

# Country Report India

Chemical industry data and facts

August 2022

## India: fifth largest chemical consumer worldwide

India's sales in the chemical-pharmaceutical industry increased significantly again after the coronavirus-induced weak year 2020. Strict lockdowns weighed heavily on India's economy, industry and the chemical-pharmaceutical industry in 2020. In 2021, sales of the chemical-pharmaceutical industry rose again significantly, by more than 10 percent year-on-year, and amounted to around 150 billion euro. This made India the sixth largest chemical producer in the world. In Asia, the country ranked fourth behind China, Japan, and South Korea.

Production also increased again in 2021. Over the past five years, chemical production grew by an average of 4.2 percent per year. Demand for chemicals also rose dynamically after the coronavirus-induced decline. India's chemical consumption amounted to more than 166 billion euro in 2021. It increased by more than 21 percent compared to the previous year. This made India the fifth largest chemical consumer with a global share of 2.8 percent.

Investments of the chemical industry exceeded the pre-crisis level of 2019 and amounted to around 7.6 billion euro in 2021. In a global comparison, this meant sixth place.

### SPECIALIZING IN PHARMACEUTICALS

India's chemical industry specializes in the production of pharmaceuticals. 31 percent of chemical sales were attributable to this sector in 2021. Fine and specialty chemicals are another key area. Together, the two divisions were responsible for over 50 percent of India's chemical sales. Polymers followed in third place with a share of 14.4 percent.

India's trade balance with chemicals was negative at minus 16 billion euro in 2021. The deficit increased significantly compared to previous years. Basic chemicals (inorganics, petrochemicals, polymers) were imported in large volumes. The remaining divisions achieved a positive trade balance. India recorded a significant trade surplus with pharmaceuticals, with a plus of 13.8 billion euro.

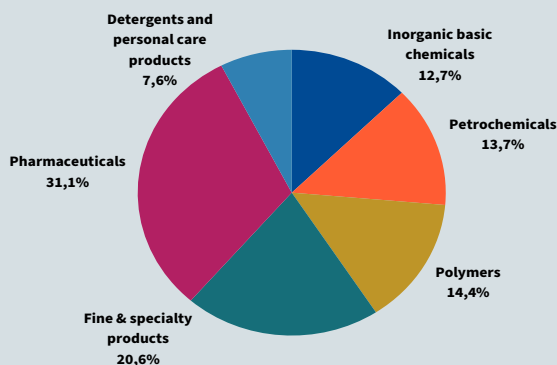
### A TRADING PARTNER WITH POTENTIAL

Germany exported chemical-pharmaceutical goods worth more than 2.3 billion euro to India in 2021. This corresponded to 1 percent of German chemical exports. Conversely, 1.5 percent of German chemical imports came from India. These were chemical goods worth almost 2.4 billion euro. The German chemical trade balance with India was thus slightly negative.

Despite the still low figures, India is a trading partner with potential. Trade with India has increased in recent years. India is also interesting for German chemical companies as a production location. In 2020, a total of 54 subsidiaries of German chemical companies were active in the country. They employed around 24,000 people and generated sales of 4 billion euro.

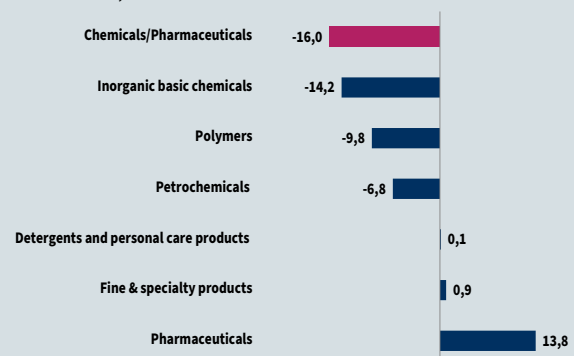
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**Structure of India's chemical industry**  
shares in percent, 2021



Sources: Chemdata International, VCI

**India's trade balance for chemicals**  
in billion euro, 2021



Sources: Chemdata International, VCI