

The Indian petrochemical sector – Q3FY26



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The chemical and petrochemical industry is supporting downstream sectors such as automotive, pharma and agriculture

 <p>INR89 tn Chemical and petrochem market size in FY40¹</p>	 <p>INR804 bn Export of chemical and allied products in Apr-Jun'25¹</p>	 <p>1,892 000 mn tonnes Petrochemical production in Oct 2025¹</p>	 <p>INR8 tn FDI* inflows in chemical and petrochemical industry in 2025²</p> <p><small>*Foreign direct investments</small></p>
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Segmental performance

India accounted for 2.5 per cent of world's global chemical sales, exporting to more than 175 countries (Nov 2025)¹

<p>Dye exports (April-July, FY26)¹</p>  <p>INR72.2 bn</p> <p>Include dyes and dye intermediates</p>	<p>Green chemical (by 2027)¹</p>  <p>INR1.3 tn</p> <p>Expected to grow at a CAGR* of over 10 per cent</p>	<p>Agrochemical market size (FY33)¹</p>  <p>INR2.1 tn</p> <p>With CAGR of 4.3 per cent from FY25-33</p>	<p>Indian specialty chemicals market growth (FY33)¹</p>  <p>INR8.3 tn</p> <p>CAGR of 3.8 per cent from FY25-33</p> <p><small>*Compound annual growth rate</small></p>
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<p>Performance snapshot</p> <p>Drivers</p> <p>GST reforms and regulatory simplification³</p>  <p>60-70%</p> <p>Cut factory-level compliance to boost petrochem sector efficiency</p> <p>Decarbonisation²</p>  <p>20% (2030)</p> <p>Companies are aiming to cut carbon intensity</p>	<p>Employment boost of⁴</p>  <p>40,000 people</p> <p>In PCPIR* set-up, which has attracted investments worth INR735.18 bn</p> <p>Digital transformation²</p> <p>Implementing IoT**/AI*** for real-time process optimisation to reduce downtime and energy use</p> <p><small>*Petroleum, Chemicals and Petrochemicals Investment Region, **Internet of things, ***Artificial intelligence</small></p>	<p>Challenges</p> <p>High import dependence risk⁵</p>  <p>Strengthening domestic chemical manufacturing to reduce reliance on imports</p> <p>Sustainability compliance burden²</p>  <p>The sector consumes 13 per cent of the total energy consumption and ~6 per cent of total greenhouse emission in India, leading heavy investment in renewable generation</p>	<p>Feedstock cost pressure¹</p>  <p>The push towards alternative/low-cost feedstocks underscores high current feedstock costs and availability constraints</p>
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Outlook

 <p>16-18%</p> <p>Contributed to the global export of dyestuff and dye intermediates (2025)¹</p>	 <p>INR6 bn</p> <p>Government has allocated in union budget FY26-27 to establish chemical parks⁵</p>	 <p>INR4.6 bn</p> <p>Anticipated cost of 'Power and Renewable Energy Manufacturing Zone, Narmadapuram' may contribute to economic growth¹</p>	 <p>60 mn tonnes</p> <p>Expected polymer consumption (2040)¹</p>
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Key takeaways

 <p>'Smart city' projects by Indian government driving growth of chemical companies¹</p>	 <p>Indian chemical industry is highly diversified with >80,000 products and employing >2 mn people¹</p>	 <p>India's 2030 vision is to be global hub for chemical manufacturing and targeting a 5-6 per cent share in the world¹</p>	 <p>100 per cent FDI** is allowed in the chemical sector under automatic route (exception to few hazardous chemicals)¹</p>
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Source: 1) Chemicals, IBEF, November 2025; 2) How the Chemical Industry is preparing for a Sustainable Future, IBEF, December 2025; 3) Union Minister Anupriya Patel addressed 14th FICCI Chemicals and Petrochemicals Awards 2025, in New Delhi, News on Air, January 2026; 4) Chemicals Industry and Exports, IBEF, December 2025; 5) Union Budget FY 2026-2027: Chemical Parks, PIB, February 2026

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