

India needs to enhance its global export share in hand tool sector

Hand tool manufacturing is a critical sector as it supplies tools such as wrenches, pliers, screw drivers, hammers, cable cutters, that have wide application in construction, automotive, electronics, shipbuilding, aerospace and other industries. Hand tools are also used in labour intensive manufacturing units such as watch making, gems and jewellery, wooden furniture, metal fabrication, to name a few.

As India enhances its manufacturing capability under the Aatma Nirbhar program, demand for mechanical hand tools is expected to grow. There are many small and medium enterprises manufacturing a wide variety of products such as spanners, hammers, plumbing tools, wrenches, measuring tools, masonry and carpentry tools, tools for gardening, pliers etc. MAGADH Hand Tools, Sterling Manufacturing, Deeps Tools, Alok Tools, Eastman Cast and Forge Ltd. are some of the prominent manufacturers and exporters of these tools in India.

Jalandhar and Ludhiana in Punjab and Nagaur in Rajasthan host prominent hand tool clusters in India. The Central Institute of Hand Tools (CIHT) in Jalandhar is the leading organization that supports the development of hand tool industry in the country. The institute supports small and medium enterprises in design of tools and also provides common facilities for forging, dies, tools, jigs and fixtures.

India Net Exporter

India not only caters to the domestic demand for hand tools, but it is also an exporter of some of these products. India exports hand operated spanners, glaziers (used in diamond processing industry), vices, clamps, pliers, sledge hammers, grease guns etc.

India is a net exporter of hand tools as it exports USD 270 million worth of these products, while importing USD 82 million, thus having a trade surplus of USD 188 million. However, exports have declined sharply from USD 336 million in 2011-12 to USD 270 million in 2019-20. The following table shows India's export, import and trade balance in various hand tools during 2011-12 and 2019-20.

Imports of hand tool has grown from USD 72 million to USD 80 million since 2011-12 as many local user industries started importing cutting edge tools from China, Taiwan, France, Germany, Japan and other global suppliers.

Export and import of hand tools by India (figures in USD million)

HS Code	Product Description	2011-12			2019-20		
		Exports	Imports	Trade balance	Exports	Imports	Trade balance
82041110	HND-OPRTED SPANERS NON ADJUSTABLE	147.28	2.37	144.91	122.01	3.09	118.92
82055990	OTHR HND TOOL INCL GLAZIERS DIAMONDS NES	11.88	16.89	-5.01	26.33	20.16	6.17
82057000	VICES,CLAMPS & THE LIKE	51.55	9.7	41.85	25.3	5.97	19.33
82032000	PLIERS,PINCERS,TWEEZERS & SMRL TOOLS	23.3	5.98	17.32	21.75	9.72	12.03
82052000	HAMMERS & SLEDGE HAMMERS	8.59	1.28	7.31	14.9	0.98	13.92
82055910	GREASE GUNS(EXCLD COMPRSD AIR TYPE)	17.78	0.99	16.79	13.89	0.76	13.13
82055920	METAL WORKING HND TOOLS	5.53	0.45	5.08	7.5	0.9	6.6
82053000	PLANES,CHISELS,GAUGES & SMLR CUTTING TOOLSFOR WORKING WOOD	8.55	1.05	7.5	7.28	0.93	6.35
82041120	HND-OPRTED WRENCHS(EXCLD TAP WRENCHS) NON-ADJUSTABLE	11.18	6.47	4.71	6.68	9.43	-2.75
82055930	HAND TOOLS FOR SPECIFIED USES, SUCH AS,WATCH MAKNG TOOLS,GOLDSMITH TOOLS	15.99	1.28	14.71	6.53	0.69	5.84
82041220	HND-OPRTED WRENCHS(EX TAPE WRENCHS)ADJSTBL	2.84	6.11	-3.27	5.81	6.7	-0.89
82055190	OTHER HOUSEHOLD HAND TOOLS	22.54	3.18	19.36	4.97	2.22	2.75
82060010	GARAGE TOOLS IN SETS	0.21	0.52	-0.31	1.58	0.33	1.25
82041210	HND-OPRTED SPANERS-ADJUSTABLE	2.56	0.25	2.31	1.57	0.33	1.24
82042000	INTRCHANGBLE SPANER SOKETS,WTH HANDL OR NT	1.51	3.74	-2.23	1.54	10.21	-8.67
82060090	OTHER TOOLS OF TWO OR MORE OF HDN NO. 8202TO 8205 PUT UP IN SETS FOR RETAIL	2.76	4.77	-2.01	1.38	5.47	-4.09
82054000	SCREWDRIVERS	0.79	3.19	-2.4	1.05	4.02	-2.97
82055110	CAN OR CORK OPENERS	0.48	0.09	0.39	0.08	0.11	-0.03
82056000	BLOW LAMPS	0.04	0.04	0	0.01	0.05	-0.04
82059000	SETS OF TWO OR MORE SUBHDNGS OF 8205	1.59	2.49	-0.9	0	0	0
	Total	336.95	70.84	266.11	270.16	82.07	188.09

Source: Ministry of Commerce and Industry, Government of India

Major reasons for decline in exports are poor demand in European countries, which are the major markets for Indian hand tools, competition from Chinese exporters, lack of technology upgradation by domestic manufacturers etc. Rising demand for power tools has also reduced demand for hand operated tools. User industries are opting for battery-charged automated tools instead of using brick and mortar hand tools.

As the following table shows, world exports of hand tool stands at USD 13.3 billion, of which India's share is 1.5%-4.6%, depending on the type of tools. India has a share of 4.6% in world export of hand operated spanners & wrenches; on the other hand, it s share is 1.5% in export of glaziers' diamond, blow lamps, vices etc. Major exporters of hand tools are China, Taiwan, Germany, USA, France and UK. India is the fifth largest exporter of hand operated spanners & wrenches. India does not figure in the top five exporters list in other segments of hand tools. Major importers of hand tools are USA, Germany, Canada, France, UK and Netherlands.

World trade profile in hand tools					
HS Code	Product Description	World exports (USD billion)	India's share in world exports	Major exporters	Major importers
8205	Hand tools, incl. glaziers' diamonds, of base metal, n.e.s.; blowlamps and the like; vices	8.04	1.50%	China, Taiwan, Germany, USA, France, UK, Netherlands	USA, Germany, Canada, France, UK, Netherlands
8204	Hand-operated spanners and wrenches, incl. torque meter wrenches	3.03	4.60%	China, Taiwan, Germany, USA, India	USA, Germany, Canada, France, UK, Netherlands
8203	Files, rasps, pliers, incl. cutting pliers, pincers and tweezers for non-medical use	2.25	2.60%	China, Germany, USA, Taiwan, Netherland, Switzerland, Belgium, India	USA, Germany, Singapore, France, Netherlands, UK, Canada
Total		13.32			

Source: ITC, Geneva

Opportunities and challenges

India's export of hand tools is less than USD 300 million, while the global export is USD 13.32 billion, which signifies huge untapped export potential for India. Currently, USA, UK, Germany, Brazil, UAE and Nigeria are major export destinations of hand tools. India should diversify its export market to Asia, Africa and Latin America.

Also, government and industry association should work together for technology upgradation and modernization of manufacturing units of small and medium enterprises. The local hand tool manufacturers have sought government assistance in terms of waiver of duty for import of machineries to modernize plants, access to capital at reasonable interest cost and financial support for purchase of land and cutting edge technologies. A coordinated action between industry associations and government will not only promote exports of hand tool, but also help control the growing imports.

Notifications

PIB

Aatmanirbhar Bharat is about opening doors wider

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1676792>

India receives USD 28 billion FDI in September quarter

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1676762>

GITA fosters bilateral ties in innovation and industrial R&D

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1676706>

Revision in BIS standards for helmets

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1676466>

CBIC

Tariff Notification for crude palm oil

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt109-2020.pdf>

Extension of Anti-dumping duty on imports of “Front Axle Beam and Steering Knuckles”

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd41-2020.pdf>

Anti-Dumping duty on Fluoroelastomers (FKM) imported from China

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd40-2020.pdf>