

MONTHLY

ENGINEERING

EXPORT & IMPORT MONITOR

APRIL 2022

ENGINEERING
THE FUTURE



EPCINDIA
ENGINEERING THE FUTURE

WWW.EPCINDIA.ORG

ANALYSIS OF INDIAN ENGINEERING EXPORTS AND IMPORTS FOR APRIL 2022

Engineering exports started the new fiscal with around 22% growth over the previous year when it reached an all-time high

Trade Flow	Export figures (in \$ billion)		% Growth
	Apr-21	Apr-22	Apr-22 Over Apr-21
Engineering exports	7.97	9.73	21.97%
Merchandise Exports	30.75	40.19	30.70%
Share of Engineering (%)	25.93%	24.20%	-

Source: DGCI&S and EEPC Analysis

HIGHLIGHTS

- India's engineering exports recorded 21.97% percent growth in April 2022 over the same month last fiscal by registering USD 9.73 billion of shipment in Apr 2022 as against USD 7.97 billion in Apr 2021.
- In Apr 2022, share of engineering exports in total merchandise exports was recorded at 24.20%
- 31 out of 34 engineering product panels witnessed positive growth during April 2022.
- Negative Y-o-Y growth during April 2022 was witnessed in "Copper and its products, "project Goods" and "Ships, boats and floating structures
- Export to North America registered the highest growth in April 2022 viz-a-viz April 2021 while exports to CIS fell maximum during the same period
- India's engineering imports recorded a positive growth of 10.8% during April 2022 by increasing to US\$ 9.83 billion
- Negative import growth was witnessed by engineering product categories including iron & steel, non-ferrous metals, machine tools, machinery, electrical & non-electrical, professional instrument and medicinal& pharmaceutical products, etc.

EXPORT TARGET

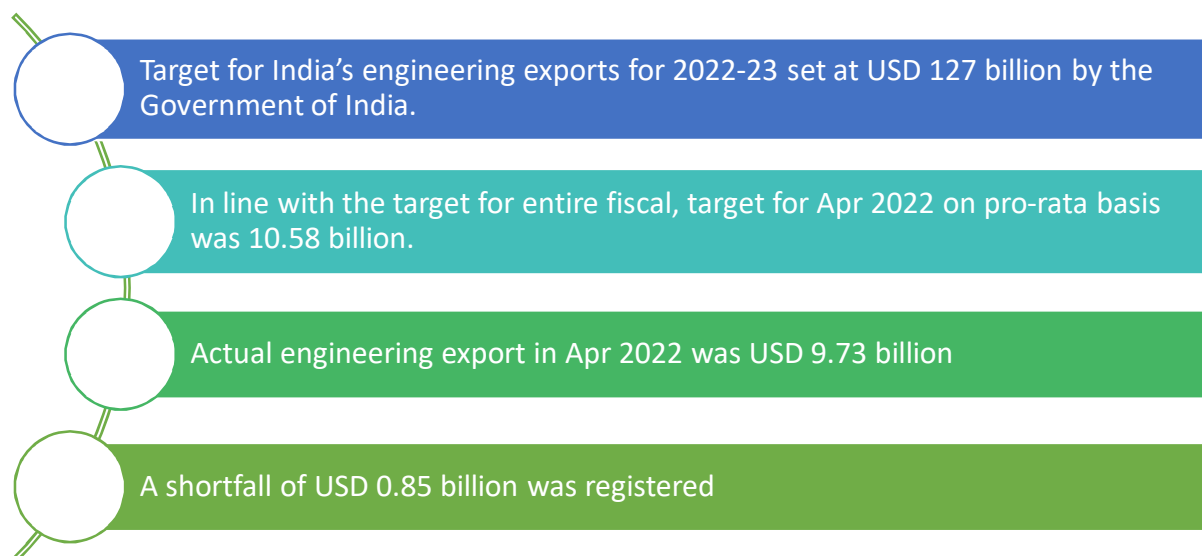
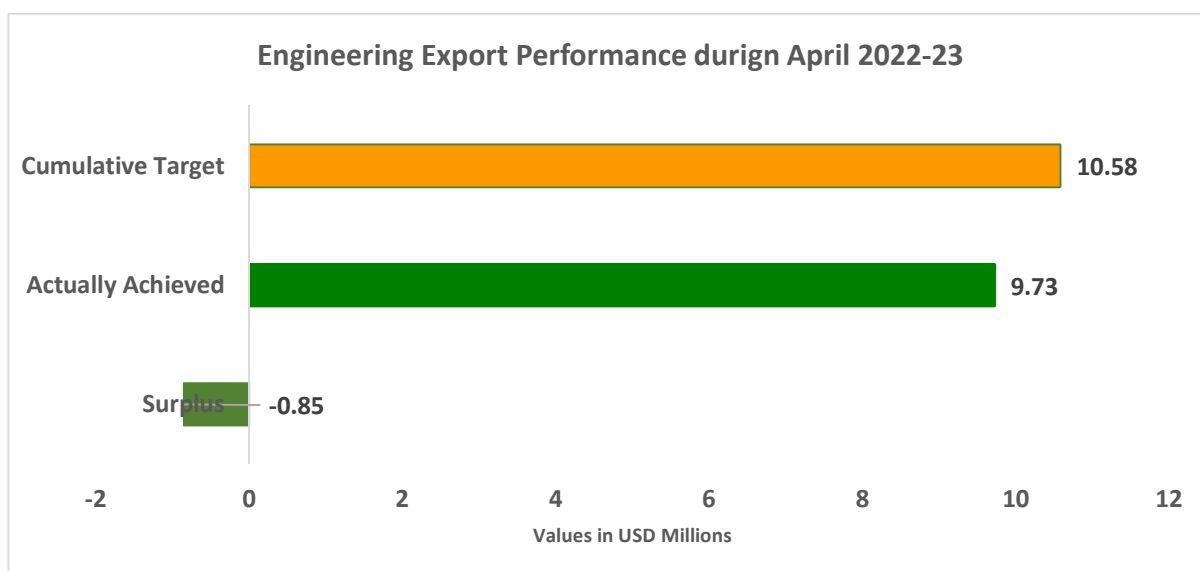


Fig1: Engineering Export Target V/S Actually Achieved in Apr 2022-23 (USD Billion)



ENGINEERING EXPORTS: MONTHLY TREND

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

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

Month	2021-22	2022-23	Growth (%)
April	7974.06	9725.92	21.97

Source: DGCI&S, Govt. of India.

TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL 2022

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during April 2022 over April 2021. The data clearly shows that top 25 countries contribute almost 75% of total engineering exports.

Table-2: Engineering exports country wise
US\$ million

Countries	April 2021	April 2022	Growth (%)
U S A	1176.6	1877.3	59.6
SINGAPORE	380.0	441.9	16.3
ITALY	240.1	420.4	75.1
GERMANY	271.0	333.8	23.2
UAE	245.8	307.9	25.3
BANGLADESH	252.1	287.7	14.1
NETHERLAND	109.2	287.4	163.2
NEPAL	318.4	266.9	-16.2
BELGIUM	211.6	262.2	23.9
SAUDI ARABIA	163.5	259.9	58.9
TURKEY	226.7	242.0	6.7
MEXICO	219.7	240.1	9.3
U K	195.3	236.5	21.1
MALAYSIA	117.8	231.5	96.4
CHINA	413.2	216.8	-47.5
KOREA RP	164.3	197.8	20.4
SOUTH AFRICA	127.8	190.6	49.2
SPAIN	125.7	184.2	46.5
THAILAND	189.4	172.0	-9.2
VIETNAM	124.5	170.3	36.8
INDONESIA	300.8	148.9	-50.5
CANADA	86.0	148.6	72.7
JAPAN	120.0	146.5	22.1
BRAZIL	130.5	139.7	7.1
FRANCE	133.5	132.2	-1.0
Total engineering exports to top 25 countries	6043.5	7543.2	24.8
Total engineering exports	7974.1	9725.9	22.0
Share (%)	75.8	77.6	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April 2022-23 as opposed to April 2021-22.

Table 3: Region wise engineering exports in April 2022 viz-a-viz April 2021

US\$ million

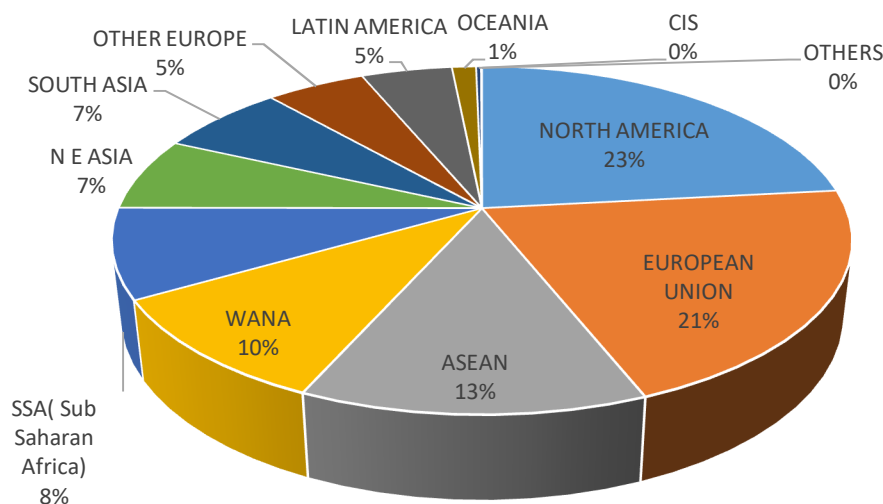
Regions	April 2021	April 2022	Growth (%)
NORTH AMERICA	1482.3	2266.1	52.9
EUROPEAN UNION	1428.0	2008.1	40.6
ASEAN	1201.1	1241.1	3.3
WANA	702.2	971.6	38.4
SSA(Sub Saharan Africa)	601.9	811.3	34.8
N E ASIA	843.9	661.1	-21.7
SOUTH ASIA	674.1	648.1	-3.9
OTHER EUROPE	465.2	504.9	8.5
LATIN AMERICA	381.0	460.9	21.0
OCEANIA	102.7	122.6	19.4
CIS	90.0	25.1	-72.1
OTHERS	1.7	4.9	193.4
Grand Total	7974.1	9725.9	22.0

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.

Fig 2: Region-wise shares of India's engineering exports during April 2022



PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of April 2022 vis-à-vis April 2021 for the **fiscal 2022-23**. These are indicated in the tables below

Table 4a. Trend in exports of iron and steel and its products

US\$ Million

Product panels	April 2021	April 2022	Growth
Iron and Steel	1428.4	1806.0	26.4%
Products of Iron and Steel	593.7	843.2	42.0%
Sub Total	2022.1	2649.2	31.0%

Source: DGCI&S

Table 4b. Trend in exports of Non-Ferrous Metals and Products

US\$ Million

Product panels	April 2021	April 2022	Growth
Copper and products	164.7	151.2	-8.2
Aluminium and products	600.7	906.5	50.9
Zinc and products	82.1	156.6	90.6
Nickel and products	6.8	62.5	817.2
Lead and products	21.8	58.7	169.2
Tin and products	0.7	0.7	0.1
Other Non-Ferrous Metals	56.3	68.8	22.2
Sub Total	933.1	1404.9	50.6

Source: DGCI&S

Table 4c. Trend in exports of Industrial Machinery

US\$ Million

Product panels	April 2021	April 2022	Growth
Industrial Machinery like Boilers, parts, etc	41.1	51.8	25.8
IC Engines and Parts	258.2	266.7	3.3
Pumps of all types	91.9	98.8	7.5
Air condition and Refrigerators	93.9	128.5	37.0
Industrial Machinery for dairy, food processing , textiles etc	588.9	733.1	24.5
Machine Tools	45.3	60.9	34.5
Machinery for Injecting moulding, valves and ATMs	147.0	163.8	11.4
Sub Total	1266.2	1503.6	18.7

Source: DGCI&S

Table 4d. Trend in exports of Electrical Machinery and Equipment

US\$ Million

Product panels	April 2021	April 2022	Growth
Electrical Machinery	854.5	923.0	8.0

Source: DGCI&S

Table 4e. Trend in exports of Auto and auto parts

US\$ Million

Product panels	April 2021	April 2022	Growth
Motor Vehicle/cars	530.3	674.9	27.3

Product panels	April 2021	April 2022	Growth
Two and Three Wheelers	238.1	248.1	4.2
Auto Components/Part	523.8	579.8	10.7
Auto Tyres and Tubes	195.2	267.8	37.2
Sub Total	1487.4	1770.6	19.0

Source: DGCI&S

Table 4f. Trend in exports of aircraft, spacecraft and parts and ships, boats and floating structures
US\$ Million

Product panels	April 2021	April 2022	Growth
Aircrafts and Spacecraft parts and products	74.8	122.9	64.4
Ships Boats and Floating products and parts	455.3	295.0	-35.2

Source: DGCI&S

Table 4g. Trend in exports of other engineering products
US\$ Million

Product panels	April 2021	April 2022	Growth
Medical and Scientific instruments	129.8	173.5	33.7
Railway Transport	25.2	41.4	64.3
Hand Tools & Cutting Tools	76.6	86.7	13.1
Bicycle & Parts	34.4	38.0	10.3
Cranes Lifts & Winches	50.9	56.2	10.5
Office Equipments	13.1	15.5	18.5
Other Construction Machinery	142.2	167.8	18.0
Prime Mica & Mica Products	1.7	2.5	47.5
Project Goods	0.38	0.17	-53.9
Other Rubber Product Except Footwear	131.6	139.7	6.1
Other Misc. Items	274.8	335.3	22.0

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal 2022-23 vis-à-vis 2021-22. We have taken the major panels and computed the top importers to get an idea of the current trade pattern. (Tables 5)

Table 5: Export of Different Panels
US\$ Million

Product panels	Top 5 nations	April 2021	April 2022	Growth (%)
Iron and Steel	U S A	66.0	290.1	340%
	ITALY	127.0	211.5	66%
	TURKEY	96.3	118.5	23%

Product panels	Top 5 nations	April 2021	April 2022	Growth (%)
	BELGIUM	152.9	109.3	-29%
	NEPAL	110.1	108.4	-2%
Products of Iron and Steel	U S A	157.82	263.61	67%
	GERMANY	30.03	42.99	43%
	BANGLADESH	13.60	36.33	167%
	UAE	26.43	32.06	21%
	U K	30.71	29.88	-3%
Industrial Machinery	U S A	224.1	294.8	32%
	GERMANY	60.6	79.6	31%
	CHINA	64.9	74.0	14%
	THAILAND	88.6	73.0	-18%
	BANGLADESH	46.4	55.6	20%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	81.1	116.2	43%
	MEXICO	74.1	110.9	50%
	SAUDI ARAB	16.6	57.8	249%
	COLOMBIA	31.2	48.2	55%
	U S A	42.1	42.5	1%
Non-Ferrous metals	MALAYSIA	42.8	139.8	227%
	NETHERLAND	9.2	138.4	1397%
	U S A	80.7	119.4	48%
	KOREA RP	101.9	111.7	10%
	ITALY	8.7	79.2	809%
Electrical Machinery and Components	U S A	233.3	364.3	56%
	SPAIN	3.7	43.8	1085%
	GERMANY	56.0	43.1	-23%
	U K	28.4	40.2	41%
	UAE	29.5	25.6	-13%
Aircrafts and Space crafts	SINGAPORE	6.8	35.1	415%
	U S A	25.5	32.4	27%
	FRANCE	14.4	15.2	5%
	GERMANY	4.3	9.8	129%
	U K	5.5	9.0	64%
Ships, Boats and Floating Structures and parts	SINGAPORE	240.8	264.1	10%
	SAUDI ARAB	0.0	15.8	
	INDONESIA	168.1	9.6	-94%
	SRI LANKA	0.0	3.2	
	UAE	15.5	1.5	-91%

Product panels	Top 5 nations	April 2021	April 2022	Growth (%)
Auto Components(including Auto Parts and Auto Tyres)	U S A	158.6	208.3	31%
	BANGLADESH	41.2	50.0	21%
	GERMANY	40.4	45.6	13%
	BRAZIL	30.9	44.6	45%
	TURKEY	28.7	30.8	8%

Source: DGCI&S

- USA, Italy and Turkey were the top three importers of Indian Iron and Steel during April 2022 whereas USA, Germany and Bangladesh were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April 2021.
- USA was the largest importer of Indian 'Industrial machinery' during April 2022 in India's global import of the product group. Germany and China were the two immediate followers of USA.
- South Africa, Mexico and Saudi Arab were top three importers of India's Automobiles during April 2022 in India's global exports respectively over the same period last fiscal.
- Malaysia, Netherland and USA were the top three importers of India's Non-ferrous metals and products' during April 2022 whereas USA, Spain and Germany were the three top importers of Indian Electrical Machinery & Components during the same period.
- Singapore, USA and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April 2022 in India's total global exports of the product followed by Germany and UK.
- Singapore, Saudi Arabia and Indonesia became the largest importer of ships, boats and floating structures followed by Sri Lanka and UAE. While for the auto components' product group, USA remained the top importer in 2021-22 followed by Bangladesh, Germany, Bangladesh, Brazil and Turkey.

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.

During the ongoing fiscal, engineering export growth and manufacturing growth moved in the same direction in 6 out of 12 months.

The link between these two may not be established on a monthly basis, but a positive correlation may be seen if medium to long term trend is considered.

Table 6: 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	237.82	196.0
May 2021	50.65	32.1
June 2021	51.44	13.2
July 2021	42.99	10.5
August 2021	59.09	11.1
September 2021	35.50	4.3
October 2021	52.20	3.3
November 2021	37.68	0.3
December 2021	47.84	0.6
January 2022	25.97	1.3
February 2022	33.31	0.5
March 2022	19.72	0.9
April 2022	21.97	N A

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during April 2022 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 April 2022, 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. However, the following table clearly depicts the short-term trend:

Table 7: USD-INR monthly average exchange rate in 2022-23
(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	2021-22	2022-23				
April	74.47	76.16	2.27	Depreciation	4.63	Depreciation

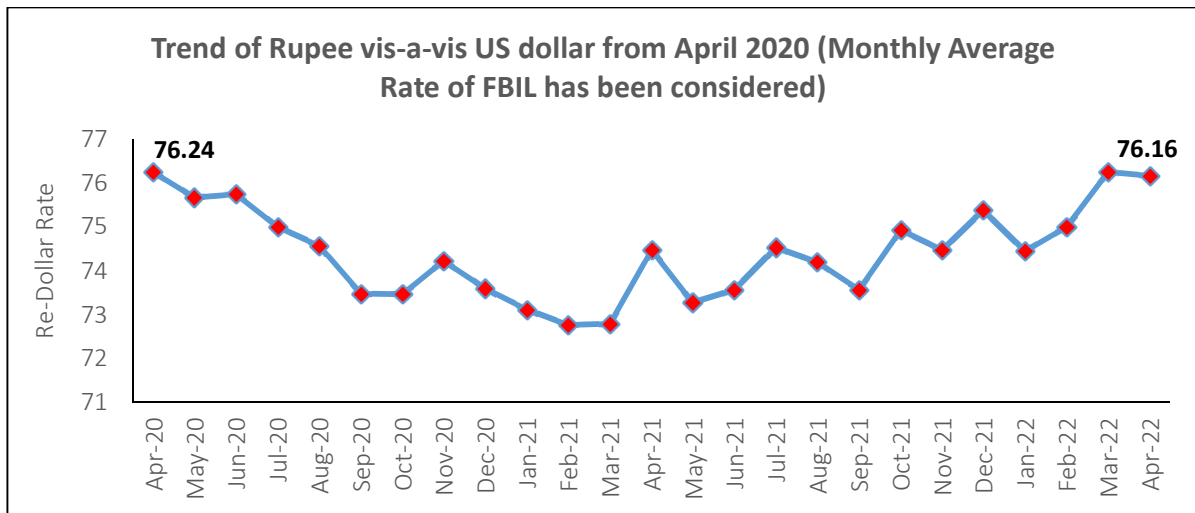
Rupee was at its lowest on record in April 2022 and dropped below 77 per US Dollar in intra-day trading. Strengthening of US Dollar in the international market due to tightening of interest rates by major central banks across the globe including the US Federal Reserve and the Bank of England made dollar dearer in the international market. Higher energy prices in the international market following the war between Russia and Ukraine raised the demand for dollar in the domestic market for import payment that also created pressure on rupee.

Table 7: 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
January	73.11	74.44	1.82	Depreciation	-1.23	Appreciation
February	72.76	75.00	3.08	Depreciation	0.75	Depreciation
March	72.79	76.24	4.74	Depreciation	1.65	Depreciation

Source: FBIL, EEPC Research

Fig 3: Trend of Rupee vis-a-vis US dollar from April 2020
(Monthly Average Rate of FBIL has been considered)



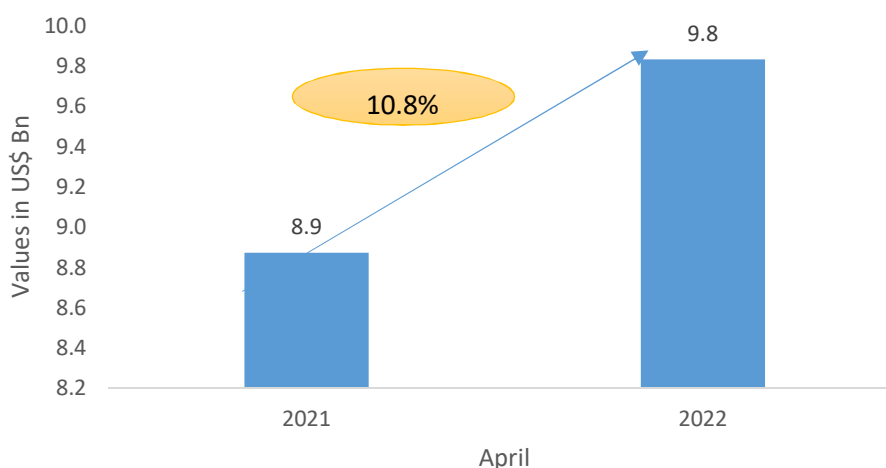
Source: FBIL

ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during April 2022 were valued at US\$ 9830.65 million compared to US\$ 8873.08 million in April 2021 registering a positive growth of 10.8 percent in dollar terms. Engineering panels barring transport equipment, like iron & steel, non-ferrous metals, machine tools, machinery, electrical & non-electrical, professional instrument and medicinal & pharmaceutical products witnessed an increase in import during April 2022 compared to April 2021.

The share of engineering imports in India's total merchandise imports has dropped during April 2022 in comparison to April 2021 which has been estimated at 16.3%. The figure below depicts engineering imports for April 2022 compared to April 2021

Fig 4: Monthly Engineering Imports for April 2022 vis-a-vis April 2021



Source: EEPIC India analysis

TREND IN ENGINEERING TRADE BALANCE

We now present the trend in two way yearly trade for the engineering sector for the last concluding fiscal 2021-22 depicted in the table below:

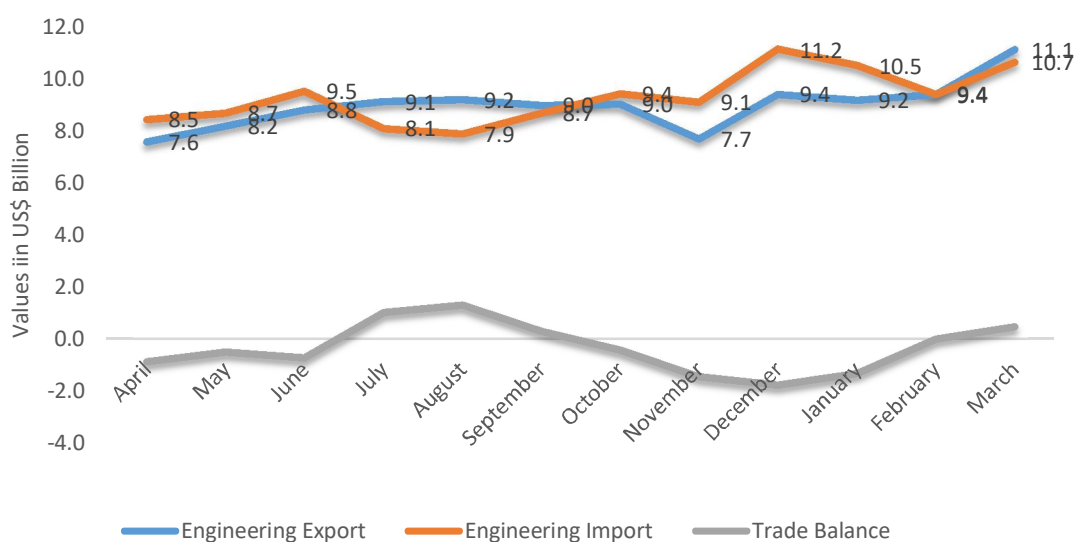
Table 8: Monthly Trend in Engineering Trade Balance for the current FY
(US\$ Billions)

Trade Flow	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Engineering Export	7.61	8.21	8.84	9.15	9.21	9.01	9.04	7.71	9.41	9.2	9.41	11.13
Engineering Import	8.45	8.70	9.53	8.12	7.91	8.70	9.44	9.12	11.15	10.51	9.41	10.65
Trade Balance	-0.85	0.49	-0.70	1.03	1.30	0.31	-0.40	-1.42	-1.74	-1.29	0.00	0.48

Source: DGCI&S, EPC India Analysis

Figure 5 below depicts the yearly trend in engineering trade for the last concluding fiscal 2021-22

Fig 5: Trend in Yearly Engineering Trade



CONCLUSION

Following the remarkable performance in FY 2021-22, India's merchandise as well as engineering exports recorded impressive numbers in the first month of the new FY 2022-23. During this time while India's merchandise exports grew by 30.7 percent to reach USD 40.19 billion, engineering exports grew by almost 22 percent to reach 9.73 billion. It is the second consecutive month when merchandise exports breached USD 40 billion mark. Therefore the exports have continued in their growth path.

Despite the achievement, there is one area of concern. As we all are aware India has set an ambitious target of USD 127 billion engineering exports by the end of the FY 2022-23. To reach the target, Indian engineering exports needed to reach USD 10.58 billion – hence there is a shortfall of USD 0.85 billion. Post COVID global economic recovery has been mired by several

issues such as the Ukraine-Russia conflict, resurgence of COVID and complete shutdown of key commercial Chinese cities like Shanghai and steeply rising oil and commodity prices. In such scenario we hope that India's new FTA engagements with UAE and Canada would be helpful. However further support of the government would be required to help the exporting community repeat their stellar performance of the last fiscal in the present one.
