



सत्यमेव जयते

GOVERNMENT OF GUJARAT

# Chemicals and Petrochemicals Sector Profile



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**GUJARAT** 10-13 Jan  
**2017**

Connecting India to the World | **8<sup>th</sup> Global Summit**

# India scenario

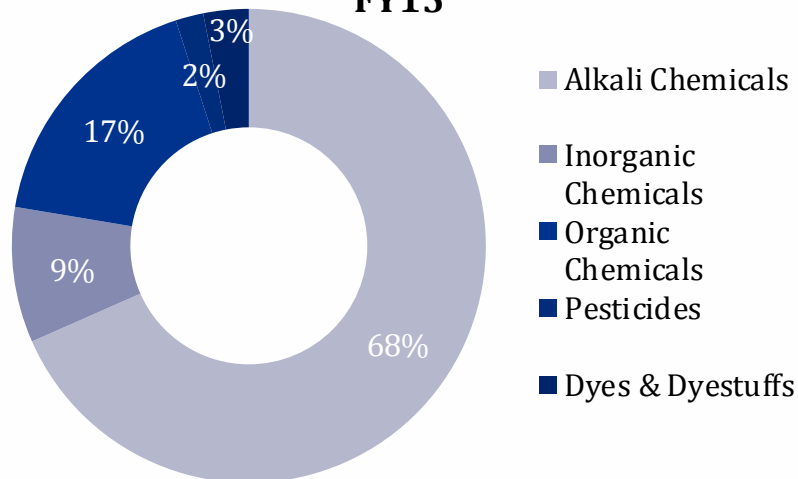


# Chemicals Sector: India Scenario

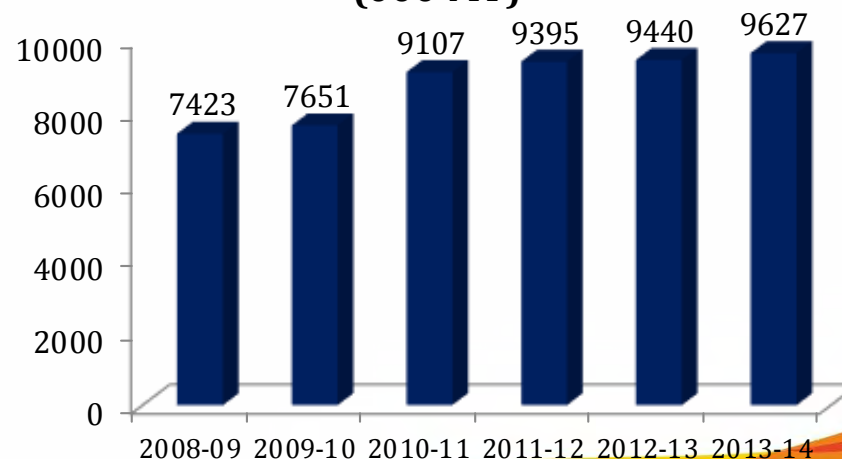
**For FY14, Chemical industry's current turnover was about USD 144 billion which constituted 2.11% of the national GDP**

- Indian chemical industry ranks 3<sup>rd</sup> largest in Asia and 6<sup>th</sup> **in the world** by output
- **Total production** in the Indian chemical industry was **9,627 MT in FY14**, a 2 per cent rise over FY13
- With 68 per cent of the total production share, alkali chemicals form the largest segment in the Indian chemical industry
- India's growing per capita consumption and demand for agriculture-related chemicals offers huge scope of growth for the sector in the future
- In India, consumption of petrochemical products is still one of the lowest in the world; hence there is a huge untapped potential in this sector

**Production share of major chemicals  
FY15**



**Production of major chemicals  
(000'MT)**



■ Production of major chemicals (000'MT)

# Segments & characteristics of India's chemicals sector



## Key segments of India Chemical Industry

### Base chemicals

Petrochemicals, man-made fibres, industrial gases, fertilizers, chlor-alkali and other organic and inorganic chemicals

### Specialty chemicals

Dyes and pigments, leather chemicals, construction chemicals, personal care and other specialty chemicals

### Pharmaceuticals

Active Pharmaceutical Ingredients (APIs) and formulations

### Agrochemicals

Insecticides, herbicides, fungicides and other crop protection chemicals

### Biotechnology

Bio-pharma, bio-agri and bio-industrial products

## Characteristics of India Chemical Industry

High domestic demand potential

Focus on new segments such as specialty and knowledge chemicals

Gujarat and Maharashtra have emerged as most favored zones

Fragmented industry

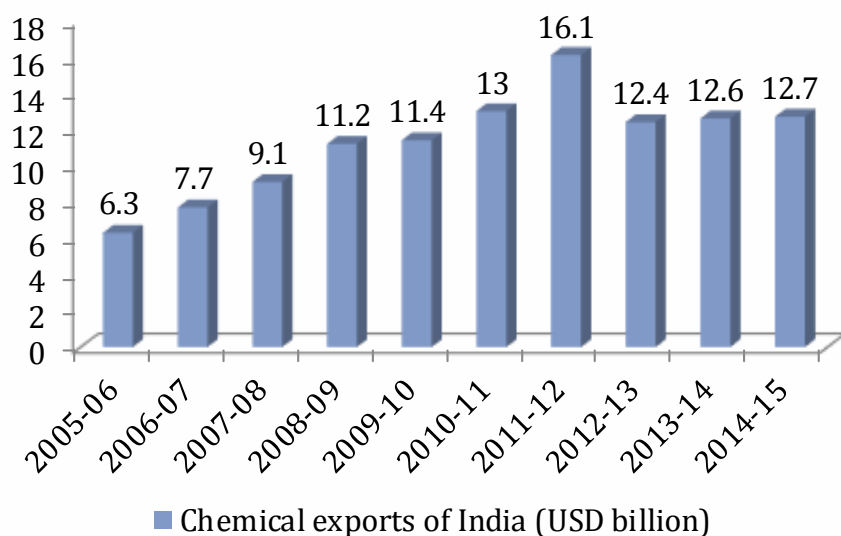
Increase in focus on R&D

# Chemicals Exports and Imports

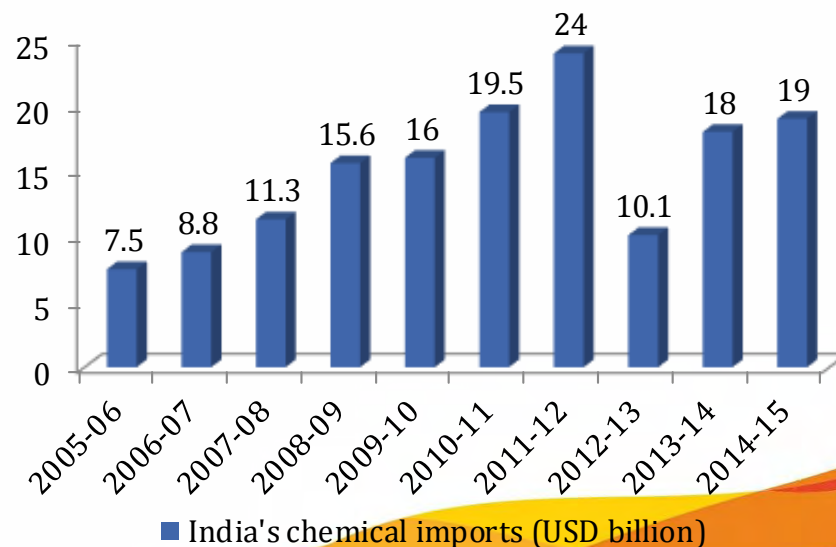
Exports have been rising over the year but still India is a net importer of chemicals

- **Total exports** of chemicals grew from USD 6.3 billion in FY06 to **USD 12.7 billion in FY15**
- India has been a major importer of chemicals; the sector made up 7.6 per cent of India's total imports in FY15
- Total imports of chemicals grew from USD 7.5 billion in FY06 to USD 19.0 billion in FY15
- In 2015-16, **organic chemicals** constituted **44.05 per cent of India's total chemical exports**, followed by dyes & dyestuff at 18.07 per cent

Chemical exports of India (USD billion)



India's chemical imports (USD billion)



# Gujarat scenario

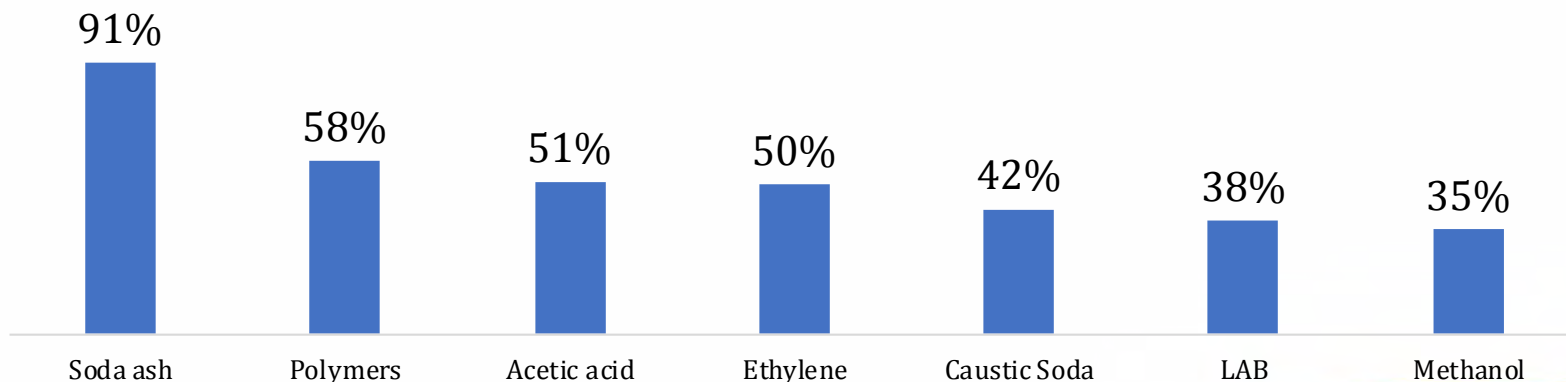


# Gujarat: Hub for chemical industry



**Gujarat, the hub of chemical industry in India, accounts for 62 % of India's petrochemical production, 35% of other chemicals production and 18% of India's chemical exports**

- The chemical industry in Gujarat is a significant component of State's economy with **revenues at ~ INR 4,50,000 crore in 2012**
- Gujarat's chemical & petrochemicals industry comprises of about **500 large and medium scale** industrial units, about **16,000 of small scale industrial units** and other factory units
- Government support, world class infrastructure, strategic location, availability of skilled workforce and raw material makes Gujarat a preferred location for chemical plants
- Over **6500 chemicals & petrochemicals are produced** in the state
- **Largest supplier of bio fertilizers, seeds, urea and other fertilizers**
- Also Gujarat has taken the lead to promote **environment friendly practices** through Effluent Treatment Plant; currently 28 such plants are operational and further 6 are proposed



**Gujarat's share in India's production of major chemicals**

# Chemicals and Petrochemicals complexes

Some of the largest chemicals & petrochemicals complexes of World are present in Gujarat

Refineries (93 MMTPA)	Chemical and LNG terminal (20 MMTPA)	Petroch emical complex es	Chlor Alkali plants	Soda Ash plants	Chemical Fertilizer plants	Agro Chemicals
IOCL	Petronet LNG terminal Dahej	IPCL	GACL	Tata Chemicals	IFFCO	Baroda Agro
RIL	LNG Hazira	RIL	IPCL	Gujarat Heavy Chemicals	UPL	Aristo Biotech
Essar	Chemical port terminal Dahej	ONGC	UPL	Nirma	GSFC	Super Crop Safe Ltd
			Shriram	Saurashtr a Chemicals	GNFC	Excel Crop Care
			Atul	Dhrangad hra Chemicals	KRIBHCO	
			Indian Rayon			

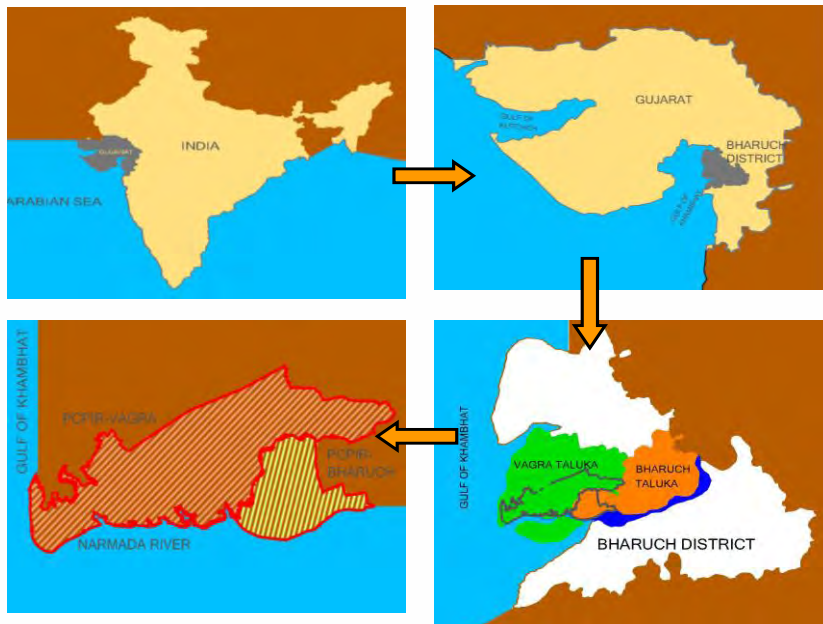


# Petroleum, Chemical & Petrochemical Investment Region (PCPIR)

**PCPIR is a specifically delineated Investment Region planned for the establishment of production facilities for petroleum, chemicals and petrochemicals**

- Spread over 453 sq km of brown-field area in the coastal belt of Gulf of Khambhat in Bharuch District
- Vicinity of other existing GIDC chemical estates, viz. Jhagadia, Ankleshwar, Panoli and onsite chemical port terminal & LNG terminal at Dahej
- The proposed SEZ in PCPIR includes, petrochemical and downstream petrochemical industries, synthetic organic chemicals, industrial gas producing industry, packaging industry, shipbuilding/fabricating unit and other small chemical industries

## Location



# PCPIR Advantage

## Export promotion measures

Chemical port terminal and chemical storage facility at Dahej

## Well established infrastructure

Notified and Operational Dahej SEZ  
Quality work force, peaceful labour, least man days lost

## Regulatory Framework

Gujarat SIR Act, 2009  
Gujarat SEZ Act 2004  
Notified Area Authority under GIDC Act, 1962  
Gujarat Town Planning and Urban Development Act, 1976  
Gujarat Infrastructure Development Act, 1999

## Availability of natural resources

Concentration of Petroleum, Chemical and Petrochemical estates across the district  
Rich natural resources and feedstock availability

### Location advantage

- With a capacity of 35 MMTPA, Dahej port is present in the region\*
- The anchorage is at a distance of 5 km from the old port and 6 km from a container terminal in Jageshwar, Bharuch

### Road and rail

- National Highway 8 passes through the district, connecting it with Ahmedabad (182 km) and Mumbai (362 km), along with the DMIC
- Delhi-Mumbai broad gauge railway line, Bharuch-Dahej railway line

### Airport connectivity

- The nearest airport is present in Vadodara which is 100 km away from the region.
- Ahmedabad International Airport is 200 km

### Support infrastructure

- LNG terminal, liquid fuel jetty and solid cargo jetty
- Two 220 KV power sub-stations at Dahej and Vilayat, three 66 KV sub-stations at Dahej, Luna and Vilayat
- Water Supply by GIDC and GWSSB; Gas Supply by GGCL

# Policy interventions



## Gujarat Industrial Policy 2015

### Thrust Sectors

Plastics  
Industrial infrastructure  
Specialty and fine chemicals  
Auto and Auto Components  
Food and Agri Business

### Incentives

Various Sector specific  
Separate set of incentives for MSME  
Scheme for assistance for Start-ups/ Innovation

### HR/Labor

Promotion of labor intensive industries  
Support to young entrepreneurs  
Facilitate Centers of Excellence and specialized sectors for skill enhancement

### Business Environment

Ease of Doing Business  
Single window clearance  
Market Development Initiatives  
Trade Facilitation centers

### Infrastructure

Facilitation of Large/ Mega Projects  
Support for industrial and connectivity infrastructure  
Improvement of environmental infrastructure

**As per Industrial Policy 2015, Government of Gujarat provides support for development of SEZs, SIRs and Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) to encourage the investments in chemicals sector.**

### Licensing Policy

- In Chemical Sector, 100% FDI is permissible in India. Manufacture of most chemical products inter-alia covering organic / inorganic, dyestuffs & Pesticides is de-licensed
- The entrepreneurs need to submit only IEM with the Department of Industrial Policy & Promotion, Govt. of India.
- Hazardous products come under compulsory licensing policy

### Custom Duty

- Customs Duty on most Organic, Inorganic Chemicals, Pharmaceuticals, Fertilizers and other miscellaneous chemicals is 7-10% in India

### Excise Duty

- Excise duty in India has been reduced; now to the tune of ~10%

### VAT Duty

- VAT on most chemicals reduced to 5% in Gujarat

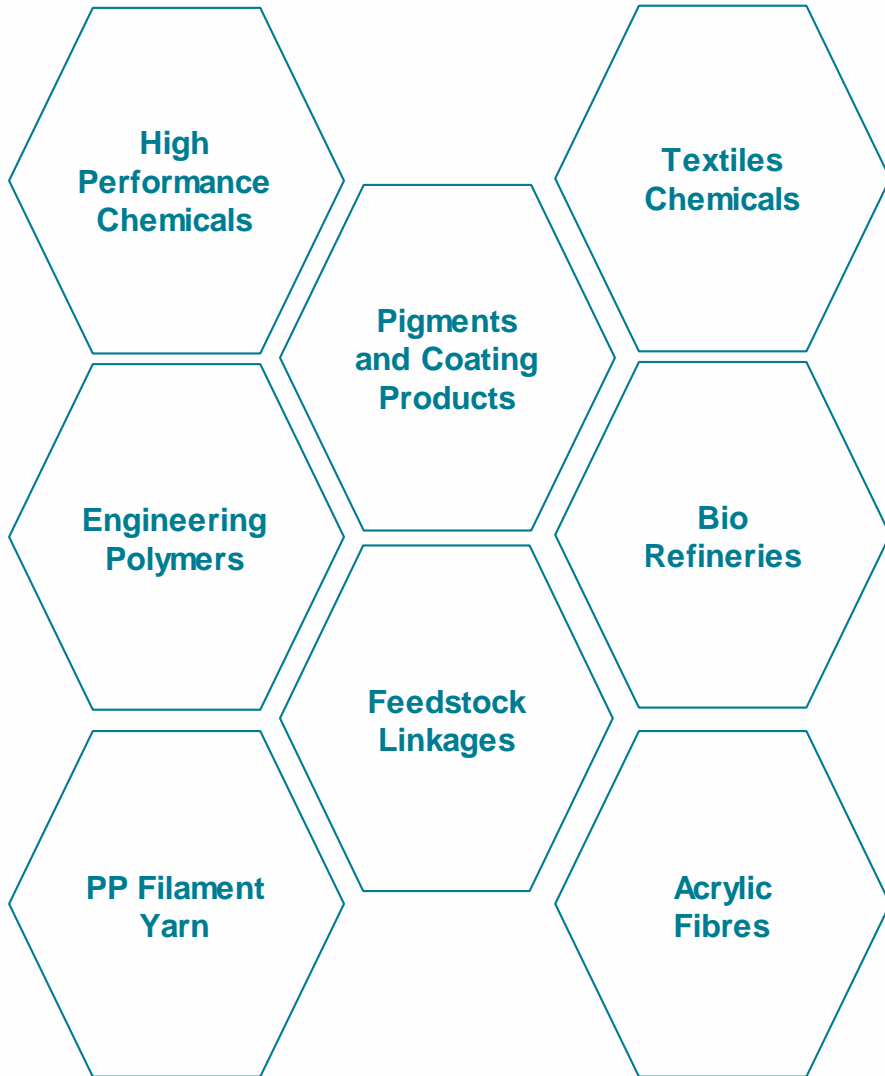
# Proposed interventions



The State Government gives the following incentives for the manufacturing units of Specialty and Fine Chemicals:

- Graded interest subsidy for five years @ **7% for MSMEs** and **2% for large industries** having an actual investment up to **INR 100 crores** with maximum cap of INR 25 lakhs (for MSMEs) and INR 50 lakhs (for large units)
- An Industrial Park coming up in private area / GIDC estate (with minimum 25 industrial units) will be provided **incentive of 50% of total expenditure** limited to INR 20 crores
- One time **assistance up to 80% of the total expenditure** limited to INR 10 crores for the cost of plant & machinery testing equipment
- **Assistance upto 75% of total project cost** i.e. building, plant and machinery, civil construction and other fixed assets needed for the project and as approved by SLAC (if GOI contribution is available). **Assistance upto 40%** if GOI assistance is not given
- One time **assistance of 70%** of the total expenditure limited to INR 30 crores (in case of international level Center of Excellence)
- Mega project with an actual investment of at least INR 1000 crore providing direct employment to at least 2000 persons will be incentivized on case to case basis as decided by the State Level Approval Committee (SLAC)

# Leading players and Investment Opportunities



# Key contacts



**Industries and Mines Department, Govt. of Gujarat**

<http://www.imd-gujarat.gov.in>

**Industries Commissionerate**

<http://www.ic.gujarat.gov.in>

**Gujarat Industrial Development Corporation**

<http://www.gidc.gov.in>

**Energy and Petrochemicals Department, Govt. of Gujarat**

<http://www.guj-epd.gov.in>



# THANK YOU

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