# Indian Chemical Industry: Poised for growth

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Key Facts:

* Chemical sector has been the 3rd largest contributor to GDP amongst manufacturing industries in India in recent years.
* 200% weighted average reduction of tax from the Income tax department for both capital and revenue expenditure incurred on scientific R&D
* Currently industry is employing more than 2Mn people
* There is a high demand for producing specialty chemicals, agro chemicals, petrochemicals, dye intermediaries and dyestuff and existing plants are operating at maximum capacity
* 100% FDI is allowed under automatic route in chemicals sector and upcoming Chemicals and Petrochemicals Investment Regions (PCPIRs) and Plastic parks will give boost to new entrepreneurs in chemical industry
* Heavy compliance requirement from government regarding environment policy means high reliance on consultants
* Get expert advice from highly qualified [**chemical consultants**](http://bit.ly/3181nBK) with average experience of 16 years in the domain.

Pharmaceutical industry falls under the sector where the standard and the quality become much more valuable and important compared to other industries. Just with a business plan, and investors a chemical or pharmaceutical industry cannot be started. Domain knowledge is very critical to start an industry in this sector. Many investors deploy Subject Matter Experts or **Pharma** **Industry Consultants** / [**Chemical Industry Consultants**](http://bit.ly/3181nBK) specializing in plant set up to start with. The rules of the chemical or specifically pharmaceuticals lay that one of the partners must be a registered pharmacist, failing which the company must hire a pharmacist on its behalf with an authority to make changes. The drug license must be obtained by filing in various forms that would seek government approval of manufacture and sale of SCHEDULE C (BIOLOGICAL AND SPECIAL PRODUCTS), SCHEDULE C (1) drugs and approvals from the local Drug inspector.

#### With Make in India in place, the investment in the manufacturing sector has been made more attractive, the chemical/pharmaceutical industry is getting a global exposure, to expand and enhance which would lead to the generation of employment and also gains a competitive authority. In terms of research and development, the government 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. With latest *schemes like 59 minutes loan for MSMEs,* the *manufacturing industries can get up to 1 crore loan* which would help the industries expand, and enhance the potential. India has an upper hand as the costs of production of the pharmaceutical drugs are relatively lower than US and much lower than UK.

#### Even with the amplified growth rate and government incentives, the industry does not escape itself from challenges. Like the ancient strategy models, the pharmaceuticals still tend to follow old strategies and models with outdated methods. There is still lack of knowledge on how to structure their innovation, marketing and sales, manufacturing, and portfolios accordingly. This is where the experienced pharma consultants come in and study the company and its place in the market and help them take the road to progress.

Compliance; another major challenge a chemical or pharma industry faces is the government policies and to be compliant with the policies. The companies also tend to face a low margin of profits due to the government pricing policies. [**Pharma consultants**](http://bit.ly/3181nBK) and [**chemical consultants**](http://bit.ly/3181nBK) here can ease the burden of a proprietor by helping them to stay compliant to the government regulations, any updation in the new policy and benefitting from policies.

The act of transformation is unhurried. The technology, automation, innovation is not the strength of the Indian chemical or pharmaceutical industry but is rather seen as a weakness. A company to overcome this challenge must put in a lot of effort in Research and development consultants are known to be the aide to the challenge. By judging the company, a consultant might be able to assist the company in amplifying the technological knowledge and adaption.

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