

# Chemical Sector is the Gateway to India Reaching \$5 Trillion Economy



The chemical industry has an important catalytic role to play in reshaping the Indian economy to reach \$5 trillion in the next few years.

Chemical sector is central to the modern world economy. **Chemicals sector is the mother of the manufacturing sector.** Remember, **96% of manufactured goods require chemicals to produce.** The list includes **medicines, agrochemicals, textiles, construction materials, computers, cars, aircrafts** etc.



Chemical production is thus closely correlated to a variety of industrial and manufacturing activities that result in economic acceleration and GDP growth.

The chemical industry generates maximum multiplier effect in the economy. It is estimated that for **every \$1 generated by the chemical industry, a further \$4.20 is generated elsewhere in the economy.**



Within India, states such as **Gujarat, Maharashtra** and **Tamil Nadu** that lead in the chemical production, are the leaders in the manufacturing sector too.



The global chemical output was valued at **\$171 billion** in 1970. By 2020, it had grown to **\$5234 billion** keeping pace with the rapid expansion of the world economy. The global chemical production is projected to double by 2030.

The size of Indian chemicals industry is comparatively very small; around **\$178 bn**. Availability of **key minerals, raw materials, skilled work force, innovative production technology** can take India to be among the world leaders in chemicals. Indian industry has a proven record of producing chemicals with higher purity at competitive prices.



In past 11 years (2010-20), **share of manufacturing sector in India's GDP has declined from 17% to 13%**. Alarming fall indeed. In fact, according to the World Bank, the size of India's manufacturing sector (**\$348 bn**) is substantially lower than that of our agricultural sector (**\$487 bn**) as of 2020. This needs to be addressed.



Augmenting the chemicals production would in turn laterally expand our manufacturing sector and merchandize exports. In the process, it would generate considerable employment opportunities.

## TOP 10 EXPORTERS OF CHEMICALS (2020)



India ranks 8<sup>th</sup>. Whereas, Switzerland, a small country with 8.6 million people, exports chemicals 100% more than India.

India's potential in the chemicals sector remains highly underutilized. India's export of chemicals can easily cross **\$100 bn** in the short term from the present level, if domestic manufacture goes up – both in volume and variety. **To achieve this, priority policy support requires to be given particularly to export intensive segments such as *generic drugs, pesticides, dyes and specialty chemicals.***



**Issued in the interest of Indian manufacturing sector by ASMECHEM Chambers of Commerce and Industry of India, an association of small & medium enterprises engaged in chemical production.**

**W:** [www.asmechem.org](http://www.asmechem.org) **E:** [asmechempolicyaffairs@gmail.com](mailto:asmechempolicyaffairs@gmail.com)

