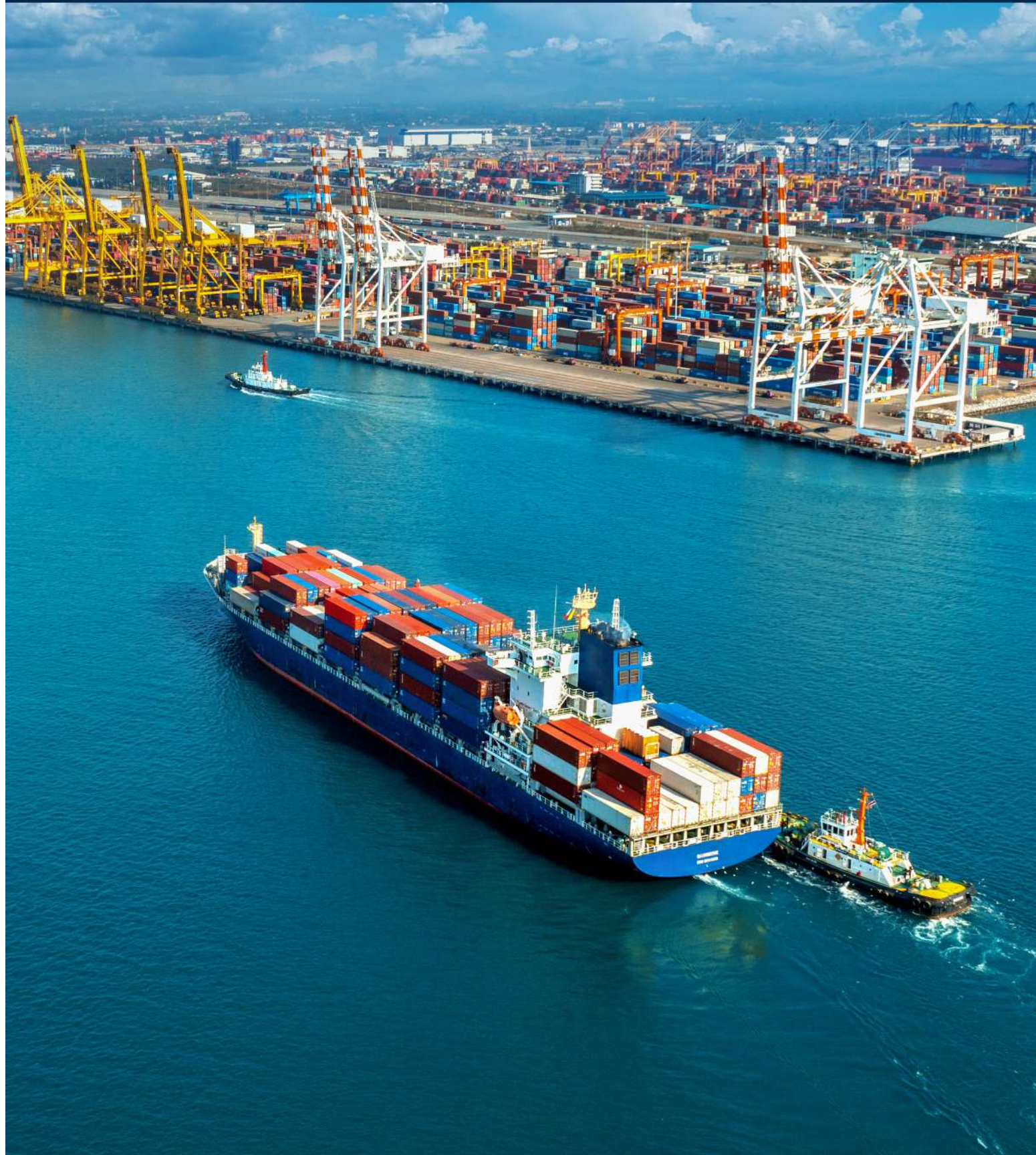


OCTOBER 2022

# Engineering Export-Import Monitor



*Engineering The Future*

**EEPCINDIA**  
ENGINEERING THE FUTURE



## ANALYSIS OF INDIAN ENGINEERING EXPORTS AND IMPORTS FOR OCTOBER 2022

NOVEMBER 2022

**Engineering exports recorded 2.2% year-on-year decline during the first seven months of FY 2022-23**

Trade Flow	Export figures (in \$ billion)					
	Oct-2021	Oct-2022	Apr- Oct 2021-22	Apr- Oct 2022-23	Oct-2022 over Oct-2021	Apr-Oct 2022-23 over Apr-Oct 2021-22
Engineering exports	9.40	7.40	63.92	62.50	-21.26%	-2.23%
Overall exports	35.73	29.78	233.98	263.35	-16.65%	12.55%
Share of engineering (%)	26.31%	24.86%	27.32%	23.75%	---	---

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

- Engineering exports recorded year-on-year decline for the fourth straight month to Oct 2022.
- Cumulative engineering exports during April-October 2022-23 declined by 2.2% year-on-year.
- The 15% export duty on steel continued to weigh on engineering exports as India's iron and steel exports dropped by 61.7% in October 2022 on a y-o-y basis
- Cumulative decline in iron and steel export during April-October 2022-23 was 40% y-o-y
- Other factors which affected India's engineering export growth include slowdown in economic activities in some of India's top export destinations including China and EU

## HIGHLIGHTS

- ✚ Engineering exports from India conceded its fourth consecutive monthly decline on a year-on-year basis as it dropped by 21.3 percent to USD 7403 million in October 2022 from USD 9401.2 million in October 2021.
- ✚ Cumulative engineering exports also declined by 2.2 percent during the first seven months of fiscal 2022-23 as it dropped up to USD 62496.6 million during Apr-Oct 2022-23 from USD 63919.6 million during the same period last fiscal.
- ✚ As per the Quick Estimates of Ministry of Commerce and Industry, Government of India, share of engineering in total merchandise exports was recorded at 24.86 percent in October 2022 while the share was 23.75 percent on a cumulative basis during the first seven months of 2022-23.
- ✚ 8 out of 34 engineering panels witnessed positive year-on-year growth in exports during October 2022 vis-a-vis the same month last fiscal. Baring zinc and nickel all the other non-ferrous metals recorded decline in exports.
- ✚ On a cumulative basis 24 out of 34 engineering panels recorded positive growth during Apr-Oct 2022-23 over the same period last fiscal. Major decline was witnessed in iron & steel segment and non-ferrous metal segment.
- ✚ In terms of region, maximum growth in exports was witnessed in North America followed by Latin America and Oceania in cumulative terms.
- ✚ Top exporting destinations countries that witnessed positive growth during April-October 2022-23 were USA, Germany and Singapore whereas top destinations with negative export during the same month include UAE and Italy.
- ✚ In the seven months of fiscal 2022-23, engineering exports achieved 49.2 percent of the USD 127 billion target set by the Government for the entire fiscal.

### Overall Engineering Exports vs Engineering Exports Excluding Steel Segment

(Values in USD Million)

Trade Flow	Export in Oct 2021	Exports in Oct 2022	Growth (%)	Exports in Apr-Oct 2021-22	Exports in Apr-Oct 2022-23	Growth (%)
Overall engineering exports	9401.2	7403.0	-21.3%	63919.6	62496.6	-2.2%
Engineering exports excluding iron and Steel	7485.9	6668.5	-10.9%	49577.6	53915.7	8.8%

Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded 10.9 percent year-on-year decline in October 2022 and 8.8 percent growth on a cumulative basis during April-November 2022-23.

### EXPORT TARGET

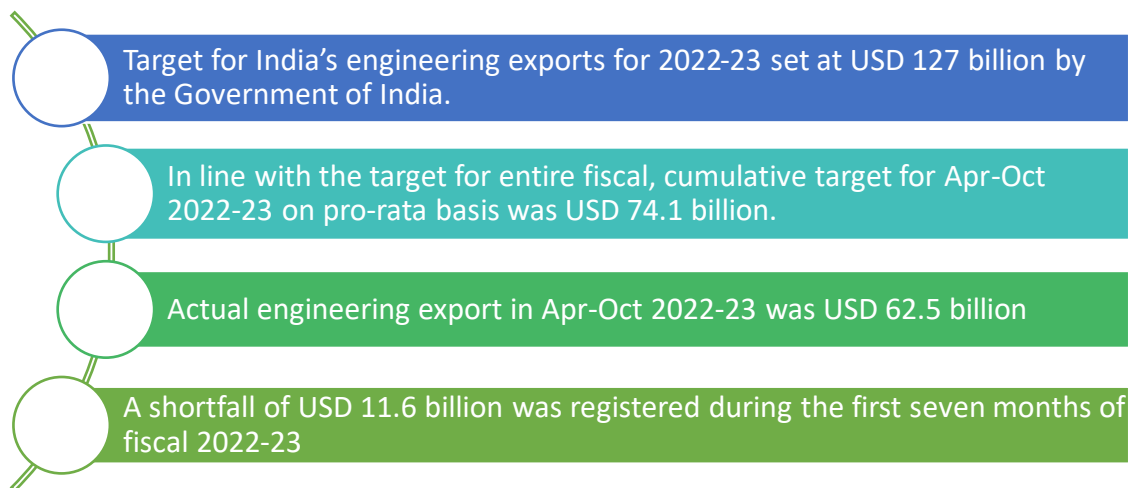
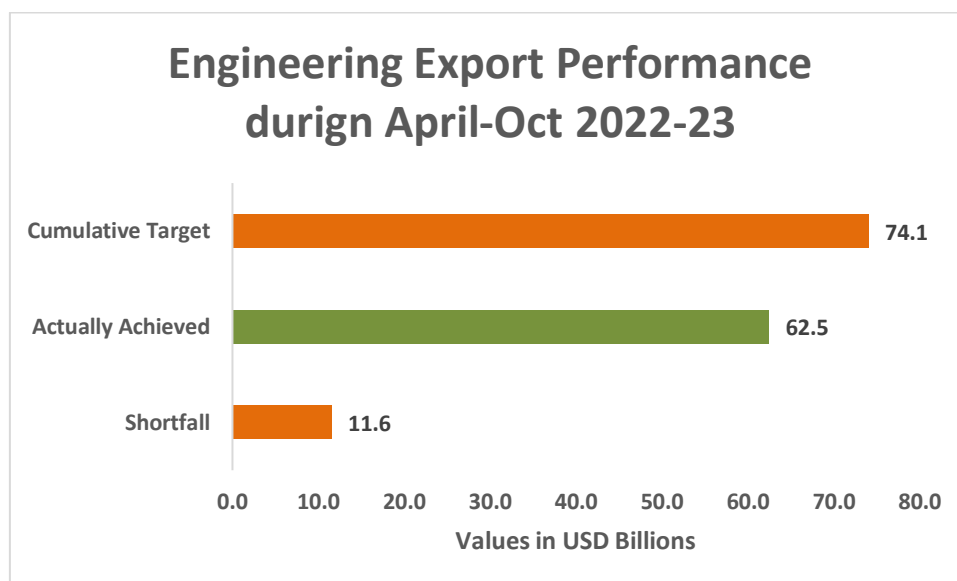


Fig1: Engineering Export Target V/S Actually Achieved in Apr-Oct 2022-23 (USD Billion)



## ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2022-23 vis-à-vis 2021-22 are shown below as per the latest DGCI&S estimates:

**Table 1: Engineering Exports: Monthly Trend in 2022-23**

US\$ million

Month	2021-22	2022-23	Growth (%)
April	7974.05	9678.20	21.37
May	8623.64	9713.75	12.64
June	9295.06	9582.90	3.10
April-June	<b>25892.75</b>	<b>28974.85</b>	<b>11.90</b>
July	9545.20	9367.67	-1.86
August	9663.09	8407.41	-12.99
September	9417.37	8395.49	-10.85
July-September	<b>28625.66</b>	<b>26170.56</b>	<b>-8.58</b>
October	9401.21	7402.97	-21.3
April-October	<b>63919.62</b>	<b>62496.57</b>	<b>-2.2</b>

Source: DGCI&S, Govt. of India.

## TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-OCTOBER 2022

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during October 2022 over October 2021 as well as in cumulative terms during April-October 2022-23 vis-à-vis April-October 2021-22. The data clearly shows that top 25 countries contribute 76% of total engineering exports.

**Table 2: Engineering exports country wise**

US\$ million

Countries	October 2021	October 2022	Growth (%)	April-October 2021-22	April-October 2022-23	Growth (%)
U S A	1546.9	1360.3	-12.1%	9284.3	11374.3	22.5%
UAE	460.2	338.6	-26.4%	3272.7	2814.5	-14.0%
ITALY	250.7	210.2	-16.1%	2609.3	2282.9	-12.5%

Countries	October 2021	October 2022	Growth (%)	April-October 2021-22	April-October 2022-23	Growth (%)
GERMANY	318.6	285.3	-10.5%	2143.8	2220.6	3.6%
SINGAPORE	160.2	301.9	88.5%	1732.6	2133.3	23.1%
MEXICO	211.0	216.1	2.4%	1652.9	2106.3	27.4%
U K	274.9	189.3	-31.1%	1765.2	1858.7	5.3%
BANGLADESH	233.6	168.0	-28.1%	1540.5	1669.7	8.4%
NETHERLAND	139.9	182.1	30.2%	1016.9	1639.5	61.2%
SAUDI ARABIA	139.3	249.4	79.0%	966.1	1586.4	64.2%
TURKEY	172.2	184.0	6.9%	1833.9	1505.3	-17.9%
CHINA	633.8	227.8	-64.1%	3741.6	1485.3	-60.3%
INDONESIA	187.6	150.4	-19.8%	1292.1	1452.6	12.4%
NEPAL	326.6	133.4	-59.2%	2022.3	1429.2	-29.3%
SOUTH AFRICA	234.9	165.0	-29.8%	1568.3	1373.9	-12.4%
KOREA RP	227.3	165.7	-27.1%	1662.3	1346.6	-19.0%
THAILAND	186.7	162.7	-12.9%	1388.8	1322.1	-4.8%
BELGIUM	163.7	128.8	-21.3%	1656.3	1164.5	-29.7%
FRANCE	166.9	123.2	-26.1%	982.7	1149.5	17.0%
VIETNAM	211.9	148.5	-29.9%	1633.7	1145.5	-29.9%
BRAZIL	166.9	132.1	-20.9%	1035.1	1092.8	5.6%
JAPAN	200.3	113.1	-43.6%	1001.2	947.5	-5.4%
CANADA	101.3	84.5	-16.6%	625.0	884.7	41.5%
MALAYSIA	75.7	82.7	9.2%	872.4	813.9	-6.7%
SPAIN	92.9	73.2	-21.2%	882.2	790.1	-10.4%
Total engineering exports to top 25 countries	6883.9	5576.1	-19.0%	48182.3	47589.5	-1.2%
Total engineering exports	9401.21	7402.97	-21.3%	63919.62	62496.57	-2.2%
Share % of Top 25 destinations	<b>73.2%</b>	<b>75.3%</b>		<b>75.4%</b>	<b>76.1%</b>	

Countries	October 2021	October 2022	Growth (%)	April-October 2021-22	April-October 2022-23	Growth (%)
wrt total engg exports						

Source: DGCI&S

## REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-October 2022 as opposed to April-October 2021

**Table 3: Region wise engineering exports in April-Oct 2022 viz-a-viz April-Oct 2021**

US\$ million

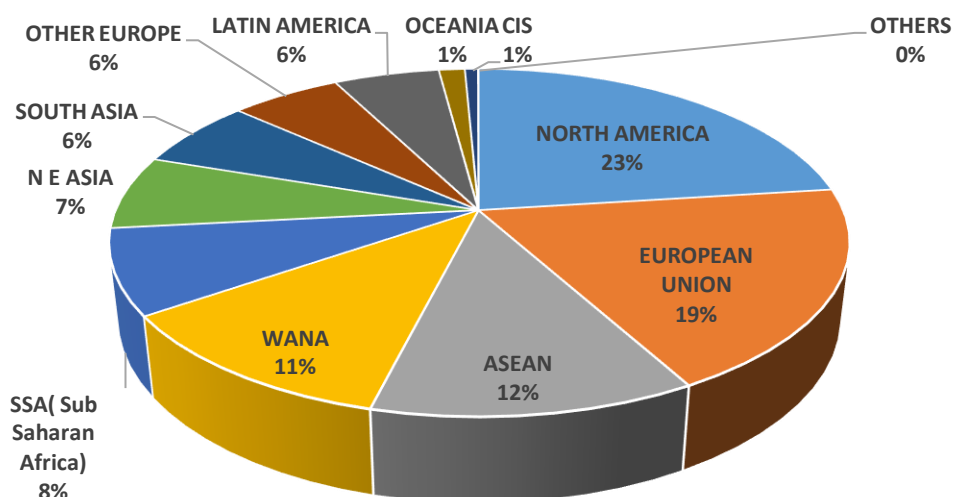
Regions	October 2021	October 2022	Growth (%)	April-October 2021-22	April-October 2022-23	Growth (%)
NORTH AMERICA	1859.2	1660.9	-10.7%	11562.2	14365.3	24.2%
EUROPEAN UNION	1647.1	1269.3	-22.9%	12405.7	11846.7	-4.5%
ASEAN	934.1	915.7	-2.0%	7561.3	7493.2	-0.9%
WANA	984.8	956.6	-2.9%	6836.4	7167.3	4.8%
SSA( Sub Saharan Africa)	785.6	624.1	-20.6%	4974.8	4953.8	-0.4%
N E ASIA	1164.6	568.1	-51.2%	7488.2	4303.0	-42.5%
SOUTH ASIA	792.4	403.4	-49.1%	4653.1	4015.1	-13.7%
OTHER EUROPE	509.6	398.9	-21.7%	3923.6	3605.0	-8.1%
LATIN AMERICA	461.3	416.9	-9.6%	3015.0	3450.0	14.4%
OCEANIA	148.6	111.8	-24.7%	770.5	850.4	10.4%
CIS	109.5	76.0	-30.5%	714.6	430.2	-39.8%
OTHERS	4.5	1.2	-73.2%	14.0	16.7	18.8%
<b>Grand Total</b>	<b>9401.2</b>	<b>7403.0</b>	<b>-21.3%</b>	<b>63919.6</b>	<b>62496.6</b>	<b>-2.2%</b>

Source: DGCI&S

Note: \*Figures have been rounded off.

Source: DGCI&S; \*\*Myanmar has been included in ASEAN and not in South Asia, since ASEAN is a formal economic grouping.

**Fig 2: Region-wise shares of India's engineering exports during April-October 2022**



### PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of October 2022 vis-à-vis October 2021 as well as the cumulative exports for **April-October 2022-23 vis-à-vis April-October 2021-22**. These are indicated in the tables below

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Iron and Steel	1915.3	734.5	-61.7%	14342.0	8580.9	-40%
Products of Iron and Steel	833.3	673.6	-19%	4744.7	5693.0	20%



Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
<b>Sub Total</b>	<b>2748.6</b>	<b>1408.1</b>	<b>-49%</b>	<b>19086.7</b>	<b>14273.8</b>	<b>-25%</b>

Source: DGCI&S

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Copper and products	184.5	121.9	-34%	1457.5	954.5	-35%
Aluminium and products	855.1	608.4	-29%	5348.8	5366.4	0%
Zinc and products	83.9	96.4	15%	472.5	802.5	70%
Nickel and products	7.8	10.1	28%	55.0	124.0	125%
Lead and products	32.2	23.3	-27%	270.8	230.9	-15%
Tin and products	1.1	0.5	-55%	10.7	7.0	-35%
Other Non-Ferrous Metals	76.5	61.3	-20%	463.0	458.8	-1%
<b>Sub Total</b>	<b>1241.1</b>	<b>921.9</b>	<b>-26%</b>	<b>8078.5</b>	<b>7944.1</b>	<b>-2%</b>

Source: DGCI&S

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Industrial Machinery like Boilers, parts, etc.	55.8	41.2	-26%	366.8	389.7	6%
IC Engines and Parts	279.5	269.0	-4%	1904.2	2105.3	11%
Pumps of all types	108.2	101.2	-6%	717.1	750.7	5%
Air condition and Refrigerators	124.1	107.8	-13%	775.7	921.9	19%
Industrial Machinery for dairy, food processing, textiles etc.	709.5	655.1	-8%	4494.1	5021.9	12%

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Machine Tools	59.9	50.5	-16%	379.7	400.1	5%
Machinery for Injecting moulding, valves and ATMs	172.8	176.8	2%	1059.9	1288.3	22%
<b>Sub Total</b>	<b>1509.9</b>	<b>1401.7</b>	<b>-7%</b>	<b>9697.4</b>	<b>10877.8</b>	<b>12%</b>

Source: DGCI&S

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Electrical Machinery	850.6	763.0	-10%	5643.0	6155.9	9%

Source: DGCI&S

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Motor Vehicle/cars	634.7	640.0	1%	4130.8	4915.4	19%
Two and Three Wheelers	241.7	200.3	-17%	1720.0	1717.0	0%
Auto Components/Part	565.7	544.8	-4%	3919.0	4183.2	7%
Auto Tyres and Tubes	250.6	219.3	-12%	1631.3	1819.0	12%
<b>Sub Total</b>	<b>1692.8</b>	<b>1604.4</b>	<b>-5%</b>	<b>11401.0</b>	<b>12634.5</b>	<b>11%</b>

Source: DGCI&S

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Aircrafts and Spacecraft parts and products	125.2	87.7	-30%	634.0	824.1	30%
Ships Boats and Floating products and parts	132.0	210.4	59%	2510.5	2190.3	-13%

Source: DGCI&S

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

US\$ Million

Product panels	October 2021	October 2022	Growth	April-October 2021-22	April-October 2022-23	Growth
Medical and Scientific instruments	147.4	164.2	11%	980.3	1211.5	24%
Railway Transport	37.6	10.1	-73%	236.7	213.4	-10%
Hand Tools & Cutting Tools	92.4	69.0	-25%	567.0	566.1	0%
Bicycle & Parts	39.2	30.0	-23%	260.6	233.6	-10%
Cranes Lifts & Winches	74.1	62.6	-16%	379.8	447.5	18%
Office Equipment	17.2	24.2	41%	114.4	164.7	44%
Other Construction Machinery	211.5	178.6	-16%	1156.6	1333.9	15%
Prime Mica & Mica Products	2.2	2.1	-7%	21.3	17.1	-20%
Project Goods	0.2	0.3	39%	1.6	1.5	-7%
Other Rubber Product Except Footwear	151.1	143.9	-5%	976.9	1015.0	4%
Other Misc. Items	328.2	320.9	-2%	2173.3	2391.6	10%

## ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-October 2022-23 vis-à-vis April-October 2021-22. We have taken the major panels and computed the top importers to get an idea of the current trade pattern. (Tables 5)

**Table 5: Export of Different Panels**

US\$ Million

Product panels	Top 5 nations	April-October 2021-22	April-October 2022-23	Growth (%)
Iron and Steel	ITALY	1472.3	1088.9	-26%
	UAE	865.9	730.3	-16%
	U S A	526.5	710.6	35%
	NEPAL	791.3	574.3	-27%
	BELGIUM	1172.9	476.4	-59%
Products of Iron and Steel	U S A	1380.4	1851.6	34%
	GERMANY	256.1	281.4	10%
	UAE	236.1	244.3	3%
	U K	252.6	197.5	-22%
	CANADA	121.0	195.4	61%
Industrial Machinery	U S A	1821.3	2211.0	21%
	THAILAND	624.2	628.4	1%
	GERMANY	481.9	544.4	13%
	CHINA	493.7	463.6	-6%
	BANGLADESH	325.3	424.1	30%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	665.6	825.5	24%
	MEXICO	675.3	681.5	1%
	SAUDI ARABIA	257.7	513.1	99%
	COLOMBIA	230.0	311.4	35%
	UAE	196.7	284.1	44%
Non-Ferrous metals	U S A	731.0	1006.4	38%
	KOREA RP	974.7	790.8	-19%
	NETHERLAND	169.3	715.3	322%
	MEXICO	256.0	528.8	107%
	CHINA	1756.6	412.6	-77%
Electrical Machinery and Components	U S A	1572.9	1741.1	11%
	FRANCE	263.0	349.3	33%
	U K	349.2	346.9	-1%

Product panels	Top 5 nations	April-October 2021-22	April-October 2022-23	Growth (%)
	GERMANY	276.7	344.1	24%
	SINGAPORE	218.8	255.9	17%
Aircrafts and Space crafts	U S A	215.1	261.7	22%
	FRANCE	106.7	106.2	0%
	SINGAPORE	44.5	82.5	85%
	PHILIPPINES	0.6	70.4	11571%
	U K	60.6	60.4	0%
Ships, Boats and Floating Structures and parts	SINGAPORE	498.3	916.2	84%
	INDONESIA	246.3	335.7	36%
	SRI LANKA	120.4	276.3	130%
	UAE	864.9	248.1	-71%
	U K	0.0	184.4	
Auto Components( including Auto Parts and Auto Tyre)	U S A	1244.0	1472.9	18%
	BRAZIL	253.7	326.2	29%
	BANGLADESH	267.0	304.6	14%
	GERMANY	332.6	291.1	-12%
	TURKEY	232.7	227.8	-2%

Source: DGCI&S

- ✚ Italy, UAE and USA were the top three importers of Indian Iron and Steel during April-October 2022-23 whereas like the previous month USA, Germany and UAE were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April-October 2021-22.
- ✚ USA was the largest importer of Indian 'Industrial machinery' constituting 20% share in India's total global exports of industrial machinery during April-October 2022-23. Thailand and Germany were the two immediate followers of USA constituting 6% and 5% share consecutively in terms of India's total global exports of industrial machinery.
- ✚ South Africa, Mexico and Saudi Arabia were top three importers of India's Automobiles during April-October 2022-23 in India's global exports respectively over the same period last fiscal.
- ✚ USA, South Korea and Netherland were the top three importers of India's Non-ferrous metals and products' during April-October 2022-23 whereas USA, France, UK were the



three top importers of Indian Electrical Machinery & Components during the same period.

- USA, France and Singapore were the top three importers of India's 'Aircrafts and Spacecrafts' during April-October 2022-23 in India's total global exports of the product followed by Germany and UK.

- Singapore, Indonesia and Sri Lanka became the largest importer of ships, boats and floating structures followed by UAE and UK. While for the auto components' product group, USA remained the top importer in April-October 2022-23 followed by Brazil, Bangladesh and Germany.

## 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 over 91% of India's exports is contributed by the listed 12 states. Within this 49.2 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

**Table 6: Top state wise engineering export performance - April-October 2022-23**

US\$ Million

Top States	Cumulative Export April-October 2022-23	Share %	Remark
Maharashtra	12,688.8	20.4%	<b>91% share covered by top 12 states</b>
Tamil Nadu	10,113.1	16.3%	
Gujarat	7,795.9	12.5%	
Odisha	4,969.2	8.0%	
Haryana	3,639.1	5.9%	
Andhra Pradesh	3,443.4	5.5%	
Karnataka	3,332.1	5.4%	
Uttar Pradesh	2,870.3	4.6%	
West Bengal	2,208.3	3.6%	
Rajasthan	2,040.3	3.3%	
Delhi	1,835.0	3.0%	
Punjab	1,594.6	2.6%	

Source: DGCI&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 over 33 percent share. It is followed by the Southern region, Northern region and Eastern region respectively

**Table 7: Region wise exports from India till October 2022**

Value in US\$ million

Region	April - 22	May- 22	June- 22	July- 22	Aug-22	Sep-22	Oct-22	April-October 2022-23	Share % ( w.r.t April-October 2022-23)
Eastern Region	1515.1	1754.0	1424.6	1194.6	1060.78	989.19	897.8	8835.77	14.2%
Northern Region	1903.5	1846.1	1745.5	2006.4	1673.09	1636.7	1685.0	12496.49	20.1%
Southern Region	2688.4	2771.0	2837.8	2980.7	2434.42	2261.11	2409.8	18383.16	29.6%
Western Region	3078.9	3560.0	3187.9	3540.1	3146.61	2929.73	2980.2	22423.5	36.1%
Grand Total	9185.9	9931.1	9195.7	9721.9	8314.9	7816.73	7972.8	<b>62138.9</b>	

 Note: DGCI&S state wise data available till October 2022

## 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.**

The first month of fiscal 2022-23 saw both engineering export growth and manufacturing output growth moved in the same direction with accelerating growth for both over the

month, but May 2022 saw lower engineering export growth and higher manufacturing growth. Then, June, July, August and September 2022 once again saw them moving in same direction. While growth of engineering exports slowed down in June, turned negative in July 2022 and continued to decelerate in August, manufacturing growth also continued to slowdown in June and July 2022 and turned negative in August 2022. The month of September 2022 saw decline in engineering exports moderated and manufacturing output came back to growth path.

The link between these two may not be established on a monthly basis, but a positive correlation may be seen if medium to long term trend is considered.

**Table 8: Engineering exports growth vis-à-vis manufacturing growth from April 2020**

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2020	-63.05	-66.6
May 2020	-22.17	-37.8
June 2020	-5.18	-17.0
July 2020	10.56	-11.4
August 2020	-7.01	-7.6
September 2020	4.09	0.4
October 2020	-5.01	4.5
November 2020	-8.37	-1.6
December 2020	-0.93	2.7
January 2021	16.66	-0.9
February 2021	-4.94	-3.4
March 2021	67.75	28.3
April 2021	236.85	196.0
May 2021	50.21	32.1
June 2021	51.00	13.2
July 2021	42.57	10.5
August 2021	58.63	11.1
September 2021	35.11	4.3
October 2021	51.76	3.3
November 2021	37.28	0.3
December 2021	47.42	0.6
January 2022	25.63	1.9
February 2022	35.49	0.2

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
March 2022	19.72	1.4
April 2022	21.37	5.6
May 2022	12.64	20.7
Jun 2022	3.10	12.9
July 2022	-1.85	3.0
August 2022	-13.00	-0.5
September 2022	-11.40	1.8
October 2022	-21.26	N A

(Source: Department of Commerce and CSO)

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

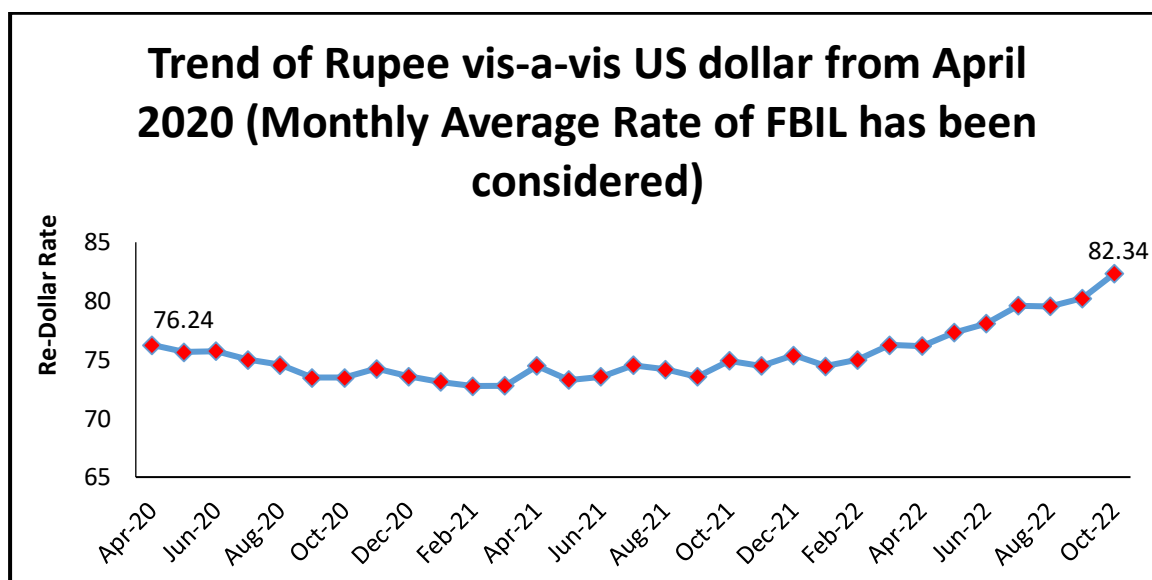
How did the exchange rate fare during October 2022 and what was the recent trend in Re-Dollar movement? In order to get a clearer picture of the recent Re-Dollar trend, not only we took the exchange rate of October 2022, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2022-23 as well as 2021-22 as mere one month figure does not reflect any trend. However, the following table clearly depicts the short-term trend:

**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 (1 USD to INR)			Year-on- Year Change (%)	Direction	Month- on-Month Change (%)	Direction
Month	2021-22	2022-23				
April	74.47	76.16	2.27	Depreciation	4.63	Depreciation
May	73.27	77.32	5.53	Depreciation	1.52	Depreciation
June	73.56	78.07	6.14	Depreciation	0.98	Depreciation
July	74.53	79.60	6.80	Depreciation	1.95	Depreciation
August	74.18	79.56	7.25	Depreciation	-0.05	Appreciation
September	73.56	80.23	9.07	Depreciation	0.84	Depreciation
October	74.92	82.34	9.90	Depreciation	2.63	Depreciation

**Rupee's continued to depreciate setting record low every month and dropped below 82 per dollar in October 2022** – During October 2022, the INR registered 2.63 percent depreciation on a month-on-month basis and a fearsome 9.90 percent depreciation on a year-on-year basis. Hawkish stance of the US Federal Reserve with a hint of further interest rate tightening in the near term made dollar dearer in the international market. Global investors started pulling our funds from emerging markets like India in order to invest in dollar denominated assets that led to fall of rupee. Moreover, Russia-Ukraine conflict, soaring crude oil prices, and tightening of global financial conditions also caused depreciation of rupee.



**Table 10: USD-INR monthly average exchange rate in 2021-22**  
(As per latest data released by FBIL)

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2020-21	2021-22				
April	76.24	74.47	-2.32	Appreciation	2.31	Depreciation
May	75.66	73.27	-3.16	Appreciation	-1.61	Appreciation
June	75.73	73.56	-2.87	Appreciation	0.40	Depreciation
July	74.99	74.63	-0.48	Appreciation	1.45	Depreciation
August	74.67	74.19	-0.64	Appreciation	-0.59	Appreciation
September	73.48	73.56	0.11	Depreciation	-0.85	Appreciation
October	73.46	74.92	1.99	Depreciation	1.85	Depreciation
November	74.22	74.47	0.34	Depreciation	-0.60	Appreciation



Monthly Average Exchange Rate (1 USD to INR)			Year-on- Year Change (%)	Direction	Month- on-Month Change (%)	Direction
Month	2020-21	2021-22				
December	73.59	75.37	2.42	Depreciation	1.21	Depreciation
January	73.11	74.44	1.82	Depreciation	-1.23	Appreciation
February	72.76	75.00	3.08	Depreciation	0.75	Depreciation
March	72.79	76.24	4.74	Depreciation	1.65	Depreciation

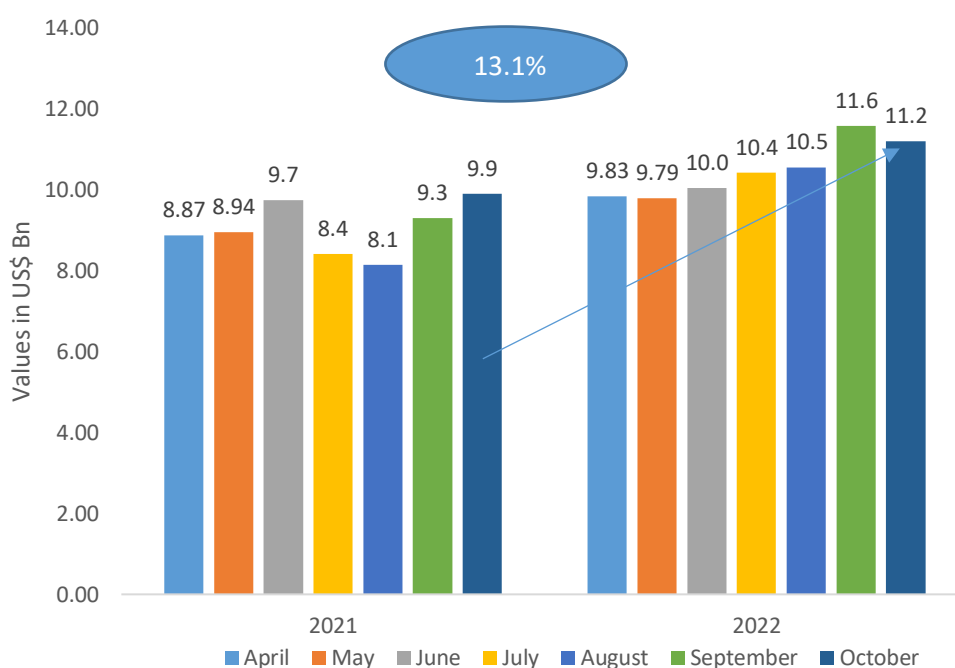
**Source:** FBIL, EEP Research

### **ANALYSIS OF INDIA'S ENGINEERING IMPORTS**

India's Engineering imports during October 2022 were valued at US\$ 56693.4 million compared to US\$ 53638.3 million in October 2021 registering a positive growth of 5.7 percent in dollar terms. Barring medicinal & pharmaceutical products and machine tools all other engineering panels like iron & steel, non-ferrous metals, machinery, electrical & non-electrical, transport equipment, and professional instrument witnessed an increase in import during October 2022 compared to October 2021.

The share of engineering imports in India's total merchandise imports has increased during October 2022 in comparison to October 2021 which has been estimated at 19.7%. The figure below depicts engineering imports **for October 2022 compared to October 2021.**

**Fig 4: Monthly Engineering Imports for October 2022 vis-a-vis October 2021**



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 first seven months of fiscal 2022-23 depicted in the table below:

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

Trade Flow	Apr	May	June	July	Aug	Sep	Oct
Engineering Export	9.6	9.8	9.7	9.6	8.4	8.4	7.4
Engineering Import	9.8	9.8	10.7	10.4	10.5	11.58	11.2
Trade Balance	-0.2	0.0	-1.0	-0.8	-2.1	-3.2	-3.8

Source: DGCI&S, EEPC India Analysis

### CONCLUSION

Trend of India's foreign trade has started looking a bit pale at least for the near term. Merchandise exports from India dropped on a year-on-year basis in October 2022 for the first time after nearly two years. Engineering exports declined for the fourth straight month TO October 2022 and the extent of decline has been increasing over the month. Decline in engineering shipment from India accelerated from 1.85 percent in July 2022 to 21.26 percent

in October 2022 and cumulative exports during April-October 2022 declined as a consequence.

This continuous decline in engineering exports is led by both domestic as well as global constraints. Domestic factor is mainly attributed to steel. Imposition of 15 percent export duty on selected steel items since 21<sup>st</sup> May 2022 caused exports of Iron and Steel to decline by 40 percent during April-October 2022 and by over 60 percent in September and October 2022. This has particularly impacted the stainless steel segment. EEPC India has requested the government to look into the export duty especially on stainless steel segment since these are major export products for India, mainly produced by MSMEs and also have low domestic demand.

Among the global factors, rising inflation following tightening of financial conditions in developed regions, falling demand in China due to real estate crisis and lockdowns, geo-economic tensions in North East Asia, economic slowdown in EU and fear of slowdown in US, Russia-Ukraine war, impending credit crisis in Korea and rising prices in Japan among others led to significant slackening of demand from overseas. A recent report by the World Economic Forum clarifies that international trade will continue to remain slow for the rest of the 2022 and even in 2023.

