

# Engineering Export-Import Monitor

JANUARY 2024



*Engineering The Future*

**EEPCINDIA**  
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## Engineering Trade Analysis – January 2024

### **Engineering exports recorded year-on-year growth for the second straight month in January 2024 with 4.20% increase**

Engineering exports from India continued to grow year-on-year for the second straight month to January 2024 but the value of exports as well as rate of growth was much lower than that of December 2023. Growth in January 2024 was attributed to rise in shipment of Iron & Steel; Aircrafts, spacecraft and parts; Copper and copper products, and Electric machinery. Higher demand from South Asia, EU and North America also contributed to the growth. Cumulative decline narrowed down further to 0.19% year-on-year.

### **HIGHLIGHTS**

- ❖ India's engineering exports achieved year-on-year growth for the second straight month to January 2024 but both the value and rate of growth were much lower than those of December 2023. During January 2024, engineering exports was recorded at USD 8,766.37 million as against USD 8,413.00 million in January 2023, registering 4.2 percent growth. In December 2023, exports crossed USD 10 billion with 9.8 percent year-on-year growth.
- ❖ Decline in cumulative engineering exports narrowed down further to 0.19 percent year-on-year during April-January 2023-24 when it was recorded at USD 88.10 billion as against USD 88.27 billion during April-January 2022-23.
- ❖ The share of engineering exports in India's total merchandise exports dropped slightly to 23.75 percent in January 2024 from 23.93 percent in December 2023. On a cumulative basis, the share was 24.94 percent during April-January 2023-24.
- ❖ In January 2024, 22 out of 34 engineering panels witnessed positive year-on-year growth, while 12 remaining engineering panels experienced decline. Exports of Aluminium and products, Zinc and products, selected Industrial Machinery, Motor Vehicle/Cars, Bicycle and parts, Ship and Boats, Office Equipment dropped.
- ❖ On a cumulative basis, 15 out of 34 engineering panels recorded negative growth during April-January 2023-24
- ❖ Region-wise, positive year-on-year growth in January 2024 was observed in shipments to EU, North America, WANA, NE Asia, South Asia, Latin America, Other Europe and CIS, while exports to ASEAN, SSA and Oceania declined.
- ❖ Among top exporting destinations, exports to USA, Saudi Arabia, UAE, UK, Italy, Germany, Maldives, China, South Korea and Belgium experienced positive growth, while Mexico, Turkey & Singapore saw negative export growth.

| Trade Flow           | Export figures (in US\$ billion) |          |                  |                  | Growth                 |                                      |
|----------------------|----------------------------------|----------|------------------|------------------|------------------------|--------------------------------------|
|                      | Jan-2023                         | Jan-2024 | Apr- Jan 2022-23 | Apr- Jan 2023-24 | Jan 2024 over Jan 2023 | Apr-Jan (23-24) over Apr-Jan (22-23) |
| Engineering exports  | 8.41                             | 8.77     | 88.27            | 88.10            | 4.20%                  | -0.19%                               |
| Overall exports      | 35.80                            | 36.92    | 372.10           | 353.92           | 3.12%                  | -4.89%                               |
| Share of engineering | 23.50%                           | 23.75%   | 23.72%           | 24.94%           | ---                    | ---                                  |
| Service exports      | 28.00                            | 32.80    | 267.50           | 284.45           | 17.14%                 | 6.34%                                |

**Source:** Derived from DGCI&S and Government of India's Quick Estimates

## COMPARING ENGINEERING EXPORTS WITH EXPORTS EXCLUDING STEEL SEGMENT

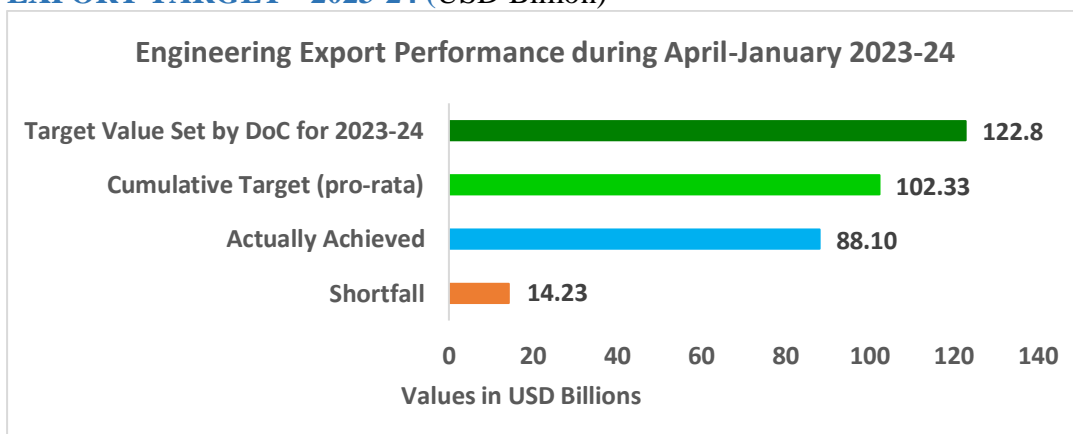
(Values in USD Million)

| Trade Flow                                   | Exports in Jan 2023 | Exports in Jan 2024 | Growth (%) | Exports in Apr- Jan 2022-23 | Exports in Apr- Jan 2023-24 | Growth (%) |
|--|---------------------|---------------------|------------|-----------------------------|-----------------------------|------------|
| Overall engineering exports                  | 8413.00             | 8766.37             | 4.20       | 88268.88                    | 88100.82                    | -0.19      |
| Engineering exports excluding Iron and Steel | 7469.31             | 7729.40             | 3.48       | 77240.70                    | 78552.86                    | 1.70       |

**Source:** DGCI&S, Govt. of India

Excluding Iron and Steel, engineering exports recorded a lower 3.48% y-o-y growth during January 2024 as exports of Iron and Steel grew year-on-year in that month. On a cumulative basis, engineering exports excluding iron and Steel recorded 1.70% year-on-year growth during April-January 2023-24 as cumulative exports of Iron and Steel is still conceding year-on-year decline.

## EXPORT TARGET - 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 DGCIS estimates:

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

US\$ million

| Month            | 2022-23         | 2023-24         | Growth (%)   |
|------------------|-----------------|-----------------|--------------|
| April            | 9676.81         | 8949.36         | -7.52        |
| May              | 9713.43         | 9300.75         | -4.25        |
| June             | 9580.73         | 8515.72         | -11.12       |
| April-June       | <b>28970.97</b> | <b>26765.84</b> | <b>-7.61</b> |
| July             | 9367.90         | 8720.36         | -6.91        |
| August           | 8405.08         | 9048.65         | 7.66         |
| September        | 8344.70         | 8886.72         | 6.50         |
| July-September   | <b>26117.68</b> | <b>26655.73</b> | <b>2.06</b>  |
| October          | 7550.69         | 8078.59         | 6.99         |
| November         | 8104.24         | 7822.94         | -3.47        |
| December         | 9112.29         | 10011.35        | 9.87         |
| October-December | <b>24767.22</b> | <b>25912.88</b> | <b>4.63</b>  |
| January          | 8413.00         | 8766.37         | 4.20         |
| April-January    | <b>88268.88</b> | <b>88100.82</b> | <b>-0.19</b> |

Source: DGCIS, Govt. of India

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

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during January 2024 over January 2023 as well as in cumulative terms during April-January 2023-24 vis-à-vis April-January 2022-23. The data clearly shows that top 25 countries contribute almost 76% of total engineering exports.

**Table 2: Engineering exports country wise**

US\$ million

| Countries  | January 2023 | January 2024 | Growth (%) | April-January 2022-23 | April-January 2023-24 | Growth (%) |
|------------|--------------|--------------|------------|-----------------------|-----------------------|------------|
| U S A      | 1297.69      | 1375.04      | 6.0%       | 15737.49              | 14382.93              | -8.6%      |
| UAE        | 376.37       | 390.80       | 3.8%       | 3985.19               | 4727.19               | 18.6%      |
| SAUDI ARAB | 271.69       | 456.09       | 67.9%      | 2373.89               | 4036.41               | 70.0%      |
| GERMANY    | 328.80       | 333.25       | 1.4%       | 3221.79               | 3373.00               | 4.7%       |

| Countries                                     | January 2023 | January 2024 | Growth (%) | April-January 2022-23 | April-January 2023-24 | Growth (%) |
|---|--------------|--------------|------------|-----------------------|-----------------------|------------|
| ITALY   | 331.85       | 357.48       | 7.7%       | 3177.81               | 3042.80               | -4.2%      |
| U K   | 263.50       | 371.97       | 41.2%      | 2617.03               | 3023.05               | 15.5%      |
| SINGAPORE                                     | 261.92       | 178.82       | -31.7%     | 2785.04               | 2644.36               | -5.1%      |
| MEXICO  | 231.46       | 226.03       | -2.3%      | 2859.99               | 2637.59               | -7.8%      |
| TURKEY  | 187.48       | 186.05       | -0.8%      | 2250.45               | 2274.47               | 1.1%       |
| KOREA RP                                      | 172.90       | 201.49       | 16.5%      | 1816.41               | 2205.27               | 21.4%      |
| CHINA   | 212.25       | 244.34       | 15.1%      | 2194.50               | 2149.58               | -2.0%      |
| INDONESIA                                     | 199.23       | 131.19       | -34.1%     | 2055.35               | 2079.31               | 1.2%       |
| BANGLADESH                                    | 170.00       | 154.94       | -8.9%      | 2186.38               | 1806.49               | -17.4%     |
| SOUTH AFRICA                                  | 246.92       | 139.87       | -43.4%     | 2075.66               | 1793.76               | -13.6%     |
| NEPAL   | 174.85       | 146.53       | -16.2%     | 1923.83               | 1753.89               | -8.8%      |
| BRAZIL  | 147.02       | 164.20       | 11.7%      | 1581.61               | 1682.44               | 6.4%       |
| FRANCE  | 236.89       | 150.39       | -36.5%     | 1775.30               | 1680.87               | -5.3%      |
| MALAYSIA                                      | 272.12       | 159.44       | -41.4%     | 1487.53               | 1629.09               | 9.5%       |
| NETHERLAND                                    | 176.13       | 126.10       | -28.4%     | 2217.27               | 1558.89               | -29.7%     |
| THAILAND                                      | 157.18       | 153.47       | -2.4%      | 1817.37               | 1548.87               | -14.8%     |
| JAPAN   | 131.34       | 166.62       | 26.9%      | 1396.34               | 1548.00               | 10.9%      |
| BELGIUM                                       | 163.12       | 186.05       | 14.1%      | 1534.14               | 1373.09               | -10.5%     |
| SPAIN   | 102.57       | 154.98       | 51.1%      | 1085.49               | 1239.66               | 14.2%      |
| AUSTRALIA                                     | 103.35       | 99.62        | -3.6%      | 1144.82               | 1192.34               | 4.2%       |
| RUSSIA  | 68.32        | 89.34        | 30.8%      | 518.67                | 1104.60               | 113.0%     |
| Total engineering exports to top 25 countries | 6284.95      | 6344.09      | 0.9%       | 65819.36              | 66487.97              | 1.0%       |
| Total engineering exports                     | 8413.00      | 8766.37      | 4.2%       | 88268.88              | 88100.82              | -0.2%      |
| Share % of Top 25 destinations                | 74.7%        | 72.4%        |            | 74.6%                 | 75.5%                 |            |

Source: DGCI&S

## REGION WISE INDIA'S ENGINEERING EXPORTS

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

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

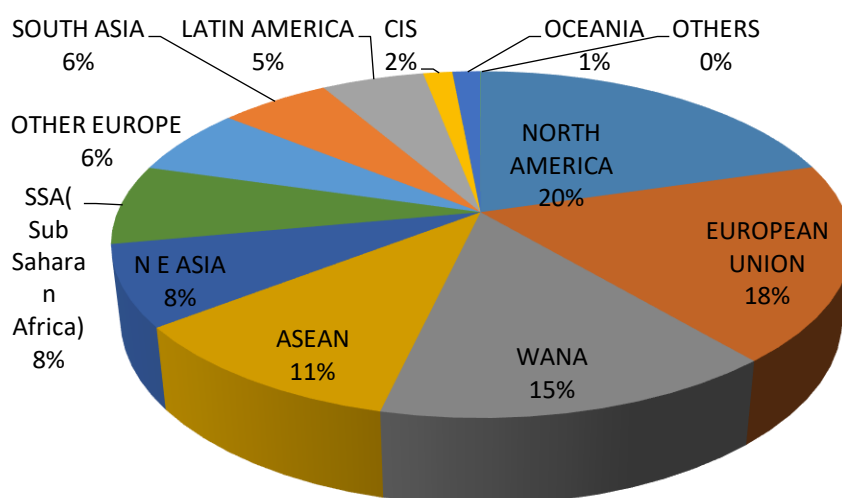
US\$ million

| Regions                  | January 2023   | January 2024   | Growth (%)  | April-January 2022-23 | April-January 2023-24 | Growth (%)   |
|--------------------------|----------------|----------------|-------------|-----------------------|-----------------------|--------------|
| NORTH AMERICA            | 1620.46        | 1703.00        | 5.1%        | 19788.97              | 17994.59              | -9.1%        |
| EUROPEAN UNION           | 1669.35        | 1788.82        | 7.2%        | 16647.64              | 16218.51              | -2.6%        |
| WANA                     | 1179.87        | 1272.50        | 7.9%        | 10503.33              | 13038.01              | 24.1%        |
| ASEAN                    | 1069.06        | 801.60         | -25.0%      | 10593.98              | 9582.29               | -9.5%        |
| N E ASIA                 | 592.69         | 683.64         | 15.3%       | 6138.91               | 6645.23               | 8.2%         |
| SSA( Sub Saharan Africa) | 719.19         | 564.27         | -21.5%      | 7155.95               | 6564.40               | -8.3%        |
| OTHER EUROPE             | 477.34         | 593.10         | 24.2%       | 5205.54               | 5591.04               | 7.4%         |
| SOUTH ASIA               | 487.43         | 717.35         | 47.2%       | 5431.17               | 5082.74               | -6.4%        |
| LATIN AMERICA            | 394.13         | 420.45         | 6.7%        | 4820.28               | 4741.74               | -1.6%        |
| CIS                      | 90.71          | 113.99         | 25.7%       | 713.33                | 1343.92               | 88.4%        |
| OCEANIA                  | 111.42         | 106.64         | -4.3%       | 1249.49               | 1277.85               | 2.3%         |
| OTHERS                   | 1.36           | 1.00           | -26.7%      | 20.27                 | 20.49                 | 1.1%         |
| Grand Total              | <b>8413.00</b> | <b>8766.37</b> | <b>4.2%</b> | <b>88268.88</b>       | <b>88100.82</b>       | <b>-0.2%</b> |

Source: DGCI&S

Note: Myanmar has been included in ASEAN and not in South Asia, since ASEAN is a formal economic grouping.

**Fig 1: Region-wise shares of India's engineering exports during April-January 2023-24**



## PANEL-WISE ANALYSIS

In this section we look at the Engineering Panel wise exports for the month of January 2024 vis-à-vis January 2023 as well as the cumulative exports for **April-January 2023-24 vis-à-vis April-January 2022-23**. These are indicated in the tables below.

**Table 4: Panel-wise Export Analysis for April-January 2023-24**

| Product panels                                 | Jan -23       | Jan-24        | Growth      | April-Jan 2022-23 | April-Jan 2023-24 | Growth      |
|--|---------------|---------------|-------------|-------------------|-------------------|-------------|
| <b>Ferrous</b>                                 |               |               |             |                   |                   |             |
| Iron and Steel                                 | 943.7         | 1037.0        | 10%         | 11028.2           | 9548.0            | -13%        |
| Products of Iron and Steel                     | 728.3         | 760.7         | 4%          | 8065.6            | 8030.2            | 0%          |
| <b>Sub Total</b>                               | <b>1672.0</b> | <b>1797.7</b> | <b>8%</b>   | <b>19093.8</b>    | <b>17578.1</b>    | <b>-8%</b>  |
| <b>Non-ferrous</b>                             |               |               |             |                   |                   |             |
| Copper and products                            | 168.7         | 187.3         | 11%         | 1432.3            | 2058.0            | 44%         |
| Aluminium and products                         | 661.1         | 574.2         | -13%        | 7528.2            | 5928.5            | -21%        |
| Zinc and products                              | 99.1          | 62.0          | -37%        | 1110.5            | 638.0             | -43%        |
| Nickel and products                            | 13.9          | 11.2          | -19%        | 169.2             | 136.8             | -19%        |
| Lead and products                              | 53.1          | 60.8          | 15%         | 356.6             | 601.3             | 69%         |
| Tin and products                               | 1.4           | 1.3           | -4%         | 9.9               | 12.7              | 28%         |
| Other Non-Ferrous Metals                       | 59.0          | 56.2          | -5%         | 641.2             | 608.8             | -5%         |
| <b>Sub Total</b>                               | <b>1056.2</b> | <b>952.9</b>  | <b>-10%</b> | <b>11248.0</b>    | <b>9984.1</b>     | <b>-11%</b> |
| <b>Industrial Machinery</b>                    |               |               |             |                   |                   |             |
| Industrial Machinery like Boilers, parts, etc. | 45.3          | 49.5          | 9%          | 538.7             | 577.9             | 7%          |

| Product panels   | Jan -23       | Jan-24        | Growth       | April-Jan<br>2022-23 | April-Jan<br>2023-24 | Growth        |
|--|---------------|---------------|--------------|----------------------|----------------------|---------------|
| IC Engines and Parts   | 271.0         | 279.0         | 3%           | 3008.8               | 2992.8               | -1%           |
| Pumps of all types   | 101.6         | 98.7          | -3%          | 1092.5               | 1116.1               | 2%            |
| Air condition and Refrigerators                                | 122.8         | 139.0         | 13%          | 1321.0               | 1388.1               | 5%            |
| Industrial Machinery for dairy, food processing, textiles etc. | 661.1         | 593.9         | -10%         | 7157.1               | 6591.3               | -8%           |
| Machine Tools  | 59.1          | 60.6          | 3%           | 571.6                | 636.7                | 11%           |
| Machinery for Injecting moulding, valves and ATMs              | 194.1         | 202.2         | 4%           | 1916.2               | 2042.2               | 7%            |
| <b>Sub Total</b>   | <b>1455.1</b> | <b>1422.9</b> | <b>-2%</b>   | <b>15606.0</b>       | <b>15345.1</b>       | <b>-2%</b>    |
| <b>Electrical Machinery</b>                                    |               |               |              |                      |                      |               |
| <b>Electrical Machinery</b>                                    | <b>976.9</b>  | <b>1037.5</b> | <b>6%</b>    | <b>9060.0</b>        | <b>10195.7</b>       | <b>13%</b>    |
| <b>Automobile and auto component</b>                           |               |               |              |                      |                      |               |
| Motor Vehicle/cars   | 728.3         | 578.8         | -21%         | 7217.3               | 6913.1               | -4%           |
| Two and Three Wheelers   | 186.5         | 212.7         | 14%          | 2350.8               | 2205.9               | -6%           |
| Auto Components/Part   | 566.3         | 612.3         | 8%           | 6012.3               | 6285.1               | 5%            |
| Auto Tyres and Tubes   | 213.1         | 243.5         | 14%          | 2514.7               | 2334.9               | -7%           |
| <b>Sub Total</b>   | <b>1694.3</b> | <b>1647.3</b> | <b>-3%</b>   | <b>18095.1</b>       | <b>17739.1</b>       | <b>-2%</b>    |
| <b>Aircrafts and related products</b>                          |               |               |              |                      |                      |               |
| Aircrafts and Spacecraft parts and products                    | <b>131.8</b>  | <b>391.3</b>  | 197%         | <b>1198.2</b>        | <b>1960.6</b>        | 64%           |
| <b>Ships Boats and Floating products and parts</b>             |               |               |              |                      |                      |               |
| Ships Boats and Floating products and parts                    | <b>392.8</b>  | <b>389.4</b>  | -1%          | <b>2952.1</b>        | <b>3245.0</b>        | 10%           |
| <b>Miscellaneous engineering products</b>                      |               |               |              |                      |                      |               |
| Medical and Scientific instruments                             | 179.3         | 185.3         | 3%           | 1814.2               | 1994.6               | 10%           |
| Railway Transport  | 22.8          | 29.8          | 30%          | 315.0                | 272.8                | -13%          |
| Hand Tools & Cutting Tools                                     | 73.2          | 73.9          | 1%           | 796.3                | 758.0                | -5%           |
| Bicycle & Parts  | 28.6          | 28.4          | -1%          | 328.7                | 296.0                | -10%          |
| Cranes Lifts & Winches   | 64.2          | 79.9          | 24%          | 655.5                | 859.2                | 31%           |
| Office Equipment   | 17.2          | 13.2          | -23%         | 235.2                | 262.6                | 12%           |
| Other Construction Machinery                                   | 195.6         | 233.2         | 19%          | 1972.9               | 2447.7               | 24%           |
| Prime Mica & Mica Products                                     | 2.5           | 2.3           | -8%          | 23.3                 | 31.1                 | 34%           |
| Project Goods  | 0.0           | 0.2           | 305%         | 1.8                  | 2.3                  | 27%           |
| Other Rubber Product Except Footwear                           | 126.9         | 135.0         | 6%           | 1427.2               | 1374.3               | -4%           |
| Other Misc. Items  | 323.8         | 346.1         | 7%           | 3445.7               | 3754.3               | 9%            |
| <b>Total engineering exports</b>                               | <b>8413.0</b> | <b>8766.4</b> | <b>4.20%</b> | <b>88268.9</b>       | <b>88100.8</b>       | <b>-0.19%</b> |

## 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 90.4 % of India's exports is contributed by the listed 12 states. Within this almost 50.6 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

**Table 5: Top state wise engineering export performance – April-Jan 2023-24**

US\$ Million

| Top States     | Apr'22 – Jan' 23 (\$Mn) | Apr'23 - Jan'24 (\$Mn) | Growth% | %Share in India's Eng Export | Remark                                       |
|----------------|-------------------------|------------------------|---------|------------------------------|--|
| Maharashtra    | 18151.9                 | 18954.1                | 4.4%    | 21.5%                        | <b>90.4 % share covered by top 12 states</b> |
| Tamil Nadu     | 14479.7                 | 13828.4                | -4.5%   | 15.7%                        |  |
| Gujarat        | 11065.7                 | 11877.7                | 7.3%    | 13.5%                        |  |
| Karnataka      | 4649.3                  | 5459.9                 | 17.4%   | 6.2%                         |  |
| Haryana        | 5131.8                  | 5457.6                 | 6.3%    | 6.2%                         |  |
| Odisha         | 6563.4                  | 5417.6                 | -17.5%  | 6.1%                         |  |
| Delhi          | 2821.0                  | 3906.5                 | 38.5%   | 4.4%                         |  |
| Andhra Pradesh | 4835.2                  | 3900.6                 | -19.3%  | 4.4%                         |  |
| Uttar Pradesh  | 3940.9                  | 3436.5                 | -12.8%  | 3.9%                         |  |
| Rajasthan      | 2834.3                  | 2687.6                 | -5.2%   | 3.0%                         |  |
| West Bengal    | 2931.1                  | 2575.3                 | -12.1%  | 2.9%                         |  |
| Punjab         | 2234.3                  | 2257.4                 | 1.0%    | 2.6%                         |  |

Source: NIRYAT portal

- Top 12 states constitute over 90.4 % of India's engineering Exports. Karnataka once again moved to 4<sup>th</sup> position and Odisha has now moved down further to 6<sup>th</sup> position, while Haryana has moved up to 5<sup>th</sup> position compared to previous months.
- Major negative growth witnessed in states like Tamil Nadu, Odisha, Andhra Pradesh, Uttar Pradesh, Rajasthan, West Bengal, Punjab, Madhya Pradesh, etc during April-January 2023-24 compared to same period last fiscal.
- Arunachal Pradesh had the most positive growth deviation in the current month, the growth rose to 23.20% this month from an average growth rate of 12.03% per month.
- Meghalaya had the most negative growth deviation in the current month, the growth decreased to 0.00% this month from an average growth rate of 27.25% per month.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by 805.570 million from Tamil Nadu (Second Highest State) during Jan'24.

### 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 34.9 percent share. Tamil Nadu from the Southern Region has improved its export performance and it ranked second after Maharashtra, while Gujarat and Karnataka ranked third and fourth during April-Jan 2023-24 and Haryana came up

to fifth position while and Odisha came down to sixth position compared to previous the previous month.

**Table 6: Region wise exports from India**

Value in US\$ million

| Region             | Jan 2023<br>(\$Mn) | Jan 2024<br>(\$Mn) | Growth<br>% | Apr'22 –<br>Jan' 23<br>(\$Mn) | Apr'23 -<br>Jan'24<br>(\$Mn) | Growth<br>% |
|--------------------|--------------------|--------------------|-------------|-------------------------------|------------------------------|-------------|
| EASTERN REGION     | 948.29             | 896.26             | -5.5%       | 11601.6                       | 9547.5                       | -17.7%      |
| NORTHERN<br>REGION | 1724.51            | 1894.6             | 9.9%        | 17696.8                       | 18607.9                      | 5.1%        |
| SOUTHERN<br>REGION | 2622.25            | 2462.3             | -6.1%       | 26143.1                       | 26246.8                      | 0.4%        |
| WESTERN REGION     | 3051.15            | 3511.09            | 15.1%       | 32038.0                       | 33861.7                      | 5.7%        |
| <b>Total</b>       | <b>8346.2</b>      | <b>8764.3</b>      | <b>5.0%</b> | <b>87479.5</b>                | <b>88263.8</b>               | <b>0.9%</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 January 2023 and may not tally with the total engineering exports as given by DGCI&S. Infact the cumulative figure has shown 0.9percent positive, while the revised DGCI&S figures registered negative 0.2% growth during April-Jan 2023-24.

## 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 eight months of fiscal 2023-24 saw engineering exports growth and revised manufacturing output growth moved in the same direction. During April, May and July 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. In August 2023, engineering exports came back to growth path and manufacturing output recorded higher growth while in

September 2023, both of them conceded slower growth. In October 2023, both engineering exports growth and manufacturing growth accelerated and then in November, engineering export declined while manufacturing output growth slowed down. In Dec 2023, engineering exports came back to growth path and manufacturing recorded higher growth over November 2023.

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 7: 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     | -7.52                   | 5.5                      |
| May 2023       | -4.25                   | 6.3                      |
| June 2023      | -11.12                  | 3.5                      |
| July 2023      | -6.91                   | 5.3                      |
| August 2023    | 7.66                    | 10.0                     |
| September 2023 | 6.50                    | 5.1                      |
| October 2023   | 6.99                    | 10.2                     |
| November 2023  | -3.47                   | 1.2                      |
| December 2023  | 9.87                    | 3.9                      |
| January 2024   | 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 January 2024 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 January 2024, 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 8: 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<br>(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 |
| 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 |
| September                                       | 80.23   | 83.04   | 3.50                    | Depreciation | 0.30                      | Depreciation |
| October   | 82.34   | 83.24   | 1.09                    | Depreciation | 0.24                      | Depreciation |
| November  | 81.81   | 83.30   | 1.82                    | Depreciation | 0.07                      | Depreciation |
| December  | 82.46   | 83.28   | 0.99                    | Depreciation | -0.02                     | Appreciation |
| January   | 81.90   | 83.12   | 1.49                    | Depreciation | -0.19                     | Appreciation |

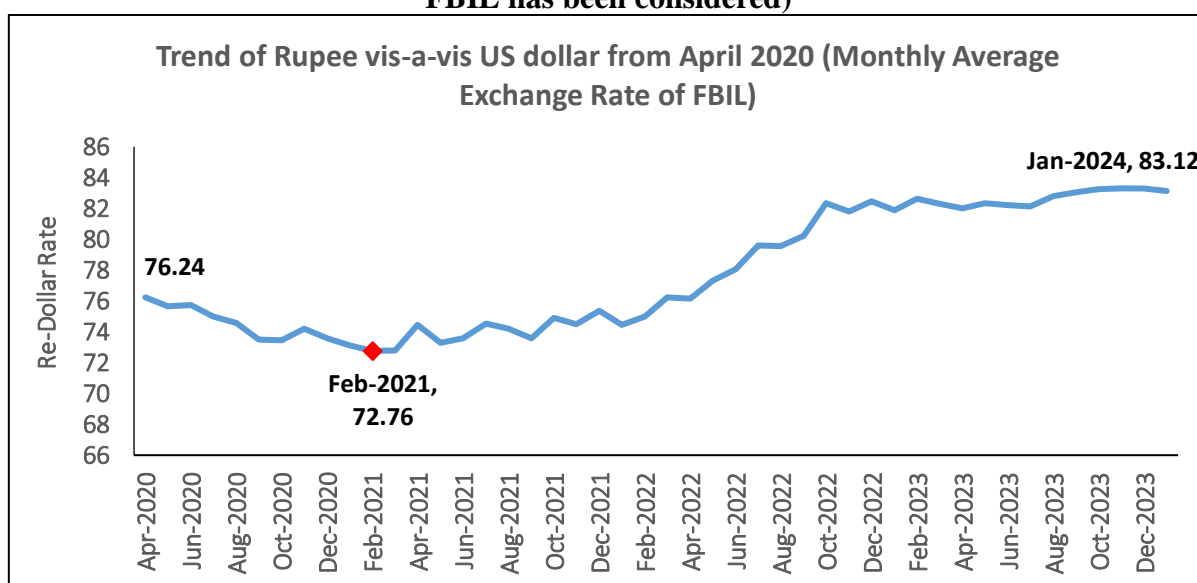
**Rupee depreciation vis-à-vis the US Dollar continued on a year-on-year basis but on a month-on-month it managed to appreciate for the second straight month to January 2024.** We have already analyzed the reasons behind prolonged and continuous depreciation of rupee in our previous monthly issues. Now, the marginal rise of rupee over the greenback in the last two months was attributed to timely intervention of RBI in currency market and inflow of foreign currency in domestic market, especially in equities.

**Table 9: 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<br>(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 |

| Monthly Average Exchange Rate<br>(1 USD to INR) |         |         | Year-on-Year Change (%) | Direction    | Month-on-Month Change (%) | Direction    |
|---|---------|---------|-------------------------|--------------|---------------------------|--------------|
| Month   | 2021-22 | 2022-23 |                         |              |                           |              |
| 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 2: 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 January 2024 were valued at US\$ 11093.1 million compared to US\$ 11966.5 million in January 2023 recording a negative growth of 7.3 percent in dollar terms. Transport equipment recorded the highest decline in imports followed by Iron & Steel, Machinery, electrical & non-electrical and Non-ferrous metals. Remaining other sectors witnessed a rise in import during January 2024 compared to January 2023.

The share of engineering imports in India's total merchandise imports in January 2024 was estimated at 20.4 percent, lower than that of January 2023 which was estimated at 22.7%. The

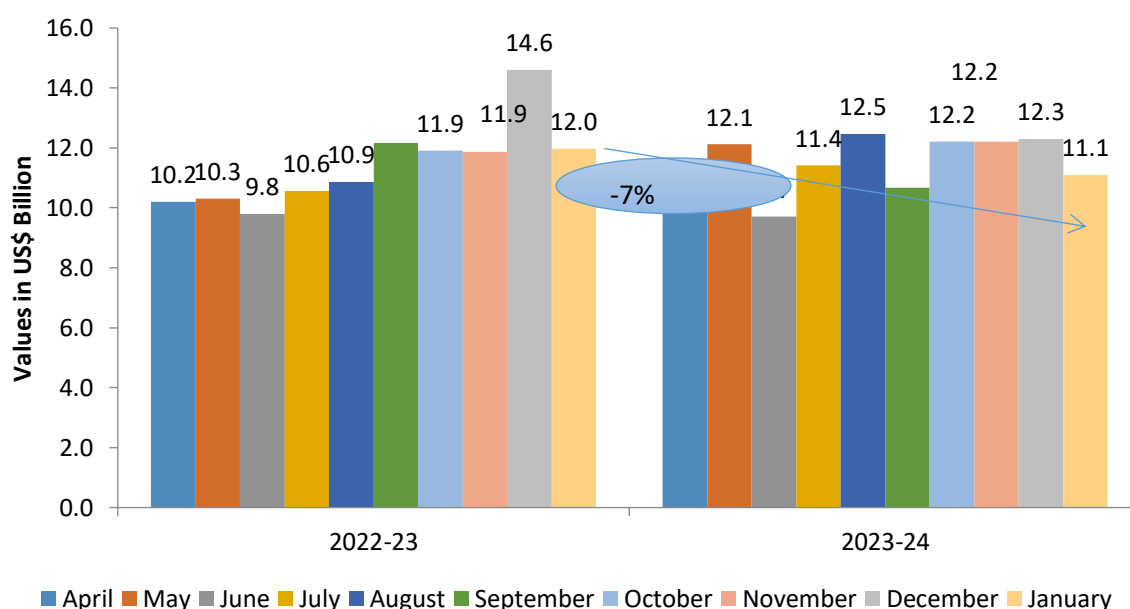
table & the figure below depicts engineering imports for January 2024 compared to January 2023.

**Table 10: India's engineering imports in April-January 2023-24 vis-à-vis April-January 2022-23**

| Values in US\$ MN                  | January '23 | January'24 | Growth % | April-January '23 | April-January '24 | Growth % |
|------------------------------------|-------------|------------|----------|-------------------|-------------------|----------|
| <b>India's Engineering Imports</b> | 11966.5     | 11093.1    | -7.3     | 114708.9          | 117739.3          | 2.6      |

Source: Quick Estimates, MoC

**Fig 3: Monthly Engineering Imports for January 2024 vis-a-vis January 2023**



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 | Sep | Oct | Nov | Dec   | Jan | April-Jan |
|--------------------|-----|-----|------|------|-----|-----|-----|-----|-------|-----|-----------|
| Engineering Export | 9.0 | 9.3 | 8.5  | 8.7  | 9.1 | 8.9 | 8.1 | 7.9 | 10.04 | 8.8 | 88.1      |

| Trade Flow         | Apr  | May  | June | July | Aug  | Sep  | Oct  | Nov  | Dec   | Jan  | April-Jan |
|--------------------|------|------|------|------|------|------|------|------|-------|------|-----------|
| Engineering Import | 10.4 | 12.1 | 9.7  | 11.4 | 12.5 | 10.7 | 12.2 | 12.2 | 12.3  | 11.1 | 117.7     |
| Trade Balance      | -1.4 | -2.8 | -1.2 | -2.7 | -3.4 | -1.8 | -4.1 | -4.3 | -2.26 | -2.3 | -29.6     |

Source: DGCI&S, EEPC India Analysis

## Conclusion

India's engineering exports experienced a positive growth for the second consecutive month in January 2024. Two consecutive months of positive growth also reduced the cumulative decline in exports. Between April and January 2024, India's engineering exports declined by only 0.19 percent which is lower than the previous records – In April-December 2023-24 the decline was 0.44 percent which in April-November 2023-24 the decline was 1.81 percent. Also on a positive note, exports to almost all major regions remain positive barring ASEAN, Sub-Saharan Africa and Oceania. In terms of product, exports of iron and steel revived however, non-ferrous metals continue to decline mainly due to Aluminium and Zinc. There was also some decline in exports of certain machineries and automobiles. Overall while there have been still some negatives, overall engineering exports from India exhibited several positive trends in January 2024.

Despite challenges posed by the Red Sea crisis, India's engineering exports show promise for the future. The disruption in trade routes has hindered potential growth, but there remains optimism that by the end of the fiscal year, India will see positive growth in this sector. Moreover, ongoing negotiations for key Free Trade Agreements (FTAs) with the UK, Oman, and the European Free Trade Association (EFTA) bloc hold significant potential for bolstering exports. Successful conclusions of these agreements could open up new avenues and opportunities, further contributing to the growth and expansion of India's engineering exports on the global stage.

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