

India- The Booming Market for Fastener Machinery, Molds & Dies

扣件機械及模具產業蓬勃發展市場- 印度

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Introduction

India has emerged as the fastest growing major economy in the world according to the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow by more than 7% in 2016-17. According to Fitch Ratings Agency, India's Gross Domestic Product (GDP) will likely grow by 7.7% in FY 2016-17 and slowly accelerate to 8% by FY 2018-19, driven by the gradual implementation of structural reforms, higher disposable incomes and improvement in economic activities.

Indian Fastener Market

The following table shows the figures of India's imported and exported fasteners from 2012 to 2016.

Indian		2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2014-Q1	2014-Q2	2014-Q3	2014-Q4
Import	Thousand (USD)	194,994	201,937	177,285	173,378	196,301	175,171	187,393	170,126	177,747	176,743	190,603	177,987
	Ton	45,988	33,109	56,451	31,249	29,583	26,396	31,233	27,479	29,593	31,989	36,420	36,667
	USD/kg	4.24	6.10	3.14	5.55	6.64	6.64	6.00	6.19	6.01	5.53	5.23	4.85
Export	Thousand (USD)	140,271	127,252	156,236	159,485	175,793	159,935	197,273	210,189	203,700	248,557	235,965	298,457
	Ton	57,613	53,809	66,573	60,875	64,311	49,717	65,028	62,055	70,796	76,684	76,990	78,550
	USD/kg	2.43	2.36	2.35	2.62	2.73	3.22	3.03	3.39	2.88	3.24	3.06	3.80

Indian		2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3	2016-Q4
Import	Thousand (USD)	160,687	165,616	187,404	176,882	167,404	163,401	178,406	183,101
	Ton	33,070	32,666	49,316	55,501	39,976	38,476	41,192	41,587
	USD/kg	4.86	5.07	3.80	3.19	4.19	4.25	4.33	4.40
Export	Thousand (USD)	167,249	131,748	132,646	121,824	125,023	110,705	114,359	109,159
	Ton	73,090	59,179	63,258	59,309	62,093	55,922	59,508	54,824
	USD/kg	2.29	2.23	2.10	2.05	2.01	1.98	1.92	1.99

India's figures can be divided into 3 different sections. During the period from Q1 2012 to Q2 2013 the imported fastener value was higher than the value of export; during the period from Q3 2013 to Q1 2015, the exported fastener value exceeded the value of imported fasteners; during the period from Q2 2015 to the end of 2016, the import value became higher than the export value.

In terms of quantity, the quantity of exported fasteners has been higher than imported fasteners since 2012.

So it is clear that India's imported fastener price is higher than the exported fastener price. If we look in detail in the "quantity" graph, it is clear that since Q4 2015 the quantity of imported fasteners has gradually reduced its gap with that of the exported fasteners.

The right graph compares the imported and exported fastener prices in the Indian market.

Notes for the Indian Fastener Market

We think that the statistics in Q3 2012 are not correct because there is no logical reason for the dropping price in this quarter. However, the trend of price shows a negative growth. The story of the decreasing price is also repeated in the exported fasteners from India.

China is the Main Competitor to India in the Fastener Field

India positions itself as a country brand offering low prices, which China has nailed its country brand for a long time, so it is very difficult for India to win its own success in this position. Pricing war with China is like a suicide for India.

China exported 4.65 billion USD worth of fasteners to the world in 2016 and India's export was 459.2 million USD in the same year! China exported 2.8 million tons of fasteners and India exported 0.2 million tons of fasteners in 2016.

India should find another position for its fastener production, as in this category (low price) it will not win any success.

Machinery

In this article, we study two HS codes: one is 846210 Forging or Die-Stamping Machines Including Presses and Hammers, and the other is 846330 Machine Tools for Working Metal Wire. In this case, the following table shows India's statistics from 2012 to 2016.

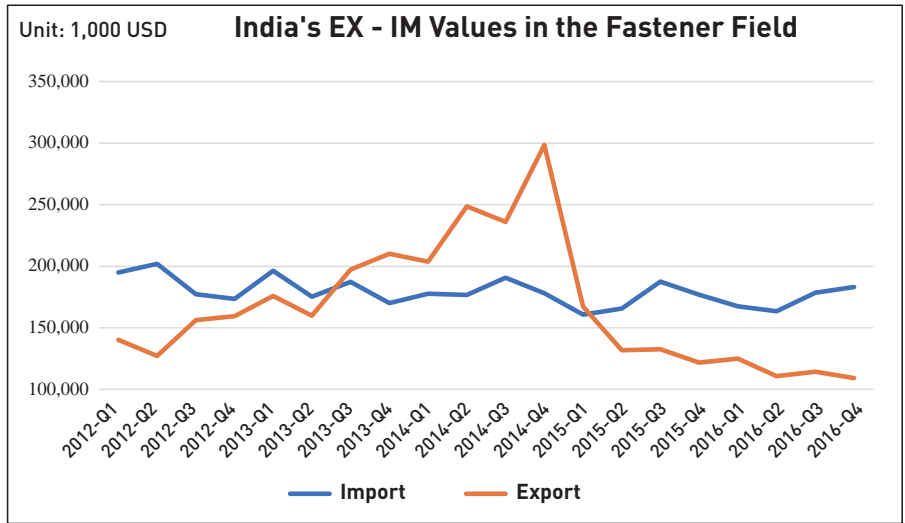


Fig.1

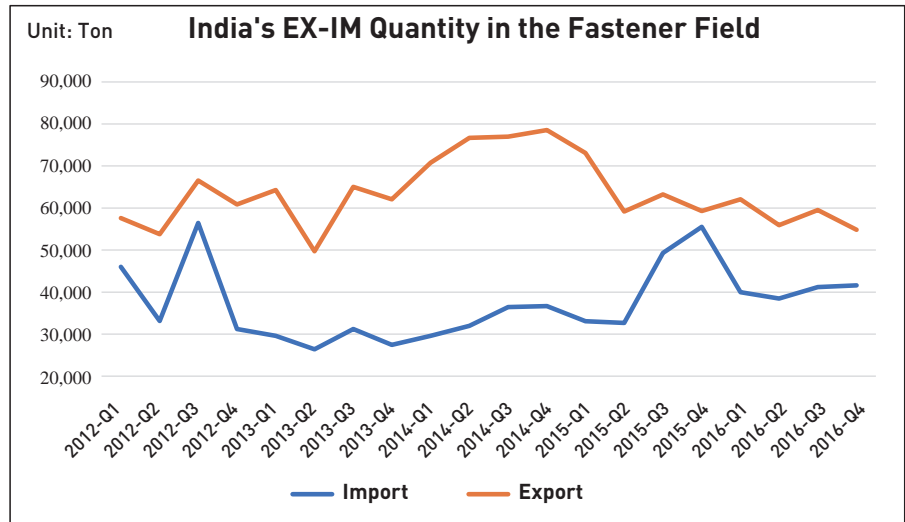


Fig.2

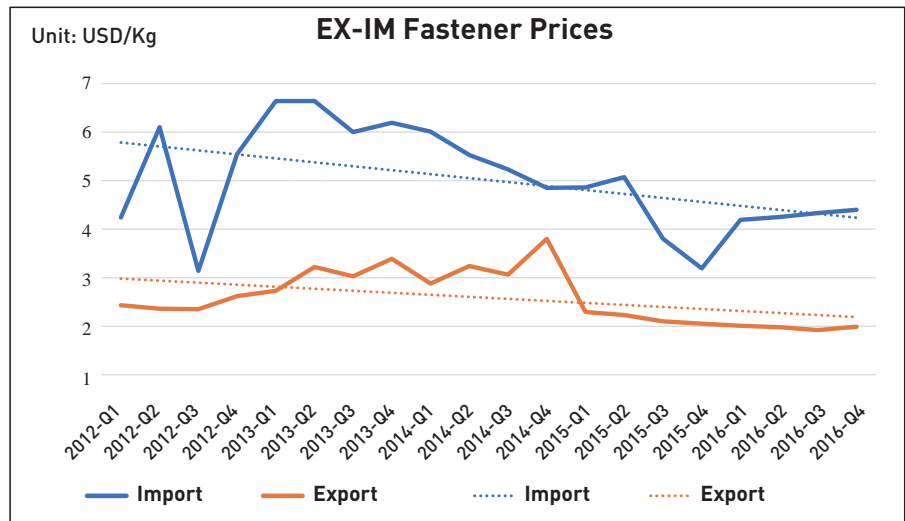


Fig.3



The difference between the exported value and the imported value of machines and the negative trend in the export of these types of machines both imply that India is not a good supplier for fastener producing machines; however, India is an acceptable market for machine importers.

Last Word

India is predicted to be one of the global hotspots for M&A in the coming years, with the total value of M&A transactions in India (domestic and inbound) more than doubling to US\$49.3 billion in 2019, according to a new research report from global law firm, Baker McKenzie. McKenzie expects overseas corporate buyer activity to pick up as well, as India continues to be a focus for emerging market investors globally. Consolidation, restructuring and asset sales by highly-leveraged companies are expected to continue and drive M&A activity in India. Sectors that are directly linked to the consumption story—financials, consumer, healthcare, Internet and real estate—will likely see good momentum on the M&A front.

But it seems that India’s economic growth has less effect on the fastener industry.

HS Code	World	2012	2013	2014	2015	2016
846210	Export	1,204	1,997	2,355	1,430	965
	Import	8,220	7,081	7,007	9,036	10,495
846331	Export	5,845	3,995	2,850	3,667	1,761
	Import	134,424	57,226	41,175	41,686	51,791
Total	Export	7,049	5,992	5,205	5,097	2,726
	Import	142,644	64,307	48,182	50,722	62,286

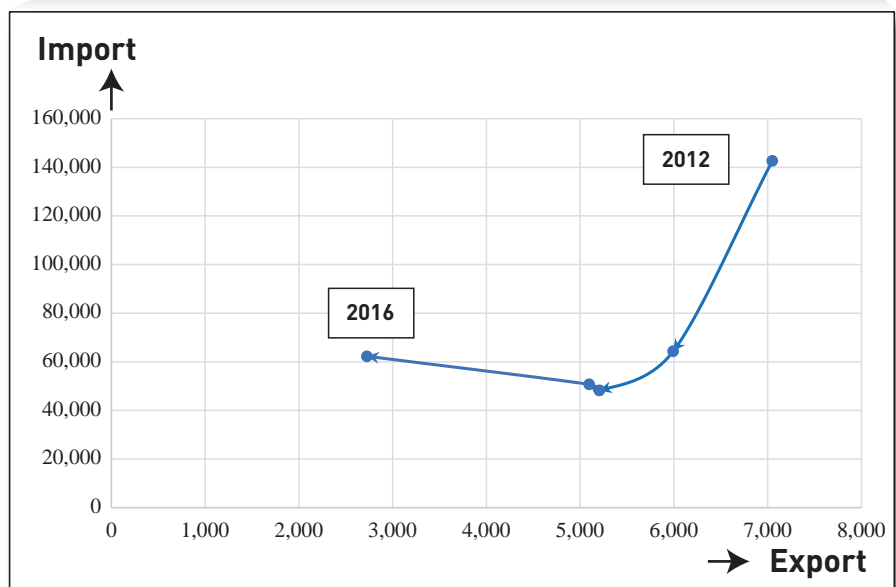


Fig.4