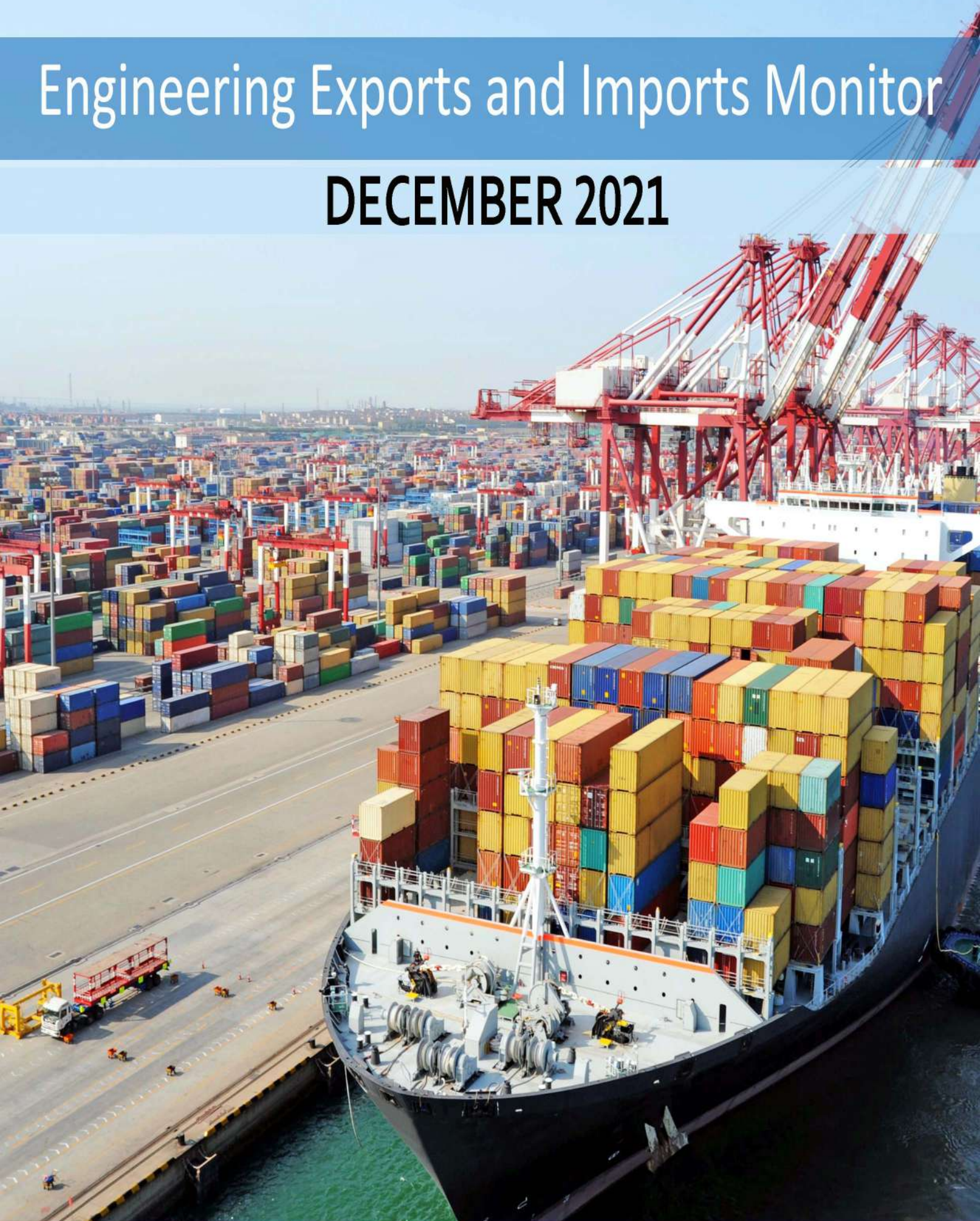


Engineering Exports and Imports Monitor

DECEMBER 2021



Engineering the future

EEPCINDIA
ENGINEERING THE FUTURE

Analysis of Indian engineering exports and imports for December 2021

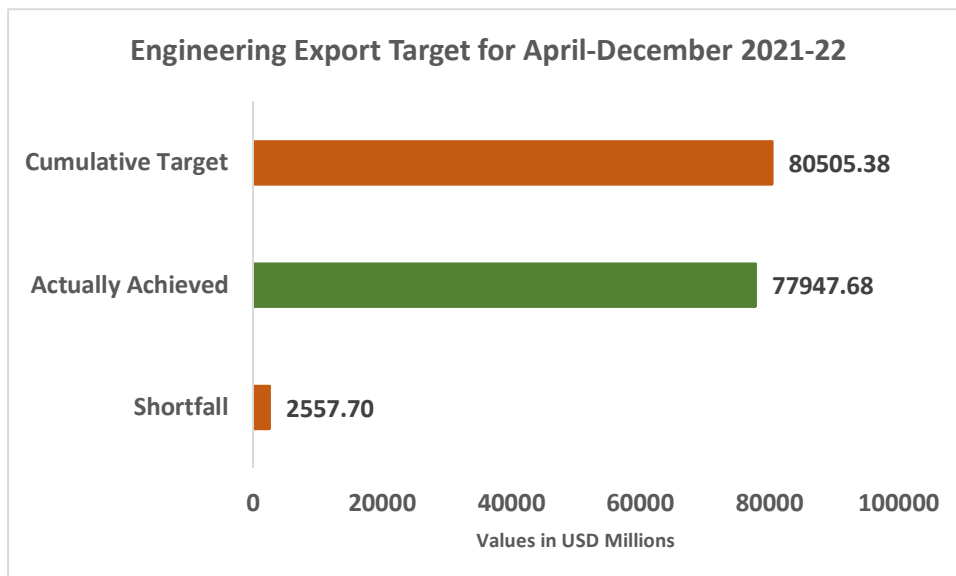
18th January 2021

Highlight

Engineering exports is likely to meet the target of USD 107 billion by the end of FY 2022

- Total merchandise export target set by India for the fiscal 2021-22: USD 400 billion
- Total engineering export target set by India for fiscal 2021-22: USD 107 billion
- Cumulative engineering exports from India during April-December 2021-22 stood at USD 77,947.68 million, which was a substantial 53.83 percent higher over the exports of April-December 2020-21 at USD 50,671.81 million.
- Percentage of target achieved during April-December 2021-22 is 72.6 percent. If we consider the target on a pro-rata basis, target for April-December was USD 80,505.38 million while actual exports was USD 77,947.68 million, leaving a marginal shortfall of USD 2,557.70 million. The figure below depicts the present situation.

Figure 1: Engineering Export Target V/S Achieved for April-December 2021-22



Overall Scenario

Merchandise trade

Merchandise exports in December 2021 was at its all-time high

- ✚ Merchandise exports from India was at its all-time high at USD 37.81 Billion in December 2021 registering of 38.91 percent growth over the same period last fiscal. This was the thirteenth straight month when merchandise exports from India recorded year-on-year growth and tenth straight month when exports were above USD 30 billion.
- ✚ Merchandise exports in December 2021 at USD 37.81 Billion was 38.91 percent higher in dollar terms over the exports of USD 27.22 Billion in December 2020. The growth was 42.27 percent in rupee terms. As compared to December 2019, exports in December 2021 exhibited a positive growth of 39.47 percent.
- ✚ The commodities/commodity groups that helped overall merchandise export to achieve such a high growth in December 2021 were Petroleum Products; Mica, Coal and other ores and minerals; Plastic and Linoleum; Cotton yarn/fabs./made-ups, handloom products etc.; Engineering goods and Electronic goods among others.
- ✚ Commodity groups like Iron ore, Oil meals, and spices continued to see decline in year-on-year exports during December 2021.
- ✚ Cumulative merchandise exports for the period April-December 2021 was USD 301.38 Billion as against USD 201.38 Billion during the period April-December 2020, registering a positive growth of 49.66 percent. In rupee terms, the growth was 49.25 percent. As compared to April-December 2019, exports in April-December 2021 exhibited a positive growth of 26.49 percent.
- ✚ Merchandise imports in December 2021 were USD 59.48 Billion, which was an increase of 38.55 percent in dollar terms over imports of USD 42.93 Billion in December 2020. In rupee terms, the growth was 41.90 percent. In comparison to December 2019, imports in December 2021 also registered a positive growth of 50.24 percent in dollar terms.
- ✚ Cumulative merchandise imports for the period April-December 2021 was USD 443.82 Billion as against USD 262.76 Billion during the period April-December 2020, registering a positive growth of 68.91 percent. The growth was 68.61 percent in rupee terms. Imports in April-December 2021 registered 21.87 percent growth in comparison to April-December 2019.
- ✚ Merchandise trade deficit widened by 37.92 percent to USD 21.68 Billion in December 2021 from USD 15.72 Billion in December 2020. On a cumulative basis, deficit for April-December 2021-22 mounted by 132.07 percent to USD 142.44 Billion from USD 61.38 Billion in April-December 2020-21.

Engineering Trade

India's Engineering exports was also at its record high in December 2021

- ✚ After a decline in the value of shipment in November 2021, India's engineering industry achieved its highest exports on record during December 2021 at USD 9,412.15 Million. It was 39.92 percent higher over the exports in December 2020 at USD 6,726.88 Million
- ✚ Engineering exports in December 2021 also recorded 39.82 percent growth over the exports in December 2019 when the economy was yet to face the Pandemic
- ✚ Cumulative engineering exports during April-December 2021-22 stood at USD 77,947.68 Million, registering 53.83 percent growth over the exports of April-December 2020-21 at USD 50,671.81 Million.
- ✚ **As per the Quick Estimates of Foreign Trade for December 2021 released by the Department of Commerce, Government of India**, the Share of engineering in total merchandise export was 25.89 percent in December 2021 as against 26.89 percent in November 2021. On a cumulative basis, the share was 27.13 percent during April-December 2021-22
- ✚ Barring "Aircraft, spacecraft and their parts", all the other 32 engineering panels witnessed positive year-on-year growth in exports during December 2021 while on a cumulative basis for April-December 2021-22, 31 out of 33 panels experienced a growth. Negative cumulative growth was only witnessed in "Aircraft, spacecraft and their parts" and "Ships, boats and floating structures"
- ✚ Exports rose to 22 out of 25 top export destinations. Only exceptions were Malaysia, Singapore and Saudi Arabia. In Cumulative terms export growth was witnessed in all countries barring Malaysia and Singapore
- ✚ Increase in exports was also witnessed in all regions in both monthly and cumulative terms

India's engineering imports increased by 15.7 percent year-on-year in December 2021

- ✚ India's Engineering imports during December 2021 were valued at US\$ 11150.29 million compared to US\$ 9633.12 million in December 2020 registering a positive growth of 15.7 percent in dollar terms
- ✚ All the engineering panels barring transport equipment, like iron & steel, non-ferrous metals, machine tools, machinery, electrical & non-electrical, medicinal & pharmaceutical products and professional instrument, optical goods witnessed an increase in import during December 2021 compared to December 2020
- ✚ The share of engineering imports in India's total merchandise imports has dropped during December 2021 in comparison to December 2020 which has been estimated at 18.7%

Analysis of India's engineering exports

1. Engineering exports: Monthly trend

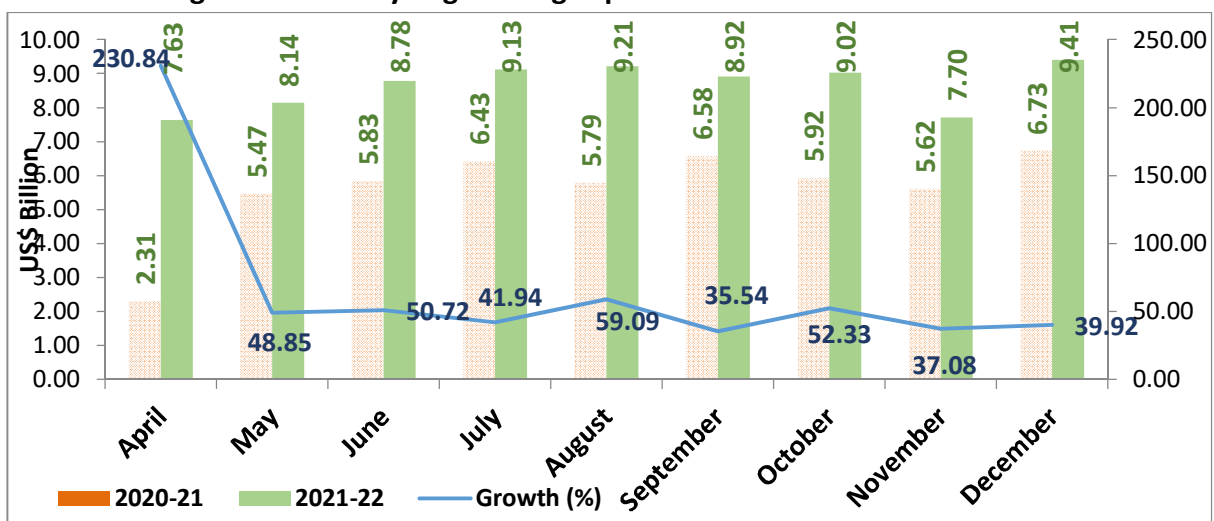
The monthly engineering figures for 2021-22 vis-à-vis 2020-21 are shown below as per the latest DGCIS estimates:

Table 1: Engineering Exports: Monthly trend in 2021-22
(US\$ million)

Month	2020-21	2021-22	Growth (%)
April	2306.35	7630.33	230.84
May	5466.82	8137.42	48.85
June	5825.88	8780.93	50.72
April-June	13599.06	24548.68	80.52
July	6432.18	9129.85	41.94
August	5790.82	9212.35	59.09
September	6579.26	8917.54	35.54
July-September	18802.27	27259.73	44.98
October	5923.34	9022.79	52.33
November	5620.26	7704.32	37.08
December	6726.88	9412.15	39.92
October-December	18270.48	26139.26	43.07
April-December	50671.81	77947.68	53.83

Source: DGCIS, Govt. of India.

Figure 2: Monthly Engineering Exports in 2021-22 vis-à-vis 2020-21



Source: DGCIS&S, EEPC research

2. Correlation between Manufacturing Production and Engineering Exports

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. As exports generally come from what is produced within a country, some correlation between manufacturing production growth and engineering export growth should exist. We briefly looked at the trend in manufacturing growth as also engineering export growth to see if they move in tandem. It may be mentioned that manufacturing has 77.63% weightage in India's industrial production.

Engineering exports growth and manufacturing output growth moved in the same direction in as many as nine out of twelve months in each of the fiscal years 2019-20 and 2020-21.

April 2021 also saw both moving in the same direction by registering unprecedentedly high growth, but that was purely due to imposition of nationwide lockdown in 2020. The month of May 2021 saw decelerated growth for both but June 2021 saw them moving in opposite direction with slightly accelerating engineering export growth but moderating manufacturing growth. The month of July again saw both engineering exports growth and manufacturing output growth decelerated while August 2021 witnessed higher growth of engineering exports but deceleration in manufacturing output growth. September 2021 again saw both engineering export growth and manufacturing growth decelerated while both witnessed accelerated growth in October 2021. The scenario of September was repeated in November 2021 when both saw deceleration in growth. Data for the last three months will establish the correlation more clearly.

Table 2: Engineering exports growth vis-à-vis manufacturing growth from April 2020

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2020	-63.05	-66.6
May 2020	-22.17	-37.8
June 2020	-5.18	-17.0
July 2020	10.56	-11.4
August 2020	-7.01	-7.6
September 2020	4.09	-0.4
October 2020	-5.01	4.5
November 2020	-8.37	-1.6
December 2020	-0.93	2.7
January 2021	16.66	-0.9
February 2021	-4.94	-3.4
March 2021	67.75	28.3
April 2021	230.84	196.0

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
May 2021	48.85	32.1
June 2021	50.72	13.2
July 2021	41.94	10.5
August 2021	59.09	11.1
September 2021	35.54	3.0
October 2021	52.33	3.1
November 2021	37.08	0.9
December 2021	39.92	N A

(Source: Department of Commerce and CSO)

We also present the month-wise revised engineering exports for 2020-21 as compared to 2019-20.

Table 3: Revised engineering exports for 2020-21 as against 2019-20 (US\$ million)

Month	2019-20	2020-21	Growth (%)
April	6410.79	2306.35	-64.02
May	7159.43	5466.82	-23.64
June	6274.90	5825.88	-7.16
April-June	19845.12	13599.06	-31.47
July	5877.95	6432.18	9.43
August	6273.83	5790.82	-7.70
September	6257.50	6579.26	5.14
July-September	18409.28	18802.27	2.13
October	6171.31	5923.34	-4.02
November	6129.02	5620.26	-8.30
December	6731.46	6726.88	-0.07
October-December	19031.79	18270.48	-4.00
January	5941.41	6931.20	16.66
February	6908.79	6567.77	-4.94
March	5208.01	8736.56	67.75
January-March	18058.21	22235.53	23.13
April-March	75344.41	72907.34	-3.23

Source: DGCI&S * Revised figures

Impact of Exchange Rate

How did the exchange rate fare during December 2021 and what was the recent trend in Re-Dollar movement? In order to get a clearer picture of the recent Re-Dollar trend, not only we took the exchange rate of December 2021, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2021-22 as well as 2020-21 as mere one month figure does not reflect any trend. Later on, we would also provide the

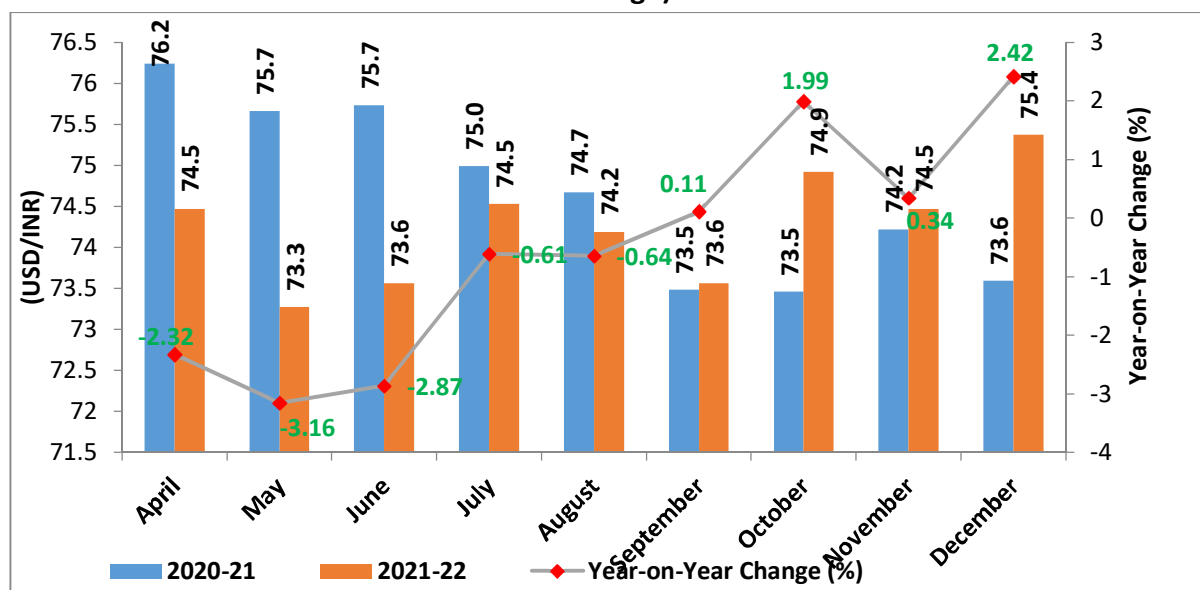
monthly trend of Re-dollar for each month of 2021-22 as we move forward with time. The tables and the charts below depict the short-term trend clearly:

Table 4A: USD-INR monthly average exchange rate in 2021-22
(As per latest data released by FBIL)

Monthly Average Exchange Rate (1 USD to INR)			Year-on- Year Change (%)	Direction	Month-on- Month Change (%)	Direction
Month	2020-21	2021-22				
April	76.24	74.47	-2.32	Appreciation	2.31	Depreciation
May	75.66	73.27	-3.16	Appreciation	-1.61	Appreciation
June	75.73	73.56	-2.87	Appreciation	0.40	Depreciation
July	74.99	74.63	-0.48	Appreciation	1.45	Depreciation
August	74.67	74.19	-0.64	Appreciation	-0.59	Appreciation
September	73.48	73.56	0.11	Depreciation	-0.85	Appreciation
October	73.46	74.92	1.99	Depreciation	1.85	Depreciation
November	74.22	74.47	0.34	Depreciation	-0.60	Appreciation
December	73.59	75.37	2.42	Depreciation	1.21	Depreciation

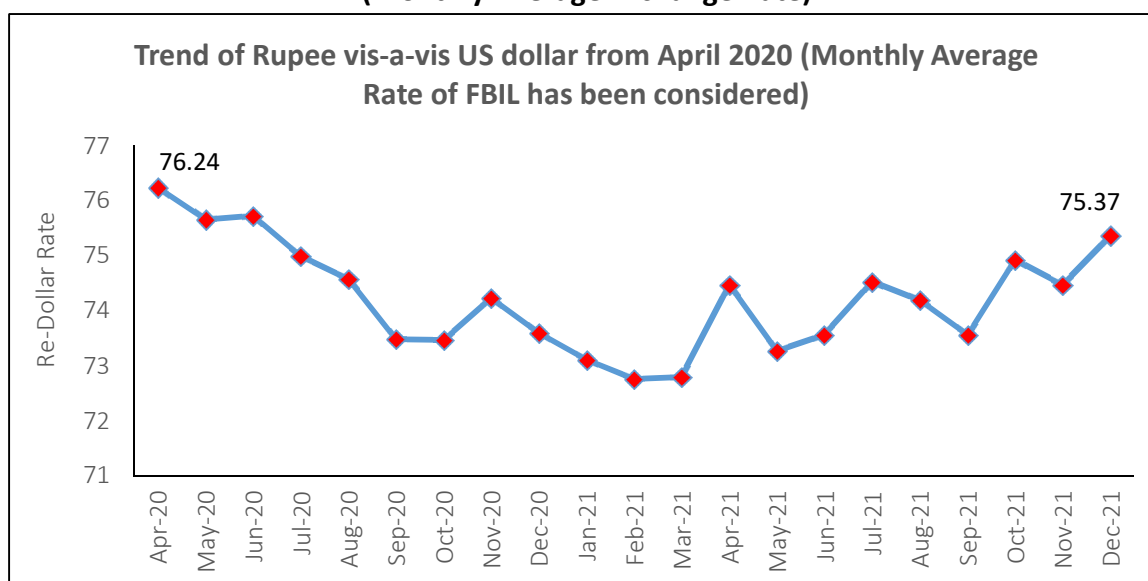
Source: FBIL, EEPC Research

Figure3A: Performance of Rupee against US Dollar in 2021-22 vis-à-vis 2020-21 (Monthly Average)



Source: FBIL, EEPC Research

**Figure3B: Movement of Rupee vis-à-vis the US Dollar during from April 2020
(Monthly Average Exchange Rate)**



Source: FBIL

Rupee depreciated further in December vis-à-vis the US Dollar both on a month-on-month and a year-on-year basis: Rupee in December 2021 dropped below 76 vis-à-vis the US Dollar but finally recovered to around 74.30 by the end of the month. However, that could not prevent the depreciation of rupee by 2.42 percent over the previous month while comparing on the basis of monthly average. On a year-on-year basis, the depreciation was recorded at 1.21 percent. The downward spiraling of Rupee in December 2021 was led by widening of trade gap and pulling out of funds by Foreign Institutional Investors (FIIs). Then, year-end dollar selling by banks and exporters and rise in domestic equities pulled rupee up to end the month as well as the calendar year 2021 at around 74.30 per US Dollar.

Note: For the purpose of both y-o-y and m-o-m trend analysis, monthly average of the USDINR exchange rate as obtained from FBIL was considered.

Performance of Rupee over US Dollar in 2020-21 vis-à-vis 2019-20

Table 4B: USD-INR average exchange rate in 2020-21

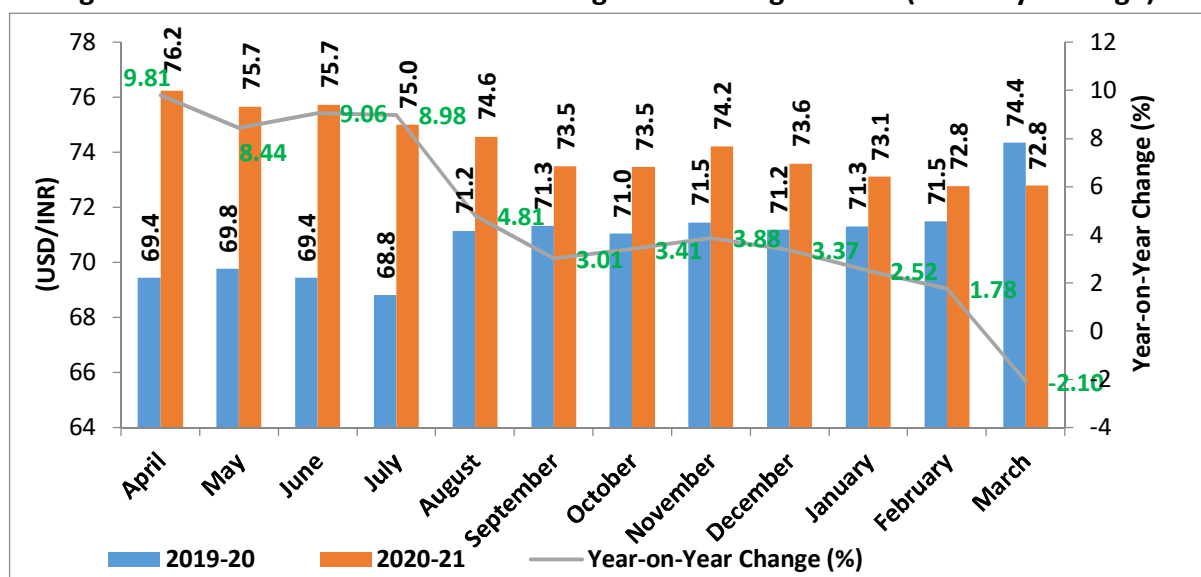
Month	Monthly Average Exchange Rate (1 USD to INR)		Year-on- Year Change (%)	Direction	Month-on- Month Change (%)	Direction
	2019-20	2020-21				
April	69.43	76.24	9.81	Depreciation	2.54	Depreciation
May	69.77	75.66	8.44	Depreciation	-0.76	Appreciation
June	69.44	75.73	9.06	Depreciation	0.09	Depreciation
July	68.81	74.99	8.98	Depreciation	-0.98	Appreciation
August	71.15	74.57	4.81	Depreciation	-0.56	Appreciation
September	71.33	73.48	3.01	Depreciation	-1.46	Appreciation

Monthly Average Exchange Rate (1 USD to INR)			Year-on- Year Change	Direction	Month-on- Month	Direction
Month	2019-20	2020-21	(%)		Change (%)	
October	71.04	73.46	3.41	Depreciation	-0.03	Appreciation
November	71.45	74.22	3.88	Depreciation	1.03	Depreciation
December	71.19	73.59	3.37	Depreciation	-0.85	Appreciation
January	71.31	73.11	2.52	Depreciation	-0.65	Appreciation
February	71.49	72.76	1.78	Depreciation	-0.48	Appreciation
March	74.35	72.79	-2.10	Appreciation	0.04	Depreciation

Source: RBI, FBIL

Rupee dollar trend during 2020-21: Economic lockdowns imposed across the globe to arrest the spread of Corona virus made the global economy virtually standstill and Rupee experienced a sudden slump in April 2020. However, rupee started strengthening vis-à-vis the greenback from May 2021 and ended the fiscal at 72.79 per US Dollar as economies across the world started stabilizing gradually.

Figure3C: Movement of USD-INR Exchange Rate during 2020-21 (Monthly Average)



Source: RBI, FBIL, EEP Research

3. Top 25 engineering export destinations in December 2021

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during December 2021 over December 2020. The data clearly indicates that monthly as well as cumulative growth is witnessed in most countries and regions.

Table-5: Engineering exports country wise
US\$ million

Row Labels	December 2020	December 2021	Growth (%)	April-December 2020	April-December 2021	Growth (%)
U S A	992.1	1572.6	58.5	7417.4	11405.0	53.8
CHINA	228.1	409.8	79.7	3800.5	4532.8	19.3
UAE	261.2	557.3	113.4	2373.3	4203.8	77.1
ITALY	189.5	260.5	37.5	1174.1	3060.0	160.6
GERMANY	239.7	341.4	42.4	1839.4	2557.9	39.1
NEPAL	289.6	322.2	11.3	1415.1	2496.3	76.4
TURKEY	109.8	271.9	147.7	771.9	2325.1	201.2
KOREA RP	142.1	360.4	153.6	1472.7	2267.4	54.0
U K	174.6	253.4	45.1	1212.4	2094.4	72.8
SINGAPORE	147.4	141.0	-4.4	2108.1	2058.4	-2.4
MEXICO	211.3	210.8	-0.2	1377.9	2005.5	45.5
VIETNAM	145.7	174.8	20.0	1381.0	1970.7	42.7
BANGLADESH	201.2	283.0	40.7	1331.1	1930.6	45.0
SOUTH AFRICA	119.4	204.2	71.0	704.8	1861.4	164.1
BELGIUM	88.7	104.6	17.9	642.6	1830.4	184.8
THAILAND	189.0	237.3	25.6	1083.9	1740.5	60.6
INDONESIA	70.2	181.4	158.5	1016.9	1584.0	55.8
JAPAN	91.3	162.9	78.3	657.4	1310.9	99.4
SAUDI ARAB	302.2	202.5	-33.0	1273.9	1301.0	2.1
FRANCE	129.4	142.8	10.4	845.1	1154.0	36.5
BRAZIL	111.3	149.2	34.0	660.3	1148.3	73.9
NETHERLAND	115.1	141.9	23.2	614.4	1129.7	83.9
NIGERIA	135.8	143.5	5.7	856.7	1099.2	28.3
MALAYSIA	214.9	115.6	-46.2	1889.5	1096.4	-42.0
SPAIN	93.2	117.5	26.1	531.7	1070.0	101.2
Total engineering exports to top 25 countries	4992.8	7062.6	41.5	38452.3	59233.8	54.0
Total engineering exports	6726.9	9412.2	39.9	50671.8	77947.7	53.8
Share (%)	74.2	75.0		75.9	76.0	

Source: DGCI&S

4. Region wise India's engineering exports

The following table depicts region wise India's engineering exports for April-December 2021 as opposed to April-December 2020.

Table 6: Region wise engineering exports in April-December 2021

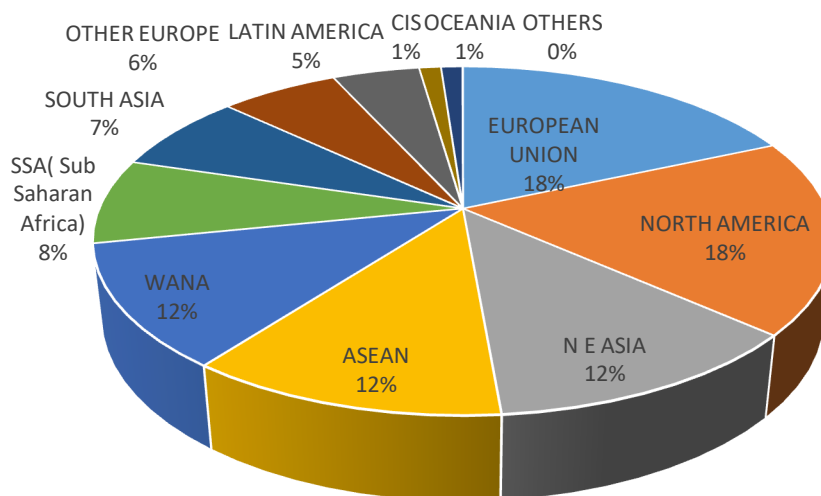
US\$ million

Region	December-2020	December-2021	Growth (%)	April-December 2020	April-December 2021	Growth (%)
EUROPEAN UNION	1103.9	1531.3	38.7	7634.3	14353.9	88.0
NORTH AMERICA	1280.9	1861.5	45.3	9343.6	14108.5	51.0
N E ASIA	545.7	1076.1	97.2	6701.3	9434.8	40.8
ASEAN	835.3	916.9	9.8	8036.1	9158.8	14.0
WANA	886.6	1258.3	41.9	5964.3	8910.6	49.4
SSA(Sub Saharan Africa)	570.2	776.5	36.2	3694.4	6146.2	66.4
SOUTH ASIA	613.4	720.3	17.4	3779.3	5688.3	50.5
OTHER EUROPE	307.7	582.8	89.4	2148.9	4820.8	124.3
LATIN AMERICA	385.6	450.2	16.8	1921.3	3543.1	84.4
CIS	89.1	117.8	32.3	642.0	889.2	38.5
Grand Total	6726.9	9412.2	39.9	50671.8	77947.7	53.8

Source: DGCI&S

Note: *Figures have been rounded off. Source: DGCI&S; **Myanmar has been included in ASEAN and not in South Asia, since ASEAN is a formal economic grouping.

Figure 4: Region-wise shares of India's engineering exports during April-December 2021



Regional Highlights with respect to Engineering export Target achieved

a. North America

Cumulative export target for North America has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
North America	20.26	14.11	69.64%

Country wise export in North America	APRIL,2020 -DEC,2020 (US\$ Million)	APRIL,2021 -DEC,2021 (US\$ Million)	Growth (%)
CANADA	7417.38	11404.97	53.76
MEXICO	1377.92	2005.54	45.55
U S A	548.29	697.95	27.30
Total Exports	9343.59	14108.46	51.00

Source: DGCI&S

b. European Union (EU)

Cumulative export target for EU has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
EU	17.13	14.35	83.8%

Top 10 export destinations in EU	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
ITALY	1174.06	3060.01	160.6
GERMANY	1839.41	2557.93	39.1
BELGIUM	642.61	1830.36	184.8
FRANCE	845.13	1153.98	36.5
NETHERLAND	614.43	1129.73	83.9
SPAIN	531.70	1070.02	101.2
POLAND	367.31	1014.47	176.2
GREECE	122.20	372.47	204.8
SWEDEN	188.39	307.35	63.1
PORTUGAL	256.61	265.82	3.6
Total exports	6581.6	12762.12	93.9
Share of top 10 export destinations	86.2%	88.9%	

Source: DGCI&S

c. Other Europe

Cumulative export target for Other Europe has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
Other Europe	5.74	4.82	83.9%

Top 10 export destinations in other Europe	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
TURKEY	771.92	2325.13	201.2
U K	1212.38	2094.39	72.8
SWITZERLAND	96.21	313.89	226.2
NORWAY	38.20	45.25	18.5
SERBIA	12.22	20.38	66.9
ALBANIA	6.87	7.89	14.8
BOSNIA-HRZGOVIN	3.94	4.71	19.5
MACEDONIA	1.16	4.06	250.7
ICELAND	3.81	3.19	-16.4
MONTENEGRO	1.94	1.85	-4.7
Total exports	2148.65	4820.74	124.4
Share of top 10 export destination	99.9%	99.9%	

Source: DGCI&S

d. ASEAN

Cumulative export target for ASEAN has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
ASEAN	15.66	9.16	58.5%

Since Oceania accounts for very small share in India's export basket, we have included and given the exports figures of Australia and New Zealand in the following table along with ASEAN.

Top 10 export destinations in ASEAN+2	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
SINGAPORE	2108.07	2058.42	-2.4
VIETNAM	1381.03	1970.73	42.7
THAILAND	1083.92	1740.54	60.6
INDONESIA	1016.88	1584.02	55.8
MALAYSIA	1889.47	1096.37	-42.0
AUSTRALIA	509.40	784.68	54.0
PHILIPPINES	329.58	576.74	75.0
MYANMAR	164.03	92.25	-43.8
NEW ZEALAND	110.69	83.91	-24.2
BRUNEI	32.81	18.01	-45.1
Total Exports	8625.88	10005.67	15.8

Source: DGCI&S

e. North East Asia

Cumulative export target for North East Asia has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
NE Asia	10.64	9.43	88.6%

Country-wise exports in ASEAN+2	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
CHINA	3800.5	4532.8	19.3
SOUTH KOREA	1472.7	2267.4	54
JAPAN	657.4	1310.9	99.4
TAIWAN	508.9	874.2	71.8
HONG KONG	251	435.9	73.6
MACAO	8.1	11.3	39.6
MONGOLIA	2.5	2.3	-9.1
NORTH KOREA	0.1	0.1	6.2
Total Exports	6701.3	9434.8	40.8

Source: DGCI&S

f. South Asia

Cumulative export target for South Asia has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
South Asia	9.76	5.68	58.2%

Country-wise exports in South Asia	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
NEPAL	1415.14	2496.28	76.4
BANGLADESH	1331.14	1930.62	45.0
SRI LANKA	714.01	920.77	29.0
BHUTAN	152.54	217.10	42.3
MALDIVES	27.40	51.56	88.2
IRAN	71.05	39.56	-44.3
AFGHANISTAN	59.50	24.08	-59.5
PAKISTAN	8.56	8.37	-2.3
Total Exports	3779.34	5688.33	50.5%

Source: DGCI&S

g. Latin America and Caribbean (LAC)

Cumulative export target for LAC has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
LAC	4.57	3.54	77.5%

Top 10 export destinations in LAC	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
BRAZIL	1148.31	660.26	73.9
CHILE	440.74	242.19	82
COLOMBIA	457.52	238.43	91.9
PERU	258.27	152.03	69.9
ARGENTINA	243.34	110.41	120.4
GUATEMALA	174.58	96.39	81.1
ECUADOR	111.38	49.54	124.8
PARAGUAY	81.87	44.35	84.6
DOMINIC REP	75.33	31.73	137.4
HONDURAS	79.7	30.49	161.4
Total exports	1655.83	3071.03	85.5

Top 10 export destinations in LAC	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
Share of top 10 export destination	86.2%	86.7%	

Source: DGCI&S

h. West Asia and North Africa (WANA)

- Exports to WANA

Cumulative export target for WANA has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
WANA	13.21	8.91	67.45%

Top 10 export destinations in WANA	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
U ARAB EMTS	2373.31	4203.79	77.13
SAUDI ARAB	1273.88	1301.05	2.13
EGYPT A RP	443.21	802.37	81.03
OMAN	446.73	485.41	8.66
QATAR	240.35	406.30	69.04
ISRAEL	223.52	332.81	48.89
KUWAIT	155.48	206.21	32.63
IRAQ	164.01	202.30	23.35
ALGERIA	138.57	195.98	41.43
MOROCCO	99.60	160.02	60.67
Total exports	5964.27	8910.61	49.40
Share of top 10 countries export	93.20%	93.11%	

Source: DGCI&S

i. Sub-Saharan Africa (SSA)

- Exports to SSA

Cumulative export target for SSA has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
SSA	8.74	6.15	70.36%

Top 10 export destinations in SSA	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
SOUTH AFRICA	704.84	1861.35	164.08
NIGERIA	856.74	1099.20	28.30
KENYA	426.04	645.33	51.47
TANZANIA REP	191.06	341.12	78.54
GHANA	183.15	270.20	47.53
UGANDA	166.54	204.41	22.74
ETHIOPIA	198.33	175.31	-11.60
CONGO D. REP.	66.48	151.91	128.50
MOZAMBIQUE	67.71	133.13	96.63
GUINEA	73.46	117.40	59.82
Total Exports to CIS	3694.42	6146.22	66.36
Share of top 10 countries	79.43%	81.34%	

Source: DGCI&S

j. Commonwealth of Independent States (CIS)

Cumulative export target for CIS has been calculated based on the share percentage of the given region w.r.t all the region as a whole)

Region	Target Set for 2021-22 (in USD Billion)	Target Achieved till April-Dec 2021-22 (In USD Billion)	Percentage Achieved %
CIS	1.44	0.89	61.38%

Top 5 export destinations in CIS	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
RUSSIA	477.23	642.16	34.56
UKRAINE	38.60	70.54	82.72
TURKMENISTAN	7.95	46.78	488.58
UZBEKISTAN	38.26	45.96	20.12
GEORGIA	16.89	43.08	155.03
Total Exports to CIS	641.98	889.24	38.52

Top 5 export destinations in CIS	APRIL,2020 - DEC,2020(US\$ Million)	APRIL,2021 - DEC,2021(US\$ Million)	Growth %
Share of Top 5 Countries	90.18%	95.42%	

Source: DGCI&S

5. Panel Wise Engineering Exports

We begin by looking at the Engineering Panel wise exports for the month of December 2021 vis-a-vis December 2020 as well as the cumulative exports during April-December 2021-22 vis-à-vis April-December 2020-21. The data is given in Table 7 below:

Table 7: Trends in engineering panel Exports for December 2021 compared to December 2020 as well as April- December 2021-22 compared to April- December 2020-21

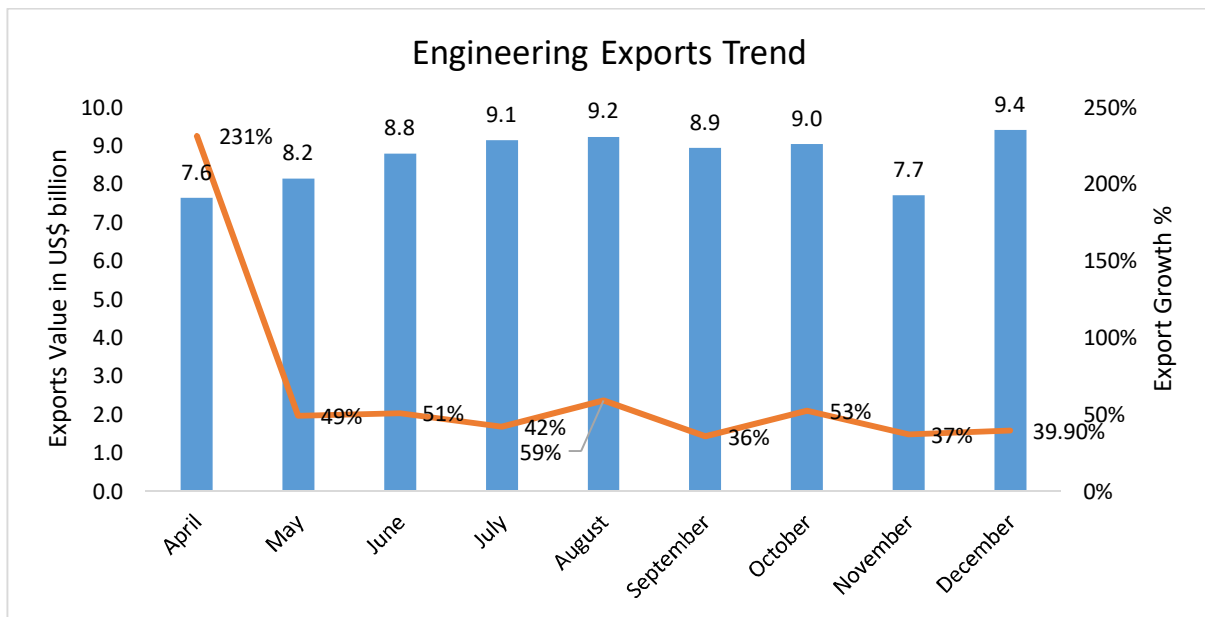
US\$ Million						
Engineering Panels	DECEMBER, 2020	DECEMBER, 2021	Growth h	APRIL,2020 - DECEMBER, 2020	APRIL,2021 - DECEMBER, 2021	Growth %
1. Iron and Steel and Products made of Iron and Steel						
A Iron and Steel	818.6	1716.6	109.7	8532.4	17604.3	106.3
B Products of Iron and Steel	636.9	839.2	31.8	4511.3	6271.8	39.0
Sub Total	1455.5	2555.8	75.6	13043.7	23876.1	83.0
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals						
A Copper and products	114.1	258.1	126.2	889.3	1885.2	112.0
B Aluminium and products	526.7	846.4	60.7	4123.5	6921.3	67.8
C Zinc and products	72.4	108.4	49.8	538.4	655.9	21.8
D Nickel and products	6.6	9.5	44.1	38.2	73.8	93.4
E Lead and products	31.5	61.6	95.6	260.4	374.0	43.6
F Tin and products	1.4	1.7	22.8	6.6	14.0	110.8
G Other Non-Ferrous Metals	57.9	72.5	25.1	375.3	587.1	56.4
Sub Total	810.5	1358.1	67.6	6231.7	10511.1	68.7
3. Industrial Machinery						
A Industrial Machinery like Boilers, parts, etc	53.7	54.1	0.8	382.1	446.7	16.9
B IC Engines and Parts	268.1	296.5	10.6	1697.8	2421.0	42.6
C Pumps of all types	81.5	113.9	39.8	619.6	916.4	47.9
D Air condition and Refrigerators	108.0	139.6	29.2	731.8	1024.7	40.0

Engineering Panels		DECEMBER, 2020	DECEMBER, 2021	Growth	APRIL,2020 - DECEMBER, 2020	APRIL,2021 - DECEMBER, 2021	Growth %
E	Industrial Machinery for dairy, food processing , textiles etc	478.6	650.8	36.0	3202.2	4910.1	53.3
F	Machine Tools	40.2	66.5	65.4	278.7	482.2	73.0
G	Machinery for Injecting moulding, valves and ATMs	158.2	206.9	30.8	1139.2	1411.7	23.9
Sub Total		1188.2	1528.3	28.6	8051.4	11612.9	44.2
4	Electrical Machinery	637.0	925.8	45.3	5726.5	7285.3	27.2
5. Automobiles							
A	Motor Vehicle/cars	748.3	790.6	5.7	3633.3	5443.3	49.8
B	Two and Three Wheelers	244.2	272.7	11.7	1322.2	2211.3	67.2
C	Auto Components/Part	546.0	646.6	18.4	3230.2	5049.1	56.3
Sub Total		1538.5	1710.0	11.1	8185.7	12703.7	55.2
6	Aircrafts and Spacecraft parts and products	115.7	108.2	-6.4	881.4	850.6	-3.5
7	Ships Boats and Floating products and parts	137.3	153.2	11.6	3014.3	2789.0	-7.5
8. Other engineering products							
A	Medical and Scientific instruments	172.0	184.3	7.1	1218.8	1492.4	22.5
B	Railway Transport	9.8	12.9	31.3	72.3	192.1	165.6
C	Hand Tools & Cutting Tools	75.0	94.3	25.8	488.8	734.9	50.4
D	Electrodes Accumulators	4.2	5.2	25.3	30.3	41.2	36.0
E	Accumulator and Batteries	46.9	57.2	21.9	270.7	462.5	70.9
F	Bicycle & Parts	37.9	41.9	10.5	236.0	336.8	42.7
G	Cranes Lifts & Winches	53.1	54.8	3.1	330.0	479.2	45.2
H	Office Equipments	10.6	22.8	114.6	91.4	141.2	54.5
I	Other Construction Machinery	136.3	206.5	51.5	824.7	1555.0	88.6
J	Prime Mica & Mica Products	2.1	2.2	7.3	17.5	25.8	47.1
K	OTHER MISC. ITEMS	296.3	390.7	31.9	1956.6	2857.8	46.1
Sub total		844.2	1072.8	27.1	5537.2	8319.0	50.2
Total engineering exports		6726.9	9412.2	39.9	50671.8	77947.7	53.8

Source: DGCI&S

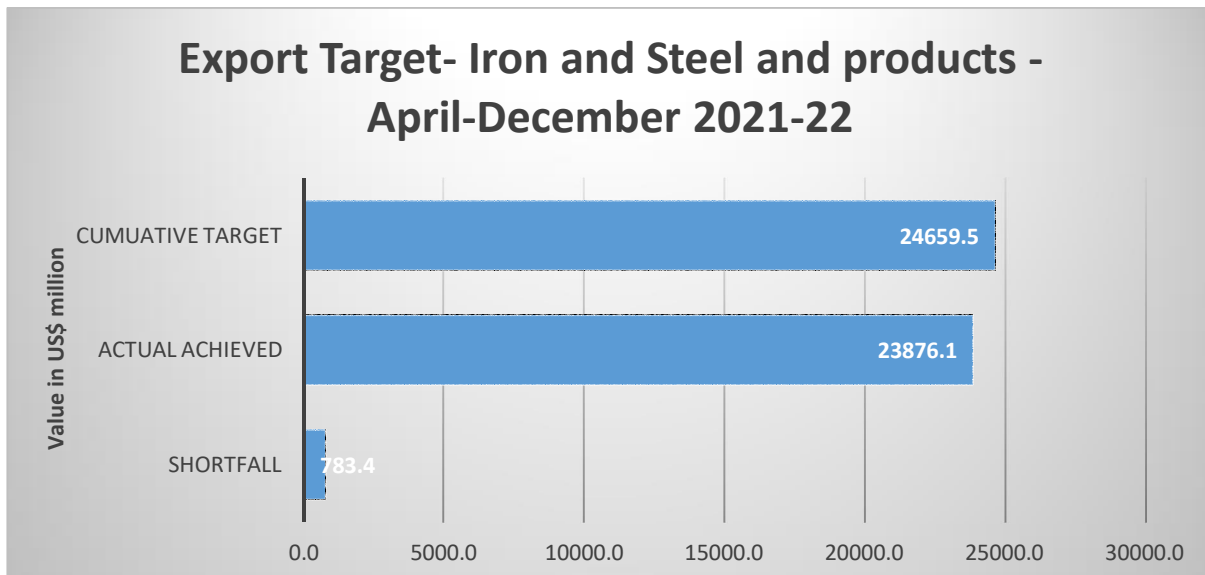
Brief snapshot of major engineering sector wise export target for 2021-22

Figure 5: Month-wise Engineering Export Trend for the Current FY

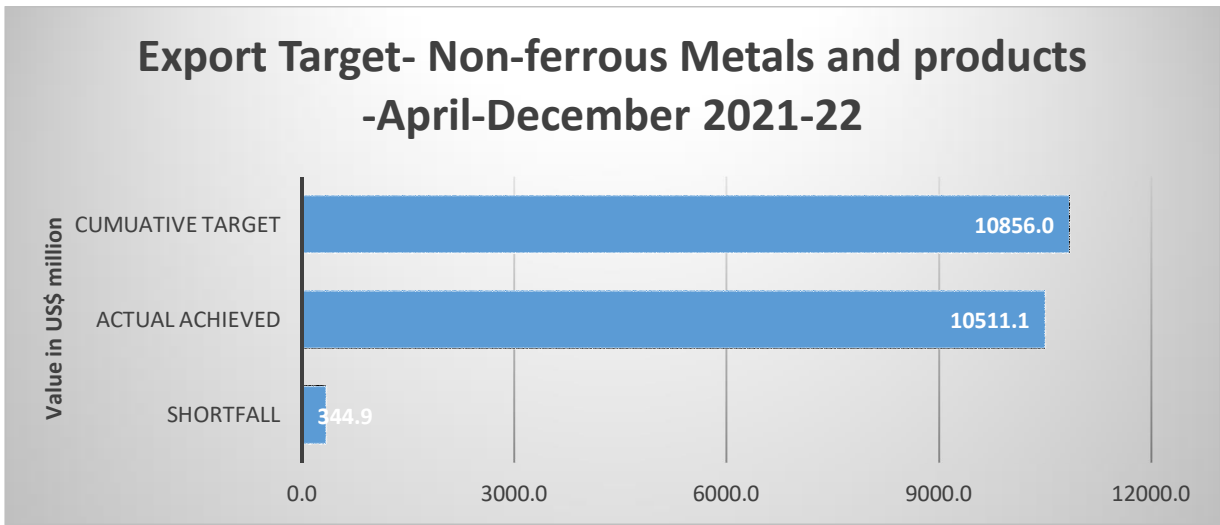


a) Exports achieved 40% growth in the December 2021
 b) 27 of 28 engineering panels witnessed positive growth during Dec 2021

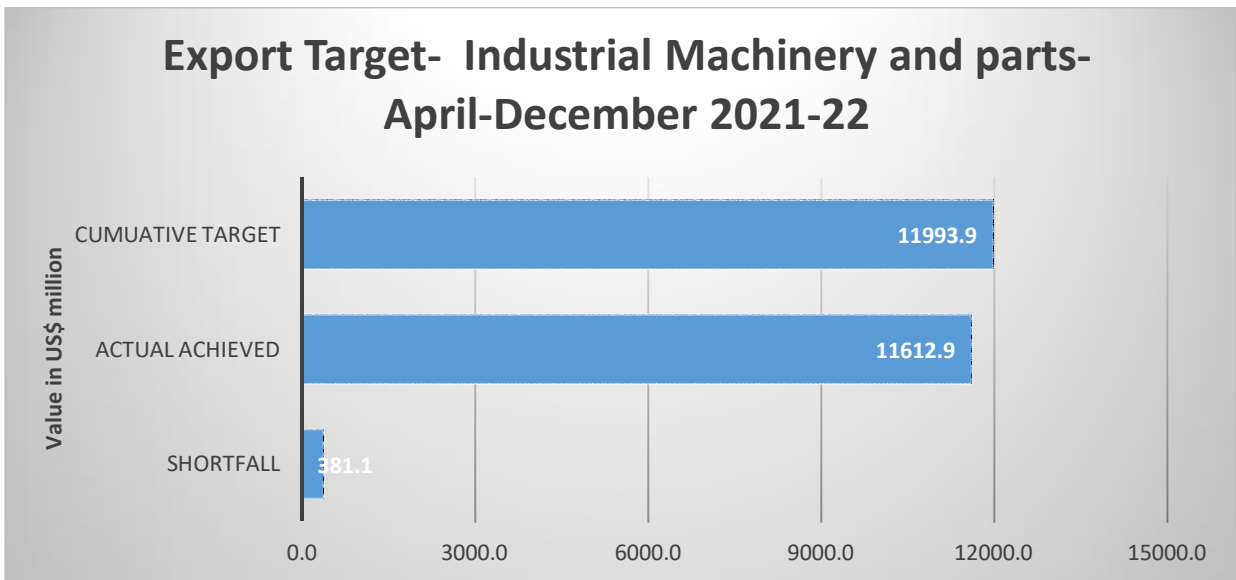
Panel-wise Export Target



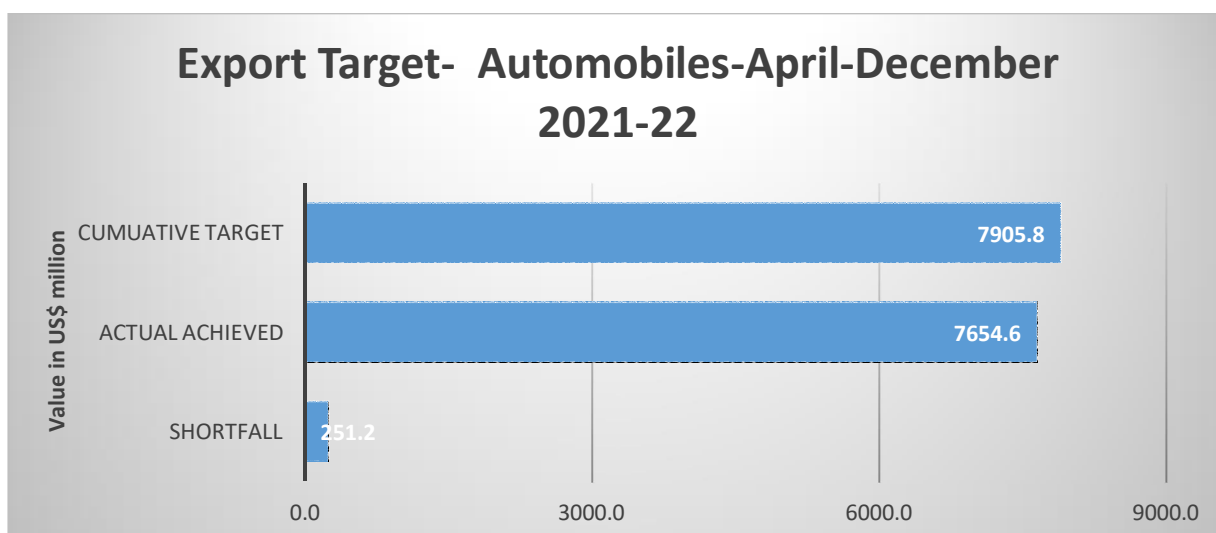
a) Exports Target for Iron and Steel and Products Already Achieved more than 90%
 b) Shortfall to the tune of US\$ 783.4 million witnessed till April-Dec 2021-22



	<p>a) Exports Target for Non-Ferrous Metal and Products Already Achieved 97%</p> <p>b) Shortfall to the tune of US\$ 344.9 million witnessed till April-Dec 2021-22</p>	
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	<p>a) Exports Target for Industrial Machinery and Parts Already Achieved 97%</p> <p>b) Shortfall to the tune of US\$ 381.1 million witnessed till April-Dec 2021-22</p>	
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	<p>a) Exports Target for Automobiles Already Achieved more than 95%</p> <p>b) Shortfall to the tune of US\$ 251.2 million witnessed till April-Nov 2021-22</p>	
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Source: DGCI&S (Note: Cumulative sector wise target has been calculated based on the share percentage of the given sector w.r.t engineering sector as a whole)

6. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during December 2021. We have taken the major panels and computed the top importers to get an idea of the current trade pattern. (Tables 8)

Table 8: Export of Different Panels (US\$ Million)

PANEL	TOP 5 NATIONS	APRIL - DECEMBER 2020	APRIL - DECEMBER 2021	Growth (%)
Iron and Steel	ITALY	509.50	1680.26	229.79
	CHINA	2314.72	1268.57	-45.20
	BELGIUM	258.76	1241.44	379.77
	VIETNAM	840.13	1183.54	40.88
	U A E	592.33	1177.37	98.77
Products of Iron and Steel	U S A	991.71	1866.14	88.17
	GERMANY	222.58	330.76	48.60
	U K	173.18	320.30	84.95
	U A E	228.41	303.59	32.92

PANEL	TOP 5 NATIONS	APRIL - DECEMBER 2020	APRIL - DECEMBER 2021	Growth (%)
	NETHERLAND	115.42	216.21	87.33
Industrial Machinery	U S A	1244.63	2113.49	512.99
	THAILAND	476.39	740.07	291.70
	CHINA	421.04	630.38	361.73
	GERMANY	430.57	609.31	297.36
	U A E	349.33	407.49	122.98
Automobiles	SOUTH AFRICA	374.94	869.28	131.85
	MEXICO	794.79	846.82	6.55
	NIGERIA	309.98	439.71	41.85
	NEPAL	206.51	422.76	104.71
	SAUDI ARABIA	405.98	383.82	-5.46
Non-Ferrous metals	CHINA	708.80	2097.13	195.87
	KOREA	1022.14	1391.42	36.13
	U S A	551.45	960.71	74.21
	TURKEY	29.89	567.93	1799.88
	ITALY	51.27	401.71	683.59
Electrical Machinery and Components	U S A	1904.95	2085.86	9.50
	GERMANY	473.05	460.90	-2.57
	POLAND	91.94	391.57	325.90
	U K	192.53	358.11	86.00
	FRANCE	160.60	333.25	107.51
Aircrafts and Space crafts	U S A	302.57	297.19	-1.78
	FRANCE	145.24	148.24	2.07
	U K	60.54	78.65	29.91
	SINGAPORE	83.04	58.17	-29.95
	GERMANY	34.96	47.53	35.95
Ships, Boats and Floating Structures and parts	U A E	371.34	996.19	168.27
	SINGAPORE	1005.03	589.96	-41.30
	MALAYSIA	244.02	362.09	48.38
	SOUTH AFRICA	0.00	257.13	-
	INDONESIA	398.22	246.18	-38.18
Auto Components	U S A	730.50	1232.91	68.78
	BANGLADESH	187.49	306.60	63.53
	TURKEY	191.29	266.39	39.26
	GERMANY	183.53	263.11	43.36
	MEXICO	133.29	248.91	86.74

Source: DGCI&S

- ✚ Italy, China and Belgium were the top three importers of Indian Iron and Steel during April - December 2021 whereas USA, Germany and UK were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April - December 2020.
- ✚ USA was the largest importer of Indian 'Industrial machinery' during April- December 2021 in India's global import of the product group. Thailand and China were the two immediate followers of USA.
- ✚ South Africa, Mexico and Nigeria were top three importers of India's Automobiles during April- December 2021 in India's global exports respectively over the same period last fiscal.
- ✚ China, South Korea and USA were the top three importers of India's Non-ferrous metals and products' during April- December 2021 whereas USA, Germany and Poland were the three top importers of Indian Electrical Machinery & Components during the same period.
- ✚ USA, France and UK were the top three importers of India's 'Aircrafts and Spacecrafts' during April- December 2021 in India's total global exports of the product followed by Singapore and Germany.
- ✚ UAE, Singapore and Malaysia became the largest importer of ships, boats and floating structures followed by South Africa and Indonesia. While for the auto components' product group, USA remained the top importer in April- December 2021 followed by Bangladesh, Turkey, Germany and Mexico.

Analysis of India's engineering imports

India's Engineering imports during December 2021 were valued at US\$ 11150.29million compared to US\$ 9633.12million in December 2020 registering a positive growth of 15.7 percent in dollar terms.

All the engineering panels barring transport equipment, like iron & steel, non-ferrous metals, machine tools, machinery, electrical & non-electrical, medicinal & pharmaceutical products and professional instrument, optical goods witnessed an increase in import during December 2021 compared to December 2020.

The share of engineering imports in India's total merchandise imports has dropped during December 2021 in comparison to December 2020 which has been estimated at 18.7%.

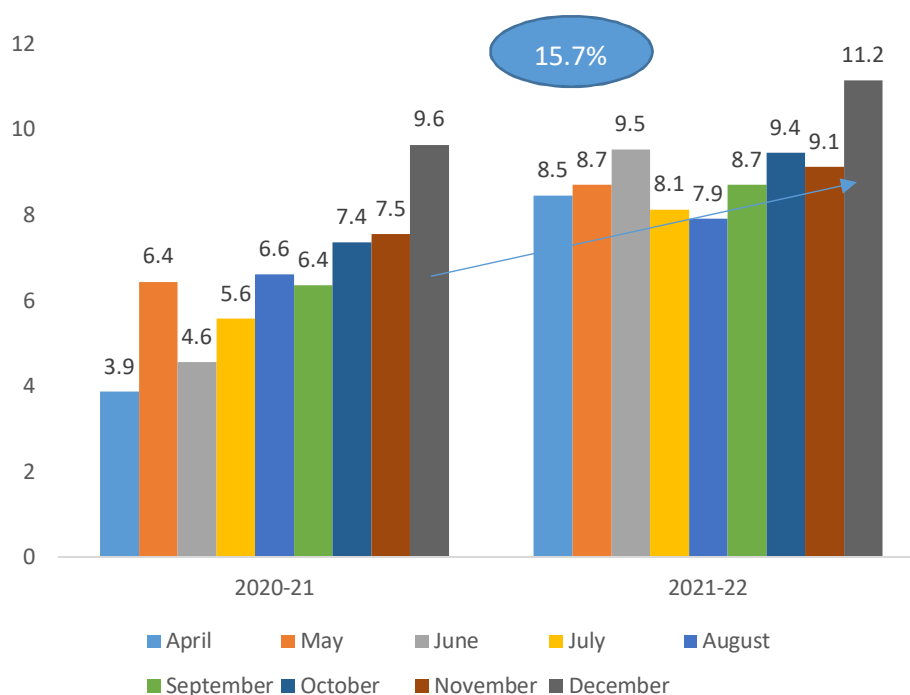
The monthly engineering import figures for fiscal April- December 2021 vis-a-vis April- December 2020 is depicted below as per the latest availability of figure:

Table 9: Monthly engineering Imports (US\$ Mn.)

Months	2020-21	2021-22	Growth (%)
April	3858.97	8454.25	119.1
May	6433.42	8697.51	35.2
June	4558.01	9533.91	109.2
July	5571.34	8119.31	45.73
August	6599.67	7908.45	19.8
September	6350.82	8697.24	36.9
October	7353.21	9444.26	28.4
November	7549.27	9121.54	20.8
December	9633.12	11150.29	15.7

The figure below depicts engineering imports for **April-December 2021 compared to April-December 2020**

Figure 6: Monthly Engineering Imports for April-December 2021 vis-a-vis April-December 2020



Source: EEPC India analysis

Trend in Engineering Trade Balance

We now present the trend in two way yearly trade for the engineering sector for this current fiscal 2020-21 (April-December) depicted in the table below:

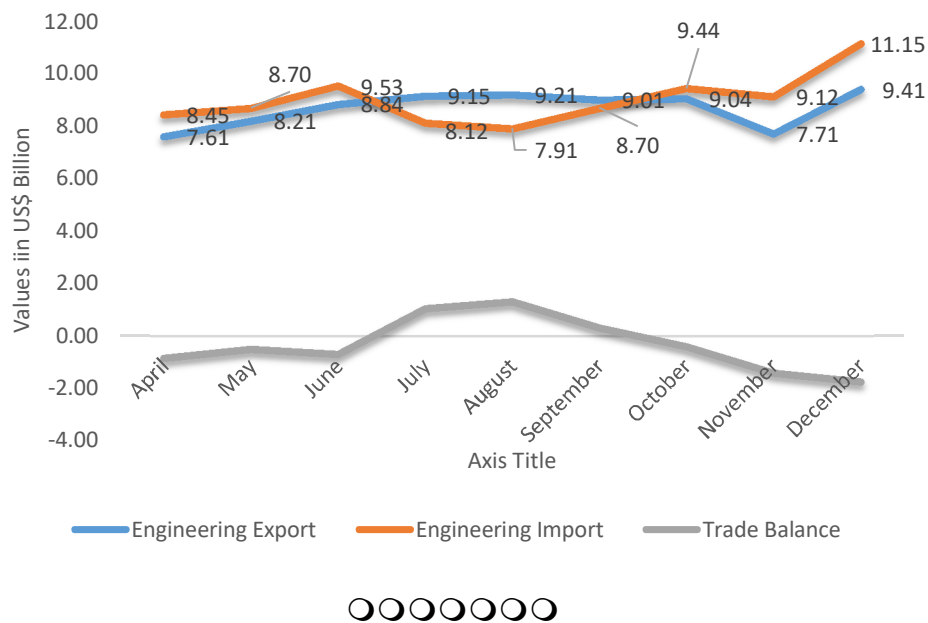
Table 10: Monthly Trend in Engineering Trade Balance for the current FY
(US\$ Billions)

Trade Flow	April	May	June	July	August	September	October	November	December
Engineering Export	7.61	8.21	8.84	9.15	9.21	9.01	9.04	7.71	9.41
Engineering Import	8.45	8.70	9.53	8.12	7.91	8.70	9.44	9.12	11.15
Trade Balance	-0.85	-0.49	-0.70	1.03	1.30	0.31	-0.40	-1.42	-1.74

Source: DGCI&S, EEPC India Analysis

Figure 6 below depicts the yearly trend in engineering trade for this current fiscal 2020-21 (April-December)

Figure 7: Trend in Yearly Engineering Trade



Conclusion

India's engineering export growth registered a 40 percent year-on-year in December 2021 following the comparatively dismal performance in last month. Engineering exports also hit the USD 9 billion mark, after coming down to USD 7.7 billion last month. Of the USD 107 billion target set for engineering exports in FY 2021-22, the industry has already achieved 76.2 percent. Given the fact that export generally exhibit an upward trend in the last quarter of any financial, engineering exports is expected to achieve its target within stipulated time.

While the results are significantly better, there is still much volatility in the global market, especially regarding the uncertainty of the pandemic. Unpredictable swings in major markets compounded by increase in raw material prices and shortage of containers will continue to mar rapid global economic recovery as is mentioned by several trade experts through WTO and UNCTAD. Countries would need to diversify their supplier as well as buyer bases to keep all opportunities open. In a recent study by EEPC India on MSME participation in Global Value Chains (GVCs), it has been witnessed that compared to its peer countries in the Asia Pacific region, India's participation as well as contribution to GVCs is not significant. While the current economic volatility urges countries to diversify their supply chains, it also creates new opportunities for countries like India to increase their participation in GVCs. Therefore both the government and the industry has to come forward to fully utilise the opportunities.

