



Exports from India

CHINTAN SHAH, SUZLON ENERGY LIMITED

WINDERGY 2017, 27TH APRIL, 2017, NEW DELHI

EXIM : Current status

- ▶ Exports : USD 220 billion
- ▶ Imports : USD 310 billion
- ▶ Trade Imbalance : USD 90 billion
- ▶ Major imbalance : P R China (USD 42 billion) - Capital goods & commodities
 - : Saudi Arabia, Iraq, Iran (Oil imports) ~ USD 20 billion+
 - : EU - capital goods ~ USD 30 billion
- ▶ Most of the exports from India can be categorised as under:
 - ▶ Commodities, processed food & pharma to most of the developed countries
 - ▶ Capital goods & services to third world countries

Wind Export : What is the potential

- ▶ Till this date Indian OEMs have exported in excess of 7 GW to more than 32 countries
 - ▶ Wind Turbine is probably the only capital good that is manufactured in India, and is accepted by developed world
 - ▶ **It is not just “Make in India” - but endorsement of same by developed world**
 - ▶ Has earned a forex revenue of more than USD 7 billion and a recurring revenue on services too
 - ▶ Most of the exports have been to US, EU, Australia, Africa, S America
 - ▶ With pressure coming from COP-21 , the potential for wind energy installation is likely to continue with the same trend of 17% growth across the world
 - ▶ Manufacturing base of 10,000 MW+ per annum, and with a robust domestic market – India can definitely become a global player for exports of wind turbine and services

What are the current bottle necks ?

- ▶ Need to evolve EXIM policy on lines of US-EXIM, China – EXIM for export of capital goods
 - ▶ USD 200 million exposure limits needs to be increased of more than USD 1 billion
 - ▶ Term loan/project financing to be made available
 - ▶ Major export destinations are not the trunk shipping route , which increases logistics costs (5% more)
 - ▶ Chicken – Egg !!
 - ▶ High cost of working capital
 - ▶ Increases the manufacturing cost to 2-3 %
 - ▶ Establishment of skill development centres for creating manpower for global OMS services (global market today is 500 GW installed)
 - ▶ approximately 60 – 80 GW would be getting added every year

What can be learned from world

P R China

- ▶ Short lists companies that has a product & management team for exports – termed as “champions”
- ▶ Creates a unique policy framework for such companies
 - ▶ China – EXIM, logistics & infra support, overseas financing
- ▶ Missions support those companies in overseas geographies

US / Japan

- ▶ EXIM Banks, give a line of credits ranging from 1 Billion USD to 3 billion USD
- ▶ Have framework to give project term loans – along with a financing package

What can be done in India ?

- ▶ India has the potential to export 5 GW per annum
 - ▶ Ideal volume to normalise logistics costs
 - ▶ Look at differential costing for working capital for all EOUs and SEZs
- ▶ With qualified engineers available, create skill development centre (world class), to create manpower for OMS
 - ▶ Will lead to recurring services revenue for the country
- ▶ Identification of major ports with provision of right infrastructure to attract manufacturers

COMPREHENSIVE POLICY IS THE NEED OF THE DAY, AND WIND OEMS HAVE NEVER DISAPPOINTED THE GOVERNMENT IN MEETING TARGETS



Thank you