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MAGAZINE NOTES

BHAVYA Rasayan: Building India's Chemical Parks

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BHAVYA Rasayan: Building India's Chemical Parks

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On 24 July 2026 the Union Cabinet, chaired by Prime Minister Narendra Modi, approved the **BHAVYA Rasayan Scheme**, the full name being **Bharat Audyogik Vikas Yojana Rasayan**, with an outlay of **Rs 3,030 crore**. The scheme, run by the Department of Chemicals and Petrochemicals, will establish **three dedicated Chemical Parks** in partnership with State Governments. It is India's attempt to give its chemical industry the kind of **world-scale, plug-and-play industrial infrastructure** that global competitors already enjoy, and to reduce dependence on imported bulk and speciality chemicals.

WHY IN NEWS

India runs a large trade deficit in chemicals, importing a significant volume of bulk intermediates and speciality chemicals despite being a major producer. A recurring bottleneck is the **absence of large, contiguous, well-serviced industrial land** with shared utilities and effluent treatment. BHAVYA Rasayan tackles this directly by co-funding common infrastructure so that chemical units can set up quickly and operate at competitive cost.

STRUCTURE AND FIGURES

The **Rs 3,030 crore** outlay is split between **Rs 3,000 crore** for the cost of common infrastructure facilities and basic utilities inside the parks and **Rs 30 crore** for administrative expenditure. The scheme runs for five years from **FY 2026-27 to FY 2030-31** and is implemented through the **Challenge Route**, under which States compete to host a park by meeting the scheme's criteria.

FEATURE	PROVISION
Total outlay	Rs 3,030 crore (Rs 3,000 crore infrastructure plus Rs 30 crore administration)
Number of parks	3 dedicated Chemical Parks
Central grant per park	Up to Rs 1,000 crore
Minimum State contribution	Rs 500 crore per park
Minimum land per park	8 sq km (about 2,000 acres), contiguous and encumbrance-free
Tenure	FY 2026-27 to FY 2030-31
Selection mechanism	Challenge Route (competitive)

The **Centre-State funding split** is the policy's defining feature. The Union grant of up to **Rs 1,000 crore per park** is conditional on the concerned State contributing at least **Rs 500 crore**, ensuring the host State has genuine skin in the game. Each park must sit on a minimum **8 sq km** of contiguous, encumbrance-free land so that units get **plug-and-play** access to common utilities, effluent treatment and logistics from day one.

SIGNIFICANCE

- **Manufacturing competitiveness:** Shared, world-scale infrastructure lowers the entry cost and turnaround time for chemical units, improving India's cost position against established chemical hubs abroad.
- **Import substitution:** By anchoring bulk and speciality chemical capacity at home, the scheme aims to trim the chemical trade deficit.
- **Cooperative and competitive federalism:** The Challenge Route pits States against one another to attract investment while requiring them to co-fund, a model of shared responsibility between the Centre and the States.
- **Cluster economics:** Concentrating units in a park creates supplier-buyer linkages, shared logistics and easier environmental compliance, the classic advantages of an industrial cluster.

UPSC ANGLE

- **GS3 (Economy):** Industrial policy, manufacturing infrastructure and import substitution in the chemicals sector.
- **GS2 (Governance):** The Challenge Route and Centre-State co-funding are a strong example of **cooperative and competitive federalism** in industrial development.

- **Prelims:** BHAVYA Rasayan stands for **Bharat Audyogik Vikas Yojana Rasayan**; outlay **Rs 3,030 crore**; **three parks**; central grant up to **Rs 1,000 crore per park** against a minimum **Rs 500 crore** State contribution; minimum **8 sq km** land; approved **24 July 2026**.
- **Mains way forward:** Weigh the growth benefits against environmental safeguards, given that chemical parks concentrate effluents and hazards, and stress the need for robust common effluent treatment and safety governance.

Facts Corner: Implemented by the Department of Chemicals and Petrochemicals via the Challenge Route; each park needs at least 8 sq km of contiguous encumbrance-free land; the Centre funds up to Rs 1,000 crore per park with the State adding at least Rs 500 crore.

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