

Engineering Export-Import Monitor

OCTOBER 2024



Engineering The Future

EEPCINDIA
ENGINEERING THE FUTURE

ENGINEERING TRADE ANALYSIS FOR OCTOBER 2024

India's engineering exports in October 2024 was at its highest in fiscal 2024-25 with a robust 38.5 percent year-on-year growth

Trade Flow	Export figures (in US\$ billion)				Growth (%)	
	Oct-2023	Oct-2024	Apr - Oct2023-24	Apr – Oct2024-25	Oct-2024 over Oct-2023	Apr-Oct 2024-25 over Apr-Oct 2023-24
Engineering exports	8.08	11.19	61.50	66.59	38.53%	8.27%
Overall merchandise exports	33.43	39.20	244.51	252.28	17.23%	3.18%
Share of engineering (%)	24.16%	28.72%	25.15%	26.75%	---	---
Service Exports	28.05	34.02	191.97	215.98	21.28%	12.51%

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 sixth straight month to October 2024 and this time the growth was at an unprecedented high of 38.5 percent over Oct 2023 driven by exceptionally high growth in exports of Aircraft, spacecraft and parts; and Ships, boats and floating structures. For the first time in fiscal 2024-25, Indian engineering exports crossed USD 10 billion mark and stood at its highest of this fiscal. Exports of Iron and steel turned positive for the first time in fiscal 2024-25 while Electric machinery, Industrial machinery and automobile also supported this high growth of overall engineering exports by showing noticeable increase in exports. Cumulative exports during Apr-Oct 2024-25 also recorded 8.27 percent growth over the same period last fiscal. Share of engineering in overall merchandise exports was at an impressive 28.72 percent in October 2024 and at 26.75 percent on a cumulative basis.

HIGHLIGHTS

- Indian engineering exports continued its growth run for the sixth straight month to October 2024 and this time the growth was at an unprecedented high of 38.5 percent over Oct 2023. For the first time in fiscal 2024-25, Indian engineering exports crossed USD 10 billion mark and stood at its highest of this fiscal.
- In October 2024, engineering exports went up to USD 11,190.84 million from a much lower USD 8,078.48 million in the same month last fiscal.
- Cumulative engineering exports during April-October 2024-25 was recorded at USD 66,585.89 million as against USD 61,499.68 million during the same period of the last fiscal, registering an increase of 8.27percent.
- According to the Quick Estimates of Department of Commerce, Government of India, share of engineering in India's total merchandise exports in October 2024 rose to 28.72 percent from 28.41 percent in September 2024, 27.20 percent in August 2024 and 26.60 percent in July 2024. Cumulative share stood at 26.75 percent during April-October 2024-25.
- In October 2024, 33 out of 34 engineering panels witnessed positive year-on-year growth. Only exports of Office equipment declined by merely 1%.
- On a cumulative basis, 27 out of 34 engineering panels recorded positive growth and remaining 7 engineering panels including Iron and Steel, some non-ferrous sectors including Copper, Aluminium and Zinc products, and Office Equipment recorded negative growth during April-October 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. Highest growth was registered by ASEAN (137%), WANA (57%) and EU (41%) in October 2024
- In cumulative terms, all regions experienced growth barring Sub-Saharan Africa (-1%) and Oceania (-8%)
- Among the top export destinations, rise in cumulative terms was noticed in USA, UAE, Singapore, Saudi Arabia, Germany, etc.

Overall Engineering Exports vs Engineering Exports Excluding Steel Segment

(Values in USD Million)

Trade Flow	Export in Oct 2023	Exports in Oct 2024	Growth (%)	Exports in Apr-Oct 2023-24	Exports in Apr-Oct 2024-25	Growth (%)
Overall engineering exports	8078.48	11190.84	38.53	61499.68	66585.89	8.27
Engineering exports excluding Iron and Steel	7439.92	10364.23	39.31	54629.95	61152.46	11.94

Source: DGCI&S, Govt. of India

Observation: Excluding the export of iron and steel, engineering exports recorded a higher growth both on a monthly as well as cumulative basis as shown in the table above. Exports of Iron and Steel however secured 29.4 percent year-on-year growth in October 2024 but continued to decline on a cumulative basis and dropped by 20.91 percent year-on-year during April-October 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	8366.65	-6.51
May	9300.62	9818.00	5.56
June	8515.72	9193.63	7.96
April-June	26765.71	27378.28	2.29
July	8720.30	8959.50	2.74
August	9048.65	9332.19	3.13
September	8886.54	9725.08	9.44
July-September	26655.49	28016.78	5.11
October	8078.48	11190.84	38.53
April-October	61499.68	66585.89	8.27

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN OCTOBER 2024

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during October 2024 over October 2023 as well as in cumulative terms during April-October 2024-25 vis-à-vis April-October 2023-24. The data clearly shows that top 25 countries contribute 75.8% of total engineering exports.

Table 2: Engineering exports country wise

US\$ million

Countries	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
U S A	1387.7	1612.4	16%	10121.9	10706.6	6%

Countries	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
UAE	348.3	825.2	137%	3043.7	4540.4	49%
SINGAPORE	184.0	1236.9	572%	1889.9	3154.8	67%
SAUDI ARABIA	397.7	379.9	-4%	2605.8	2990.4	15%
GERMANY	342.1	392.8	15%	2431.9	2451.9	1%
U K	301.7	311.4	3%	2117.5	2189.2	3%
MEXICO	247.1	251.4	2%	1830.6	2141.3	17%
TURKEY	228.9	249.3	9%	1682.2	1903.6	13%
ITALY	192.8	333.9	73%	2155.7	1817.5	-16%
CHINA	213.2	220.3	3%	1441.8	1559.8	8%
KOREA RP	169.8	268.5	58%	1570.0	1554.7	-1%
SOUTH AFRICA	190.0	215.3	13%	1342.0	1387.0	3%
JAPAN	141.7	197.8	40%	1030.1	1359.5	32%
BRAZIL	172.5	219.7	27%	1176.8	1317.2	12%
NEPAL	162.8	200.3	23%	1338.1	1294.3	-3%
FRANCE	169.6	238.7	41%	1245.1	1289.8	4%
INDONESIA	122.9	178.0	45%	1700.5	1265.5	-26%
BANGLADESH	166.9	172.4	3%	1303.1	1195.6	-8%
THAILAND	166.1	173.2	4%	1080.2	1169.6	8%
NETHERLAND	137.3	148.6	8%	1175.6	1093.0	-7%
MALAYSIA	176.4	139.7	-21%	1087.8	851.4	-22%
VIETNAM	106.2	151.0	42%	684.2	848.3	24%
BELGIUM	102.0	123.6	21%	918.1	837.4	-9%
SPAIN	95.2	111.0	17%	882.8	803.6	-9%
RUSSIA	109.7	121.9	11%	773.0	757.5	-2%
Total engineering exports to top 25 countries	6032.8	8473.2	40%	46628.4	50479.8	8%

Countries	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
Total engineering exports	8078.5	11190.8	39%	61499.7	66585.9	8%

Source: DGCI&S

REGION WISE INDIA'S ENGINEERING EXPORTS

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

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

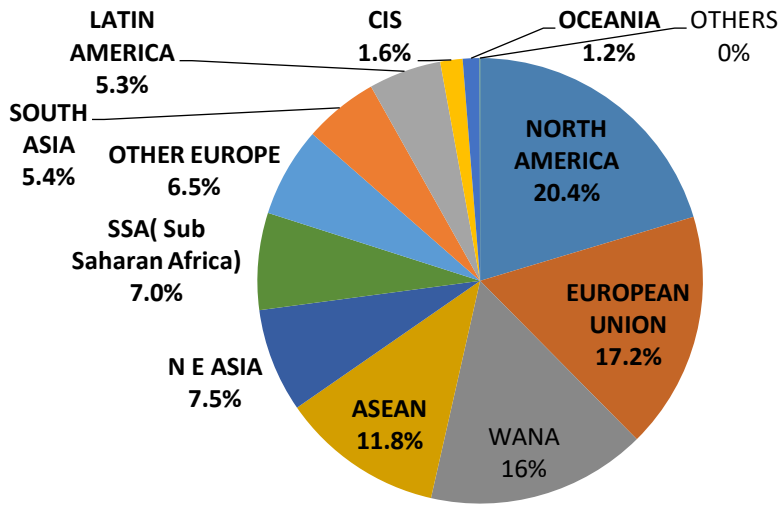
US\$ million

Regions	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
NORTH AMERICA	1729.9	1976.6	14%	12631.7	13557.8	7%
EUROPEAN UNION	1373.1	1932.9	41%	11454.4	11468.9	0%
WANA	1100.2	1730.7	57%	8439.2	10624.5	26%
ASEAN	822.8	1950.3	137%	6927.5	7868.1	14%
N E ASIA	583.3	776.7	33%	4571.1	5016.9	10%
SSA (Sub Saharan Africa)	695.9	752.2	8%	4733.4	4687.1	-1%
OTHER EUROPE	552.2	612.9	11%	4011.7	4338.7	8%
SOUTH ASIA	483.6	567.5	17%	3483.5	3600.9	3%
LATIN AMERICA	471.7	581.8	23%	3398.7	3507.6	3%
CIS	134.8	177.6	32%	945.8	1080.2	14%
OCEANIA	127.5	124.8	-2%	886.3	812.0	-8%
OTHERS	3.5	6.9	95%	16.6	23.0	39%
Grand Total	8078.5	11190.8	39%	61499.7	66585.9	8%

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-October 2024-25



PANEL WISE INDIA'S ENGINEERING EXPORTS

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

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

Product panels	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
Ferrous						
Iron and Steel	638.6	826.6	29%	6869.7	5433.4	-21%
Products of Iron and Steel	788.2	912.4	16%	5673.3	5712.6	1%
Sub Total	1426.8	1739.0	22%	12543.0	11146.0	-11%
Non-ferrous						
Copper and products	202.0	253.7	26%	1389.1	1306.9	-6%
Aluminium and products	546.1	637.5	17%	4164.3	3883.2	-7%
Zinc and products	59.9	78.6	31%	450.1	426.0	-5%
Nickel and products	13.3	19.8	49%	100.6	107.5	7%
Lead and products	72.9	74.5	2%	381.1	496.0	30%

Product panels	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
Tin and products	0.8	1.6	106%	8.7	12.9	47%
Other Non-Ferrous Metals	64.5	79.2	23%	432.4	503.3	16%
Sub Total	959.6	1144.9	19%	6926.4	6735.8	-3%
Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	46.7	77.7	67%	414.8	485.7	17%
IC Engines and Parts	305.7	363.6	19%	2157.7	2208.6	2%
Pumps of all types	99.5	145.1	46%	804.1	903.9	12%
Air condition and Refrigerators	127.6	179.1	40%	958.9	1094.0	14%
Industrial Machinery for dairy, food processing, textiles etc.	664.1	730.8	10%	4640.6	4796.3	3%
Machine Tools	64.3	71.9	12%	429.4	464.6	8%
Machinery for Injecting moulding, valves and ATMs	201.1	244.3	21%	1433.2	1605.9	12%
Sub Total	1508.9	1812.5	20%	10838.7	11559.0	7%
Electrical Machinery						
Electrical Machinery	1002.9	1262.1	26%	7206.1	8229.3	14%
Automobile and auto component						
Motor Vehicle/cars	659.3	772.6	17%	4930.2	5153.3	5%
Two and Three Wheelers	223.4	286.6	28%	1537.2	1831.2	19%
Auto Components/Part	643.3	718.1	12%	4411.9	4808.1	9%
Auto Tyres and Tubes	239.1	257.1	8%	1605.8	1768.6	10%
Sub Total	1765.2	2034.3	15%	12485.2	13561.3	8.6%
Aircrafts and related products						

Product panels	October 2023	October 2024	Growth (%)	April-October 2023-24	April-October 2024-25	Growth (%)
Aircrafts and Spacecraft parts and products	131.4	666.5	407%	808.1	3092.2	283%
Ships Boats and Floating products and parts						
Ships Boats and Floating products and parts	72.8	1092.1	1400%	2238.5	3015.7	35%
Miscellaneous engineering products						
Medical and Scientific instruments	196.8	251.5	28%	1387.2	1589.9	15%
Railway Transport	37.7	44.2	17%	186.5	197.9	6%
Hand Tools & Cutting Tools	76.7	96.9	26%	540.8	600.0	11%
Bicycle & Parts	29.1	35.6	23%	212.1	224.0	6%
Cranes Lifts & Winches	95.4	96.6	1%	572.8	658.8	15%
Office Equipment	31.2	31.0	-1%	197.2	171.8	-13%
Other Construction Machinery	236.0	258.5	10%	1680.2	1782.4	6%
Prime Mica & Mica Products	2.4	2.6	8%	23.1	17.5	-24%
Project Goods	0.1	0.4	501%	2.0	1.5	-24%
Other Rubber Product Except Footwear	141.6	158.4	12%	962.7	1033.5	7%
Other Misc. Items	364.0	463.8	27%	2689.1	2969.4	10%
Total engineering exports	8078.5	11190.8	38.5%	61499.7	66585.9	8.27%

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

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

- a) During April-October 2024-25, India's exports of Iron and Steel deteriorated by 21% vis-à-vis same period last fiscal, while Products of Iron and Steel witnessed growth to the extent of 1% during the same period, after continuous decline for many months.
- b) Indian steel HRC exports remained sluggish this week as global market sentiments weakened further. Indian offers to the Middle East (ME) remained largely stable amid competitive quotes from China. Furthermore, a recent deal between China and the Middle East further pressured Indian exports. In contrast, European offers continue to be affected by weak regional demand.
- c) India's HRC offer to Middle East: Indian HRC export prices to the Middle East (ME) continued to remain stable for the week at \$560/t CFR, as per sources. Chinese HRC export prices to the Middle East fell by \$10/t w-o-w to \$520-525/t CFR UAE against \$530-535/t CFR UAE last week amid active trade.
- d) India's HRC offer to EU: India's HRC export offers to Europe (S275, 3mm) continued to remain range-bounded at \$590-595/t CFR Antwerp (\$540-545/t FOB, east coast India). Indian steel mills' export offers failed to gain traction in the European market due to high prices relative to domestic rates and EU trade restrictions. The unfavourable US dollar-euro exchange rate further increased import costs. In the EU, domestic HRC prices remained flat amid sluggish trading, with market participants uncertain about the market's direction for Q1CY'25.
- e) Overall outlook: Chinese steelmakers continue to be highly competitive, offering lower prices and actively seeking export markets. This poses a significant challenge for Indian exporters. The global economic outlook remains sluggish, with geopolitical tensions contributing to concerns about overall steel demand and potential impacts on Indian exports.

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

Copper: decline of 6% in April-October 2024

- Copper exports have increased in October 2024 by 26%. If this trend continues, we will see a revival in copper exports for the fiscal 2024-25
- The 6% decline in cumulative terms can be attributed to the declining copper exports in the previous months
- The decline was a result of
 - global price volatility: In September global copper prices showed volatility – trended downwards in the beginning of September 2024 before gaining on growing anticipation of a rate cut by the US Federal Reserve which was came through on 18 September
 - Increase in domestic demand especially the EV sector: 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.
 - Closure of Vedanta's Sterlite copper plant

Aluminium: decline of 7% in April-October 2024

- Aluminium exports have increased in October 2024 by 17%. If this trend continues, we will see a revival in Aluminium exports for the fiscal 2024-25
- The 7% decline in cumulative terms can be attributed to the declining Aluminium exports in the previous months
- The decline was a result of
 - Restrictive trade policies and geopolitical tensions including Section 232 and U.S. Tariffs, U.S. Anti-Dumping Duties on Aluminium Extrusion Products
 - The Indian aluminium exports also face discrimination in market access in ASEAN countries and even our neighbouring markets: 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. 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.
 - Fluctuation in global aluminium prices
 - Rising domestic demand

Zinc: decline of 5% in April-October 2024

- Zinc exports have increased in October 2024 by 31%. If this trend continues, we will see a revival in zinc exports for the fiscal 2024-25. The cumulative decline can be attributed mainly to the rising demand for Zinc in the domestic market.

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 93.7 % of India’s exports is contributed by the listed 12 states. Within this almost 56.1 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

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

US\$ Million

Top States	April-September 2023-24	April-September 2024-25	Growth%	%Share in India's Eng Export	Remark
Maharashtra	11378.8	11155.0	-2.0%	22.9%	93.7 % share covered by top
Tamil Nadu	8473.0	8702.7	2.7%	17.9%	
Gujarat	7075.6	7497.0	6.0%	15.4%	
Karnataka	3376.5	3439.7	1.9%	7.1%	
Telangana	828.4	3228.8	289.7%	6.6%	

Top States	April-September 2023-24	April-September 2024-25	Growth%	%Share in India's Eng Export	Remark
Odisha	3447.2	2812.3	-18.4%	5.8%	12 states
Andhra Pradesh	2749.3	2542.5	-7.5%	5.2%	
Uttar Pradesh	2094.1	2147.9	2.6%	4.4%	
West Bengal	1649.9	1682.3	2.0%	3.5%	
Madhya Pradesh	911.1	942.2	3.4%	1.9%	
Rajasthan	1557.6	757.4	-51.4%	1.6%	
Haryana	3321.1	749.1	-77.4%	1.5%	

Source: NIRYAT portal

- Top 12 states constitute over 93.7 % of India's engineering Exports. Karnataka retained its performance, maintaining 4th position, Odisha moving down to 6th position while Telangana moving up to 5th position and Haryana down to 12th position during the fiscal April-September 2024-25 compared to the same period last fiscal.
- Major negative growth witnessed in states like Maharashtra, Odisha, Andhra Pradesh, Rajasthan and Haryana during April-Sep 2024-25 compared to the same period last fiscal.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by US\$ 2452.4 million from Tamil Nadu(Second Highest State) for the period of April-Sep 2024-25

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

Table 6: Region wise exports from India

Value in US\$ million

Region	April-Sep 2023-24	April-Sep 2024-25	Growth%
EASTERN REGION	6117.7	5356.3	-12.4%
NORTHERN REGION	11187.1	4554.8	-59.3%
SOUTHERN REGION	15987.1	18435.8	15.3%
WESTERN REGION	20242.2	20376.6	0.7%

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. Then June, July and August 2024 however saw both moved in the opposite direction. June and August 2024 saw higher engineering export growth but lower manufacturing growth in comparison to the previous month while July 2024 just witnessed the reverse. September 2024 again saw both moving in the same direction by securing 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 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

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2024	-6.51	4.2
May 2024	5.56	5.1
June 2024	7.96	3.5
July 2024	2.74	4.4
August 2024	3.13	1.1
September 2024	9.44	3.9

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during October 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 October 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 October 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)

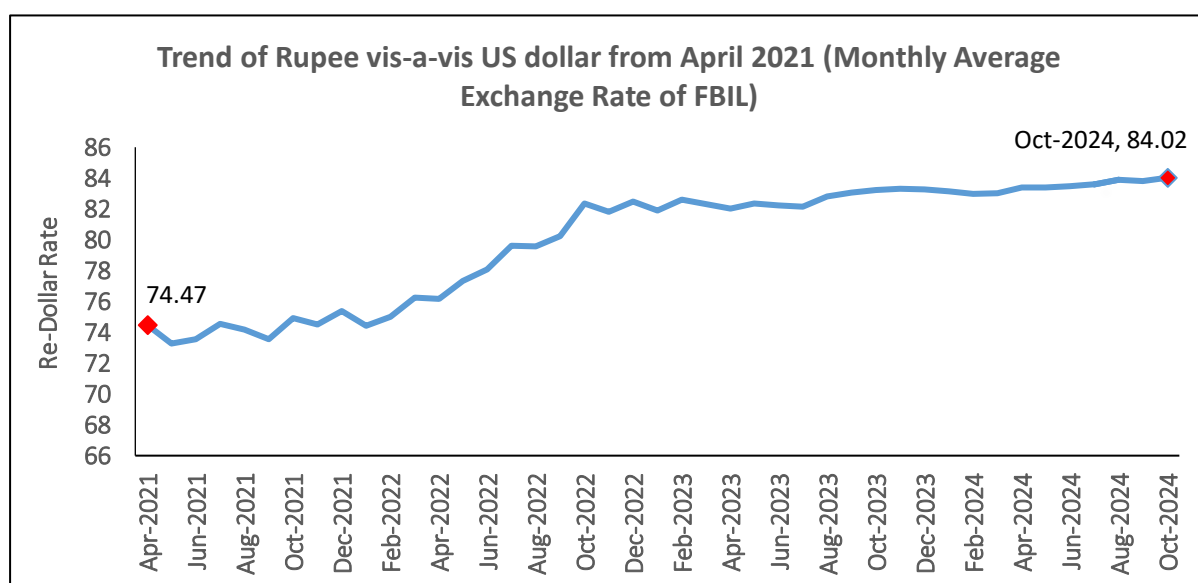
Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2023-24	2024-25				
April	82.02	83.41	1.69	Depreciation	0.49	Depreciation
May	82.34	83.39	1.28	Depreciation	-0.02	Appreciation
June	82.23	83.47	1.51	Depreciation	0.10	Depreciation
July	82.15	83.59	1.75	Depreciation	0.14	Depreciation
August	82.79	83.89	1.33	Depreciation	0.36	Depreciation
September	83.05	83.81	0.92	Depreciation	-0.10	Appreciation
October	83.24	84.02	0.94	Depreciation	0.25	Depreciation

Rupee depreciation vis-à-vis the US Dollar continued in the new fiscal 2024-25 on a year-on-year basis and again depreciated on a month-on-month basis in October 2024. Rupee remained under pressure through most of the month due to appreciation of USD over the month, coupled with equity outflows by foreign portfolio investors from Indian stock market and strong dollar demand from local importers. Geopolitical tensions in the Middle East, and worries over recession in the US also weighed on rupee. US dollar strengthened due to rising uncertainties around just concluded US presidential election, along with a reduced likelihood of interest rate cuts by the Federal Reserve.

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 October 2024 were valued at US\$ 13374.5 million compared to US\$ 12624.1 million in October 2023 registering a positive growth of 5.9 percent in dollar terms. All the engineering panels barring Transport equipment witnessed an increase in import during October 2024 compared to October 2023.

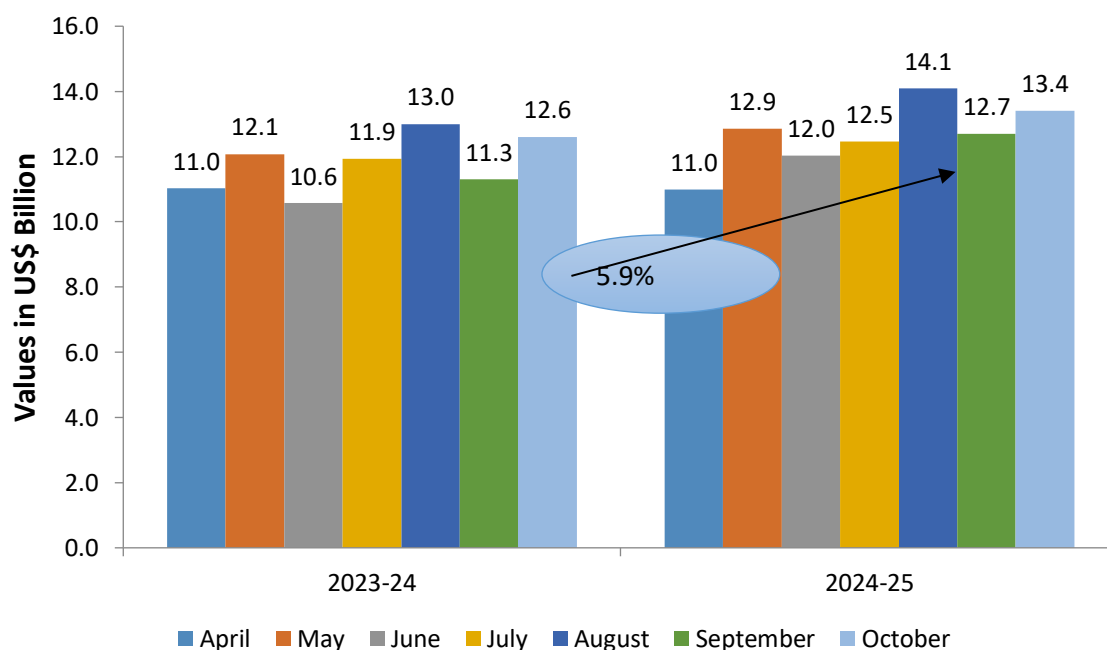
The share of engineering imports in India's total merchandise imports in October 2024 was estimated at 13.4 percent, higher than that of October 2023 which was estimated at 12.6 %. The figure below depicts engineering imports **for October 2024 compared to October 2023**.

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

Values in US\$ MN	October '23	October '24	Growth %	April-October '23	April-October '24	Growth %
India's Engineering Imports	12624.1	13374.5	5.9%	82589.1	88550.8	7.2%

Source: Quick Estimates, MoC

Fig 3: Monthly Engineering Imports for April-October 2024-25 vis-a-vis April-October 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	September	October
Engineering Export	8.7	10.0	9.4	9.0	9.4	9.8	11.2
Engineering Import	11.0	12.9	12.0	12.5	14.1	12.7	13.4
Trade Balance	-2.3	-2.9	-2.6	-3.5	-4.7	-2.9	-2.2

Source: DGCI&S, EEPC India Analysis

CONCLUSION

The Indian engineering exports recorded another remarkable performance for the 6th month in the current fiscal with a Y-o-Y growth of 38.5% in October 2024 and 8.2% in April-October 2024. It needs to be mentioned here that after a considerable number of months, October 2024 also recorded positive growth in exports of ferrous and non-ferrous metals including iron and steel, copper, aluminium and zinc which otherwise recorded negative growth in the previous months. This performance despite the growing global uncertainties and shifting trade policies is commendable.

In its latest Global Trade Outlook and Statistics (October 2024), WTO revised its forecast for global merchandise trade for 2024 to 2.7% which is slightly better than the previous 2.6%. The update for 2025 however is revised down to 3% from the previous 3.3%. The growth in trade will be mainly contributed by the rising demand in ASEAN countries rather than the West. The WTO further mentions the current trade trend has indicated rising trade volume and flat trade values – an indication towards decline in export and import prices. The WTO expects that lower inflation will boost consumer spending, while lower interest rates should raise investment spending by firms. The risks to merchandise trade mainly remain similar to previous months including geopolitical tensions, regional conflicts and policy uncertainty.

The results and the recent WTO updates indicate the existing volatility of the global markets and the engineering industry's performance will depend on the initiatives of both the industry and the government.

