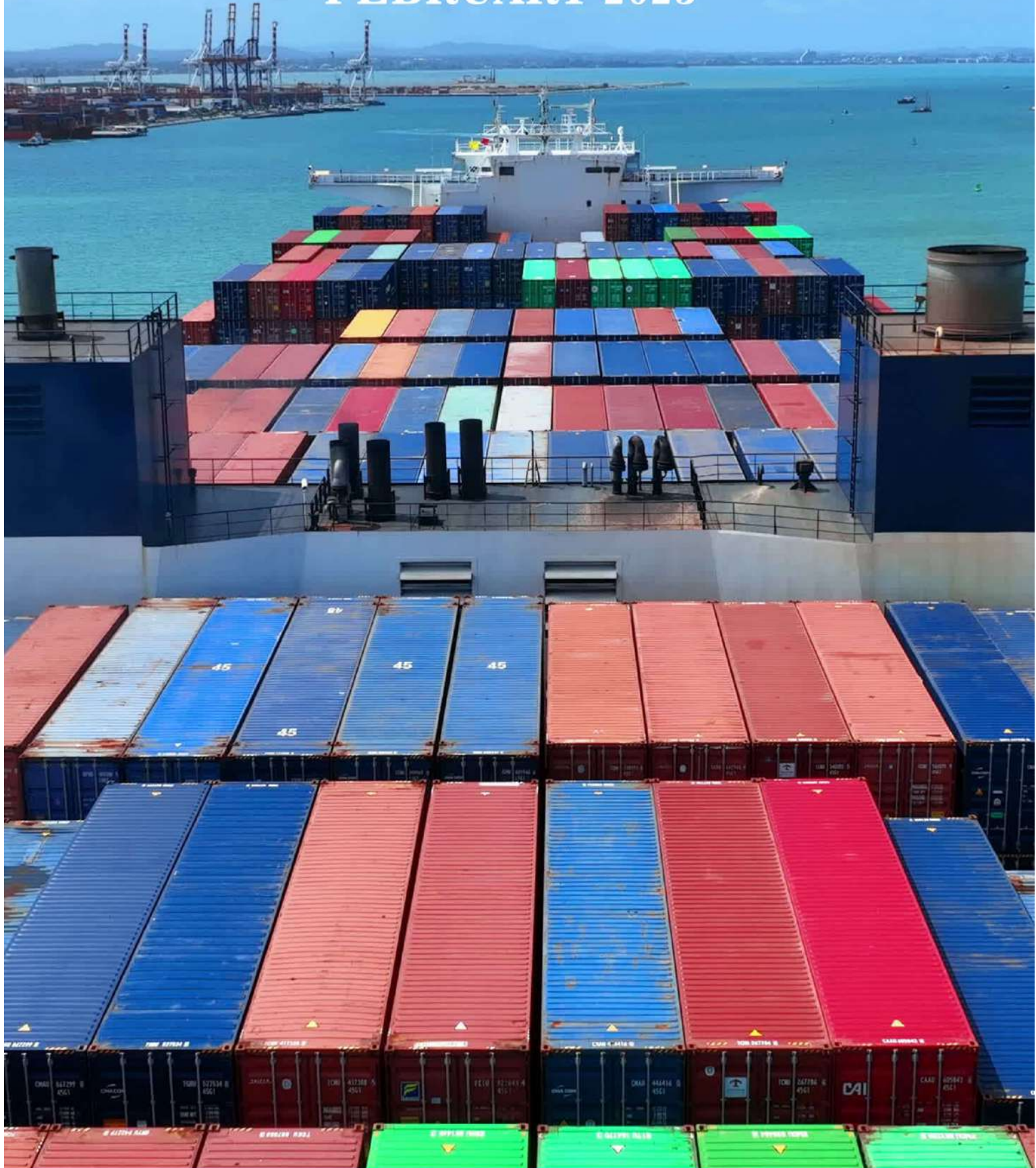


# Engineering Export-Import Monitor

FEBRUARY 2023



*Engineering The Future*

**EEPCINDIA**  
ENGINEERING THE FUTURE

## ENGINEERING TRADE ANALYSIS FOR FEBRUARY 2023

**Engineering exports in 2022-23 conceded year-on-year decline in seven months till February 2023 and 4.24% decline on a cumulative basis**

Trade Flow	Export figures (in US\$ billion)				Growth	
	Feb 2022	Feb 2023	Apr - Feb 2021-22	Apr - Feb 2022-23	Feb-2022 over Feb-2021	Apr-Feb 2022-23 over Apr-Feb 2021-22
Engineering exports	9.50	8.58	101.15	96.86	-9.68%	-4.24%
Overall exports	37.15	33.88	377.43	405.94	-8.82%	7.55%
Share of engineering (%)	25.57%	25.33%	26.80%	23.86%	---	---

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

### HIGHLIGHTS

- ✚ Engineering exports declined in seven out of the first eleven months in fiscal 2022-23. The month of February 2023 saw 9.68% drop year-on-year.
- ✚ Cumulative engineering exports during April-February 2022-23 also declined by 4.24% year-on-year.
- ✚ In rupee terms, cumulative engineering exports declined by only 0.52% as against 9.68% in dollar terms. On a cumulative basis, engineering exports in rupee terms recorded 3.10% growth year-on-year. This disparity was due to year-on-year depreciation of rupee vis-vis the US Dollar by 10.15% during February and by 7.9% during April-February 2022-23.
- ✚ Exports of Iron and Steel declined by 43.6% in February 2023 over February 2022 and by 42.8% during April-February 2022-23 over the same period last fiscal. This was a major reason for decline in engineering exports.
- ✚ Recent withdrawal of the export duty on selected steel items is expected to gradually restore the exports of Iron and Steel going forward.
- ✚ Other factors impacting India's engineering export growth include Ukraine-Russia war and economic slowdown or crisis in some of India's top export destinations including EU, North-East Asia and South Asia.

- ✚ Indian engineering exports declined for the seventh month in fiscal 2022-23. In February 2023, engineering exports declined by 9.68 percent to USD 8,582.24 million from USD 9,501.81 million in February 2022.
- ✚ Cumulative engineering exports for April-February 2022-23 also conceded 4.24 percent decline over the same period last fiscal as it dropped to USD 96,856.02 million from USD 101,147.31 million in April-February 2021-22.
- ✚ In rupee terms, cumulative engineering exports in February 2023 declined by only 0.52 percent as against 9.68 percent in dollar terms. On a cumulative basis, engineering exports in rupee terms recorded 3.10 percent growth year-on-year as against 4.24 percent decline in Dollar terms. This disparity was due to year-on-year depreciation of rupee vis-vis the US Dollar by 10.15 percent during February and by 7.9 percent during April-February 2022-23.
- ✚ As per the quick estimates of Department of Commerce, Government of India, the share of engineering exports to total merchandise exports from India was 25.57 percent in February 2023 while for cumulative engineering exports during April-February 2022-23, the share was 23.86 percent.
- ✚ 10 out of 34 engineering panels witnessed positive growth in exports during February 2023 vis-a-vis the same month last fiscal. Major engineering products like Iron and Steel, Products of Iron and Steel, Non-ferrous metals like Aluminium, Nickel, Lead, Tin and Other products, Industrial Boilers, IC Engines and Parts, Air-condition and Refrigeration Machinery, Machinery for Dairy, Electrical Machinery and Equipment, Motor Vehicles/ Cars, Two & Three wheelers, Bicycle parts, Auto Tyres and Hand tools witnessed decline in exports during February 2023 vis-à-vis February 2022.
- ✚ On a cumulative basis 22 out of 34 engineering panels recorded positive growth during Apr-Feb 2022-23 over the same period last fiscal. Major decline was witnessed in Iron & steel segment, Non-ferrous segment, Two-three wheelers, Railway Transport, Bicycle parts and Project goods.
- ✚ Region-wise, positive year-on-year growth was noted only in ASEAN and WANA during February 2023. On a cumulative basis, year-on-year growth in exports was witnessed in North America followed by Latin America and Oceania while highest decline was observed in North-East Asia.
- ✚ Country-wise, top exporting destinations that witnessed positive growth during April-February 2022-23 were USA, Germany and Singapore whereas top destinations with negative export during the same period include UAE and Italy. While the top exporting countries recording positive growth in February 2023 over February 2022 were Singapore, UAE, Saudi Arabia, Mexico and Indonesia. Major decline observed among the top destinations includes USA, Germany and Italy.
- ✚ During the first eleven months of fiscal 2022-23, engineering exports achieved 76.26 percent of the USD 127 billion target set by the Government for the entire fiscal.



## Overall Engineering Exports vs Engineering Exports Excluding Steel Segment

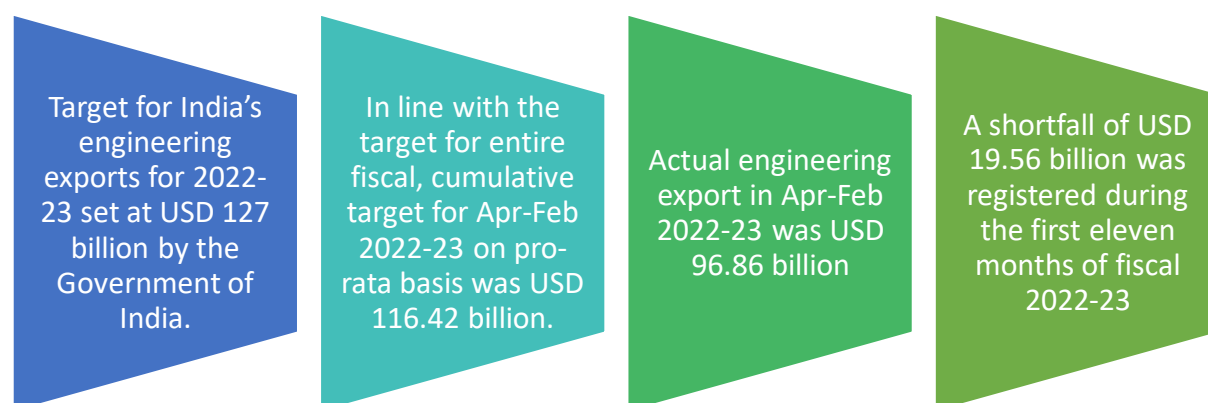
(Values in USD Million)

Trade Flow	Export in Feb 2022	Exports in Feb 2023	Growth (%)	Exports in Apr-Feb 2021-22	Exports in Apr-Feb 2022-23	Growth (%)
Overall engineering exports	9501.81	8582.245	-9.68	101147.307	96856.02	-4.24
Engineering exports excluding Iron and Steel	7743.54	7591.06	-1.97	80142.34	84834.70	5.86

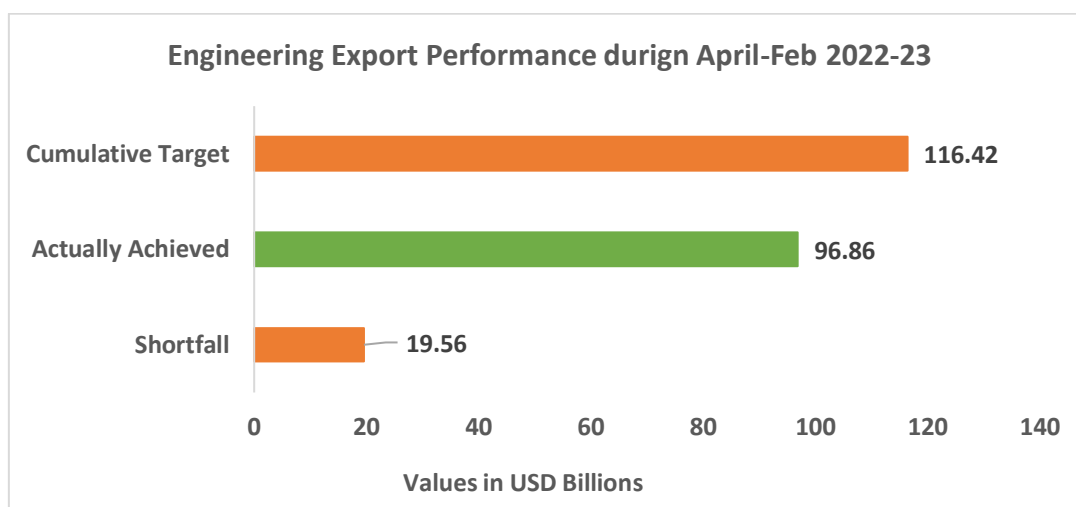
Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded 1.97 percent year-on-year decline in February 2023. However, on a cumulative basis during April-February 2022-23, engineering exports excluding iron and Steel witnessed 5.86 percent growth over the same period last fiscal.

### EXPORT TARGET



**Fig1: Engineering Export Target V/S Actually Achieved in Apr-Feb 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	<b>25892.75</b>	<b>28973.86</b>	<b>11.90</b>
July	9545.20	9369.02	-1.85
August	9663.09	8406.63	-13.00
September	9417.37	8344.72	-11.39
July-September	<b>28625.66</b>	<b>26120.38</b>	<b>-8.75</b>
October	9401.21	7550.91	-19.68
November	8097.06	8104.60	0.09
December	10307.54	9112.36	-11.60
October-December	<b>27805.81</b>	<b>24767.86</b>	<b>-10.93</b>
January	9321.27	8411.68	-9.76
February	9501.81	8582.24	-9.68
April-February	<b>101147.31</b>	<b>96856.02</b>	<b>-4.24</b>

Source: DGCIS, Govt. of India.

## TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-FEBRUARY 2022-23

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during February 2023 over February 2022 as well as in cumulative terms during April-February 2022-23 vis-à-vis April-February 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	February 2022	February 2023	Growth (%)	April-February 2021-22	April-February 2022-23	Growth (%)
U S A	1496.1	1359.3	-9.1%	15433.6	17098.4	10.8%
UAE	425.4	534.1	25.6%	5046.1	4519.3	-10.4%
GERMANY	369.6	357.7	-3.2%	3482.7	3579.5	2.8%
ITALY	310.9	303.2	-2.5%	3754.6	3481.0	-7.3%
SINGAPORE	238.8	582.9	144.1%	2443.3	3368.0	37.8%
MEXICO	222.7	263.8	18.5%	2596.9	3123.8	20.3%
U K	263.2	236.5	-10.1%	2742.2	2854.2	4.1%
SAUDI ARABIA	184.4	267.1	44.8%	1685.8	2641.0	56.7%
TURKEY	337.0	229.8	-31.8%	3176.7	2480.3	-21.9%
CHINA	308.8	205.8	-33.3%	5215.6	2400.3	-54.0%
NETHERLAND	274.4	169.2	-38.3%	1750.1	2387.0	36.4%
BANGLADESH	261.8	154.0	-41.2%	2629.2	2340.4	-11.0%
INDONESIA	146.7	260.6	77.6%	1932.4	2315.9	19.8%
SOUTH AFRICA	169.5	194.1	14.5%	2262.9	2269.8	0.3%
NEPAL	259.8	176.9	-31.9%	3170.4	2102.5	-33.7%
KOREA RP	260.0	166.6	-35.9%	2855.8	1983.0	-30.6%
THAILAND	198.6	139.3	-29.9%	2235.3	1956.6	-12.5%
FRANCE	179.6	174.0	-3.1%	1594.2	1949.3	22.3%
BRAZIL	145.4	156.1	7.4%	1662.5	1737.7	4.5%
MALAYSIA	108.5	222.8	105.5%	1359.8	1710.4	25.8%
VIETNAM	243.6	105.2	-56.8%	2391.4	1707.3	-28.6%
BELGIUM	153.5	114.4	-25.5%	2161.9	1648.5	-23.7%
JAPAN	141.5	119.4	-15.6%	1611.5	1515.8	-5.9%
CANADA	116.9	87.9	-24.8%	1002.7	1279.4	27.6%

Countries	February 2022	February 2023	Growth (%)	April-February 2021-22	April-February 2022-23	Growth (%)
AUSTRALIA	129.5	93.0	-28.2%	1151.5	1237.8	7.5%
Total engineering exports to top 25 countries	6946.3	6674.0	-3.9%	75349.2	73687.3	-2.2%
Total engineering exports	9501.8	8582.2	-9.7%	101147.3	96856.0	-4.2%
Share % of Top 25 destinations	73.1%	77.8%		74.5%	76.1%	

Source: DGCI&S

## REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-February 2022-23 as opposed to April-February 2021-22

**Table 3: Region wise engineering exports in April-February 2022-23 vis-à-vis April-February 2021-22**  
US\$ million

Regions	February 2022	February 2023	Growth (%)	April-February 2021-22	April-February 2022-23	Growth (%)
NORTH AMERICA	1835.7	1711.1	-6.8%	19033.2	21501.7	13.0%
EUROPEAN UNION	2017.9	1605.5	-20.4%	19169.1	18253.6	-4.8%
ASEAN	1016.5	1373.1	35.1%	11293.7	11967.1	6.0%
WANA	1119.6	1202.6	7.4%	11221.9	11706.3	4.3%
SSA( Sub Saharan Africa)	663.5	597.3	-10.0%	7731.3	7753.2	0.3%
N E ASIA	855.5	557.8	-34.8%	11273.4	6696.7	-40.6%
SOUTH ASIA	653.6	433.9	-33.6%	7778.0	5868.1	-24.6%
OTHER EUROPE	628.4	492.5	-21.6%	6418.8	5698.7	-11.2%
LATIN AMERICA	431.8	387.5	-10.3%	4718.4	5208.6	10.4%
OCEANIA	143.7	101.5	-29.4%	1276.3	1355.7	6.2%

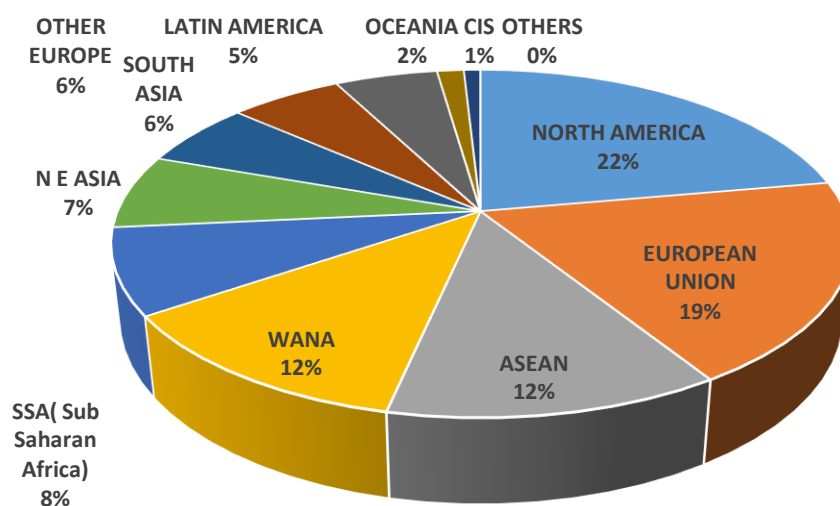
Regions	February 2022	February 2023	Growth (%)	April-February 2021-22	April-February 2022-23	Growth (%)
CIS	135.0	119.2	-11.7%	1213.7	831.2	-31.5%
OTHERS	0.5	0.5	1.3%	19.5	15.2	-22.0%
<b>Grand Total</b>	<b>9501.8</b>	<b>8582.2</b>	<b>-9.7%</b>	<b>101147.3</b>	<b>96856.0</b>	<b>-4.2%</b>

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-February 2022-23**



### PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of February 2023 vis-à-vis February 2022 as well as the cumulative exports for **April-February 2022-23 vis-à-vis April-February 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	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Iron and Steel	1758.3	991.2	-44%	21005.0	12021.3	-43%



Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Products of Iron and Steel	789.2	776.6	-2%	7846.3	8842.7	13%
<b>Sub Total</b>	<b>2547.5</b>	<b>1767.8</b>	<b>-31%</b>	<b>28851.3</b>	<b>20864.0</b>	<b>-28%</b>

Source: DGCI&S

**Table 4b. Trend in exports of Non-Ferrous Metals and Products**  
US\$ Million

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Copper and products	157.7	160.9	2%	2211.6	1593.2	-28%
Aluminium and products	1045.8	629.3	-40%	9431.8	8157.6	-14%
Zinc and products	93.8	99.3	6%	838.3	1209.8	44%
Nickel and products	23.9	13.4	-44%	99.2	182.6	84%
Lead and products	53.3	51.1	-4%	470.0	407.7	-13%
Tin and products	2.4	0.9	-61%	17.8	10.9	-39%
Other Non-Ferrous Metals	68.5	56.4	-18%	729.3	697.5	-4%
<b>Sub Total</b>	<b>1445.5</b>	<b>1011.3</b>	<b>-30%</b>	<b>13797.9</b>	<b>12259.2</b>	<b>-11%</b>

Source: DGCI&S

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

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Industrial Machinery like Boilers, parts, etc.	44.2	40.8	-8%	539.5	579.0	7%
IC Engines and Parts	311.4	284.1	-9%	3036.3	3292.9	8%
Pumps of all types	99.8	106.9	7%	1115.9	1199.3	7%
Air condition and Refrigerators	143.8	131.8	-8%	1304.3	1448.1	11%
Industrial Machinery for dairy, food	646.9	592.0	-8%	7214.7	7750.5	7%

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
processing , textiles etc.						
Machine Tools	54.6	60.7	11%	616.5	632.3	3%
Machinery for Injecting moulding, valves and ATMs	167.3	205.4	23%	1742.1	2121.5	22%
<b>Sub Total</b>	<b>1468.1</b>	<b>1421.8</b>	<b>-3%</b>	<b>15569.5</b>	<b>17023.5</b>	<b>9%</b>

Source: DGCI&S

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

US\$ Million

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Electrical Machinery	941.6	852.0	-10%	9170.4	9917.0	8%

Source: DGCI&S

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

US\$ Million

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Motor Vehicle/cars	733.2	644.6	-12%	6833.3	7861.9	15%
Two and Three Wheelers	257.4	194.4	-24%	2715.1	2545.1	-6%
Auto Components/Part	602.1	587.7	-2%	6234.6	6600.1	6%
Auto Tyres and Tubes	242.9	213.9	-12%	2635.1	2728.3	4%
<b>Sub Total</b>	<b>1835.6</b>	<b>1640.6</b>	<b>-11%</b>	<b>18418.1</b>	<b>19735.4</b>	<b>7%</b>

Source: DGCI&S

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

US\$ Million

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Aircrafts and Spacecraft parts and products	106.4	103.1	-3%	1027.7	1301.8	27%
Ships Boats and Floating products and parts	79.7	721.1	804%	3288.5	3673.1	12%

Source: DGCI&S

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

US\$ Million

Product panels	February 2022	February 2023	Growth	April-February 2021-22	April-February 2022-23	Growth
Medical and Scientific instruments	155.8	170.0	9%	1557.4	1984.5	27%
Railway Transport	53.3	33.7	-37%	372.5	348.7	-6%
Hand Tools & Cutting Tools	83.8	73.1	-13%	899.8	869.4	-3%
Bicycle & Parts	37.6	30.9	-18%	417.5	359.7	-14%
Cranes Lifts & Winches	54.3	66.6	23%	588.6	722.1	23%
Office Equipment	22.0	26.4	20%	189.8	261.6	38%
Other Construction Machinery	186.6	199.1	7%	1918.6	2172.1	13%
Prime Mica & Mica Products	2.0	1.9	-3%	30.3	25.2	-17%
Project Goods	0.20	0.04	-77%	3.64	1.89	-48%
Other Rubber Product Except Footwear	146.4	133.4	-9%	1546.3	1560.5	1%
Other Misc. Items	335.4	329.5	-2%	3499.6	3776.3	8%

Source: DGCI&S

## ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-February 2022-23 vis-à-vis April-February 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-February 2021-22	April-February 2022-23	Growth (%)
Iron and Steel	ITALY	1951.9	1501.7	-23%
	UAE	1465.8	986.0	-33%
	U S A	787.9	857.8	9%
	NEPAL	1247.3	825.3	-34%
	BELGIUM	1376.5	679.3	-51%
Products of Iron and Steel	U S A	2359.8	2829.9	20%
	GERMANY	415.2	434.6	5%
	UAE	369.2	415.6	13%
	U K	386.9	310.8	-20%
	CANADA	224.0	286.0	28%
Industrial Machinery	U S A	2978.3	3426.2	15%
	THAILAND	960.6	884.6	-8%
	GERMANY	803.2	862.6	7%
	CHINA	754.4	715.7	-5%
	UAE	501.6	640.7	28%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	1077.8	1405.6	30%
	MEXICO	1033.2	1109.0	7%
	SAUDI ARABIA	502.1	889.0	77%
	UAE	343.1	474.1	38%
	INDONESIA	245.5	462.4	88%
Non-Ferrous metals	U S A	1283.4	1525.2	19%
	KOREA RP	1787.8	1164.1	-35%
	MALAYSIA	241.7	921.0	281%
	NETHERLAND	390.4	905.6	132%
	CHINA	2381.0	664.1	-72%
Electrical Machinery and Components	U S A	2715.5	2539.0	-6%
	FRANCE	425.6	668.2	57%
	GERMANY	580.2	642.6	11%

Product panels	Top 5 nations	April-February 2021-22	April-February 2022-23	Growth (%)
	U K	455.5	608.2	34%
	SINGAPORE	391.7	516.6	32%
Aircrafts and Space crafts	U S A	353.20	419.16	19%
	FRANCE	180.83	170.73	-6%
	SINGAPORE	72.23	127.39	76%
	U K	97.94	102.82	5%
	GERMANY	59.40	84.93	43%
Ships, Boats and Floating Structures and parts	SINGAPORE	674.4	1499.2	122%
	UAE	1027.7	565.9	-45%
	SRI LANKA	480.6	433.3	-10%
	INDONESIA	258.4	400.2	55%
	U K	0.0	184.4	
Auto Components (including Auto Parts and Auto Tyre)	U S A	1991.1	2223.3	12%
	BRAZIL	421.3	501.9	19%
	GERMANY	505.6	465.4	-8%
	BANGLADESH	461.0	416.6	-10%
	TURKEY	344.2	400.6	16%

Source: DGCI&S

- ✚ Italy, UAE and USA were the top three importers of Indian Iron and Steel during April-February 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-February 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-February 2022-23. Thailand and Germany were the two immediate followers of USA constituting 5% share each 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-February 2022-23 in India's global exports respectively over the same period last fiscal.
- ✚ USA, South Korea and Malaysia were the top three importers of India's Non-ferrous metals and products' during April-February 2022-23 whereas USA, France 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-February 2022-23 in India's total global exports of the product followed by UK and Germany.
- Singapore, UAE and Sri Lanka became the largest importer of ships, boats and floating structures followed by Indonesia and UK. While for the auto components' product group, USA remained the top importer in April-February 2022-23 followed by Brazil, Germany and Bangladesh.

## 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 50.0 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

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

US\$ Million

Top States	Cumulative Export April-February 2021-22	Cumulative Export April-February 2022-23	Growth%(vis-à-vis April-February 2021-22)	%Share in India's Engg Export (April-February 22-23)	Remark
Maharashtra	20122.7	20334.2	1%	21.2%	<b>91.1 % share covered by top 12 states</b>
Tamil Nadu	13644.4	15758.9	15%	16.4%	
Gujarat	12030.3	12111.9	1%	12.6%	
Odisha	10334.3	7118.6	-31%	7.4%	
Haryana	5581.1	5631.7	1%	5.9%	
Andhra Pradesh	5733.7	5357.5	-7%	5.6%	
Karnataka	6738.8	5088.9	-24%	5.3%	
Uttar Pradesh	4409.7	4282.8	-3%	4.5%	
West Bengal	3869.5	3181.4	-18%	3.3%	
Rajasthan	2626.4	3073.1	17%	3.2%	
Delhi	3228.5	3118.8	-3%	3.2%	
Punjab	2622.1	2442.6	-7%	2.5%	

Source: DGCI&S

- Top 12 states constitute over 90% of India's engineering Exports
- Major negative growth witnessed in states like Odisha, Andhra Pradesh, Karnataka, Uttar Pradesh, West Bengal, Delhi, Punjab, Chhattisgarh, Jharkhand, Goa and Himachal Pradesh during April-Feb 2022-23 compared to same period last fiscal.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by 903.095 million from Tamil Nadu (Second Highest State) for the period of Apr'22 - Feb'23.

## 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 over 33.8 share. It is followed by the Southern region, Northern region and Eastern region respectively.

**Table 7: Region wise exports from India**

Value in US\$ million

Region	February - 22 (\$Mn)	February - 23 (\$Mn)	Growth%	Total Exports April'21 - February '22 (\$Mn)	Total Exports April'22 -February '23 (\$Mn)	Growth%
EASTERN REGION	1789.8	968.3	-45.9%	17993.4	12569.9	-30.1%
NORTHERN REGION	2050.6	1670.8	-18.5%	19275.2	19367.5	0.5%
SOUTHERN REGION	2475.4	2436.6	-1.6%	28344.2	28579.8	0.8%
WESTERN REGION	3046.0	3509.6	15.2%	35105.4	35547.6	1.3%
<b>Total</b>	<b>9361.7</b>	<b>8585.4</b>	<b>-8.3%</b>	<b>100718.2</b>	<b>96064.8</b>	<b>-4.6%</b>

Source: NIRYAT portal

**Note: The total engineering exports given in the above table is taken from NIRYAT portal and may not tally with the total engineering exports as given by DGCI&S**

## CORRELATION BETWEEN MANUFACTURING PRODUCTION AND ENGINEERING EXPORTS

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. As exports generally come from what is produced within a country, some correlation between manufacturing production growth and engineering export growth should exist. We briefly 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 2022 to January 2023 witnessed both of them moving in the 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 output declined once again. The month of November 2022 saw both engineering exports and manufacturing output came back to growth path while the month of December 2022 saw higher decline of engineering exports and lower manufacturing growth. January 2023 witnessed slightly lower decline in engineering exports while manufacturing output recorded higher growth over the month.

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 2021**

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
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	2.0
October 2022	-19.68	-5.8
November 2022	0.09	6.4
December 2022	-11.60	3.1
January 2023	-9.76	3.7
February 2023	-9.68	N A

(Source: Department of Commerce and CSO)

## IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

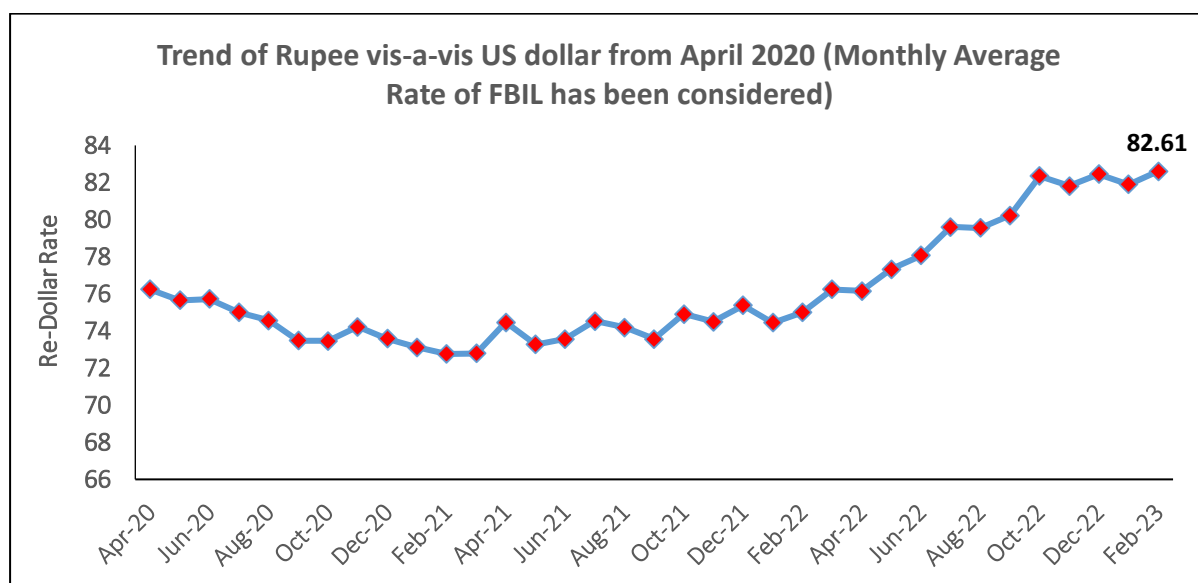
How did the exchange rate fare during February 2023 and what was the recent trend in Re-Dollar movement? In order to get a clearer picture of the recent Re-Dollar trend, not only we took the exchange rate of February 2023, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar 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
December	75.37	82.46	9.41	Depreciation	0.79	Depreciation
January	74.44	81.90	10.02	Depreciation	-0.68	Appreciation
February	75.00	82.61	10.15	Depreciation	0.87	Depreciation

**Rupee continued to depreciate at double-digit vis-à-vis the US Dollar on a year-on-year basis from the second straight month to February 2023 and this time, there was a 0.87% depreciation even on a month-on-month basis –** Rupee recorded 10.15 percent depreciation during February 2023, which was the highest in recent time. The Indian currency seems recovering marginally in March 2023 and may recover in 2023 as inflows in equity and debt are expected due to economic slowdown and apprehended recession in major developed regions.

**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, EEP Research

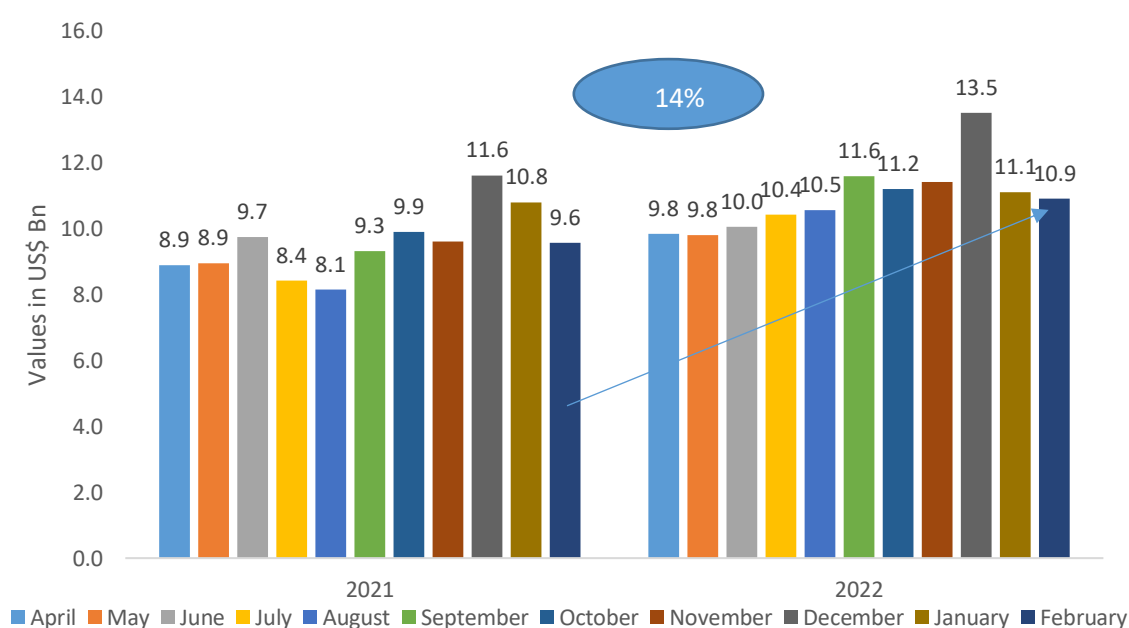


## ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during February 2023 were valued at US\$ 10892.6 million compared to US\$ 9551.4 million in February 2022 registering a positive growth of 14 percent in dollar terms. All the engineering panels witnessed an increase in import during February 2023 compared to February 2022.

The share of engineering imports in India's total merchandise imports in February 2023 was estimated at 21.2 percent, higher than that of February 2022 which was estimated at 17.1%. The figure below depicts engineering imports for February 2023 compared to February 2022.

**Fig 4: Monthly Engineering Imports for February 2023 vis-a-vis February 2022**



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

**Table 11: Monthly Trend in Engineering Trade Balance for the current FY 2022-23**  
(US\$ Billions)

Trade Flow	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Engineering Export	9.6	9.8	9.7	9.6	8.4	8.4	7.5	8.1	9.1	8.4	8.6
Engineering Import	9.8	9.8	10.7	10.4	10.5	11.6	11.2	11.4	13.5	11.1	10.9

Trade Flow	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Trade Balance	-0.2	0.0	-1.0	-0.8	-2.1	-3.2	-3.7	-3.3	-4.4	-2.7	-2.3

Source: DGCI&S, EEPC India Analysis

## CONCLUSION

India's engineering exports continued its declining trend in the month of February 2023. This has been its third month of straight decline. Again in line with the previous months, it was ferrous and non-ferrous metals which contributed majorly to the decline. In terms of export destination exports continued to decline in CIS, North East Asia, Europe and South Asia. While these decline can be explained by the various economic issues these countries are facing, the decline in exports to North America, Latin America, Oceania and Sub-Saharan Africa remained real cause of concern. Interestingly these regions have shown increase in the last few months. Our analysis further indicates that global decline in demand for metals and metals products is mostly responsible for the negative growth in India's exports. However, rising raw material prices especially iron and steel has also made our metal exporters less competitive in the global market. In this situation we are thankful to the government because of a number of favourable clauses brought forward in this year's budget. The steep increase of almost 33 percent in capital investment outlay for the third time in a row is expected to favour the engineering industry significantly. We anticipate that the upcoming FTAs with EU, Canada, UK and GCC will be further beneficial for the sector. The upcoming Foreign Trade Policy may also alleviate some fear for the sector.

The global trade projections does not look much optimistic although there are few positives – there is a forecast of slow but gradual recovery. China, the largest global consumer is also expected to recover from its real estate and financial crisis albeit at a slow pace. In this background, India may also look towards a slow recovery. The banking crisis in USA, India's largest engineering market may prove to be a cause of another concern. Therefore the Indian exporters and the government have to adopt a cautious approach in the coming months.

