

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

RAJYA SABHA
UNSTARRED QUESTION No. 1139
ANSWERED ON - 10/02/2026

**IMPROVING THE BUSINESS ENVIRONMENT IN CHEMICAL AND PETRO-
CHEMICAL SECTOR**

1139. SHRI BHUBANESWAR KALITA:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) how the withdrawal of QCOs for chemicals like Pyridine, H Acid and Styrene is easing regulatory compliance and improving the business environment;
- (b) whether the Chemical Promotion Development Scheme (CPDS) has supported research, innovation and import substitution in high-value chemicals;
- (c) if so, the details thereof;
- (d) how the CoEs are helping the chemical and petrochemical industry, especially MSMEs, to modernize and upgrade manufacturing processes; and
- (e) whether allowing 100 per cent FDI has led to increased foreign investment and technology transfer in key chemical sub-sectors, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS
(SMT. ANUPRIYA PATEL)

- (a) Chemicals like Pyridine, H Acid and Styrene are raw materials used for various downstream sectors such as Pharmaceuticals, Agrochemicals, Dyes and Textiles. Withdrawal of QCOs in respect of these chemicals has facilitated industries in these downstream sectors. Now, there are more options for the downstream industry to source these chemicals. This has improved the cost competitiveness of the downstream industry, which includes many MSME units as well.

(b) to (d) Chemical Promotion Development Scheme (CPDS) is mainly a promotional scheme with the objective of facilitating growth and development of Chemicals and Petrochemicals industry. In terms of the said scheme, the Department supports conducting of various types of events such seminars, conferences, exhibition, training programs etc. in different sub sectors of the industry such as Agrochemicals, Dyes and pigments, Chlor-alkali, Plastics, Petrochemicals. The scheme is not directly concerned with supporting research and innovation. However, by supporting such events and by encouraging industry, both domestic and international to share best practices, to forge partnerships including for technology transfer, the scheme indirectly contributes to promotion of research innovation and greater investment and production in the sector.

However, the Department has a separate scheme for supporting research and innovation in the form of a Scheme for setting up Centres of Excellence (CoEs). Under this Scheme, the Department provides grant-in-aid to identified research institutes with the objective of improving the existing technology and research in the country and to promote development of new applications. Under the scheme, the Government of India provides financial support up to 50 per cent of the total project cost subject to an upper limit of Rs. 5 Crores. In total, 18 CoEs have been approved so far.

(e) As per the policy governing Foreign Direct Investment, 100% investment under the automatic route is permitted for the chemical sector. From April 2020 to March 2025, this sector received Rs. 44,093 Crores (USD 5567 million) in FDI equity inflow in various key sub sectors like Basic/Bulk chemicals, Specialty Chemicals, Agrochemicals, Dyes & Pigments, Polymers, Plastics and Synthetic Rubbers, representing 2.15% of the cumulative total Foreign Direct Investment received by the country. Details of the FDI equity inflows in Chemicals and Petrochemicals sector in last 5 years are as under:

Financial Year	FDI (Rs. Crores)	FDI (USD million)
2020-21	6,300.21	847.07
2021-22	7,202.22	965.78
2022-23	14,662.04	1,850.01
2023-24	6,985.32	843.97
2024-25	8,943.45	1,060.56
Total	44,093.24	5,567.39
