

Engineering Export-Import Monitor

SEPTEMBER 2023



Engineering The Future

EEPCINDIA
ENGINEERING THE FUTURE

ENGINEERING TRADE ANALYSIS -SEPTEMBER 2023

Engineering exports achieved year-on-year growth for the second month in a row in September 2023

After eight straight months of year-on-year decline from December 2022 to July 2023, India's engineering exports was back to growth in August 2023 and achieved year-on-year growth for the second straight month to September 2023. Engineering exports in September 2023 was recorded at USD 8,911.37 million as against USD 8,344.70 million in September 2022. A favourable base effect was attributed to this growth in the last two months. Higher exports of 'Electric machinery', 'Ships and boats' and 'Copper and copper products' led the increase in overall engineering exports in September 2023 while Exports of Aircraft, 'Iron and Steel' and 'Aluminium and aluminium products' declined on a year-on-year basis. Region-wise, WANA, North-East Asia, Sub-Saharan Africa, Latin America and ASEAN registered growth in exports during September 2023 among major destinations while shipments to North America, EU countries, South Asia and Oceania declined year-on-year. According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports was 23.58 percent in September 2023.

Trade Flow	Export figures (in US\$ billion)				Growth	
	Sep-2022	Sep-2023	Apr- Sep 2022-23	Apr- Sep 2023-24	Sep-2023 over Sep-2022	Apr-Sep 2023-24 over Apr-Sep 2022-23
Engineering exports	8.34	8.91	55.09	53.54	6.79%	-2.82%
Overall exports	35.39	34.47	231.73	211.40	-2.62%	-8.77%
Share of engineering	23.58%	25.86%	23.77%	25.33%	---	---
Service exports	29.22	29.37	156.07	164.89	0.51%	5.65%

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

HIGHLIGHTS

- ✚ The month of September 2023 saw year-on-year growth of Indian engineering exports for the second straight month after eight months of continuous decline from December 2022. Engineering exports in September 2023 was recorded at USD 8,911.37 million as against USD 8,344.70 million in September 2022, registering 6.79 percent growth. Like the month of August 2023, the growth was mainly attributed to a favourable base effect as exports in August and September 2022 conceded a sudden drop in shipment after achieving over USD 9 billion of exports in each month from April to July 2022.
- ✚ Cumulative engineering exports in 2023-24 however was still down by 2.82% with a lower shipment of USD 53,537.38 million during April-September 2023-24 as against USD 55,088.65 million during the same period last fiscal.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports in September declined to 23.58 percent from 26.26 percent in August 2023 and 24.26 percent in July 2023. On a cumulative basis, the share was 25.33 percent during the first half of 2023-24.
- ✚ 15 out of 34 engineering panels witnessed negative year-on-year growth in September 2023, while remaining 19 panels witnessed positive growth in exports. Decline was mainly noticed in Iron and Steel, aluminium and its products, zinc and its products, industrial machinery, Pumps and valves, two and three wheelers, auto tyres and tubes, ships, boats and floating structures, aircraft and space craft, railway transport, hand tools and cutting tools, bicycle and its parts, office equipment.
- ✚ On cumulative terms, 20 out of 34 engineering panels recorded positive growth during Apr-September 2023-24 over the same period last fiscal. Engineering panels that witnessed growth in exports include Copper and products, lead and tin, industrial machinery, IC Engines, Pumps, Machine Tools, Electrical Machinery and Equipment, Auto parts and components, Aircraft & spacecraft, medical Device and Instruments, Other construction machinery, etc. Major decline was witnessed in the rest of the 14 engineering panels.
- ✚ Region-wise, positive year-on-year growth in September 2023 was noted in CIS, Other European countries, WANA, NE Asia, ASEAN, SSA (Sub Saharan Africa) and Latin America. Regions witnessing drop in exports during September 2023 include North America, EU countries, South Asia and Oceania.
- ✚ Country-wise, few top exporting destinations that witnessed positive growth during September 2023 were Saudi Arabia (100.6%), UAE (7.4%), Singapore (21.0%), Germany (9.1%), Indonesia (99.0%), Turkey (57.5%), UK (23.3%) and China (27.8%) whereas top destinations with negative export growth during the same period include USA (-5.3%), Mexico (-1.9%), South Africa (-2.3%), Nepal (-15.4%) and Bangladesh (-25.0%) among others.

Overall Engineering Exports vs Engineering Exports Excluding Steel Segment (Values in USD Million)

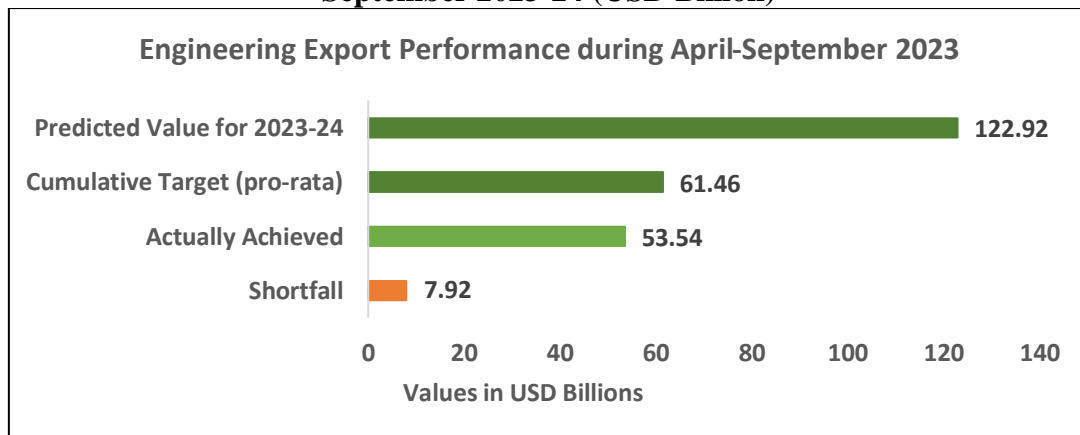
Trade Flow	Exports in Aug 2022	Exports in Aug2023	Growth (%)	Exports in Apr-Aug2022-23	Exports in Apr-Aug2023-24	Growth (%)
Overall engineering exports	8344.70	8911.37	6.79	55088.65	53537.38	-2.82
Engineering exports excluding Iron and Steel	7498.42	8156.06	8.77	47243.61	47306.17	0.13

Source: DGCI&S, Govt. of India

Excluding the export of iron and steel, engineering exports recorded a higher 8.77 percent year-on-year growth in September 2023. On a cumulative basis, engineering exports excluding Iron and Steel even recorded a marginal growth of 0.13 percent against 2.82 percent decline of overall engineering exports. It reflects that Iron and Steel plays an instrumental role in determining the trend of engineering exports.

EXPORT TARGET

Fig1: Predicted Value of Engineering Export V/S Actually Achieved during April-September 2023-24 (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	9676.81	8973.28	-7.27
May	9713.43	9312.03	-4.13
June	9580.73	8532.22	-10.94

Month	2022-23	2023-24	Growth (%)
April-June	28970.97	26817.53	-7.43
July	9367.90	8744.88	-6.65
August	8405.08	9063.59	7.83
September	8344.70	8911.37	6.79
July-September	26117.68	26719.84	2.31
April-September	55088.65	53537.38	-2.82

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL-SEPTEMBER 2023-24

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during September 2023 over September 2022 as well as in cumulative terms during April-September 2023-24 vis-à-vis April-September 2022-23. The data clearly shows that top 25 countries contribute more than 76% of total engineering exports.

Table2: Engineering exports country wise

US\$ million

Countries	September 2022	September 2023	Growth (%)	April-September 2022-23	April-September 2023-24	Growth (%)
U S A	1516.6	1436.9	-5.3%	10013.5	8745.7	-12.7%
UAE	417.5	448.3	7.4%	2475.9	2695.4	8.9%
SAUDI ARABIA	227.2	455.9	100.6%	1337.1	2208.1	65.1%
GERMANY	308.8	336.8	9.1%	1935.7	2092.6	8.1%
ITALY	226.3	226.7	0.2%	2072.7	1975.9	-4.7%
U K	217.7	268.3	23.3%	1668.6	1827.9	9.5%
SINGAPORE	287.8	348.3	21.0%	1831.4	1706.2	-6.8%
MEXICO	218.9	214.8	-1.9%	1890.2	1583.5	-16.2%
INDONESIA	143.6	285.7	99.0%	1302.2	1577.7	21.2%
TURKEY	173.1	272.6	57.5%	1321.3	1453.3	10.0%
KOREA RP	151.5	174.7	15.3%	1180.9	1400.9	18.6%

Countries	September 2022	September 2023	Growth (%)	April-September 2022-23	April-September 2023-24	Growth (%)
CHINA	203.6	260.3	27.8%	1257.5	1228.8	-2.3%
NEPAL	207.3	175.4	-15.4%	1292.4	1175.3	-9.1%
SOUTH AFRICA	207.8	202.9	-2.3%	1208.9	1152.7	-4.7%
BANGLADESH	226.3	169.7	-25.0%	1501.8	1136.2	-24.3%
FRANCE	187.7	187.9	0.1%	1026.3	1089.4	6.1%
NETHERLAND	243.9	163.9	-32.8%	1457.1	1038.3	-28.7%
BRAZIL	176.2	149.0	-15.4%	960.7	1004.3	4.5%
THAILAND	179.0	162.5	-9.2%	1159.4	914.1	-21.2%
MALAYSIA	88.8	178.3	100.8%	731.2	912.0	24.7%
JAPAN	139.6	170.1	21.9%	834.5	888.5	6.5%
BELGIUM	96.5	117.2	21.4%	1035.6	816.6	-21.2%
SPAIN	83.3	93.8	12.7%	716.9	787.5	9.8%
AUSTRALIA	123.0	110.7	-10.0%	671.6	706.9	5.2%
RUSSIA	50.7	111.1	119.4%	254.8	679.1	166.5%
Total engineering exports to top 25 countries	6102.8	6722.0	10.1%	41138.1	40796.7	-0.8%
Total engineering exports	8344.7	8911.4	6.8%	55088.7	53537.4	-2.8%
Share % of Top 25 destinations	73%	75%		75%	76.2%	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-September 2023-24 as opposed to April-September 2022-23

Table 3: Region wise engineering exports in April-September 2023-24 vis-à-vis April-September 2022-23

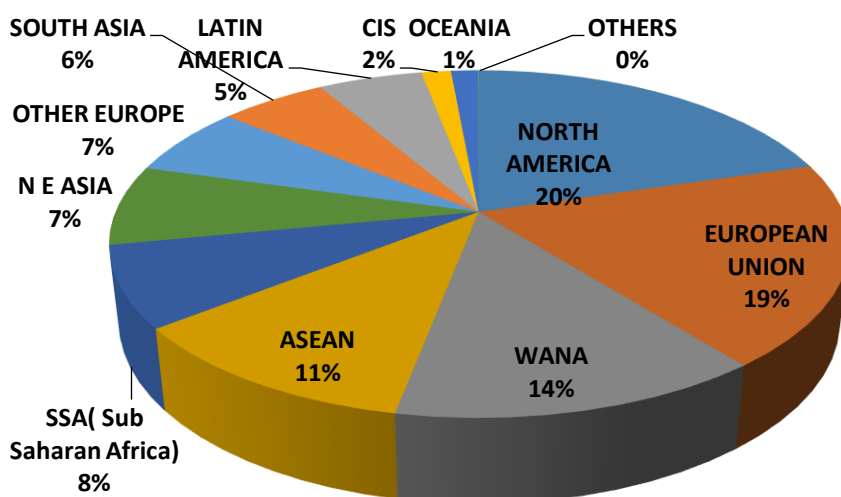
US\$ million

Regions	September 2022	September 2023	Growth (%)	April-September 2022-23	April-September 2023-24	Growth (%)
NORTH AMERICA	1837.64	1741.98	-5.2%	12703.90	10913.61	-14.1%
EUROPEAN UNION	1506.01	1491.89	-0.9%	10577.59	10112.46	-4.4%
WANA	1022.75	1274.09	24.6%	6210.16	7356.41	18.5%
ASEAN	1074.26	1146.73	6.7%	6577.46	6105.64	-7.2%
SSA(Sub Saharan Africa)	674.73	696.47	3.2%	4329.71	4038.54	-6.7%
N E ASIA	558.41	683.49	22.4%	3734.89	3988.88	6.8%
OTHER EUROPE	420.88	575.22	36.7%	3205.31	3495.93	9.1%
SOUTH ASIA	544.01	543.36	-0.1%	3608.26	2999.93	-16.9%
LATIN AMERICA	494.61	502.74	1.6%	3033.16	2927.22	-3.5%
CIS	76.71	133.75	74.4%	354.18	826.78	133.4%
OCEANIA	132.88	119.49	-10.1%	738.53	758.99	2.8%
OTHERS	1.80	2.17	20.6%	15.48	12.99	-16.1%
Grand Total	8344.70	8911.37	6.8%	55088.65	53537.38	-2.8%

Source: DGCI&S

Note: 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-September 2023-24



PRODUCT PANEL WISE ENGINEERING EXPORTS

We begin by looking at the Engineering Panel wise exports for the month of September 2023 vis-à-vis September 2022 as well as the cumulative exports for **April-September 2023-24 vis-à-vis April-September 2022-23**. These are indicated in the tables below.

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

US\$ Million

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Iron and Steel	846.3	755.3	-11%	7845.0	6231.2	-21%
Products of Iron and Steel	806.3	849.3	5%	5018.6	4885.8	-3%
Sub Total	1652.6	1604.6	-3%	12863.7	11117.0	-14%

Source: DGCIS&S

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

US\$ Million

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Copper and products	154.4	270.9	75%	832.6	1186.9	43%
Aluminium and products	651.8	565.0	-13%	4757.9	3618.3	-24%
Zinc and products	84.1	41.5	-51%	706.1	390.2	-45%
Nickel and products	10.6	14.3	35%	113.9	88.5	-22%
Lead and products	29.0	76.2	163%	207.6	308.2	48%
Tin and products	0.8	1.4	72%	6.5	8.0	23%

Product panels	Sep 2022	Sep 2023	Grow th	April- Sep 2022-23	April- Sep 2023-24	Grow th
Other Non-Ferrous Metals	68.7	62.4	-9%	397.6	367.9	-7%
Sub Total	999.4	1031.7	3%	7022.2	5967.8	-15%

Source: DGCI&S

Table 4c. Trend in exports of Industrial Machinery

US\$ Million

Product panels	Sep 2022	Sep 2023	Gro wth	April- Sep 2022-23	April- Sep 2023-24	Gro wth
Industrial Machinery like Boilers, parts, etc.	58.6	63.2	8%	348.9	366.2	5%
IC Engines and Parts	297.7	317.2	7%	1836.2	1853.1	1%
Pumps of all types	112.3	110.1	-2%	649.5	704.7	8%
Air condition and Refrigerators	125.5	145.2	16%	813.9	831.6	2%
Industrial Machinery for dairy, food processing , textiles etc.	694.9	674.4	-3%	4365.2	3978.7	-9%
Machine Tools	51.4	58.6	14%	349.7	365.2	4%
Machinery for Injecting moulding, valves and ATMs	198.7	202.1	2%	1111.6	1231.8	11%
Sub Total	1539.2	1570.8	2%	9474.9	9331.1	-2%

Source: DGCI&S

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

US\$ Million

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Electrical Machinery	889.2	1057.9	19%	5392.7	6221.2	15%

Source: DGCI&S

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

US\$ Million

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Motor Vehicle/cars	715.8	762.6	7%	4275.4	4271.0	0%
Two and Three Wheelers	213.7	204.2	-4%	1516.7	1314.2	-13%

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Auto Components/Part	608.5	643.5	6%	3638.3	3770.0	4%
Auto Tyres and Tubes	244.9	226.9	-7%	1599.7	1366.7	-15%
Sub Total	1782.9	1837.2	3%	11030.1	10721.9	-3%

Source: DGCI&S

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

US\$ Million

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Aircrafts and Spacecraft parts and products	181.1	120.6	-33%	736.0	749.4	2%
Ships Boats and Floating products and parts	189.1	467.0	147%	1979.9	2165.7	9%

Source: DGCI&S

Table 4g. Trend in exports of other engineering products

US\$ Million

Product panels	Sep 2022	Sep 2023	Growth	April- Sep 2022-23	April- Sep 2023-24	Growth
Medical and Scientific instruments	179.6	192.3	7%	1048.1	1197.6	14%
Railway Transport	26.4	23.4	-12%	203.4	148.8	-27%
Hand Tools & Cutting Tools	80.6	80.1	-1%	497.1	464.1	-7%
Bicycle & Parts	34.2	30.5	-11%	203.5	183.0	-10%
Cranes Lifts & Winches	64.0	97.3	52%	384.8	477.6	24%
Office Equipment	29.4	19.5	-34%	140.5	166.0	18%
Other Construction Machinery	207.9	250.8	21%	1155.2	1444.2	25%
Prime Mica & Mica Products	2.2	4.7	118%	15.0	20.8	38%
Project Goods	0.36	0.21	-40%	1.18	1.97	66%
Other Rubber Product Except Footwear	137.4	134.6	-2%	871.2	821.2	-6%
Other Misc. Items	349.1	388.1	11%	2069.1	2337.9	13%
Total engineering exports	8344.7	8911.4	6.79%	55088.7	53537.4	-2.82%

Source: DGCI&S

PRICE ANALYSIS IN INDIA'S METAL SECTOR:

- *Ferrous segment: Decline in India's export of iron and steel and its products in Apr-Sep 2023-24 vis-à-vis 2022-23.*

India's engineering exports of Iron and Steel once again witnessed negative growth in September 2023 to the extent of 11% compared to same period last fiscal. In cumulative terms, the decline was around 21%. The decline was mainly due to the metal sector – result of falling global demand and prices. Another major concern has been the global slowdown affecting some of India's major partners including the USA and European countries. The global economy already rattled by these crisis, is facing another geopolitical crisis in the Middle East after the surprise attack of Hamas on Israel and subsequent declaration of war by the latter. Further, the Russia-Ukraine conflict has also been ongoing. Another of our major export destinations that is China also suffered from an economic crisis. All these factors have significantly affected our export demand.

Export of steel is dependent on factors such as global demand and supply conditions, prevailing market prices and others. Some of the factors affecting India's export to the world are highlighted as below:

- The steel industry is currently grappling with several factors that contribute to the rising prices of steel. Foremost among these challenges is the issue of domestic availability and the soaring costs of essential raw materials, such as iron ore, pig iron, and coking coal. Additionally, the global impact of rising crude oil prices, particularly amidst the ongoing Ukraine-Russia conflict, further exacerbates the situation by making raw materials more expensive for steel production. The combined effect of these factors has led to a significant increase in steel prices in recent times.
- Price Differential: Domestic and Export Prices of HRC in India: Exporters find it profitable to sell in the domestic market compared to global market. While India's export price is being made competitive globally, the domestic price is higher than export FOB price. It has been observed that the Domestic producers prefer selling in domestic market due to higher realization. The difference in export and domestic prices for India has been in the range of US\$ 100 to 170 per tonne focused during Nov 2021 to September 2023. (Figure and table below).

Table 5: Price differential (Export Price- Domestic Price) for HRC products tabulated below: (\$/t)

Month	Price : HRC, FOB East Coast (Export Price), India : 2.5 mm,SAE1006	Price : HRC, JPC Domestic 2 mm	Price Differential
Jan-21	776	809.1	33.1
Feb-21	727.4	789.4	62
Mar-21	764.8	755.4	-9.4
Apr-21	925.8	839.3	-86.5
May-21	1027.3	909.8	-117.4

<i>Month</i>	Price : HRC, FOB East Coast (Export Price), India : 2.5 mm,SAE1006	Price : HRC, JPC Domestic 2 mm	Price Differential
Jun-21	989.2	912.7	-76.5
Jul-21	894.5	876.8	-17.7
Aug-21	904.4	888.6	-15.8
Sep-21	875.3	880.2	5
Oct-21	873.5	936.1	62.6
Nov-21	841.4	961.4	120
Dec-21	759.5	905.7	146.2
Jan-22	736	892.1	156.1
Feb-22	849.5	908.7	59.2
Mar-22	964.5	1002.1	37.6
Apr-22	970	1023.5	53.5
May-22	863.7	951.8	88.1
Jun-22	703.3	827.8	124.6
Jul-22	617	783.4	166.4
Aug-22	579.4	754.4	175
Sep-22	581	719	138
Oct-22	577.3	713.6	136.4
Nov-22	534.4	705.3	170.9
Dec-22	572.3	676.1	103.9
Jan-23	643.6	715.6	72
Feb-23	709.8	733.4	23.7
Mar-23	712	743.9	31.9
Apr-23	695	744.2	49.2
May-23	598.6	727.3	128.7
Jun-23	567.8	696.2	128.5
Jul-23	570	696.3	126.3
Aug-23	571.7	692.2	120.5
Sep-23	580	706.2	126.2

- As per the one of EEPC member's feedback, Chinese government is supporting their engineering goods exporters by supplying HR and CR Coils from the domestic steel producers by discouraging exports. The government of China is not giving rebate against export of HR & CR coils. This can be seen from their custom duty manual. As a result, there is no export of HR or CR coils from China.
- The transitional phase of the EU's Carbon Border Adjustment Mechanism (CBAM) will enter into force as of 1st October 2023. The mechanism in calculation of the taxes are yet to be known. A large percentage share of iron and steel and products are exported to EU. The imposition of additional duty especially on steel and aluminium will have a huge impact.
- ADD and CVD imposed by EU on Ductile Iron pipes to the extent of 9% and 14% continues to have a serious implication on exports. Many of our members have

significant export exposure in European Union has raised concern on the EU safeguard measure.

- In addition to above, India’s exports of iron and steel are getting affected due to further extension of the TRQ Quotas that were levied by EU on 28 Products in year 2019. This was to be in effect for 3 Years but in year 2022 the same has been extended by EU up to 30th June 2024.

Fluctuations in Metal Prices:

Many economies especially developing economies around the world depend heavily on metal exports. Countries like India whose metal exports account for significant share in total exports are vulnerable to fluctuations in metal prices. These fluctuations in metal prices can have important macroeconomic consequences. Weak demand amid slow global economic growth and a two-decade-high US dollar has adversely hit the prices of industrial commodities including metals.

Due to surging inflation, central banks across the world were prompted to hike interest rates. A high rate of interest would control the purchasing power of customers, which in turn would lead to low demand. Weak demand amid slow global economic growth and a two-decade-high US dollar adversely hit the prices of industrial commodities especially metals.

➤ **Non Ferrous Segment:**

Aluminium, Zinc and Nickel are amongst the important non-ferrous metals, have experienced shedding domestic average prices with average prices of Aluminium declined by more than 17.4 per cent in Apr-July 2023 against Apr-July 2022. Domestic average prices of Zinc has also declined by more than 30% during the month of April to July 2023 as compared to previous fiscal, while nickel prices contracted by 1.3 per cent in Apr-July 2023.

Table 6a: Domestic Average prices of the Aluminium and its products

	Exports (Values in US\$)	Exports (Quantity in Thousand s)	Domest ic Averag e Prices (\$/t)		Exports (Values in US\$)	Exports (Quantity in Thousand s)	Domest ic Averag e Prices (\$/t)	Growth % in Prices
Apr-22	90274000 0	2,31,186.8 7	3904.81	Apr -23	62097000 0	2,14,570.7 1	2894.01	-25.9%
May- 22	88796000 0	2,49,076.3 5	3565.01	May -23	66306000 0	2,28,713.3 9	2899.09	-18.7%
Jun-22	80184000 0	2,41,309.8 3	3322.87	Jun- 23	57389000 0	1,98,579.3 3	2889.98	-13.0%
Jul-22	69230000 0	224,710.8 2	3080.85	Jul- 23	58593000 0	2,10,053.8 6	2789.43	-9.5%
Apr- Jul 202	32848500 00	9,46,283.8 7	3471.32	Apr -Jul	24438600 00	8,51,917.2 9	2868.66	-17.4%

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	Exports (Values in US\$)	Exports (Quantity in Thousands)	Domestic Average Prices (\$/t)		Exports (Values in US\$)	Exports (Quantity in Thousands)	Domestic Average Prices (\$/t)	Growth % in Prices
Apr-22	14172000	30,433.01	4656.79	Apr-23	9201000	29,011.76	3171.47	-31.9%
May-22	16230000	35,279.00	4600.47	May-23	8083000	27,189.07	2972.89	-35.4%
Jun-22	13106000	31,352.04	4180.27	Jun-23	6845000	25,642.18	2669.43	-36.1%
Jul-22	11635000	29,688.48	3919.03	Jul-23	5221000	20,157.19	2590.14	-33.9%
Apr-Jul 2022	55143000	126,752.53	4350.45	Apr-Jul 2023	29350000	1,02,000.20	2877.45	-33.9%

Table 6b: Domestic Average prices of the Zinc and its products

Table 6c: Domestic Average prices of the Nickel and its products

Nickel and products made of Nickel								
	Exports (Values in US\$)	Exports (Quantity in Thousands)	Domestic Average Prices (\$/t)		Exports (Values in US\$)	Exports (Quantity in Thousands)	Domestic Average Prices (\$/t)	Growth % in Prices
Apr-22	6098000	2,063.45	29552.45	Apr-23	1334000	609.3	21893.98	-25.9%
May-22	1391000	527.55	26367.17	May-23	1654000	482.56	34275.53	30.0%
Jun-22	9740000	393.20	24771.11	Jun-23	1549000	548.21	28255.60	14.1%
Jul-22	9890000	333.58	29648.06	Jul-23	1318000	441.23	29871.04	0.8%
Apr-Jul 2022	9452000	3,317.78	28488.93	Apr-Jul 2023	5855000	2081.3	28131.46	-1.3%

A similar trend was seen in its corresponding international platforms as well. At the global level, metals are at the heart of the world economy because they are key intermediate inputs in industrial production and construction. Metal markets are thus shaped by shifts in the

volume and composition of global demand and supply. As such, transformations in metal markets also signal important changes in the world economy.

Compared to the global market, the domestic market is more beneficial for exporters. Even though India is working to make its export prices competitive on a global scale, the domestic average price is greater than the LME prices. Because they can make more money there, it has been shown that domestic producers prefer to sell their products there. Also, there has been a continuous decline in LME price of Aluminium, Zinc and Nickel in Apr-July 2023-24 as compared to same period last fiscal. With falling prices of important industrial metal have led their producers to shift to domestic economy, eventually affecting their exports.

LME official prices of the Aluminium, Zinc and Nickel products are indicated in the Tables below.

Table 7a: LME Official Prices of Aluminium

LME Prices (In US\$ Per Tonne) : Aluminium						Growth%	
2022-23	Aluminium Alloy	Aluminium	2023-24	Aluminium Alloy	Aluminium	Aluminium Alloy	Aluminium
Apr-22	2670	3262	Apr-23	-	2390.5	-	-26.7%
May-22	1860	2881	May-23	1951	2300	4.9%	-20.2%
Jun-22	1675	2462	Jun-23	1951	2157	16.5%	-12.4%
Jul-22	1710	2460	Jul-23	1896	2096	10.9%	-14.8%

Table 7b: LME Official Prices of Zinc

LME Prices (In US\$ Per Tonne) : Zinc				Growth%
2022-23	Zinc	2023-24	Zinc	
Apr-22	4485	Apr-23	2703.5	-39.7%
May-22	3769	May-23	2491.5	-33.9%
Jun-22	3572	Jun-23	2338	-34.5%
Jul-22	3045	Jul-23	2341.5	-23.1%

Table 7c: LME Official Prices of Nickel

LME Prices (In US\$ Per Tonne) : Nickel				Growth%
2022-23	Nickel	2023-24	Nickel	
Apr-22	33775	Apr-23	24110	-28.6%
May-22	26280	May-23	21465	-18.3%
Jun-22	25230	Jun-23	21350	-15.4%
Jul-22	21530	Jul-23	20685	-3.9%

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April-September 2023-24 vis-à-vis April-September 2022-23. We have taken the major panels and computed the top importers to get an idea of the current trade pattern. (Tables 5)

Table 8: Export of Different Panels

US\$ Million

Product panels	Top 5 nations	April-September 2022-23	April-September 2023-24	Growth
Iron and Steel	Italy	1030.4	925.4	-10%
	Nepal	520.2	490.6	-6%
	UAE	653.7	344.1	-47%
	Belgium	457.5	321.9	-30%
	China	179.4	314.9	76%
Products of Iron and Steel	USA	1644.4	1380.0	-16%
	UAE	210.4	289.7	38%
	Saudi Arabia	127.3	241.2	89%
	Germany	248.1	230.3	-7%
	UK	174.8	181.2	4%
Industrial Machinery	USA	1924.6	1849.5	-4%
	Germany	474.2	520.4	10%
	Thailand	552.3	405.5	-27%
	UAE	350.3	379.1	8%
	China	407.4	360.9	-11%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	Saudi Arabia	419.8	789.5	88%
	South Africa	727.1	670.0	-8%
	Mexico	594.9	568.1	-5%
	UAE	238.1	266.1	12%
	Indonesia	208.9	247.8	19%
Non-Ferrous metals	USA	880.5	724.8	-18%
	Korea	678.1	648.5	-4%
	Saudi Arabia	156.1	545.1	249%
	Malaysia	316.5	521.2	65%
	UAE	217.2	216.4	0%
Electrical Machinery and Components	USA	1545.5	1224.3	-21%
	Singapore	228.1	523.5	130%
	UK	302.7	500.9	65%
	France	314.9	376.8	20%
	Germany	288.7	366.3	27%
Aircrafts and Space crafts	USA	229.7	237.4	3%
	France	97.2	96.3	-1%
	UK	52.8	63.3	20%
	Turkey	12.6	44.9	256%
	Singapore	73.6	44.2	-40%
Ships, Boats and Floating	Singapore	785.3	606.4	-23%

Product panels	Top 5 nations	April-September 2022-23	April-September 2023-24	Growth
Structures and parts	Indonesia	335.7	556.2	66%
	UAE	232.5	485.7	109%
	Sri Lanka	260.6	175.3	-33%
	Oman	0.0	163.8	
Auto Components (including Auto Parts and Auto Tyre)	USA	1290.6	1161.1	-10%
	Germany	255.5	275.0	8%
	Turkey	195.1	270.1	38%
	Brazil	286.8	248.7	-13%
	Mexico	197.0	226.8	15%

Source: DGCI&S

- ✚ Italy, Nepal and UAE were the top three importers of Indian Iron and Steel followed by Belgium and China during April-September 2023-24 whereas USA, UAE and Saudi Arabia were the top three importers of India's 'Products of Iron & Steel' during the same period as compared to April-September 2022-23.
- ✚ USA was the largest importer of Indian 'Industrial machinery' constituting 20% share in India's total global exports of industrial machinery during April-September 2023-24. Germany and Thailand were the two immediate followers of USA constituting 6% and 4% share respectively in terms of India's total global exports of industrial machinery.
- ✚ Saudi Arabia, South Africa and Mexico were top three importers of India's Automobiles during April-September 2023-24 in India's global exports respectively over the same period last fiscal.
- ✚ USA, South Korea and Saudi Arabia were the top three importers of India's Non-ferrous metals and products' during April-September 2023-24 whereas USA, Singapore and UK were the three top importers of Indian Electrical Machinery & Components during the same period.
- ✚ USA, France and UK were the top three importers of India's 'Aircrafts and Spacecrafts' during April-September 2023-24 in India's total global exports of the product followed by Turkey and Singapore.
- ✚ Singapore, Indonesia and UAE became the largest importer of ships, boats and floating structures followed by Sri Lanka and Oman. While for the auto components' product group, USA remained the top importer in April-September 2023-24 followed by Germany, Turkey and Brazil.

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 90.8 % of India’s exports is contributed by the listed 12 states. Within this almost 50.1 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

Table 9: Top state wise engineering export performance – April-Aug 2023-24

US\$ Million

Top States	Apr'22 - Aug'22 (\$Mn)	Apr'23 - Aug'23 (\$Mn)	Growth%	%Share in India's Eng Export	Remark
Maharashtra	9381.7	9688.8	3%	21.7%	90.8 % share covered by top 12 states
Tamil Nadu	7262.3	6833.8	-6%	15.3%	
Gujarat	5727.8	5821.0	2%	13.0%	
Odisha	3893.9	2957.1	-24%	6.6%	
Haryana	2709.8	2834.1	5%	6.4%	
Karnataka	2540.7	2822.5	11%	6.3%	
Andhra Pradesh	2823.3	2138.4	-24%	4.8%	
Delhi	1262.7	1844.6	46%	4.1%	
Uttar Pradesh	2141.9	1773.7	-17%	4.0%	
West Bengal	1726.3	1391.1	-19%	3.1%	
Rajasthan	1504.4	1313.1	-13%	2.9%	
Punjab	1159.2	1114.1	-4%	2.5%	

Source: NIRYAT portal

- Top 12 states constitute over 90.8% of India’s engineering Exports
- Major negative growth witnessed in states like Tamil Nadu, Odisha, Andhra Pradesh, Uttar Pradesh, West Bengal, Rajasthan, Punjab, Madhya Pradesh, etc during April-August 2023-24 compared to same period last fiscal.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by US\$ 488.36 million from Tamil Nadu (Second Highest State) for the period of Apr'23 – Aug'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 34.8 percent share. Tamil Nadu from the Southern Region has improved its export performance and it ranked second after Maharashtra, while Gujarat and Odisha ranked third and fourth respectively.

Table 10: Region wise exports from India

Value in US\$ million

Region	Aug 2022 (\$Mn)	Aug 2023 (\$Mn)	Growth%	Total Exports April-Aug 2022-23 (\$Mn)	Total Exports April-Aug 2023-24 (\$Mn)	Growth%
EASTERN REGION	1060.6	997.9	-5.9%	6948.8	5224.3	-24.8%
NORTHERN REGION	1673.3	2004.4	19.8%	9174.7	9422.8	2.7%
SOUTHERN REGION	2434.4	2544.8	4.5%	13712.3	12961.8	-5.5%
WESTERN REGION	3146.6	3506.8	11.4%	16513.6	17006.8	3.0%
Total	8314.9	9053.9	8.9%	46349.4	44615.6	-3.7%

Source: NIRYAT portal

Note: The total engineering exports given in the above table is taken from NIRYAT as per the latest available data of June 2023 and may not tally with the total engineering exports as given by DGCI&S

***Latest data available till August 2023*

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 while in fiscal 2022-23, as many as 10 out of 12 months saw engineering exports and manufacturing output moved in the same direction.

The first five months of fiscal 2023-24 saw engineering exports growth and revised manufacturing output growth moved in the same direction. During April, May and July 2023, engineering exports witnessed slower decline and manufacturing output managed higher growth over the previous month while in June 2023, engineering exports conceded higher decline and manufacturing output growth slowed down. In August 2023, engineering exports came back to growth path and manufacturing output recorded higher growth.

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 11: Engineering exports growth vis-à-vis manufacturing growth from April 2022

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
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	5.9
March 2023	-7.49	1.2
April 2023	-7.27	5.5
May 2023	-4.13	6.3
June 2023	-10.94	3.1
July 2023	-6.65	5.0
August 2023	7.83	9.3
September 2023	6.79	N A

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during September 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 September 2023, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2023-24 as well as 2022-23 as mere one-month figure does not reflect any trend. The following table clearly depicts the short-term trend:

Table 12: 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	Direction
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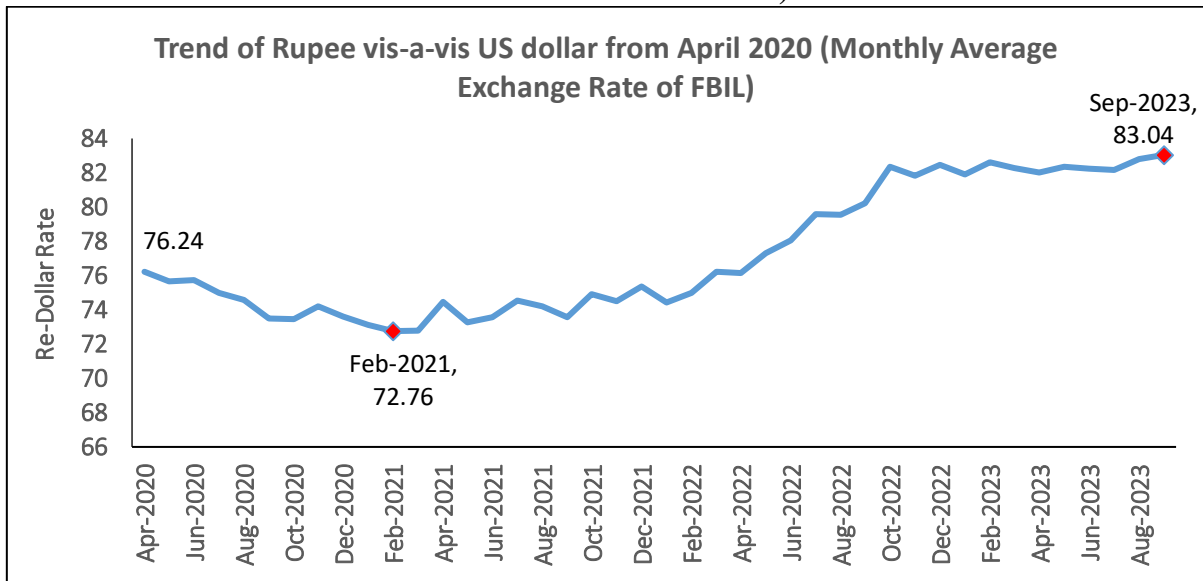
Month	2022-23	2023-24	(%)		Change (%)	
April	76.17	82.02	7.68	Depreciation	-0.33	Appreciation
May	77.32	82.34	6.49	Depreciation	0.39	Depreciation
June	78.04	82.23	5.37	Depreciation	-0.13	Appreciation
July	79.60	82.15	3.20	Depreciation	-0.10	Appreciation
August	79.56	82.79	4.06	Depreciation	0.78	Depreciation
September	80.23	83.04	3.50	Depreciation	0.30	Depreciation

Depreciation of Rupee vis-à-vis the US Dollar continued on a year-on-year basis during September 2023 while month-on-month depreciation was also seen in September 2023 for the second straight month. According to market experts, despite a softness in US Dollar and lowering US Treasury yield, dollar demand from importers, hedging, speculative positioning by private banks and block-deal related equity outflows weighed on Rupee.

Table 13: 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)

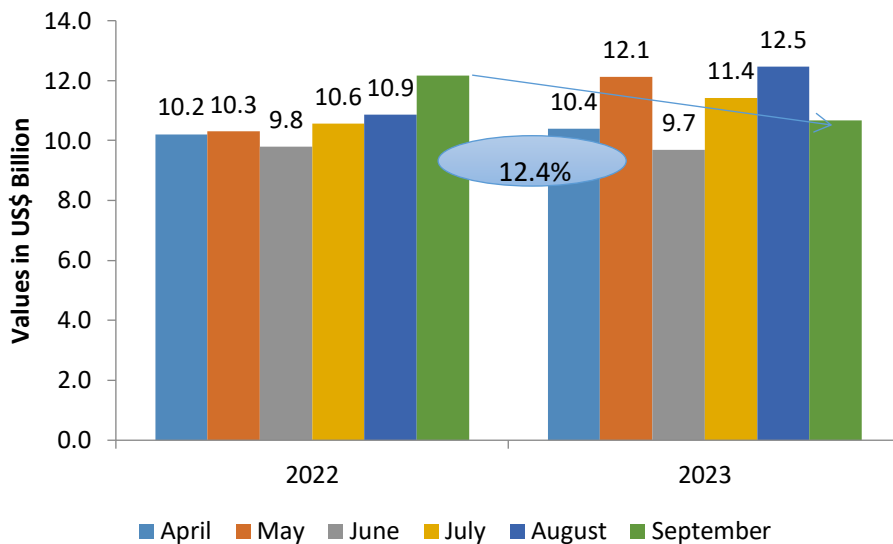


ANALYSIS OF INDIA’S ENGINEERING IMPORTS

India’s Engineering imports during September 2023 were valued at US\$ 10667.7 million compared to US\$ 12174.9 million in September 2022 recording a negative growth of 12.4 percent in dollar terms. Iron & Steel, Machine tools and Transport equipment witnessed a fall in import during September 2023 compared to September 2022.

The share of engineering imports in India's total merchandise imports in September 2023 was estimated at 18.2 percent, lower than that of September 2022 which was estimated at 19.7%. The figure below depicts engineering imports **for September 2023 compared to September 2022**.

Fig 4: Monthly Engineering Imports for September 2023 vis-a-vis September 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 2023-24 depicted in the table below:

Table 14: Monthly Trend in Engineering Trade Balance for the current FY 2023-24 (US\$ Billions)

Trade Flow	Apr	May	June	July	Aug	Sep
Engineering Export	9.0	9.3	8.5	8.7	9.1	8.9
Engineering Import	10.4	12.1	9.7	11.4	12.5	10.7
Trade Balance	-1.4	-2.8	-1.2	-2.7	-3.4	-1.8

Source: DGCI&S, EEPC India Analysis

Conclusion

In a positive light, Indian engineering exports started its positive trend since the last month. While in cumulative terms export still remains negative, we have noticed that barring iron and steel, the cumulative export trend becomes positive. Hence we may conclude that iron and steel is the main product that is dragging down India's engineering export. This can be mainly attributed to the significantly high steel prices when compared to the other countries. Furthermore, iron and steel products also do not enjoy RoDTEP benefits which is an important export incentive. Finally protective stance of our major export partners such as the EU TRQ and safeguard on steel items and the section 232 tariffs imposed by the USA are also impacting steel exports. We request the government to discuss the safeguard and TRQ issues with the EU with whom we are also negotiating an FTA. Another factor that will impact our exports in the coming future would be the CBAM policy by the EU. The government should discuss all the issues that our exporters may face due to this new policy with the EU. Finally extending RoDTEP benefits to the steel sector would be instrumental for making the sector and overall engineering competitive in the global market in the coming years as countries become more protective.

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