

## Exports of heavy machineries grow sharply; still there is untapped export potential

This article analyses key trends India's exports and imports of heavy machineries used for manufacturing papers, textiles, chemical and cement. India's exports of all types of industrial machineries doubled from USD 10 billion in 2011-12 to USD 20 billion by 2019-20. India exports turbojets, turbo propellers, gas turbines (electrical machinery), industrial valves, gears, automobile engines etc. However, India continues to have trade deficit in this segment with annual imports at USD 43.36 billion compared to USD 20 billion exports. India largely imports turbojets, personal computers, laptops, desktops, microprocessors, food processing machineries and other industrial machineries.

### Heavy industrial machineries

India's export of heavy industrial machineries used in textile, paper, chemicals and cement manufacturing grew a whopping 82% since 2011-12. Export of these machineries grew from USD 447 million in 2011-12 to USD 816 million in 2019-20. However, there is still untapped export potential as India's share in world exports is miniscule in these product categories.

Major machineries exported in this category are water tube boilers, machineries for filling and labeling containers, injection moulding and other moulding machines, cotton processing machines etc. The following table provides the list of five machineries that witnessed sharp growth in exports since 2011-12. India's exports of these five categories of machineries grew from USD 191 million in 2011-12 to USD 512 million in 2019-20, while our imports grew at a lower pace from USD 539 million to USD 668 million during this period.

Machinery items that witnessed sharp growth in exports (fig in USD million)								
HS Code	Product Description	2011-12			2019-20			World exports in 2019
		Export	Import	Trade Balance	Export	Import	Trade Balance	
84021100	WATER TUBE BOILERS WITH STEAM PRODUCTION >45T/HR	45.99	35.24	10.75	247.25	3.35	243.9	555.5
84223000	MACHINERY FOR SEALING BOTTLES AND OTHER CONTAINERS	79.45	163.12	-83.67	112.28	228.31	-116.03	9199
84198990	OTHER MACHINERY FOR HEATING, COOLING, STERILIZING ETC	28.07	134.82	-106.75	62.88	238.88	-176	8375
84771000	INJECTION-MOULDING MACHINES	31.84	187.56	-155.72	48.08	178.18	-130.1	5189
84519000	PARTS OF THE MACHINES USED IN TEXTILE PROCESSING	5.81	18.33	-12.52	42.23	20.01	22.22	924
	<b>TOTAL OF THE ABOVE</b>	<b>191.16</b>	<b>539.07</b>	<b>-347.91</b>	<b>512.72</b>	<b>668.73</b>	<b>-156.01</b>	<b>24242.5</b>

Source: Ministry of Commerce & Industry, Compiled by MVRDC

Among these machineries, India is the leading exporter of large sized water tube boilers as it surpassed Chinese exports in 2017. India's export of large sized water tube boilers stood at around USD 250 million

in 2019 compared to China's exports of USD 68 million. Other major exporters of this product are Spain, Italy and South Korea. India exports USD 247 million of this machinery and it is 45% of the world exports.

In case of machinery for sealing bottles and containers, India ranks 16<sup>th</sup> in world export and it hardly contributes 1% to the world exports. The leading exporters of this machinery are: Germany, Italy, China, USA, Netherlands, Japan and France. Similarly, India's share in world exports is as low as 1% in case of the other two machinery categories listed in the above table. These are machineries used for heating, cooling, sterilizing and other industrial purposes. They also include injection moulding machines and parts of the machines used in textile processing. Considering that India has witnessed strong growth in exports of these machines in recent years, we have a chance to cater to the global demand for these machineries. As the above table shows, the world exports of these five categories of machinery stood at USD 24 billion, of which India's exports was hardly 512 million.

Government of India can provide production linked incentives to manufacturers of these machineries so that they can increase the scale of their operations.

### Decline in Imports

There are certain types of textile machineries whose imports have declined sharply since 2011-12. These are: machines for embroidery, fibre winding or reeling machines, certain types of spinning and weaving machines. Import of these items declined from USD 713 million to USD 301 million from 2011-12 to 2019-20, as the following table shows. Declining imports of these machineries indicates lower demand for these machines by domestic textile manufacturers. The fall in import of these machineries may be the result of slowdown in the textile manufacturing or it may be led by substitution of imported machineries with domestically produced machines.

Machinery items that witnessed sharp decline in imports (fig in USD million)							
HS Code	Product Description	2011-12			2019-20		
		Export	Import	Trade Balance	Export	Import	Trade Balance
84479020	MACHINES FOR MAKING EMBROIDERY	0.62	225.88	-225.26	0.49	129.72	-129.23
84454010	COTTON YARN WNDNG(INCL WEFT-WNDNG) OR REELING M	0.45	141.96	-141.51	0.29	53.36	-53.07
84454090	OTHR TEXTILE FIBRE WINDING AND REELING MACHINES	5.43	82.97	-77.54	6.77	37.41	-30.64
84452019	COTTON SPINNING MACHINES,N.E.S.	1.1	107.92	-106.82	2.16	33.33	-31.17
84452090	OTHER TEXTILE FIBRES SPINNING MACHINES	1.62	82.9	-81.28	0.65	26.83	-26.18
84463011	COTTON WEAVING MACHINES AUTOMATIC,POWERLOOM	0	71.42	-71.42	0.4	20.48	-20.08
	<b>TOTAL OF THE ABOVE</b>	<b>9.22</b>	<b>713.05</b>	<b>-703.83</b>	<b>10.76</b>	<b>301.13</b>	<b>-290.37</b>

Source: Ministry of Commerce & Industry, Compiled by MVIRDC

### Growth in Imports

On the other hand, imports of certain kinds of industrial machineries grew sharply since 2011-12. These categories include: machineries for making rubber products, certain machineries used in weaving, machinery for filling, closing or sealing bottles and containers, machineries for moulding etc. the following table lists eight categories of industrial machineries whose cumulative imports doubled since 2011-12 from USD 702 million to USD 1404 million in 2019-20.

Machinery items that witnessed sharp growth in imports (fig in USD million)							
HS Code	Product Description	2011-12			2019-20		
		Export	Import	Trade Balance	Export	Import	Trade Balance
84463090	OTHER WEAVING MACHINES	1.48	192.72	-191.24	1.55	313.76	-312.21
84778010	MACHINERY FOR MAKING RUBBER GOODS	2.37	46.61	-44.24	5.72	307.11	-301.39
84198990	MACHINERY, PLANT AND LAB EQUIPMENTS	28.07	134.82	-106.75	62.88	238.88	-176
84223000	MCHNRY FR FILLNG,CLOSNG,SEALNG,CAPSULNG OR LABELLING BOTTLES,CANS,BOXES,BAGS/OTHR CONTAINERS;MCHNRY FOR AERATING BEVER	79.45	163.12	-83.67	112.28	228.31	-116.03
84775100	MCHNRY FR MOULDNG/RETREADNG PNEUMTC TYPES OR FR MOULDNG/OTHERWISE FORMNG INN R TUBES	21.93	42.53	-20.6	18.72	99.03	-80.31
84775900	OTHER MACHINERY FR MOULDNG/OTHRWSE FORMNG	10.02	66.01	-55.99	5.34	96.1	-90.76
85158090	ELECTRIC MACHINES AND APPARATUS	4.53	48.76	-44.23	7.73	95.6	-87.87
84515000	MACHINES FOR REELING,UNREELING,FOLDING CUTTING OR PINKING TEXTILE FABRICS	0.46	8.11	-7.65	1.85	26.01	-24.16
	<b>TOTAL OF THE ABOVE</b>	<b>148.31</b>	<b>702.68</b>	<b>-554.37</b>	<b>216.07</b>	<b>1404.8</b>	<b>-1188.73</b>

Source: Ministry of Commerce & Industry, Compiled by MVIRDC

## Notifications

### PIB

KVIC revives 1000-year old Handmade Paper art of Arunachal Pradesh

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1683797>

Ministry launches skilling course on factory automation and digital manufacturing

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1683662>

### DGFT

Provisions for modifying PAN based Import Export Code introduced in Handbook of Procedures

<https://content.dgft.gov.in/Website/dgftprod/a50f1e39-e373-40e8-8a27-5bb40a9b1d68/PN%20English.pdf>

### CBIC

Appointment of Common Adjudicating Authority

[https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt\\_caa\\_dri\\_68.pdf](https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt_caa_dri_68.pdf)