Engineering Export-Import Monitor

FEBRUARY 2025

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ENGINEERING TRADE ANALYSIS FOR FEBRUARY 2025

In February 2025, India's engineering exports declined year-on-year after nine months of growth run

Trade Flow	Export figures (in US$ billion)				Growth (%)	
	Feb-2024	Feb-2025	Apr - Feb 2023-24	Apr – Feb 2024-25	Feb-2025 over Feb-2024	Apr-Feb 2024-25 over Apr-Feb 2023-24
Engineering exports	9.94	9.08	98.03	105.85	-8.62%	7.97%
Overall merchandise exports	41.41	36.91	395.38	395.63	-10.85%	0.06%
Share of engineering (%)	24.00%	24.61%	24.79%	26.75%	---	---
Service Exports	28.33	35.03	311.05	354.90	23.65%	14.10%

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

The nine-month long growth run of India's engineering exports cane to a halt in February 2025 with a decline in monthly shipment for the first time after April 2024 on a year-on-year basis. During February 2025, engineering exports from India was recorded at USD 9,082.61 million as against a higher USD 9,938.92 million in the same month last fiscal, conceding 8.62 percent decline. Cumulative growth as a consequence has also moderated to 7.97% but the possibility of achieving a new all-time high engineering exports in 2024-25 is almost certain. The year-on-year decline in February 2025 was mainly driven by 58 percent decline in exports of Aluminium and Products and 40 percent decline in exports of Iron and Steel. Exports of 'Ships, Boats and Floating Structures' and 'Aircraft, spacecrafts and parts' also recorded noticeable decline in year-on-year exports during February 2025. Among the destination regions, significant year-on-year decline in shipments was witnessed in ASEAN, EU and North-East Asia while exports to WANA and Latin America also declined in February 2025. Exports to South Asia, Sub-Saharan Africa, CIS and North America however managed decent growth over February 2024.

HIGHLIGHTS

- After a nine-month long stretch of growth run, Indian engineering exports declined in February 2025 on a year-on-year basis, the second monthly decline in this fiscal after April 2024. February 2025 saw engineering exports dropped to USD 9,082.61 million from USD 9,938.92 milion in the same month last fiscal, conceding a decline of 8.62 percent.
- On a cumulative basis however, engineering exports is on the growth path. During April-February 2024-25, engineering exports stood at USD 105,845.12 million as against USD 98,034.28 million during the same period of the last fiscal, registering a growth of 7.97 percent.
- According to the Quick Estimates of Department of Commerce, Government of India, share of engineering in India's total merchandise exports was recorded at 24.61 percent in February 2025 as against 25.86 percent in January 2025. On a cumulative basis, the share was recorded at 26.75 percent during April-February 2024-25.
- In February 2025, 21 out of 34 engineering panels witnessed positive year-on-year growth. While 13 engineering panels including mainly Iron and Steel and products, Copper, Aluminium and Tin products, Auto components and parts, Aircrafts and Spacecrafts, Ship and Boats, etc witness decline in exports during February 2025 vis-à-vis February 2024.
- On a cumulative basis, 28 out of 34 engineering panels recorded positive growth and remaining 6 engineering panels including Iron and Steel, some non-ferrous sectors including Copper, Aluminium and Zinc products, Office Equipment and Mica Products recorded negative growth during April-February 2024-25.
- Region wise, North America maintained its spot as the number one export destination with a share of 20.4% followed by EU (17.2%) and WANA (16.8%) in February 2025. Significant export growth was noted in South Asia (25.1%), SSA (9.7 %), Other Europe (5.5%), in February 2025. In cumulative terms, all regions experienced growth barring Oceania (-11.3%) and EU (-0.2%).
- Country-wise, USA remained the top destinations followed by UAE and Saudi Arabia in February 2025 while maximum increase was noted in France (67%), UAE (37.9%) and UK (31.9%).
- In cumulative terms too USA remained the number one destination. Significant export growth was noted in UAE, Sinagpore, Nepal, Japan and France.

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

Trade Flow	Export in Feb 2024	Exports in Feb 2025	Growth (%)	Exports in Apr-Feb 2023-24	Exports in Apr-Feb 2024-25	Growth (%)
Overall engineering exports	9938.92	9082.61	-8.62	98034.28	105845.12	7.97
Engineering exports excluding Iron and Steel	8783.38	8393.89	-4.43	87332.25	97404.19	11.53

Source: DGCI&S, Govt. of India

Observation: Excluding the export of iron and steel, engineering exports recorded a lower year-on-year decline on a monthly and a higher year-on-year growth on a cumulative basis as exports of Iron and Steel declined substantially on both estimates. In February 2025, exports of Iron and Steel declined by 40 percent while on a cumulative basis, the decline was 21.1 percent year-on-year. Drop in Iron and Steel exports adversely impacted the overall engineering exports by around 4 percent.

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	8547.86	-4.49
May	9300.62	9991.25	7.43
June	8515.72	9389.75	10.26
April-June	**26765.71**	**27928.87**	**4.35**
July	8720.30	9166.47	5.12
August	9048.65	9435.53	4.28
September	8886.54	9824.32	10.55
July-September	**26655.49**	**28426.32**	**6.64**
October	8078.48	11251.17	39.27
November	7822.25	8895.53	13.72
December	10007.56	10840.80	8.33
October-December	**25908.29**	**30987.50**	**19.60**

Month	2023-24	2024-25	Growth (%)
January	8765.87	9419.81	7.46
February	9938.92	9082.61	-8.62
April-February	**98034.28**	**105845.12**	**7.97**

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN FEBRUARY 2025

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during February 2025 over February 2024 as well as in cumulative terms during April-February 2024-25 vis-à-vis April-February 2023-24. The data clearly shows that top 25 countries contribute 75.2% of total engineering exports.

Table 2: Engineering exports country-wise

US$ Mn.

Country	Feb-24	Feb-25	Growth (%)	Apr'23 - Feb'24	Apr'24 - Feb'25	Growth (%)
U S A	1569.50	1660.79	5.8%	15952.4	17271.8	8.3%
UAE	499.14	688.18	37.9%	5226.5	7560.8	44.7%
SAUDI ARABIA	591.49	323.26	-45.3%	4627.9	5184.0	12.0%
SINGAPORE	403.22	198.64	-50.7%	3048.2	4134.6	35.6%
GERMANY	366.26	340.26	-7.1%	3739.6	3832.6	2.5%
U K	246.20	324.74	31.9%	3269.2	3583.4	9.6%
MEXICO	311.31	275.97	-11.4%	2949.0	3221.7	9.2%
TURKEY	229.35	183.00	-20.2%	2503.4	2791.3	11.5%
ITALY	478.40	240.95	-49.6%	3519.8	2727.4	-22.5%
CHINA	235.39	207.45	-11.9%	2385.0	2451.3	2.8%
KOREA RP	330.44	224.95	-31.9%	2535.7	2335.0	-7.9%
SOUTH AFRICA	146.91	184.27	25.4%	1940.2	2292.5	18.2%
FRANCE	129.43	216.10	67.0%	1810.3	2288.2	26.4%
JAPAN	211.71	239.36	13.1%	1759.7	2226.3	26.5%
NEPAL	147.54	179.47	21.6%	1901.4	2029.0	6.7%
BRAZIL	202.95	175.94	-13.3%	1885.4	2021.2	7.2%
BANGLADESH	162.24	202.13	24.6%	1968.7	1972.8	0.2%
THAILAND	152.20	168.51	10.7%	1701.1	1823.5	7.2%
INDONESIA	136.67	122.44	-10.4%	2216.0	1808.2	-18.4%
NETHERLAND	164.23	152.08	-7.4%	1723.0	1733.0	0.6%
MALAYSIA	271.75	80.93	-70.2%	1900.8	1331.4	-30.0%

Country	Feb-24	Feb-25	Growth (%)	Apr'23 - Feb'24	Apr'24 - Feb'25	Growth (%)
VIETNAM	152.22	98.99	-35.0%	1162.3	1296.0	11.5%
SPAIN	201.49	97.59	-51.6%	1441.2	1273.3	-11.7%
BELGIUM	171.50	97.44	-43.2%	1543.9	1254.1	-18.8%
RUSSIA	120.12	108.97	-9.3%	1224.1	1149.4	-6.1%
Total engineering exports to the top 25 countries	**7631.68**	**6792.41**	**-11.0%**	**73934.81**	**79592.94**	**7.7%**
India's total engineering exports	**9938.92**	**9082.61**	**-8.6%**	**98034.3**	**105845.1**	**8.0%**
Share % of Top 25 destinations	**76.8%**	**74.8%**		**75.4%**	**75.2%**	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-February 2025 as compared to April-February 2024

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

US$ Mn

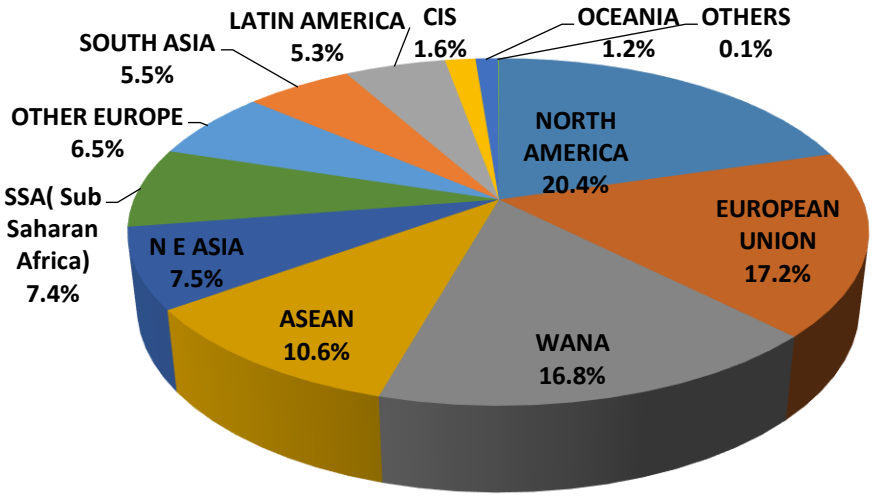
Region	Feb-24	Feb-25	Growth (%)	Apr'23 - Feb'24	Apr'24 - Feb'25	Growth (%)
NORTH AMERICA	1992.47	2033.54	2.1%	19987.13	21606.41	8.1%
EUROPEAN UNION	2008.45	1614.71	-19.6%	18225.23	18180.24	-0.2%
WANA	1585.91	1476.92	-6.9%	14624.06	17748.04	21.4%
ASEAN	1174.82	731.67	-37.7%	10757.89	11249.90	4.6%
N E ASIA	863.25	766.20	-11.2%	7508.67	7919.49	5.5%
SSA(Sub Saharan Africa)	617.04	677.00	9.7%	7181.00	7880.08	9.7%
OTHER EUROPE	502.24	529.84	5.5%	6092.76	6827.97	12.1%
SOUTH ASIA	424.42	531.02	25.1%	5506.89	5873.32	6.7%
LATIN AMERICA	503.90	465.50	-7.6%	5245.71	5584.01	6.4%
CIS	143.20	150.12	4.8%	1483.36	1683.78	13.5%

Region	Feb-24	Feb-25	Growth (%)	Apr'23 - Feb'24	Apr'24 - Feb'25	Growth (%)
OCEANIA	120.37	97.83	-18.7%	1398.25	1231.67	-11.9%
OTHERS	2.85	8.26	189.5%	23.35	60.21	157.9%
Grand Total	**9938.92**	**9082.61**	**-8.6%**	**98034.28**	**105845.12**	**8.0%**

Source: DGCI&S

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

Figure 1: Region-wise shares of India's engineering exports during April-February 2024-25



Source: DGCI&S

PANEL WISE INDIA'S ENGINEERING EXPORTS

In this section we look at the Engineering Panel wise exports for the month of February 2025 vis-à-vis February 2024 as well as the cumulative exports for **April-February 2024-25 vis-à-vis April-February 2023-24**. These are indicated in the tables below.

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

Product panels	February 2024	February 2025	Growth (%)	April-February 2023-24	April-February 2024-25	Growth (%)
Ferrous						
Iron and Steel	1155.54	688.72	-40.4%	10702.0	8440.9	-21.1%

Product panels	February 2024	February 2025	Growth (%)	April-February 2023-24	April-February 2024-25	Growth (%)
Products of Iron and Steel	867.87	831.49	-4.2%	8898.1	9135.3	2.7%
Sub Total	**2023.4**	**1520.2**	-25%	**19600.1**	**17576.2**	-10%
Non-ferrous						
Copper and products	225.1	171.7	-24%	2283.1	2115.4	-7%
Aluminium and products	1175.0	494.7	-58%	7103.5	6235.2	-12%
Zinc and products	42.5	57.9	36%	680.5	675.9	-1%
Nickel and products	10.3	16.5	60%	147.1	169.4	15%
Lead and products	78.1	93.5	20%	679.4	836.7	23%
Tin and products	1.5	1.0	-32%	14.2	19.6	38%
Other Non-Ferrous Metals	68.3	71.1	4%	677.7	784.4	16%
Sub Total	**1600.8**	**906.4**	-43%	**11585.5**	**10836.6**	-6%
Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	74.3	73.6	-1%	657.2	750.4	14%
IC Engines and Parts	305.9	344.2	13%	3298.5	3485.2	6%
Pumps of all types	114.0	124.2	9%	1230.1	1407.2	14%
Air condition and Refrigerators	149.8	164.4	10%	1537.9	1744.5	13%
Industrial Machinery for dairy, food processing, textiles etc.	658.8	687.2	4%	7247.0	7461.3	3%
Machine Tools	71.8	72.3	1%	708.5	724.4	2%
Machinery for Injecting moulding, valves and ATMs	229.3	241.8	5%	2270.4	2557.0	13%
Sub Total	**1603.7**	**1707.8**	6%	**16949.7**	**18130.0**	7%
Electrical Machinery						
Electrical Machinery	979.7	1224.3	25%	11169.2	12997.2	16%
Automobile and auto component						
Motor Vehicle/cars	600.6	717.2	19%	7512.9	8093.2	8%
Two and Three Wheelers	264.0	266.0	1%	2469.9	2903.2	18%
Auto Components/Part	676.1	654.2	-3%	6964.5	7399.4	6%
Auto Tyres and Tubes	270.8	236.5	-13%	2605.7	2781.4	7%
Sub Total	**1811.5**	**1873.9**	3%	**19553.0**	**21177.2**	8.3%
Aircrafts and related products						
Aircrafts and Spacecraft parts and products	**383.8**	**339.0**	-12%	**2348.5**	**6711.8**	186%
Ships Boats and Floating products and parts						

Product panels	February 2024	February 2025	Growth (%)	April-February 2023-24	April-February 2024-25	Growth (%)
Ships Boats and Floating products and parts	**338.7**	**222.5**	-34%	**3583.6**	**4042.5**	13%
Miscellaneous engineering products						
Medical and Scientific instruments	186.7	218.5	17%	2181.6	2510.2	15%
Railway Transport	18.1	22.2	23%	291.0	329.0	13%
Hand Tools & Cutting Tools	79.5	81.0	2%	837.5	941.6	12%
Bicycle & Parts	31.8	36.3	14%	327.8	363.9	11%
Cranes Lifts & Winches	90.9	86.0	-5%	948.4	980.0	3%
Office Equipment	18.7	19.7	5%	281.3	256.1	-9%
Other Construction Machinery	253.8	258.3	2%	2701.3	2726.4	1%
Prime Mica & Mica Products	2.6	2.2	-18%	33.8	28.1	-17%
Project Goods	0.2	5.8	3047%	2.5	7.9	213%
Other Rubber Product Except Footwear	140.9	136.8	-3%	1515.2	1606.8	6%
Other Misc. Items	374.0	421.8	13%	4124.4	4623.5	12%
Total engineering exports	**9938.9**	**9082.6**	-8.6%	**98034.3**	**105845.1**	7.97%

Reasons for Decline (As per April-February 2024-25):

- **Iron and Steel :- Insights:**

a) During April-February 2024-25, India's exports of Iron and Steel deteriorated by 21% vis-à-vis same period last fiscal, while Products of Iron and Steel witnessed growth to the extent of 3% during the same period, after continuous decline for many months. However in the month of February 2025, both Iron and Steel as well as Products of Iron and Steel witnessed decline in exports to the extent of 40% and 4% respectively.

b) **US Tariffs:** The 25% tariffs imposed by the US on steel imports (as per the proclamation order dated on 18th February 2025) have created a challenging environment for Indian steel exporters. Although India's direct steel exports to the US are relatively low, the tariffs have led to increased global competition and price pressures. The tariffs have also resulted in a shift in trade flows.

c) **Market Sentiment and Trade Policies**:Uncertainty around trade policies and potential trade wars has led to cautious buying behavior and delayed purchasing decisions. Protective measures by other countries, such as antidumping duties and safeguard measures, have also restricted India's steel exports.

d) **Impact of US Tariffs on India's Steel Exports: (i)** While the direct impact of US tariffs on India's steel exports is limited due to the low volume of exports to the US, the indirect effects are significant. The tariffs have led to increased global competition and price pressures, affecting India's export competitiveness. (ii) On the other hand, India has proposed a 12% safeguard duty on a broad range of steel products to protect its domestic market from increased imports, This move aims to prevent a flood of cheap steel imports from disrupting the local industry. The safeguard duties will be in place for 200 days, pending a final decision.***In this regard, EEPC India urges a balanced approach to safeguard duty to protect MSMEs and user industries from potential price hikes and supply disruptions.***

e) **Overall price scenario in various countries post imposition of US tariff :**

(i) **US:** The US imposed a 25% tariff on all steel imports, which has significantly boosted domestic steel prices. Hot-rolled coil (HRC) prices soared, with the Midwest HRC price averaging $807 per short ton in February, up from $698 in January. The tariffs have led to increased demand for domestic steel, extending delivery lead times and pushing up prices further. (Source: SPG Platts Connet)

(ii) **China:** The Chinese steel market experienced muted sentiment due to the US tariffs. Steel prices have remained relatively flat, with hot-rolled coil prices averaging 3,419 yuan per metric ton in February 2025. The tariffs have created uncertainty, leading to cautious buying behavior and concerns about a potential trade war. (Source: SPG Platts Connet)

(iii) **European Union:** EU flat steel prices have risen due to expectations of tighter import quotas in response to the US tariffs and improving manufacturing activity. Northern EU flat steel prices reached a six-month high of €615 per metric ton in early March 2025. (Source: SPG Platts Connet)

(iv) **Turkey:** Turkey's scrap prices have strengthened due to higher US steel and scrap prices. However, slow rebar sales have capped further gains.

(v) **India:** The imposition of a 25% tariff on steel imports by the US has led to significant shifts in global trade flows, with Asian exporters redirecting shipments to India. This has increased import pressure on the Indian market, affecting domestic steel prices and earnings. Despite the minimal direct impact due to low export volumes to the US, the increased competition and price pressures from redirected shipments have led to fluctuations in India's steel prices. For instance, hot-rolled coil (HRC) prices rose by 3% month-on-month in February 2025, driven by hopes of safeguard duties and reduced import volumes. (Source: BigMint).

- ***Non- Ferrous Sector (Copper, Alumimnium and Zinc)***

Copper:

- **India's growing copper demand and its position as a net importer in Copper**: India's copper demand has been on the rise driven by requirement of clean energy systems and increasing penetration of electric vehicles. The domestic demand for copper is expected to double by 2030. India has turned into a net importer of copper since the closure of Vedanta's Sterlite copper plant in Tamil Nadu's Tuticorin in 2018. The country's demand for copper is also indicated by the fact that many new companies are venturing into copper production in India – for instance JSW now plans to set up its own smelter facility in Odisha with an

investment of around 120 billion rupees and scale up the capacity to 1 million metric tons by 2033 or 34. The Adani Group has also set up a $1.2 billion copper smelter in Guajarat.

- **Surplus in the global copper market:** As per S&P Global's forecast, the refined copper market is going to experience a surplus for 2025. Many new countries including non-producers such as Saudi Arabia are also joining the production trend. However, the copper concentrate market is expexted to face deficits due to scant supply. India is dependent on imports for its suppky of copper concentrates and there is a 2.5% tariff. The industry has urged the government to reduce the tariff to zero to facilitate import.

Aluminium

- RODTEP benefit to SEZ units was only provided in October, November and December 2024 although the scheme was implemented from April 2024 for entire financial year. This is making exports unviable, and not competitive.

- Exports to USA are reducing year on year majorly because of not getting exemption from Section 232 duty, over and above not getting rodtep benefit for SEZ.

Zinc:

As per latest reports, there is a global oversupply of Zinc which has also affected its global prices.

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 94.7 % of India's exports is contributed by the listed 12 states. Within this almost 56.5 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

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

US$ Million

Top States	April-December 2023-24	April-December 2024-25	Growth%	%Share in India's Eng Export	Remark
Maharashtra	16907.0	16570.0	-2.0%	22.1%	**94.7% share covered by top 12 states**
Tamil Nadu	12586.9	13340.9	6.0%	17.8%	
Gujarat	10703.9	12472.9	16.5%	16.6%	
Telangana	1703.7	6191.6	263.4%	8.3%	
Karnataka	4958.1	5270.7	6.3%	7.0%	
Odisha	4910.7	4407.2	-10.3%	5.9%	
Andhra Pradesh	3671.9	3510.7	-4.4%	4.7%	
Uttar Pradesh	3102.2	3211.1	3.5%	4.3%	
West Bengal	2349.3	2592.5	10.4%	3.5%	
Madhya Pradesh	1368.8	1448.2	5.8%	1.9%	

Top States	April-December 2023-24	April-December 2024-25	Growth%	%Share in India's Eng Export	Remark
Rajasthan	2414.2	1046.5	-56.7%	1.4%	
Daman & Diu And Dadra & Nagar Haveli	1108.1	938.5	-15.3%	1.3%	

Source: NIRYAT portal

- *Top 12 states constitute over 94.7 % of India's engineering Exports. Once again, Karnataka maintained its 5th position, Telengana retained its 4th position, Odisha maintaining its 6th position, while Daman and Diu moved up to 12th position and Haryana moved further down to 13th position during the fiscal April-December 2024-25 compared to the same period last fiscal.*
- *Major negative growth witnessed in states like Maharashtra, Odisha, Andhra Pradesh, Rajasthan and Daman and Diu during April-Dec 2024-25 compared to the same period last fiscal.*
- *Maharashtra being the highest state in terms of Engineering Goods exports (constituting a share of 22.1%) is leading by US$ 3229.1 million from Tamil Nadu(Second Highest State) for the period of April-Dec 2024-25*

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 38.7 percent share. Tamil Nadu from the Southern Region has retained its export performance and it ranked second after Maharashtra, while Gujarat and Telengana ranked third and fourth during April-December 2024-25.

Table 6: Region wise exports from India

Value in US$ million

Region	April-Dec 2023-24	April-Dec 2024-25	Growth%
EASTERN REGION	8651.2	8282.5	-4.3%
NORTHERN REGION	16713.3	5920.1	-64.6%
SOUTHERN REGION	23784.5	29053.9	22.2%
WESTERN REGION	30350.6	31734.5	4.6%

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.(Data sourced from Niryat portal. It is to be noted that revised state figures for Jan 2025 not yet updated)

CORRELATION BETWEEN MANUFACTURING PRODUCTION AND ENGINEERING EXPORTS

Engineering forms a considerable part 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. Then June, July and August 2024 however saw both moved in the opposite direction. June and August 2024 saw higher engineering export growth but lower manufacturing growth in comparison to the previous month while July 2024 just witnessed the reverse. September and October 2024 again saw both moving in the same direction by securing acceleration in growth. November 2024 however saw slowdown in engineering export growth but faster manufacturing growth vis-à-vis October 2024 while growth in both engineering exoports and manufacturing output moderated in December 2024. In January 2025 once again, the direction was opposite as engineering exports growth moderated against a faster manufacturing output growth.

The link between these two may not be established monthly, 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

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
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	5.9
April 2024	-4.49	4.2
May 2024	7.43	5.1
June 2024	10.26	3.5
July 2024	5.12	4.7
August 2024	4.28	1.2
September 2024	10.55	4.0
October 2024	39.27	4.7
November 2024	13.72	5.5
December 2024	8.33	3.4
January 2025	7.46	5.5

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during February 2025 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 February 2025, 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 February 2025 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
July	82.15	83.59	1.75	Depreciation	0.14	Depreciation
August	82.79	83.89	1.33	Depreciation	0.36	Depreciation

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2023-24	2024-25				
September	83.05	83.81	0.92	Depreciation	-0.10	Appreciation
October	83.24	84.02	0.94	Depreciation	0.25	Depreciation
November	83.30	84.36	1.27	Depreciation	0.40	Depreciation
December	83.28	84.99	2.05	Depreciation	0.75	Depreciation
January	83.14	86.27	3.76	Depreciation	1.51	Depreciation
February	82.96	87.05	4.93	Depreciation	0.90	Depreciation

Rupee depreciated continued in February 2025: INR depreciated vis-à-vis the US Dollar by a higher 4.93 percent on a year-on-year basis in February 2025 in comparison to January 2025. On a month-on-month basis however, the depreciation was lower at 0.90 percent. Heavy FPI outflow from India, coupled with intensification of global trade war risks and uncertainty surrounding US trade policies led to the volatility in currency market and INR depreciation in February 2025. US Dollar gave up up some gains due to this global uncertainty. As per the RBI report in March 2025, Rupee is still less volatile among its ASEAN peers.

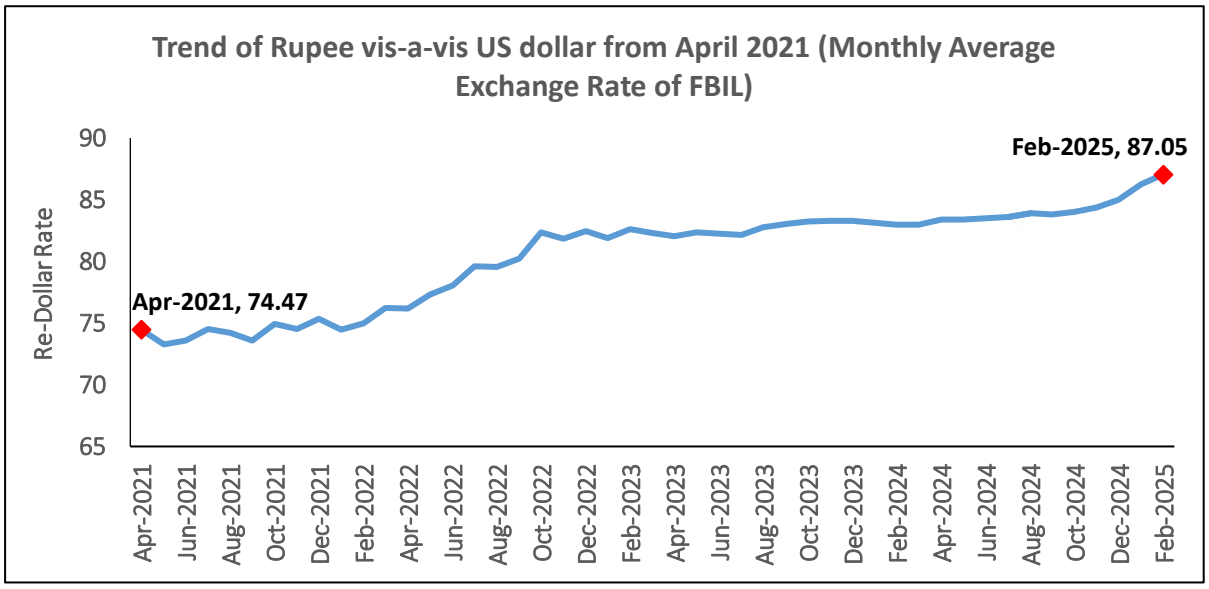
Outlook: The weakening of rupee vis-à-vis the US Dollar is apprehended to persist at least in the first few months of 2025 but the impact of US trade decision on global economy may change the scenario going forward.

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

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2022-23	2023-24				
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)



Source: FBIL

ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during February 2025 were valued at US$ 12060.96 million compared to US$ 12694.65 million in February 2024 registering a negative growth of 5.0 percent in dollar terms. Sectors like Non-Ferrous Metals, Electrical Machinery & Medicinal & Pharmaceutical products witnessed a rise in import during February 2025 compared to February 2024 registering positive growth over the same period while Iron & Steel, Machine Tools, Transport Equipments & Professional instrument, Optical goods, etc. recorded a decline in growth during the same.

The share of engineering imports in India's total merchandise imports in February 2025 was estimated at 23.7 percent, higher than that of February 2024 which was estimated at 20.8 %.

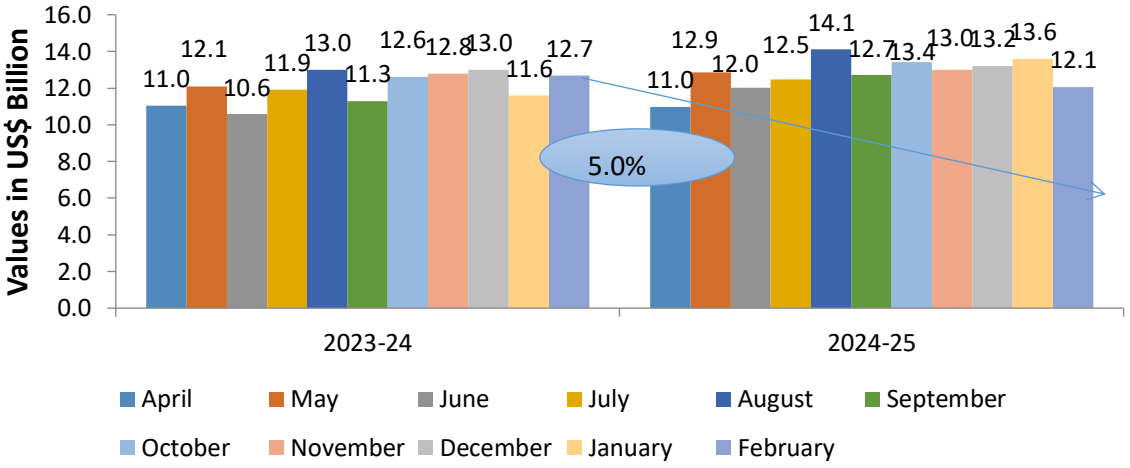
The figure below depicts engineering imports **for February 2025 compared to February 2024.**

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

Values in US$ MN	February '23	February '24	Growth %	April-February '23	April-February '24	Growth %
India's Engineering Imports	12694.65	12060.96	-5.0%	132684.1	140382.2	5.8%

Source: Quick Estimates, MoC

Fig 3: Monthly Engineering Imports for April-February 2024-25 vis-a-vis April-February2023-24



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	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Engineering Export	8.7	10.0	9.4	9.0	9.4	9.8	11.2	8.9	10.8	9.4	9.1

Trade Flow	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Engineering Import	11.0	12.9	12.0	12.5	14.1	12.7	13.4	13.0	13.2	13.6	12.1
Trade Balance	-2.3	-2.9	-2.6	-3.5	-4.7	-2.9	-2.2	-4.1	-2.4	-4.2	-3.0

Source: DGCI&S, EEPC India Analysis

Conclusion

The tremendous performance of India's engineering exports with a nine-month growth run came to a halt in February 2025. The decline in exports in febryary 2025 was 8.62% as it reached USD 9.08 billion. Cumulative growth as a consequence has also moderated to 7.97% but the possibility of achieving a new all-time high engineering exports in 2024-25 is almost certain. The decline was majorly due to fall in metal exports especially for iron and steel, aluminium and copper.

The months of February and March of 2024-25 witnessed a major upheaval in the global trade – a result of the protective and retaliatory tariff measures adopted by the newly elected US President, Donald Trump. The Trump administration has threatened retaliatory tariffs on some of its major trade partners including China, Canada and Mexico. India has also not been spared as the President has called it a "High Tariff Nation", reiterating the need for reciprocal tariffs which are to be effective from 2nd of April 2025. The industry is bracing itself for two different impacts in case the tariffs become effective: firstly the loss of US market which is also the largest engineering export destination for India. Secondly, trade diversion that may happen due to this from China, Japan, South Korea or South East Asian nations.

Globally, trade experts are looking for way out of the on-going trade uncertainty. A recent report published by researchers in the London School of Economics indicated how recent US trade policies along with growing uncertainty fuelled by ongoing geopolitical disputes may bring significant economic and financial market disruptions. In India too, there is a need to diversify our export destinations and at the same time work out an agreement with the US which can lessen the impact of the above mentioned tariff. The Government of India is already on the right track in terms of diversifications as it signed new FTAs with UAE and Australia. New FTAs are also being negotiated with EU, UK and GCC. More such FTAs are required in Latin America and Africa. At the same time to protect our market in the US, Government of India is also contemplating a Bilateral Trade Agreement with the US. This is also a very significant step and we are hopeful that if implemented, this would go a long way in protecting our global markets.

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ANNEXURE-I

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-February 2024-25 vis-à-vis April-February 2023-24. We have taken the major panels and computed the top importers to get an idea of the current trade pattern.

Engineering Product Panel - Country matrix

Value in USD million

Product panels	Top 5 nations	April- February 2023-24	April- February 2024-25	Growth
Iron and Steel	Italy	1720.1	984.9	-43%
	Nepal	709.7	707.7	0%
	UAE	587.5	627.0	7%
	USA	449.1	516.7	15%
	UK	328.4	481.7	47%
Products of Iron and Steel	USA	2536.1	2790.1	10%
	UAE	525.9	775.4	47%
	Saudi Arab	484.4	523.7	8%
	Germany	402.9	418.6	4%
	UK	323.1	312.9	-3%
Industrial Machinery	USA	3368.6	3790.5	13%
	UAE	735.7	885.3	20%
	Germany	924.0	803.4	-13%
	China	636.4	784.5	23%
	Thailand	716.4	705.6	-2%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	Saudi Arab	1496.6	1391.3	-7%
	South Africa	1073.1	1320.0	23%
	Mexico	1066.1	1207.6	13%
	Japan	229.4	759.8	231%
	UAE	500.5	648.7	30%
Non-Ferrous metals	USA	1362.9	1360.7	0%
	Korea RP	1186.8	881.9	-26%
	Turkey	164.1	709.3	332%
	Saudi Arab	1065.2	690.8	-35%
	China	604.4	567.9	-6%
Electrical Machinery and Components	USA	2127.2	2469.9	16%
	Singapore	900.0	1405.4	56%
	UK	900.9	1047.7	16%
	Germany	676.8	886.0	31%
	Korea RP	418.1	601.3	44%
Aircrafts and Space crafts	UAE	254.9	1641.5	544%
	Saudi Arab	331.0	1113.8	236%
	France	182.5	720.4	295%

Product panels	Top 5 nations	April- February 2023-24	April- February 2024-25	Growth
	USA	451.6	403.9	-11%
	Czech Republic	3.9	353.3	9012%
Ships, Boats and Floating Structures and parts	Singapore	953.6	1707.0	79%
	UAE	890.3	1030.3	16%
	Indonesia	569.3	306.4	-46%
	USA	52.9	306.4	479%
	Sri Lanka	346.8	236.6	-32%
Auto Components (including Auto Parts and Auto Tyre)	USA	2160.7	2141.5	-1%
	Brazil	459.7	551.1	20%
	Germany	531.3	546.8	3%
	Turkey	532.7	447.4	-16%
	Mexico	403.6	444.1	10%

Source: DGCI&S

- In April-February 2024-25, Italy, Nepal and UAE ranked as the top importers of Indian Iron and Steel, while the USA, UAE and Saudi Arabia lead in import of 'Products of Iron & Steel.'
- The USA stood out as the primary importer of Indian 'Industrial machinery,' making up 21% of India's global exports in this category, followed by UAE 5% and Germany with 4% shares, respectively.
- Saudi Arabia, South Africa, Mexico and Japan were top importers of India's Automobiles during April-february 2024-25 in India’s global exports respectively over April- February 2023-24.
- USA, South Korea and Turkey were the top three importers of India's Non-ferrous metals and products' during April- February 2024-25 whereas USA, Singapore, UK and Germany were the top importers of Indian Electrical Machinery & Components during the same period.
- UAE, Saudi Arabia, France and USA were the top importers of India's Aircrafts and Spacecraft during April-February 2024-25 in India's total global exports of the product.
- Singapore, UAE and Indonesia became the largest importer of ships, boats and floating structures followed by USA and Sri Lanka. While for the auto components’ product group, USA remained the top importer in April-February 2024-25 followed by Brazil, Germany, Turkey and Mexico.