

# Engineering Export-Import Monitor

AUGUST 2023



*Engineering The Future*

**EEPCINDIA**  
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## ENGINEERING TRADE ANALYSIS - AUGUST 2023

### Engineering exports bounced back to growth after eight months

After eight straight months of year-on-year decline from December 2022 to July 2023, India's engineering exports was back to growth in August 2023 registering a decent 7.73 percent growth over August 2022 owing mainly to a lower statistical base. Engineering exports in August 2023 was recorded at USD 9,054.41 million as against USD 8,405.08 million in August 2022. 'Electric machinery', and 'Copper and copper products' managed good export growth in August 2023 while Exports of 'Aluminium and aluminium products' declined noticeably. Region-wise, EU, WANA, Sub-Saharan Africa and North-East Asia registered growth in exports over August 2022 among major destinations while shipments to North America, ASEAN, South Asia and Latin America declined year-on-year in August 2023. According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports was 26.26 percent in August 2023.

Trade Flow	Export figures (in US\$ billion)				Growth	
	Aug-2022	Aug-2023	Apr- Aug 2022-23	Apr- Aug 2023-24	Aug-2023 over Aug-2022	Apr-Aug 2023-24 over Apr-Aug 2022-23
Engineering exports	8.41	9.05	46.74	44.62	7.73%	-4.55%
Overall exports	37.02	34.48	196.33	172.95	-6.84%	-11.91%
Share of engineering	22.71%	26.26%	23.81%	25.80%	---	---
Service exports	26.50	26.39	126.85	133.38	-0.42%	5.15%

*Source: Compiled from data by DGCI&S and Quick Estimates published by the Government of India*

### HIGHLIGHTS

- The month of August 2023 saw year-on-year growth of Indian engineering exports after eight months of continuous decline from December 2022. Engineering exports in August

2023 surged to USD 9,054.41 million from USD 8,405.08 million in August 2022, registering 7.73 percent growth. The growth was mainly attributed to a favourable base effect as exports in August 2022 conceded a sudden drop in comparison to previous months in fiscal 2022-23.

- ✚ Cumulative engineering exports in 2023-24 however was down by 4.55% with USD 44,616.85 million of shipment during April-August 2023-24 as against USD 46,743.95 million during the same period last fiscal.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports increased to 26.26 percent in August 2023 from 24.26 percent in July 2023. On a cumulative basis, the share was 25.80 percent during April-August 2023-24.
- ✚ 7 out of 34 engineering panels witnessed negative year-on-year growth in August 2023, while remaining 27 panels witnessed positive growth in exports. Decline was mainly noticed in aluminium and its products, zinc and its products, industrial machinery, two and three wheelers, auto tyres and tubes, ships, boats and floating structures, railway transport, bicycle and its parts.
- ✚ On cumulative terms, 19 out of 34 engineering panels recorded positive growth during Apr-August 2023-24 over the same period last fiscal. Engineering panels that witnessed growth in exports include Copper and products, lead and tin, industrial machinery, Pumps, Machine Tools, Aircraft & spacecraft, Electrical machinery and Equipment, Auto components/Parts, medical Device and Instruments, Other construction machinery, etc. Major decline was witnessed in the rest of the 15 engineering panels.
- ✚ Region-wise, positive year-on-year growth in August 2023 was noted in CIS, Other European countries, WANA, NE Asia, EU, SSA (Sub Saharan Africa) and Oceania. Regions witnessing drop in exports during August 2023 include North America, ASEAN countries, South Asia and Latin America.
- ✚ Country-wise, a few top exporting destinations that witnessed positive growth during August 2023 were UAE (7.0%), Germany (21.0%), Saudi Arabia (67.0%), Italy (29.0%), UK (58.0%), Singapore (31.0%), Korea Rep (38.0%), Turkey (29.0% growth) and China (23.0%) whereas top destinations with negative export growth during the same period include USA (-1.0%), Mexico (-35.0%), Indonesia (-15.0%), Nepal (-14.0%) and Bangladesh (-5.0%) among others.

## Overall Engineering Exports vs Engineering Exports Excluding Steel Segment

(Values in USD Million)

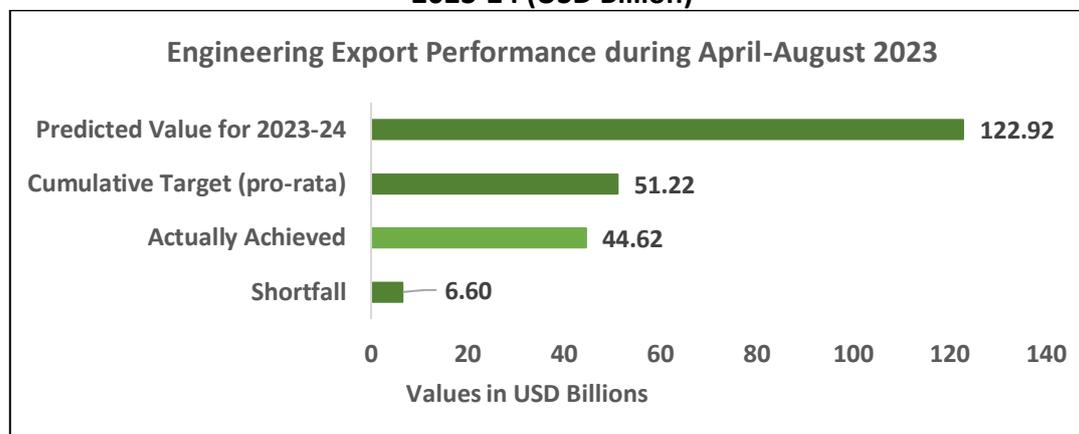
Trade Flow	Exports in Aug 2022	Exports in Aug 2023	Growth (%)	Exports in Apr- Aug 2022-23	Exports in Apr- Aug 2023-24	Growth (%)
Overall engineering exports	8405.08	9054.41	7.73	46743.95	44616.85	-4.55
Engineering exports excluding Iron and Steel	7486.83	8085.52	8.00	39745.19	39149.92	-1.50

Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded 8 percent year-on-year growth in August 2023. On a cumulative basis however, engineering exports excluding Iron and Steel was down by a much lower 1.50 percent against 4.55 percent overall. This shows that Iron and Steel still plays a spoilsport in the downfall of engineering exports on a cumulative basis.

### EXPORT TARGET

Fig1: Predicted Value of Engineering Export V/S Actually Achieved during April-August 2023-24 (USD Billion)



### ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2023-24 vis-à-vis 2022-23 are shown below as per the latest DGCI&S estimates:

Table 1: Engineering Exports: Monthly Trend in 2023-24

US\$ million

Month	2022-23	2023-24	Growth (%)
April	9676.81	8973.28	-7.27

Month	2022-23	2023-24	Growth (%)
May	9713.43	9312.03	-4.13
June	9580.73	8532.22	-10.94
April-June	<b>28970.97</b>	<b>26817.53</b>	<b>-7.43</b>
July	9367.90	8744.90	-6.65
August	8405.08	9054.41	7.73
April-August	<b>46743.95</b>	<b>44616.85</b>	<b>-4.55</b>

Source: DGCIS, Govt. of India

### TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-AUGUST 2023-24

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during August 2023 over August 2022 as well as in cumulative terms during April-August 2023-24 vis-à-vis April-August 2022-23. The data clearly shows that top 25 countries contribute more than 76% of total engineering exports.

**Table2: Engineering exports country wise**

US\$ million

Countries	August 2022	August 2023	Growth (%)	April-August 2022-23	April-August 2023-24	Growth (%)
U S A	1558.41	1549.66	-1%	8496.86	7302.74	-14%
UAE	398.58	425.32	7%	2058.42	2244.33	9%
GERMANY	305.96	371.27	21%	1626.94	1755.78	8%
SAUDI ARABIA	232.14	386.65	67%	1109.82	1752.22	58%
ITALY	224.00	289.58	29%	1846.37	1749.20	-5%
U K	212.67	335.76	58%	1450.90	1559.53	7%
MEXICO	413.01	267.60	-35%	1671.34	1368.66	-18%
SINGAPORE	169.63	221.79	31%	1543.53	1357.88	-12%
INDONESIA	208.66	177.93	-15%	1158.62	1291.91	12%
KOREA RP	151.06	209.14	38%	1029.31	1226.20	19%
TURKEY	198.13	255.78	29%	1148.14	1180.73	3%
NEPAL	217.23	185.94	-14%	1085.09	999.94	-8%
CHINA	170.64	209.80	23%	1053.90	968.55	-8%
BANGLADESH	211.38	201.66	-5%	1275.49	966.46	-24%
SOUTH AFRICA	197.35	195.55	-1%	1001.13	949.88	-5%

Countries	August 2022	August 2023	Growth (%)	April-August 2022-23	April-August 2023-24	Growth (%)
FRANCE	127.75	208.94	64%	838.56	901.29	7%
NETHERLAND	277.43	161.49	-42%	1213.19	874.33	-28%
BRAZIL	162.80	185.01	14%	784.52	855.28	9%
THAILAND	179.04	160.84	-10%	980.39	751.55	-23%
MALAYSIA	88.64	195.94	121%	642.40	733.67	14%
JAPAN	130.80	128.78	-2%	694.89	718.19	3%
BELGIUM	95.52	139.89	46%	939.11	699.38	-26%
SPAIN	83.38	125.57	51%	633.62	693.66	9%
AUSTRALIA	120.30	142.12	18%	548.62	596.14	9%
RUSSIA	58.84	106.92	82%	204.17	568.41	178%
Total engineering exports to top 25 countries	6193.36	6838.90	10%	35035.34	34065.90	-3%
Total engineering exports	8405.08	9054.41	7.7%	46743.95	44616.85	-4.6%
Share % of Top 25 destinations	<b>73.7%</b>	<b>75.5%</b>		<b>75.0%</b>	<b>76.4%</b>	

Source: DGCI&S

### REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-August 2023-24 as opposed to April-August 2022-23

**Table 3: Region wise engineering exports in April-August 2023-24 vis-à-vis April-August 2022-23**

US\$ million

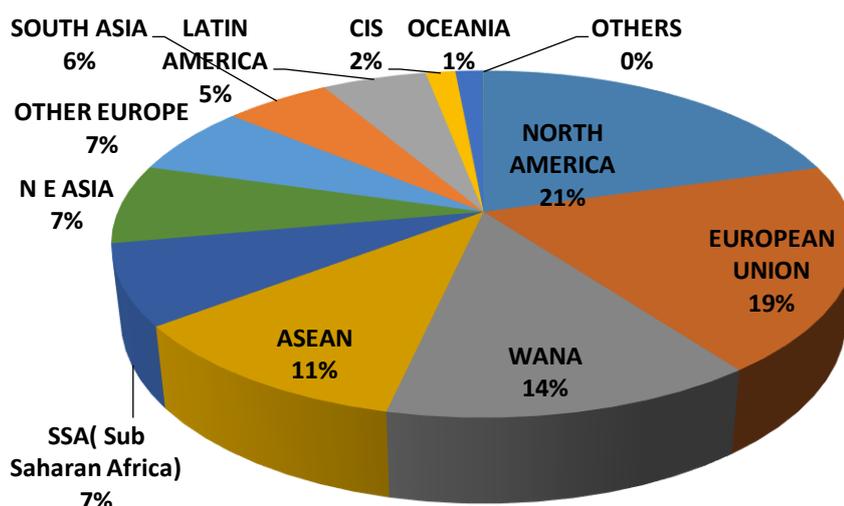
Regions	August 2022	August 2023	Growth (%)	April-August 2022-23	April-August 2023-24	Growth (%)
NORTH AMERICA	2087.0	1914.2	-8.3%	10866.3	9164.9	-15.7%
EUROPEAN UNION	1495.0	1675.9	12.1%	9071.6	8620.3	-5.0%
WANA	1021.2	1287.7	26.1%	5187.4	6079.6	17.2%
ASEAN	923.2	912.5	-1.2%	5503.2	4958.8	-9.9%
SSA( Sub Saharan Africa)	674.3	724.0	7.4%	3655.0	3342.3	-8.6%

Regions	August 2022	August 2023	Growth (%)	April-August 2022-23	April-August 2023-24	Growth (%)
N E ASIA	513.9	638.5	24.3%	3176.5	3305.2	4.1%
OTHER EUROPE	449.0	627.5	39.7%	2784.4	2920.7	4.9%
SOUTH ASIA	516.4	481.8	-6.7%	3064.2	2456.6	-19.8%
LATIN AMERICA	513.3	508.2	-1.0%	2538.6	2424.5	-4.5%
CIS	79.4	131.6	65.8%	277.5	693.5	150.0%
OCEANIA	130.4	150.6	15.5%	605.6	639.5	5.6%
OTHERS	2.1	1.9	-9.8%	13.7	10.8	-20.9%
Grand Total	<b>8405.1</b>	<b>9054.4</b>	<b>7.7%</b>	<b>46743.9</b>	<b>44616.8</b>	<b>-4.6%</b>

Source: DGCI&S

Note: 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-August 2023-24**



### PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of August 2023 vis-à-vis August 2022 as well as the cumulative exports for **April-August 2023-24 vis-à-vis April-August 2022-23**. These are indicated in the tables below.

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

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Iron and Steel	918.2	968.9	6%	6998.8	5466.9	-22%
Products of Iron and Steel	871.2	867.6	0%	4212.3	4036.5	-4%
<b>Sub Total</b>	<b>1789.4</b>	<b>1836.5</b>	<b>3%</b>	<b>11211.1</b>	<b>9503.4</b>	<b>-15%</b>

Source: DGCI&amp;S

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

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Copper and products	121.9	202.3	66%	678.2	916.0	35%
Aluminium and products	811.6	599.1	-26%	4106.2	3053.2	-26%
Zinc and products	70.5	55.2	-22%	622.0	348.7	-44%
Nickel and products	8.4	14.7	75%	103.4	74.2	-28%
Lead and products	23.4	60.9	161%	178.6	231.9	30%
Tin and products	0.6	2.5	306%	5.6	6.5	16%
Other Non-Ferrous Metals	61.9	66.3	7%	328.9	305.5	-7%
<b>Sub Total</b>	<b>1098.4</b>	<b>1001.1</b>	<b>-9%</b>	<b>6022.8</b>	<b>4936.1</b>	<b>-18%</b>

Source: DGCI&amp;S

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

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Industrial Machinery like Boilers, parts, etc.	47.6	55.4	16%	290.3	302.5	4%
IC Engines and Parts	302.0	343.7	14%	1538.5	1535.9	0%
Pumps of all types	112.5	114.9	2%	537.2	594.5	11%
Air condition and Refrigerators	139.1	145.6	5%	688.3	686.5	0%

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Industrial Machinery for dairy, food processing , textiles etc.	718.2	699.8	-3%	3670.3	3305.4	-10%
Machine Tools	58.9	64.9	10%	298.3	306.5	3%
Machinery for Injecting moulding, valves and ATMs	185.0	211.1	14%	912.9	1027.4	13%
<b>Sub Total</b>	<b>1563.3</b>	<b>1635.4</b>	<b>5%</b>	<b>7935.7</b>	<b>7758.8</b>	<b>-2%</b>

Source: DGCI&S

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

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Electrical Machinery	<b>803.8</b>	<b>1185.1</b>	47%	<b>4503.5</b>	<b>5163.2</b>	15%

Source: DGCI&S

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

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Motor Vehicle/cars	726.4	737.0	1%	3559.6	3508.6	-1%
Two and Three Wheelers	240.4	228.2	-5%	1303.0	1110.0	-15%
Auto Components/Part	619.6	663.2	7%	3029.8	3127.2	3%
Auto Tyres and Tubes	247.5	237.9	-4%	1354.8	1139.9	-16%
<b>Sub Total</b>	<b>1833.9</b>	<b>1866.3</b>	<b>2%</b>	<b>9247.2</b>	<b>8885.6</b>	<b>-4%</b>

Source: DGCI&S

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

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Aircrafts and Spacecraft parts and products	104.0	124.6	20%	554.9	628.2	13%
Ships Boats and Floating products and parts	119.6	93.9	-22%	1790.8	1698.7	-5%

Source: DGCI&S

**Table 4g. Trend in exports of other engineering products**

US\$ Million

Product panels	Aug 2022	Aug 2023	Growth	April- Aug 2022-23	April- Aug 2023-24	Growth
Medical and Scientific instruments	173.4	196.0	13%	868.5	1005.2	16%
Railway Transport	41.2	24.7	-40%	176.9	125.5	-29%
Hand Tools & Cutting Tools	79.0	80.4	2%	416.5	384.1	-8%
Bicycle & Parts	34.1	33.4	-2%	169.4	152.5	-10%
Cranes Lifts & Winches	63.8	96.7	52%	320.8	380.2	19%
Office Equipment	27.8	35.7	28%	111.1	146.5	32%
Other Construction Machinery	187.2	262.0	40%	947.3	1195.1	26%
Prime Mica & Mica Products	2.1	3.0	45%	12.9	16.0	25%
Project Goods	0.11	0.51	375%	0.82	1.75	113%
Other Rubber Product Except Footwear	140.2	144.5	3%	733.8	686.6	-6%
Other Misc. Items	343.6	434.7	27%	1720.0	1949.3	13%
<b>Total engineering exports</b>	<b>8405.1</b>	<b>9054.4</b>	<b>7.73%</b>	<b>46743.9</b>	<b>44616.8</b>	<b>-4.55%</b>

Source: DGCI&S

## ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-August 2023-24 vis-à-vis April-August 2022-23. 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- Aug 2022-23	April- Aug 2023-24	Growth
Iron and Steel	Italy	953.8	844.3	-11%
	Nepal	441.8	425.9	-4%
	UAE	552.9	300.4	-46%
	Belgium	441.0	287.3	-35%
	China	164.2	268.6	64%
Products of Iron and Steel	USA	1399.70	1161.89	-17%
	UAE	170.00	233.76	38%
	Germany	206.24	191.11	-7%
	Saudi Arabia	107.03	184.73	73%
	UK	146.83	142.87	-3%
Industrial Machinery	USA	1624.7	1536.6	-5%
	Germany	398.6	435.3	9%
	Thailand	469.2	330.0	-30%
	UAE	288.5	318.7	10%
	China	346.6	294.1	-15%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	Saudi Arabia	334.6	603.3	80%
	South Africa	608.9	544.3	-11%
	Mexico	497.1	502.3	1%
	Indonesia	165.6	221.6	34%
	UAE	199.3	203.4	2%
Non-Ferrous metals	USA	721.2	604.1	-16%
	Korea Rep	586.0	590.6	1%
	Saudi Arabia	123.5	441.7	258%
	Malaysia	285.1	416.1	46%
	Netherland	518.3	188.5	-64%
Electrical Machinery and Components	USA	1336.6	1020.4	-24%
	Singapore	164.0	445.4	172%
	UK	259.6	428.7	65%
	France	246.7	300.2	22%
	Germany	230.0	299.0	30%
Aircrafts and Space crafts	USA	187.06	196.10	5%

Product panels	Top 5 nations	April- Aug 2022-23	April- Aug 2023-24	Growth
	France	80.70	83.65	4%
	UK	42.80	50.78	19%
	Turkey	9.68	40.90	323%
	Singapore	67.03	39.25	-41%
Ships, Boats and Floating Structures and parts	UAE	184.8	452.0	145%
	Singapore	684.2	426.8	-38%
	Indonesia	335.7	418.3	25%
	Oman	0.0	163.8	
	Sri Lanka	238.8	67.7	-72%
Auto Components (including Auto Parts and Auto Tyre)	USA	1090.58	963.35	-12%
	Germany	215.48	229.63	7%
	Turkey	161.31	217.45	35%
	Brazil	240.71	210.90	-12%
	Mexico	168.74	191.81	14%

Source: DGCI&S

- ✚ Italy, Nepal and UAE were the top three importers of Indian Iron and Steel during April-August 2023-24 whereas USA, UAE and Germany were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April-August 2022-23.
- ✚ USA was the largest importer of Indian 'Industrial machinery' constituting 20% share in India's total global exports of industrial machinery during April-August 2022-23. Germany and Thailand were the two immediate followers of USA constituting 6% and 4% share respectively in terms of India's total global exports of industrial machinery.
- ✚ Saudi Arabia, South Africa and Mexico were top three importers of India's Automobiles during April-August 2022-23 in India's global exports respectively over the same period last fiscal.
- ✚ USA, South Korea and Saudi Arabia were the top three importers of India's Non-ferrous metals and products' during April-August 2023-24 whereas USA, Singapore and UK were the three top importers of Indian Electrical Machinery & Components during the same period.
- ✚ USA, France and UK were the top three importers of India's 'Aircrafts and Spacecrafts' during April-August 2023-24 in India's total global exports of the product followed by Turkey and Singapore.
- ✚ UAE, Singapore and Indonesia became the largest importer of ships, boats and floating structures followed by Oman and Sri Lanka. While for the auto components' product group, USA remained the top importer in April-August 2023-24 followed by Germany, Turkey and Brazil.

## 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 almost 90.8 % of India’s exports is contributed by the listed 12 states. Within this almost 50.1 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

**Table 6: Top state wise engineering export performance – April-Aug 2023-24**

US\$ Million

Top States	Apr'22 - Aug'22 (\$Mn)	Apr'23 - Aug'23 (\$Mn)	Growth%	%Share in India's Eng Export	Remark
Maharashtra	9381.7	9688.8	3%	21.7%	<b>90.8 % share covered by top 12 states</b>
Tamil Nadu	7262.3	6833.8	-6%	15.3%	
Gujarat	5727.8	5821.0	2%	13.0%	
Odisha	3893.9	2957.1	-24%	6.6%	
Haryana	2709.8	2834.1	5%	6.4%	
Karnataka	2540.7	2822.5	11%	6.3%	
Andhra Pradesh	2823.3	2138.4	-24%	4.8%	
Delhi	1262.7	1844.6	46%	4.1%	
Uttar Pradesh	2141.9	1773.7	-17%	4.0%	
West Bengal	1726.3	1391.1	-19%	3.1%	
Rajasthan	1504.4	1313.1	-13%	2.9%	
Punjab	1159.2	1114.1	-4%	2.5%	

Source: NIRYAT portal

- *Top 12 states constitute over 90.8% of India’s engineering Exports*
- *Major negative growth witnessed in states like Tamil Nadu, Odisha, Andhra Pradesh, Uttar Pradesh, West Bengal, Rajasthan, Punjab, Madhya Pradesh, etc during April-August 2023-24 compared to same period last fiscal.*
- *Maharashtra being the highest state in terms of Engineering Goods exports is leading by US\$ 488.36 million from Tamil Nadu (Second Highest State) for the period of Apr'23 – Aug'23.*

### India’s 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 34.8 percent share. Tamil Nadu from the Southern Region has improved its export performance and it ranked second after Maharashtra, while Gujarat and Odisha ranked third and fourth respectively.

**Table 7: Region wise exports from India**

Value in US\$ million

Region	Aug 2022 (\$Mn)	Aug 2023 (\$Mn)	Growth%	Total Exports April-Aug 2022-23 (\$Mn)	Total Exports April-Aug 2023-24 (\$Mn)	Growth%
EASTERN REGION	1060.6	997.9	-5.9%	6948.8	5224.3	-24.8%
NORTHERN REGION	1673.3	2004.4	19.8%	9174.7	9422.8	2.7%
SOUTHERN REGION	2434.4	2544.8	4.5%	13712.3	12961.8	-5.5%
WESTERN REGION	3146.6	3506.8	11.4%	16513.6	17006.8	3.0%
<b>Total</b>	<b>8314.9</b>	<b>9053.9</b>	<b>8.9%</b>	<b>46349.4</b>	<b>44615.6</b>	<b>-3.7%</b>

Source: NIRYAT portal

**Note: The total engineering exports given in the above table is taken from NIRYAT as per the latest available data of June 2023 and may not tally with the total engineering exports as given by DGCI&S**

### **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 export 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 while in fiscal 2022-23, as many as 10 out of 12 months saw engineering exports and manufacturing output moved in the same direction.**

The first four months of fiscal 2023-24 saw engineering exports growth and revised manufacturing output growth moved in the same direction. During April, May and June 2023, engineering exports witnessed slower decline and manufacturing output managed higher growth over the previous month while in June 2023, engineering exports conceded higher decline and manufacturing output growth slowed down.

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 2022**

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2022	21.37	5.6
May 2022	12.64	20.7
Jun 2022	3.09	12.9
July 2022	-1.85	3.1
August 2022	-13.00	-0.5
September 2022	-11.39	2.0
October 2022	-19.68	-5.8
November 2022	0.09	6.7
December 2022	-11.60	3.6
January 2023	-9.76	4.0
February 2023	-9.73	5.9
March 2023	-7.49	1.2
April 2023	-7.27	5.5
May 2023	-4.13	5.8
June 2023	-10.94	3.1
July 2023	-6.65	4.6
August 2023	7.73	N A

(Source: Department of Commerce and CSO)

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

How did the exchange rate fare during August 2023 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 August 2023, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2023-24 as well as 2022-23 as mere one-month figure does not reflect any trend. The following table clearly depicts the short-term trend:

**Table 9: USD-INR monthly average exchange rate in 2023-24 vis-à-vis 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	2022-23	2023-24				
April	76.17	82.02	7.68	Depreciation	-0.33	Appreciation
May	77.32	82.34	6.49	Depreciation	0.39	Depreciation

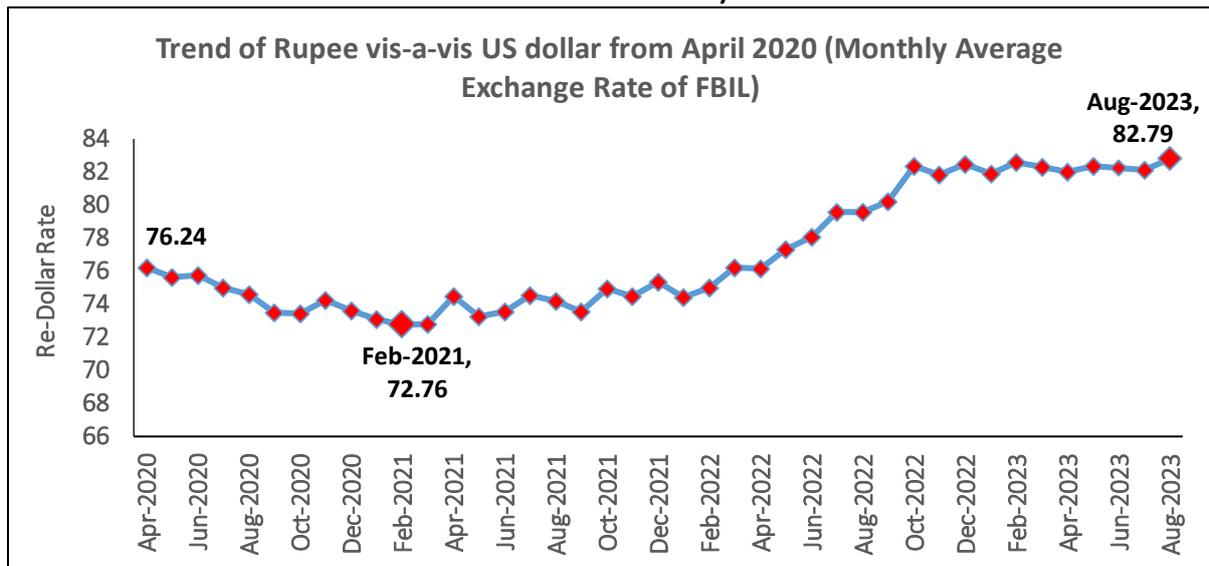
Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month- on-Month Change (%)	Direction
Month	2022-23	2023-24				
June	78.04	82.23	5.37	Depreciation	-0.13	Appreciation
July	79.60	82.15	3.20	Depreciation	-0.10	Appreciation
August	79.56	82.79	4.06	Depreciation	0.78	Depreciation

**Depreciation of Rupee vis-à-vis the US Dollar continued on a year-on-year basis during August 2023 while month-on-month depreciation was also seen in August 2023 after two months of appreciation.** According to market experts, despite a softness in US Dollar and lowering US Treasury yield, dollar demand from importers, hedging, speculative positioning by private banks and block-deal related equity outflows weighed on Rupee.

**Table 10: USD-INR monthly average exchange rate in 2022-23 vis-à-vis 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	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
June	73.56	78.07	6.14	Depreciation	0.98	Depreciation
July	74.53	79.60	6.80	Depreciation	1.95	Depreciation
August	74.18	79.56	7.25	Depreciation	-0.05	Appreciation
September	73.56	80.23	9.07	Depreciation	0.84	Depreciation
October	74.92	82.34	9.90	Depreciation	2.63	Depreciation
November	74.50	81.81	9.82	Depreciation	-0.64	Appreciation
December	75.37	82.46	9.41	Depreciation	0.79	Depreciation
January	74.44	81.90	10.02	Depreciation	-0.68	Appreciation
February	75.00	82.61	10.15	Depreciation	0.87	Depreciation
March	76.24	82.29	7.94	Depreciation	-0.39	Appreciation

**Fig 3: Trend of Rupee vis-a-vis US dollar from April 2020 (Monthly Average Rate of FBIL has been considered)**

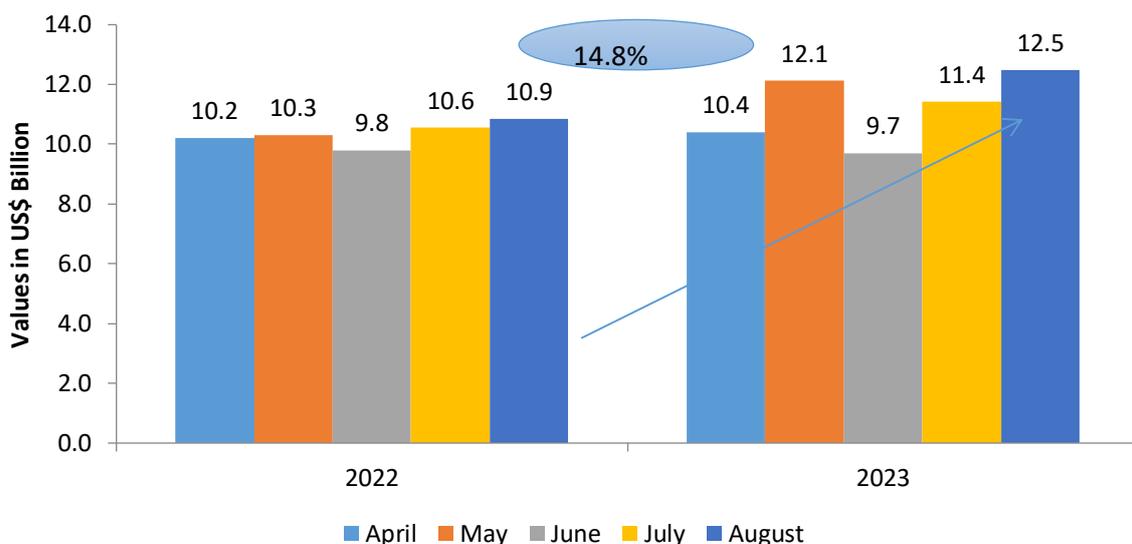


**ANALYSIS OF INDIA’S ENGINEERING IMPORTS**

India’s Engineering imports during August 2023 were valued at US\$ 12470.7 million compared to US\$ 10862.8 million in August 2022 recording a positive growth of 14.8 percent in dollar terms. All the engineering panels barring Transport equipment witnessed an increase in import during August 2023 compared to August 2022.

The share of engineering imports in India's total merchandise imports in August 2023 was estimated at 21.3 percent, higher than that of August 2022 which was estimated at 17.6%. The figure below depicts engineering imports **for August 2023 compared to August 2022**.

**Fig 4: Monthly Engineering Imports for August 2023 vis-a-vis August 2022**



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 2023-24 depicted in the table below:

**Table 11: Monthly Trend in Engineering Trade Balance for the current FY 2023-24**  
(US\$ Billions)

Trade Flow	Apr	May	June	July	Aug
Engineering Export	9.0	9.3	8.5	8.7	9.1
Engineering Import	10.4	12.1	9.7	11.4	12.5
Trade Balance	-1.4	-2.8	-1.2	-2.7	-3.4

Source: DGCI&S, EEPC India Analysis

### Conclusion

August has been a positive month for the Indian engineering exports as it recorded a y-o-y growth of 7.7%. This fiscal so far has been tough for the engineering exports as we witnessed a global slowdown affecting some of India's major partners including the USA and European countries. The Russia-Ukraine conflict has also been ongoing. Another of our major export destinations that is China also suffered from an economic crisis. All these factors have significantly affected our export demand. Given these odds, that the industry has been able to achieve this rise in exports is commendable. We would also like to express our gratitude to the government for signing FTAs with UAE and Australia. Both these FTAs have been beneficial as our exports to UAE between April-August 2023 increased by 9%. At the same time our exports to Australia during the same period rose by 9%. At this point we urge the government to think about more such FTAs not only with our traditional partners but also our non-traditional markets in Latin America and Africa.

Apart from new trade agreements the government and the industry should also be careful about the new sustainable and environmental production standards introduced by developed nations. A classic example is the latest CBAM regulations to be implemented by the EU. It is expected to affect a large number of steel and aluminium exports to the region. Many other countries will also subsequently think about such standards. Given the limitations of our MSMEs it may not be possible for them to fulfill the above requirements and they may become uncompetitive in the global market. Hence, we have requested the government to arrange something for helping the MSMEs to gradually adapt to these new standards and regulations. It would be crucial for the survival of our export sector.

