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# Chemicals and Petrochemicals Industry in India

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# Chemicals and Petrochemicals Industry in India

Three investment regions have pulled in ₹3.4 lakh crore for India’s chemical industry. A fourth one was cancelled outright, over farmland fears.



The Jamnagar refinery and chemical complex in Gujarat. Photo: Reliance Industries, CC BY-SA 4.0.

01 Global Rank6th-largest chemical manufacturer worldwide.
02 GDP ShareAbout 7% of India’s GDP.
03 PCPIRs4 approved, only 3 operational.
04 2026 SchemeBHAVYA Rasayan, 3 new chemical parks.

PCPIR
: Short for Petroleum, Chemicals and Petrochemicals Investment Region. It is the sector's flagship investment-hub policy. Notified in 2007.

DCPC
: The Department that oversees this sector. It sits under the Ministry of Chemicals and Fertilizers.

BHAVYA Rasayan
: Bharat Audyogik Vikas Yojana – Rasayan, a 2026 scheme funding 3 new plug-and-play Chemical Parks.

## From PCPIRs to BHAVYA Rasayan

Two decades of policy, from a 2007 investment-hub scheme to a 2026 chemical-park programme, trace how India built this sector.

### How Did India's Chemicals Policy Evolve?

- **2007:** Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) are notified, the sector's flagship investment-hub policy.
- **February 2020:** The Cuddalore-Nagapattinam PCPIR in Tamil Nadu is formally cancelled, after farmer and environmental opposition.
- **24 July 2026:** The Union Cabinet approves the BHAVYA Rasayan Scheme, funding 3 new plug-and-play Chemical Parks.
- **5 August 2026:** The Department of Chemicals and Petrochemicals releases a factsheet marking 12 years of sector growth.

> **Quick check 1.** All four PCPIRs approved by the government are still operational today. *(True or False?)* See answer ↓

## India’s Chemical Industry, By the Numbers

- India is the world’s sixth-largest chemical maker. In Asia, it ranks third, after China and Japan.
- The sector contributes about 7% to India’s GDP.
- The Department of Chemicals and Petrochemicals, or DCPC, oversees the sector. It sits under the Ministry of Chemicals and Fertilizers.

> **Quick check 2.** India is the world’s sixth-largest chemical manufacturer. *(True or False?)* See answer ↓

## Open to Foreign Investment

India allows 100% FDI under the automatic route, for most chemical work. This covers both making and trading goods. No prior approval is needed. This is part of the wider post-1991 opening, covered in Effects

of Liberalization. FDI inflow during 2014-2026 reached ₹1,04,895 crore. That is more than double the ₹45,240 crore received during 2004-2014.

> **Quick check 3.** India requires prior government approval for most chemical FDI. *(True or False?)* See answer ↓

## PCPIRs: Four Planned, Three Built

### Where Are India's PCPIRs, and What Does One Actually Do?

- The government approved four PCPIRs: Dahej (Gujarat), Visakhapatnam-Kakinada (Andhra Pradesh), Paradeep (Odisha), and Cuddalore-Nagapattinam (Tamil Nadu).
- **Only three are operational today.** Cuddalore-Nagapattinam, the fourth, was cancelled. This is a common exam trap. Don't assume all four survived.
- A PCPIR groups an "anchor unit" with its downstream industries, inside one integrated investment region. This attracts large-scale manufacturing. It also eases green compliance for the whole cluster.



OPaL's plant at Dahej, Gujarat — the anchor unit of India's largest working PCPIR. Photo: Rajiv Nair EIL, CC BY-SA 4.0.

## A Fast-Growing Market

India's chemical industry was valued at about $250 billion in 2024. It is projected to reach $300 billion by 2028, and roughly $1 trillion by 2040.

> **Quick check 4.** India's chemical industry is projected to reach roughly $1 trillion by 2040. *(True or False?)* See answer ↓

## Why the Fourth PCPIR Never Happened

Local farmers and environmental groups opposed the Cuddalore-Nagapattinam PCPIR. They cited risk to the Cauvery delta, one of India's most fertile river basins. This cancellation shows a real tension in India's industrial policy. PCPIRs promise large-scale investment and jobs. But they can clash with land use and green protections, in sensitive regions.

**Watch this trap:** 4 PCPIRs were approved. Only 3 are operational. The fourth, Cuddalore-Nagapattinam, was cancelled. The reason was environmental opposition tied to the Cauvery delta.

## Part of a Bigger National Story

The government frames the sector's growth as central to both Atmanirbhar Bharat, meaning self-reliance, and the Viksit Bharat @2047 vision.

# Current Affairs

## What Did the 12-Year Growth Factsheet Show?

A Department of Chemicals and Petrochemicals factsheet marked 12 years of sector growth. It was released 5 August 2026. It credited reforms, new infrastructure, investment drives, skilling, and R&D. India's three operational PCPIRs have together attracted ₹3.4 lakh crore in investment. They generated employment for nearly 3.7 lakh people, and enabled more than 2,200 manufacturing units.

## What Does the BHAVYA Rasayan Scheme Actually Fund?

- The Union Budget 2026-27 approved the BHAVYA Rasayan Scheme. Its full name is Bharat Audyogik Vikas Yojana – Rasayan. It funds 3 new Chemical Parks, built on a cluster-based, plug-and-play model. Its outlay is over ₹3,030 crore.
- The Centre provides up to ₹1,000 crore per park. States must match this with at least ₹500 crore of their own. States compete for parks through a "Challenge Route."
- Each park needs at least 8 sq km, or 2,000 acres, of encumbrance-free land. The scheme runs 5 years, from FY 2026-27 to FY 2030-31. It funds shared waste-treatment plants, hazardous-waste sites, and a linked pipeline network.

> **Quick check 5.** Under BHAVYA Rasayan, the Centre alone funds each new Chemical Park. No State contribution is required. *(True or False?)* See answer ↓

## What Progress Has Skilling and Quality Infrastructure Made?

- CIPET has expanded to 51 centres nationally, including 19 established since 2014. It has trained about 6.72 lakh skilled professionals overall. More than 5.21 lakh of them were trained during 2014-24.
- 10 Plastic Parks have been approved nationally; 4 have achieved 100% infrastructure completion. 37 Quality Control Orders are currently in force, to curb sub-standard imports.
- Must Know 4 PCPIRs were approved. Only 3 run today. Cuddalore-Nagapattinam was cancelled, over green opposition.
- Good to Know India allows 100% FDI under the automatic route for most chemical manufacturing. No prior approval is needed.
- Current Affairs The 2026 BHAVYA Rasayan Scheme funds 3 new plug-and-play Chemical Parks. Each needs at least 2,000 acres of encumbrance-free land.

Q: Which PCPIR was cancelled, and why?

A: Cuddalore-Nagapattinam, Tamil Nadu. Farmers and green groups opposed it, over the Cauvery delta.

Q: What share of India’s GDP does the chemicals sector contribute?

A: About 7%.

Q: How much investment have India’s three operational PCPIRs attracted?

A: ₹3.4 lakh crore.

Q: What is the minimum land requirement for a BHAVYA Rasayan Chemical Park?

A: At least 8 sq km, or 2,000 acres, of encumbrance-free land.

## Test Yourself

## Practice MCQs

**1. In which year was India's PCPIR policy notified, creating the framework for Petroleum, Chemicals and Petrochemicals Investment Regions?**

**A.** 2005

**B.** 2014

**C.** 2007

**D.** 2010

See answer ↓

# Answer Key

1. **C.** The PCPIR policy was notified in 2007, creating an integrated investment-region framework to attract large-scale chemical and petrochemical manufacturing. ↑ Q1

## Quick-check answers

1. **False.** ↑ 1
2. **False.** ↑ 2
3. **False.** ↑ 3
4. **False.** ↑ 4
5. **False.** ↑ 5

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