

Engineering Export-Import Monitor

APRIL 2023



Engineering The Future

EEPCINDIA
ENGINEERING THE FUTURE

ENGINEERING TRADE ANALYSIS FOR APRIL 2023

Engineering exports started new fiscal 2023-24 with 7.15% year-on-year decline in Apr 2023

Trade Flow	Export figures (in US\$ billion)				Growth	
	Apr-2022	Apr-2023	Last Fiscal		Apr-2023 over Apr-2022	Fiscal 2022-23 over Fiscal 2021-22
			Apr- Mar 2021-22	Apr- Mar 2022-23		
Engineering exports	9.68	8.99	112.16	107.04	-7.15%	-4.57%
Overall exports	39.70	34.66	422.0	447.46	-12.69%	6.03%
Share of engineering (%)	24.38%	25.92%	26.58%	23.92%	---	---
Service Exports	24.05	30.36	254.53	322.72	26.24%	26.79%

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

HIGHLIGHTS

- ✚ Engineering exports from India continued to decline in 2023-24 as April 2023 saw 7.15 percent drop in shipment over April 2022. It was recorded at USD 8,985.77 million in April 2023 as against USD 9,677.95 million in April 2022.
- ✚ Drop in shipment to North America, EU and ASEAN region led the decline in overall engineering exports.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports during April 2023 was 24.38 percent as against a higher 25.92 percent in April 2022.
- ✚ Panel-wise analysis showed that out of 34 engineering panels, 16 recorded decline in exports during April 2023. Iron and Steel was the main spoilsport behind the decline in engineering exports among all the panels with 25.5 percent decline in exports in April 2023 over April 2022.

- ✚ Taking cue from the previous fiscal, Indian engineering exports continued to decline in the new fiscal as it declined by 7.15 percent year-on-year in April 2023. Engineering exports recorded at USD 8985.77 million in April 2023 as against USD 9,677.95 million in

April 2022. In fact, engineering exports conceded decline for the fifth straight month to April 2023 starting from December 2022.

- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports during April 2023 was 24.38 percent as against 25.92 percent in April 2022.
- ✚ 18 out of 34 engineering panels witnessed positive growth, while remaining 16 panels witnessed negative growth in exports during April 2023 vis-a-vis the same month last fiscal. Engineering products that witnessed positive growth includes Copper and Products, Industrial Boilers, IC Engines, Pumps and Valves, Air condition machinery, Auto parts, Electrical Machinery, Other construction Machinery, etc. Major engineering products that witnessed negative growth includes Iron and Steel, Products of Iron and Steel, Non-ferrous metals like Aluminium, Zinc, Nickel, Lead, Tin and Other products, Industrial Machinery for Dairy, Two & Three wheelers, Auto Tyres, Hand tools and Bicycle parts witnessed decline in exports during April 2023 vis-à-vis April 2022.
- ✚ Region-wise, positive year-on-year growth was noted majorly in CIS and also in West Asia and North African countries, Latin America, Oceania and Other EU countries during April 2023. Regions witnessing drop in exports during April 2023 includes North America, ASEAN countries, EU countries, Sub Saharan Africa and South Asia.
- ✚ Country-wise, few top exporting destinations that witnessed positive growth during April 2023 were UAE (17.1% growth), Germany (5.9%), Saudi Arabia (13.5% growth), Indonesia (92.8% growth), UK (17.3% growth) and Turkey (13.6% growth), whereas top destinations with negative export during the same period include USA (-25%), Italy (-4.8%), Singapore (-33.33%), Nepal (-19.6%).

Overall Engineering Exports vs Engineering Exports Excluding Steel Segment

(Values in USD Million)

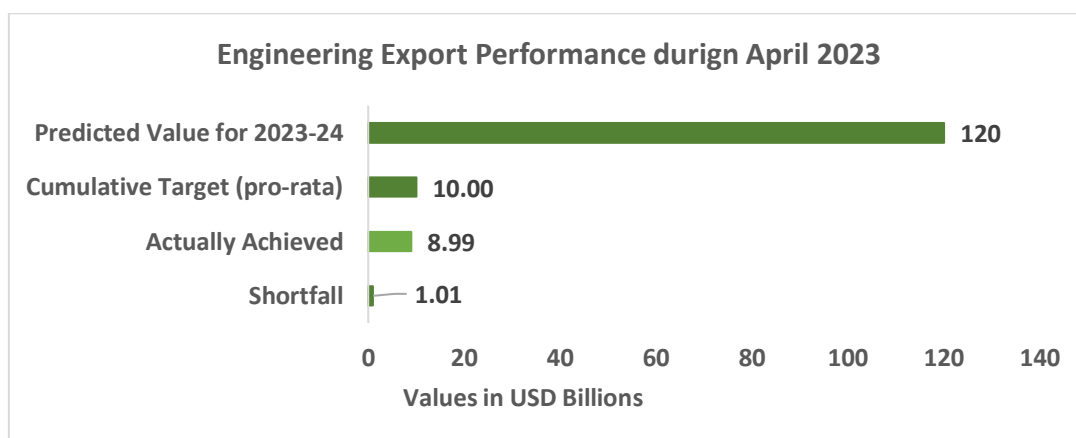
Trade Flow	Exports in April 2022	Exports in April 2023	Growth (%)	Exports in Apr-Mar 2021-22	Exports in Apr-Mar 2022-23	Growth (%)
Overall engineering exports	9677.95	8985.77	-7.15	112163.39	107040.13	-4.57
Engineering exports excluding Iron and Steel	7891.96	7655.92	-2.99	89257.18	93644.11	4.91

Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded 2.99 percent year-on-year decline in April 2023.

EXPORT TARGET

Fig1: Predicted value of Engineering Export V/S Actually Achieved in Apr 2023 (USD Billion)



ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2023-24 vis-à-vis 2022-23 are shown below as per the latest DGCI&S estimates:

Table 1: Engineering Exports: Monthly Trend in 2023-24

US\$ million

Month	2022-23	2023-24	Growth (%)
April	9677.95	8985.77	-7.15

Source: DGCI&S, 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 April 2023 over April 2022. The data clearly shows that top 25 countries contribute 75.9% of total engineering exports.

Table 2: Engineering exports country wise

US\$ million

Countries	April 2022	April 2023	Growth (%)
U S A	1864.9	1400.6	-24.9%
ITALY	421.8	401.7	-4.8%
UAE	307.9	360.5	17.1%
GERMANY	333.1	352.7	5.9%
SINGAPORE	444.5	296.4	-33.3%
SAUDI ARABIA	257.8	292.7	13.5%

Countries	April 2022	April 2023	Growth (%)
INDONESIA	148.9	287.2	92.8%
U K	236.7	277.6	17.3%
TURKEY	241.7	274.5	13.6%
MEXICO	240.0	251.5	4.8%
NEPAL	266.9	214.5	-19.6%
KOREA RP	197.8	212.8	7.6%
NETHERLAND	287.4	211.5	-26.4%
BANGLADESH	287.7	199.8	-30.6%
SPAIN	184.1	195.4	6.1%
FRANCE	131.9	195.1	48.0%
CHINA P RP	216.9	183.3	-15.5%
JAPAN	146.0	178.2	22.1%
SOUTH AFRICA	189.7	176.1	-7.2%
BRAZIL	139.7	174.3	24.7%
THAILAND	172.0	161.1	-6.3%
OMAN	65.9	153.9	133.6%
RUSSIA	11.7	133.6	1038.0%
BELGIUM	262.2	131.9	-49.7%
POLAND	85.4	126.3	47.9%
Total engineering exports to top 25 countries	7142.54	6843.22	-4.2%
Total engineering exports	9678.5	8986.0	-7.2%
Share % of Top 25 destinations	73.8%	76.2%	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April 2023 as opposed to April 2022

Table 3: Region wise engineering exports in April 2023 vis-à-vis April 2022
US\$ million

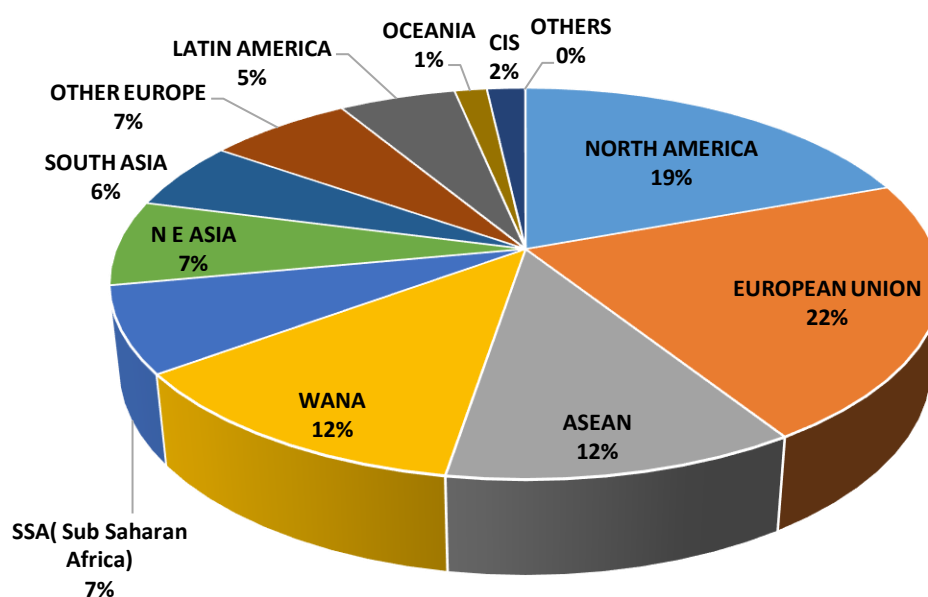
Region	APRIL, 2022	APRIL, 2023	Growth (%)
NORTH AMERICA	2253.5	1743.7	-22.6%
EUROPEAN UNION	2088.4	1936.7	-7.3%
ASEAN	1224.8	1045.0	-14.7%
WANA	969.9	1106.7	14.1%
SSA(Sub Saharan Africa)	718.7	640.1	-10.9%
N E ASIA	660.2	633.4	-4.0%
SOUTH ASIA	648.1	507.3	-21.7%
OTHER EUROPE	504.9	595.9	18.0%
LATIN AMERICA	460.7	483.6	5.0%
OCEANIA	119.6	133.4	11.6%
CIS	24.5	158.0	543.7%
OTHERS	4.7	2.0	-57.8%
Grand Total	9678.0	8985.8	-7.2%

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 2023



PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of April 2023 vis-à-vis April 2022 for the new fiscal 2023-2024. These are indicated in the tables below

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

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Iron and Steel	1786.0	1329.9	-26%
Products of Iron and Steel	841.2	831.0	-1%
Sub Total	2627.2	2160.9	-18%

Source: DGCI&S

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

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Copper and products	151.1	193.8	28%
Aluminium and products	905.7	623.8	-31%
Zinc and products	141.7	92.0	-35%
Nickel and products	61.1	13.7	-78%
Lead and products	58.6	39.3	-33%
Tin and products	0.7	0.6	-11%
Other Non-Ferrous Metals	68.7	61.8	-10%
Sub Total	1387.8	1025.0	-26%

Source: DGCI&S

Table 4c. Trend in exports of Industrial Machinery

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Industrial Machinery like Boilers, parts, etc.	52.1	57.6	11%
IC Engines and Parts	267.3	300.4	12%
Pumps of all types	98.7	123.5	25%
Air condition and Refrigerators	127.9	135.4	6%
Industrial Machinery for dairy, food processing, textiles etc.	739.9	663.2	-10%
Machine Tools	60.9	66.3	9%
Machinery for Injecting moulding, valves and ATMs	164.0	208.9	27%

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Sub Total	1510.8	1555.5	3%

Source: DGCI&S

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

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Electrical Machinery	911.6	953.3	5%

Source: DGCI&S

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

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Motor Vehicle/cars	672.4	676.9	1%
Two and Three Wheelers	248.0	204.4	-18%
Auto Components/Part	579.2	609.2	5%
Auto Tyres and Tubes	267.6	227.7	-15%
Sub Total	1767.2	1718.1	-3%

Source: DGCI&S

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

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Aircrafts and Spacecraft parts and products	124.5	122.9	-1%
Ships Boats and Floating products and parts	294.7	323.2	10%

Source: DGCI&S

Table 4g. Trend in exports of other engineering products

US\$ Million

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Medical and Scientific instruments	173.3	186.1	7%
Railway Transport	41.4	27.7	-33%
Hand Tools & Cutting Tools	86.6	78.1	-10%
Bicycle & Parts	37.9	29.5	-22%
Cranes Lifts & Winches	56.2	64.8	15%
Office Equipment	15.5	30.4	96%

Product panels	APRIL, 2022	APRIL, 2023	Growth (%)
Other Construction Machinery	167.7	220.1	31%
Prime Mica & Mica Products	2.8	3.9	39%
Project Goods	0.15	0.36	138%
Other Rubber Product Except Footwear	139.7	130.2	-7%
Other Misc. Items	332.9	355.7	7%

Source: DGCI&S

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal 2023-24 during April 2023 compared to April 2022. 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, 2022	APRIL, 2023	Growth (%)
Iron and Steel	ITALY	213.0	220.6	4%
	SPAIN	57.3	110.6	93%
	NEPAL	108.4	96.2	-11%
	UAE	72.4	71.4	-1%
	TURKEY	118.3	70.5	-40%
Products of Iron and Steel	U S A	262.20	218.65	-17%
	INDONESIA	3.86	56.58	1366%
	UAE	32.02	41.66	30%
	AUSTRALIA	16.98	37.34	120%
	GERMANY	43.0	34.9	-19%
Industrial Machinery	U S A	295.7	306.3	4%
	GERMANY	79.7	82.5	4%
	THAILAND	73.0	71.8	-2%
	TURKEY	42.5	64.1	51%
	UAE	52.0	63.8	23%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	MEXICO	110.9	102.3	-8%
	SOUTH AFRICA	115.5	101.5	-12%
	SAUDI ARABIA	56.3	84.7	50%
	INDONESIA	13.6	73.3	441%
	TURKEY	8.2	36.7	350%

Product panels	Top 5 nations	APRIL, 2022	APRIL, 2023	Growth (%)
Non-Ferrous metals	KOREA RP	111.7	118.1	6%
	U S A	119.3	114.7	-4%
	SAUDI ARABIA	22.9	94.4	312%
	JAPAN	42.3	75.2	78%
	NETHERLAND	138.4	71.1	-49%
Electrical Machinery and Components	U S A	360.3	218.1	-39%
	GERMANY	43.1	77.0	79%
	FRANCE	21.1	64.2	205%
	SINGAPORE	19.8	61.6	211%
	U K	40.2	48.1	19%
Aircrafts and Space crafts	U S A	33.40	31.20	-7%
	FRANCE	15.19	24.72	63%
	SINGAPORE	35.36	10.47	-70%
	U K	9.31	9.49	2%
	TURKEY	1.84	5.86	218%
Ships, Boats and Floating Structures and parts	SINGAPORE	264.1	145.1	-45%
	OMAN	0.0	108.7	
	INDONESIA	9.6	35.9	273%
	SRI LANKA	3.2	12.9	305%
	U ARAB EMTS	1.4	12.0	732%
Auto Components (including Auto Parts and Auto Tyre)	U S A	208.41	181.37	-13%
	BRAZIL	44.62	44.60	0%
	GERMANY	45.21	43.69	-3%
	TURKEY	30.79	39.21	27%
	MEXICO	30.03	36.62	22%

Source: DGCI&S

- Italy, Spain and Nepal were the top three importers of Indian Iron and Steel during April 2023 whereas USA, Indonesia and UAE were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April 2022.
- USA was the largest importer of Indian 'Industrial machinery' constituting 20% share in India's total global exports of industrial machinery during April 2023. Germany and Thailand were the two immediate followers of USA constituting 5.3% and 4.6% share respectively in terms of India's total global exports of industrial machinery.

- ✚ Mexico, South Africa and Saudi Arabia were top three importers of India's Automobiles during April 2023 in India's global exports respectively over the same period last fiscal.
- ✚ South Korea, USA and Saudi Arabia were the top three importers of India's Non-ferrous metals and products' during April 2023 whereas USA, Germany and France 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 2023 in India's total global exports of the product followed by UK and Turkey.
- ✚ Singapore, Oman and Indonesia became the largest importer of ships, boats and floating structures followed by Sri Lanka and UAE. While for the auto components' product group, USA remained the top importer in April 2023 followed by Brazil, Germany and Turkey.

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%	90.9 % share covered by top 12 states
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%	

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
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%
Total	10691.0	10129.2	-5.3%	111409.2	106251.3	-4.6%

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 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 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 but the final month saw lower decline in engineering exports and lower growth of manufacturing. Overall, **10 out of 12 months in fiscal 2022-23 saw engineering exports and manufacturing output moved in the same direction.**

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

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
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	3.6
January 2023	-9.76	4.0
February 2023	-9.73	5.6
March 2023	-7.49	0.5

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during April 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 2023-24 vis-à-vis 2022-23

(As per latest data released by FBIL)

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2022-23	2023-24				
April	76.17	82.02	7.68	Depreciation	-0.33	Appreciation

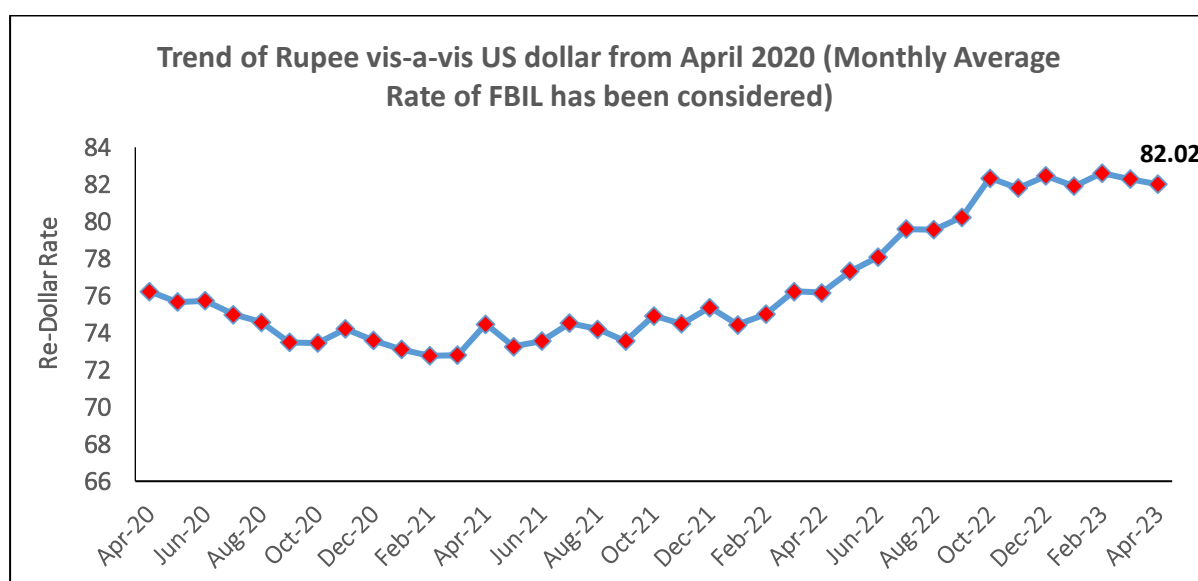
Depreciation of Rupee vis-à-vis the US Dollar continued on a year-on-year basis and recorded at 7.68 percent in Apr 2023. On a month-on-month basis however, rupee appreciated for the second straight month to April 2023 and this time it was 0.33 percent. The Indian currency ended the previous fiscal below 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.

Table 10: 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

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

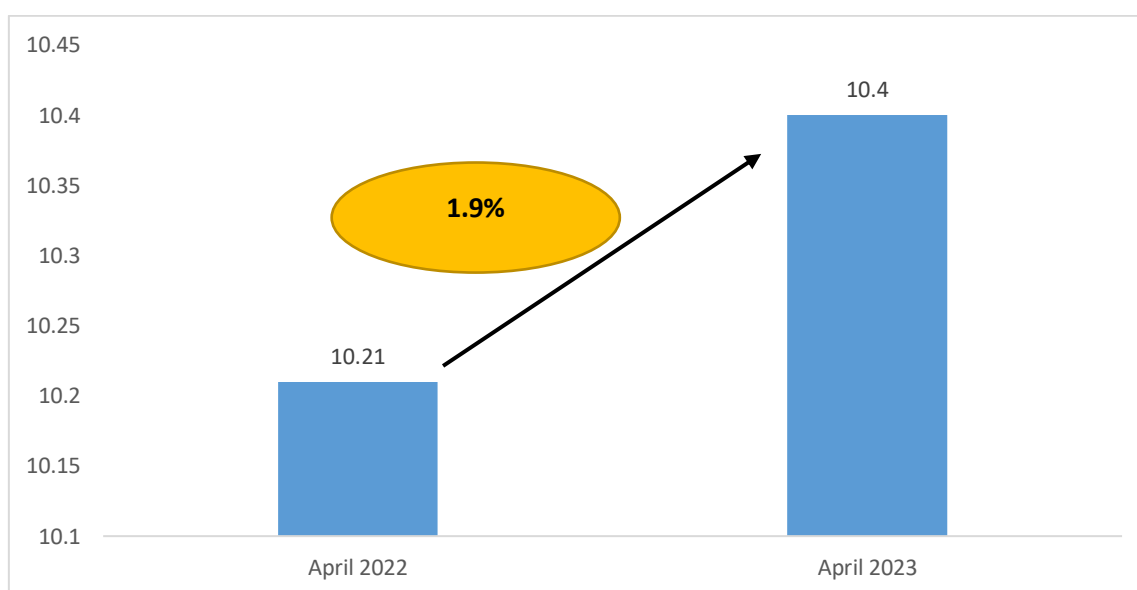


ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during April 2023 were valued at US\$ 10.40 billion compared to US\$ 10.21 billion in April 2022 registering a growth of 1.9 percent in dollar terms. Maximum import decline was witnessed in transport equipment followed by medical and scientific instruments and non-ferrous metals.

The share of engineering imports in India's total merchandise imports in April 2023 was estimated at 21 percent, higher than that of April 2022 which was estimated at 17.6%. The figure below depicts engineering imports for April 2023 compared to April 2022.

Fig 4: Monthly Engineering Imports for April 2023 vis-a-vis April 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 month of 2023-24 in the table below:

Table 11: Monthly Trend in Engineering Trade Balance for the current FY 2023-24
(US\$ Billions)

Trade Flow	April
Engineering Export	8.9
Engineering Import	10.4
Trade Balance	-1.5

Source: DGCI&S, EEPC India Analysis

CONCLUSION

The first month of the current fiscal that is 2023-24 has not been a very positive month for the engineering industry as exports fell down by more than 7 percent compared to the same

period last year. The decline in exports have been majorly fueled by declining demand in almost all regions barring Latin America, WANA, parts of Europe and Oceania. Significant export decline was noted in North America mainly due to USA where India's engineering exports fell by around 25%. It is worth mentioning here that USA is currently going through a banking crisis and a debt ceiling crisis. Its imports have come down in the last few months. In March 2023, USA's overall global import fell down by more than 9% compared to March 2022. Exports to the EU have been impacted by the double whammy – the ongoing Ukraine-Russia crisis and the withdrawal of the GSP benefits. The situation might be worsened once EU implements the protective Carbon Tax. In South Asia too situations remain grim as Bangladesh's economy suffers from the lowering global demand and Nepal and Sri Lanka reel under the debt crisis. The only positive trend in this is that although negative, the decline in North East Asia has come down significantly – exports to both Japan and Korea increased and export decline in China came down from more than 50% to 15%. It is important to note here that both WANA and Oceania has shown significant promise as alternative export destinations. FTAs with both UAE and Australia have yielded some positive results. Latin America is another region where there is significant potential. We may look into some comprehensive FTAs in this region to strengthen our presence.

Overall the situation remains grim globally – the latest estimation by IMF states that global growth will fall down to 2.8% in 2023 from 3.4% in 2022 before settling at 3% in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. While we are grateful to the government for continually providing us support during these difficult times, we also urge them to look into the export incentive structure such that exporters are able to fully utilize the schemes and remain competitive in the global market.

