MAKE IN INDIA

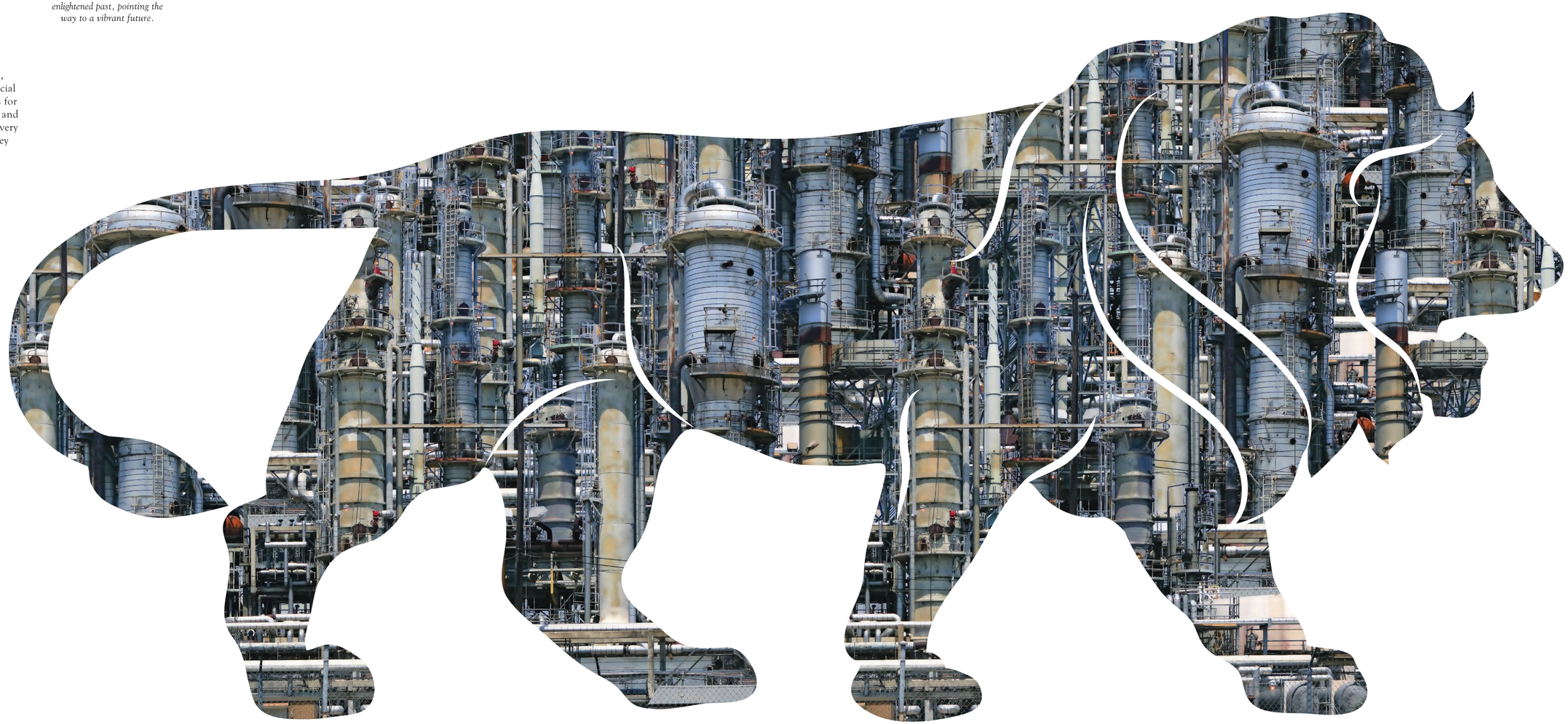
CHEMICALS

FROM AGRICULTURE TO AUTOMOBILES
FROM HARDWARE TO SOFTWARE
FROM SATELLITES TO SUBMARINES
FROM TELEVISIONS TO MOVIES
FROM BRIDGES TO BIOTECHNOLOGY
FROM PAPER CLIPS TO POWER PLANTS
FROM ROADS TO CITIES
FROM FRIENDSHIP TO PARTNERSHIP
FROM PROFIT TO PROGRESS
WHATEVER YOU WANT TO MAKE:
MAKE IN INDIA

सत्यमेव जयते

The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.

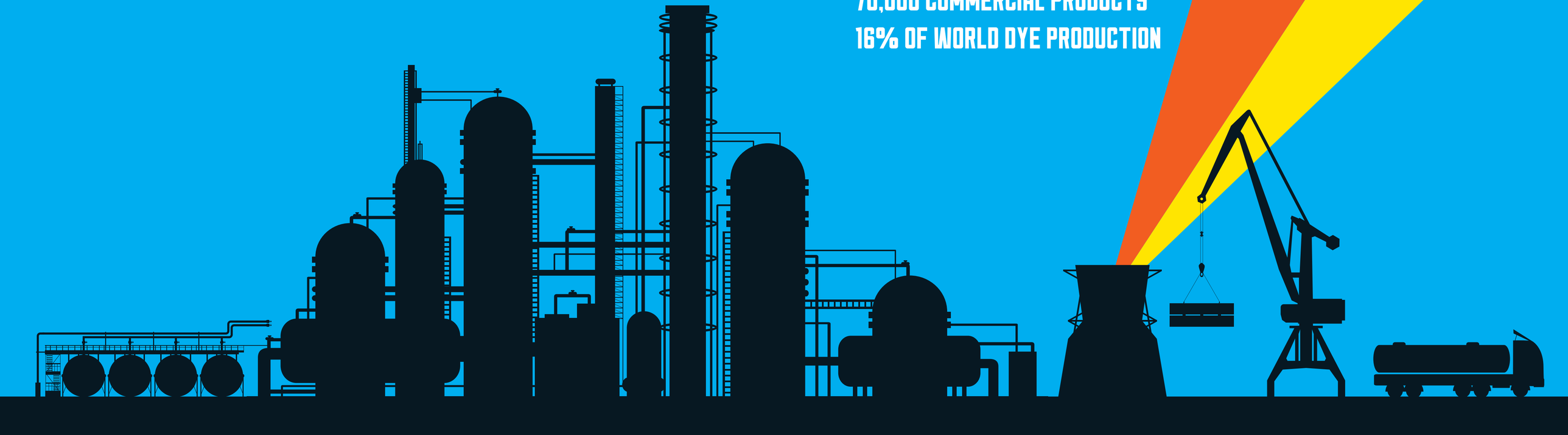
Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



GREAT CHEMISTRY.

INDIA IS ONE OF THE WORLD'S LEADING PRODUCERS OF DYES, AGRO-CHEMICALS AND PETROCHEMICALS.

3RD LARGEST PRODUCER IN ASIA
3RD LARGEST GLOBAL PRODUCER OF AGRO-CHEMICALS
6TH LARGEST PRODUCER OF CHEMICALS IN THE WORLD
TOTAL PRODUCTION OF 19300 THOUSAND METRIC TONNES IN 2013-14
70,000 COMMERCIAL PRODUCTS
16% OF WORLD DYE PRODUCTION



NEW INITIATIVES

THE MAKE IN INDIA PROGRAM INCLUDES MAJOR NEW INITIATIVES DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.

1 NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2 NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3 NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE, CONSTRUCTION AND RAILWAYS FOR FDI

4 NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME INVESTORS FROM TIME OF ARRIVAL
- FOCUSSED TARGETTING OF COMPANIES ACROSS SECTORS

FACTS + FIGURES

REASONS TO INVEST

→ India is the third largest producer of chemicals in Asia and sixth by output, in the world.

→ The chemicals industry is a key constituent of the Indian economy, accounting for about 2.11% of the nation's GDP.

→ India is currently the world's third largest consumer of polymers and third largest producer of agro-chemicals.

→ India's proximity to the Middle East, the world's source of petrochemical feedstock, makes for economies of scale.

→ Strong government support for R&D.

→ Polymers and agro-chemicals industries in India present immense growth opportunities.

GROWTH DRIVERS

→ A large population, dependence on agriculture, and strong export demand are key growth drivers for the industry.

→ A global shift towards Asia as the world's chemicals manufacturing hub.

→ Per capita consumption of chemicals in India is lower as compared to western countries.

→ Rise in GDP and purchasing power generates huge growth potential for the domestic market.

→ A focus on new segments such as specialty and knowledge chemicals.

→ Low-cost manufacturing.

→ Skilled science professionals.

→ World-class engineering and strong R&D capabilities.

STATISTICS

→ The estimated size of the market is USD 144 Billion.

→ India accounts for approximately 16% of the world production of dyestuff and dye intermediates.

→ Total production of the Indian chemicals industry was 19,308 Thousand Metric Tonnes in 2013-14.

→ It is one of the most diversified sectors, covering more than 70,000 commercial products.

→ Current production of polymers is around 9 Million Tonnes with imports of around 2.8 Million Tonnes.

→ Polymer demand is expected to grow by 8-10% with healthy growth in industries such as clothing, automobiles etc.

INVESTMENT OPPORTUNITIES

AGRO-CHEMICALS:

→ India is the third largest producer of agro-chemicals globally.

→ India exports about 50% of its current production and exports are likely to remain a key component of the industry.

SPECIALTY CHEMICALS:

→ The specialty chemicals market has witnessed a growth of 14% in the last five years; the market size is expected to reach USD 70 Billion by 2020.

→ India is currently the world's third largest consumer of polymers and growth in plastic demand will drive up consumption further.

→ Growth drivers include a growing construction industry and adoption of advanced coating, ceiling and polymer-based reinforcing material in construction as well as plastics, paints and coatings for the automotive sector.

COLOURANT CHEMICALS:

→ The Indian colourant industry is valued at USD 6.8 Billion, with exports accounting for nearly 75%.

→ India accounts for 16% of global industry share and this figure is expected to further increase.

→ Other segments include petrochemicals, bio-pharma, bio-agri, and bio-industrial products.

FDI POLICY

→ 100% FDI is allowed under the automatic route in the chemicals sector, subject to all the applicable regulations and laws.

→ Certain products such as wax candles, laundry soaps, safety matches, fireworks and incense sticks fall under items reserved for the MSME sector in which FDI beyond 24% is permitted under the government route.

FINANCIAL SUPPORT

PROVISIONS OF THE 2014-2015 UNION BUDGET:

→ Basic customs duty (BCD) on reformate is being reduced from 10% to 2.5%.

→ Basic customs duty (BCD) on propane, ethane, ethylene, propylene, butadiene is being reduced from 5% to 2.5%.

→ Basic customs duty (BCD) on ortho-xylene is being reduced from 5% to 2.5%.

→ Basic customs duty (BCD) on denatured ethyl alcohol and methyl alcohol is being reduced from 7.5% to 5%.

→ Basic customs duty (BCD) on crude naphthalene is being reduced from 10% to 5%.

→ Basic customs duty (BCD) on fatty acids, crude palm stearin, RBD and other palm stearin and specified industrial grade crude oils is being reduced from 7.5% to nil for the manufacture of soaps and oleo-chemicals subject to actual user conditions.

→ Basic customs duty (BCD) is also being reduced on crude glycerine from 12.5% to 7.5% in general and from 12.5% to nil for manufacture of soaps subject to actual user conditions.

→ Any of the following two deductions can be availed:

1. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 provided the aggregate amount of investment in new plants and machinery during the said period exceeds INR 1 Billion.

2. In order to provide a fillip to companies engaged in manufacturing the said benefit of additional deduction of 50% of the cost on new plant and machineries exceeding INR 250 Million, which is acquired and installed during any previous year ending up to 31.3.17.

R&D INCENTIVES:

→ Industry/private sponsored research programs - a weighted tax deduction is given under Section 35 (2AA) of the Income Tax Act. A weighted deduction of 200% is granted to assesses for any sums paid to a national laboratory, university or institute of technology, for specified persons with a specific direction, provided the said sum is used for scientific research within a program approved by the prescribed authority.

COMPANIES ENGAGED IN MANUFACTURE HAVING AN IN-HOUSE R&D CENTRE:

→ A weighted tax deduction of 200% under Section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development. Expenditure on land and buildings are not eligible for deductions.

STATE INCENTIVES:

→ Apart from the above, each state in India offers additional incentives for industrial projects.

→ Incentives are in areas like subsidised land cost and relaxation in stamp duty exemption on sale/lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies/tax incentives, backward areas subsidies, special incentive packages for mega projects etc.

EXPORT INCENTIVES:

→ Export promotion capital goods scheme.

→ Duty drawback scheme.

→ Focus product scheme, special focus product scheme and focus market scheme.

AREA BASED INCENTIVES:

→ Incentives for units in SEZ/NIMZ as specified in respective Acts or setting up projects in special areas like the North-east, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.

SECTOR POLICY

→ Industrial licensing has been abolished for most sub-sectors except for certain hazardous chemicals.

→ The government is continuously reducing the list of reserved chemical items for production in the small-scale sector, thereby facilitating greater investment in technology upgradation and modernisation.

→ Policies have been initiated to set up integrated Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR).

→ PCPIR will be an investment region spread across 250 square kilometres for the manufacture of domestic and export-related products of petroleum, chemicals and petrochemicals.

Some of the strategies proposed between 2012-17 include:

1. Implementation of strategy for sourcing and allocation of feedstock.

2. Development of an innovation roadmap for chemicals sector and setting up of R&D fund under PPP model.

3. Focus on green and sustainable technologies and reducing the environmental impact of the sector.

4. Augmenting existing testing centres to act as certifying agencies for testing plastic prodcuts and raw materials to meet BIS standards.

5. Establishing specialized vocational training centres in clusters for the chemicals industry.

6. Formation of industrial clusters/plastic parks of world class quality.

FOREIGN INVESTORS

- Mitsubishi Chemical Corporation (Japan)
- BASF (Germany)
- ADEKA (Japan)
- Akzo Nobel (Netherlands)
- DuPont (USA)
- Syngenta (Switzerland)
- Croda (UK)
- DyStar (Germany)
- Henkel (Germany)
- Dow Chemicals (USA)
- Rhodia (Belgium)
- Wacker Metroark (Germany)

AGENCIES

- Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers (http://chemicals.nic.in)
- Indian Chemical Council (http://indianchemicalcouncil.com)
- Crop life India (http://croplifeindia.org)
- Dye Manufacturers Association of India (http://dmai.org)
- Construction Chemical Manufacturers Association (http://ccmaindia.org)
- Alkali Manufacturers Association of India (http://ama-india.org)
- Indian Speciality Chemical Manufacturers Association (http://iscma.in)
- Chemicals & Petrochemicals Manufacturers Association (http://cpmaindia.com)

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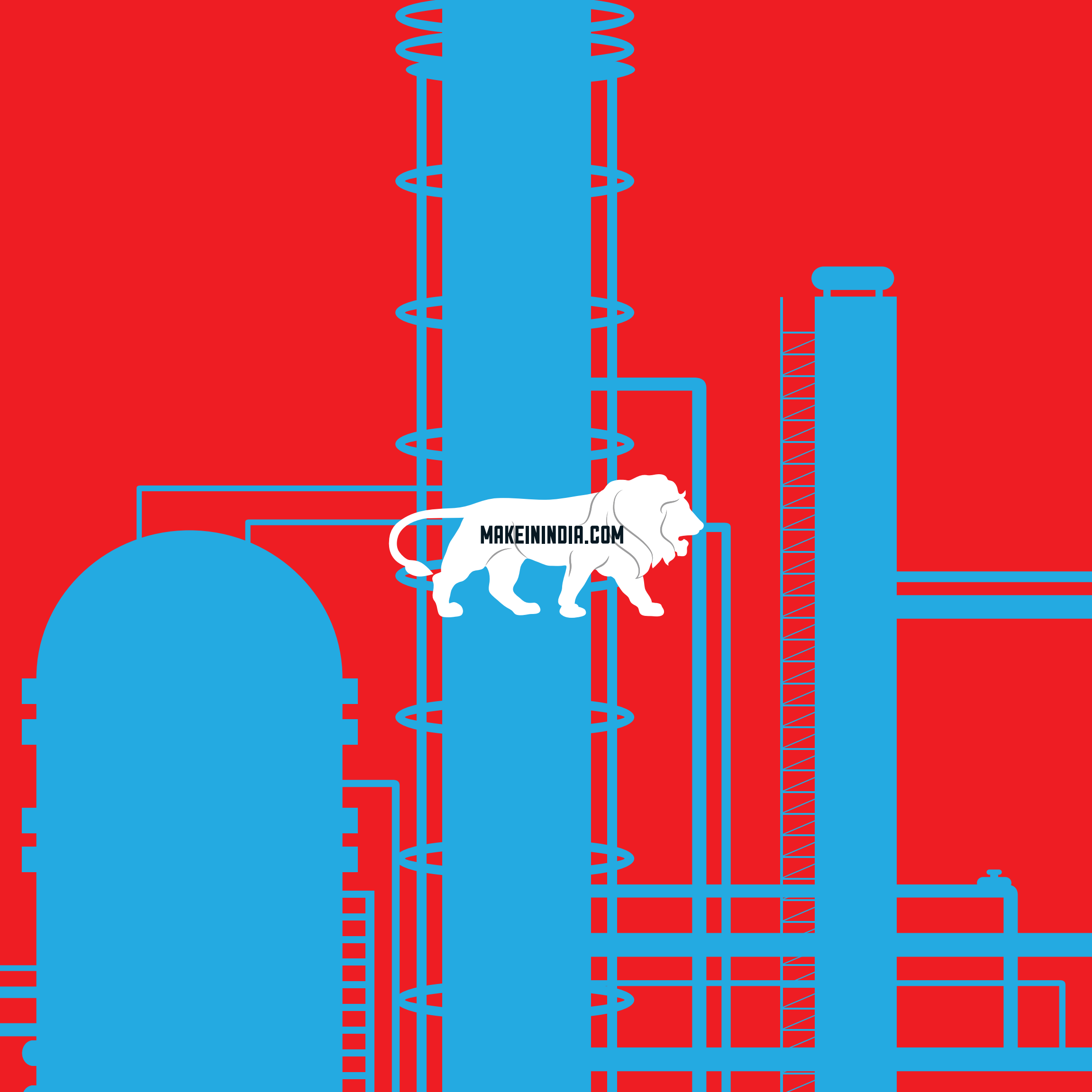
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