

Overview of Indian Chemical Industry

Structure of Indian Chemical Industry



Indian Chemical Industry

Base chemicals

- Petrochemicals fertilisers
- Man-made fibre
- Organic and inorganic chemicals
- Other industrial chemicals

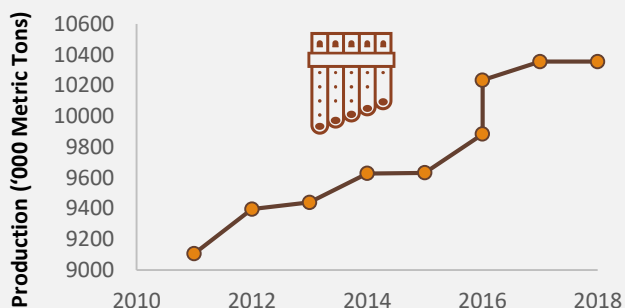
Specialty chemicals

- Dyes and pigments
- Leather & construction chemicals
- Personal care ingredients
- Adhesive Sealants
- Industrial gases

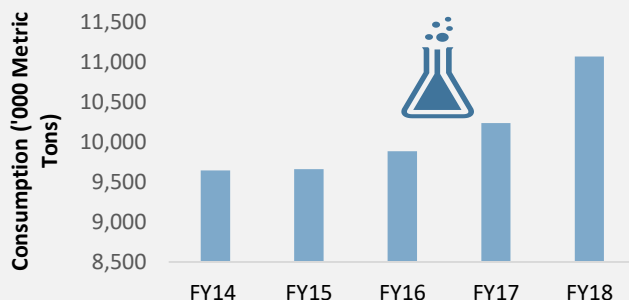
Knowledge Chemicals

- Agrochemicals (Insecticides, herbicides),
- Pharmaceuticals (Active Pharmaceutical Ingredients),
- Bio technology (Bio Agri and Bio industrial products)

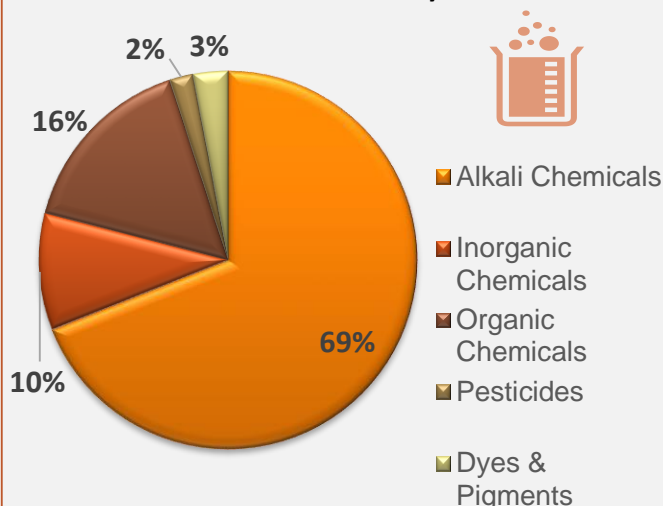
Production of Chemicals, India, 2011 - 2018



Consumption Trends of Chemicals, India, FY14 - FY18

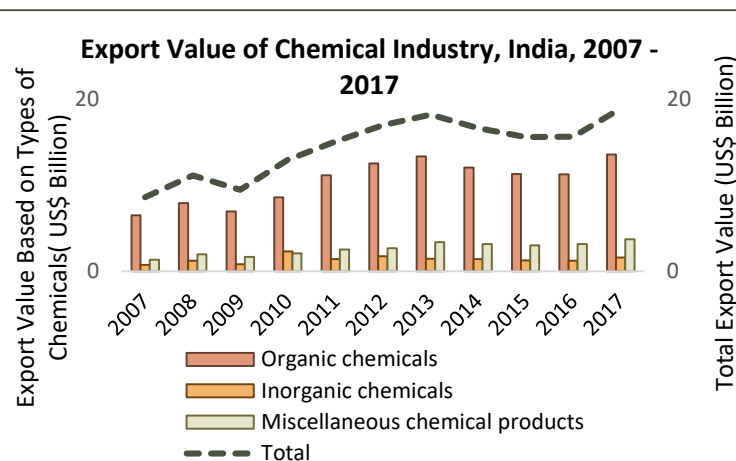
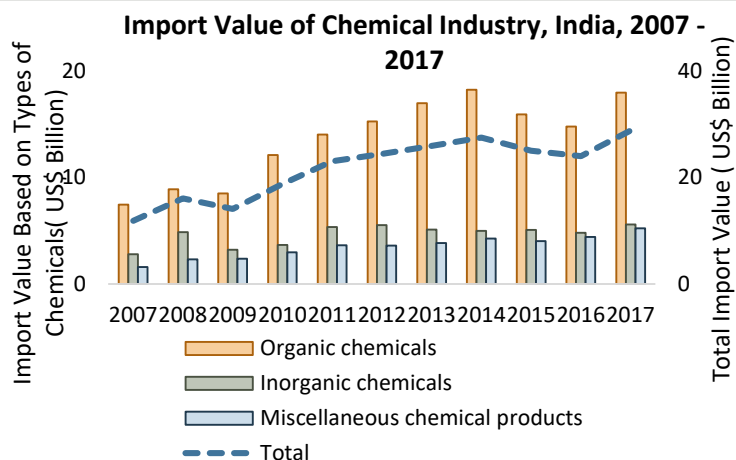


Share of Major Chemical groups in Indian Chemical Industry



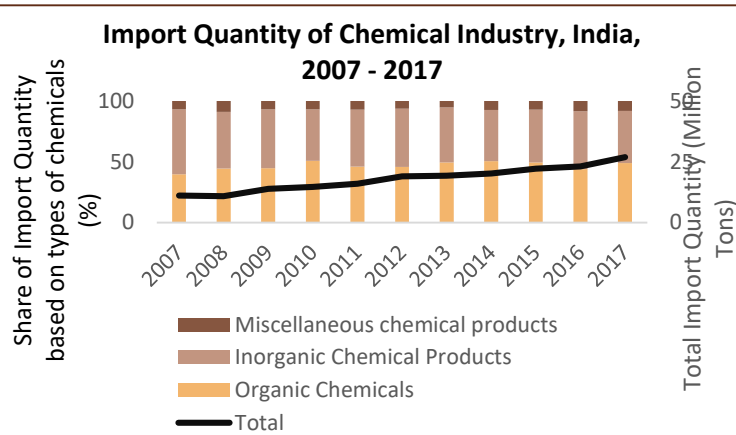
- ✓ The market size of Indian chemical industry was **US\$ 163 Billion** in FY2018.
- ✓ India is the **6th** largest chemical producing country in the world.
- ✓ The share of Indian chemical market is **3%** in the world chemical market.
- ✓ The production of chemicals has increased at a CAGR of **1.85%** between 2011 to 2018 in India.
- ✓ The consumption level of chemicals in India has increased at a CAGR of **3.51%** between FY2014 to FY2018.
- ✓ The industry deals with more than **80,000** commercial products. Alkali chemicals has the largest share in the chemical industry in India with approximately **69%** share in the total production.

The Chemical Industry Trade Scenario

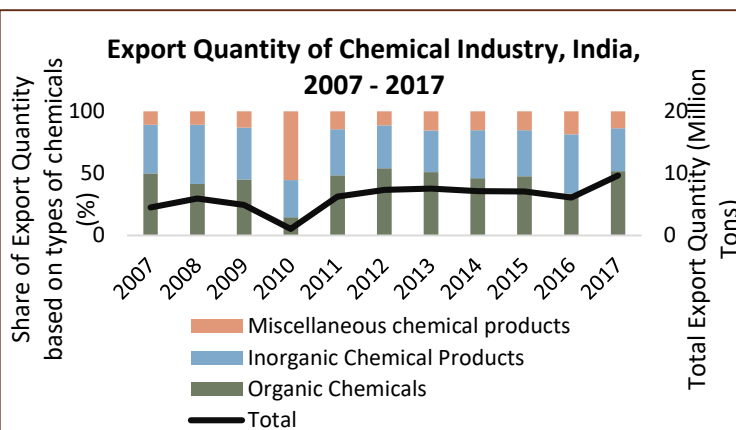


Trade facts:

- ✓ The import & Export value of Indian chemical industry have increased at CAGR of **9.27%** and **8.19%** respectively between 2007 to 2017.
- ✓ Share of organic chemicals like **Acyclic alcohols, Cyclic hydrocarbons, antibiotics** etc. in the export & import value is the maximum. Between 2007 to 2017, the share of it in the import and export value has been more than **60%** and **70%** respectively.

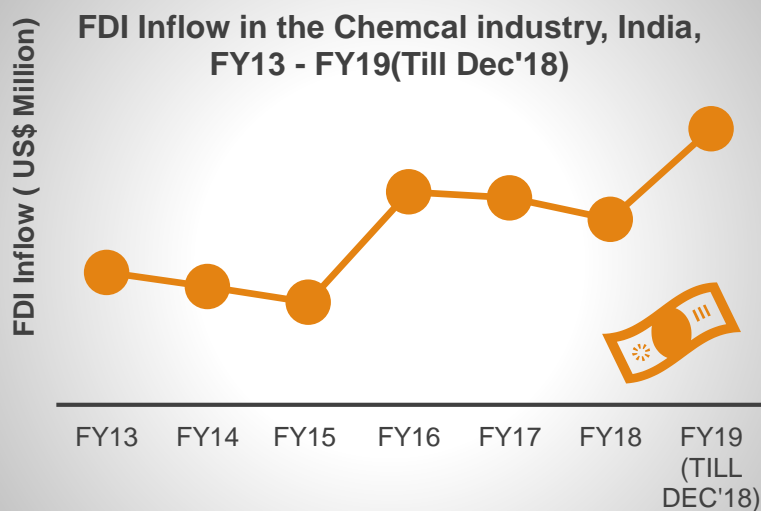


- ✓ The trade value of miscellaneous chemical items which include the products like **insecticides, fungicides, herbicides, industrial fatty alcohols** etc. has risen remarkably over the years. Its export and import value has increased at CAGR of **10.7%** and **12.54%** between 2007 to 2017 respectively.
- ✓ The import and export quantity of the chemical industry has grown at a CAGR of **9.22%** and **13.3%** respectively between 2007 to 2017.



- ✓ The share of import quantity has always been greater than the export in the Indian chemical industry.
- ✓ Compared to the organic and other miscellaneous chemical products, the price of inorganic chemicals like **phosphoric acid, polyphosphoric acids, caustic soda, caustic potash** has always been cheaper.





- ✓ In Indian Chemical Sector, 100% FDI is permissible.
- ✓ Between FY13 to FY18, the FDI inflow in the Indian Chemical industry has expanded at a CAGR of 7%.
- ✓ Till Dec'18 of FY19, the FDI investment in the industry was **US\$ 12.5 Billion**.
- ✓ Between 2000 to 2018, the share of FDI investment has been **4.01%** in the overall FDI inflow.

- ❑ The size of the Indian Chemical industry is expected to reach \$304 Bn by FY2025.
- ❑ For the next 5 years, the demand of the chemical products is expected to grow at approximately 9% per year.
- ❑ The growth in the industry is likely to be driven by increasing demand towards speciality chemicals and petrochemicals intermediates.
- ❑ Use of speciality chemicals is expected to grow at 12% - 15% in the industries like packaging, consumer & electronic goods, construction, rubber industry, paints and coating in India by 2022.
- ❑ Government of India launched **Petroleum, Chemical and Petrochemical Investment Region (PCPIR)** scheme in 2007 to promote petroleum, chemicals and petrochemical sectors in an integrated and environmentally friendly manner on a large scale.
- ❑ With the help of and cost competitive manufacturing facility, large population base and skilled manpower, India could be a good option for chemical manufacturing hub for the global economy.



Source: IBEF, Federation of Indian Chambers of Commerce & Industry, Department of Industrial Policy and Promotion, Intracem, LSI Research