

The Indian petrochemical sector – Q4FY25

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In 2025, globally India is the sixth largest¹ producer of chemicals, driving growth through capacity expansion, government initiatives and technological advancements

Chemical and petrochem market size in FY25¹

INR26 tn

Global rank in exports of chemicals from India¹

9th rank

In Asia as the producer of chemicals¹

3rd rank

India's chemicals industry's contribution to GDP* in 2025¹

7%

*Gross domestic product

Segmental performance

Factors such as cyclical nature, capacity expansion and the resilience of rated firms contribute to a more positive outlook

Dye exports (2025)¹

↑ 16-18%

Contribution to global dye exports

Polymer consumption (by 2040)¹

↑ 60 mn tonnes

India is the third largest polymer consumer

Agrochemical exports (8MFY25)¹

↑ INR239 bn

Import of agrochemicals amounted to INR104 bn

Indian specialty chemicals market to reach¹

↑ INR5.6 tn by 2025

Performance snapshot

Drivers

Government targeted investments under new PCPIR^{*} policy by 2025¹

INR10 tn

Indian government planned investments by 2025

Rising domestic consumption of chemical and petrochemicals²

70%

India's chemical production catering to the local demand (FY25)

Challenges

Industrial production growth slowed significantly in April 2025, increasing only by³

~2.7% Y-o-Y

compared to 5.2 per cent in April 2024, negatively impacting petrochemical products demand

Escalation of trade and the U.S. tariff tensions leading to⁴

Financial market volatility

Raised concerns of global growth in the near term

*Petroleum, Chemical and Petrochem Investment Regions

Outlook

20%

Of global incremental consumption of chemicals to be driven by India (by 2040)¹

↑ INR8 tn

Of investment is estimated in the Indian chemicals and petrochemical by 2025¹

INR86.6 tn

Indian chemical and petrochem sector to grow by FY40¹

8.3% CAGR*

Agrochemicals to grow by 2040 with India contributing 40 per cent of total chemical exports¹

*Compound annual growth rate

Key takeaways

Technological advancements and financial investments necessary for a sustainable future

Companies investing in innovative tools such as analytics and AI* in carbon capturing⁵

*Artificial Intelligence

Indian chemical sector are teaming up with global giants for large-scale projects⁵

Key schemes and investments by government of India (FY25):

As part of the Union Budget 2025-26 the government allocated INR1,61,965 cr to the Ministry of Chemicals and Fertilizers¹

Initiatives like 'Make in India' and 'Atmanirbhar Bharat' emphasising self-reliance, aiming to reduce import dependency¹

Source: 1) Chemicals, IBEF, February 2025; 2) Chemical industry: Growth drivers and investment opportunities in India, Invest India, 20 March 2025; 3) India Industrial Production, Trade Economics, accessed in June 2025; 4) RBI official website, accessed in June 2025; 5) KPMG in India analysis

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