

Engineering Export-Import Monitor

MAY 2024



Engineering The Future

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ENGINEERING TRADE ANALYSIS FOR MAY 2024

In May 2024, engineering exports returned to growth, achieving a year-on-year increase of 7.39%.

Trade Flow	Export figures (in US\$ billion)				Growth (%)	
	May-2023	May-2024	Apr-May 2023-24	Apr-May 2024-25	May-2024 over May-2023	Apr-May 2024-25 over Apr-May 2023-24
Engineering exports	9.30	9.99	18.25	18.54	7.39%	1.57%
Overall merchandise exports	34.95	38.13	69.57	73.12	9.10%	5.10%
Share of engineering (%)	26.61%	26.19%	26.23%	25.51%	---	---
Service Exports	26.99	30.16	52.77	60.49	11.75%	14.63%

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

After starting the new fiscal 2024-25 with a 4.49% year-on-year decline in April 2024, Indian engineering exports in May 2024 bounced back to growth with 7.39% year-on-year increase in shipment. Cumulative exports during April-May 2024-25 showed 1.57% growth year-on-year as a consequence. Share of engineering in India's total merchandise exports also increased to 26.61% in May 2024 from 24.76% in April 2024. Cumulative share stood at 25.51%. Growth in engineering exports in May 2024 was attributed to decent rise in exports of Electric machinery, industrial machinery and automobile among others. There was a 39% drop in exports of iron and steel due to tough competition from cheaper Chinese steel, drop in domestic production and increase in domestic demand.

HIGHLIGHTS

- ✚ After starting the new fiscal 2024-25 with a 4.49% year-on-year decline (Revised downward from the preliminary estimate of 3.17%) in April 2024, Indian engineering exports in May 2024 bounced back to growth with 7.39% year-on-year increase in shipment.
- ✚ Engineering exports in May 2024 rose to USD 9,988.43 million from USD 9,300.75 million in May 2023.
- ✚ Cumulative engineering exports recorded at a higher USD 18,536.35 million during April-May 2024-25 as against USD 18,250.12 million during the same period of 2023-24, registering an increase of 1.57 percent.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports during May 2024 was recorded at a higher 26.61 percent as against 24.76 percent in April 2024. On a cumulative basis, the share was 25.51 percent during April-May 2024-25.
- ✚ In May 2024, 23 out of 34 engineering panels witnessed positive year-on-year growth, while 11 remaining engineering panels experienced decline. Exports of Iron and Steel, Non-Ferrous products including Copper, Aluminium and Nickel products, Other products including Medical and Scientific Instruments, Railway Transports, and Office Equipment dropped.
- ✚ On a cumulative basis, 22 out of 34 engineering panels recorded positive growth and remaining 12 engineering panels including Iron and Steel, Products of Iron and Steel, some non-ferrous sectors including Aluminium, Zinc, Nickel, and products, Pumps of all types, Other products including Medical and Scientific Instruments, and Office Equipment recorded negative growth during April-May 2024-25
- ✚ Region wise, North America and European Union remained India's topmost destinations for engineering exports with share of 21% and 17% respectively, in India's total engineering exports. Other Europe registered the highest growth of 26.3% during April-May 2024-25 vis-à-vis the same period last year followed by WANA (growth of 25.7%), CIS (growth of 18.5%), North America (growth of 9.7%), etc.
- ✚ Among top exporting destinations, USA, UAE, Saudi Arabia, Turkey, Singapore, UK, Mexico and Italy experienced positive growth in April-May 2024-25 while Germany, Italy, Korea Rep, Nepal, Bangladesh saw negative export growth.

Overall Engineering Exports vs Engineering Exports Excluding Steel Segment (Values in USD Million)

Trade Flow	Export in May 2023	Exports in May 2024	Growth (%)	Exports in Apr-May 2023-24	Exports in Apr-May 2024-25	Growth (%)
Overall engineering exports	9300.75	9988.43	7.39	18250.12	18536.35	1.57
Engineering exports excluding Iron and Steel	8070.75	9240.05	14.49	15692.99	16944.18	7.97

Source: DGCI&S, Govt. of India

Observation: Excluding the export of iron and steel, engineering exports recorded a much higher growth both on a monthly as well as cumulative basis as shown in the table above. Exports of Iron and Steel conceded 39 percent year-on-year decline in May 2024 and around 38 percent year-on-year decline during Apr-May 2024-25.

ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2024-25 vis-à-vis 2023-24 are shown below as per the latest DGCI&S estimates:

Table 1: Engineering Exports: Monthly Trend in 2024-25

Values in US\$ million

Month	2023-24	2024-25	Growth (%)
April	8949.36	8547.93	-4.49
May	9300.75	9988.43	7.39
April-May	18250.12	18536.35	1.57

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-MAY 2024-25

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

Table 2: Engineering exports country wise

US\$ million

Countries	May 2023	May 2024	Growth (%)	April-May 2023-24	April-May 2024-25	Growth (%)
U S A	1448.4	1656.9	14.4%	2847.7	3074.8	8.0%
UAE	566.6	811.3	43.2%	927.1	1203.9	29.9%
SAUDI ARAB	324.3	587.0	81.0%	617.1	1022.8	65.7%
GERMANY	350.7	352.9	0.6%	703.9	676.8	-3.8%
TURKEY	222.0	457.5	106.0%	496.5	676.7	36.3%
SINGAPORE	329.7	283.5	-14.0%	626.3	659.4	5.3%
U K	317.2	349.6	10.2%	593.9	650.5	9.5%
MEXICO	271.0	317.9	17.3%	522.5	614.4	17.6%
ITALY	439.2	254.0	-42.2%	837.8	563.7	-32.7%
CHINA	193.5	218.6	13.0%	376.7	429.1	13.9%
KOREA RP	293.6	202.6	-31.0%	506.2	411.9	-18.6%
JAPAN	120.0	197.6	64.8%	298.1	371.3	24.5%
BRAZIL	169.0	199.9	18.3%	343.3	365.4	6.5%
NEPAL	208.0	174.5	-16.1%	422.5	346.2	-18.0%
BANGLADESH	172.9	179.9	4.0%	372.8	328.1	-12.0%
THAILAND	137.1	163.2	19.1%	298.2	315.8	5.9%
FRANCE	191.8	152.0	-20.8%	374.3	304.9	-18.5%
SOUTH AFRICA	177.3	165.5	-6.7%	353.4	296.1	-16.2%
NETHERLAND	189.7	141.8	-25.2%	401.2	279.6	-30.3%
INDONESIA	531.8	153.4	-71.1%	818.8	272.2	-66.8%
VIETNAM	93.3	129.4	38.6%	205.9	245.8	19.4%
BELGIUM	161.9	93.7	-42.1%	300.5	241.6	-19.6%
RUSSIA	89.5	116.3	29.9%	220.4	234.7	6.5%
MALAYSIA	68.4	134.2	96.3%	184.5	227.9	23.5%
SPAIN	139.1	115.6	-16.9%	320.2	212.8	-33.6%
Total engineering exports to top 25 countries	7206.20	7608.83	5.6%	13969.81	14026.71	0.4%
Total engineering exports	9300.8	9988.4	7.4%	18250.1	18536.4	1.6%

Countries	May 2023	May 2024	Growth (%)	April-May 2023-24	April-May 2024-25	Growth (%)
Share % of Top 25 destinations	77.5%	76.2%		76.5%	75.7%	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-May 2024-25 as opposed to April-March 2023-24.

Table 3: Region wise engineering exports in April-May 2024-25 vis-à-vis April-March 2023-24

US\$ million

Regions	May 2023	May 2024	Growth (%)	April-May 2023-24	April-May 2024-25	Growth (%)
NORTH AMERICA	1813.5	2075.3	14.4%	3555.8	3901.1	9.7%
EUROPEAN UNION	1906.5	1559.7	-18.2%	3828.2	3156.7	-17.5%
WANA	1317.3	1904.0	44.5%	2423.4	3045.0	25.7%
ASEAN	1229.1	927.3	-24.6%	2273.6	1948.9	-14.3%
SSA(Sub Saharan Africa)	609.1	616.8	1.3%	1249.0	1139.1	-8.8%
N E ASIA	673.8	712.8	5.8%	1307.0	1383.6	5.9%
SOUTH ASIA	482.4	499.2	3.5%	989.6	976.0	-1.4%
OTHER EUROPE	566.9	869.4	53.4%	1147.4	1448.8	26.3%
LATIN AMERICA	465.7	550.8	18.3%	949.0	995.5	4.9%
OCEANIA	120.3	114.6	-4.8%	253.7	220.1	-13.3%
CIS	114.1	157.3	37.8%	269.4	319.3	18.5%
OTHERS	2.0	1.4	-32.4%	4.0	2.2	-44.8%
Grand Total	9300.8	9988.4	7.4%	18250.1	18536.4	1.6%

Source: DGCI&S

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

Region	Percentage
North America	21%
European Union	17%
Wana	16%
ASEAN	11%
N E ASIA	8%
OTHER EUROPE	8%
SSA(Sub Saharan Africa)	6%
SOUTH ASIA	5%
LATIN AMERICA	5%
CIS	2%
OCEANIA	1%

In this section we look at the Engineering Panel wise exports for the month of May 2024 vis-à-vis May 2023 as well as the cumulative exports for **April-May 2024-25 vis-à-vis April-May 2023-24**. These are indicated in the tables below.

Product panels	May 2023	May 2024	Growth (%)	April-May 2023-24	April-May 2024-25	Growth (%)
Ferrous						
Iron and Steel	1230.0	748.4	-39%	2557.1	1592.2	-38%
Products of Iron and Steel	760.2	820.5	8%	1591.0	1551.4	-2%
Sub Total	1990.2	1568.9	-21%	4148.2	3143.5	-24%
Non-ferrous						
Copper and products	180.0	159.4	-11%	373.8	287.8	-23%
Aluminium and products	665.1	618.7	-7%	1288.9	1148.3	-11%
Zinc and products	80.8	83.8	4%	172.8	150.4	-13%
Nickel and products	16.6	12.1	-27%	30.2	25.3	-16%
Lead and products	41.2	84.3	104%	80.5	147.4	83%
Tin and products	0.5	2.3	389%	1.1	3.5	223%
Other Non-Ferrous Metals	54.9	68.6	25%	116.8	129.4	11%
Sub Total	1039.2	1029.2	-1%	2064.1	1892.3	-8%
Industrial Machinery						

Product panels	May 2023	May 2024	Growth (%)	April-May 2023-24	April-May 2024-25	Growth (%)
Industrial Machinery like Boilers, parts, etc.	55.6	53.8	-3%	113.9	119.6	5%
IC Engines and Parts	280.9	300.4	7%	581.0	587.2	1%
Pumps of all types	112.2	126.9	13%	235.6	235.0	0%
Air condition and Refrigerators	135.9	147.2	8%	271.2	283.9	5%
Industrial Machinery for dairy, food processing, textiles etc.	615.5	675.1	10%	1277.7	1360.8	7%
Machine Tools	57.0	68.5	20%	123.3	128.1	4%
Machinery for Injecting moulding, valves and ATMs	200.9	232.9	16%	410.0	439.2	7%
Sub Total	1457.9	1604.9	10%	3012.8	3153.8	5%
Electrical Machinery						
Electrical Machinery	996.8	1136.3	14%	1938.7	2168.0	12%
Automobile and auto component						
Motor Vehicle/cars	617.8	723.9	17%	1294.3	1326.6	3%
Two and Three Wheelers	213.1	268.9	26%	417.3	517.5	24%
Auto Components/Part	604.8	709.3	17%	1214.3	1314.5	8%
Auto Tyres and Tubes	231.4	281.5	22%	459.1	534.8	16%
Sub Total	1666.9	1983.6	19%	3385.0	3693.5	9.1%
Aircrafts and related products						
Aircrafts and Spacecraft parts and products	111.4	855.0	667%	217.0	1135.7	423%
Ships Boats and Floating products and parts						
Ships Boats and Floating products and parts	812.4	523.1	-36%	1135.6	788.3	-31%
Miscellaneous engineering products						
Medical and Scientific instruments	222.2	211.0	-5%	407.1	404.8	-1%
Railway Transport	23.4	21.8	-7%	51.1	53.0	4%
Hand Tools & Cutting Tools	73.0	83.1	14%	151.0	160.6	6%
Bicycle & Parts	31.1	33.8	9%	60.6	61.8	2%
Cranes Lifts & Winches	68.7	92.3	34%	133.4	187.2	40%
Office Equipment	28.0	24.0	-14%	58.3	43.0	-26%
Other Construction Machinery	237.1	265.4	12%	457.2	508.3	11%

Product panels	May 2023	May 2024	Growth (%)	April-May 2023-24	April-May 2024-25	Growth (%)
Prime Mica & Mica Products	3.3	2.6	-21%	7.2	4.9	-33%
Project Goods	0.4	0.1	-74%	0.8	0.2	-71%
Other Rubber Product Except Footwear	138.9	148.3	7%	269.1	285.2	6%
Other Misc. Items	399.9	404.9	1%	753.1	852.5	13%
Total engineering exports	9300.8	9988.4	7.39%	18250.1	18536.4	1.57%

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 92 % of India's exports is contributed by the listed 12 states. Within this almost 52.6 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

Table 5: Top state wise engineering export performance – April-May 2024-25

US\$ Million

Top States	April-May 2023-24	April-May 2024-25	Growth%	%Share in India's Eng Export	Remark
Maharashtra	3871.11	3795.99	-1.9%	22.1%	92.1 % share covered by top 12 states
Tamil Nadu	2610.45	2868.15	9.9%	16.7%	
Gujarat	2268.65	2375.93	4.7%	13.8%	
Telangana	285.27	1191.81	317.8%	6.9%	
Karnataka	1170.74	1076.82	-8.0%	6.3%	
Odisha	1249.43	969.59	-22.4%	5.6%	
Andhra Pradesh	1221.49	850.94	-30.3%	5.0%	
Uttar Pradesh	719.35	704.81	-2.0%	4.1%	
Haryana	1171.79	612.29	-47.7%	3.6%	
West Bengal	554.41	525.41	-5.2%	3.1%	
Delhi	630.04	424.91	-32.6%	2.5%	
Rajasthan	552.1	422.03	-23.6%	2.5%	

Source: NIRYAT portal

- Top 12 states constitute over 92.1 % of India's engineering Exports. Telangana moved up to 4th position, Odisha dropping to 6th position and Karnataka has moved up to 5th

position, while Haryana has moved down to 9th position during the fiscal April-May 2024-25 compared to the same period last fiscal.

- Major negative growth witnessed in states like Odisha, Maharashtra, Karnataka, Andhra Pradesh, Uttar Pradesh, Haryana, West Bengal, Delhi and Rajasthan etc during April-May 2024-25 compared to the same period last fiscal.
- Telangana had the most positive in the current fiscal.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by US\$ 927.8 million from Tamil Nadu (Second Highest State) during April-May 2024-225.

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 36 percent share. Tamil Nadu from the Southern Region has improved its export performance and it ranked second after Maharashtra, while Gujarat and Telangana ranked third and fourth during April-May 2024-25.

Table 6: Region wise exports from India

Value in US\$ million

Region	April-May 2023-24	April-May 2024-25	Growth%
EASTERN REGION	2205.1	1773.8	-20%
NORTHERN REGION	3855.5	2514.4	-35%
SOUTHERN REGION	5461.6	6145.7	13%
WESTERN REGION	6773.5	6748.9	0%

Source: NIRYAT portal

Note: The total engineering exports given in the above table is taken from NIRYAT as per the latest available data 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 look 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 each of fiscal 2022-23 and 2023-24, as many as 10 out of 12 months saw engineering exports and manufacturing output moved in the same direction.

The first month of fiscal 2024-25 also saw manufacturing output growth and engineering exports growth moving in the same direction. While engineering exports declined from a growth in Mar 2024, manufacturing output growth decelerated.

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 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	10.6
November 2023	-3.48	1.3
December 2023	9.82	4.6
January 2024	4.20	3.6
February 2024	15.90	4.9
March 2024	10.66	5.2
April 2024	-4.49	3.9

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during May 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 May 2024, but also considered monthly average

exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2023-24 and 2024-25 till May 2024 as per the latest data published, as mere one-month figure does not reflect any trend. The following two tables clearly depicts the short-term trend:

Table 8: USD-INR monthly average exchange rate in 2024-25 vis-à-vis 2023-24
(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	2023-24	2024-25				
April	82.02	83.41	1.69	Depreciation	0.49	Depreciation
May	82.34	83.39	1.28	Depreciation	-0.02	Appreciation

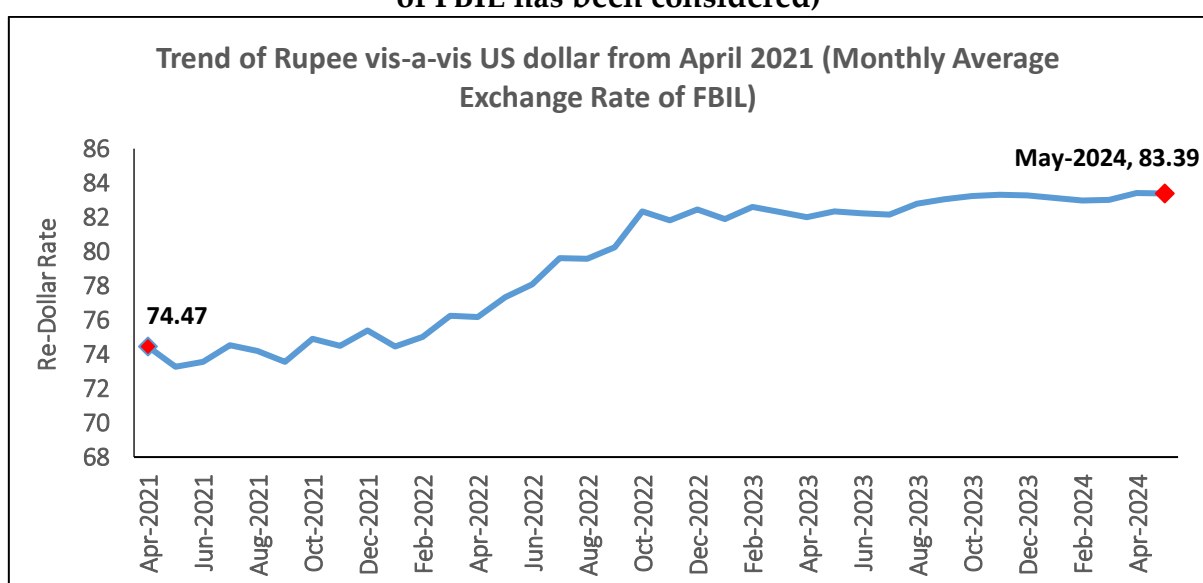
Rupee depreciation vis-à-vis the US Dollar continued on a year-on-year basis in the new fiscal 2024-25 but on a month-on-month basis, marginal appreciation was seen in May 2024. Outflow of funds from Indian capital market due to global economic and geo political uncertainty and strengthening of dollar at the same time in the international market following the geo-political tensions continued to weigh on several other major currencies including Rupee.

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
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

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2022-23	2023-24				
January	81.90	83.12	1.49	Depreciation	-0.19	Appreciation
February	82.61	82.96	0.42	Depreciation	-0.19	Appreciation
March	82.29	83.00	0.86	Depreciation	0.05	Depreciation

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 May 2024 were valued at US\$ 12862.52 million compared to US\$ 12079.98 million in May 2023 registering a positive growth of 6.5 percent in dollar terms. All the engineering panels witnessed an increase in import during May 2024 compared to May 2023.

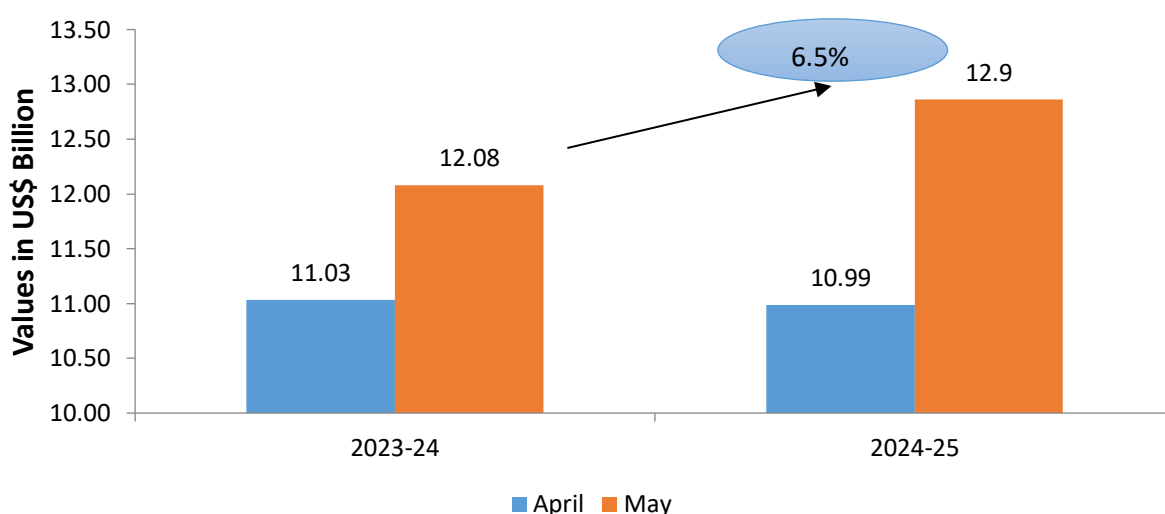
The share of engineering imports in India's total merchandise imports in May 2024 was estimated at 20.8 percent, lower than that of May 2023 which was estimated at 21.0%. The figure below depicts engineering imports **for May 2024 compared to May 2023**.

Table 10: India's engineering imports in April-May 2024-25 vis-à-vis April-May 2023-24

Values in US\$ MN	May '23	May'24	Growth %	April-May '23	April-May '24	Growth %
India's Engineering Imports	57481.42	61914.33	7.7	23114.8	23848.1	3.2

Source: Quick Estimates, MoC

Fig 3: Monthly Engineering Imports for April-May 2024-25 vis-a-vis April-May 2023-24



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 2024-25 depicted in the table below:

Table 11: Monthly Trend in Engineering Trade Balance for the current FY 2024-25 (US\$ Billions)

Trade Flow	Apr	May
Engineering Export	8.7	10.0
Engineering Import	11.0	12.9
Trade Balance	-2.3	-2.9

Source: DGCI&S, EEPC India Analysis

CONCLUSION

Engineering exports in May 2024 recorded growth after a decline last month. The growth was on the account of the positive performance of the machinery and automobile sectors. However, there was a decline in the metal exports especially that of iron and steel. Aluminium, copper, zinc and nickel. This is chiefly due to increased competition from China which is undergoing a decline in domestic demand and is flooding the global markets with cheaper metals, especially the markets in South East Asia and Middle East. Indian metal producers are also facing certain market access issues in developed countries such as those in EU and North America. Additionally, domestic demand in India has also been on the rise. All these factors have impacted the metal exports from India. In this situation, inclusion of steel in the RoDTEP scheme may provide greater incentive for steel exporters in India. In terms of destinations, exports revived in North America. Significant export growth was also noted in WANA, Latin America and European countries outside EU. However, exports to EU declined significantly, decline was also noted in ASEAN markets. Overall, the performance has revived compared to the last month and we are hopeful that the positive track will continue despite global geo-economic concerns. We also hope that the Government will continue to support us in our future endeavors especially in the upcoming budget.

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