Engineering Export-Import Monitor

AUGUST 2024

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ENGINEERING TRADE ANALYSIS FOR AUGUST 2024

India's engineering exports recorded year-on-year growth for the fourth straight month to August 2024

Trade Flow	Export figures (in US$ billion)				Growth (%)	
	Aug-2023	Aug-2024	Apr - Aug 2023-24	Apr – Aug 2024-25	Aug-2024 over Aug-2023	Apr-Aug 2024-25 over Apr-Aug 2023-24
Engineering exports	9.05	9.44	44.53	46.41	4.36%	4.21%
Overall merchandise exports	38.28	34.71	176.67	178.68	-9.33%	1.14%
Share of engineering (%)	23.64%	27.20%	25.21%	25.97%	---	---
Service Exports	28.71	30.69	135.50	150.18	6.90%	10.83%

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 fourth month in a row to August 2024 and this time the growth was higher than July 2024 at 4.36 percent. Cumulative exports during Apr-Aug 2024 also recorded 4.21 percent growth over the same period last fiscal. Share of engineering in overall merchandise exports was at an impressive 27.2 percent in August 2024 and 25.97 percent on a cumulative basis. Growth in engineering exports in August 2024 was attributed to decent rise in shipments of Aircrafts, spacecrafts and parts; Ships, boats and floating structures; automobile and auto components/parts; electrical machinery and medical and scientific instruments.

HIGHLIGHTS

- After a decline in April 2024, engineering exports from India started showing an increasing trend and registered year-on-year growth in all four subsequent months to August 2024. In August 2024, engineering exports went up to USD 9,442.89 million in from USD 9,048.65 million in the same month last fiscal, securing 4.36 percent growth.

- Cumulative engineering exports during April-August 2024-25 recorded at USD 46,410.82 million as against USD 44,534.66 million during the same period of the last fiscal, registering an increase of 4.21 percent.
- According to the Quick Estimates of Department of Commerce, Government of India, share of engineering in India's total merchandise exports increased to 27.20 percent from 26.60 percent in July 2024. Cumulative share stood at 25.97 percent during April-August 2024-25.
- In August 2024, 20 out of 34 engineering panels witnessed positive year-on-year growth, while 14 remaining engineering panels experienced decline. Exports of Iron and Steel, Products of Iron and Steel, Non-Ferrous products including Copper Aluminium, Zinc, Lean and Tin and products, Other products including IC Engines and parts, Industrial Machinery for Dairy, Electrical machinery and Equipment, Cranes, Lifts and Winches, Office Equipment, 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, IC Engines, Office Equipment and Prima Mica products recorded negative growth during April-August 2024-25.
- Region wise, North America and European Union remained India's topmost destinations for engineering exports with share of around 21% and 19% respectively, in India's total engineering exports. West Asia and North Africa (WANA) with a share of 14% registered the highest growth of 23.5% during April-Aug 2024-25 vis-à-vis the same period last year followed by other Europe (growth of 13.8%), CIS (growth of 10.8%), North America (growth of 7.3%) and North East Asia (growth of 6.1%).
- Among top exporting destinations, USA, UAE, Saudi Arabia, Turkey, Singapore, UK, Mexico, etc. experienced positive growth in April-Aug 2024-25

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

Trade Flow	Export in Aug 2023	Exports in Aug 2024	Growth (%)	Exports in Apr-Aug 2023-24	Exports in Apr-Aug 2024-25	Growth (%)
Overall engineering exports	9048.65	9442.89	4.36	44534.66	46410.82	4.21
Engineering exports excluding Iron and Steel	8070.80	8649.81	7.17	39058.79	42543.57	8.92

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 19 percent year-on-year decline in August 2024 and 29.4 percent year-on-year decline during April-August 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	9991.26	7.43
June	8515.72	9389.74	10.26
April-June	**26765.71**	**27928.86**	**4.35**
July	8720.30	9039.06	3.66
August	9048.65	9442.89	4.36
April-August	**44534.66**	**46410.82**	**4.21**

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN August 2024

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during August 2024 over August 2023 as well as in cumulative terms during April-August 2024-25 vis-à-vis April-August 2023-24. The data clearly shows that top 25 countries contribute 76.1% of total engineering exports.

Table 2: Engineering exports country wise

US$ million

Countries	August 2023	August 2024	Growth (%)	April-August 2023-24	April-August 2024-25	Growth (%)
U S A	1551.3	1567.4	1.0%	7298.3	7726.7	5.9%
UAE	428.0	613.0	43.2%	2247.0	3230.6	43.8%
SAUDI ARABIA	386.7	405.4	4.8%	1752.2	2224.9	27.0%
GERMANY	371.1	385.4	3.9%	1753.6	1725.1	-1.6%
SINGAPORE	221.7	305.8	37.9%	1357.6	1672.3	23.2%
U K	335.4	331.8	-1.1%	1550.6	1617.2	4.3%
MEXICO	267.7	322.9	20.6%	1368.7	1591.2	16.3%

Countries	August 2023	August 2024	Growth (%)	April-August 2023-24	April-August 2024-25	Growth (%)
TURKEY	255.8	280.6	9.7%	1180.7	1463.3	23.9%
ITALY	287.0	217.7	-24.1%	1738.1	1285.2	-26.1%
KOREA RP	208.9	245.4	17.4%	1225.6	1093.7	-10.8%
CHINA	209.8	261.9	24.9%	968.4	1078.6	11.4%
INDONESIA	177.9	301.7	69.5%	1291.9	944.8	-26.9%
JAPAN	128.9	201.6	56.4%	718.3	907.9	26.4%
BRAZIL	185.0	186.6	0.8%	855.3	905.0	5.8%
NEPAL	185.9	182.5	-1.8%	999.9	896.7	-10.3%
SOUTH AFRICA	195.4	177.9	-9.0%	949.1	894.5	-5.8%
BANGLADESH	201.7	152.4	-24.4%	966.5	848.3	-12.2%
THAILAND	160.8	184.0	14.4%	751.6	818.7	8.9%
NETHERLAND	161.5	148.1	-8.3%	874.3	794.8	-9.1%
FRANCE	207.2	159.3	-23.1%	888.7	770.5	-13.3%
MALAYSIA	195.9	118.0	-39.7%	733.1	610.1	-16.8%
VIETNAM	93.4	112.9	20.9%	469.8	576.8	22.8%
BELGIUM	139.9	114.2	-18.4%	699.1	575.8	-17.6%
RUSSIA	106.4	111.9	5.2%	565.7	544.0	-3.8%
SPAIN	125.6	102.6	-18.3%	693.7	543.8	-21.6%
Total engineering exports to top 25 countries	**6788.9**	**7191.2**	**5.9%**	**33897.8**	**35340.5**	**4.3%**
Total engineering exports	**9048.7**	**9442.9**	**4.4%**	**44534.7**	**46410.8**	**4.2%**
Share % of Top 25 destinations	**75.0%**	**76.2%**		**76.1%**	**76.1%**	

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

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

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

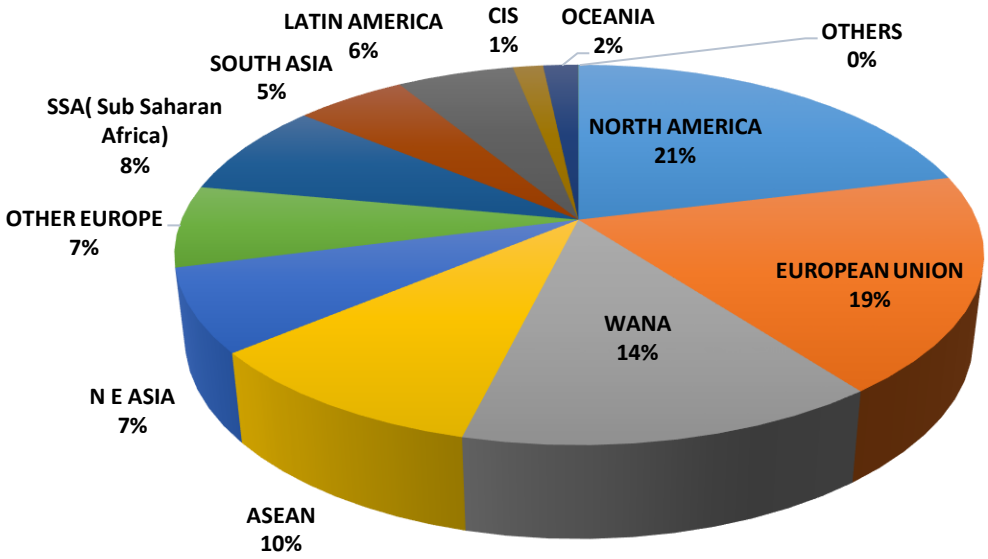
US$ million

Regions	August 2023	August 2024	Growth (%)	April-August 2023-24	April-August 2024-25	Growth (%)
NORTH AMERICA	1916.5	1985.5	3.6%	9160.8	9828.4	7.3%
EUROPEAN UNION	1670.7	1455.2	-12.9%	8593.2	7789.0	-9.4%
WANA	1286.4	1493.4	16.1%	6067.9	7493.6	23.5%
ASEAN	912.4	1099.6	20.5%	4957.9	5071.6	2.3%
N E ASIA	638.4	778.6	22.0%	3304.6	3506.8	6.1%
OTHER EUROPE	627.0	638.1	1.8%	2887.4	3287.0	13.8%
SSA(Sub Saharan Africa)	723.7	680.3	-6.0%	3341.1	3152.4	-5.6%
SOUTH ASIA	481.8	504.5	4.7%	2456.5	2518.9	2.5%
LATIN AMERICA	508.2	495.8	-2.5%	2424.3	2416.8	-0.3%
CIS	131.0	179.2	36.7%	690.8	765.4	10.8%
OCEANIA	150.6	129.7	-13.9%	639.3	570.5	-10.8%
OTHERS	1.9	3.0	58.2%	10.8	10.5	-2.7%
Grand Total	**9048.7**	**9442.9**	**4.4%**	**44534.7**	**46410.8**	**4.2%**

Source: DGCI&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-August 2024-25



PANEL WISE INDIA'S ENGINEERING EXPORTS

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

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

Product panels	August 2023	August 2024	Growth (%)	April-August 2023-24	April-August 2024-25	Growth (%)
Ferrous						
Iron and Steel	977.9	793.1	-19%	5475.9	3867.2	-29%
Products of Iron and Steel	867.4	865.6	0%	4035.9	3979.9	-1%
Sub Total	**1845.3**	**1658.7**	-10%	**9511.8**	**7847.2**	-18%
Non-ferrous						
Copper and products	202.3	182.2	-10%	916.0	806.5	-12%
Aluminium and products	599.1	519.8	-13%	3053.2	2723.0	-11%
Zinc and products	55.2	40.8	-26%	348.7	289.3	-17%
Nickel and products	14.5	16.4	14%	73.2	72.5	-1%
Lead and products	60.9	58.1	-5%	231.9	357.1	54%
Tin and products	2.5	1.5	-39%	6.5	8.3	28%
Other Non-Ferrous Metals	66.3	75.6	14%	305.5	345.7	13%

Product panels	August 2023	August 2024	Growth (%)	April-August 2023-24	April-August 2024-25	Growth (%)
Sub Total	**1000.8**	**894.6**	-11%	**4935.1**	**4602.6**	-7%
Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	55.9	71.2	27%	303.1	317.4	5%
IC Engines and Parts	343.7	314.1	-9%	1535.7	1517.8	-1%
Pumps of all types	114.9	130.6	14%	594.4	624.3	5%
Air condition and Refrigerators	145.4	163.7	13%	686.2	739.3	8%
Industrial Machinery for dairy, food processing, textiles etc.	698.6	678.4	-3%	3304.0	3365.6	2%
Machine Tools	65.0	68.5	5%	306.5	331.8	8%
Machinery for Injecting moulding, valves and ATMs	213.4	231.0	8%	1029.7	1119.6	9%
Sub Total	**1636.7**	**1657.5**	1%	**7759.6**	**8015.9**	3%
Electrical Machinery						
Electrical Machinery	**1184.7**	**1158.5**	**-2%**	**5148.3**	**5696.1**	**11%**
Automobile and auto component						
Motor Vehicle/cars	736.8	776.0	5%	3508.4	3609.1	3%
Two and Three Wheelers	228.2	261.1	14%	1110.0	1276.7	15%
Auto Components/Part	662.6	700.5	6%	3126.5	3400.4	9%
Auto Tyres and Tubes	237.8	242.0	2%	1139.8	1254.8	10%
Sub Total	**1865.4**	**1979.6**	**6%**	**8884.7**	**9540.9**	**7.4%**
Aircrafts and related products						
Aircrafts and Spacecraft parts and products	**114.6**	**436.9**	**281%**	**572.1**	**2257.5**	**295%**
Ships Boats and Floating products and parts						
Ships Boats and Floating products and parts	**93.8**	**275.1**	**193%**	**1698.6**	**2001.3**	**18%**
Miscellaneous engineering products						
Medical and Scientific instruments	196.6	241.7	23%	1000.4	1078.8	8%
Railway Transport	24.7	28.6	16%	125.4	131.4	5%
Hand Tools & Cutting Tools	80.4	90.3	12%	384.1	413.9	8%
Bicycle & Parts	33.4	33.8	1%	152.5	153.7	1%
Cranes Lifts & Winches	96.8	88.3	-9%	380.1	454.8	20%
Office Equipment	35.7	29.1	-18%	146.5	118.3	-19%

Product panels	August 2023	August 2024	Growth (%)	April-August 2023-24	April-August 2024-25	Growth (%)
Other Construction Machinery	260.2	265.1	2%	1193.3	1258.3	5%
Prime Mica & Mica Products	3.0	2.0	-33%	16.0	11.6	-28%
Project Goods	0.5	0.2	-56%	1.8	0.9	-49%
Other Rubber Product Except Footwear	144.4	155.9	8%	686.5	732.5	7%
Other Misc. Items	431.5	446.9	4%	1937.8	2095.1	8%
Total engineering exports	**9048.7**	**9442.9**	**4.4%**	**44534.66**	**46410.82**	**4.2%**

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

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

a) During April-August 2024-25, India's exports of Iron and Steel deteriorated by 29% vis-à-vis same period last fiscal, while Products of Iron and Steel deteriorated by 1% during the same period.

b) The ferrous sector continued to record decline in exports mainly due to slackened domestic and global demand pressuring down prices. Plus, China's aggressive export policy is also likely to sustain its negative impact on steel mills across the globe, including India.

c) Chinese steel prices have continued to down-trend in September. Even, Indian steel prices are grovelling at near-four-year lows. Flat steel prices, especially of hot rolled coils (HRCs) remained in a bear grip amid lacklustre demand despite the fact that the festive season is round the corner.

d) Several factors are weighing on flats. One, with the fiscal half year closure approaching buyers reined in procurements amid a liquidity strain and resorted to need-based procurement. Retailers, in turn, nursing inventories, also stocked up less, leading to a pile-up across the value chain. Two, the import pressure continues to exist. Cumulative imports touched 0.51 million tonnes till mid-September 2024 against full August's 0.63 mnt and 0.64 mnt in July. However, an additional 0.29 mnt are expected by end-September. India will remain a net steel importer in the July-September quarter as well as in the first half of the current fiscal. Lastly, exports remain a no-show, exerting downward pressure on domestic prices.

e) Export offers to Southeast Asia and the Middle East continued to be on hold while those to Europe remained stable w-o-w. However, global sentiments are dull and ongoing anti-dumping investigations from the European Commission have made buyers from here wary of Indian imports. Indian steel prices may remain range-bound or see marginal dips in the short term as demand is likely to stay lacklustre for some more time yet. Moreover,

global prices are subdued too. The auto sector usually revs up ahead of the festive season and spurs up the flats segment. However, this year, auto makers are sitting on inventories. An extended monsoon is keeping construction dampened.

f) Top Markets affected: India's exports to USA and EU markets are getting affected due to several factors. List of various NTMs, including the Carbon Border Adjustment Mechanism (CBAM) and Deforestation-free Regulation (EUDR), impact Indian exports. The economic slowdown in key markets like the USA and EU has reduced demand for imported goods, including those from India.

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

- **Copper: (decline of around 12%)**

a) The global copper market has seen significant volatility in recent months, with prices experiencing a sharp decline due to various factors.

b) Falling international prices: As of July 2024, international copper prices have fallen to a two-week low amidst uncertainty over supply and demand in China, as well as broader weakness in the equity markets. Since hitting a record high in May 2024, copper prices have dropped by 14%, according to the London Metal Exchange (LME). Experts predict that prices may continue to decline in the near term, reflecting a softer demand outlook in China, the world's largest consumer of copper.

c) Increased Chinese exports: Compounding the challenges for India, China's refined copper exports surged to an all-time high in June 2024, driven by weak domestic demand. This influx of Chinese copper into the global market has intensified competition, leading to a reduction in India's copper exports. The increased availability of cheaper Chinese copper has made it more difficult for Indian exporters to maintain their market share.

d) Red Sea crisis: The ongoing geopolitical crisis in the Red Sea region has disrupted trade routes, adversely affecting India's copper exports. The instability in this critical maritime corridor has slowed down the movement of goods, creating bottlenecks that have hit the export of various products, including copper. This disruption has contributed to the overall decline in export volumes and delayed shipments.

e) Rising domestic demand: On the domestic front, there has been a significant surge in demand for copper, driven by the rapid expansion of the electric vehicle (EV) industry and other emerging sectors. The Ministry of Mines projects that the demand for copper in India, particularly from the EV sector, will increase by 1.7 million tonnes by 2027. The per capita copper consumption in India is also expected to rise from the current level of 0.6 kg to 1 kg in the coming years. This growing domestic demand is diverting supply away from export markets, further contributing to the decline in exports.

f) Closure of Vedanta's Sterlite copper plant: India's copper production capabilities have been significantly impacted by the closure of Vedanta's Sterlite Copper plant in 2018. According to the International Copper Association, the closure has led to an estimated annual loss of $1 billion in net foreign exchange inflows due to reduced copper exports. Additionally, India has been forced to spend approximately $1.2 billion annually on

copper imports to fill the supply gap, further straining the country's trade balance. The loss of this key production facility has reduced India’s ability to compete in the global copper market.

- **Aluminium (decline of around 11%)**

India's aluminium exports have faced significant challenges in recent times due to a combination of global market dynamics, restrictive trade policies, and domestic factors. Below are the key reasons contributing to the decline in aluminium exports:

a) Restrictive trade policies and geopolitical tensions

Section 232 and U.S. Tariffs: The U.S. Section 232 tariffs have adversely affected aluminium exports to the U.S., one of India's key markets. Between April and July 2024, India’s aluminium exports to the U.S. declined by 5%. These tariffs are part of broader protectionist measures that have hampered the competitiveness of Indian aluminium products in the U.S. market.

ASEAN Trade Barriers: In the ASEAN region, countries like Malaysia have imposed high Most Favoured Nation (MFN) duties ranging from 25% to 30% on tariff lines between 7604 to 7608, severely limiting exports from India’s downstream aluminium industry, which predominantly comprises MSMEs. Similarly, Indonesia has placed downstream aluminium products under the Sensitive Track, further restricting market access.

Discrimination in Neighbouring Markets: India’s aluminium exports also face discriminatory practices in neighbouring countries such as Bangladesh. In April 2023, Bangladesh reclassified aluminium billets under HS code 76012090 to 76012000, removing them from the South Asian Free Trade Area (SAFTA) agreement and imposing a 5% Basic Customs Duty (BCD) on imports from India. This change has increased the cost of exporting aluminium billets to Bangladesh, affecting trade volumes.

b) Increased exports from China

Competitive Pressure from China: China's exports of aluminium products have surged, with a 14.1% increase in quantity and an 8.9% increase in value between January and July 2024, according to Chinese Customs data. This surge has intensified competition in the global aluminium market, making it challenging for Indian exporters to maintain their market share.

c) Decline in Global aluminium prices

Price Trends: Global aluminium prices have been on a downward trend, driven by higher production levels and weaker demand, particularly in China. The decline in prices has further eroded the profitability of Indian aluminium exports, making them less competitive on the international stage.

d) Rising domestic demand

Infrastructure Development: The Indian government's focus on infrastructure development has led to a significant increase in domestic demand for aluminium. According to ICRA, domestic aluminium demand is expected to grow by around 9% annually over the next two fiscal years.

This rising demand has diverted more aluminium towards domestic consumption, reducing the availability of aluminium for export.

e) Impact of the Red Sea Crisis

Supply Chain Disruptions: The Red Sea crisis has caused delays in the shipment of aluminium scrap to India, as many of these grades originate from the Middle East and the UK. This region accounts for approximately 40-45% of India's total scrap volumes. The reduction in scrap imports has disrupted the supply chain, affecting production and trade dynamics.

f) U.S. Anti-Dumping Duties on Aluminium Extrusion Products

Anti-Dumping Duties: On May 1, 2024, the U.S. Department of Commerce announced preliminary antidumping duties on aluminium extrusion products from 14 countries, including India. Indian exporters now face a prohibitive dumping duty rate of 39.05% on products classified under HSN 7604 and HSN 7608. This steep duty rate significantly undermines the competitiveness of Indian aluminium exports in the U.S. market. In response, Indian exporters have submitted detailed representations to the U.S. Department of Commerce, highlighting the potential adverse effects on their businesses.

- **Zinc (decline of around 17%)**

The global Zinc demand has been affected by rising Zinc prices. Global Zinc prices rose over 14% since the beginning of 2024.

- **Reasons for decline in Exports of Internal Combustion (IC Engines) (decline of around 1%)**

The global economic environment plays a significant role in influencing trade volumes impacting the demand for internal combustion engines.

Slowdown in key markets such EU and USA further impacted demand. Moreover rising raw material costs, currency fluctuations and 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%)**

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 forms a considerable part 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 and July 2024 however saw both moved in the opposite direction. June 2024 saw higher engineering export growth but lower manufacturing growth while July 2024 just witnessed the reverse.

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

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
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	4.2
May 2024	7.43	5.0
June 2024	10.26	3.2
July 2024	3.66	4.6

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during August 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 August 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 August 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
August	82.79	83.89	1.33	Depreciation	0.36	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 dropped below 84 and once again hit record low of 84.09 on 5th August 2024. Despite a weakening dollar and appreciation of many Asian currencies, rupee remained under pressure through most of the month due to

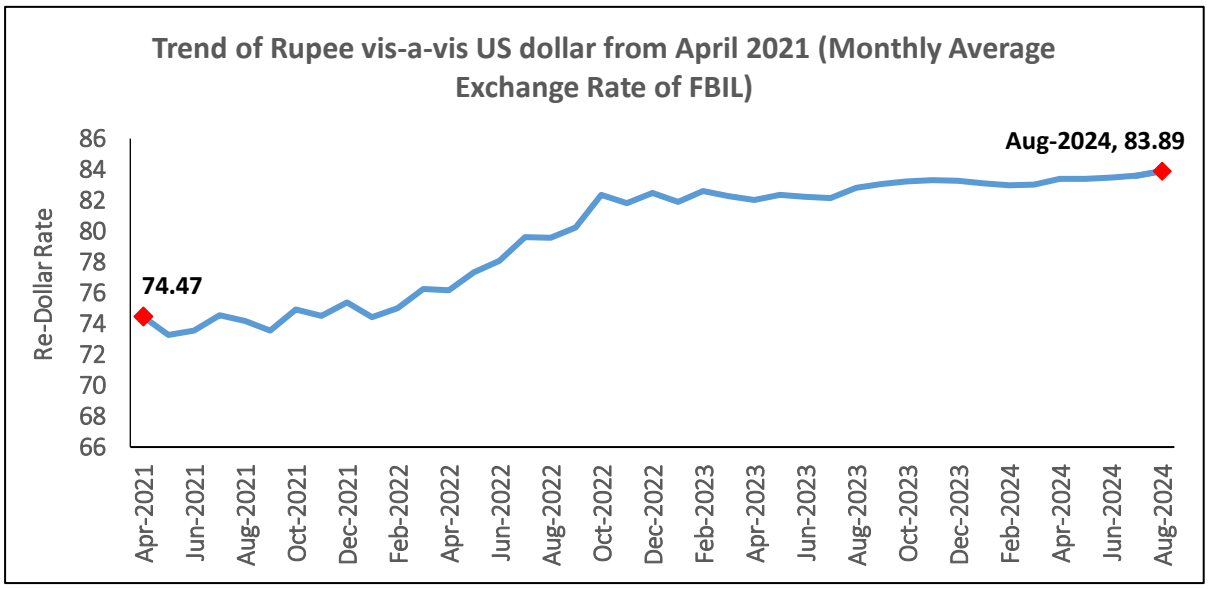
unwinding of yuan-funded long bets on the rupee, tepid equity inflows and strong dollar demand from local importers. Geopolitical tensions in the Middle East, worries over recession in the US and carryover trade in Japanese yen also pulled down rupee.

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 August 2024 were valued at US$ 14116.4 million compared to US$ 13041.6 million in August 2023 registering a positive growth of 8.2 percent in dollar terms. All the engineering panels barring Iron & Steel & Medicinal & Pharmaceutical products witnessed an increase in import during August 2024 compared to August 2023.

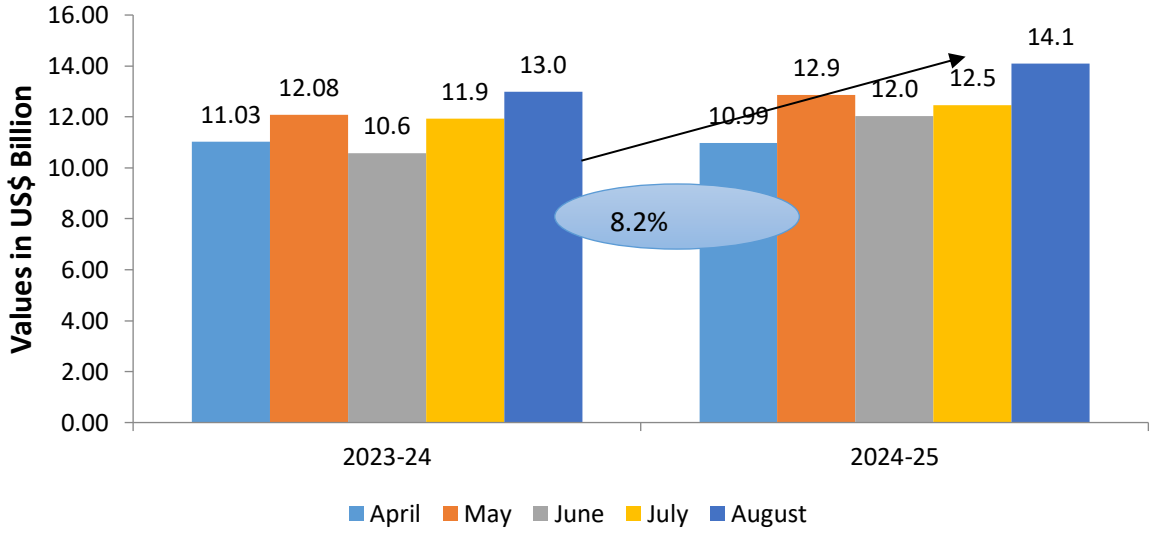
The share of engineering imports in India's total merchandise imports in August 2024 was estimated at 21.9 percent, higher than that of August 2023 which was estimated at 20.9 %. The figure below depicts engineering imports **for August 2024 compared to August 2023.**

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

Values in US$ MN	August '23	August'24	Growth %	April-August '23	April-August '24	Growth %
India's Engineering Imports	13041.6	14116.4	8.2	58655.4	63728.8	8.6

Source: Quick Estimates, MoC

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



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 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	August
Engineering Export	8.7	10.0	9.4	9.0	9.4
Engineering Import	11.0	12.9	12.0	12.5	14.1
Trade Balance	-2.3	-2.9	-2.6	-3.5	-4.7

Source: DGCI&S, EEPC India Analysis

CONCLUSION

India's engineering exports continued to grow in the month of August. The growth also continued to be higher than the overall merchandise exports. Therefore we can say that engineering sector led the growth of India's merchandise exports in the first five months of the current fiscal. The growth was majorly led by increase in shipments from machinery sector especially electrical machinery. However, the metal sector continued to perform below par due to reasons such as pricing, logistics issues, protective measures in key export destinations and some domestic factors too.

The global trade data has been positive for Indian exports- as per latest UN data, India, China and the USA are driving the global trade recovery. Globally trade within the developing countries or South-South trade is also on rise. However the major Trade institutions across the world cautions that the outlook for 2024 is tempered by potential geopolitical issues and industrial policy impacts. Geopolitical tensions, rising shipping costs, and emerging industrial

policies could reshape global trade patterns. India has to make the most of the gains it has accrued in the first half of 2024 and engineering would be a key sector in this initiative.

EEPC India has also been gearing up to provide further assistance to our exporters in expanding their markets and product offerings. As we approach the completion of our 70 years, we look back at the challenges that we faced and won with the support from the Ministry of Commerce and Industry. With such experiences we continue to move forward in our endeavour to reach the milestone of USD 300 billion by 2030 and USD 1.5 trillion by 2047.

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