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BHAVYA-Rasayan Scheme: India Bets Rs 3,030 Crore on Three Dedicated Chemical Parks

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BHAVYA-Rasayan Scheme: India Bets Rs 3,030 Crore on Three Dedicated Chemical Parks

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The Union Cabinet approved the Bharat Audyogik Vikas Yojana Rasayan (BHAVYA-Rasayan) scheme on 24 July 2026, committing Rs 3,030 crore to develop three dedicated chemical parks. The decision operationalises a proposal made by Finance Minister Nirmala Sitharaman in the Union Budget 2026-27.

WHAT THE CABINET APPROVED

The Union Cabinet, chaired by Prime Minister Narendra Modi, cleared BHAVYA-Rasayan on 24 July 2026. The scheme will be implemented by the Department of Chemicals and Petrochemicals under the Ministry of Chemicals and Fertilizers. It is the first standalone central scheme offering direct budgetary support for chemical park infrastructure, distinct from the older policy-based Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) framework, which offered facilitation, single-window clearance and external infrastructure linkage rather than a central capital grant.

PARAMETER	PROVISION
Total outlay	Rs 3,030 crore
Common infrastructure and basic utilities	Rs 3,000 crore
Administrative expenditure	Rs 30 crore
Tenure	Five years, FY 2026-27 to FY 2030-31
Number of parks	Three
Central grant ceiling	Up to Rs 1,000 crore per park
Minimum State Government contribution	Rs 500 crore per park
Minimum land	8 sq km contiguous, at least 2,000 acres, encumbrance-free
Selection method	Challenge Route, competitive bidding among States
Implementing agency	Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers
Budget Estimate for FY 2026-27	Rs 600 crore

The Challenge Route

Rather than allotting parks state-wise on a political or regional-balance basis, the scheme uses a Challenge Route: States submit proposals and compete on land availability, connectivity, utility readiness, power and water evacuation infrastructure, and the credibility of their anchor-investor pipeline. The Budget speech described the delivery model as cluster-based and plug-and-play.

This is a **deliberate** design choice with a track record. The same competitive method was used for the Scheme for Promotion of Bulk Drug Parks notified in 2020, where Himachal Pradesh, Gujarat and Andhra Pradesh won in-principle approval against competing state proposals. It embodies competitive federalism, since the central grant becomes a prize rather than an entitlement, and it forces States to do the politically difficult work of land assembly before the money arrives rather than after.

The risk is equally familiar. States with better land banks, deeper existing petrochemical ecosystems and functioning industrial development corporations, chiefly Gujarat, Andhra Pradesh and Odisha, start with a structural advantage. A challenge method rewards existing capacity, so it can widen rather than narrow regional industrial disparity. The eastern and north-eastern states, which most need manufacturing employment, are the least likely to clear an 8 sq km encumbrance-free land test on a five-year clock.

READING THE SECTOR: WHY PARKS, WHY NOW

India is the sixth largest producer of chemicals in the world and the third largest in Asia. The chemicals and petrochemicals sector contributes roughly 7 per cent of India's Gross Domestic Product. Alkali chemicals account for the largest share of domestic production by volume. Despite this scale, India remains a net importer of chemicals, with the largest single deficit against China.

The composition of that deficit is the policy problem. The gap is concentrated not in commodity output, where India is broadly competitive, but in intermediates, specialty molecules and **feedstock**. These are precisely the products whose economics turn on shared cracker access, common storage, tankage, pipeline connectivity and effluent infrastructure, which is what a park supplies and what a standalone greenfield unit cannot afford to build alone.

Bulk, Specialty and Petrochemicals

CATEGORY	DEFINITION	CHARACTER	INDIAN POSITION
Petrochemicals	Products derived from petroleum or natural gas feedstock, such as ethylene, propylene and benzene	Capital-intensive, cracker-linked, scale-driven, feedstock-price sensitive	Concentrated in PCPIRs and refinery complexes
Bulk chemicals	High-volume, low-value commodity chemicals such as soda ash, caustic soda and sulphuric acid	Price-competitive, energy-intensive, low margin, freight-sensitive	Alkali chemicals dominate domestic production
Specialty chemicals	Low-volume, high-value performance chemicals such as agrochemical actives, dyes, pigments and electronic chemicals	Research-intensive, application-specific, customer-qualified, high margin	Fastest-growing segment and the principal China+1 opportunity

Key Starting Materials and the Import Question

A Key Starting Material (KSM) is the base chemical compound from which a drug intermediate and eventually an Active Pharmaceutical Ingredient (API) is synthesised. The API is the biologically active component of a finished medicine; everything else in a tablet is excipient. Because the KSM sits at the very top of the pharmaceutical value chain, control over it confers commercial and strategic control over everything downstream. India is the world's largest supplier of generic medicines by volume, yet imports roughly 72 per cent of its bulk drug requirement by value from China. A country can be the pharmacy of the world and still be one export-control notification away from a shortage.

Two earlier interventions targeted this **vulnerability** directly. The Production Linked Incentive (PLI) scheme for bulk drugs, approved in 2020 with an outlay of Rs 6,940 crore, incentivises domestic manufacture of 41 identified critical KSMs, drug intermediates and APIs. The Scheme for Promotion of Bulk Drug Parks, also

notified in 2020 with an outlay of Rs 3,000 crore and a ceiling of Rs 1,000 crore per park, funds common infrastructure at Una in Himachal Pradesh, Jambusar in Bharuch district of Gujarat, and the Thondangi mandal area of Andhra Pradesh.

BHAVYA-Rasayan extends the same logic one step upstream, from pharmaceutical feedstock to the broader chemical base on which pharmaceuticals, agrochemicals, dyes, polymers and electronics chemicals all draw. Note the exact repetition of the design: Rs 3,000 crore of capital, a Rs 1,000 crore per-park ceiling, three parks, competitive selection. The Union government is treating the Bulk Drug Parks template as a proven instrument and porting it across sectors.

THE EXISTING CLUSTER ARCHITECTURE

India already has four approved PCPIRs, notified under a policy introduced in 2007 that expanded the 2005 chemical hub concept.

PCPIR	STATE	AREA	ACTUAL INVESTMENT	EMPLOYMENT
Dahej	Gujarat	453 sq km	Rs 1,12,873 crore	1.84 lakh
Paradeep	Odisha	284.15 sq km	Rs 45,000 crore	38,000
Vishakhapatnam-Kakinada	Andhra Pradesh	640 sq km	Rs 43,744 crore	1.11 lakh
Cuddalore-Nagapattinam	Tamil Nadu	256.83 sq km	Rs 8,100 crore	13,950

The distribution of outcomes is the most instructive data in the table. Dahej, anchored by an existing refinery, port and gas grid ecosystem, attracted almost fourteen times the investment of Cuddalore-Nagapattinam despite occupying under twice the area. Employment tracks the same curve.

The lesson for BHAVYA-Rasayan is that a central grant is not the binding constraint. The binding constraints are contiguous encumbrance-free land, port and pipeline connectivity, assured and competitively priced feedstock, and a committed anchor investor willing to take the first plot. A Rs 1,000 crore grant landing on a site without these will replicate Cuddalore, not Dahej. The Plastic Parks scheme, also run by the Department of Chemicals and Petrochemicals, offers a parallel record of uneven uptake for the same reason: infrastructure money cannot manufacture demand or an anchor tenant.

THE ENVIRONMENTAL FAULT LINE

Chemical clustering concentrates pollution load geographically, which is simultaneously the strongest argument for parks and their greatest risk. Concentration makes shared treatment viable. A Common Effluent Treatment Plant (CETP), a Treatment, Storage and Disposal Facility (TSDF) for hazardous waste, Zero Liquid

Discharge (ZLD) systems and continuous emission and effluent monitoring are affordable at cluster scale but ruinous for a scattered small unit. The Cabinet decision itself frames the parks around exactly such centralised environmental facilities, including common effluent treatment, treatment, storage and disposal facilities, and hazardous waste management infrastructure.

The counter-record is Vapi and Ankleshwar in Gujarat, where clustering without enforcement produced contaminated groundwater, degraded river stretches and a [remediation](#) liability that has outlived several of the firms that created it. Concentration without monitoring simply converts diffuse pollution into a hotspot.

The Clearance Regime

Chemical projects require prior environmental clearance under the Environment Impact Assessment (EIA) Notification, 2006, issued under the [Environment \(Protection\) Act, 1986](#). Synthetic organic chemicals, including dyes, dye intermediates and bulk organic chemicals, appear at entry 5(f) of the Schedule, with petrochemical complexes and chemical fertilizer plants elsewhere in Schedule 5. Projects are graded Category A, appraised centrally by an Expert Appraisal Committee with clearance issued by the Union Ministry of Environment, Forest and Climate Change, or Category B, appraised by a State Level Expert Appraisal Committee with clearance by a State Level Environment Impact Assessment Authority. Location inside a notified industrial estate affects the category and the level of appraisal, which is a large part of why developers value a park designation.

Process Safety Is a Separate Failure Mode

Pollution control and process safety are different disciplines and fail differently. On 7 May 2020, styrene vapour escaped from a storage tank at the LG Polymers plant at R.R. Venkatapuram in Visakhapatnam. The National Green Tribunal took suo motu cognisance on 8 May 2020, and the Andhra Pradesh government paid Rs 1 crore each to the families of the twelve people who died. The proximate cause, an unagitated and uncooled monomer tank left standing through a lockdown shutdown, was a failure of inspection and maintenance protocol rather than of statute. India already has the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 and the Public Liability Insurance Act, 1991; what failed was enforcement at the plant gate. A park that co-locates dozens of such tanks raises the stakes proportionately.

ASSESSMENT AND WAY FORWARD

BHAVYA-Rasayan is well-timed against the China+1 supply-chain realignment, and specialty chemicals and pharmaceutical intermediates are the segments where Indian firms already have genuine process chemistry depth rather than aspiration. Three sober qualifications apply.

First, scale. Rs 1,000 crore per park is modest against the Rs 45,000 crore of private investment a working PCPIR such as Paradeep has attracted, so the grant must be understood as a viability-gap trigger for common infrastructure, not as the investment itself. Second, time. Five years is short for land acquisition, environmental clearance, utility construction and plant commissioning in sequence, so the FY 2030-31 sunset

may arrive with parks only partly built and States exposed on their Rs 500 crore commitment. Third, feedstock. Sustained access to naphtha, natural gas or ethane at competitive prices is determined by refinery configuration, gas pricing and import policy, all of which sit outside this scheme's control.

The way forward runs along five tracks:

- **Genuine plug-and-play utilities.** Power, steam, water, effluent hookups and hazardous waste disposal must be commissioned before the first plot is allotted, not promised alongside it.
- **Single-window green clearance with disclosure.** Faster appraisal for park tenants should be paired with real-time public disclosure of emission and effluent monitoring data, so that speed is bought with transparency rather than with dilution of standards.
- **Anchor-investor commitment as a selection criterion.** Binding letters of intent from a lead investor should carry weight in the Challenge Route, since the PCPIR record shows the anchor determines the outcome.
- **Skilling tie-ups.** Each park should be linked to institutions such as the Central Institute of Petrochemicals Engineering and Technology (CIPET) for process operators, instrumentation technicians and safety personnel.
- **Cluster-level safety governance.** A common chemical safety and off-site emergency plan under independent third-party audit, with a jointly funded emergency response capability, applying the operational lesson of Visakhapatnam.

UPSC RELEVANCE

GS Paper 3: Indian Economy and issues relating to planning, mobilisation of resources, growth and development; Government Budgeting; Changes in industrial policy and their effects on industrial growth; Infrastructure; [Environmental Impact Assessment](#); Conservation and environmental pollution and degradation.

Prelims pointers:

- BHAVYA-Rasayan expands to Bharat Audyogik Vikas Yojana Rasayan, approved by the Union Cabinet on 24 July 2026.
- Total outlay is Rs 3,030 crore, comprising Rs 3,000 crore for common infrastructure and Rs 30 crore for administration.
- The scheme runs five years, from FY 2026-27 to FY 2030-31, with Rs 600 crore in the FY 2026-27 Budget Estimate.
- Central grant ceiling is Rs 1,000 crore per park against a minimum State Government contribution of Rs 500 crore.
- Each park needs a minimum contiguous area of 8 sq km, at least 2,000 acres, of encumbrance-free land.

- The nodal implementing body is the Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers.
- India is the sixth largest chemicals producer globally and third largest in Asia, contributing about 7 per cent of GDP.
- India's four PCPIRs are at Dahej in Gujarat, Paradeep in Odisha, Vishakhapatnam-Kakinada in Andhra Pradesh and Cuddalore-Nagapattinam in Tamil Nadu.
- The PLI scheme for bulk drugs, approved in 2020 with Rs 6,940 crore, covers 41 critical KSMs, drug intermediates and APIs.
- Environmental clearance for chemical projects flows from the EIA Notification, 2006, issued under the Environment (Protection) Act, 1986.

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BHAVYA-RASAYAN AT A GLANCE:

Full form: Bharat Audyogik Vikas Yojana Rasayan

Cabinet approval: 24 July 2026, chaired by Prime Minister Narendra Modi

Announced in: Union Budget 2026-27 by Finance Minister Nirmala Sitharaman

Outlay: Rs 3,030 crore, of which Rs 3,000 crore is capital and Rs 30 crore administrative

Tenure: FY 2026-27 to FY 2030-31, five years

FY 2026-27 Budget Estimate: Rs 600 crore

Ministry: Chemicals and Fertilizers, through the Department of Chemicals and Petrochemicals

INDIA'S CHEMICALS SECTOR:

Global rank: sixth largest producer

Asian rank: third largest

Share of GDP: about 7 per cent

Trade position: net importer, largest deficit against China

Largest production segment by volume: alkali chemicals

PCPIR policy year: 2007, building on the 2005 chemical hub concept

Bulk Drug Parks scheme: Rs 3,000 crore outlay, notified 2020, three parks at Una in Himachal Pradesh, Jambusar in Gujarat and Thondangi in Andhra Pradesh

KEY CONCEPTS:

Key Starting Material (KSM): the base chemical from which drug intermediates and Active Pharmaceutical Ingredients are synthesised

Active Pharmaceutical Ingredient (API): the biologically active component of a finished medicine

Specialty chemicals: low-volume, high-value, application-specific chemicals with high research intensity

Zero Liquid Discharge (ZLD): a treatment design in which no liquid effluent leaves the plant boundary, all water being recovered and reused

Common Effluent Treatment Plant (CETP): shared effluent treatment infrastructure serving multiple units in an industrial cluster

Treatment, Storage and Disposal Facility (TSDF): a common facility for handling and disposing of hazardous industrial waste

Challenge Route: a competitive selection method in which States bid against defined criteria for a limited number of central awards

China+1: a corporate sourcing strategy of adding a non-China manufacturing base to reduce single-country supply-chain concentration

Sources: PIB, Ministry of Chemicals and Fertilizers, The Hindu

Source: BHAVYA-Rasayan Scheme: India Bets Rs 3,030 Crore on Three Dedicated Chemical Parks — Ujjayi.com | Free UPSC & State PCS Current Affairs

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