

# Engineering Export-Import Monitor

March 2023



*Engineering the Future*

**EEPCINDIA**  
ENGINEERING THE FUTURE



## ENGINEERING TRADE ANALYSIS FOR 2022-23

**Engineering exports finished fiscal 2022-23 with 4.57% decline over the previous fiscal**

Trade Flow	Export figures (in US\$ billion)				Growth	
	Mar-2022	Mar-2023	Apr- Mar 2021-22	Apr- Mar 2022-23	Mar-2023 over Mar-2022	Apr-Mar 2022-23 over Apr-mar 2021-22
Engineering exports	11.02	10.19	112.16	107.04	-7.49%	-4.57%
Overall exports	44.57	38.38	422.0	447.46	-13.89%	6.03%
Share of engineering (%)	24.71%	26.55%	26.58%	23.92%	---	---

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

### HIGHLIGHTS

- ✚ Engineering exports from India, after reaching its all-time high at USD 112.16 billion during fiscal 2021-22, finished fiscal 2022-23 at USD 107.04 billion conceding a decline of 4.57 percent. In rupee terms however engineering exports recorded 2.77% growth year-on-year. This disparity was due to substantial year-on-year depreciation of rupee vis-vis the US Dollar in 2022-23.
- ✚ Despite of lower exports in 2022-23, engineering exports surpassed the predicted value of USD 105.82 billion set by Government of India for 2022-23.
- ✚ Geo-political crisis in CIS region led by Russia-Ukraine war, economic slowdown in the North-East Asia especially China, crisis in the South-East Asia and slowdown in Europe are the major factors responsible for lower shipment of engineering goods from India.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports during fiscal 2022-23 was 23.92 percent as against a higher 26.58 percent in fiscal 2021-22.
- ✚ Panel-wise analysis showed that out of 34 engineering panels, 22 recorded growth in exports during 2022-23 while 12 conceded decline in shipment.

- ✚ Iron and Steel was the main spoilsport behind the decline in engineering exports with 41.52 percent decline in exports during 2022-23 over the previous fiscal. Excluding the Iron and Steel Panel, engineering exports in 2022-23 recorded 4.91 percent growth over the previous fiscal.
- ✚ Among the major panels, 'Motor Vehicles/Cars', 'Products of Iron and Steel', 'Electric Machinery and Equipment', 'Industrial Machinery', "Medical and Scientific Instruments", 'Ships, Boats and Floating Structures' and 'Auto Components/Parts' recorded higher shipments over the previous fiscal while basic metals like Iron & Steel, 'Aluminium and products' and 'Copper and Products' conceded decline in shipments.
- ✚ Region-wise, India's engineering exports to North America, WANA, ASEAN, Latin America, and Oceania recorded positive growth in 2022-23 while shipments to North-East Asia, South Asia, CIS and EU declined over the previous fiscal.

- ✚ Indian engineering exports continued to decline for the fifth straight month to March 2023 and for eight months in fiscal 2022-23. During March 2023, engineering exports declined by 7.49 percent to USD 10,190.97 million from USD 11,016.08 million in March 2022.
- ✚ Cumulative engineering exports for entire fiscal 2022-23 declined by 4.57 percent to USD 107,040.13 million from an all-time high of USD 112,163.39 million in fiscal 2021-22. In rupee terms, cumulative engineering exports in fiscal 2022-23 recorded 2.77 percent growth year-on-year. This disparity was due to substantial year-on-year depreciation of rupee vis-vis the US Dollar in 2022-23.
- ✚ Engineering exports in 2022-23 surpassed the predicted value of USD 105.82 billion set by Government of India for 2022-23.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports during fiscal 2022-23 was 23.92 percent as against a higher 26.58 percent in fiscal 2021-22.
- ✚ 16 out of 34 engineering panels witnessed positive year-on-year growth in March 2023, while remaining 18 panels witnessed negative growth in exports. Major engineering products like Iron and Steel, Products of Iron and Steel, Aluminium and products, Industrial machinery, Electrical Machinery and Equipment, Two & Three wheelers, Bicycle parts, Auto Tyres and Hand tools witnessed decline in exports during March 2023 vis-à-vis March 2022.
- ✚ On a cumulative basis 22 out of 34 engineering panels recorded positive growth during Apr-March 2022-23 over the same period last fiscal. Engineering panels that witnessed growth in exports include Products of Iron and Steel, Zinc and Nickel Products from Non-ferrous Segment, All the panels from Industrial Machinery, Motor Vehicles/ Cars, Auto Components/Parts, Aircrafts and Ship and Boats, Medical Instruments, Construction

machinery, Office Equipments, etc. Major decline was witnessed in 12 engineering panels including Iron & steel segment, Copper and Aluminium from Non-ferrous segment, Two-three wheelers, Railway Transport, Bicycle parts and Project goods, etc.

Region-wise, positive year-on-year growth was noted only in CIS, Latin America, Oceania and Other EU countries during March 2023. On a cumulative basis, year-on-year growth in exports was witnessed in North America followed by WANA, ASEAN, Latin America, and Oceania while highest decline was observed in North-East Asia followed by South Asia, CIS countries and EU countries.

Country-wise, top exporting destinations that witnessed positive growth during April-March 2022-23 were USA (6.8% growth), Germany (2.1%) and Singapore (39.1%) whereas top destinations with negative export during the same period include UAE (-11.1%), Italy (-5.5%), Turkey (-19%) and China (-52.4%). While the top exporting countries recording positive growth in March 2023 over March 2022 were Italy, Singapore, Mexico, Saudi Arabia and Turkey. Monthly major decline observed among the top destinations includes USA, UAE, Germany, UK and China.

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

(Values in USD Million)

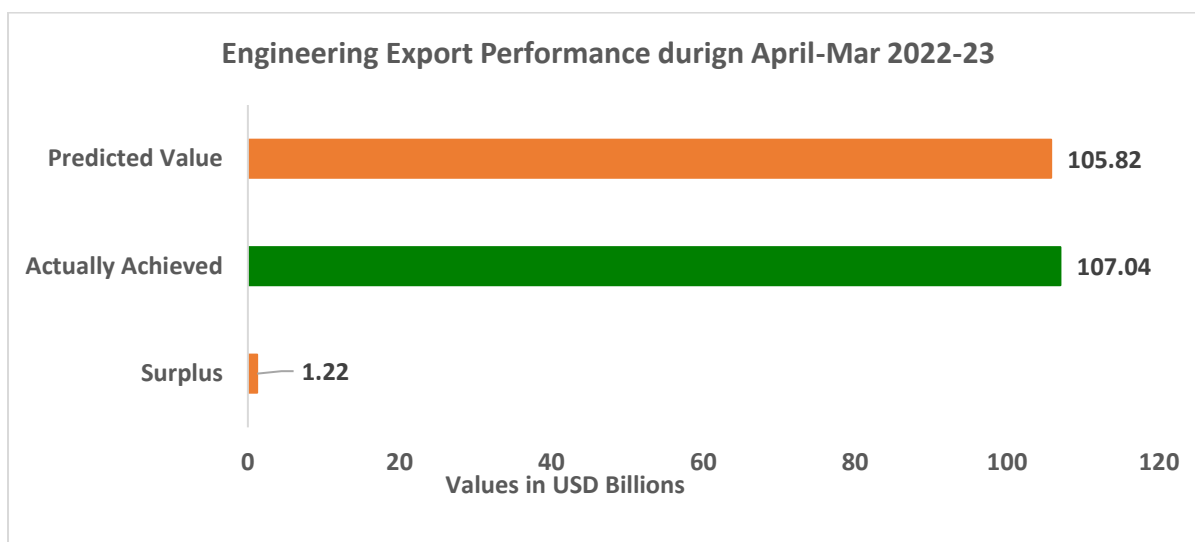
Trade Flow	Export in March 2022	Exports in March 2023	Growth (%)	Exports in Apr-Mar 2021-22	Exports in Apr-Mar 2022-23	Growth (%)
Overall engineering exports	11016.08	10190.97	-7.49	112163.39	107040.13	-4.57
Engineering exports excluding Iron and Steel	9114.85	8817.97	-3.26	89257.18	93644.11	4.91

Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded 3.26 percent year-on-year decline in March 2023. However, for the entire fiscal 2022-23, engineering exports excluding iron and Steel witnessed 4.91 percent growth over the previous fiscal.

## EXPORT TARGET

**Fig1: Predicted value of Engineering Export V/S Actually Achieved in Apr-Mar 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	9677.95	21.37
May	8623.64	9713.43	12.64
June	9295.06	9581.82	3.09
<b>April-June</b>	<b>25892.75</b>	<b>28973.20</b>	<b>11.90</b>
July	9545.20	9368.89	-1.85
August	9663.09	8406.45	-13.00
September	9417.37	8344.70	-11.39
<b>July-September</b>	<b>28625.66</b>	<b>26120.05</b>	<b>-8.75</b>
October	9401.21	7550.69	-19.68
November	8097.06	8104.24	0.09
December	10307.54	9111.91	-11.60
<b>October-December</b>	<b>27805.81</b>	<b>24766.84</b>	<b>-10.93</b>
January	9321.27	8411.64	-9.76
February	9501.81	8577.43	-9.73

Month	2021-22	2022-23	Growth (%)
March	11016.08	10190.97	-7.49
January-March	29839.16	27180.03	-8.91
April-March	112163.39	107040.13	-4.57

Source: DGCIIS, Govt. of India

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

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during March 2023 over March 2022 as well as in cumulative terms during April-March 2022-23 vis-à-vis April-March 2021-22. The data clearly shows that top 25 countries contribute 75.9% of total engineering exports.

**Table 2: Engineering exports country wise**

US\$ million

Countries	March 2022	March 2023	Growth (%)	April-March 2021-22	April-March 2022-23	Growth (%)
U S A	2058.3	1578.2	-23.3%	17491.9	18679.1	6.8%
U ARAB EMTS	540.7	444.0	-17.9%	5586.8	4964.1	-11.1%
GERMANY	382.8	368.5	-3.7%	3865.5	3945.9	2.1%
ITALY	405.3	450.9	11.3%	4159.9	3932.4	-5.5%
SINGAPORE	195.7	303.0	54.9%	2638.9	3671.1	39.1%
MEXICO	253.2	351.7	38.9%	2850.1	3475.7	22.0%
U K	305.3	270.9	-11.2%	3047.5	3125.5	2.6%
SAUDI ARAB	233.5	441.7	89.2%	1919.3	3082.8	60.6%
TURKEY	342.4	370.8	8.3%	3519.1	2851.2	-19.0%
CHINA P RP	318.0	231.6	-27.2%	5533.6	2631.9	-52.4%
NETHERLAND	259.5	207.3	-20.1%	2009.5	2593.7	29.1%
INDONESIA	187.0	271.5	45.2%	2119.4	2587.5	22.1%
BANGLADESH PR	301.7	200.1	-33.7%	2930.9	2540.5	-13.3%
SOUTH AFRICA	228.8	214.9	-6.1%	2491.7	2484.7	-0.3%
NEPAL	279.1	202.7	-27.4%	3449.5	2305.3	-33.2%
FRANCE	252.5	247.7	-1.9%	1846.7	2197.2	19.0%
KOREA RP	288.1	206.6	-28.3%	3143.9	2189.7	-30.4%
THAILAND	246.5	156.2	-36.6%	2481.8	2113.0	-14.9%
BRAZIL	170.2	192.9	13.3%	1832.7	1930.9	5.4%
MALAYSIA	192.3	139.8	-27.3%	1552.2	1850.2	19.2%

Countries	March 2022	March 2023	Growth (%)	April-March 2021-22	April-March 2022-23	Growth (%)
BELGIUM	215.7	186.9	-13.4%	2377.6	1835.4	-22.8%
VIETNAM SOC REP	215.9	125.4	-41.9%	2607.3	1832.6	-29.7%
JAPAN	129.8	152.5	17.5%	1741.3	1668.4	-4.2%
SPAIN	182.2	166.0	-8.9%	1632.1	1390.6	-14.8%
AUSTRALIA	104.9	139.1	32.6%	1256.4	1377.0	9.6%
Total engineering exports to top 25 countries	8289.30	7621.19	<b>-8.1%</b>	84085.72	81256.28	<b>-3.4%</b>
Total engineering exports	<b>11016.1</b>	<b>10191.0</b>	<b>-7.5%</b>	<b>112163.4</b>	<b>107040.1</b>	<b>-4.6%</b>
Share % of Top 25 destinations	75.2%	74.8%		75.0%	75.9%	

Source: DGCI&S

### REGION WISE INDIA'S ENGINEERING EXPORTS

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

**Table 3: Region wise engineering exports in April-March 2022-23 vis-à-vis April-March 2021-22**

US\$ million

Regions	March 2022	March 2023	Growth (%)	April-March 2021-22	April-March 2022-23	Growth (%)
NORTH AMERICA	2430.1	2024.3	<b>-16.7%</b>	21463.3	23528.6	<b>9.6%</b>
EUROPEAN UNION	2211.8	2061.8	<b>-6.8%</b>	21380.9	20303.8	<b>-5.0%</b>
ASEAN	1143.4	1130.9	<b>-1.1%</b>	12437.0	13098.2	<b>5.3%</b>
WANA	1532.3	1409.5	<b>-8.0%</b>	12754.2	13116.4	<b>2.8%</b>
SSA( Sub Saharan Africa)	806.0	767.5	<b>-4.8%</b>	8537.3	8520.9	<b>-0.2%</b>
N E ASIA	852.3	695.7	<b>-18.4%</b>	12125.7	7392.6	<b>-39.0%</b>
SOUTH ASIA	723.8	511.8	<b>-29.3%</b>	8501.8	6378.8	<b>-25.0%</b>

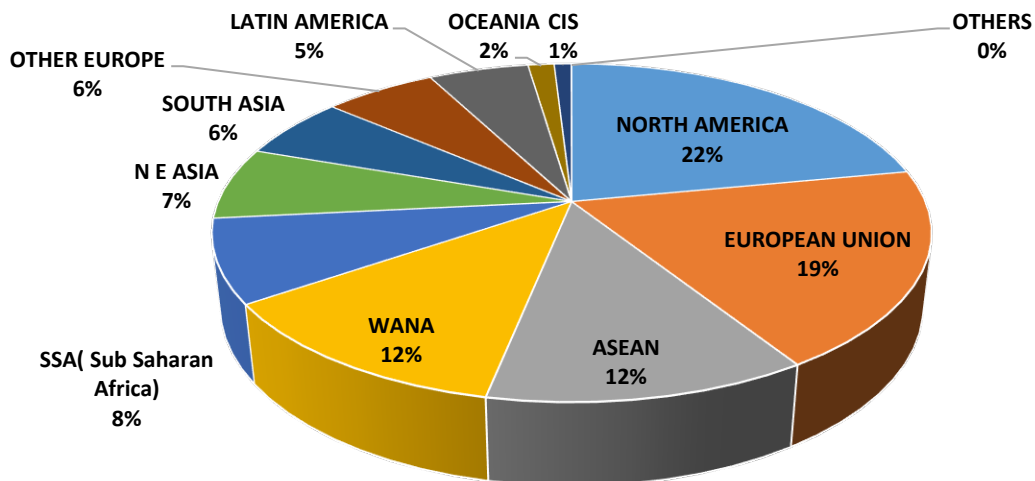
Regions	March 2022	March 2023	Growth (%)	April-March 2021-22	April-March 2022-23	Growth (%)
OTHER EUROPE	674.9	753.7	11.7%	7093.8	6452.9	-9.0%
LATIN AMERICA	493.8	534.8	8.3%	5212.2	5743.8	10.2%
OCEANIA	116.7	148.9	27.6%	1386.5	1499.0	8.1%
CIS	29.3	148.4	407.2%	1243.0	980.8	-21.1%
OTHERS	1.5	3.5	128.8%	27.5	24.4	-11.4%
<b>Grand Total</b>	<b>11016.1</b>	<b>10191.0</b>	<b>-7.5%</b>	<b>112163.4</b>	<b>107040.1</b>	<b>-4.6%</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-March 2022-23**



## PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of March 2023 vis-à-vis March 2022 as well as the cumulative exports for **April-March 2022-23 vis-à-vis April-March 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	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Iron and Steel	1901.2	1373.0	-28%	22906.2	13396.0	-42%



Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Products of Iron and Steel	939.3	925.2	-1%	8785.6	9768.0	11%
<b>Sub Total</b>	<b>2840.5</b>	<b>2298.2</b>	<b>-19%</b>	<b>31691.8</b>	<b>23164.0</b>	<b>-27%</b>

Source: DGCI&S

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

US\$ Million

Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Copper and products	218.0	255.3	17%	2429.6	1848.5	-24%
Aluminium and products	1209.8	719.5	-41%	10641.6	8877.0	-17%
Zinc and products	164.6	114.9	-30%	1002.9	1324.8	32%
Nickel and products	27.8	21.4	-23%	127.0	204.1	61%
Lead and products	73.2	74.1	1%	543.1	481.7	-11%
Tin and products	1.4	0.5	-62%	19.2	11.4	-41%
Other Non-Ferrous Metals	72.8	64.2	-12%	802.1	761.8	-5%
<b>Sub Total</b>	<b>1767.7</b>	<b>1249.9</b>	<b>-29%</b>	<b>15565.5</b>	<b>13509.3</b>	<b>-13%</b>

Source: DGCI&S

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

US\$ Million

Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Industrial Machinery like Boilers, parts, etc.	57.1	46.8	-18%	596.7	625.9	5%
IC Engines and Parts	321.9	334.4	4%	3358.3	3627.7	8%
Pumps of all types	108.9	119.0	9%	1224.9	1319.3	8%
Air condition and Refrigerators	168.5	178.0	6%	1472.9	1624.9	10%
Industrial Machinery for dairy, food	785.1	764.0	-3%	7999.9	8517.6	6%

Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
processing , textiles etc.						
Machine Tools	63.7	61.5	-4%	680.2	693.8	2%
Machinery for Injecting moulding, valves and ATMs	187.4	246.7	32%	1929.5	2369.0	23%
<b>Sub Total</b>	<b>1692.7</b>	<b>1750.4</b>	<b>3%</b>	<b>17262.2</b>	<b>18778.1</b>	<b>9%</b>

Source: DGCI&S

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

US\$ Million

Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Electrical Machinery	1178.9	1065.1	-10%	10349.3	10970.2	6%

Source: DGCI&S

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

US\$ Million

Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Motor Vehicle/cars	740.0	856.6	16%	7573.3	8718.5	15%
Two and Three Wheelers	270.2	242.8	-10%	2985.3	2787.9	-7%
Auto Components/Part	641.4	673.2	5%	6876.1	7273.7	6%
Auto Tyres and Tubes	287.6	238.5	-17%	2922.7	2966.8	2%
<b>Sub Total</b>	<b>1939.3</b>	<b>2011.2</b>	<b>4%</b>	<b>20357.4</b>	<b>21746.8</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	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Aircrafts and Spacecraft parts and products	114.3	124.7	9%	1142.1	1428.2	25%
Ships Boats and Floating products and parts	312.2	362.4	16%	3600.7	4035.5	12%

Source: DGCI&S

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

US\$ Million

Product panels	March 2022	March 2023	Growth	April-March 2021-22	April-March 2022-23	Growth
Medical and Scientific instruments	170.5	224.7	32%	1727.9	2209.1	28%
Railway Transport	43.6	22.4	-49%	416.1	371.1	-11%
Hand Tools & Cutting Tools	86.5	83.0	-4%	986.3	952.4	-3%
Bicycle & Parts	43.2	36.1	-16%	460.6	395.8	-14%
Cranes Lifts & Winches	62.0	92.1	49%	650.6	812.9	25%
Office Equipment	19.8	35.9	82%	209.6	297.6	42%
Other Construction Machinery	194.7	238.3	22%	2113.3	2410.5	14%
Prime Mica & Mica Products	1.7	2.3	30%	32.0	27.4	-14%
Project Goods	0.14	0.12	-18%	3.78	2.00	-47%
Other Rubber Product Except Footwear	159.8	151.8	-5%	1706.1	1712.4	0%
Other Misc. Items	388.5	442.1	14%	3888.1	4216.8	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-March 2022-23 vis-à-vis April-March 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-March 2021-22	April-March 2022-23	Growth (%)
Iron and Steel	ITALY	2144.7	1760.4	-18%
	UAE	1650.7	1050.5	-36%
	U S A	898.5	907.8	1%
	NEPAL	1361.1	902.3	-34%
	BELGIUM	1522.2	770.0	-49%
Products of Iron and Steel	U S A	2656.3	3080.7	16%
	GERMANY	458.72	471.32	3%
	UAE	413.69	463.88	12%
	U K	420.78	338.09	-20%
	CANADA	252.78	312.23	24%
Industrial Machinery	U S A	3319.2	3751.3	13%
	GERMANY	890.4	955.3	7%
	THAILAND	1061.9	952.6	-10%
	CHINA	830.7	796.2	-4%
	UAE	567.6	714.3	26%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	SOUTH AFRICA	1188.8	1547.7	30%
	MEXICO	1135.9	1227.2	8%
	SAUDI ARABIA	576.1	1020.0	77%
	UAE	388.0	541.8	40%
	INDONESIA	273.0	531.2	95%
Non-Ferrous metals	U S A	1614.2	1656.8	3%
	KOREA RP	1981.1	1261.2	-36%
	MALAYSIA	343.3	980.7	186%
	NETHERLAND	489.7	960.5	96%
	CHINA	2532.7	708.9	-72%
Electrical Machinery and Components	U S A	3074.7	2741.5	-11%
	FRANCE	550.3	795.4	45%
	GERMANY	663.1	724.4	9%



Product panels	Top 5 nations	April-March 2021-22	April-March 2022-23	Growth (%)
	U K	530.8	652.6	23%
	SINGAPORE	486.3	611.0	26%
Aircrafts and Space crafts	U S A	396.92	461.31	16%
	FRANCE	198.35	191.22	-4%
	SINGAPORE	79.50	131.74	66%
	U K	107.99	113.84	5%
	GERMANY	67.44	91.56	36%
Ships, Boats and Floating Structures and parts	SINGAPORE	674.4	1589.1	136%
	UAE	1061.0	582.1	-45%
	SRI LANKA	485.9	436.2	-10%
	INDONESIA	258.4	400.2	55%
	U K	0.0	184.5	
Auto Components (including Auto Parts and Auto Tyre)	U S A	2211.4	2417.6	9%
	BRAZIL	468.8	550.1	17%
	GERMANY	554.1	511.2	-8%
	BANGLADESH	517.3	453.7	-12%
	TURKEY	378.2	442.9	17%

Source: DGCI&S

- Italy, UAE and USA were the top three importers of Indian Iron and Steel during April-March 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-March 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-March 2022-23. Germany and Thailand 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-March 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-March 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-March 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-March 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 almost 91 % of India's exports is contributed by the listed 12 states. Within this 50.3 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

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

US\$ Million

Top States	Cumulative Export April-March 2021-22	Cumulative Export April-March 2022-23	Growth%(vis-à-vis April-March 2021-22)	%Share in India's Eng. Export (April-March 2022-23)	Remark
Maharashtra	22282.68	22602.74	1.4%	21.3%	<b>90.9 % share covered by top 12 states</b>
Tamil Nadu	15210.81	17315	13.8%	16.3%	
Gujarat	13232.94	13519.78	2.2%	12.7%	
Odisha	11578.27	7809.59	-32.5%	7.4%	
Haryana	6171.7	6212.87	0.7%	5.8%	
Andhra Pradesh	6075.17	5715.79	-5.9%	5.4%	
Karnataka	7434.86	5731.06	-22.9%	5.4%	
Uttar Pradesh	4854.58	4648.59	-4.2%	4.4%	
West Bengal	4246.53	3494.66	-17.7%	3.3%	
Rajasthan	2966.28	3412.14	15.0%	3.2%	
Delhi	3649.26	3480.13	-4.6%	3.3%	
Punjab	2886.36	2668.19	-7.6%	2.5%	

Source: DGCI&S

- Top 12 states constitute over 90.9% 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-March 2022-23 compared to same period last fiscal.

- Maharashtra being the highest state in terms of Engineering Goods with an export share of 21.3% w.r.t to India's global exports and leading by US\$ 5.3 billion from Tamil Nadu (Second Highest State) for the period of April-March 2022-23.

### 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 34 percent 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	March - 22 (\$Mn)	March - 23 (\$Mn)	Growth%	Total Exports April'21 -March '22 (\$Mn)	Total Exports April'22 - March'23 (\$Mn)	Growth%
EASTERN REGION	2000.7	1243.3	-37.9%	19994.1	13870.6	-30.6%
NORTHERN REGION	2169.1	2088.0	-3.7%	21444.3	21455.5	0.1%
SOUTHERN REGION	2838.1	2792.6	-1.6%	31182.3	31372.3	0.6%
WESTERN REGION	3683.0	4005.3	8.7%	38788.4	39552.9	2.0%
<b>Total</b>	<b>10691.0</b>	<b>10129.2</b>	<b>-5.3%</b>	<b>111409.2</b>	<b>106251.3</b>	<b>-4.6%</b>

Source: NIRYAT portal

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

### 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 February 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. Both January and February 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	6.7
December 2022	-11.60	3.1
January 2023	-9.76	4.0



Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
February 2023	-9.73	5.3
March 2023	-7.49	N A

(Source: Department of Commerce and CSO)

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

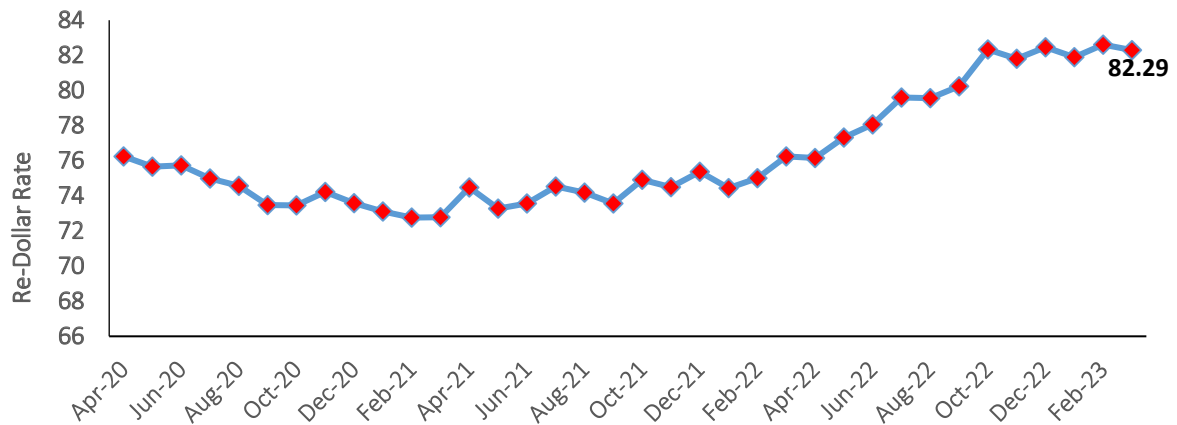
How did the exchange rate fare during March 2023 and what was the recent trend in Re-Dollar movement? In order to get a clearer picture of the recent Re-Dollar trend, not only we took the exchange rate of March 2023, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2022-23 as well as 2021-22 as mere one-month figure does not reflect any trend. 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
March	76.24	82.29	7.94	Depreciation	-0.39	Appreciation

**Depreciation of Rupee vis-à-vis the US Dollar continued on a year-on-year basis but moderated in March 2023 to 7.94 percent. On a month-on-month basis however, rupee appreciated by 0.39 percent in March 2023.** The Indian currency ended the fiscal below 82 per dollar but recovered marginally in March 2023 in line with our expectation. Rupee may recover in rest of 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)**

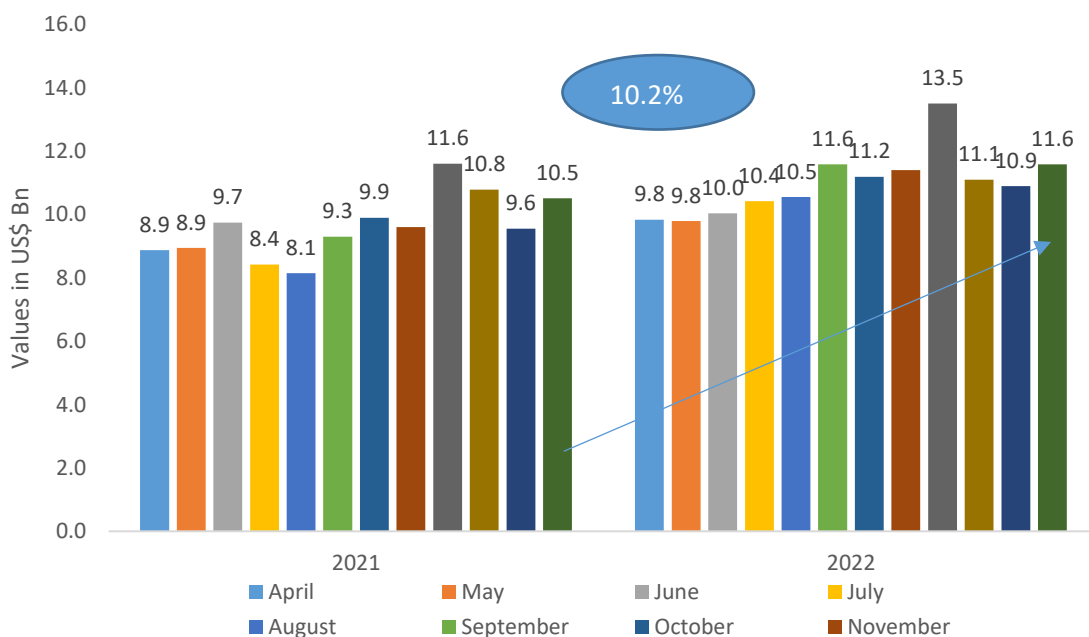


### ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during March 2023 were valued at US\$ 11586.4 million compared to US\$ 10513.6 million in March 2022 registering a positive growth of 10.2 percent in dollar terms. Barring Transport equipment and Medicinal & Pharmaceutical products all the other engineering panels witnessed an increase in import during March 2023 compared to March 2022.

The share of engineering imports in India's total merchandise imports in March 2023 was estimated at 19.9 percent, higher than that of March 2022 which was estimated at 16.7%. The figure below depicts engineering imports for March 2023 compared to March 2022.

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



Source: EEPIC India analysis

## TREND IN ENGINEERING TRADE BALANCE

We now present the trend in two-way yearly trade for the engineering sector for the complete fiscal 2022-23 depicted in the table below:

**Table 10: 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	Mar
Engineering Export	9.6	9.8	9.7	9.6	8.4	8.4	7.5	8.1	9.1	8.4	8.6	10.2
Engineering Import	9.8	9.8	10.7	10.4	10.5	11.6	11.2	11.4	13.5	11.1	10.9	11.6
Trade Balance	-0.2	0.0	-1.0	-0.8	-2.1	-3.2	-3.7	-3.3	-4.4	-2.7	-2.3	-1.4

Source: DGCI&S, EEPC India Analysis

## CONCLUSION

India's engineering exports completed a dismal run this fiscal as it conceded a 4.57 percent decline over FY22. This is despite the merchandise exports clocking a positive growth of 6.03 percent over FY22. The decline was a direct result of the depressed global demand especially in the metal sector. FY23 in general has been a difficult year for the global trade. While the end of FY22 marked the recovery from the COVID pandemic it was soon overshadowed by the Russia-Ukraine crisis which dented the European and Central Asian economies to a significant extent. Situations worsened across the globe as China continued to fight repeated bouts of pandemic and a real estate and financial crisis at the same time. It was further exacerbated by the global recession forecast as currencies depreciated and major exporting countries such as Korea and Japan suffered.

Global trade sentiments continue to remain bleak – WTO economists in April 2023 said in a new forecast that merchandise trade is expected to grow 1.7 percent as against 2.7 percent last year. The subpar performance will be mainly due to Ukraine crisis, high inflation, tighter monetary policy and financial market uncertainty. Therefore, the coming times will bring little respite for the exporting community.

In such critical scenario, it is very important for the Indian exporters to get continued support from the Government of India. We are grateful for the launch of the Foreign Trade Policy 2023 which covers all important aspect of trade including ease of doing business, introduction of Rupee trade, including the states and the districts in export strategy, export incentives and infrastructure and logistics. However, certain issues still remain – in RoDTEP exclusion of iron and steel and very low rebate rates compared to the MEIS scheme which it replaced are two of such issues. We therefore request the government to look into these such that the exporters are able to fully utilize the schemes and remain competitive in the difficult global situation.

