

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

LOK SABHA
UNSTARRED QUESTION NO. 1246
ANSWERED ON 06/02/2026

GROWTH IN DEMAND AND PRODUCTION CAPACITY OF CHEMICALS

1246. SHRI BALWANT BASWANT WANKHADE:

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

- (a) the actual market size of the Indian chemicals and petrochemicals sector at the end of 2025;
- (b) whether the projected target of USD 300 billion by 2025 has been achieved, if so, the details thereof;
- (c) the extent of growth in demand and production capacity recorded during the period leading up to 2025, vis-a-vis earlier projections;
- (d) whether the said target has been achieved, if so, the details thereof and if not, the reasons therefor, including constraints related to investments, infrastructure, policy implementation or global market conditions; and
- (e) the roadmap and policy measures being pursued to achieve the long-term target of USD 1 trillion by the year 2040?

ANSWER

MINISTER FOR CHEMICALS & FERTILIZERS

(SHRI JAGAT PRAKASH NADDA)

(a) to (e): The output for Chemicals and Petrochemicals as per the Annual Survey of Industries (ASI) done by the Ministry of Statistics & Programme Implementation for last five-years is given in the table below. It may please be noted that the Survey of Industries (ASI) for Financial Year 2024-25 has not been published yet.

The output for Chemicals & Petrochemicals in Rs. Crore					
Year	2019-20	2020-21	2021-22	2022-23	2023-24
Total Output	11,99,309	11,91,354	16,03,219	19,32,057	18,71,943

The chemical sector is largely delicensed except for a group of three hazardous chemicals. The sector offers substantial opportunities for growth, diversification as it also feeds several downstream industries such as Agriculture, Fertilizers, Pharmaceuticals, Nutraceuticals, Electronics, Semiconductors, Textiles, Automobiles, Consumer goods, Construction sector, etc.

As per the Foreign Direct Investment Policy, 100% FDI under the automatic route is allowed in the chemicals and petrochemicals sector (excluding fertilizers) for both manufacturing and trading activities, thereby facilitating investments in the sector. From April 2000 to September 2025, cumulative FDI equity inflows for the Chemicals sector is INR 1,47,453.93 crore, accounting for 3.11% of total FDI equity inflows into the country. The details of last five years are as under:

Financial Year (April-March)	<u>FDI Equity Inflow from CHEMICALS (OTHER THAN FERTILIZERS) Sector</u>	
	(In INR Crore)	(In USD Million)
(1)	(2)	(3)
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
2025-26 (Up to September 2025)	4,598.19	534.12

Further, Department of Chemicals and Petrochemicals has been taking various measures to support the sector. The measures are as follows:

Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR): To attract investments in chemicals & petrochemicals sector, Department had notified the Petroleum, Chemicals and Petrochemical Investment Region (PCPIR) Policy. PCPIRs are conceptualized as cluster-based model of Development with common infrastructure and support services. Three PCPIRs have been set up at Dahej (Gujarat), Vishakhapatnam–Kakinada (Andhra Pradesh) and Paradeep (Odisha). Currently, 2,246 chemical units are functional in these

PCPIRs having a cumulative investment of Rs. 3,49,192 crore and these regions have generated employment of 3.7 lakh persons.

Plastic Parks: The Department implements the Scheme for Setting up of Plastic Parks under the scheme of New Scheme of Petrochemicals. The Scheme promotes setting up of need-based Plastic Parks with requisite state-of-the-art infrastructure and enabling common facilities. The objective is to consolidate and synergize the capacities of downstream plastic processing industry to help increase investment, production and export in the sector as well as generate employment. Under the Scheme, the Government of India provides grant funding up to 50% of the project cost to the State government subject to a ceiling of Rs. 40 crore per project. In accordance with the Scheme Guidelines, 9 Plastic Parks have been approved so far and the same are at different levels of implementation.

Free Trade Agreements: Further, various Comprehensive Economic Partnership Agreements (CEPAs) and other Free trade agreements with different countries and regional groupings have been negotiated by the Government in the recent years to promote greater integration of the sector with the global value chains. These countries / regional blocks include Oman, the United Kingdom, the United Arab Emirates, European Free Trade Association and Australia.

In addition to these infrastructure-led initiatives, the Department has also undertaken the following initiatives aimed at research and development, technology upgradation, and human resource development, to promote the sector.

Centre of Excellence: The Department of Chemicals and Petrochemicals has formulated a scheme on setting up of Centres of Excellence. The objective is to provide grant-in-aid to educational and research institutions to improve existing technology and promote development of new applications of polymers and plastics. The emphasis of the Scheme is on modernization and upgradation of existing manufacturing processes as well as improving the quality of products. 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. So far, 18 CoEs have been approved under the Scheme. Earlier, the CoE scheme was only available for petrochemical sector. Now, the revised scheme includes chemicals sector also.

Skilling and Human Resource Development through CIPET: The Central Institute of Petrochemicals Engineering & Technology (CIPET) is a technical education institution under the Department of Chemicals & Petrochemicals, engaged in skill development, technology support, as well as academic and research activities for the promotion of the petrochemical and allied industry in the country. CIPET has 48 centers across the country. During 2024-25, CIPET provided training to 75,763 persons and during 2025-26 (till 15.01.2026), 46,381 persons have been imparted skill training.
