



The Indian CHEMICALS INDUSTRY

MISSP is a facilitative platform led by Embassy of India, Berne, to connect Swiss SMEs, making up more than 99% of Swiss companies, with the vibrant New India. For further information, please write to missp2@missp.ch

ABOUT MOMENTUM IN INDIA: SWISS SMES PROGRAMME (MISSP)

India has made a jump of 79 positions to 63 in 2019 from 142 in 2014 in World Bank's Doing Business rankings. The World Bank has hailed India as one of the top 10 improvers for the third consecutive year. The Government of India is targeting US\$ 1.4 trillion infrastructure investment over 2020-25 to enable economic growth. Switzerland is an ideal partner for India as it is amongst the leaders in the world in innovation, international competitiveness and environmental performance.

India provides a great opportunity for the Swiss SMEs sector to invest and grow.

The Embassy of India, Berne, has been promoting India as an active economic partner and investment destination for Swiss SMEs, which make up 99% of the Swiss companies. In line with this, the Embassy of India, Berne, launched the 'Momentum in India: Swiss SMEs Programme' (MISSP) to facilitate Swiss SMEs explore, enter, and expand in the Indian market.

The MISSP programme responds to the need for an organized platform dedicated to assist Swiss SMEs establish successful business models across the value chain in India. The Business support services provided by the MISSP programme to Swiss SMEs India entry/expansion strategy include the following:

- Strategy consulting
- M&A
- Operational market entry support
- Tax & legal support
- Financial services
- Project financing
- Location services
- Technology collaboration
- Partner Search and Due diligence

As you would have noticed, the MISSP is a true one-stop source for Swiss SMEs requiring support services, with the additional benefits of:

- Participation in Specialized Common Workshops by subject matter experts
- Regular tax & legal updates
- Access to the MISSP Network and Exchange Platforms to facilitate member companies to share their experiences, best practices, success stories and network among themselves

The program is implemented with the support of Central and State Governments in India and other key Indian and Swiss industry partners, who assist the Swiss SMEs have a smooth experience in various aspects of doing business in India.

As on date, 83 Swiss companies from various sectors have onboarded on the MISSP programme.

The MISSP programme is implemented and monitored by the Embassy of India, Berne, with T&A Consulting as Knowledge Partner responsible for the day-to-day management of the program and Rödl & Partner as the Legal & Tax Partner.

The MISSP team wishes you a great read of this teaser and looks forward to having you join us as the next MISSP member company.

We also invite you to visit our website www.missp.ch and follow us on Twitter at @misspeoi



Industry Snapshot



USD 163 billion

Size of the chemical industry in 2018

Expected CAGR till 2025 **9 %**



3.4 %

India's contribution to the global chemical industry.

Source: FICCI India Chem 2018



India is the sixth largest producer of chemicals globally and third largest producer in Asia in terms of output.

Source: Department of Chemicals & Petrochemicals



2 million

The number of workers the chemical industry employs directly

Source: FICCI India Chem 2018

Total production of major chemicals and petrochemicals stood at 27'858 MT during 2018-19, a growth of 4.18% over 2017-18.

Source: Department of Chemical and Petrochemicals

Key Characteristics

- The chemicals Industry in India is highly diversified with over 80'000 products being commercially available.
- India's location to the Middle East (hub of petroleum) allows India to make use of economies of scale at the time of processing for petrochemicals.
- India offers availability of a large pool of skilled professionals along with strong R&D capabilities.
- India is the third largest producer of agrochemicals and exports 50% of its production.

Source: Department of Chemical and Petrochemicals



MAJOR GROWTH SEGMENTS



Petroleum and Petrochemicals

Petrochemical demand is expected to grow at 7.5% CAGR from 2019 to 2023 and the polymer demand at 8% for the same period. This growth is due to the increase in production and consumption in all end use sectors in South Asian countries leading to an increase in demands of petrochemicals.



Chlor-Alkali

Alkali chemicals have the largest share in the chemical industry in India with approximately 69% share in the total production of chemicals. The industry has seen sharp growth recently owing to the COVID-19 pandemic.



Pesticides

Agriculture forms a major part of the GDP. The Indian pesticides industry has been growing at 8-9% per annum over the past five years.



Specialty Chemicals

Specialty chemicals constitute 22% of the total chemicals market in India. As of 2018, the total market size is around USD 35 billion. The demand for specialty chemicals is expected to grow at 12% CAGR from 2019 to 2022.



Pharmaceuticals & Bulk Drugs

India is the largest provider of generic drugs globally. The Indian pharmaceutical sector industry supplies over 50 % of global demand for various vaccines, 40 % of generic demand in the US and 25 % of all medicine in UK. The Indian pharmaceutical sector is expected to grow to USD 100 billion by 2025.

Key Growth Segments in the Chemicals Industry



INDUSTRY GROWTH DRIVERS

Changing Demographics



More than 50% of India's population is under the age of 25, with the average age of India being 29, much lower than its peers. It is expected that this growth in working population will continue till 2055. Trends have shown that the disposable income is rising along with urbanization and growing penetration in the rural markets. As a trend has shown, per capita consumption is on the rise which has further led to an increase in the demand for chemicals as a raw material especially in the FMCG sector.

Chinese Supply Chain Disruption

China has been facing disruptions in their supply chain mainly due to tighter environment norms, trade restrictions and tighter financing. As these factors have led to a lot of uncertainty, several International players have shifted their sourcing destination from China to India. This has created opportunities for Indian chemical companies.



Global Shift

There has been a global shift towards Asia as a chemicals manufacturing hub which has increased exports and has led to a boost in sales.

Per Capita Consumption

The per capita consumption of chemicals in India is only one-tenth of that of the US. This shows the immense scope for new investments and demand for chemicals which is expected to rise in the future.

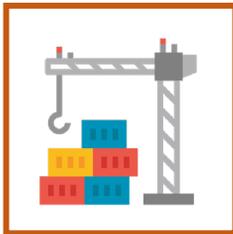
Shift in Focus



The focus for the chemicals industry is on mass production of chemicals for fulfilling bulk demand. A small segment of the whole industry has been focusing on research and development activities for producing specialty and knowledge chemicals with features catering to niche industries. India houses a huge pool of scientists and skilled engineers along with the required infrastructure which enables such activities to be undertaken. This has led to an increase in demand and sales of specialty chemicals, adding an additional source of income for large producers while not cannibalizing their existing sales. The department of Chemicals & Petrochemicals works alongside private companies to develop new chemicals.



OPPORTUNITIES AND ANALYSIS



Major Importer

Although India is one of the mass producers of chemicals, it is still one of the largest importer of chemicals in the world. It is ranked 8th for its import of chemicals worldwide. As a result, there exists a severe gap between demand and supply of specialty chemicals. Some of the imported chemicals include methylene diphenyl diisocyanate, cyclic hydrocarbons, acyclic alcohols, caustic soda and liquid chlorine.

Competitive Costs

India's attractiveness as a manufacturing destination has been rising because of competitive labor costs, lower cost of building a plant, and favorable changes to corporate tax rate. These have shaped a more supportive ecosystem. Many Indian specialty chemical players have developed distinctive capabilities and established supply relationships with global networks.



Resistant to Industry Shocks and Steady/High Demand

Despite industry specific challenges, rising domestic demand in chemical end-use sectors such as agriculture, consumer and retail, infrastructure, auto and electronics, and healthcare has the ability to spur around 50% of incremental growth in chemicals as the economy grows. Each of these is expected to drive chemical demand, creating lucrative value pools across most chemical subsegments.

T&A Viewpoint

Chemicals is one of the marquee segments of the Indian business ecosystem. Despite domestic mass production of chemicals, a large part of the growing chemicals industry is served through manufacturing done outside the country. This gives an opportunity for foreign companies to either set up their own plants in India, acquire companies within India or export to India. As the industry is competitive, there exists a chance for investment in new technological products, namely machines and know-how to manufacture specialty chemicals. With the trade disruptions currently taking place in China, India also serves as a destination for sourcing chemicals, for home country use. Going forward, it is expected that the demand for chemicals will increase rapidly due to a shift in demand from China as well as an increase in the domestic consumption owing to the strong growth seen by consumer industries.



About Us

Business with India starts here

T&A Consulting is a global advisory firm, with extensive experience of working with overseas enterprises towards achieving successful and accelerated entry into India.

We work with various international Investment Attraction agencies where India is a key market and have been delivering a range of programmes to identify outward investment opportunities from India.

Incepted in 2006 in the capital city of New Delhi, T&A currently has 4 offices in India and global operations in Toronto, Canada, and Zurich, Switzerland.

Today, within its different verticals, the company caters to international economic development agencies, overseas enterprises, higher education institutions, and tourism boards.

+ India Market Entry:
Opportunity assessment, feasibility studies, targeted market research reports, competitor analysis, price bench-marking, location identification & Partner identification

+ Outward Foreign Direct Investment (OFDI):
Targeted analysis of outward investment, trends and opportunities to assist international inward investment agencies with lead generation.

+ Client Engagement and Business Development:
Relationship management with foreign Economic Development and Trade Promotion Organizations, organizing trade and reverse trade missions

+ Tourism Representation:
Promoting Indian outbound tourism and providing representation to tourism boards and destination management companies

+ Education Representation:
Student recruitment support and representation to international education institutions and assisting in forging partnerships for research and student and faculty exchange

Looking at India market?

Get in touch

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