

India: Export of engineering goods to US grows by 6.8 pc, China's falls by 52.4 pc

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The US remains the top destination for India's engineering goods exports in the financial year 2022-23 with total shipments value recording 6.8 per cent year-on-year growth to USD 18.67 billion.

The other key markets, which registered positive growth, include the UK, Germany, Singapore, Saudi Arabia, Mexico, and Indonesia.

Exports of engineering goods to China continued a downward trend month after month. In FY23, engineering shipments to China fell by 52.4 per cent year-on-year to USD 2.63 billion from USD 5.53 billion in the previous year.

The other top markets that recorded negative growth dur-

ing the year included UAE, Turkey, and Thailand.

After reaching their all-time high at USD 112.16 billion during fiscal 2021-22, engineering exports from India finished fiscal 2022-23 at USD 107.04 billion, a decline of 4.57 per cent.

In terms of the rupee, however, engineering exports recorded 2.77 per cent growth year-on-year. This disparity was due to the substantial year-on-year depreciation of the rupee vis-a-vis the US Dollar in 2022-23.

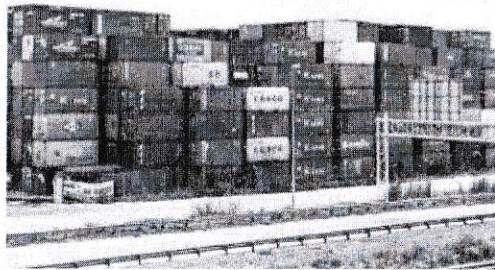
Geo-political crisis in the CIS region led by the Russia-Ukraine war, the economic slowdown in North-East Asia especially China, the crisis in South-East Asia, and the slowdown in Europe are the major factors responsible for the lower ship-

ment of engineering goods from India during FY23.

"The decline was a direct result of the depressed global demand, especially in the metal sector. FY23 in general has been a difficult year for global trade. While the end of FY22 marked the recovery from the COVID pandemic it was soon overshadowed by the Russia-Ukraine crisis which dented the European and Central Asian economies to a significant extent," said EEPIC India Chairman Arun Kumar Garodia.

He further said the decline could have been sharper if timely government measures had not been made.

"We appreciate the efforts made by the Ministry of Commerce which has always been forthcoming in coming up with relief measures. Besides,



the encouraging words by Hon'ble Prime Minister Shri Narendra Modi have had a catalytic effect. We are grateful for the launch of the Foreign Trade Policy 2023 which covers all important aspects of trade including ease of doing business, introduction of Rupee trade, including the states and the districts in export strate-

gy, export incentives, and infrastructure and logistics," said Garodia.

According to the Quick Estimates of the Commerce ministry of the Central government, the share of engineering exports in India's total merchandise exports during fiscal 2022-23 was 23.92 per cent as against a higher 26.58 per cent in fis-

cal 2021-22.

Panel-wise analysis showed that out of 34 engineering panels, 22 recorded growth in exports during 2022-23 while 12 conceded a decline in shipment.

Iron and steel were the main spoilsports behind the decline in engineering exports with a 41.52 per cent decline in exports during 2022-23 over the previous fiscal. Excluding the iron and steel panel, engineering exports in 2022-23 recorded 4.91 per cent growth over the previous fiscal.

Among the major panels, 'Motor Vehicles/Cars', 'Products of Iron and Steel', 'Electric Machinery and Equipment', 'Industrial Machinery', 'Medical and Scientific Instruments', 'Ships, Boats, and Floating Structures' and 'Auto

Components/Parts' recorded higher shipments over the previous fiscal while basic metals like Iron & Steel, 'Aluminium and products' and 'Copper and Products' recorded a decline in shipments.

Indian engineering exports continued to decline for the fifth straight month to March 2023 and for eight months in fiscal 2022-23. During March 2023, engineering exports declined by 7.49 per cent to USD 10.19 billion from USD 11.01 billion in March 2022.

As many as 16 out of 34 engineering panels witnessed positive year-on-year growth in March 2023, while the remaining 18 panels witnessed negative growth in exports. Major engineering products like Iron and Steel, Products of Iron and Steel, Aluminium and

products, Industrial Machinery, Electrical Machinery and Equipment, Two and Three wheelers, Bicycle parts, Auto Tyres, and Hand tools witnessed a decline in exports during March 2023 vis-a-vis March 2022.

Excluding the export of iron and steel, engineering exports recorded a 3.26 per cent year-on-year decline in March 2023.

Global trade sentiments continue to remain bleak, WTO economists in April 2023 said in a new forecast that merchandise trade is expected to grow 1.7 per cent as against 2.7 per cent last year. The subpar performance will be mainly due to the Ukraine crisis, high inflation, tighter monetary policy, and financial market uncertainty.

