

Engineering Export-Import Monitor

NOVEMBER 2022



Engineering The Future

EEPCINDIA
ENGINEERING THE FUTURE

ANALYSIS OF INDIAN ENGINEERING EXPORTS AND IMPORTS FOR NOVEMBER 2022

DECEMBER 2022

Engineering exports recorded 1.8% year-on-year decline during April-November 2022-23

Trade Flow	Export figures (in \$ billion)					
	Nov-2021	Nov-2022	Apr-Nov 2021-22	Apr-Nov 2022-23	Nov-2022 over Nov-2021	Apr-Nov 2022-23 over Apr-Nov 2021-22
Engineering exports	8.10	8.07	72.02	70.72	-0.30%	-1.80%
Overall exports	31.80	31.99	265.77	295.26	0.62%	11.10%
Share of engineering (%)	25.47%	25.23%	27.10%	23.90%	---	---

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

HIGHLIGHTS

- ✚ Engineering exports recorded year-on-year decline for the fifth straight month to November 2022 but pace of decline moderated to a marginal 0.30% due to lower statistical base.
- ✚ Cumulative engineering exports during April-November 2022-23 declined by 1.8% year-on-year.
- ✚ The 15% export duty on steel continued to weigh on engineering exports. While Exports of Iron and Steel declined by 56 percent in November 2022 over November 2021, the decline was around 42 percent year-on-year during April-November 2022-23.
- ✚ However, recent withdrawal of the export duty on selected steel items likely to restore the exports of Iron and Steel in the coming months.
- ✚ 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

- ✚ India engineering exports continued to decline for the fifth straight month to November 2022 but the pace of decline moderated sizably to mere 0.3 percent year-on-year from a downwardly revised 19.7 percent in October 2022. However, this moderation in the pace of decline was mainly due to a favourable base effect as engineering exports in November 2021 witnessed a sudden decline in comparison to its preceding months in 2021.
- ✚ Engineering exports in November 2022 was recorded at USD 8,072.78 million as against USD 8,097.06 million in November 2021.
- ✚ Cumulative engineering exports for April-November 2022-23 also conceded 1.8 percent decline over the same period last month as it dropped to USD 70,717.80 million from USD 72,016.68 million in April-November 2021-22.
- ✚ As per the quick estimates of Department of Commerce, Government of India, the share of engineering exports to total merchandise exports from India was 25.23 percent in November 2022 while for cumulative engineering exports during April-November 2022-23, the share was 23.90 percent.
- ✚ 23 out of 34 engineering panels witnessed positive year-on-year growth in exports during November 2022 vis-a-vis the same month last fiscal. Engineering products like Iron and Steel and Non-ferrous metals like Copper, Aluminium, Lead and Tin, Other products like Two –Three wheelers, Bicycle parts and Hand tools witnessed decline in exports during November 2022 vis-à-vis November 2021.
- ✚ On a cumulative basis 22 out of 34 engineering panels recorded positive growth during Apr-Nov 2022-23 over the same period last fiscal. Major decline was witnessed in iron & steel segment, non-ferrous segment, bicycle parts, Ship and Boats and Project goods.
- ✚ 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-November 2022-23 were USA, Germany and Mexico 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 55.68 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 Nov 2021	Exports in Nov 2022	Growth (%)	Exports in Apr-Nov 2021-22	Exports in Apr-Nov 2022-23	Growth (%)
Overall engineering exports	8097.06	8072.78	-0.30	72016.68	70717.80	-1.80
Engineering exports excluding iron and Steel	6506.47	7372.54	13.31	56084.10	61436.68	9.54

Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded 13.31 percent year-on-year growth in November 2022 and 9.54 percent growth on a cumulative basis during April-November 2022-23.

EXPORT TARGET

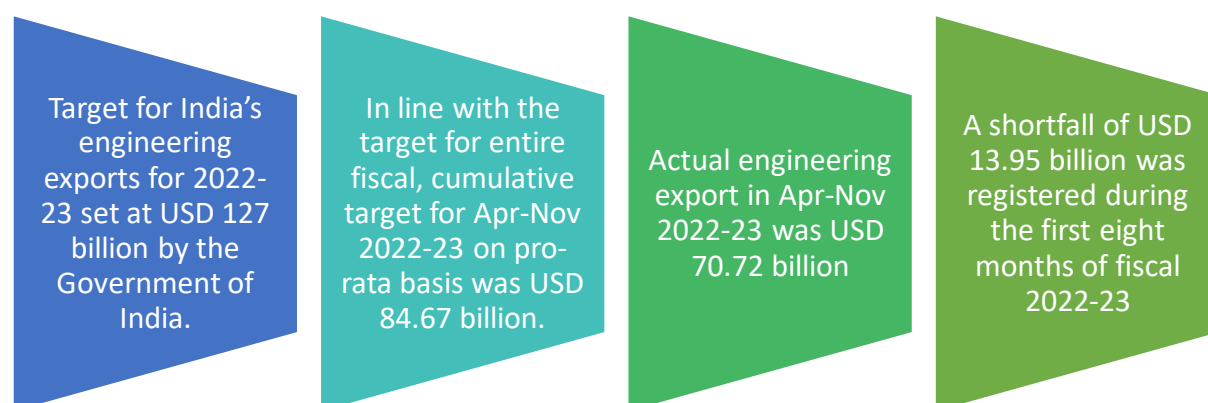
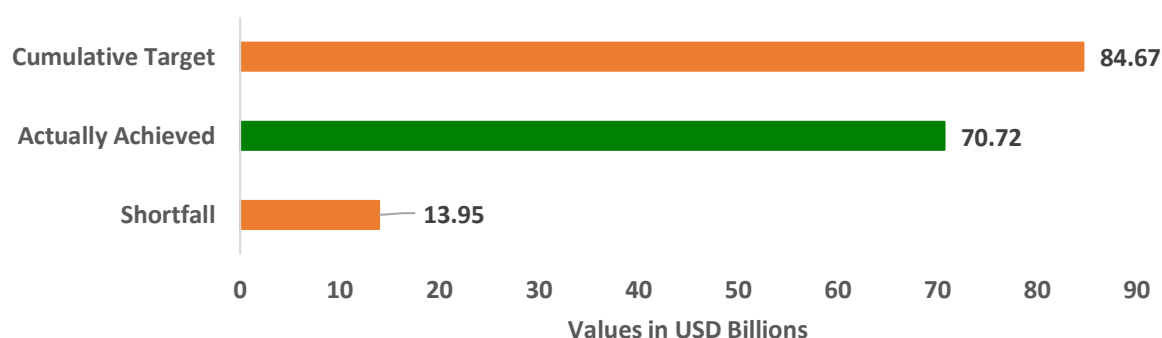


Fig1: Engineering Export Target V/S Actually Achieved in Apr-Nov 2022-23 (USD Billion)



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	9678.13	21.37
May	8623.64	9713.72	12.64
June	9295.06	9582.00	3.09
April-June	25892.75	28973.86	11.90
July	9545.20	9369.02	-1.85
August	9663.09	8406.63	-13.00
September	9417.37	8344.72	-11.39
July-September	28625.66	26120.38	-8.75
October	9401.21	7550.79	-19.68
November	8097.06	8072.78	-0.30
April-November	72016.68	70717.80	-1.80

Source: DGCI&S, Govt. of India.

TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-NOVEMBER 2022

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during November 2022 over November 2021 as well as in cumulative terms during April-November 2022-23 vis-à-vis April-November 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	November 2021	November 2022	Growth (%)	April-November 2021-22	April-November 2022-23	Growth (%)
U S A	1296.09	1475.78	13.9%	10580.42	12851.08	21.5%
U ARAB EMTS	408.56	338.07	-17.3%	3681.31	3152.66	-14.4%
ITALY	280.86	232.07	-17.4%	2890.14	2558.20	-11.5%
GERMANY	277.56	323.19	16.4%	2421.39	2544.41	5.1%
MEXICO	203.01	221.80	9.3%	1855.88	2328.09	25.4%

Countries	November 2021	November 2022	Growth (%)	April- November 2021-22	April- November 2022-23	Growth (%)
SINGAPORE	189.73	160.43	-15.4%	1922.36	2293.79	19.3%
U K	184.80	253.36	37.1%	1950.02	2111.30	8.3%
NETHERLAND	118.74	129.14	8.8%	1135.63	1875.26	65.1%
BANGLADESH PR	236.43	179.94	-23.9%	1776.92	1849.85	4.1%
SAUDI ARAB	169.60	256.61	51.3%	1135.68	1843.05	62.3%
CHINA P RP	439.63	263.62	-40.0%	4181.26	1748.84	-58.2%
TURKEY	247.93	215.28	-13.2%	2081.85	1720.76	-17.3%
INDONESIA	155.20	210.51	35.6%	1447.32	1663.02	14.9%
NEPAL	272.23	152.27	-44.1%	2294.51	1581.44	-31.1%
SOUTH AFRICA	150.10	182.06	21.3%	1718.43	1555.48	-9.5%
KOREA RP	263.40	137.34	-47.9%	1925.69	1483.89	-22.9%
THAILAND	191.15	148.56	-22.3%	1579.91	1470.66	-6.9%
FRANCE	118.28	188.46	59.3%	1100.97	1338.13	21.5%
VIETNAM SOC REP	190.95	162.12	-15.1%	1824.64	1307.56	-28.3%
BELGIUM	110.45	111.28	0.7%	1766.76	1275.74	-27.8%
BRAZIL	119.90	153.41	27.9%	1154.98	1246.23	7.9%
JAPAN	165.95	172.17	3.8%	1167.11	1119.69	-4.1%
MALAYSIA	114.90	175.09	52.4%	987.34	988.90	0.2%
CANADA	86.79	101.59	17.0%	711.84	986.22	38.5%
AUSTRALIA	87.90	143.56	63.3%	785.87	917.34	16.7%
Total engineering exports to top 25 countries	6080.1	6087.7	0.1%	54078.2	53811.6	-0.5%
Total engineering exports	8097.1	8072.8	-0.3%	72016.7	70717.8	-1.8%
Share % of Top 25 destinations	75%	75%		75%	76%	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

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

Table 3: Region wise engineering exports in April-November 2022 viz-a-viz April-November 2021
US\$ million

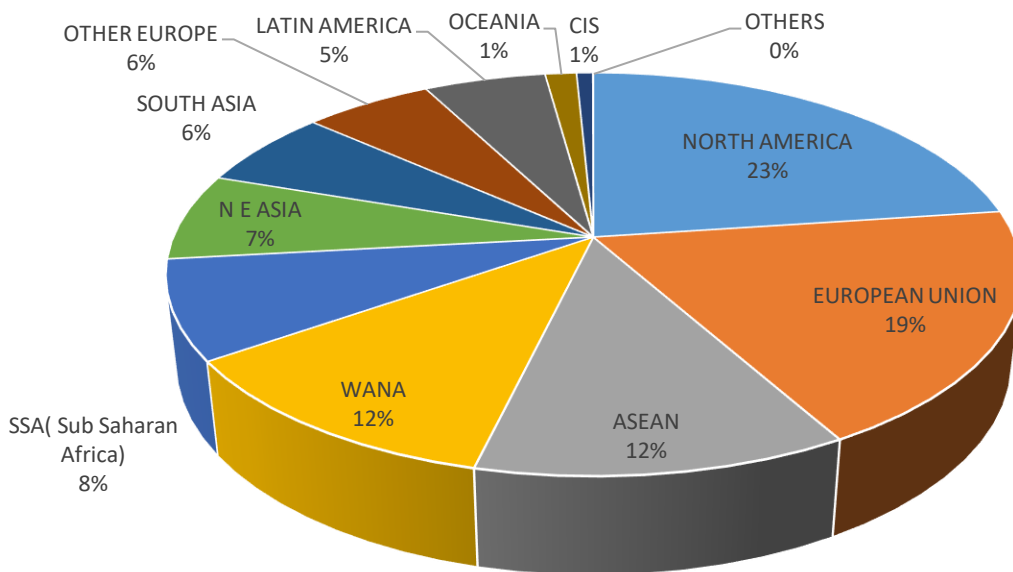
Regions	November 2021	November 2022	Growth (%)	April-November 2021-22	April-November 2022-23	Growth (%)
NORTH AMERICA	1585.9	1799.2	13.4%	13148.1	16165.4	23%
EUROPEAN UNION	1345.9	1413.0	5.0%	13751.6	13410.5	-2%
ASEAN	902.4	932.5	3.3%	8463.7	8425.6	0%
WANA	948.1	1026.7	8.3%	7784.5	8191.8	5%
SSA(Sub Saharan Africa)	647.1	650.8	0.6%	5621.9	5603.6	0%
N E ASIA	965.7	631.7	-34.6%	8453.9	4934.7	-42%
SOUTH ASIA	656.8	427.4	-34.9%	5309.9	4442.7	-16%
OTHER EUROPE	479.5	507.1	5.8%	4403.1	4111.6	-7%
LATIN AMERICA	354.7	441.2	24.4%	3370.4	3892.1	15%
OCEANIA	98.8	152.3	54.1%	869.3	1002.6	15%
CIS	108.7	90.0	-17.2%	823.3	520.2	-37%
OTHERS	3.5	0.9	-75.1%	16.8	17.0	1%
Grand Total	8097.1	8072.8	-0.3%	72016.7	70717.8	-1.8%

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-November 2022



PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of November 2022 vis-à-vis November 2021 as well as the cumulative exports for **April-November 2022-23 vis-à-vis April-November 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	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Iron and Steel	1590.6	700.2	-56%	15932.6	9281.1	-42%
Products of Iron and Steel	695.6	717.1	3%	5440.3	6410.2	18%
Sub Total	2286.2	1417.4	-38%	21372.9	15691.4	-27%

Source: DGCI&S

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

US\$ Million

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Copper and products	173.3	126.8	-27%	1630.9	1081.3	-34%

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Aluminium and products	737.4	638.8	-13%	6086.2	6154.1	1%
Zinc and products	75.7	97.6	29%	548.2	900.1	64%
Nickel and products	5.1	19.6	285%	60.1	143.6	139%
Lead and products	42.2	25.2	-40%	313.0	256.2	-18%
Tin and products	1.6	0.5	-66%	12.3	7.5	-39%
Other Non-Ferrous Metals	58.8	58.3	-1%	521.8	517.6	-1%
Sub Total	1094.2	966.9	-12%	9172.6	9060.5	-1%

Source: DGCI&S

Table 4c. Trend in exports of Industrial Machinery
US\$ Million

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Industrial Machinery like Boilers, parts, etc.	29.0	33.2	14%	395.8	422.7	7%
IC Engines and Parts	220.1	301.4	37%	2124.3	2407.0	13%
Pumps of all types	86.3	107.0	24%	803.4	857.7	7%
Air condition and Refrigerators	111.4	123.6	11%	887.1	1045.2	18%
Industrial Machinery for dairy, food processing, textiles etc.	610.5	671.7	10%	5104.5	5692.1	12%
Machine Tools	52.7	55.6	6%	432.3	455.7	5%
Machinery for Injecting moulding, valves and ATMs	147.8	203.3	38%	1207.7	1492.0	24%
Sub Total	1257.7	1495.9	19%	10955.1	12372.4	13%

Source: DGCI&S

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

US\$ Million

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Electrical Machinery	719.9	957.4	33%	6363.0	7112.9	12%

Source: DGCI&S

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

US\$ Million

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Motor Vehicle/cars	600.5	704.2	17%	4731.3	5619.3	19%
Two and Three Wheelers	225.8	222.1	-2%	1945.7	1939.0	0%
Auto Components/Part	492.4	609.0	24%	4411.3	4792.7	9%
Auto Tyres and Tubes	233.4	237.5	2%	1864.6	2056.4	10%
Sub Total	1552.0	1772.7	14%	12953.0	14407.4	11%

Source: DGCI&S

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

US\$ Million

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Aircrafts and Spacecraft parts and products	95.2	126.8	33%	729.2	953.2	31%
Ships Boats and Floating products and parts	140.7	165.5	18%	2651.2	2355.9	-11%

Source: DGCI&S

Table 4g. Trend in exports of other engineering products

US\$ Million

Product panels	November 2021	November 2022	Growth	April-November 2021-22	April-November 2022-23	Growth
Medical and Scientific instruments	127.0	229.8	81%	1107.2	1443.0	30%
Railway Transport	44.0	50.0	13%	280.8	263.4	-6%
Hand Tools & Cutting Tools	74.7	73.5	-2%	641.7	639.7	0%
Bicycle & Parts	35.2	31.6	-10%	295.8	265.2	-10%
Cranes Lifts & Winches	45.0	61.4	36%	424.8	509.1	20%
Office Equipment	14.1	29.3	107%	128.5	194.0	51%
Other Construction Machinery	194.5	203.9	5%	1351.2	1537.8	14%
Prime Mica & Mica Products	2.4	1.4	-42%	23.6	18.5	-22%
Project Goods	1.67	0.33	-80%	3.25	1.73	-47%
Other Rubber Product Except Footwear	128.6	132.2	3%	1105.5	1147.2	4%
Other Misc. Items	283.8	356.8	26%	2457.1	2744.6	12%

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-November 2022-23 vis-à-vis April-November 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-November 2021-22	April-November 2022-23	Growth (%)
Iron and Steel	ITALY	1564.0	1147.1	-27%
	UAE	995.3	770.7	-23%
	U S A	600.3	746.4	24%
	NEPAL	904.6	619.3	-32%

Product panels	Top 5 nations	April- November 2021-22	April- November 2022-23	Growth (%)
	BELGIUM	1212.9	508.5	-58%
Products of Iron and Steel	U S A	1596.23	2105.99	32%
	GERMANY	289.43	314.60	9%
	UAE	267.79	279.73	4%
	U K	281.9	222.8	-21%
	CANADA	143.82	218.02	52%
	Industrial Machinery	U S A	2060.7	2518.7
THAILAND		701.3	686.7	-2%
GERMANY		546.7	617.9	13%
CHINA		546.7	527.5	-4%
BANGLADESH		370.0	479.6	30%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	754.4	944.7	25%
	MEXICO	753.5	782.0	4%
	SAUDI ARABIA	314.7	609.9	94%
	COLOMBIA	261.1	340.8	31%
	UAE	237.0	333.2	41%
Non-Ferrous metals	U S A	838.7	1137.4	36%
	KOREA RP	1165.0	873.5	-25%
	NETHERLAND	180.9	833.4	361%
	MEXICO	270.8	536.1	98%
	CHINA	1901.1	498.7	-74%
Electrical Machinery and Components	U S A	1769.2	1972.5	11%
	U K	300.7	433.4	44%
	GERMANY	394.6	422.3	7%
	FRANCE	299.2	371.0	24%
	SINGAPORE	243.1	292.8	20%
Aircrafts and Space crafts	U S A	255.4	298.7	17%
	FRANCE	116.5	125.8	8%
	SINGAPORE	51.3	88.7	73%
	U K	68.30	73.10	7%
	PHILIPPINES	0.77	70.75	9059%
Ships, Boats and Floating Structures and parts	SINGAPORE	590.5	935.9	58%
	INDONESIA	246.3	343.1	39%
	U ARAB EMTS	905.1	286.2	-68%

Product panels	Top 5 nations	April- November 2021-22	April- November 2022-23	Growth (%)
	SRI LANKA DSR	127.0	281.0	121%
	U K	0.0	184.4	
Auto Components(including Auto Parts and Auto Tyre)	U S A	1414.4	1670.3	18%
	BRAZIL	288.8	370.8	28%
	GERMANY	366.9	332.4	-9%
	BANGLADESH	317.3	332.0	5%
	TURKEY	256.6	267.4	4%

Source: DGCI&S

- ✚ Italy, UAE and USA were the top three importers of Indian Iron and Steel during April-November 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-November 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-November 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-November 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-November 2022-23 whereas USA, UK and Germany 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-November 2022-23 in India's total global exports of the product followed by UK and Philippines.
- ✚ Singapore, Indonesia and UAE became the largest importer of ships, boats and floating structures followed by Sri Lanka and UK. While for the auto components' product group, USA remained the top importer in April-November 2022-23 followed by Brazil, Germany and Bangladesh.

ENGINEERING EXPORTS – STATE-WISE ANALYSIS- (DATA AVAILABLE TILL OCTOBER 2022)

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%	91% share covered by top 12 states
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)
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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	62138.9	

Note: DGCI&S state wise data available till November 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, September and October 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 but In October 2022, decline in engineering exports accelerated and manufacturing out declined once again.

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
March 2022	19.72	1.4
April 2022	21.37	5.6
May 2022	12.64	20.7
Jun 2022	3.09	12.9
July 2022	-1.85	3.1
August 2022	-13.00	-0.5
September 2022	-11.39	2.2
October 2022	-19.68	-5.6
November 2022	-0.30	N A

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during November 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 November 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
November	74.50	81.81	9.82	Depreciation	-0.64	Appreciation

Rupee's recorded its first monthly gain (appreciation) of the year vis-à-vis the US Dollar in November 2022 but year-on-year depreciation continued – During November 2022, the INR registered its first monthly gain of the year as rupee strengthened to close the month above 82 level per USD. On a monthly average basis, Rupee appreciated by 0.64% in November over the previous month. However, year-on-depreciation still continued at 9.82 percent in the month. After a long losing streak. Growing hopes of China gradually reopening its economy helped Asian currencies to gain while expectation that the US Fed may change its monetary policy stance pulled down the Dollar Index. Rupee gained as a consequence.

Fig 3: Trend of Rupee vis-a-vis US dollar from April 2020 (Monthly Average Rate of FBIL has been considered)

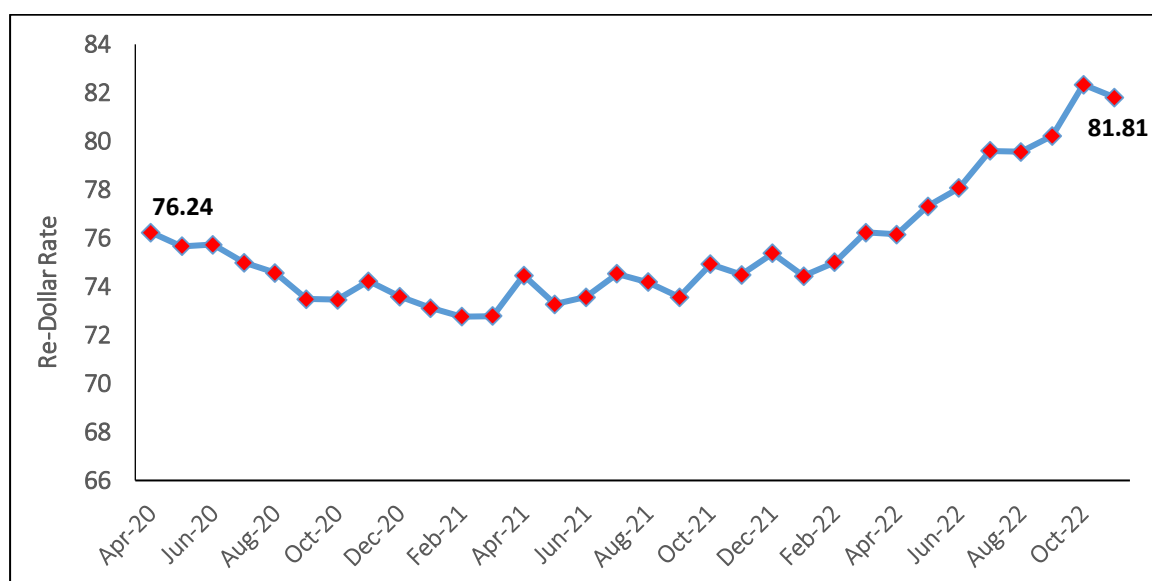


Table 10: USD-INR monthly average exchange rate in 2021-22
(As per latest data released by FBIL)

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
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

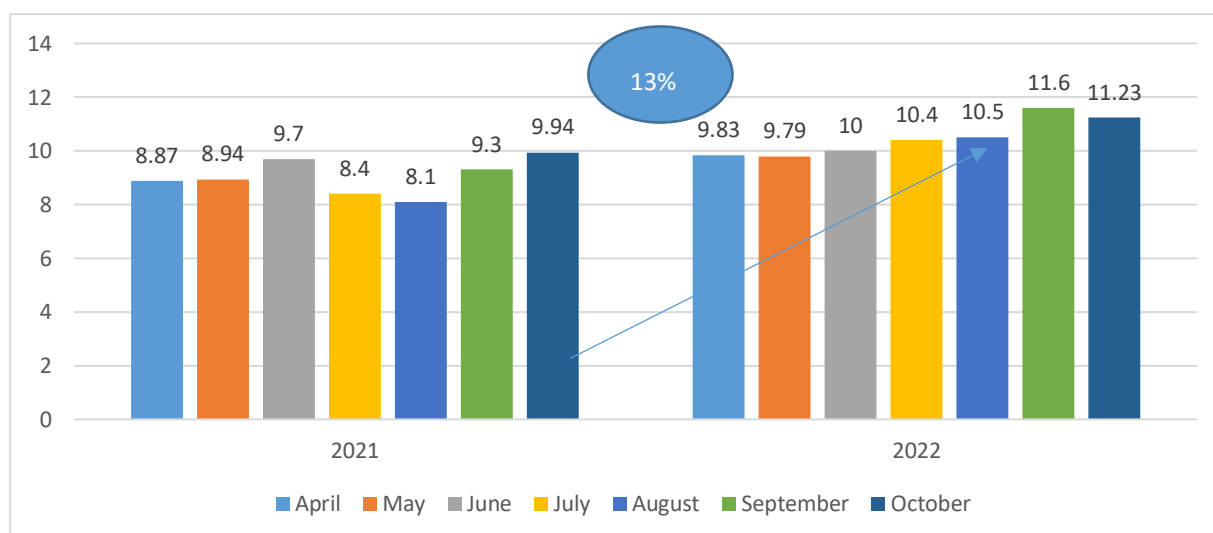
Source: FBIL, EEPC Research

ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during October 2022 were valued at US\$ 11239.52 million compared to US\$ 9942.45 million in October 2021 registering a positive growth of 13 percent in dollar terms. Barring medicinal & pharmaceutical products and machine tools all other engineering panels witnessed an increase in import during October 2022 compared to October 2021.

The share of engineering imports in India's total merchandise imports in October 2022 was estimated at 17.2 percent, lower than that of October 2021 which was estimated at 19.5%. 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 six 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	7.5
Engineering Import	9.8	9.8	10.7	10.4	10.5	11.58	11.23
Trade Balance	-0.2	0.0	-1.0	-0.8	-2.1	-3.2	-3.73

Source: DGCI&S, EEPC India Analysis

CONCLUSION

India's engineering exports have suffered year-on-year decline for the fifth straight month in the current fiscal although the rate of decline has come down. This decline has been a result of mostly external shocks. Since the record post-COVID recovery in the last fiscal, global demand has again exhibited signs of distress in the current fiscal. Demand continues to remain subdued in the European region due to high energy prices and lower manufacturing activity. This is mainly triggered by the ongoing Ukraine-Russia conflict. In North East Asia, China, one of the biggest trading partners to India continues to grapple with rising COVID cases and a growing real estate crisis. Within our neighbourhood, countries such as Sri Lanka, Nepal and Pakistan are facing debt crisis leading to depressed demand in the SAARC region. On top of these there is a growing premonition among the exporting community that the US Central bank's monetary tightening policy would hit interest sensitive spending not only in the US but across the world. Overall these factors will continue to have declining impact on demand. As per the recent forecast by WTO, world trade is expected to lose momentum in the second half of 2022 and may continue to remain subdued in 2023. In these difficult times, the support of the Government of India has been crucial for the exporting community. For instance the recent RBI notification allowing trade in INR is expected to incentivize exports to countries such as Russia which are under US embargo. At the same time the government is also signing FTAs with some of our major partners such to expedite bilateral trade. The recent decision of the government to withdraw export duty on certain stainless steel items is also expected to boost exports to some extent. Given the above discussion, it is a very challenging time for our exporting community as global uncertainties persist.

