

The Indian petrochemical sector – Q1FY26

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India accounts for 2.5 per cent of the world’s global chemical sales, exporting to more than 175 countries in FY25¹



INR26 tn

Petrochem market size in FY25²

INR88 tn

Expected petrochem market size in FY40E²

6th

Position in global producer of chemical industry¹

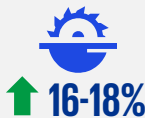
7%

Contribution to India’s gross domestic product (GDP) in FY25¹

Segmental performance

A network of 200 plus national laboratories and 1,300 research and development (R&D) centres supports the Indian chemical industry to drive innovations¹

Dye exports (FY25)¹



Contribution to global dye exports

Polymer consumption (by 2040)¹



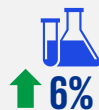
Currently, India is the third largest polymer consumer

Agrochemical market size (FY25-28)¹



Import of agrochemicals amounted to INR126 bn in FY25

Indian specialty chemicals market growth¹



By 2026 from 3-4 per cent in FY21

Drivers

Government targeted investments under new PCPIR* policy by 2035¹

INR20 tn



Boosting domestic manufacturing and reducing import dependency¹

Govt likely to roll out product linked incentive (PLI) scheme with 10–20 per cent output incentives for agrochemicals

India’s ethylene and propylene production saw capacity expansions³

By FY29, ethylene and propylene capacities are projected to reach 13.7 and 10.0 mn tonnes per annum, respectively³

*Petroleum, Chemical and Petrochem Investment Regions

Challenges

Fluctuations in crude oil prices⁴

↑ ~85% import

India’s heavy reliance on crude imports, impacting refinery costs and margins

The U.S. tariff touches 50 per cent⁵

The U.S. imposed a 25 per cent tariff, later raised to 50 per cent in retaliation on continued Russian oil purchases, which is likely to increase input costs and threaten refinery margins⁵

Shift towards alternative fuels and decarbonisation goals⁴

Adoption of renewable energy, electric vehicles (EVs) and biofuels

May reduce dependency on fossil fuels

Performance snapshot

Outlook

INR3-3.5 tn

Chemical exports projected to grow by 2030⁶

↑ 700k

Additional employment generation by 2030 with establishment of chemical hubs⁶

5-6%

Production share in the global value chain by 2030⁶

8.3% CAGR*

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

*Compound annual growth rate

Key takeaways



Investment in R&D capabilities and upskilling the workforce to adopt cutting-edge technologies⁶



Revising existing free-trade agreements (FTAs) to ease partnerships for robust trade relations with more countries and companies⁶



As part of the union budget 2025-26, the government allocated INR1.6 tn to the Ministry of Chemicals and Fertilisers¹



100 per cent foreign direct investment (FDI) in the chemicals sector and stringent laws to drive the Indian chemical market¹

Source: 1) Chemicals, IBEF, May 2025 ; 2) Fuelling Growth: How India’s Petrochemical Industry is Powering Economic Transformation: IBEF, August 2025; 3) EMIS reports, India petrochemicals report: BMI, June 2025; 4) EMIS report, India – Oil Refineries Industry: CareEdge, July 2025; 5) EMIS news, 7 August 2025; 6) Chemical industry: Powering India’s participation in Global Value Chains: NITI Aayog, 1 July 2025

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