

The background of the slide features a green-tinted molecular structure with spheres and connecting lines, suggesting a chemical or scientific theme.

NEXT GEN

Chemicals & Petrochemicals Summit 2024

Transforming India into a Global Manufacturing Hub

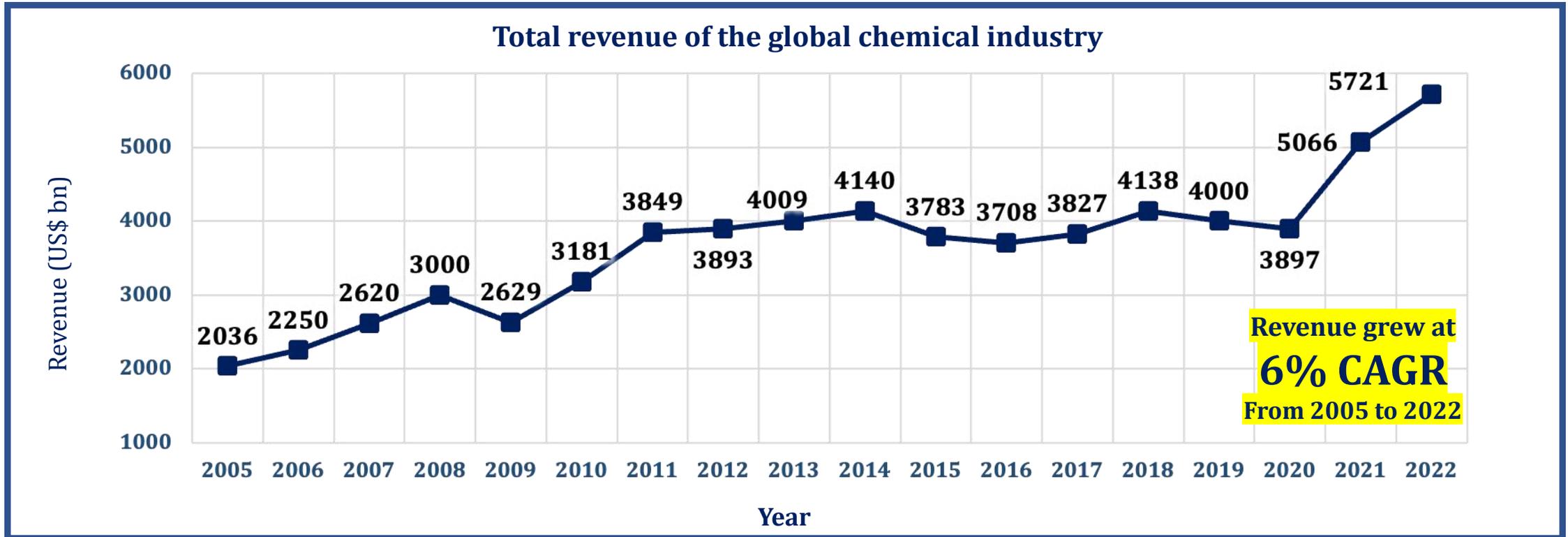
11-12 JULY, 2024 | NOVOTEL MUMBAI INTERNATIONAL AIRPORT

FOURTH EDITION

Achieving US \$2 Trillion by 2047: Mission Im-Possible?

Thought Starters!

Global Chemical Industry

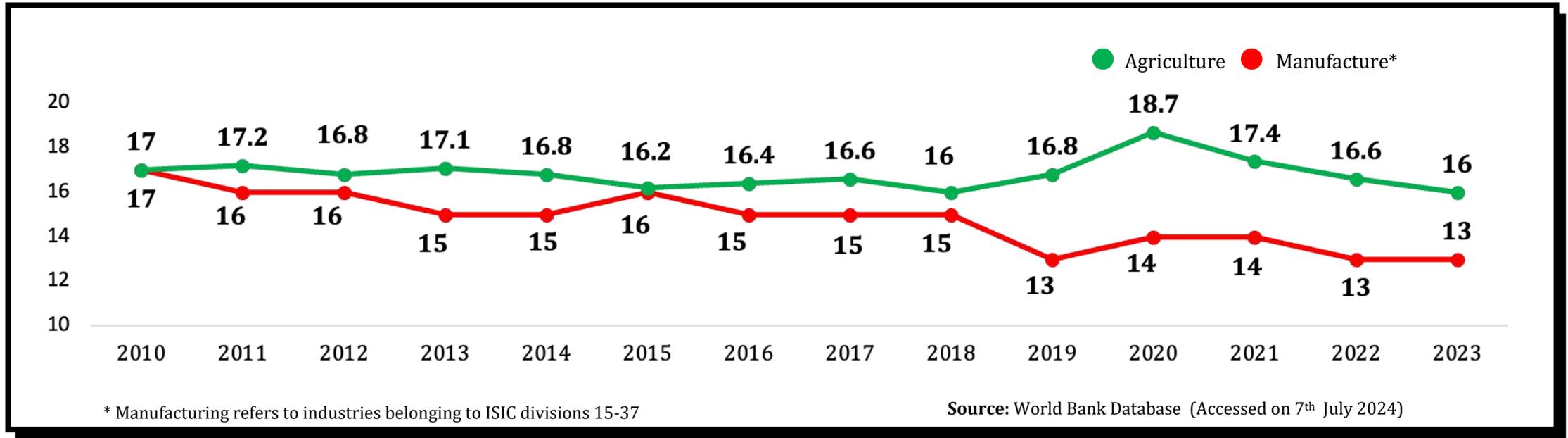


Source: Statista.com

Note: Chemical industry revenue excludes pharmaceutical industry

- ❑ In the last 18 years, global chemical revenue has grown almost 3 times maintaining 6% CAGR.
- ❑ 21st century witnesses the rapid growth of chemical industry in sync with the growth in the global GDP.

India. Manufacturing Sector's Share in GDP - Steady decline



- ❑ India is the only major economy where the manufacturing sector trails behind the agricultural sector.
- ❑ Shrinking share of manufacturing sector in the GDP is a sign of sluggish economy.
- ❑ A vibrant manufacturing sector absorbs surplus workforce from agriculture and helps rural prosperity.
- ❑ High productivity and high wages in manufacturing sector contribute to robust expansion of the economy.

What ails India's manufacturing sector?

- Acquiring the land to operating the factory involve multiple regulations, inspectors and associated hassles.
- Foreign funded NGOs activism, NGT enabled ad hoc environmental measures, arbitrary penalties, and regulatory uncertainties stifle the manufacturing sector.

For India's manufacturing sector to reach targeted 25% GDP share, it requires growth nurturing ecosystem.

Merchandise Trade. Role of Chemical Industry

- ❑ China is the world's largest in merchandise export. China's merchandise export (\$3,380 bn) is close to India's GDP (\$3,550 bn).
- ❑ What makes China the global leader in merchandise goods production and export?
- ❑ The major reason is its huge investments in chemical industry. Remember, chemicals are used in nearly **96%** of the manufactured goods.
- ❑ In 2022, China accounted for **44%** of global chemical production. (Source: Information Technology and Innovation Foundation, USA)

Year	China's Merchandise Trade		
	Export (Bn USD)	Import (Bn USD)	Trade Surplus (Bn USD)
2019	2499	2078	421
2020	2589	2065	524
2021	3316	2679	637
2022	3544	2706	838
2023	3380	2556	824
CAGR	6%	4%	14%

Source: WTO

Year	India's Merchandise Trade		
	Export (Bn USD)	Import (Bn USD)	Trade Deficit (Bn USD)
2019	324	486	-162
2020	276	373	-97
2021	395	573	-178
2022	453	720	-267
2023	432	673	-241
CAGR	6%	7%	8%

- ❑ Trade surplus for China grew at CAGR of **14%**. However, during the same period India's trade deficit grew @ **8%** CAGR.
- ❑ In the year 2023, while China posted a trade surplus of **\$824 bn**, India posted a trade deficit of **\$241 bn**.
- ❑ For India to reduce the growing deficit in merchandise trade, the primary focus should be on increasing domestic chemical production in holistic manner.

India's chemical import sees an alarming rise!

Chemical Import Growth (2013-2022)



Year	Chemical Import (\$ bn)	
	World	India
2013	2074	45
2014	2128	48
2015	1941	47
2016	1904	43
2017	2100	49
2018	2350	60
2019	2312	60
2020	2300	53
2021	2902	78
2022	3231	96
CAGR	5%	8%

Source: WTO STATS (Accessed on 4th July 2024)

- ❑ In the past 10 years (2013-2022), India's chemical import has grown **74%** faster than the world chemical import.
- ❑ India's chemical trade deficit during this period has increased from **\$6 bn** to **\$31 bn**, an alarming rise indeed.

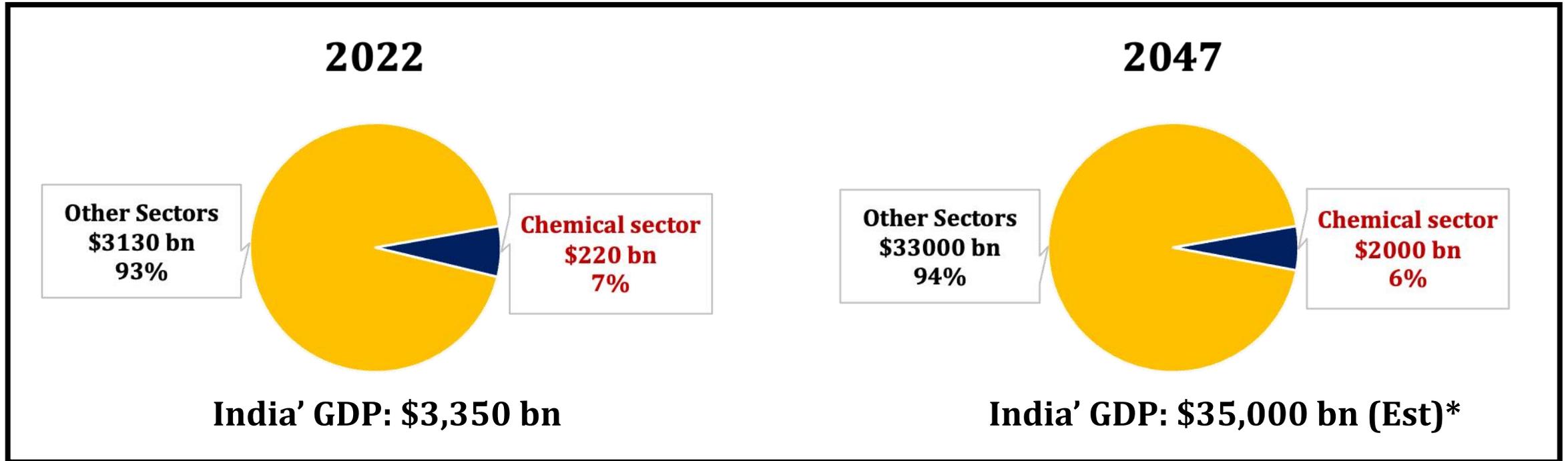
The reason:

- ❑ Domestic chemical production growth is poor; unable to cope with the increasing demand.

Needed:

- ❑ A thorough revamp of all the archaic regulations and policies that hamper the growth of domestic chemical industry.
- ❑ Swift response by India to predatory pricing by certain countries to deflate our domestic chemical production.

Share of Chemicals in India's GDP



Source: Chemical Industry report 2024 by IBEF and World Bank (Accessed on 7th July 2024)

* PIB news dated 25th February 2023

- ❑ The share of chemical sector in the GDP decreases to 6% from current 7%, even if the target (\$2 trillion) is achieved. This is ill advised and retrograde. It would only increase India's chemical import further.
- ❑ For India to leap forward in chemical production and be a leader, the target should be \$3.5 - 4 trillion (10 - 11% of the GDP) by 2047.
- ❑ What would make this possible? Pro chemical industry policies and aggressive strategies.

This is how China further builds global leadership in chemicals

- ❑ In 2022, China accounted for **44%** of global chemical production and **46%** of capital investment. (Source: Information Technology and Innovation Foundation, USA)
- ❑ Chinese chemical firms are now looking beyond basic chemicals. They are focusing on gaining global market share in fine chemicals and value-added consumer chemicals (currently the domain of western countries). Here is an example: 

China unveils plan to promote phosphorus utilization

Source: Xinhua Editor: huaxia 2024-01-03 19:11:45

BEIJING, Jan. 3 (Xinhua) -- China has recently released a plan to improve the utilization of phosphorus resources, aiming for greater effectiveness and efficiency in the years ahead.

By 2026, the country is expected to see consistent improvements in the innovation, eco-friendliness and safety of its phosphorus chemical industry, coupled with a remarkable increase in the output of high-end phosphorus products, according to the plan issued by eight state organs including the Ministry of Industry and Information Technology and the National Development and Reform Commission.

The plan also anticipates steady progress in deepening cross-regional cooperation and solidifying industrial and supply chains.

It outlines development objectives centered on innovation-driven growth, industrial structure optimization, green development and the cultivation of industrial clusters, while also specifying measures for achieving these goals.

China is the world's largest producer of phosphate ore and phosphorus chemicals, boasting vast resources and a well-rounded industrial system in this sector. ■

Key Message

We need to plan BIG.

To stay competitive and outgrow others.



Thank You

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