



CHEMICALS & PETROCHEMICALS

SUMMARY

- Seventh largest producer of chemicals worldwide and third largest producer in Asia. (by output)
- The estimated size of Indian chemicals sector stands at approximately USD 139 billion.
- Fourth largest global producer of agro chemicals.
- Total production of the major chemicals including petrochemicals was 23.9 million tons during 2015-16 while production of polymers stood at around 9 million tons.
- Chemicals sector also acts as a key enabling industry and provides support for variety of other sectors like agriculture, construction, leather etc.

REASONS TO INVEST

- The chemicals industry is a key constituent of the Indian economy, accounting for about 1.38% of the nation's GVA (Gross Value Addition) in 2013-14.
- India's proximity to the Middle East, the world's source of petrochemicals feedstock, makes for economies of scale.
- Strong government support for R&D.
- Polymers and agro-chemicals industries in India present immense growth opportunities.
- 100% FDI permitted through automatic route also chemicals sector is delicensed except for few hazardous chemicals.
- Upcoming Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) & Plastic Parks will provide state-of-the-art infrastructure for Chemical & Petrochemicals Sector.
- Trade in most of the chemicals is free except for those attracting provision of international conventions.

STATISTICS

- India accounts for approximately 15% of the world production of dyestuff and dye intermediates.
- Total production of the major chemicals including petrochemicals was 23.9 Million tons in 2015-16.
- Polymer demand is expected to grow by 8-10% with healthy growth in industries such as clothing, automobiles etc.
- Chemicals is one of the most diversified in the world, covering more than 70,000 commercial products.

GROWTH DRIVERS

- A large population, huge domestic market dependence on agriculture and strong exports are the key growth drivers for the industry.
- A global shift towards Asia as the World's chemicals manufacturing hub.
- India's per capita consumption of chemicals in India is lower as compared to western countries, which provides immense scope and opportunities for new investments.
- Rise in GDP and purchasing power generates huge growth potential for the domestic market.
- A focus on new segments such as specialty and knowledge chemicals.
- Globally cost competitive manufacturing.
- Availability of Skilled professionals with requisite technical knowledge including World-class engineering and strong R&D facilities.

FDI POLICY

- 100% Foreign Direct Investment (FDI) is allowed under the automatic route in the chemicals sector, subject to all the applicable regulations and laws.

SECTOR POLICY

1. Industrial licensing has been abolished for most sub-sectors except for certain hazardous chemicals.
2. The government is continuously contracting the list of reserved chemical items for production in the small-scale sector, thereby facilitating greater investment in technology upgradation and modernization.
3. Formation of industrial cluster/plastic parks of world class quality - PCPIR will be an investment region spread across 250 square kms for the manufacture of domestic and export-related products of petroleum, chemicals and petrochemicals. Policies have been initiated to facilitate set up of PCPIRs throughout the selected locations.
4. Some of the strategies proposed between 2015-16 include:
 - Implementation of strategy for sourcing and allocation of feedstock.
 - Setting of "Centers of Excellence" in the country for research in the field of Petrochemicals Sector.
 - Focus on green and sustainable technologies and reducing the environmental impact of the sector.
 - Augmenting existing testing centers to act as certifying agencies for testing plastic products and raw material to meet Bureau of Indian Standards.
 - Establishing specialized vocational training centers in clusters for skill development.

FINANCIAL SUPPORT
