

# Engineering Export-Import Monitor

JUNE 2022



*Engineering The Future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

## ANALYSIS OF INDIAN ENGINEERING EXPORTS AND IMPORTS FOR JUNE 2022

20<sup>TH</sup> JULY 2022

**Engineering exports recorded around 12% cumulative growth year-on-year during the first quarter of fiscal 2022-23 on its way to meet the export**

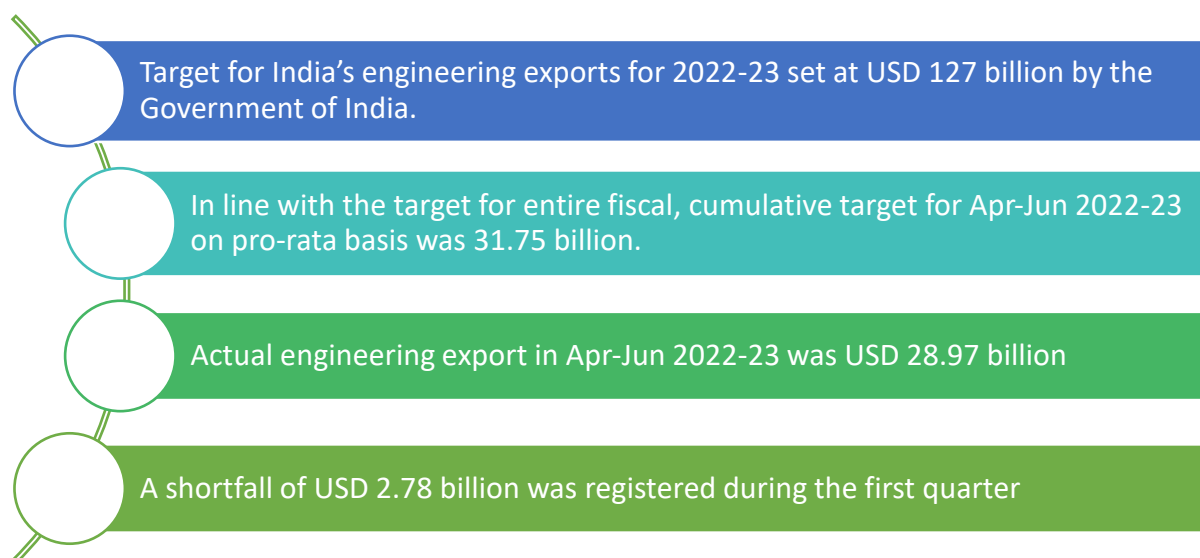
Trade Flow	Export figures (in \$ billion)				% Growth	
	Jun-2021	Jun-2022	Apr- Jun 2021-22	Apr- Jun 2022-23	Jun-2022 over Jun-2021	Apr-Jun 2022-23 over Apr-Jun 2021-22
Engineering exports	9.30	9.69	25.89	28.96	4.20%	11.87%
Overall exports	32.49	40.13	95.54	118.96	23.52%	24.51%
Share of engineering (%)	28.61%	23.86%	27.10%	24.35%	----	----

**Source:** DGCI&S and EEPC Analysis

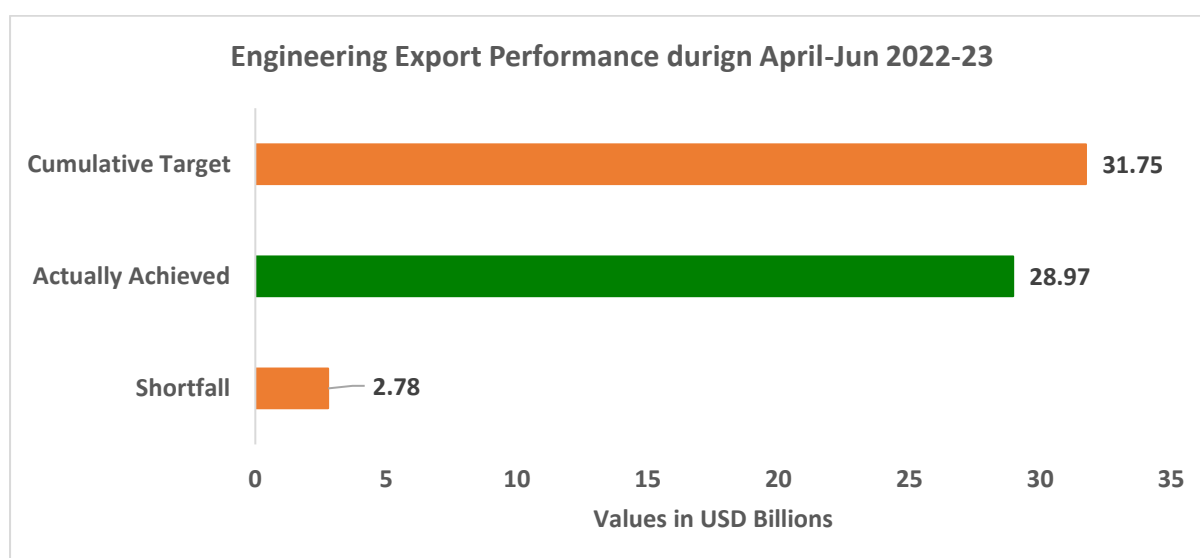
### HIGHLIGHTS

- ✚ Engineering exports from India was recorded at USD 9.69 billion During Jun 2022, which was 4.2 percent increase from the exports of USD 9.30 billion recorded in June 2021.
- ✚ Cumulative engineering exports for Apr-Jun 2022-23 was recorded at USD 28.97 billion, which was 11.87 percent increase over USD 25.89 billion of exports during the same period last year.
- ✚ Share of engineering in total merchandise exports was recorded at 23.86% in Jun 2022 while the share was 24.35% during Apr-Jun 2022-23.
- ✚ As much as 27 out of 34 engineering panels witnessed positive year-on-year growth in exports during June 2022 vis-a-vis June 2021. Major decline was witnessed in iron and steel, copper and its products, lead and products, industrial machinery for boiler, etc.
- ✚ Similarly, on a cumulative basis also, 27 out of 34 engineering panels recorded positive growth during April-June 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 June 2022 were USA, Germany, Mexico, UK and Bangladesh whereas top destinations with negative export growth in June 2022 include Italy, UAE and Singapore
- ✚ The engineering industry has already achieved 22.8 percent of the target of USD 127 billion in the first quarter of 2022-23.

## EXPORT TARGET



**Fig1: Engineering Export Target V/S Actually Achieved in Apr-Jun 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	9550.41	19.77
May	8623.65	9730.35	12.83
Jun	9295.58	9686.35	4.20
<b>April-Jun</b>	<b>25893.29</b>	<b>28967.11</b>	<b>11.87</b>

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 June 2022 over June 2021 as well as in cumulative terms during April-June 2022-23 vis-à-vis April-June 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	June 2021	June 2022	Growth (%)	April-June 2021-22	April-June 2022-23	Growth (%)
U S A	1302.88	1675.33	28.59	3590.70	5317.35	48.09
ITALY	431.40	376.36	-12.76	1052.32	1311.36	24.62
UAE	565.49	491.92	-13.01	1505.72	1226.07	-18.57
SINGAPORE	272.28	241.19	-11.42	923.26	1066.25	15.49
GERMANY	310.92	329.88	6.10	839.05	979.37	16.72
MEXICO	198.45	385.27	94.14	601.17	956.11	59.04
U K	248.11	258.64	4.25	647.13	848.28	31.08
BANGLADESH	196.89	293.53	49.09	679.04	831.46	22.45
INDONESIA	132.13	463.62	250.89	595.84	770.72	29.35
NETHERLAND	139.65	221.70	58.76	371.54	764.31	105.71
BELGIUM	295.17	179.15	-39.31	799.99	719.00	-10.12
NEPAL	246.91	194.97	-21.04	786.22	684.58	-12.93
TURKEY	288.86	229.63	-20.51	733.00	683.39	-6.77
CHINA	513.34	232.78	-54.65	1378.20	662.90	-51.90
SAUDI ARABIA	125.86	191.08	51.82	378.77	659.12	74.02
KOREA RP	263.41	219.78	-16.57	607.51	630.00	3.70
SOUTH AFRICA	473.30	166.38	-64.85	748.63	594.93	-20.53
THAILAND	210.35	191.02	-9.19	567.75	583.54	2.78
FRANCE	130.75	200.35	53.24	401.09	493.31	22.99
SPAIN	123.01	145.93	18.63	363.48	469.35	29.13
VIETNAM	298.64	174.00	-41.73	639.97	461.42	-27.90
BRAZIL	149.88	170.90	14.02	416.36	456.30	9.59
JAPAN	111.78	154.56	38.27	364.28	438.86	20.47
MALAYSIA	63.36	108.34	70.99	620.08	428.80	-30.85
CANADA	72.13	129.30	79.26	247.76	428.44	72.93
Total engineering exports to top 25 countries	<b>7164.96</b>	<b>7425.62</b>	<b>3.64</b>	<b>19858.87</b>	<b>22465.23</b>	<b>13.12</b>
Total engineering exports	<b>9295.58</b>	<b>9686.35</b>	<b>4.20</b>	<b>25893.29</b>	<b>28967.11</b>	<b>11.87</b>

Countries	June 2021	June 2022	Growth (%)	April-June 2021-22	April-June 2022-23	Growth (%)
Share (%)	77.08	76.66		76.70	77.55	

Source: DGCI&S

### REGION WISE INDIA'S ENGINEERING EXPORTS

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

**Table 3: Region wise engineering exports in April-June 2022 viz-a-viz April-June 2021**  
US\$ million

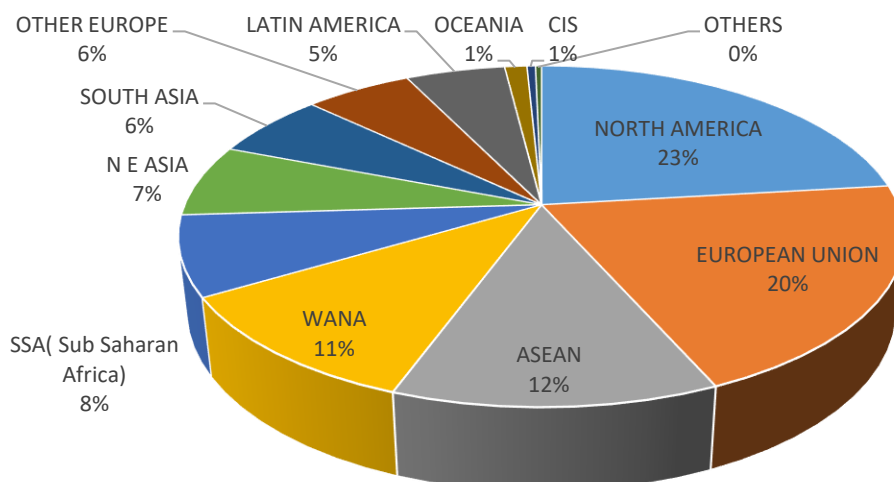
Regions	June 2021	June 2022	Growth (%)	April-June 2021-22	April-June 2022-23	Growth (%)
NORTH AMERICA	1573.46	2189.90	39.18	4439.63	6701.90	50.96
EUROPEAN UNION	1863.23	1799.26	-3.43	5012.99	5860.67	16.91
ASEAN	1095.75	1261.70	15.15	3630.31	3539.40	-2.50
WANA	1063.03	1148.77	8.07	2875.85	3148.21	9.47
SSA ( Sub Saharan Africa)	931.86	719.71	-22.77	2086.47	2194.49	5.18
N E ASIA	1043.97	681.95	-34.68	2770.12	1983.01	-28.41
SOUTH ASIA	576.61	576.68	0.01	1868.12	1786.78	-4.35
OTHER EUROPE	561.75	532.05	-5.29	1500.46	1652.43	10.13
LATIN AMERICA	391.76	578.30	47.62	1150.41	1531.06	33.09
OCEANIA	90.12	114.50	27.05	276.97	343.38	23.98
CIS	101.40	54.87	-45.89	276.88	130.92	-52.72
OTHERS	2.64	28.66	986.79	5.07	94.85	1772.57
<b>Grand Total</b>	<b>9295.6</b>	<b>9686.4</b>		<b>25893.3</b>	<b>28967.1</b>	<b>11.9%</b>

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-June 2022**



### PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of June 2022 vis-à-vis June 2021 as well as the cumulative exports for **Apr-June 2022-23 vis-à-vis Apr-June 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	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Iron and Steel	2173.33	1449.66	-33.3%	5301.28	5032.17	-5.1%
Products of Iron and Steel	621.14	850.97	37.0%	1781.14	2476.88	39.1%
<b>Sub Total</b>	<b>2794.5</b>	<b>2300.6</b>	<b>-17.7%</b>	<b>7082.4</b>	<b>7509.1</b>	<b>6.0%</b>

Source: DGCI&S

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

US\$ Million

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Copper and products	268.1	141.7	-47%	657.1	418.5	-36%
Aluminium and products	754.4	813.3	8%	2031.6	2598.5	28%
Zinc and products	86.1	132.6	54%	255.2	435.0	70%
Nickel and products	7.2	9.9	38%	20.3	84.3	315%
Lead and products	52.8	27.4	-48%	106.6	128.6	21%
Tin and products	1.8	2.0	11%	3.9	3.2	-18%

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Other Non-Ferrous Metals	64.6	67.7	5%	176.7	198.6	12%
<b>Sub Total</b>	<b>1235.1</b>	<b>1194.6</b>	<b>-3%</b>	<b>3251.4</b>	<b>3866.7</b>	<b>19%</b>

Source: DGCI&S

**Table 4c. Trend in exports of Industrial Machinery**

US\$ Million

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Industrial Machinery like Boilers, parts, etc.	58.6	44.8	-23%	141.3	173.2	23%
IC Engines and Parts	252.8	312.9	24%	754.8	885.4	17%
Pumps of all types	103.2	112.6	9%	295.5	318.1	8%
Air condition and Refrigerators	106.8	145.2	36%	299.9	410.9	37%
Industrial Machinery for dairy, food processing , textiles etc.	633.7	777.4	23%	1749.3	2216.4	27%
Machine Tools	48.2	57.6	19%	142.2	174.8	23%
Machinery for Injecting moulding, valves and ATMs	141.6	187.8	33%	419.8	525.7	25%
<b>Sub Total</b>	<b>1344.9</b>	<b>1638.4</b>	<b>22%</b>	<b>3802.8</b>	<b>4704.5</b>	<b>24%</b>

Source: DGCI&S

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

US\$ Million

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Electrical Machinery	728.8	1001.0	37%	2333.2	2779.9	19%

Source: DGCI&S

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

US\$ Million

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Motor Vehicle/cars	566.6	751.0	33%	1511.3	2148.7	42%
Two and Three Wheelers	244.5	275.7	13%	728.9	792.4	9%
Auto Components/Part	550.8	608.0	10%	1596.3	1758.8	10%
Auto Tyres and Tubes	249.9	290.3	16%	662.4	825.8	25%

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
<b>Sub Total</b>	<b>1611.7</b>	<b>1925.0</b>	19%	<b>4498.8</b>	<b>5525.6</b>	23%

Source: DGCI&S

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

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Aircrafts and Spacecraft parts and products	<b>78.8</b>	<b>106.3</b>	35%	<b>231.2</b>	<b>335.9</b>	45%
Ships Boats and Floating products and parts	<b>583.1</b>	<b>414.1</b>	-29%	<b>2022.0</b>	<b>1037.8</b>	-49%

Source: DGCI&S

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

Product panels	June 2021	June 2022	Growth	April-June 2021-22	April-June 2022-23	Growth
Medical and Scientific instruments	142.3	177.7	25%	398.0	506.7	27%
Railway Transport	16.8	32.6	94%	75.0	107.8	44%
Hand Tools & Cutting Tools	76.3	79.1	4%	226.4	247.3	9%
Bicycle & Parts	36.5	35.3	-3%	106.6	104.1	-2%
Cranes Lifts & Winches	43.6	64.3	47%	142.1	181.6	28%
Office Equipment	19.6	22.8	17%	48.1	57.0	18%
Other Construction Machinery	136.9	194.8	42%	413.0	547.1	32%
Prime Mica & Mica Products	2.7	2.6	-1%	11.4	7.8	-31%
Project Goods	<b>0.25</b>	<b>0.27</b>	10%	<b>0.94</b>	<b>0.55</b>	-42%
Other Rubber Product Except Footwear	<b>138.4</b>	<b>150.1</b>	8%	<b>397.0</b>	<b>423.4</b>	7%
Other Misc. Items	305.3	346.8	14%	853.0	1024.2	20%

## ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-June 2022-23 vis-à-vis April-June 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-June 2021-22	April-June 2022-23	Growth (%)
Iron and Steel	ITALY	684.5	702.0	3%
	U S A	183.6	504.1	175%
	BELGIUM	624.5	358.1	-43%
	UAE	213.9	337.3	58%
	TURKEY	234.9	280.0	19%
Products of Iron and Steel	U S A	478.65	806.45	68%
	GERMANY	94.38	128.04	36%
	UAE	92.77	97.03	5%
	U K	96.56	89.84	-7%
	CANADA	50.63	80.84	60%
Industrial Machinery	U S A	719.4	965.1	34%
	THAILAND	253.1	263.5	4%
	GERMANY	194.1	238.5	23%
	CHINA	196.7	221.8	13%
	BANGLADESH	121.5	180.7	49%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	238.8	364.3	53%
	MEXICO	248.7	291.1	17%
	SAUDI ARAB	85.6	178.9	109%
	U S A	88.2	171.6	95%
	COLOMBIA	87.8	135.7	55%
Non-Ferrous metals	U S A	270.3	428.7	59%
	KOREA RP	381.7	362.2	-5%
	NETHERLAND	30.2	331.6	997%
	MEXICO	117.6	281.4	139%
	MALAYSIA	68.7	229.8	235%
Electrical Machinery and Components	U S A	651.0	885.7	36%
	U K	121.6	148.7	22%
	GERMANY	141.5	139.9	-1%
	FRANCE	102.0	131.5	29%
	SINGAPORE	103.5	106.9	3%
Aircrafts and Space crafts	U S A	78.3	109.8	40%
	FRANCE	49.9	51.6	3%
	SINGAPORE	18.0	50.6	182%
	GERMANY	12.4	26.8	115%
	U K	19.2	26.3	37%
Ships, Boats and Floating Structures and parts	SINGAPORE	372.6	509.1	37%
	INDONESIA	218.7	272.5	25%

Product panels	Top 5 nations	April-June 2021-22	April-June 2022-23	Growth (%)
	UAE	663.9	111.3	-83%
	U K	0.0	60.8	
	NORWAY	0.0	37.9	
Auto Components( including Auto Parts and Auto Tires)	U S A	509.2	647.4	27%
	BANGLADESH	119.0	147.7	24%
	BRAZIL	105.8	141.3	34%
	GERMANY	137.4	128.6	-6%
	MEXICO	85.3	96.9	14%

Source: DGCI&S

- ✚ Italy, USA and Belgium were the top three importers of Indian Iron and Steel during April-June 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-June 2021-22.
- ✚ USA was the largest importer of Indian 'Industrial machinery' constituting 21% share in India's total global exports of industrial machinery during April-June 2022-23. Thailand and Germany were the two immediate followers of USA constituting 6% and 5% share consecutively in terms of India's total global exports of industrial machinery.
- ✚ South Africa, Mexico and Saudi Arabia were top three importers of India's Automobiles during April-June 2022-23 in India's global exports respectively over the same period last fiscal.
- ✚ USA, South Korea and Netherland were the top three importers of India's Non-ferrous metals and products' during April-June 2022-23 whereas USA, UK and Germany were the three top importers of Indian Electrical Machinery & Components during the same period.
- ✚ USA, France and Singapore were the top three importers of India's 'Aircrafts and Spacecrafts' during April-June 2022-23 in India's total global exports of the product followed by Germany and UK.
- ✚ Singapore, Indonesia and UAE became the largest importer of ships, boats and floating structures followed by UAE and UK. While for the auto components' product group, USA remained the top importer in April-June 2022-23 followed by Bangladesh, Brazil and Germany.

## ENGINEERING EXPORTS – STATE-WISE ANALYSIS

### State wise engineering export performance

The table below indicates the exports from top Indian states. It is evident from the table that 90% of India's exports is contributed by the listed 12 states. Within this 47 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together

**Table 7: Top state wise engineering export performance - April-May 2022-23**

US\$ Million

Top States	Cumulative Export April-May 2022-23*	Share %	Remark
Maharashtra	3781.54	20%	90% share covered by top 12 states
Tamil Nadu	2856.42	15%	
Gujarat	2279.55	12%	
Odisha	1806.99	9%	
Karnataka	1131.12	6%	
Haryana	1078.65	6%	
Andhra Pradesh	1061.92	6%	
Uttar Pradesh	867.79	5%	
West Bengal	770.34	4%	
Rajasthan	639.97	3%	
Delhi	534.84	3%	
Punjab	464.28	2%	

Note: DGCI&S state wise data available till May 2022

### Region wise engineering exports

In terms of region, western region which includes industrial states like Maharashtra and Gujarat is the front runner in terms of exports with 35 percent share. It is followed by the Southern region, Northern region and Eastern region respectively

**Table 6: Region wise exports from India till May 2022**

Value in US\$ million

Region	Apr-22	May-22*	April-May 2022-23*	Share % (w.r.t April-May 2022-23)
Eastern Region	1515.12	1754.01	3269.13	17%
Northern Region	1903.47	1846.12	3749.59	20%
Southern Region	2688.44	2770.96	5459.4	29%
Western Region	3078.88	3560.01	6638.89	35%
Grand Total	9185.91	9931.1	19117.01	

Note: DGCI&S state wise data available till May 2022

## 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 seven out of twelve months.**

The first month of fiscal 2022-23 saw both engineering exports and manufacturing recorded higher growth over the month but both moved in the opposite direction in May 2022 when manufacturing output growth accelerated noticeably but engineering export growth declined.

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 8: 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	236.85	196.0
May 2021	50.21	32.1
June 2021	51.00	13.2
July 2021	42.57	10.5

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
August 2021	58.63	11.1
September 2021	35.11	4.3
October 2021	51.76	3.3
November 2021	37.28	0.3
December 2021	47.42	0.6
January 2022	25.63	1.6
February 2022	35.49	0.5
March 2022	19.72	1.4
April 2022	19.77	5.8
May 2022	12.83	20.6
Jun 2022	4.20	N A

(Source: Department of Commerce and CSO)

### IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during June 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 June 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 9: 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
Jun	73.56	78.07	6.14	Depreciation	0.98	Depreciation

**Rupee dropped to below 78 level vis-à-vis the US Dollar for the first time in history during June 2022.** 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. Consequently, foreign investors started pulling out funds from the stock and other assets of emerging markets like India to invest in dollar denominated assets for possible higher gain. Rupee as a consequence continued to decline due to excess supply. High crude oil prices raised India's import bill that created pressure on Rupee while the Russia-Ukraine war also created pressure on local currencies as Dollar as a global reserve currency strengthened on panic.

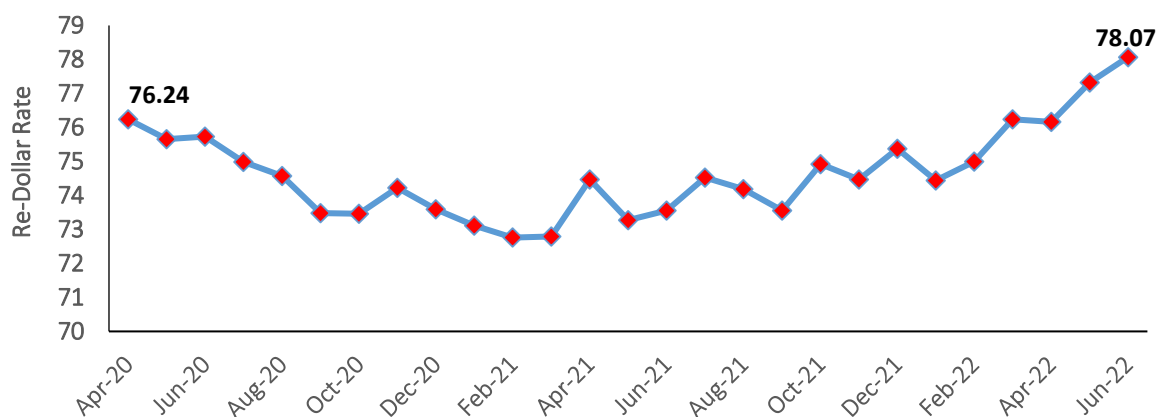
**Table 10: USD-INR monthly average exchange rate in 2021-22**  
(As per latest data released by FBIL)

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, EEP Research

**Fig 4: Trend of Rupee vis-a-vis US dollar from April 2020**  
(Monthly Average Rate of FBIL has been considered)

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



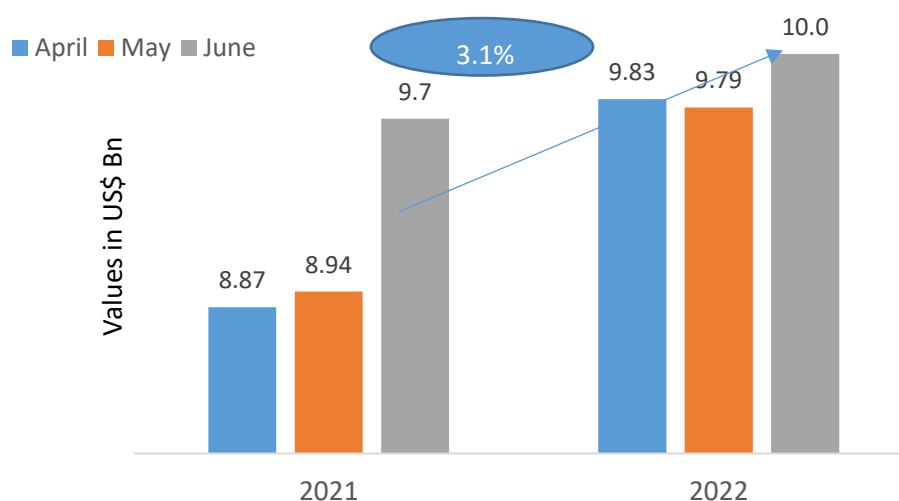
Source: FBIL

## ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during June 2022 were valued at US\$ 10039.4 million compared to US\$ 9740.6 million in June 2021 registering a positive growth of 3.1 percent in dollar terms. Engineering panels like iron & steel, non-ferrous metals, machinery, electrical & non-electrical, witnessed an increase in import during June 2022 compared to June 2021. Other panels like machine tools, transport equipment, professional instrument and medicinal & pharmaceutical products registered negative growth during June 2022 compared to June 2021.

The share of engineering imports in India's total merchandise imports has dropped further during June 2022 in comparison to June 2021 which has been estimated at 15.9%. The figure below depicts engineering imports for June 2022 compared to June 2021

**Fig 5: Monthly Engineering Imports for June 2022 vis-a-vis June 2021**



Source: EEPC India analysis

## TREND IN ENGINEERING TRADE BALANCE

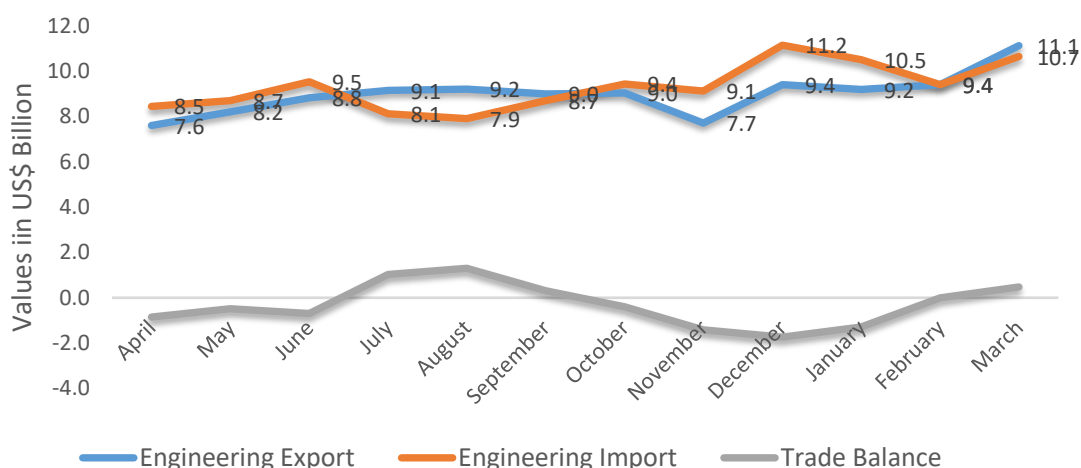
We now present the trend in two way yearly trade for the engineering sector for the first two months of fiscal 2022-23 depicted in the table below:

**Table 11: Monthly Trend in Engineering Trade Balance for the current FY**  
(US\$ Billions)

Trade Flow	Apr	May	June
Engineering Export	9.6	9.8	9.7
Engineering Import	9.8	9.8	10.7
Trade Balance	-0.2	0.0	-1.0

Source: DGCI&S, EEPC India Analysis

**Fig 6: Trend in Yearly Engineering Trade during 2021-22**



## CONCLUSION

In the first quarter of the current fiscal (FY 2022-23), India’s engineering exports conceded a y-o-y growth of 23.52 percent and was able to achieve 23 percent of the export target of USD 127 billion, as set by the Government of India. Thus Indian engineering exports continued the growth streak from the last fiscal in the first quarter of the current fiscal. While this is a positive news for the industry it should be taken with a pinch of salt. Y-o-Y growth in June 2022 (4.2 percent) came down significantly compared to that of May 2022 (12.8 percent) and April 2022 (19.8 percent). Our analysis indicates that fall in demand in China amidst recurring COVID scare and complete shutdowns in key cities have been a cause of slowing exports from India. China is a major export destination for Indian engineering sector. During June 2022, China’s engineering imports from India declined by 55 percent compared to last year and the decline was higher than May 2022 (-52.2 percent) and April 2022 (-48.2 percent). Overall in the first quarter of this fiscal, India’s engineering exports to China remained much subdued. This situation was further exacerbated by the imposition of export duty on certain steel products including stainless steel products. As per the industry this step has particularly hurt them at a time when there are ample opportunities for Indian exporters as global supply is affected by the growing Ukraine-Russia conflict and complete shutdown in certain Chinese cities. Despite a 23.4 percent and 7.1 percent rise in iron and steel exports in April 2022 and May 2022 respectively, in June 2022 exports fell down by 33.3 percent. The extent of fall also impacted the overall quarterly growth of India’s iron and steel exports at -5.08 percent. This has particularly affected the MSMEs especially at a time when global economic situation remains delicate. The on-going Ukraine Russia crisis is already stressing global oil and gas supply. Inflationary pressure is evident in many major economies including India. Furthermore, while the steep depreciation in Indian Rupees is resulting in growing exports it is also putting a financial burden on imports and contributing to growing trade deficit and domestic inflation. Overall the global economic situation is still not stable and while newer opportunities are emerging amidst the crisis the industry needs to be prepared in all aspects including pricing, quality and exportability of its production to grab those opportunities.

