

## CHEMICALS & FERTILIZERS

Chemical and Fertilizers sector is one of the pioneering sectors of the economy having bearing on day to day needs of the society. Indian Chemical Industry is not only one of the oldest industries in India but also the third largest in Asia with Gross Value Added (GVA) around 7.21% in manufacturing sector and about 1.2% in national GVA. With the current size of approximately USD163 billion, the Indian chemical industry accounts for ~3% of the global chemical industry. The sector is poised to reach USD 300 billion by 2025. Indian Chemical Industry is both capital and knowledge intensive. Chemical industry in India has a diversified manufacturing base with over 80,000 commercial products. It is the basis of industrial and agricultural development of our country and a building block for industries such as textiles, papers, paints, varnishes, soaps, detergents, pharmaceuticals etc. The sub-sectors like speciality chemicals and agro- chemicals are also growing at a higher pace. The Indian Fertilizer Industry has also shown tremendous growth in the last five decades and at present ranks third in the world, behind China & the USA. India also ranks second in the production of nitrogenous fertilizers and third in phosphatic fertilizers.

**Indian Chamber of Commerce (ICC)** has been working proactively on key issues impacting the Chemical sector in India through its various initiatives in the form of recommendation to the Ministry, publication of reports, creating platforms between government and industry through organization of various summits and addressing important and relevant concerns. **ICC** in its continuous effort to serve different sectors of Indian Industry had initiated its maiden attempt to serve the Chemical Industry in the form of “**CHEMINAR**”, a forum for the stake-holders of the sector. The overwhelming response to the last 4 Editions of the Summit in the years 2014, 2015, 2016 and 2018 was a clear indication that the Chemical Sector of Indian Industry is poised for a giant leap.

**CHEMINAR** witnessed interesting discussions & deliberations on pertinent issues in the Indian Chemical Sector ranging from exploring the growing opportunities and compelling concerns of the sector, gaining updates on latest technologies and trends including Green Technologies for Sustainable Growth and capitalized on prospective business opportunities in terms of Investment, Joint Venture Projects. The Conference witnessed widespread participation of about 150 delegates from all key and relevant stakeholders of the Indian Chemicals, Petrochemicals, Fertilizers, Bio-Chemicals & Agro Chemical Sectors along with the senior representation from the Indian Government & Industry Players. The conference also

saw participation of senior representation from countries like Hungary, Czech Republic, Slovenia, Russia, Peru etc.

With this increasing realization of the enormous potential of the Chemical Industry in India, the Indian Chamber of Commerce (ICC) is coming up with the 5th Edition of “CHEMINAR” in Aug 2019 at New Delhi.

This Department is headed by **Ms. Serene Ghosal**

## CHEMICALS & FERTILIZERS (SECTOR BRIEF)

### CURRENT SCENARIO

With Asia’s growing contribution to the global Chemical Industry, India has emerged as one of the focus destinations for the leading chemical companies of the world for their manufacturing hub. The increase in demand for polymers, biodegradable and other value-added chemical products have provided substantial growth opportunity for the Indian chemicals sector. Moreover, with initiatives like ‘Make in India’, India is at the brink of becoming a manufacturing hub for the world. Government has recognized Chemical industry as a key growth element of Indian economy and allowed 100% FDI in the sector. The industry is targeting chemical exports of USD 18 billion by 2020 from USD 12 billion in FY17.

In recent time, as environmental concerns and awareness have led to an increasing need for value-added chemical products, Indian manufacturers have started investing more in R&D and implementing eco-friendly methods to produce non-toxic chemicals. Indian Government have also initiated a scheme for setting-up ‘Centres of Excellence’ for research in the petrochemical industry, focused on green and sustainable technologies to reduce the hazardous impact of chemicals on the environment. In this context, GST law has been immensely beneficial for the Chemical Industry which has reduced the transaction cost and helped avoid cascading effects on taxes. Focused growth and planning for the chemical sector would enhance our global competitiveness further, increase domestic value addition, provide technological depth and promote sustained economic growth.

The Chemical industry in India first took its roots in West Bengal, which has started Chemical and Pharmaceutical works from 19th century. A number of industrial and fine chemicals such as sodium dichromate, sodium sulphide, chloroform and ether were produced through indigenous endeavor during 1930s in Bengal. At present, the state of West Bengal accounts for around 4% of India’s production of petroleum products and 13% of India’s polymer production, which has almost doubled in the last decade.

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## FUTURE OUTLOOK

- 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.
- The market for crop protection chemicals in India is expected to reach USD 7.5 bn by 2019. This growth is fuelled by rapidly growing population and a decrease in per capita availability of arable land.
- The specialty 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.

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## KEY POLICY INITIATIVES

- Government of India has permitted 100% FDI through automatic route except for a few hazardous chemicals. As a result the FDI equity inflows in the sector have increased from USD 1.1 billion between 2012-14 to USD 2.2 billion between 2014-16.
- Under the Petroleum, Chemical and Petrochemical Investment Regions (PCPIR) Policy, Government of India conceptualized PCPIRs in a cluster approach for promotion of Petroleum, Chemical and Petrochemical sectors in an integrated and environment friendly manner on a large scale.
- The Ministry of Chemicals & Petrochemicals has set up four PCPIRs in the states of Andhra Pradesh (Vishakhapatnam), Gujarat (Dahej), Odisha (Paradeep) and Tamil Nadu (Cuddalore and Nagapattinam).
- Under the Scheme for setting up Plastic Parks, Government of India provides grant funding up to 50% of the project cost, subject to a ceiling of USD 6 million per project. The cluster development scheme aims at setting up of need based plastic parks, an ecosystem with state of the art infrastructure and common facilities.
- The production of decontrolled fertilizers, viz. diammonium phosphate (DAP), muriate of potash and single superphosphate (SSP), is expected to get a further boost with the Union Budget 2019-20 raising allocation towards the nutrient-based subsidy. The fertilizer industry has received Rs. 70,079.85 crore as subsidies where Rs 44,989.50 crore is earmarked for the urea subsidy while the remaining is allotted for the nutrient-based subsidies.

- Under the Chemicals Promotion Development Scheme (CPDS), government is providing Grant-in-aid for creation of knowledge products through studies, survey, data bank, promotion materials etc. to facilitate development of the sector.