

3. Chemical Parks- Economy

The Union Budget 2026–27 has introduced a new scheme to assist States in setting up three dedicated Chemical Parks with a budgetary allocation of Rs 600 crore in BE FY 2026–27

Chemical Parks- Concept, Importance and Status in India

What are Chemical Parks?

Chemical Parks are planned industrial clusters specifically designed for chemical and petrochemical manufacturing activities. They bring together multiple chemical units within a defined geographic area, enabling shared infrastructure, utilities, and services. These parks follow a plug and play model, allowing firms to begin operations quickly without creating standalone infrastructure. They are designed as integrated manufacturing ecosystems, covering the entire chemical value chain—from basic chemicals to specialty and downstream products. The overarching objective is to strengthen domestic manufacturing, improve supply chain resilience, and reduce import dependence, particularly in critical chemical intermediates.

Key Features of Chemical Parks

Common Infrastructure- Centralised power, steam, water supply, effluent treatment plants (ETPs), and waste management systems. Shared laboratories, testing facilities, and storage infrastructure.

Plug and Play Manufacturing Ecosystem- Ready to use industrial plots with preapproved clearances. Reduced gestation period for new chemical manufacturing units.

Integrated Value Chains- Colocation of upstream, intermediate, and downstream units. Efficient byproduct utilisation and reduced logistics costs.

Regulatory Facilitation- Single window clearance mechanisms. Uniform safety, environmental, and compliance standards within the park.

Safety and Environmental Management- Common safety systems, disaster response infrastructure, and pollution monitoring. Improved compliance with environmental norms through shared facilities.

Importance of Chemical Parks for India

Industrial Competitiveness and Cost Efficiency

Cluster based development enables economies of scale, lowering capital and operating costs. Shared utilities reduce duplication of infrastructure investment. Faster project implementation improves India's attractiveness as a manufacturing destination.

Strengthening Domestic Chemical Value Chains

Reduces reliance on imports of- Bulk chemicals and Specialty chemicals. Intermediates used in pharmaceuticals, agrochemicals, textiles, and electronics. Enhances backward and forward linkages within the manufacturing ecosystem.

Learning from Existing Cluster Models

India's push toward Chemical Parks builds on the success of- Plastic Parks, Bulk Drug Parks and Petroleum, Chemicals and Petrochemicals Investment Regions. Chemical Parks aim to extend the cluster model across the entire chemical sector, rather than limiting it to select subsegments.

Environmental and Safety Advantages

Centralised waste treatment and effluent management reduces pollution risks. Uniform safety protocols help mitigate industrial accidents in a high-risk sector. Promotes sustainable and responsible chemical manufacturing.

Employment and Regional Development

Generates largescale direct and indirect employment, especially for skilled and semiskilled workers. Encourages industrialisation in nonmetro and coastal regions, supporting balanced regional growth.

Status of the Chemical Industry in India

India is the world's sixth largest chemical producer and third largest in Asia. The chemical sector contributes around 7 percent of India's GDP, reflecting its macroeconomic importance.

According to the Economic Survey 2025–26

The chemical industry accounted for 8.1 percent of manufacturing Gross Value Added (GVA) in FY24. The sector has shown steady growth over the past decade, driven by domestic demand and export expansion.

India has emerged as a key global supplier of

1. Specialty chemicals
2. Dyes and pigments
3. Agrochemicals
4. Active pharmaceutical ingredients (APIs)

Rationale for Promoting Chemical Parks Now

Rising global demand for China plus one supply chains. Increasing domestic consumption across agriculture, pharmaceuticals, construction, and consumer goods. Need to address infrastructure bottlenecks, regulatory delays, and fragmented production.

Alignment with broader initiatives such as-

1. Make in India
2. Atmanirbhar Bharat
3. Industrial corridor development

Challenges and Way Forward

Land acquisition and environmental clearances remain critical challenges. Need for strong Centre–State coordination in park development. Ensuring high safety standards to prevent industrial disasters.

Way Forward

Integrated policy support with fiscal incentives. Timebound approvals and predictable regulatory regimes. Focus on green chemistry and sustainable manufacturing practices. Skill development aligned with advanced chemical manufacturing needs.

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