

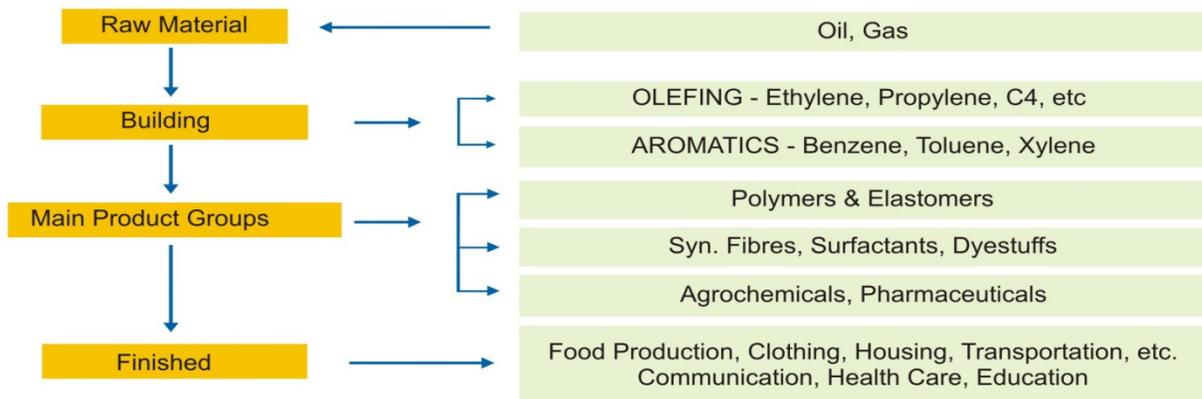
## NATIONAL PETROCHEMICALS COMMITTEE OF FICCI-2012-13

### Indian Petrochemical Industry: Vital to Economic Growth

The Petrochemical industry is vital to national growth. India is having 3.17 million square kilometres land mass and over 1.22 billion population and is one of the fastest growing economies in the world. It has well-developed Process Industry. India has petroleum-refining capacity of over 194 Million Tonnes per Annum (MTPA). The world's largest grass root refinery with 32 MTPA capacities is located in India. It has a number of gas cracker complexes with downstream facility producing 8 MTPA plastics and polymers. India produce 21 MTPA of Urea; and has the widest range of chemicals like Caustic (2.4 MTPA), Soda Ash (2.7 MTPA), and sulphuric acid; Dyes & Dye Intermediates and Fine Chemicals. India has fast growing Pharmaceutical Industry with well-developed drug intermediates manufacturing facilities. Petrochemicals cover basic chemicals like Ethylene, Propylene, Benzene and Xylene. The other major components are the intermediates like MEG, PAN and LAB etc. Synthetic fibres like Nylon, PSF and PFY, Polymers like LDPE/HDPE, PVC, Polyester and PET etc. and Synthetic rubbers like SBR, PBR. The sector has a significant growth potential. Although the current per capita consumption of petrochemicals products is low, the demand for the same is growing. The US consumption has reached saturation level, china's consumption above industry curve is basically export led. India has the advantage of high population and expected to maintain high economic growth. This should propel the India's consumption in polymer to new levels in coming year.

The petrochemical industry in India has been one of the fastest growing industries in the country. Since the beginning, the industry has shown an enviable rate of growth. Indian petrochemical industry grew at a rate of ~11% in 2010-11. The outlook for 2011-12 is also stable and the chemicals market is expected to grow at 11-13% p.a. over the next five years. This is being led by strong growth in polymers, fibre intermediates, synthetic fibre and elastomers. Per capita plastic consumption in India is still hovering at 7.0 kgs as compared to 46 kgs in China and 65 Kgs in Europe. This signifies huge potential for future growth going by current global average per capital consumption.

## Structure of the Petrochemical Industry...



Ethylene capacity reached 3.1 MMT in 2011 and is expected to reach 6.5 MMT by 2016. Propylene capacity reached 3.9 MMT in 2011 and is expected to be 5.3 MMT by 2016. India is at a thresh hold of growth in consumption of petrochemicals due to increased domestic demand, booming middle class, still nascent retail sector, and focus on infrastructure. The demand for Automobiles, Packaging, White good, Medicare, Agriculture and Building and Construction is likely to remain strong. Combining all the petrochemical sectors, demand in India is expected to remain robust in coming years. This industry also has immense importance in the growth of economy of the country and the growth and development of manufacturing industry as well. It provides the foundation for manufacturing industries like construction, packaging, pharmaceuticals, agriculture, textiles etc.

The sector has huge unrealised potential. The industry and government will have to work in tandem to achieve the ambitious targets set for the chemical industry.