc (24.7 percent), and plastic and linoleum (36.04 percent). Some major commodity groups like cashew (-36.85 percent), iron ore (-24.32 percent), and RMG of all textiles (-16.62 percent), recorded negative growth in exports during the reporting month.
- India's merchandise imports during May 2018 were value at $43.48 billion which was 14.85 percent higher in dollar terms over the level of imports valued at $37.86 million in May 2017.
- Major commodity groups of imports showing high growth in May 2018 over the corresponding month last year include fertilisers, crude and manufactured (73.47 percent), petroleum, crude and products (49.46 percent), iron and steel (39.1 percent), machine tools (58.52 percent), machinery, electrical and non electrical (30.86 percent), organic and inorganic chemicals (28.26 percent), and project goods (48.2 percent).
- Trade deficit for May 2018 increased moderately at $14.62 billion as against the deficit of $13.84 billion during May 2017, registering growth of 5.6 percent.

Merchandise trade: May 2018

	May 2018 ($ million)	M-on-m growth (%)	Y-o-y growth (%)	
			May 2018	Apr-May 2018-19
Exports	28.9	11.4	20.18	12.58
Imports	43.5	9.7	14.85	9.72
Trade deficit	14.6	6.6	5.64	4.61

Source: Ministry of Commerce, Govt of India



Source: Ministry of Commerce, Govt of India

Balance of payments

Development in India's balance of payments during 2017-18

• For the entire fiscal 2017-18, India's current account deficit (CAD) increased to 1.9 percent of GDP in 2017-18 from 0.6 percent in 2016-17 on the back of a widening of the trade deficit.

• India's trade deficit increased to $160 billion in 2017-18 from $112.4 billion in 2016-17.

• Net invisible receipts were higher in 2017-18 mainly due to increase in net services earnings and pri-vate transfer receipts.

• Gross FDI inflows to India increased to $61 billion in 2017-18 from $60.2 billion in 2016-17.

• Net FDI inflows in 2017-18 moderated to $30.3 billion from $35.6 billion in 2016-17.

• Portfolio investment recorded a net inflow of $22.1 billion in 2017-18 as compared with $7.6 billion a year ago.

• In 2017-18, there was an accretion of $43.6 billion to the foreign exchange reserves (on a BoP basis).

Foreign exchange rates – Indian rupee against major traded currencies

Currency/Time period	USD	GBP	EUR	JPY (=100)
% Change in May 2018	1.01	-3.34	-2.42	1.57
Direction	Depreciation	Appreciation	Appreciation	Depreciation
% Change in 2018	5.51	4.33	3.15	9.38
Direction	Depreciation	Depreciation	Depreciation	Depreciation

Note: For real time data and statistics, please visit EEPC India website: https://www.eepcindia.org/forex-rate.aspx?id=none&ms=26&page=Forex-Rates
Source: RBI reference rates

Credit Growth of gross bank credit by selected sectors (%)

Sector	Between 29 April 2016 and 28 April 2017	Between 28 April 2017 and 27 April 2018
Gross bank credit	**3.8**	**10.4**
Non-food credit	**4.5**	**10.7**
Industry	**-1.4**	**1.0**
Micro and small (mfg only)	-0.3	0.3
Medium	-9.0	3.6
Large	-1.2	1.0
Priority sector	**5.7**	**5.0**
Micro and small enterprises	3.5	8.9
Manufacturing	-0.3	0.3
Export credit	-6.9	-52.2

Source: RBI

• Credit disbursal towards industry continued to rise on a y-o-y basis on a negative base; however, the growth remains feeble.
• Credit disbursal towards manufacturing sector also depicted the same picture – recovering from a negative base.
• Export credit from foreign banks continued to be the worst hit.

Prevailing policy rates, ratios and interest rates as on 27 June 2018

Instrument	Existing rates (%)
Policy repo rate	6.25
Reverse repo rate	6.00
Marginal standing facility rate	6.50
Bank rate	6.50
Cash reserve ratio (CRR)	4.00
Statutory liquidity ratio (SLR)	19.50
Lending/deposit rates	
Base rate	8.70-9.45
MCLR (overnight)	7.80-8.05
Savings deposit rate	3.50-4.00
Term deposit rate > 1 year	6.25-7.00

Source: RBI

Study visit of Parliamentary Committee

Mr Ravi Sehgal, Chairman, EEPC India, felicitating the Study visit of the Parliamentary Committee on Papers Laid on the Table of Lok Sabha, jointly organised by NJB, TRAI, and EEPC India, held a meeting with the Union Ministry of Commerce and EEPC India officials in Kolkata. (**1**) Mr Chandrakant B Khaire, Chairperson, Parliamentary Committee of Lok Sabha, in the centre along with his members and Secretariat; on his right Choudhury Mohan Jatua, Mr Bheemrao B Patel, and Mr PR Sundaram, all Members; and on his left Ms Rita Jailkhani, Director, Mr Uttam Kumar Singh, Sr PS, and RS Banga, Deputy Secretary, all of the Lok Sabha Secretariat. (**2**) On the other side Mr Ravi Sehgal, Chairman, EEPC India; Mr Dammu Ravi, Joint Secretary, and Ms Padma Ganesh, Deputy Secretary, Union Ministry of Commerce; and Mr Bhaskar Sarkar, Executive Director and Secretary, EEPC India. (**3**) Ms Rita Jailkhani, Director, Lok Sabha Secretariat, in discussions with Mr Ravi Sehgal, Chairman, and Mr Bhaskar Sarkar, Executive Director and Secretary, EEPC India. (**4**) The meeting in progress.

समिति का अध्ययन दौरा
Parliamentary Committee
on the Table of Lok Sabha
22-23

3

लोकसभा के पटल पर रखे गए पत्रों
संबंधी संसदीय समिति का अध्ययन दौरा
Study visit of the Parliamentary Committee
on Papers Laid on the Table of Lok Sabha
22-23

4

HOME AFFAIRS

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Interactive session on GST

EEPC India held an interactive session with the Department of GST, Customs (DBK), and JNPT, in Mumbai.

(**5**) Mr B Sarkar, Executive Director and Secretary, EEPC India, Mr Manoj Kumar Narayanwal, Dy Commissioner of State Tax, Maharashtra, Mr KL Dhingra, Regional Chairman (WR), EEPC India, Mr Rohit Singla, Jt Commissioner-Customs, NavaSheva, JNPT, Mr TS Bhasin, Immediate Past Chairman, EEPC India, and Mr Anoop Marwaha, Dy. Regional Chairman (WR), EEPC India. (**6**) Mr KL Dhingra, Regional Chairman (WR), EEPC India, presenting a bouquet to Mr Rohit Singla, Jt Commissioner-Customs, NavaSheva, JNPT.

(**7**) Mr KL Dhingra, Regional Chairman (WR), EEPC India, welcoming Mr Manoj Kumar Narayanwal, Dy Commissioner of State Tax, Maharashtra.

Workshop on GST issues

A half-day workshop on E-Way Bill, ITC Refund, and Impact on GST due to new Foreign Trade Policy Review was held in the EEPC India office in Chennai. (**8**) Mr CH Nadiger, Regional Director (SR), EEPC India, welcoming the participants to the workshop. On his left Mr Venkataraman, Founder, Freight Club, Chennai, who made a presentation on E-Way Bill and Impact on GST due to Mid-Term Review of FTP. On his Right Mr M Bhasker, CO-Founder, Freight Club, Chennai.

(**9**) A view of the participants.

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EEPCINDIA
Outreach Seminar On
Anti-Dumping & Other Trade Remedies
Available under WTO Framework
17 May 2018
Kolkata
EEPCINDIA
A.K.PAL

10

EEPCINDIA
Outreach Seminar On
Anti-Dumping & Other Trade Remedies
Available under WTO

11

Seminar on anti-dumping

EEPC India organised an Outreach Seminar on Anti-Dumping and Other Trade Remedies in Kolkata. (**10**) Ms Anima Pandey, Regional Director (ER), EEPC India, welcoming the guests. Seated from right Mr A. K. Pal, Director (Cost), and Ms Shubhra, Additional DG, DGAD; Ms Anindita Sengupta, Additional DGFT, Kolkata, Mr Arun Kumar Garodia, Regional Chairman (ER), EEPC India, and Mr Rahul Singh, Deputy DGFT, Kolkata. Among others present in the seminar was Mr TK Bhattacharyya, Executive Director, CAPEXIL. (**11**) the seminar in session. (**12**) Mr Arun Kumar Garodia, Regional Chairman (ER), EEPC India, sets the tone of the seminar with his speech. (**13**) Ms Anindita Sengupta, Additional DGFT, Kolkata, addressing the participants. (**14**) Mr AK Pal, Director (Cost), DGAD, addressing the participants on the accounting process of anti-dumping investigation. (**15**) Ms Shubhra, Additional DG, DGAD, addressing the gathering. (**16**) A participant addressing a question to the speakers.

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Currency markets and hedging strategies

EEPC India held a session on Tracing Currency Markets and Best Practices in Hedging Strategies, Trade Finance and Wealth Management, in Bengaluru. (**17**) Mr Abhijeet Angane, National Forex Sales Head, Edelweiss Group – Forex and Rates, addressing the gathering on Forex management and trade finance. On his left, Mr JV Raja Gopal Rao, Sr Deputy Director (SR), and Mr R Seshagiri, Dy Regional Chairman, (SR), EEPC India. (**18**) The session in progress.

New Vice-Chairman and Regional Chairman (ER)

CEEPC India (ER) felicitated the new Vice-Chairman and Regional Chairman (ER) in Kolkata. (**19**) Mr Suranjan Gupta, Executive Director, EEPC India, felicitating Mr Arun Kumar Garodia, Vice Chairman, EEPC India, as Mr Bhaskar Sarkar, Former Executive Director and Secretary, Mr BD Agarwal, Regional Chairman (ER), Mr Adhip Mitra, Additional Executive Director and Secretary, and Ms Anima Pandey, Regional Director (ER) and Director (Membership), EEPC India, look on. (**20**) Mr Suranjan Gupta, Executive Director, welcoming Mr BD Agarwal, Regional Chairman (ER), EEPC India.

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EEPCINDIA
WELCOMES
FOR
REGIONAL COMMITTEE
MEETING (W.R)
MR. K. L. DHINGRA
MR. ROHIT SINGLA

21

EEPCINDIA
WELCOMES
FOR
REGIONAL COMMITTEE
MR. BHASKAR BARKAR

22

WR Regional Committee meeting

The 5th Regional Committee Meeting of EEPC India (WR) was held on 25th May, 2018 at Mayfair Banquet was held in Mumbai. (**21**) Mr KL Dhingra, Regional Chairman (WR), Mr TS Bhasin, Immediate Past Chairman, and Mr Anoop Marwaha, Dy. Regional Chairman (WR), EEPC India in the Regional Committee meeting. (**22**) Mr Bhaskar Sarkar, Former Executive Director and Secretary, EEPC India, responding to queries raised by a member. On his right Mr Rajat Srivastava, Regional Director and Director (Marketing and Sales), EEPC India..

New EEPC India (NR) office

EEPC India (NR) inaugurated its Regional Office in New Delhi. (**23**) Mr Bhupinder S Bhalla, Joint Secretary, Department of Commerce, Government of India, and Ms Kamna Raj Aggarwalla, Regional Chairperson (NR), EEPC India, inaugurating EEPC India's Northern Regional Office in New Delhi, in the presence of Mr Ravi Vasudev, Regional Committee Member (NR), Mr Suranjan Gupta, Executive Director, Mr Rakesh Suraj, Regional Director (NR), and Mr RP Jhalani, Former Chairman, EEPC India, among others. (**24**) Mr RP Jhalani, Mr Bhupinder S Bhalla, Ms Kamna Raj Aggarwalla, Mr Ravi Vasudev, Mr Pradeep Aggarwal, Dy Regional Chairman (NR), Mr Suranjan Gupta, Mr Rakesh Suraj, and Mr Nishikant Jumde, Sr Joint Director, EEPC India following the inauguration.

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Fond farewell to Mr Bhaskar Sarkar

Mr Bhaskar Sarkar attended several functions occasioned by his retirement as Executive Director and Secretary, EEPC India, on 31 May 2018.

(**25**) Ms Rita Teaotia, Commerce Secretary, presenting a Bidriware portrait to Mr Bhaskar Sarkar during the EEPC National Awards function in New Delhi, in the presence of Mr CR Chaudhury, Union Minister of State for Commerce and Industry, Mr BS Bhalla, Joint Secretary, Department of Commerce, Government of India, and Mr Ravi Sehgal, Chairman, EEPC India.

(**26**) Mr BS Bhalla, Joint Secretary, Department of Commerce, Government of India, presenting a specially wrapped Talking Photobook to Mr Bhaskar Sarkar. (**27**) The Executive Director-designate, Mr Suranjan Gupta, and his predecessor, Mr Bhaskar Sarkar, pose for a farewell photograph.

New Delhi

EEPC India HO Cell and Regional Office (NR) held a joint farewell at the Press Club of India.

(**28**) MrC S Shukla, Former Executive Director, EEPC India, presenting a bouquet to Mr Bhaskar Sarkar in the presence of Mr RP Jhalani, Former Executive Director, EEPC India, and Mr Suranjan Gupta.

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Fond farewell in New Delhi...

(**29**) Mr Suranjan Gupta, Executive Director, EEPC India, felicitating Mr Bhaskar Sarkar, as Mr CS Shukla, Former Executive Director, EEPC India, looks on.

(**30**) Mr Krishno Ganguly, General Secretary, All India Engineering Export Promotion Council Employees' Association (AIEEPCEA) greeting Mr Bhaskar Sarkar with a bouquet.

... and Kolkata

(**31**) Mr Sobhandeb Chattopadhyay, West Bengal Power Minister, and President, AIEEPCEA, felicitating Mr Bhaskar Sarkar, Executive Director and Secretary, EEPC India. On his left Mr Dhruba Jyoti Basu, Sr Joint Director, EEPC India, Mr Krishno Ganguly, General Secretary, AIEEPCEA, and Mr Adhip Mitra, Director (Budget and Finance), EEPC India. (**32**) Mr Bhaskar Sarkar, Executive Director and Secretary, EEPC India, receiving a bouquet from Mr Sobhandeb Chattopadhyay, West Bengal Power Minister, and President, AIEEPCEA. Mr Sunny Bose, Sr Assistant Director, EEPC India, is behind the flowers and Mr Krishno Ganguly, General Secretary, AIEEPCEA, is compering the session.

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Fond farewell to Mr Bhaskar Sarkar
Mumbai

EEPC India (WR) Regional Committee and office jointly bid farewell to former Executive Director and Secretary, Mr Bhaskar Sarkar. (**33**) Mr KL Dhingra, Regional Chairman (WR), EEPC India, presenting a shawl to Mr Bhaskar Sarkar. (**34**) Mr Rajat Srivastava, Regional Director (WR) and Director (Marketing and Sales), EEPC India along with officers and staff of RO Mumbai, a Parvati Bust to Mr Bhaskar Sarkar.

e-SANCHIT

Frequently Asked Questions

Question: Who can login e-SANCHIT application?
Answer: Only ICEGATE registered users can use e-SANCHIT applications by accessing the e-SANCHIT link.

Q: How can I upload a document?
A: Any registered ICEGATE user can upload documents using below steps.
I. Login into ICEGATE website using login credentials.
II. Access the e-SANCHIT application by clicking on e-SANCHIT link provided in menu options.
III. Upload document by clicking on Upload Documents button.
IV. Validate the document for digital signature.
V. Submit the document by clicking proper document type from document type dropdown and click on the submit button.

Q: I am not able to submit the document using Submit Document button?
A: Once the document is uploaded, document type is selected and digital signature is verified then only the submit button will be visible.

Q: Am I able to upload documents in any format in any size?
A: Only PDF format is accepted in e-SANCHIT application having size lesser than 1 MB.

Q: Am I able to upload any no. of documents at a time?
A: No, you can upload maximum 5 documents at a time.

Q: What is the maximum file size that can be uploaded?
A: Maximum acceptable file size is 1 MB only.

Q: Will I be able to upload documents having same name?
A: No, as per business requirement, all documents to be uploaded must have different name. Uploader should provide meaningful file names to documents so that they can recognise and handle the file more effectively.

Q: How can I attach my digital signature with documents to be uploaded?
A: On ICEGATE website, a utility is provided in which user can attach DSC to their document. The web utility is publically available and free. It can be accessed via below link (https://www.icegate.gov.in/digitalSign/digitalSign.html)

Q: Can I use the same DSC for signing documents to be upload on e-SANCHIT which I am using for signing BE and SB documents?
A: Yes, the same DSC that is used for signing BE and SB documents can also be used for signing the document for e-SANCHIT.

Q: How can I delete the documents once uploaded?
A: Once the document is uploaded then you can see the delete link for each document at same page. However, once document is submitted and an IRN/DRN are generated, it cannot be removed from the systems. Trade must ensure that its reference is not used in any Bill of Entry/Shipping Bill.

Q: How to view the uploaded document before submission?
A: Once the document is uploaded then you can see the view link for each document at same page.

Q: Can I get any confirmation for document upload?
A: Yes, an email/message are triggered immediately on your registered email once the document is submitted in e-SANCHIT application.

Q: How can I search a document that I have uploaded earlier?
A: Search functionality is provided in right side of e-SANCHIT, you can search any document uploaded by using the IRN, DRN, Supporting document types and between a date range.

Q: Will I be able to see other user's documents?
A: No, you can able to view the documents uploaded by logged in user only.

Q: What is IRN & DRN?
A: DRN stands for Document reference number, which is the unique reference to a batch of uploaded documents. Five IRN numbers can have one DRN. IRN stands for Image reference number, which is unique to each document. A group of IRN should be entered into the Bill of Entry, not DRN.

Q: What are the other ways to access e-SANCHIT application?
A: You can access e-SANCHIT application via ICEGATE website only.

Q: What are the reasons for invalid digital signature?
A: Your signature not registered on ICEGATE website or you have not signed the document which you are trying to upload.

Q: What can I do if the document format is not pdf?
A: Only PDF documents are supported on e-SANCHIT application, you can contact the document issuer for the proper pdf format or the document may be printed and scanned into a PDF.

Q: What are the mandatory documents that need to be submitted online?
A: The list of mandatory documents for export/import of goods from/into India have already been notified by DGFT notification No.08/2015-2020 dated 4 June 2015 i.e.
- Bill of Lading/Airway Bill
- Commercial Invoice
- Packing List/OR as per CBEC Circular No.01/15-Customs dated 12/01/2015. Commercial Invoice cum Packing List would also be accepted.
- Bill of Entry.

Other documents depending on the commodity imported, notification claimed and Participating Government Agency (PGA) requirement. The Compulsory Compliance Requirements provide an outline of the Supporting documents required for a CTH.

Q: Can one document contain multiple pages?
A: Yes, there is not any restriction for page count; however, the file size should not exceed 1 MB.

Q: How to map Import/Export flat file, with IRN received after uploading documents in e-SANCHIT?
A: An option is already there to provide IRN number in RES packages. Please refer to field 14 of the <TABLE> SUPPORTINGDOCS in the Bill of Entry message format. You can provide the IRN received while filling job in RES packages and submit the flat file generated as usual.

Encouraging formalisation of MSME sector

Reserve Bank of India
RBI/2017-18/186
DBR.No.BP.BC.108/21.04.048/2017-18
6 June 2018

Please refer to the circular DBR.No.BP.BC.100/21.04.048/2017-18 dated 7 February 2018.

2. Having regard to the input credit linkages and ancillary affiliations, it has now been decided to temporarily allow banks and NBFCs to classify their exposure, as per the 180 days past due criterion, to all MSMEs, including those not registered under GST, as a 'standard' asset, subject to the following conditions:

i. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed Rs250 million as on 31 May 2018.

ii. The borrower's account was standard as on 31 August 2017.

iii. The payments due from the borrower as on 1 September 2017 and falling due thereafter up to 31 December 2018 were/are paid not later than 180 days from their original due date.

iv. In respect of dues payable by GST-registered MSMEs from 1 January 2019 onwards, the 180 days past due criterion shall be aligned to the extant IRAC norms in a phased manner, as given in the Annex. However, for MSMEs that are not registered under GST as on 31 December 2018, the asset classification in respect of dues payable from 1 January 2019 onwards shall immediately revert to the extant IRAC norms.

v. The other terms and conditions of the circular dated 7 February 2018 remain unchanged.

Saurav Sinha, Chief General Manager-in-Charge

ANNEX

Period during which any payment falls due	Time permitted
1 September 2017 – 31 December 2018	180 days
1 January 2019 – 28 February 2019	150 days
1 March 2019 – 30 April 2019	120 days
1 May 2019 onwards	90 days

Clarifications of certain issues under GST

GST Policy Wing
Central Board of Indirect Taxes and Customs
Government of India Ministry of Finance Department of Revenue
F. No. CBEC- 20/16/03/2017-GST
Circular No. 47/21/2018-GST
New Delhi, Dated 8 June 2018

Sub: Clarifications of certain issues under GST– regarding

Representations have been received seeking clarification on certain issues under the GST laws. The same have been examined and the clarifications on the same are as below:

Issue	Clarification
Whether moulds and dies owned by Original Equipment Manufacturers (OEM) that are sent free of cost (FOC) to a component manufacturer is leviable to tax and whether OEMs are required to reverse input tax credit in this case?	1.1 Moulds and dies owned by the original equipment manufacturer (OEM) which are provided to a component manufacturer (the two not being related persons or distinct persons) on FOC basis does not constitute a supply as there is no consideration involved. Further, since the moulds and dies are provided on FOC basis by the OEM to the component manufacturer in the course or furtherance of his business, there is no requirement for reversal of input tax credit availed on such moulds and dies by the OEM. 1.2 It is further clarified that while calculating the value of the supply made by the component manufacturer, the value of moulds and dies provided by the OEM to the component manufacturer on FOC basis shall not be added to the value of such supply because the cost of moulds/dies was not to be incurred by the component manufacturer and thus, does not merit inclusion in the value of supply in terms of section 15(2)(b) of the Central Goods and Services Tax Act, 2017 (CGST Act for short). 1.3 However, if the contract between OEM and component manufacturer was for supply of components made by using the moulds/dies belonging to the component manufacturer, but the same have been supplied by the OEM to the component manufacturer on FOC basis, the amortised cost of such moulds/dies shall be added to the value of the components. In such cases, the OEM will be required to reverse the credit availed on such moulds/ dies, as the same will not be considered to be provided by OEM to the component manufacturer in the course or furtherance of the former's business.
How is servicing of cars involving both supply of goods (spare parts) and services (labour), where the value of goods and services are shown separately, to be treated under GST?	2.1 The taxability of supply would have to be determined on a case to case basis looking at the facts and circumstances of each case. 2.2 Where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

Issue	Clarification
In case of auction of tea, coffee, rubber etc., whether the books of accounts are required to be maintained at every place of business by the principal and the auctioneer, and whether they are eligible to avail input tax credit?	3.1 The requirement of maintaining the books of accounts at the principal place of business and additional place(s) of business is clarified as below: (a) For the purpose of auction of tea, coffee, rubber, etc, the principal and the auctioneer may declare the warehouses, where such goods are stored, as their additional place of business. The buyer is also required to disclose such warehouse as his additional place of business if he wants to store the goods purchased through auction in such warehouses. For the purpose of supply of tea through a private treaty, the principal and an auctioneer may also comply with the said provisions. (b) The principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, are required to maintain the books of accounts relating to each and every place of business in that place itself in terms of the first proviso to sub-section (1) of section 35 of the CGST Act. However, in case difficulties are faced in maintaining the books of accounts, it is clarified that they may maintain the books of accounts relating to the additional place(s) of business at their principal place of business instead of such additional place(s). (c) The principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, shall intimate their jurisdictional officer in writing about the maintenance of books of accounts relating to the additional place(s) of business at their principal place of business. 3.2 It is further clarified that the principal and the auctioneer for the purpose of auction of tea, coffee, rubber etc., or the principal and the auctioneer for the purpose of supply of tea through a private treaty, shall be eligible to avail input tax credit subject to the fulfilment of other provisions of the CGST Act read with the rules made thereunder.
In case of transportation of goods by railways, whether goods can be delivered even if the e-way bill is not produced at the time of delivery?	As per proviso to rule 138(2A) of the Central Goods and Services Tax Rules, 2017 (CGST Rules for short), the railways shall not deliver the goods unless the e-way bill is produced at the time of delivery.
Whether e-way bill is required in the following cases- (i) Where goods transit through another State while moving from one area in a State to another area in the same State. (ii) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State.	(i) It may be noted that e-way bill generation is not dependent on whether a supply is inter- State or not, but on whether the movement of goods is inter-State or not. Therefore, if the goods transit through a second State while moving from one place in a State to another place in the same State, an e-way bill is required to be generated. (ii) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State, there is no requirement to generate an e- way bill, if the same has been exempted under rule 138(14)(d) of the CGST Rules.

2. It is requested that suitable trade notices may be issued to publicise the contents of this Circular.

3. Difficulty if any, in the implementation of this Circular may be brought to the notice of the Board. Hindi version will follow.

Sd/-

Upender Gupta

Commissioner (GST)

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India Pavilion at Bogota International Trade Show 2018	Bogota, Colombia	24 - 28 September 2018
RBSM at Advantage Healthcare India	New Delhi, India	4 - 6 October 2018
India Pavilion at ITMA Asia + CITME 2018	Shanghai, China	15 - 19 October 2018
India Pavilion at Kenya Pharma Expo 2018	Nairobi, Kenya	17 - 19 October 2018
India Pavilion at Elmia Subcontractor 2018	Jönköping, Sweden	13 – 16 November 2018
India Pavilion at The Big 5 2018	Dubai, UAE	26 - 29 November 2018
India Pavilion at Autotech 2018	Cairo, Egypt	14 - 16 December 2018
RBSM at Imtex 2019	Bengaluru, India	24-30 January 2019
India Pavilion at Arab Health 2019	Dubai, U.A.E	28-31 January 2019
India Pavilion at Asia Pharma Expo 2019	Dhaka, Bangladesh	31 January - 2 February 2019
India Pavilion at Aquatherm 2019	Moscow, Russia	12-15 February 2019
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