CHEMICALS SECTOR OVERVIEW
THE CATALYST OF NEW INDIA’S GROWTH
SECTOR HIGHLIGHTS

Indian chemical industry is:
- 3rd largest in Asia with respect to output
- 6th largest in the world with respect to output
- Valued at USD 163 Bn in 2017

Covers more than 80,000 products

Demand of chemical products is expected to grow at 9% p.a. over the next 5 years

Employs more than 2 Mn people

Contributes 3.4% to the global chemical industry

Ranks 14th in exports and 8th in imports of chemicals (excluding pharmaceutical products) globally

During June 2014 to September 2018, 2.40 lakh people have been trained by CIPET under various skill-imparting activities

The petrochemical market in India is expected to grow at a CAGR of 10% over the next 5 years to reach USD 100 Bn by 2022

GROWTH DRIVERS

01 Consumption driven demand:
Per capita consumption of chemicals in India is 1/10th of the world’s average. This makes India an attractive destination for investment and growth.

02 Rising middle class population:
By 2030, 23% of the global middle class will most likely be Indian, supporting strong demand for specialty chemicals in the automotive, personal products, water treatment, and construction segments.

03 Improving Infrastructure:
One of the key economic growth drivers is the government’s investment boost in infrastructure sector (government provision of USD 92 Bn in FY 2018 Budget as compared to USD 61 Bn in FY 2017).
GOVERNMENT INITIATIVES

1. **100% FDI**
   - 100% FDI allowed under the automatic route in chemicals sector except a few hazardous chemicals.

2. **Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs):**
   - PCPIRs are specifically delineated investment regions with an area for the establishment of manufacturing facilities for domestic and export-led production in petroleum, chemicals & petrochemicals, along with the associated services and infrastructure. Government has approved 4 PCPIRs in the States of Andhra Pradesh (Vishakhapatnam), Gujarat (Dahej), Odisha (Paradeep), and Tamil Nadu (Cuddalore and Nagapattinam). Once fully established, PCPIRs are expected to attract investments worth INR 7.63 lakh Cr (USD 107 Bn) and employment generation (direct and indirect) is expected to be around 33.96 lakh persons (3 Mn).

3. **Setting up of Plastic Parks**
   - State-of-the-art infrastructure and enabling common facilities are to assist the sector in moving up the value chain and contributing to the economy more effectively. Four plastic parks have been approved in Madhya Pradesh, Orissa, Assam, and Tamil Nadu.

4. **Skill Development**
   - **Central Institute of Plastics Engineering and Technology (CIPET):** 29 CIPETs have been set up across India under the Department of Chemicals. The main objective of setting up the institute is to develop manpower in different disciplines of Plastics Engineering & Technology as no similar institute has been priorly existent in the country.
   - **Chemicals Promotion and Development Scheme (CPDS):** Under the CPDS, the Government provides Grant-in-aid for the creation of knowledge products through studies, survey, databank, promotion materials, etc. to facilitate development of the sector.
   - **CoE (Centres of Excellence) in the field of Petrochemicals:** Provision of Grant-in-aid to educational/research institutes for setting up CoEs with a view to improve existing petrochemicals technology and to promote development of new applications of polymers and plastics.
KEY SUB SECTORS

AGRO CHEMICALS

- India is the 3rd largest producer of Agro-chemicals.
- India exports about 50% of its current production and these exports are likely to remain a key component of the industry.
- Pesticide consumption in the country is 0.6 kg/hectare, compared with a global average of 3-10 kg/hectare. This low consumption is the result of low purchasing power in agricultural areas, unawareness of the existing products, and difficulty of access. With the increase in awareness and purchasing power capacity, an increase in demand is foreseen.

SPECIALITY CHEMICALS

- India is currently the world’s 3rd largest consumer of polymers and growth in plastic demand is to further drive up consumption.
- The speciality chemicals market has witnessed a growth of 14% in the last five years; the market size is expected to reach USD 70 Bn by 2020.
- Low per capita paper consumption in India, compared to the global average, suggests there is good opportunity for the paper chemicals industry in India.
- Growth drivers include a growing construction industry and adoption of advanced coating, ceiling and polymer-based reinforcing material in construction as well as in plastics, and paints and coatings for the automotive sector.
### INDUSTRY CLUSTERS/ZONES

#### PCPIRs AND REFINERIES

- **Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR)**

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### UPCOMING PROJECTS

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- **Indian OIL - Paradip, Odisha | Panipat, Haryana | Koyali, Gujarat | Mathura, Uttar Pradesh | Hazira, West Bengal**
- **Barauli, Bihar | Bongaigaon, Assam | Guwahati, Assam | Digboi, Assam**
- **Indian Oil - Paradip, Odisha | Panipat, Haryana | Koyali, Gujarat | Mathura, Uttar Pradesh | Hazira, West Bengal**
- **Barauli, Bihar | Bongaigaon, Assam | Guwahati, Assam | Digboi, Assam**
- **Bharat Oman Refineries Ltd - Bina, Madhya Pradesh**
- **CPCL - Manali, Tamilnadu | Cauvery Basin, Tamilnadu**
- **MRPL - Mangalore, Karnataka**
- **Essar - Vadinar, Gujarat**
- **NRL - Numaligarh, Assam**
- **ONGC - Tatipaka, Andhra Pradesh**
- **Bharat Petroleum - Kochi, Kerala | Mumbai, Maharashtra**
- **Reliance Industries Limited - Jamnagar, Gujarat**
- **Saudi Aramco, Indian PSUs Refinery**
- **Refinery**
- **Petrochemical Complex**
- **Ethylene Glycol & Polypropylene**
- **Expansion**
- **Expansion Carbon Black**
- **Expansion of Polymer Plant**
- **H2O2, PVC**
KEY PLAYERS IN INDIA

- BASF
  We create chemistry
- AkzoNobel
- SUMITOMO CHEMICAL
- KANSAI NEROLAC PAINTS LIMITED
- UPL
- Pidilite
- Indian Paint Association
- PRAXAIR
  Making our planet more productive
- THE LINDE GROUP
- Mitsui Chemicals
- LG Chem
- TATA CHEMICALS LIMITED
- asianpaints
- Reliance Industries Limited

KEY STAKEHOLDERS

- Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers
- Indian Chemical Council (ICC)
- Chemicals Export Promotion Council (Chemexcil)
- Indian Paint Association (IPA)
- Indian Specialty Chemical Manufacturers' Association
- Crop Care Federation
HOW WE HELP INVESTORS

RESEARCH CONTENT PROVIDED
POLICY ADVISORY/REPRESENTATION
STAKEHOLDER MEETING
SITE VISITS
LOCATION ANALYSIS
ISSUE RESOLUTION
REGULATORY CLEARANCE FACILITATION

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