

Engineering Export-Import Monitor

JULY 2024



Engineering The Future

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ENGINEERING TRADE ANALYSIS FOR JULY 2024

India's engineering exports continued its growth run for the third straight month to July 2024

Trade Flow	Export figures (in US\$ billion)				Growth (%)	
	Jul-2023	Jul-2024	Apr - Jul 2023-24	Apr - Jul 2024-25	Jul-2024 over Jul-2023	Apr-Jul 2024-25 over Apr-Jul 2023-24
Engineering exports	8.72	9.04	35.49	36.97	3.66%	4.18%
Overall merchandise exports	34.49	33.98	138.39	144.12	-1.47%	4.15%
Share of engineering (%)	25.28%	26.60%	25.64%	25.65%	---	---
Service Exports	26.22	28.43	106.79	117.35	8.43%	9.89%

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

Indian engineering exports continued its growth run for the third month in a row to July 2024 albeit a lower 3.66% year-on-year growth as against over 10% in June 2024. Cumulative exports during Apr-Jul 2024 also recorded 4.18% growth over the same period last fiscal. Share of engineering in overall merchandise exports was at an impressive 26.6% in July 2024 and 25.6% on a cumulative basis. Growth in engineering exports in July 2024 was attributed to decent rise in shipments of Electrical machinery, automobile and auto components, construction machineries including the cranes, lifts and winches, etc.

HIGHLIGHTS

- ✚ After a decline in April 2024, engineering exports from India registered year-on-year growth in all three subsequent months to July 2024. In July 2024, engineering exports went up to USD 9,039.31 million from USD 8,720.30 million in July 2023, securing 3.66 percent growth.
- ✚ Cumulative engineering exports during April-July 2024-25 recorded at USD 36,969.96 million as against USD 35,486.01 million during the same period of the last fiscal, registering an increase of 4.18 percent.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering in India's total merchandise exports increased to 26.60% in July 2024. Cumulative share stood at 25.65% during April-July 2024-25.
- ✚ In July 2024, 24 out of 34 engineering panels witnessed positive year-on-year growth, while 10 remaining engineering panels experienced decline. Exports of Iron and Steel, Products of Iron and Steel, Non-Ferrous products including Aluminium and Products, Other products including IC Engines and parts, Industrial Machinery for Dairy, Motor Vehicles/Cars, Railway, Transport and Parts, Bicycle and Parts, Office Equipment, Other Construction and Machinery etc. dropped.
- ✚ On a cumulative basis, 24 out of 34 engineering panels recorded positive growth and remaining 10 engineering panels including Iron and Steel, Products of Iron and Steel, some non-ferrous sectors including Copper, Aluminium, Zinc, Nickel, and products, Industrial Boilers, Office Equipment and Prima Mica products recorded negative growth during April-July 2024-25.
- ✚ Region wise, North America and European Union remained India's topmost destinations for engineering exports with share of around 21% and 17% respectively, in India's total engineering exports. West Asia and North Africa (WANA) registered the highest growth of 25.5% during April-July 2024-25 vis-à-vis the same period last year followed by other Europe (growth of 17.2%), North America (growth of 8.3%), CIS (growth of 5.1%) and North East Asia (growth of 2.3%).
- ✚ Among top exporting destinations, USA, UAE, Saudi Arabia, Turkey, Singapore, UK, Mexico, etc. experienced positive growth in April-July 2024-25

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

Trade Flow	Export in Jul 2023	Exports in Jul 2024	Growth (%)	Exports in Apr-Jul 2023-24	Exports in Apr-Jul 2024-25	Growth (%)
Overall engineering exports	8720.30	9039.31	3.66%	35486.01	36969.96	4.18%
Engineering exports excluding Iron and Steel	7726.24	8312.84	7.59%	30987.99	33895.76	9.38%

Source: DGCI&S, Govt. of India

Observation: Excluding the export of iron and steel, engineering exports recorded a much higher growth both on a monthly as well as cumulative basis as shown in the table above. Exports of Iron and Steel conceded nearly 27 percent year-on-year decline in July 2024 and 31.6 percent year-on-year decline during April-July 2024-25.

ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2024-25 vis-à-vis 2023-24 are shown below as per the latest DGCI&S estimates:

Table 1: Engineering Exports: Monthly Trend in 2024-25

Values in US\$ million

Month	2023-24	2024-25	Growth (%)
April	8949.36	8547.86	-4.49
May	9300.62	9991.30	7.43
June	8515.72	9391.50	10.28
April-June	26765.71	27930.65	4.35
July	8720.30	9039.31	3.66
April-July	35486.01	36969.96	4.18

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN JULY 2024

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during July 2024 over July 2023 as well as in cumulative

terms during April-July 2024-25 vis-à-vis April-July 2023-24. The data clearly shows that top 25 countries contribute 76.3% of total engineering exports.

Table 2: Engineering exports country wise

US\$ million

Countries	July 2023	July 2024	Growth (%)	April-July 2023-24	April-July 2024-25	Growth (%)
U S A	1446.98	1508.07	4.2%	5747.00	6159.33	7.2%
UAE	378.00	625.78	65.6%	1819.01	2617.41	43.9%
SAUDI ARABIA	377.48	412.30	9.2%	1365.56	1819.48	33.2%
SINGAPORE	211.14	397.28	88.2%	1135.88	1366.51	20.3%
GERMANY	345.48	328.46	-4.9%	1382.53	1339.53	-3.1%
U K	380.24	272.59	-28.3%	1215.22	1285.45	5.8%
MEXICO	283.31	339.12	19.7%	1101.04	1268.33	15.2%
TURKEY	231.22	219.15	-5.2%	924.95	1182.72	27.9%
ITALY	300.08	224.46	-25.2%	1451.02	1067.43	-26.4%
KOREA RP	255.46	230.04	-10.0%	1016.69	848.31	-16.6%
CHINA	197.93	197.48	-0.2%	758.59	816.67	7.7%
BRAZIL	172.00	171.71	-0.2%	670.27	718.26	7.2%
SOUTH AFRICA	224.10	217.60	-2.9%	753.70	716.62	-4.9%
NEPAL	196.22	178.01	-9.3%	813.98	714.19	-12.3%
JAPAN	142.47	163.77	14.9%	589.41	706.28	19.8%
BANGLADESH	174.35	153.78	-11.8%	764.80	695.93	-9.0%
NETHERLAND	157.50	164.75	4.6%	712.84	646.68	-9.3%
INDONESIA	151.16	168.06	11.2%	1113.95	643.11	-42.3%
THAILAND	154.07	158.08	2.6%	590.72	634.65	7.4%
FRANCE	169.23	144.68	-14.5%	681.45	611.33	-10.3%
MALAYSIA	211.60	123.80	-41.5%	537.21	492.03	-8.4%
VIETNAM	90.23	110.17	22.1%	376.43	463.80	23.2%

Countries	July 2023	July 2024	Growth (%)	April-July 2023-24	April-July 2024-25	Growth (%)
BELGIUM	136.25	110.10	-19.2%	559.19	461.61	-17.4%
SPAIN	132.22	116.31	-12.0%	568.09	441.17	-22.3%
RUSSIA	123.55	90.39	-26.8%	459.37	432.09	-5.9%
Total engineering exports to top 25 countries	6642.29	6825.95	2.8%	27108.89	28148.92	3.8%
Total engineering exports	8720.30	9039.31	3.7%	35486.01	36969.96	4.2%
Share % of Top 25 destinations	76.2%	75.5%		76.4%	76.1%	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April-July 2024 as opposed to April-July 2023.

Table 3: Region wise engineering exports in April-July 2024-25 vis-à-vis April-July 2023-24

US\$ million

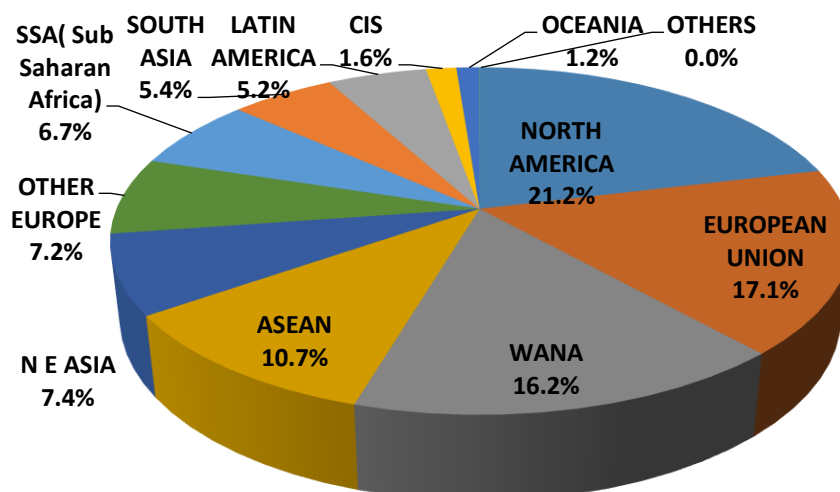
Regions	July 2023	July 2024	Growth (%)	April-July 2023-24	April-July 2024-25	Growth (%)
NORTH AMERICA	1834.8	1940.1	5.7%	7244.3	7843.0	8.3%
EUROPEAN UNION	1582.8	1608.1	1.6%	6922.5	6333.9	-8.5%
WANA	1101.2	1402.7	27.4%	4781.5	6000.0	25.5%
ASEAN	897.3	1025.5	14.3%	4045.6	3972.0	-1.8%

Regions	July 2023	July 2024	Growth (%)	April-July 2023-24	April-July 2024-25	Growth (%)
N E ASIA	682.3	666.1	-2.4%	2666.2	2728.2	2.3%
OTHER EUROPE	642.6	516.2	-19.7%	2260.3	2648.9	17.2%
SSA(Sub Saharan Africa)	738.0	710.4	-3.7%	2617.3	2471.9	-5.6%
SOUTH ASIA	478.2	475.3	-0.6%	1974.8	2014.3	2.0%
LATIN AMERICA	485.8	454.0	-6.5%	1916.1	1920.8	0.2%
CIS	149.4	131.0	-12.3%	559.8	588.4	5.1%
OCEANIA	125.5	106.2	-15.4%	488.7	441.0	-9.8%
OTHERS	2.6	3.6	42.1%	8.9	7.5	-15.9%
Grand Total	8720.3	9039.3	3.7%	35486.0	36970.0	4.2%

Source: DGC&S

Note: Myanmar has been included in ASEAN and not in South Asia, since ASEAN is a formal economic grouping.

Fig 1: Region-wise shares of India's engineering exports during April-July 2024-25



In this section we look at the Engineering Panel wise exports for the month of July 2024 vis-à-vis July 2023 as well as the cumulative exports for **April-July 2024-25 vis-à-vis April-July 2023-24**. These are indicated in the tables below.

**Table 4: Panel-wise Export Analysis for April-July 2024-25 vis-à-vis
April-July 2023-24**

Product panels	July 2023	July 2024	Growth (%)	April-July 2023-24	April-July 2024-25	Growth (%)
Ferrous						
Iron and Steel	994.1	726.5	-27%	4498.0	3074.2	-32%
Products of Iron and Steel	812.1	784.8	-3%	3168.5	3114.2	-2%
Sub Total	1806.2	1511.2	-16%	7666.5	6188.4	-19%
Non-ferrous						
Copper and products	178.6	180.2	1%	713.7	624.3	-13%
Aluminium and products	589.5	447.8	-24%	2454.1	2203.2	-10%
Zinc and products	52.2	52.8	1%	293.5	248.5	-15%
Nickel and products	13.1	13.8	5%	58.8	56.1	-5%
Lead and products	42.8	73.8	72%	171.0	299.0	75%
Tin and products	1.6	2.2	32%	4.0	6.8	70%
Other Non-Ferrous Metals	63.4	70.7	12%	239.2	270.1	13%
Sub Total	941.3	841.3	-11%	3934.3	3708.0	-6%
Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	59.8	59.8	0%	247.1	246.2	0%
IC Engines and Parts	323.0	313.6	-3%	1192.0	1203.4	1%
Pumps of all types	125.2	131.3	5%	479.6	493.7	3%
Air condition and Refrigerators	125.3	142.8	14%	540.8	575.6	6%
Industrial Machinery for dairy, food processing, textiles etc.	685.3	649.0	-5%	2605.5	2687.3	3%
Machine Tools	57.9	62.7	8%	241.6	263.3	9%
Machinery for Injecting moulding, valves and ATMs	210.5	224.0	6%	816.3	888.5	9%
Sub Total	1587.0	1583.2	0%	6122.9	6358.1	4%
Electrical Machinery						
Electrical Machinery	1084.7	1135.1	5%	3963.7	4537.7	14%
Automobile and auto component						

Product panels	July 2023	July 2024	Growth (%)	April-July 2023-24	April-July 2024-25	Growth (%)
Motor Vehicle/cars	734.0	725.2	-1%	2771.6	2836.2	2%
Two and Three Wheelers	239.1	259.0	8%	881.8	1015.9	15%
Auto Components/Part	648.2	696.7	7%	2464.0	2696.9	9%
Auto Tyres and Tubes	231.5	236.0	2%	902.0	1012.7	12%
Sub Total	1852.8	1916.9	3%	7019.3	7561.7	7.7%
Aircrafts and related products						
Aircrafts and Spacecraft parts and products	120.3	383.1	219%	457.5	1820.6	298%
Ships Boats and Floating products and parts						
Ships Boats and Floating products and parts	119.9	381.6	218%	1604.8	1726.4	8%
Miscellaneous engineering products						
Medical and Scientific instruments	195.0	218.8	12%	803.8	836.5	4%
Railway Transport	26.2	25.3	-3%	100.7	102.9	2%
Hand Tools & Cutting Tools	80.0	83.6	5%	303.7	323.6	7%
Bicycle & Parts	30.8	28.9	-6%	119.1	119.8	1%
Cranes Lifts & Winches	76.1	87.2	15%	283.2	366.4	29%
Office Equipment	27.9	23.2	-17%	110.9	89.3	-19%
Other Construction Machinery	252.6	245.4	-3%	933.1	993.1	6%
Prime Mica & Mica Products	2.4	2.8	17%	13.0	9.6	-26%
Project Goods	0.2	0.4	121%	1.2	0.7	-46%
Other Rubber Product Except Footwear	141.0	147.9	5%	542.1	576.6	6%
Other Misc. Items	375.9	423.3	13%	1506.2	1650.6	10%
Total engineering exports	8720.3	9039.3	3.66%	35486.0	36970.0	4.18%

Reasons for Decline (As per April-July 2024-25):

- **Iron and Steel and Products of Iron and Steel:**

- a) Steel is one of the most important, multifunctional and most adaptable materials. It plays a pivotal role in various sectors, including infrastructure, construction, automotive, and manufacturing. The ferrous sector continued to record decline in exports mainly due to slackened global demand. Weak domestic and global demand will pressure down prices. Plus, China's aggressive export policy is also likely to sustain its negative impact on steel mills across the globe, including India.
- b) The downtrend in steel and raw material prices continued into July, a month which saw some deep troughs. Iron ore fines and silico manganese were the worst hit, but, overall price performed poorly across-the-board, on the back of a sustained lack of demand amid a monsoon, show-cause on quality issues and the imports surge in flats.
- c) In June '24, India's steel exports declined to 3.4 lakh metric tonnes (LMT), compared to 4.3 LMT in May '24. During FY '24, India was a net importer of steel with imports exceeding exports by 8.3 lakh tonnes. Similarly, India was a net importer of steel with imports exceeding exports by 5.8 lakh tonnes during April-June FY '25. Share of Korea, Japan, France and Nepal increased in total steel import of India in June '24 as compared to June '23 while share of China, Vietnam and Germany declined over this period. The international prices of coking coal (used in making Steel) have been volatile in last one year and have increased from US\$ 239/tonne in May '24, to US\$ 249/tonne in June '24. Pig iron prices in July 2024 slipped 3% m-o-m. Although, there was a notable improvement in pig iron prices in the last week of July. Overall, due to weak finished demand, domestic pig iron prices may continue to face downward pressure.
- d) Top Markets affected: India's exports of iron and steel to USA witnessed a negative growth of 38%. Higher price quotations expected to be one of the key reason for subdued demand for hot rolled coil (HRC) compared to Chinese competitive price resistance, thereby impacting demand. Furthermore, high trade tariffs & protectionist measures imposed by US DoC are also impacting India's exports.

The decline in demand for India's engineering exports to Europe is due to several factors affecting European markets, including the conflict in Ukraine and supply chain disruptions. The eurozone manufacturing economy displayed signs of weakness across most manufacturing sectors at the national level during June. Overall, there is a negative trend in the EU steel market which was observed in the first half of 2023

and has become more acute in the recent times. In the first quarter of 2024, steel consumption in EU region declined by 3.1%. In fact, the HRC exports from India have been significantly impacted due to the protectionist environment that exporting geographies are trying to create through non-tariff barriers directly limiting Indian exports of the same. Even, CBAM is also expected to have significant negative impact on India's exports to the region if fully implemented.

- ***Non- Ferrous Sector (Copper, Aluminium, Zinc and Nickel)***

- **Copper:**

- a) Despite challenges, India's focus on infrastructure development and the clean energy transition, along with rising consumer spending, is expected to drive copper demand. However, global economic uncertainties might have impacted export volumes. Additionally, supply chain disruptions and logistic challenges affected the availability of finished copper products.
- b) The Red Sea crisis appears to have hit exports of other products, including copper. This geopolitical situation may have affected trade routes and impacted India's copper exports.
- c) While new domestic capacity is expected to begin operations, India's copper imports are likely to decline. However, demand is also growing due to the ongoing transformation to renewable energy.

- **Aluminium**

- a) Restrictive trade policies and geopolitical tensions have affected international trade, including aluminium exports. Uncertainties in global relations anticipated to disrupt trade flows.
- b) In the first half of 2024, India's aluminium scrap imports fell by 8% compared to the same period in 2023 (Source: Big Mint). The shipment delays (due to Red Sea Crises) also negatively affected the import of aluminium scrap into India, as many of these scrap grades typically originate from the Middle East and the UK region. This region accounts for approximately 40-45 per cent of India's total scrap volumes. This reduction in imports could also impact overall aluminium trade dynamics.

- **Reasons for decline in Exports of Industrial Boilers (insignificant drop of around 0.4%)**

The global economic environment plays a significant role in influencing trade volumes impacting the demand for industrial boilers.

Industrial boilers are complex equipment, and any disruptions in the supply chain (such as raw material shortages, transportation delays, or production bottlenecks) can affect export volumes.

- **Reasons for decline in Exports of Office Equipment (decline of around 19.5%)**

Changes in remote work practices, hybrid work models, and office space utilization might have affected the demand for office equipment.

The increasing adoption of digital tools and virtual collaboration platforms may have reduced the demand for traditional office equipment.

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 93 % of India’s exports is contributed by the listed 12 states. Within this almost 54.7 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

Table 5: Top state wise engineering export performance – April-June 2024-25

US\$ Million

Top States	April-June 2023-24	April-June 2024-25	Growth%	%Share in India's Eng Export	Remark
Maharashtra	5845.3	5721.7	-2.1%	23.2%	92.7 % share covered by top 12 states
Tamil Nadu	3969.7	4185.9	5.4%	17.0%	
Gujarat	3361.8	3567.1	6.1%	14.5%	
Karnataka	1690.7	1676.9	-0.8%	6.8%	
Odisha	1821.4	1493.4	-18.0%	6.1%	
Telangana	412.2	1412.0	242.6%	5.7%	
Andhra Pradesh	1542.4	1261.0	-18.2%	5.1%	
Uttar Pradesh	1049.4	1057.5	0.8%	4.3%	
West Bengal	830.5	816.4	-1.7%	3.3%	
Haryana	1690.2	667.4	-60.5%	2.7%	
Madhya Pradesh	471.4	484.5	2.8%	2.0%	
Delhi	936.6	480.2	-48.7%	1.9%	

Source: NIRYAT portal

- *Top 12 states constitute over 92.7 % of India’s engineering Exports. Karnataka performing extremely well and moving up to 4th position, Odisha moving further up to*

5th position while Telangana dropping down to 6th position and Haryana down to 10th position during the fiscal April-June 2024-25 compared to the same period last fiscal.

- Major negative growth witnessed in states like Maharashtra, Karnataka, Odisha, Andhra Pradesh, West Bengal, Haryana, Delhi and Rajasthan etc during April-June 2024-25 compared to the same period last fiscal.
- Telangana had the most positive in the current fiscal.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by US\$ 1535.8 million from Tamil Nadu (Second Highest State) during April-June 2024-225.

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 37.7 percent share. Tamil Nadu from the Southern Region has improved its export performance and it ranked second after Maharashtra, while Gujarat and Karnataka ranked third and fourth during April-June 2024-25.

Table 6: Region wise exports from India

Value in US\$ million

Region	April-June 2023-24	April-June 2024-25	Growth%
EASTERN REGION	3221.1	2743.1	-14.8%
NORTHERN REGION	5531.7	2967.5	-46.4%
SOUTHERN REGION	7934.0	8777.5	10.6%
WESTERN REGION	10125.2	10140.7	0.2%

Source: NIRYAT portal

Note: The total engineering exports given in the above table is taken from NIRYAT as per the latest available data 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 look 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 each of fiscal 2022-23 and 2023-24, as many as 10 out of 12 months saw engineering exports and manufacturing output moved in the same direction.

The first two month of fiscal 2024-25 also saw manufacturing output growth and engineering exports growth moving in the same direction. April 2024 saw engineering exports declined from a growth in Mar 2024 and manufacturing output growth decelerated. The month of May 2024 witnessed just the opposite. Engineering exports bounced back to growth path and manufacturing output growth accelerated. June 2024 however saw both moved in the opposite direction with a higher growth in engineering exports and lower manufacturing 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 7: Engineering exports growth vis-à-vis manufacturing growth from April 2022

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2023	-7.52	5.5
May 2023	-4.25	6.3
June 2023	-11.12	3.5
July 2023	-6.91	5.3
August 2023	7.66	10.0
September 2023	6.50	5.1
October 2023	6.99	10.6
November 2023	-3.48	1.3
December 2023	9.82	4.6
January 2024	4.20	3.6
February 2024	15.90	4.9
March 2024	10.66	5.9
April 2024	-4.49	3.9

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
May 2024	7.41	5.0
June 2024	10.27	2.6

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during July 2024 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 July 2024, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2023-24 and 2024-25 till July 2024 as per the latest data published, as mere one-month figure does not reflect any trend. The following two tables clearly depicts the short-term trend:

Table 8: USD-INR monthly average exchange rate in 2024-25 vis-à-vis 2023-24
(As per latest data released by FBIL)

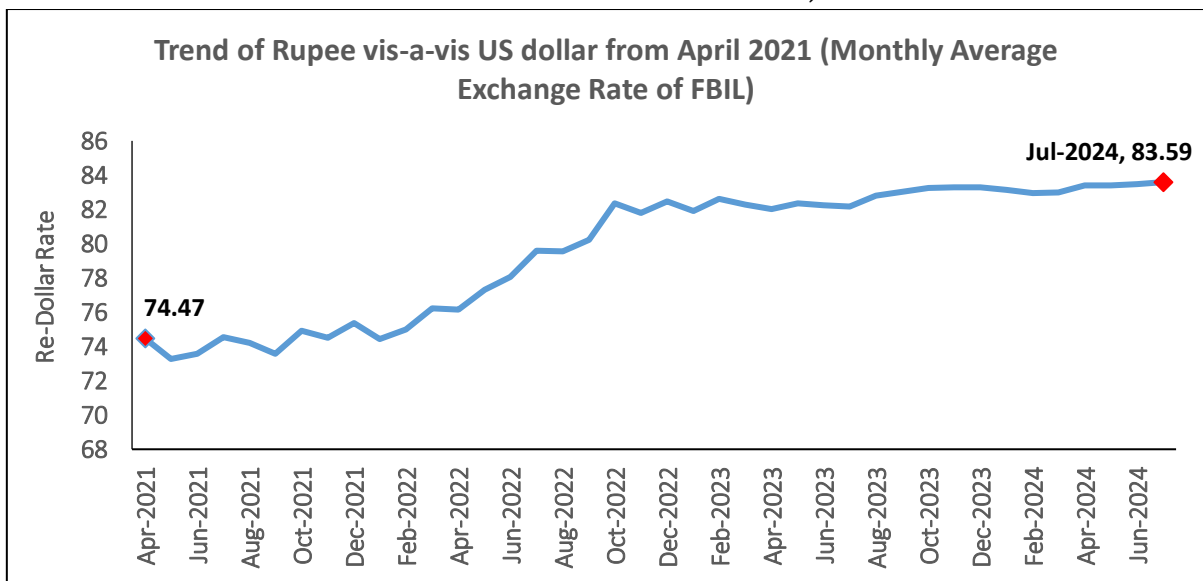
Monthly Average Exchange Rate (1 USD to INR)		Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction	
Month	2023-24					2024-25
April	82.02	83.41	1.69	Depreciation	0.49	Depreciation
May	82.34	83.39	1.28	Depreciation	-0.02	Appreciation
June	82.23	83.47	1.51	Depreciation	0.10	Depreciation
July	82.15	83.59	1.75	Depreciation	0.14	Depreciation

Rupee depreciation vis-à-vis the US Dollar continued in the new fiscal 2024-25 both on a year-on-year basis and on a month-on-month basis. Rupee hit record low of 83.74 during July 2024 on a daily closing basis. Outflow of funds from Indian capital market due to dollar demand by corporates amid global economic and geo political uncertainty, and strengthening of dollar at the same time in the international market due to tightening of US fed policy continued to weigh on several other major currencies including Rupee.

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
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
October	82.34	83.24	1.09	Depreciation	0.24	Depreciation
November	81.81	83.30	1.82	Depreciation	0.07	Depreciation
December	82.46	83.28	0.99	Depreciation	-0.02	Appreciation
January	81.90	83.12	1.49	Depreciation	-0.19	Appreciation
February	82.61	82.96	0.42	Depreciation	-0.19	Appreciation
March	82.29	83.00	0.86	Depreciation	0.05	Depreciation

Fig 2: 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 July 2024 were valued at US\$ 12465.7 million compared to US\$ 11927.6 million in July 2023 registering a positive growth of 4.5 percent in dollar terms. All the engineering panels barring Transport equipment witnessed an increase in import during July 2024 compared to July 2023.

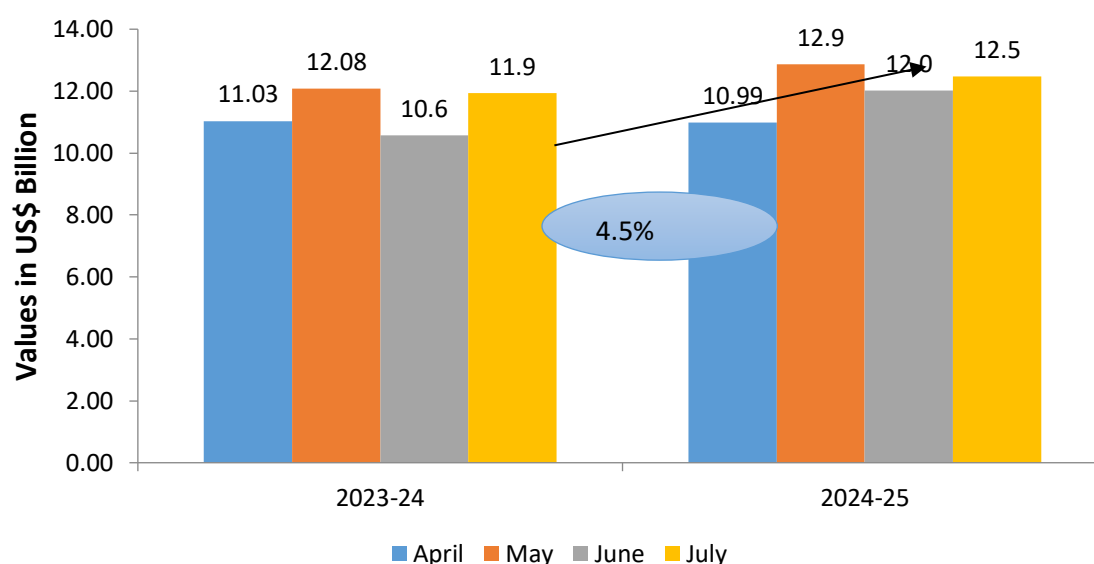
The share of engineering imports in India's total merchandise imports in July 2024 was estimated at 21.7 percent, lower than that of July 2023 which was estimated at 22.3%. The figure below depicts engineering imports for July 2024 compared to July 2023.

Table 10: India's engineering imports in April-July 2024-25 vis-à-vis April-July 2023-24

Values in US\$ MN	July '23	July'24	Growth %	April-July '23	April-July '24	Growth %
India's Engineering Imports	11927.6	12465.7	4.5	45614.0	48337.1	6.0

Source: Quick Estimates, MoC

Fig 3: Monthly Engineering Imports for April-July 2024-25 vis-a-vis April-July 2023-24



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 2024-25 depicted in the table below:

Table 11: Monthly Trend in Engineering Trade Balance for the current FY 2024-25
(US\$ Billions)

Trade Flow	Apr	May	June	July
Engineering Export	8.7	10.0	9.4	9.0
Engineering Import	11.0	12.9	12.0	12.5
Trade Balance	-2.3	-2.9	-2.6	-3.5

Source: DGCI&S, EEPC India Analysis

Conclusion

India's engineering exports continued its winning streak in the month of July by reaching USD 9.03 billion and recording a growth of 3.7%. In cumulative terms too, engineering exports grew by 4.2%. This result has been in contrast to the trend in overall merchandise exports which in July decline by more than 1% in the y-o-y terms. The performance was made possible by the exporting community despite facing a number of global challenges. It is also noted that the decline in iron and steel exports have been majorly responsible for muted performance of engineering exports from India. In July 2024, exports of iron and steel declined by around 27% and in cumulative terms around 32%. It is also noted that without the iron and steel sector, the growth in engineering exports would come to more than 7% in monthly terms and more than 9% in cumulative terms. The decline in iron and steel was majorly due to stiff competitive pricing from China, geopolitical conflicts in Europe and West Asia and protectionist policies in USA and EU. The situation in overall engineering exports is expected to improve in the future as Global forecasts for GDP growth remain at around 3% for 2024, with the short-term trade outlook being cautiously optimistic. If positive trends persist, global trade in 2024 could reach almost \$32 trillion as per the recent UNCTAD update.

The recently announced Union Budget 2024-25 is expected to facilitate MSMEs and export finance significantly. The Budget has also promised rationalized BCDs for key inputs which would give further boost to engineering exports. The major issue that is affecting the exporting community is the rising protectionism across the globe. To maintain the rising trend in engineering exports, the exporting community urges the government to provide support in this matter.

