

MONTHLY

ENGINEERING

EXPORT & IMPORT MONITOR

MAY 2022

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ANALYSIS OF INDIAN ENGINEERING EXPORTS AND IMPORTS FOR MAY 2022

Engineering exports recorded around 17% cumulative growth during the first two months of fiscal 2022-23 on its way to meet the export target set by the government

Trade Flow	Export figures (in \$ billion)				% Growth	
	May-2021	May-2022	Apr- May 2021-22	Apr- May 2022-23	May-2022 over May -2021	Apr- May 2022-23 over Apr-May 2021-22
Engineering exports	8.62	9.79	16.60	19.39	13.50%	16.84%
Overall exports	32.30	38.94	63.05	78.72	20.55%	24.86%
Share of engineering (%)	26.70%	25.14%	26.32%	24.64%	---	---

Source: DGCI&S and EEPC Analysis

HIGHLIGHTS

- During May 2022, India's engineering exports stood at USD 9.79 billion as against USD 8.62 billion in May 2021, registering 13.5 percent increase over the same month last year.
- Cumulative engineering exports for Apr-May 2022-23 was recorded at USD 19.39 billion, which was 16.84% increase over USD 16.60 billion of exports during the same period last year.
- Share of engineering in total merchandise exports was recorded at 25.14% in May while the share was 24.64% for Apr-May 2022-23.
- As much as 28 out of 34 engineering panels witnessed positive year-on-year growth in exports during May 2022 vis-a-vis May 2021. Some of the engineering products including 'Copper and its products', 'Tin and products', 'Ships, boats and floating structures', 'Bicycle and Parts', 'Prime Mica and Products' conceded decline in year-on-year exports during May 2022. Similarly, on a cumulative basis also, 28 out of 34 engineering panels recorded positive growth during April-May 2022-23 over the same period last fiscal.
- In terms of region, maximum growth in exports was witnessed in North America followed by EU in both monthly and cumulative terms.
- Top five countries which witnessed positive growth during May 2022 were USA, Italy, Singapore, UAE and Germany
- The engineering industry has already achieved 15.3 percent of the target of USD 127 billion in the first two months of 2022-23.

EXPORT TARGET

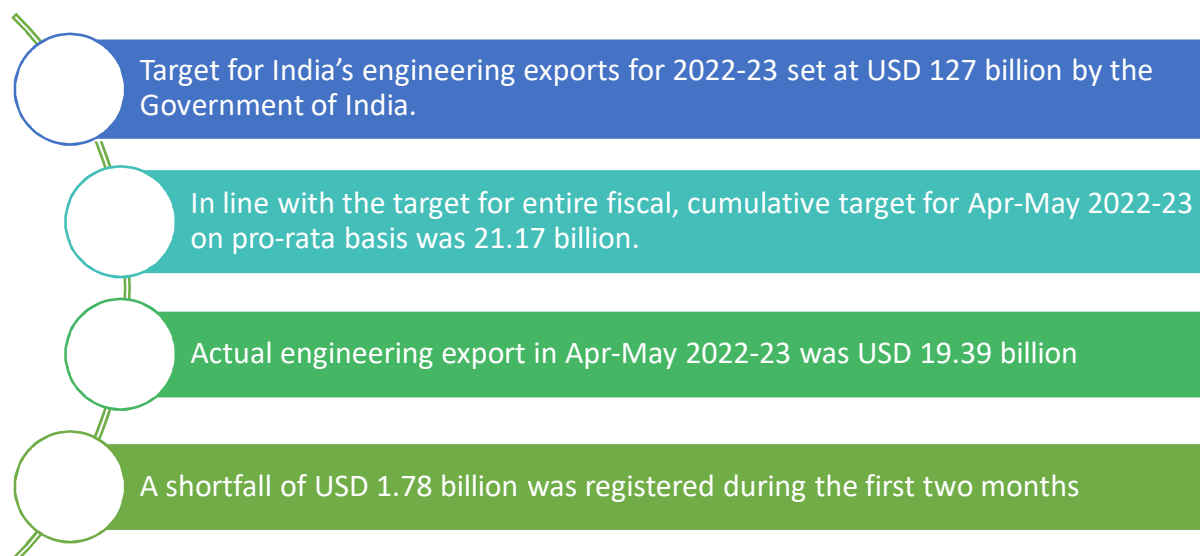
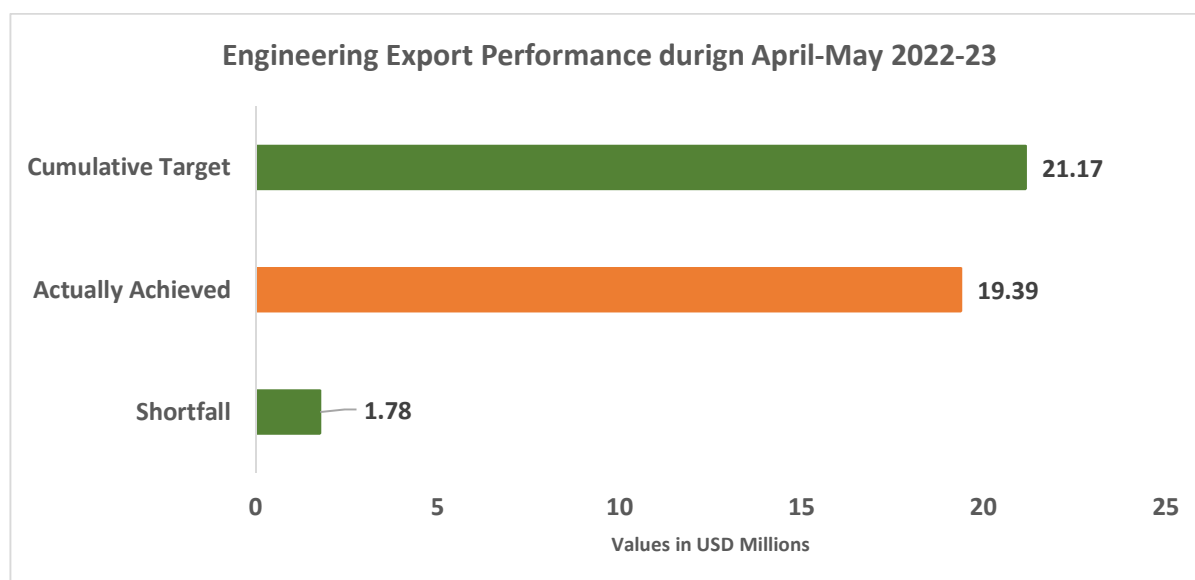


Fig1: Engineering Export Target V/S Actually Achieved in Apr-May 2022-23 (USD Billion)



ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2022-23 vis-à-vis 2021-22 are shown below as per the latest DGCI&S estimates:

Table 1: Engineering Exports: Monthly Trend in 2022-23
(US\$ million)

Month	2021-22	2022-23	Growth (%)
April	7974.06	9605.33	20.46
May	8623.65	9787.61	13.50
April-May	16597.70	19392.95	16.84

Source: DGCI&S, Govt. of India.

TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-MAY 2022

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during May 2022 over May 2021 as well as in cumulative terms during April-May 2022-23 vis-à-vis April-May 2021-22. The data clearly shows that top 25 countries contribute almost 75% of total engineering exports.

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

Countries	May 2021	May 2022	Growth (%)	April-May 2021-22	April-May 2022-23	Growth (%)
U S A	1111.2	1813.2	63.2	2287.8	3663.2	60.1
ITALY	380.8	524.6	37.8	620.9	941.7	51.7
SINGAPORE	271.0	388.5	43.3	651.0	829.7	27.5
UAE	694.4	433.2	-37.6	940.2	738.5	-21.5
GERMANY	257.2	321.8	25.1	528.1	651.7	23.4
U K	203.7	358.1	75.7	399.0	593.0	48.6
MEXICO	183.0	336.2	83.7	402.7	574.4	42.6
NETHERLAND	123.1	260.5	111.7	231.9	545.8	135.4
BELGIUM	293.2	282.8	-3.6	504.8	543.0	7.6
BANGLADESH	230.0	255.4	11.1	482.1	541.0	12.2
NEPAL	220.9	227.6	3.0	539.3	492.4	-8.7
SAUDI ARABIA	89.4	215.1	140.7	252.9	471.0	86.2
TURKEY	217.4	216.7	-0.4	444.1	456.6	2.8
CHINA	451.7	217.4	-51.9	864.9	432.5	-50.0
SOUTH AFRICA	147.6	243.2	64.8	275.3	431.5	56.7
KOREA RP	179.8	216.3	20.3	344.1	412.6	19.9
THAILAND	168.0	224.1	33.4	357.4	394.8	10.5
SPAIN	114.7	142.6	24.3	240.5	325.3	35.3
MALAYSIA	438.9	121.9	-72.2	556.7	322.3	-42.1
INDONESIA	162.9	161.1	-1.1	463.7	308.9	-33.4
CANADA	89.6	155.4	73.4	175.6	300.9	71.3
FRANCE	136.8	163.8	19.7	270.3	294.6	9.0
VIETNAM	216.8	120.9	-44.3	341.3	289.1	-15.3
BRAZIL	136.0	148.4	9.2	266.5	287.1	7.7
JAPAN	132.5	141.1	6.5	252.5	285.9	13.2
Total engineering exports to top 25 countries	6650.8	7689.7	15.6	12693.9	15127.6	19.2
Total engineering exports	8623.6	9787.6	13.5	16597.7	19392.9	16.8

Countries	May 2021	May 2022	Growth (%)	April-May 2021-22	April-May 2022-23	Growth (%)
Share (%)	77.1	78.6		76.5	78.0	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

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

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

US\$ million

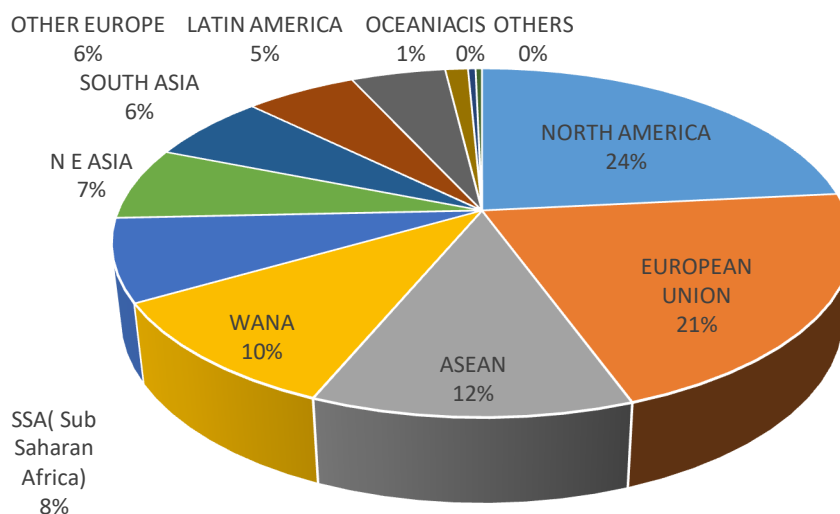
Regions	May 2021	May 2022	Growth (%)	April-May 2021-22	April-May 2022-23	Growth (%)
NORTH AMERICA	1383.8	2304.8	66.6	2866.2	4538.5	58.3
EUROPEAN UNION	1720.3	2036.3	18.4	3149.8	4085.0	29.7
ASEAN	1333.4	1086.5	-18.5	2534.6	2290.8	-9.6
WANA	1110.2	1049.3	-5.5	1812.8	2011.6	11.0
SSA(Sub Saharan Africa)	554.0	770.6	39.1	1154.6	1483.9	28.5
N E ASIA	882.3	653.4	-25.9	1726.1	1308.5	-24.2
SOUTH ASIA	617.4	574.1	-7.0	1291.5	1217.3	-5.7
OTHER EUROPE	473.5	625.9	32.2	938.7	1127.0	20.1
LATIN AMERICA	377.1	501.6	33.0	758.6	958.7	26.4
OCEANIA	85.3	111.4	30.6	186.8	230.1	23.1
CIS	85.5	52.2	-39.0	175.5	76.6	-56.3
OTHERS	0.8	21.7	2740.9	2.4	65.0	2576.1
Grand Total	8623.6	9787.6	13.5	16597.7	19392.9	16.8

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.

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



PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of May 2022 vis-à-vis May 2021 as well as the cumulative exports for **Apr-May 2022-23 vis-à-vis Apr-May 2021-22**. These are indicated in the tables below

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

US\$ Million

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Iron and Steel	1699.59	1830.92	7.7%	3127.96	3603.04	15.2%
Products of Iron and Steel	566.27	800.17	41.3%	1160.00	1635.26	41.0%
Sub Total	2265.9	2631.1	16.1%	4288.0	5238.3	22.2%

Source: DGCI&S

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

US\$ Million

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Copper and products	224.28	128.33	-42.8%	388.98	278.35	-28.4%
Aluminium and products	676.50	896.57	32.5%	1277.16	1795.51	40.6%
Zinc and products	86.91	163.52	88.1%	169.04	304.17	79.9%
Nickel and products	6.34	14.20	124.0%	13.15	74.85	469.3%
Lead and products	32.00	43.68	36.5%	53.79	101.83	89.3%

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Tin and products	1.38	0.49	-64.4%	2.08	1.18	-43.0%
Other Non-Ferrous Metals	55.78	63.42	13.7%	112.08	131.67	17.5%
Sub Total	1083.2	1310.2	21.0%	2016.3	2687.6	33.3%

Source: DGCI&S

Table 4c. Trend in exports of Industrial Machinery
US\$ Million

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Industrial Machinery like Boilers, parts, etc	41.64	77.68	86.5%	82.77	128.97	55.8%
IC Engines and Parts	243.90	309.36	26.8%	502.08	574.73	14.5%
Pumps of all types	100.37	108.63	8.2%	192.25	206.63	7.5%
Air condition and Refrigerators	99.25	140.56	41.6%	193.11	267.88	38.7%
Industrial Machinery for dairy, food processing , textiles etc	526.67	714.25	35.6%	1115.54	1448.49	29.8%
Machine Tools	48.75	57.44	17.8%	94.00	117.88	25.4%
Machinery for Injecting moulding, valves and ATMs	131.16	175.79	34.0%	278.17	338.30	21.6%
Sub Total	1191.7	1583.7	32.9%	2457.9	3082.9	25.4%

Source: DGCI&S

Table 4d. Trend in exports of Electrical Machinery and Equipment
US\$ Million

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Electrical Machinery	749.9	887.9	18.4%	1604.4	1793.0	11.8%

Source: DGCI&S

Table 4e. Trend in exports of Auto and auto parts
US\$ Million

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Motor Vehicle/cars	414.40	738.61	78.2%	944.71	1405.95	48.8%
Two and Three Wheelers	246.28	273.59	11.1%	484.38	519.68	7.3%
Auto Components/Part	521.75	582.16	11.6%	1045.55	1157.06	10.7%
Auto Tyres and Tubes	217.25	273.04	25.7%	412.47	538.63	30.6%

Sub Total	1399.7	1867.4	33.4%	2887.1	3621.3	25.4%
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Source: DGCI&S

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

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Aircrafts and Spacecraft parts and products	77.61	102.61	32.2%	152.36	226.15	48.4%
Ships Boats and Floating products and parts	983.68	334.74	-66.0%	1438.93	627.25	-56.4%

Source: DGCI&S

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

Product panels	May 2021	May 2022	Growth	April-May 2021-22	April-May 2022-23	Growth
Medical and Scientific instruments	125.86	159.99	27.1%	255.63	332.02	29.9%
Railway Transport	32.90	34.34	4.4%	58.12	75.47	29.9%
Hand Tools & Cutting Tools	73.45	83.24	13.3%	150.08	169.23	12.8%
Bicycle & Parts	35.70	31.52	-11.7%	70.11	69.16	-1.3%
Cranes Lifts & Winches	47.61	62.25	30.7%	98.52	118.03	19.8%
Office Equipments	15.48	18.99	22.7%	28.56	34.37	20.3%
Other Construction Machinery	133.85	188.22	40.6%	276.02	354.80	28.5%
Prime Mica & Mica Products	7.06	2.46	-65.1%	8.77	5.25	-40.1%
Project Goods	0.32	0.21	-33.4%	0.70	0.36	-47.6%
Other Rubber Product Except Footwear	126.96	136.26	7.3%	258.57	274.89	6.3%
Other Misc. Items	272.81	352.44	29.2%	547.65	682.91	24.7%

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-May 2022-23 vis-à-vis April-May 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-May 2021-22	April-May 2022-23	Growth (%)
Iron and Steel	ITALY	387.4	517.4	34%
	U S A	95.5	444.0	365%
	BELGIUM	389.4	263.0	-32%
	NEPAL	227.0	211.4	-7%
	TURKEY	148.3	201.6	36%
Products of Iron and Steel	U S A	311.69	537.46	72%
	GERMANY	60.33	85.84	42%
	UAE	56.68	61.43	8%
	U K	60.35	59.69	-1%
	BANGLADESH	21.29	56.48	165%
Industrial Machinery	U S A	436.7	630.0	44%
	THAILAND	164.1	180.6	10%
	GERMANY	119.9	156.0	30%
	CHINA	131.4	148.8	13%
	BANGLADESH	82.4	113.9	38%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	135.8	280.9	107%
	MEXICO	145.4	195.1	34%
	SAUDI ARAB	40.8	116.5	186%
	U S A	75.8	102.0	34%
	COLOMBIA	58.4	90.7	55%
Non-Ferrous metals	U S A	174.4	304.3	75%
	NETHERLAND	17.7	247.3	1295%
	KOREA RP	211.4	232.7	10%
	MALAYSIA	56.0	183.7	228%
	ITALY	23.1	155.1	572%
Electrical Machinery and Components	U S A	418.4	627.4	50%
	U K	72.8	95.9	32%
	GERMANY	95.0	91.8	-3%
	SPAIN	12.3	66.0	439%
	SINGAPORE	66.5	65.8	-1%
Aircrafts and Space crafts	U S A	51.14	69.67	36%
	SINGAPORE	11.43	41.74	265%
	FRANCE	30.66	31.49	3%
	GERMANY	8.65	17.64	104%
	U K	12.02	16.80	40%
Ships, Boats and Floating Structures and parts	SINGAPORE	343.3	453.0	32%
	U K	0.0	61.2	
	UAE	440.1	57.6	-87%
	NORWAY	0.0	23.9	

Product panels	Top 5 nations	April-May 2021-22	April-May 2022-23	Growth (%)
	SAUDI ARAB	0.0	15.7	
Auto Components(including Auto Parts and Auto Tyres)	U S A	326.8	422.0	29%
	BANGLADESH	83.8	93.7	12%
	BRAZIL	63.6	92.7	46%
	GERMANY	85.5	87.1	2%
	MEXICO	56.6	61.7	9%

Source: DGCI&S

- ✚ Italy, USA and Belgium were the top three importers of Indian Iron and Steel during April-May 2022-23 whereas USA, Germany and UAE were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April-May 2021-22.
- ✚ USA was the largest importer of Indian 'Industrial machinery' constituting 20% share in India's total global exports of industrial machinery during April-May 2022-23. Thailand and Germany were the two immediate followers of USA.
- ✚ South Africa, Mexico and Saudi Arabia were top three importers of India's Automobiles during April-May 2022-23 in India's global exports respectively over the same period last fiscal.
- ✚ USA, Netherland and South Korea were the top three importers of India's Non-ferrous metals and products' during April-May 2022-23 whereas USA, UK and Germany were the three top importers of Indian Electrical Machinery & Components during the same period.
- ✚ USA, Singapore and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April-May 2022-23 in India's total global exports of the product followed by Germany and UK.
- ✚ Singapore, UK and UAE became the largest importer of ships, boats and floating structures followed by Norway and Saudi Arabia. While for the auto components' product group, USA remained the top importer in April-May 2022-23 followed by Bangladesh, Brazil and Germany.

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 fiscal 2021-22, engineering export growth and manufacturing growth moved in the same direction in 7 out of 12 months.

The first month of fiscal 2022-23 saw both engineering exports and manufacturing recorded higher growth over the month.

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

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2022	20.46	6.3
May 2022	13.50	N A

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during May 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 May 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
May	73.27	77.32	5.53	Depreciation	1.52	Depreciation

Rupee weakened further in May 2022 and ended the month below 77. 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. Russia-Ukraine war also created pressure on local currencies as Dollar as a global currency strengthened on panic.

Table 7: USD-INR monthly average exchange rate in 2021-22

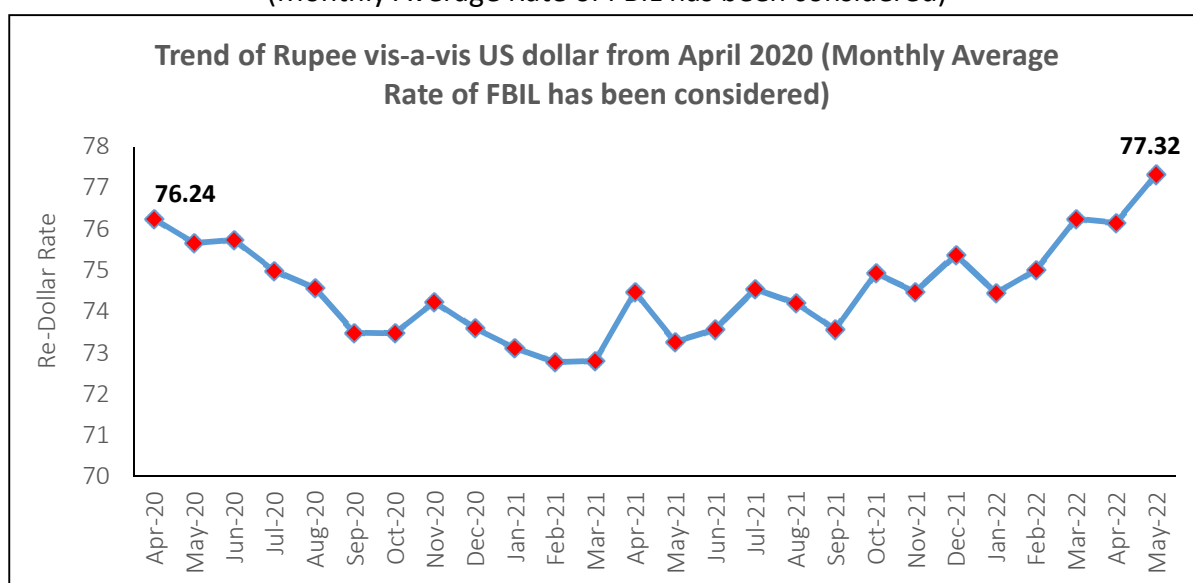
(As per latest data released by FBIL)

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)



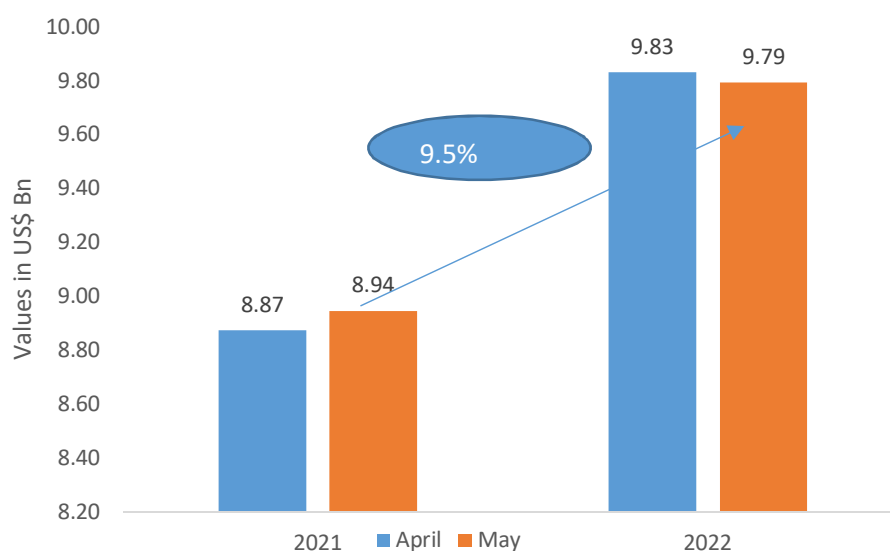
Source: FBIL

ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during May 2022 were valued at US\$ 9792.9 million compared to US\$ 8944.7 million in May 2021 registering a positive growth of 9.5 percent in dollar terms. Engineering panels like iron & steel, non-ferrous metals, machinery, electrical & non-electrical, Transport equipment witnessed an increase in import during May 2022 compared to May 2021. Other panels like machine tools, professional instrument and medicinal & pharmaceutical products registered negative growth during May 2022 compared to May 2021.

The share of engineering imports in India's total merchandise imports has dropped during May 2022 in comparison to May 2021 which has been estimated at 15.5%. The figure below depicts engineering imports **for May 2022 compared to May 2021**

Fig 4: Monthly Engineering Imports for May 2022 vis-a-vis May 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 first two months of fiscal 2022-23 depicted in the table below:

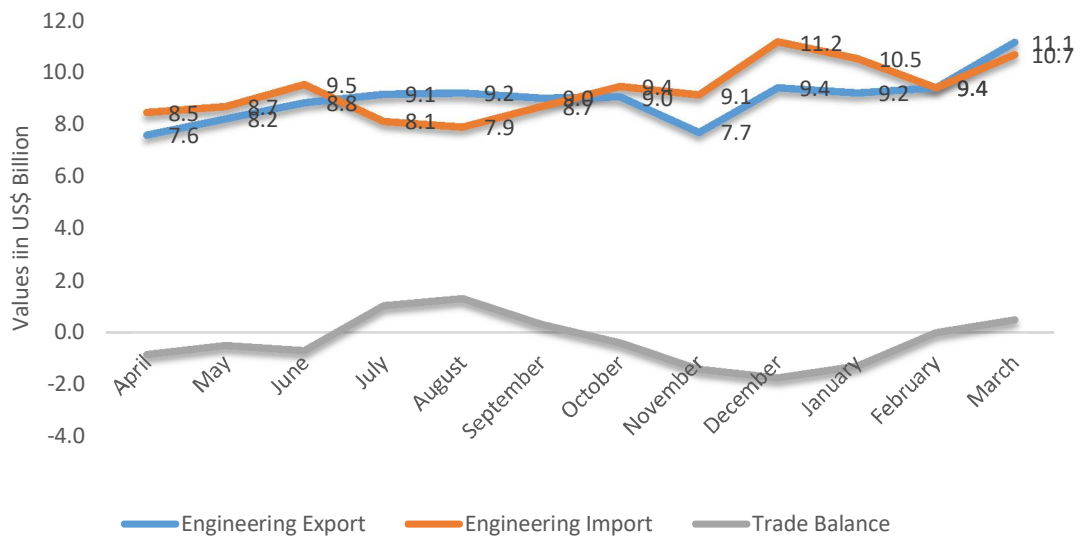
Table 8: Monthly Trend in Engineering Trade Balance for the current FY (US\$ Billions)

Trade Flow	Apr	May
Engineering Export	9.6	9.8
Engineering Import	9.8	9.8
Trade Balance	-0.2	0.0

Source: DGCI&S, EEPIC 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 during 2021-22



CONCLUSION

The growth trend of Indian engineering exports continued in the current fiscal after achieving all-time high shipment in fiscal 2021-22. During the first two months of the new fiscal 2022-23, engineering export from India reached almost USD 20 billion and registered 16.9 percent growth over the same period last fiscal. The government has set a target of USD 127 billion of engineering exports in fiscal 2022-23, which is around 15 percent increase over the actual exports of 2021-22. Therefore, engineering exports is right on track to achieve the target for the ongoing fiscal despite a slight shortfall.

Although the trend looks impressive, some concerns are still there. One of the biggest concerns is the Russia-Ukraine war that has severely hampered shipments to CIS nations and may have some ripple effect on global economy. Resurgence of COVID and subsequent damage of business prospect in some industrial cities may also impact the global trade scenario adversely. Rising oil and commodity prices also adding fuel to uncertainty. Sharp depreciation of rupee, although can help exports for the time being, continuous weakening may be damaging for the economy. At this juncture, signing of new FTA with UAE and Australia and ongoing negotiations with a number of developed nations may help exports from India to rise.
