

Country Report India

Chemical industry data and facts

September 2024

India: fourth largest chemical consumer worldwide

India's chemical and pharmaceutical industry generated a turnover of almost 196 billion euros in 2023. This made India the fifth-largest chemical producer worldwide. In Asia, the country ranked third behind China and Japan.

In 2023, the production of chemicals and pharmaceuticals rose by a good 5 per cent year-on-year. This more than offset the previous year's losses. Overall, the industry is on a growth trajectory. In the last five years, production has increased by an average of 1.5 per cent annually. While the chemical industry was only able to grow by 0.5 per cent per year due to the weakness of global industry, pharmaceutical production rose by more than 5 per cent per year.

India is not only a major chemical producer, but also a large market for chemical and pharmaceutical products. In 2023, India was the fourth largest consumer – with a global share of over 3 per cent.

Investments by the industry in its plants also rose sharply in the last five years (+6.1 per cent p.a.) and amounted to around 9.2 billion euros in 2023.

SPECIALIZING IN PHARMACEUTICALS

India specialises in the production of pharmaceuticals. This segment accounted for almost one-third of chemical revenues in 2023. Another focus is on fine and speciality chemicals, which account for almost 20 per cent. The remaining revenues are evenly distributed across the other segments.

In 2023, the Indian trade balance in chemicals was clearly negative, with a deficit of almost 25 billion euros. Although the deficit decreased compared to the previous year, it remained far higher than in the years prior to 2022. In particular, there was an increase in imports of basic chemicals (inorganics, petrochemicals, polymers) in the last two years. These segments also showed a clearly negative balance. By contrast, the trade balance of the other sectors was neutral or positive. However, only the balance of pharmaceuticals was clearly positive again.

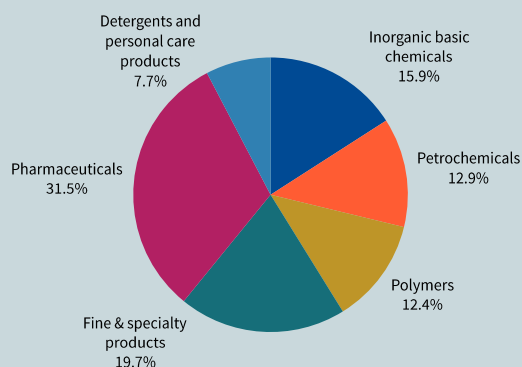
A TRADING PARTNER WITH POTENTIAL

In 2023, Germany exported chemical and pharmaceutical goods worth 2.4 billion euros to India. This corresponded to around 1 per cent of German chemical and pharmaceutical exports. Conversely, 1.6 per cent of German chemical and pharmaceutical imports came from India. These were chemical and pharmaceutical goods worth 2.9 billion euros. The German trade balance with India was thus negative again, mainly due to low German exports but high German imports of pharmaceuticals to and from India. Trade with India has intensified further in recent years. Despite the still low figures, the country is a partner with potential.

India is also an interesting production location for German chemical companies. Direct investment by German chemical and pharmaceutical companies in India totalled around 2.1 billion euros in 2022. A total of 53 subsidiaries of German chemical and pharmaceutical companies were operating in India. Together they generated a turnover of 6.3 billion euros and employed around 23,000 people.

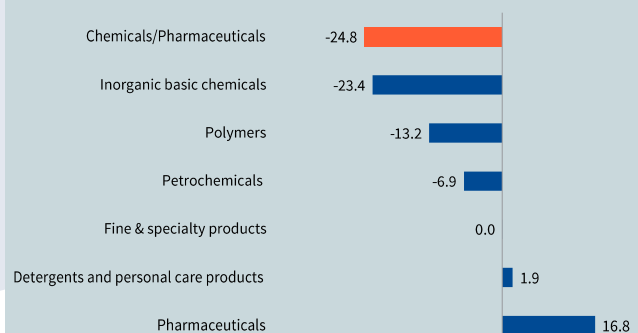
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Structure of India's chemical industry
shares in percent, 2023



Sources: Chemdata International, VCI

India's trade balance for chemicals
in billion euro, 2023



Sources: Chemdata International, VCI