

India managed to become net exporter of power generating machineries

India is a developing country, which depends on imports to meet demand for heavy and light industrial machineries used in the manufacturing process. Demand for these machineries varies year after year depending on the economic condition and investment cycle in the economy. There are four major categories of industrial machineries imported by India and these are: 1) power generating machineries, 2) specialized machineries used in agriculture, civil engineering, textile, paper mill, food processing and other factory units, 3) metal working machineries and 4) other industrial machineries. In the last five years (2016-2021), India's annual net import of industrial machineries in these categories stood anywhere between USD 9 billion and USD 14 billion. During the pandemic year of 2020, our import of these four categories of machineries stood at USD 7 billion.

Contribution to Trade Deficit

In the year 2016, these four segments of machineries contributed 14% to our overall merchandise trade deficit, while the corresponding figure declined to 8% in 2018, rose marginally to 9% in 2020 and fell sharply to 5% by 2021. Considering that a large part of our trade deficit is influenced by global crude oil prices, the share of industrial machinery trade deficit in the overall trade deficit also swings considerably due to fluctuation in crude oil prices.

Export and Import Performance

Almost all these four categories showed positive growth in exports since 2016. However, it is noteworthy that India managed to turn trade deficit to trade surplus only in the power generating machinery between 2016 and 2021. From a net import of USD 1.4 billion, India managed to have net export of USD 2.1 billion in this segment between 2016 and 2021. Export of power generating machinery grew 116% between 2016 and 2021. Even specialized machineries and other industrial machineries managed to post 79% and 64% growth respectively in exports during this period. It is only the sub-segment, machine tools for working metals, under the metal working machinery that posted negative export growth during this period. Even in the import side, there was double digit growth across all segments, except in the sub-segment of parts & accessories for machine tools. The growth in import and export may be attributed to both volume growth as well as rise in value of these machineries, although their exact contribution to the growth cannot be estimated. In the overall merchandise import of the country, these four types of machineries contribute 6%-8%, while in the overall merchandise exports, their share is broadly similar around 6%-7%.

Data for this analysis is sourced from the calendar year wise EXIM data available in UNCTAD Stats.

PIB

India's premier show on Technical Textiles - 'Technotex 2023' will be held in Mumbai from 22nd to 24th February 2023

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1880965>

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<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1881602>

NSIC signs MoU with Walmart

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CBIC

Tariff Notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt104-2022.pdf>

DGFT

Revision/updation of State Trading Enterprise (STE)

<https://content.dgft.gov.in/Website/dgftprod/dfa2b6d9-ffe0-4205-b857-320d8b1885a0/PN%20-%2040%20-E.pdf>

DGFT notifies annual export quota for red sanders for Andhra Pradesh

<https://content.dgft.gov.in/Website/dgftprod/69f982fb-ce26-4f5f-8d17-c5e6f041f4b5/Noti49%20Eng.pdf>

RBI

RBI revised policy rate upward by 35 bps

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12420&Mode=0>