

Engineering Export-Import Monitor

JUNE 2024



Engineering The Future

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ENGINEERING TRADE ANALYSIS FOR JUNE 2024

India's engineering exports recorded double-digit year-on-year growth in June 2024 at 10.27%

Trade Flow	Export figures (in US\$ billion)				Growth (%)	
	Jun-2023	Jun-2024	Apr-Jun 2023-24	Apr-Jun 2024-25	Jun-2024 over Jun-2023	Apr-Jun 2024-25 over Apr-Jun 2023-24
Engineering exports	8.52	9.39	26.77	27.93	10.27%	4.34%
Overall merchandise exports	34.32	35.20	103.89	109.96	2.55%	5.84%
Share of engineering (%)	24.81%	26.68%	25.76%	25.17%	---	---
Service Exports	27.79	30.27	80.57	90.37	8.92%	12.16%

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

After starting the new fiscal with a 4.49% year-on-year decline in April, Indian engineering exports in May 2024 bounced back to growth and then recorded double-digit growth in June 2024 at 10.27% year-on-year. Cumulative exports growth also accelerated in Apr-Jun 2024-25 with 4.34% growth year-on-year. Share of engineering in India's total merchandise exports increased to 26.68% in June 2024 from 26.19% in May 2024 and 24.76% in April 2024. Cumulative share stood at 25.17%. Growth in engineering exports in June 2024 was attributed to decent rise in shipments of Electrical machinery, Motor vehicles/Cars, Products of iron and steel, Auto components and parts, and Industrial machinery among others. Exports of iron and steel however dropped by 33% year-on-year during Apr-Jun 2024-25 due to tough competition from cheaper Chinese steel, drop in domestic production and increase in domestic demand.

HIGHLIGHTS

- Engineering exports in June 2024 recorded double-digit growth during June 2024 at 10.27 percent year-on-year. Earlier, after starting the new fiscal 2024-25 with a 4.49% year-on-

year decline, Indian engineering exports in May 2024 bounced back to growth with 7.41% year-on-year increase in shipment.

- ✚ Engineering exports in June 2024 rose to USD 9390.56 million from USD 8512.72 million in June 2023.
- ✚ Cumulative engineering exports during April-June 2024-25 recorded at USD 27,928.70 million during April-June 2024-25 as against USD 26,765.84 million during the same period of 2023-24, registering an increase of 4.34 percent.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering in India's total merchandise exports increased to 26.68% in June 2024 from 26.19% in May 2024 and 24.76% in April 2024. Cumulative share stood at 25.17% during April-June 2024-25.
- ✚ In June 2024, 26 out of 34 engineering panels witnessed positive year-on-year growth, while 8 remaining engineering panels experienced decline. Exports of Iron and Steel, Non-Ferrous products including Copper, Zinc and Tin products, other products including Industrial Boilers, Office Equipment, etc. dropped.
- ✚ On a cumulative basis, 23 out of 34 engineering panels recorded positive growth and remaining 11 engineering panels including Iron and Steel, Products of Iron and Steel, some non-ferrous sectors including Copper, Aluminium, Zinc, Nickel, and products, Industrial Boilers, Ships, Boats and Floating Bodies, Office Equipment and Prima Mica products recorded negative growth during April-June 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 31.8% during April-June 2024-25 vis-à-vis the same period last year followed by WANA (growth of 24.9%), CIS (growth of 11.4%), North America (growth of 9.1%), etc.
- ✚ Among top exporting destinations, USA, UAE, Saudi Arabia, Turkey, Singapore, UK, Mexico experienced positive growth in April-June 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 Jun 2023	Exports in Jun 2024	Growth (%)	Exports in Apr-Jun 2023-24	Exports in Apr-Jun 2024-25	Growth (%)
Overall engineering exports	8515.72	9390.56	10.27%	26765.84	27928.70	4.34%
Engineering exports excluding Iron and Steel	7568.90	8634.67	14.08%	23261.89	25580.62	9.97%

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 20 percent year-on-year decline in June 2024 and 33 percent year-on-year decline during Apr-Jun 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 DGCIS estimates:

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

Values in US\$ million

Month	2023-24	2024-25	Growth (%)
April	8949.36	8547.86	-4.49
May	9300.75	9990.27	7.41
April-May	8515.72	9390.56	10.27
April-June	26765.84	27928.70	4.34

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 June in the new fiscal 2024-25 over same period last fiscal as well as in cumulative terms during April-June 2024-25 vis-à-vis April-June 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	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
U S A	1452.3	1574.2	8.4%	4300.0	4650.8	8.2%
UAE	513.9	787.9	53.3%	1441.0	1991.6	38.2%
SAUDI ARAB	371.0	384.5	3.6%	988.1	1407.2	42.4%
U K	241.0	362.3	50.3%	835.0	1012.9	21.3%
GERMANY	333.2	334.0	0.2%	1037.1	1011.0	-2.5%
SINGAPORE	298.5	309.7	3.8%	924.7	968.9	4.8%
TURKEY	197.2	286.8	45.5%	693.7	963.6	38.9%
MEXICO	295.2	314.9	6.6%	817.7	929.3	13.6%
ITALY	313.2	279.2	-10.8%	1150.9	842.9	-26.8%
CHINA	184.0	190.1	3.4%	560.7	619.2	10.4%
KOREA RP	255.0	206.4	-19.1%	761.2	618.3	-18.8%
BRAZIL	155.0	181.1	16.8%	498.3	546.5	9.7%
JAPAN	148.8	171.2	15.0%	446.9	542.5	21.4%
BANGLADESH	217.7	214.0	-1.7%	590.4	542.1	-8.2%

Countries	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
NEPAL	195.3	190.0	-2.7%	617.8	536.2	-13.2%
SOUTH AFRICA	176.2	202.9	15.1%	529.6	499.0	-5.8%
NETHERLAND	154.1	202.4	31.3%	555.3	481.9	-13.2%
THAILAND	138.5	159.4	15.1%	436.6	476.6	9.1%
INDONESIA	144.0	202.4	40.6%	962.8	474.7	-50.7%
FRANCE	138.0	160.5	16.3%	512.2	466.6	-8.9%
MALAYSIA	141.1	140.3	-0.6%	325.6	368.2	13.1%
VIETNAM	80.3	106.9	33.1%	286.2	353.6	23.6%
BELGIUM	122.5	109.9	-10.3%	423.1	351.5	-16.9%
RUSSIA	115.4	107.0	-7.3%	335.8	341.7	1.8%
SPAIN	115.6	112.1	-3.1%	435.9	324.9	-25.5%
Total engineering exports to top 25 countries	6496.91	7289.88	12.2%	20466.73	21321.72	4.2%
Total engineering exports	8515.7	9390.6	10.27%	26765.8	27928.7	4.34%

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

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

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

US\$ million

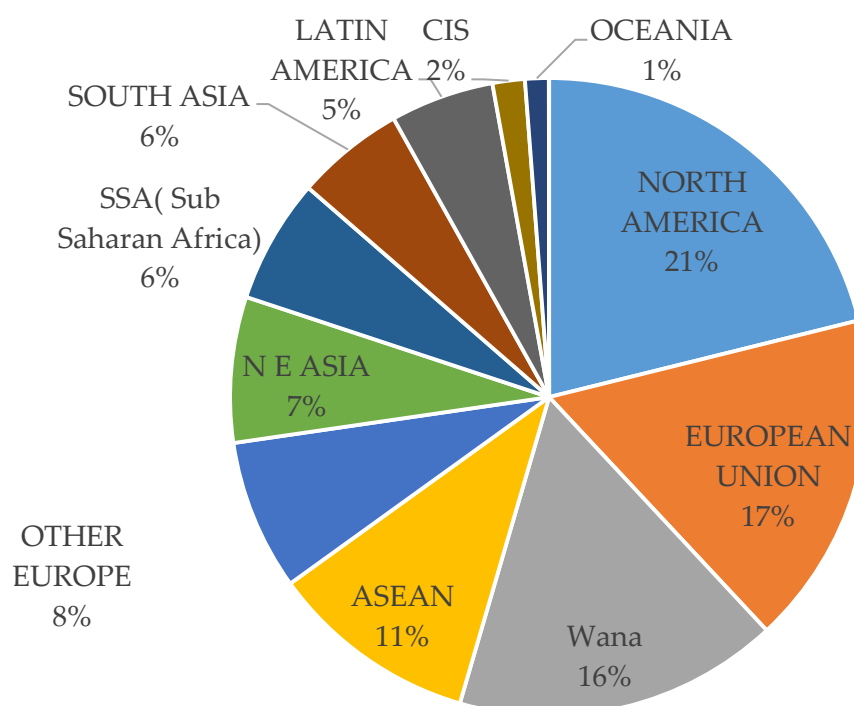
Regions	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
NORTH AMERICA	1853.8	1999.5	7.9%	5409.6	5902.5	9.1%
EUROPEAN UNION	1511.6	1567.2	3.7%	5339.8	4725.5	-11.5%
WANA	1256.9	1552.1	23.5%	3680.3	4597.3	24.9%
ASEAN	874.8	994.9	13.7%	3148.3	2945.8	-6.4%
OTHER EUROPE	470.3	683.8	45.4%	1617.8	2132.6	31.8%
N E ASIA	676.9	678.3	0.2%	1983.9	2062.1	3.9%
SSA(Sub Saharan Africa)	630.3	622.3	-1.3%	1879.3	1761.3	-6.3%
SOUTH ASIA	507.0	562.8	11.0%	1496.6	1538.8	2.8%
LATIN AMERICA	481.5	471.5	-2.1%	1430.5	1467.0	2.6%
CIS	141.0	142.1	0.8%	410.4	457.4	11.4%
OCEANIA	109.5	114.7	4.8%	363.2	334.8	-7.8%
OTHERS	2.2	1.4	-34.1%	6.2	3.7	-41.1%

Regions	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
Grand Total	8515.7	9390.6	10.3%	26765.8	27928.7	4.3%

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-June 2024-25



PANEL-WISE ANALYSIS

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

Table 4: Panel-wise Export Analysis for April-June 2024-25 vis-à-vis April-June 2023-24

Product panels	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
Ferrous						
Iron and Steel	946.8	755.9	-20%	3504.0	2348.1	-33%

Product panels	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
Products of Iron and Steel	765.3	777.8	2%	2356.4	2329.1	-1%
Sub Total	1712.1	1533.7	-10%	5860.3	4677.2	-20%
Non-ferrous						
Copper and products	161.2	156.3	-3%	535.1	444.1	-17%
Aluminium and products	575.7	605.0	5%	1864.6	1755.4	-6%
Zinc and products	68.5	45.3	-34%	241.3	195.7	-19%
Nickel and products	15.5	16.9	9%	45.7	42.3	-7%
Lead and products	47.7	77.7	63%	128.2	225.2	76%
Tin and products	1.3	1.1	-13%	2.4	4.6	96%
Other Non-Ferrous Metals	59.1	70.0	18%	175.8	199.5	13%
Sub Total	928.8	972.3	5%	2992.9	2866.9	-4%
Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	73.4	66.6	-9%	187.4	186.2	-1%
IC Engines and Parts	288.0	300.5	4%	869.0	889.0	2%
Pumps of all types	118.7	127.5	7%	354.3	362.4	2%
Air condition and Refrigerators	144.4	149.1	3%	415.6	433.1	4%
Industrial Machinery for dairy, food processing, textiles etc.	642.5	678.7	6%	1920.2	2039.3	6%
Machine Tools	60.4	72.2	20%	183.7	200.7	9%
Machinery for Injecting moulding, valves and ATMs	195.8	224.4	15%	605.8	664.1	10%
Sub Total	1523.1	1618.9	6%	4535.8	4774.9	5%
Electrical Machinery						
Electrical Machinery	940.3	1231.3	31%	2879.0	3401.1	18%
Automobile and auto component						
Motor Vehicle/cars	743.3	786.5	6%	2037.6	2113.1	4%
Two and Three Wheelers	225.4	240.4	7%	642.7	757.2	18%
Auto Components/Part	601.5	682.7	13%	1815.8	1997.6	10%
Auto Tyres and Tubes	211.4	242.0	14%	670.5	776.7	16%
Sub Total	1781.6	1951.6	10%	5166.6	5644.7	9.3%
Aircrafts and related products						
Aircrafts and Spacecraft parts and products	120.2	298.1	148%	337.2	1436.5	326%
Ships Boats and Floating products and parts						
Ships Boats and Floating products and parts	349.3	556.7	59%	1484.9	1344.9	-9%
Miscellaneous engineering products						

Product panels	June 2023	June 2024	Growth (%)	April-June 2023-24	April-June 2024-25	Growth (%)
Medical and Scientific instruments	201.7	215.2	7%	608.8	617.7	1%
Railway Transport	23.4	24.8	6%	74.5	77.8	4%
Hand Tools & Cutting Tools	72.7	79.3	9%	223.7	240.0	7%
Bicycle & Parts	27.7	29.3	6%	88.2	90.9	3%
Cranes Lifts & Winches	73.8	91.8	24%	207.1	279.1	35%
Office Equipment	24.6	23.4	-5%	83.0	66.0	-20%
Other Construction Machinery	223.4	239.7	7%	680.6	747.8	10%
Prime Mica & Mica Products	3.4	1.9	-45%	10.6	6.7	-36%
Project Goods	0.3	0.1	-77%	1.1	0.3	-73%
Other Rubber Product Except Footwear	132.0	143.4	9%	401.1	428.7	7%
Other Misc. Items	377.4	379.1	0%	1130.5	1227.6	9%
Total engineering exports	8515.7	9390.6	10.27%	26765.8	27928.7	4.34%

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 93 % of India's exports is contributed by the listed 12 states. Within this almost 54.7 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

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

US\$ Million

Top States	April-June 2023-24	April-June 2024-25	Growth%	%Share in India's Eng Export	Remark
Maharashtra	5845.3	5721.7	-2.1%	23.2%	92.7 % share covered by top 12 states
Tamil Nadu	3969.7	4185.9	5.4%	17.0%	
Gujarat	3361.8	3567.1	6.1%	14.5%	
Karnataka	1690.7	1676.9	-0.8%	6.8%	
Odisha	1821.4	1493.4	-18.0%	6.1%	
Telangana	412.2	1412.0	242.6%	5.7%	
Andhra Pradesh	1542.4	1261.0	-18.2%	5.1%	
Uttar Pradesh	1049.4	1057.5	0.8%	4.3%	
West Bengal	830.5	816.4	-1.7%	3.3%	
Haryana	1690.2	667.4	-60.5%	2.7%	
Madhya Pradesh	471.4	484.5	2.8%	2.0%	
Delhi	936.6	480.2	-48.7%	1.9%	

Source: NIRYAT portal

- Top 12 states constitute over 92.7 % of India's engineering Exports. Karnataka performing extremely well and moving up to 4th position, Odisha moving further up to 5th position while Telangana dropping down to 6th position and Haryana down to 10th position during the fiscal April-June 2024-25 compared to the same period last fiscal.
- Major negative growth witnessed in states like Maharashtra, Karnataka, Odisha, Andhra Pradesh, West Bengal, Haryana, Delhi and Rajasthan etc during April-June 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\$ 1535.8 million from Tamil Nadu (Second Highest State) during April-June 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 37.7 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-June 2024-25.

Table 6: Region wise exports from India

Value in US\$ million

Region	April-June 2023-24	April-June 2024-25	Growth%
EASTERN REGION	3221.1	2743.1	-14.8%
NORTHERN REGION	5531.7	2967.5	-46.4%
SOUTHERN REGION	7934.0	8777.5	10.6%
WESTERN REGION	10125.2	10140.7	0.2%

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 two month of fiscal 2024-25 also saw manufacturing output growth and engineering exports growth moving in the same direction. April 2024 saw engineering exports declined from a growth in Mar 2024 and manufacturing output growth decelerated. The month of May 2024 witnessed just the opposite. Engineering exports bounced back to growth path and manufacturing output growth accelerated.

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	5.8
April 2024	-4.49	3.9
May 2024	7.41	4.6
June 2024	10.27	N A

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during June 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 June 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 June 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)

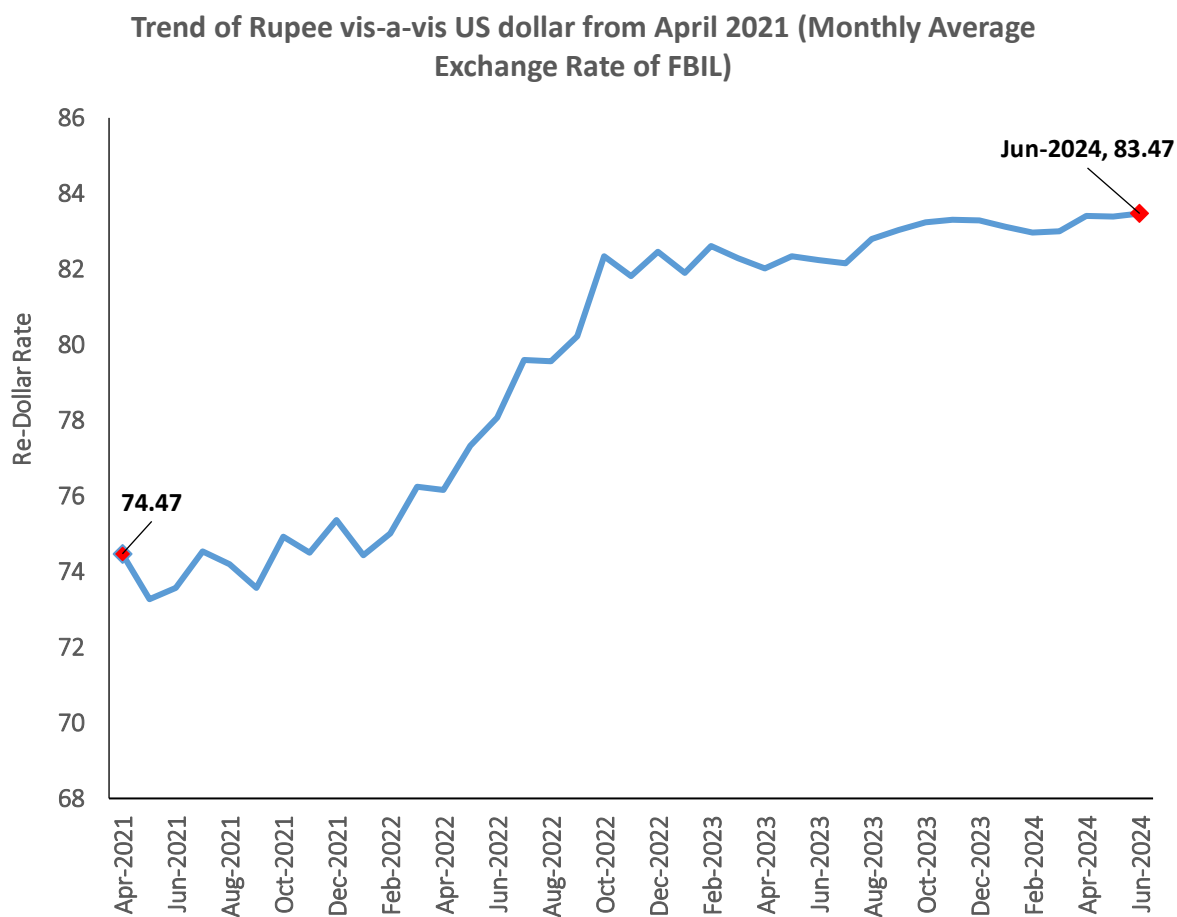
Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2023-24	2024-25				
April	82.02	83.41	1.69	Depreciation	0.49	Depreciation
May	82.34	83.39	1.28	Depreciation	-0.02	Appreciation
June	82.23	83.47	1.51	Depreciation	0.10	Depreciation

Rupee depreciation vis-à-vis the US Dollar continued in the new fiscal 2024-25 both on a year-on-year basis and on a month-on-month basis. Rupee even hit a low of 83.54 during June 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 and US fed policy 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
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 June 2024 were valued at US\$ 12023.3 million compared to US\$ 10571.7 million in June 2023 registering a positive growth of 13.7 percent in dollar terms. All the engineering panels barring Transport equipment witnessed an increase in import during June 2024 compared to June 2023.

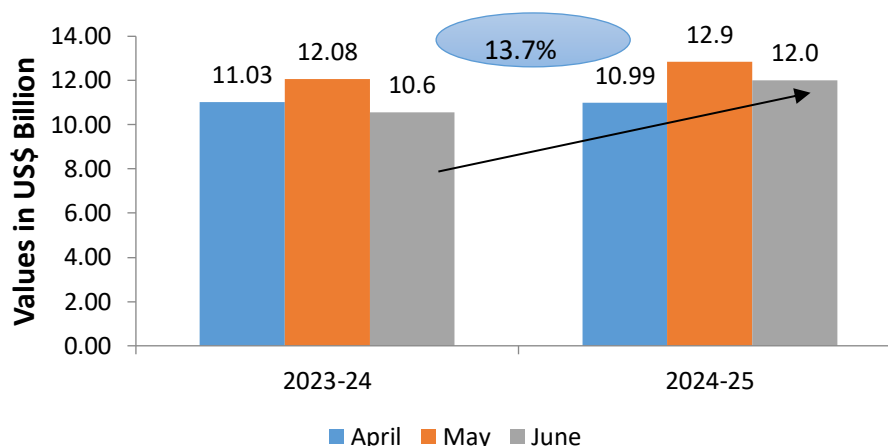
The share of engineering imports in India's total merchandise imports in June 2024 was estimated at 21.4 percent, higher than that of June 2023 which was estimated at 19.8%. The figure below depicts engineering imports **for June 2024 compared to June 2023**.

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

Values in US\$ MN	June '23	June'24	Growth %	April-June '23	April-June '24	Growth %
India's Engineering Imports	53513.23	56175.92	5.0	33686.5	35871.4	6.5

Source: Quick Estimates, MoC

Fig 3: Monthly Engineering Imports for April-June 2024-25 vis-a-vis April-June 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	June
Engineering Export	8.7	10.0	9.4
Engineering Import	11.0	12.9	12.0
Trade Balance	-2.3	-2.9	-2.6

Source: DGCI&S, EEPC India Analysis

CONCLUSION

India's engineering exports recorded growth in two consecutive months of the new fiscal 2024-25 despite starting it with a decline. The growth in exports was mainly machinery and automobile sector. However, both ferrous and non-ferrous metal sectors continued to record decline in exports mainly due to tepid global demand and also China offering more competitive prices in the global market. In terms of destinations, our exports increased in WANA region, other Europe, CIS and North America. The FTA with UAE has proved beneficial for the engineering export community and we feel that the ongoing FTA negotiations with GCC once concluded would further favour the community. The global trade has also been growing after a dismal performance last year. The global goods trade in the first quarter of 2024 increased by 1% on a year-on-year basis and is expected to rise further in the coming months. This would be favourable for India exporting community too. It is also important to mention the significant government support that has assisted the community. The recently announced Union Budget of 2024-25 also announced some very favourable measures for the upliftment of the MSMEs in our country. Other moves announced in the budget such as setting up E-Commerce export hubs in PPP model or favourable policies regarding the customs duty would be of immense help to the exporting community. Investment-grade energy audits across 60 traditional industry

clusters will enhance operational efficiency and reduce carbon emissions, aligning with the EU's CBAM requirements. The above initiatives will play significant role in bolstering the position of Indian engineering industry.

