

The Indian petrochemical sector – Q2FY26

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Indian chemicals industry is diversified, covering >80,000 products and employing >2 mn people (as of August 2025)¹

Chemical and petrochem market size in FY25¹

INR26 tn

Expected petrochem market size in FY40E¹

INR89 tn

Position globally as producer of chemical industry¹

6th

Expected contribution to India's gross domestic product (GDP) by 2030¹

INR34 tn

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

Dye exports (FY25)¹

16-18%

Contribution to global dye exports

Green chemical (by 2027)¹

INR1.3 tn

Expected to grow at a CAGR* of over 10 per cent

Agrochemical market size (FY33)¹

INR2.1 tn

INR127 bn export of agrochemicals (April-July FY26)

Indian specialty chemicals market growth (FY33)¹

INR8.2 tn

CAGR of 3.8 per cent from FY25-33

Compound annual growth rate

Drivers

Petrochemical capex surge²

INR3.3 tn

Investment may significantly expand domestic capacity

India's aggressive capacity expansion²

INR2.2 tn

Investment in public sector refinery projects are likely to reduce import dependence

Decarbonisation³

20% (2030)

Companies are aiming to cut carbon intensity

Digital transformation³

Implementing IoT*/AI** for real-time process optimisation to reduce downtime and energy use

*Internet of things **Artificial intelligence

Challenges

Low R&D intensity¹

~1% of revenue

Spend by Indian chemical companies on R&D, may hamper indigenous innovation

High dependence on imported feedstock⁴

~3.5%

Share in global chemical value chains Stemming from limited domestic backward integration

Infrastructure bottlenecks⁴

Outdated industrial clusters and high logistics costs leading to cost disadvantage

Shortage of skilled workforce⁴

~30%

Talent gap in emerging areas such as green chemistry and process safety

Outlook

INR73.2 bn

India's dye exports in FY26 (April-July)¹

INR20 tn

Investment may be attracted under petroleum, chemicals and petrochemicals investment regions (PCPIR) policy (FY35)¹

60 mn tonnes

Forecasted India's polymer consumption by FY40¹

10-20%

Output incentives under a production-linked incentive scheme for the agrochemical sector¹

Key takeaways

Green bonds and responsible care programme promote eco-friendly investments and align with global ESG* norms³

Chemical companies investing in solar, green chemistry and circular polymers¹

The union budget 2025 launched the second asset monetisation plan targeting INR10 tn (FY25-30)¹

100% FDI** is allowed in the chemical sector under automatic route (exception to few hazardous chemicals)¹

*Environment, social and governance **Foreign direct investment

Source: 1) Chemicals, IBEF, October 2025; 2) India to become petrochemicals powerhouse with Rs. 3,28,227 crore (US\$ 37 billion) capex push: IBEF, 3 October 2025; 3) How the Chemical Industry is preparing for a Sustainable Future: IBEF, 9 December 2025; 4) NITI Aayog launches 'Chemical Industry: Powering India's Participation in Global Value Chains': PIB, 3 July 2025

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