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India Ammonia Market Assessment, By Physical Form [Anhydrous Ammonia, Aqueous Ammonia], By Extraction Process [Steam Reforming, Partial Oxidation, Cryogenic Separation, Coal Gasification], By Application [Agricultural, Industrial], By Region, Opportunities, and Forecast, FY2018-FY2032F

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Abstracts

India Ammonia Market is anticipated to reach at USD 6.3 billion in FY2032 growing at a CAGR of 8.1% during the forecasted period in FY2025-FY2032 and was valued at USD 3.4 billion in FY2024. The growth of ammonia market in India is led by the increasing demand from chemical industries for its usage in the production of plastics, detergents, and fertilizers. The booming pharmaceutical sector also adds to the growth of ammonia market in India as ammonia is largely being used in the manufacturing of drugs and vaccines.

The ammonia market is a significant and growing sector within the Indian economy. The agriculture sector is the largest consumer of ammonia in India, with most of the ammonia produced in the country being used as a raw material to produce fertilizers. India's ammonia-based fertilizer industry is also supported by government subsidies and incentives. India's ammonia production is primarily based on natural gas and naphtha, which are used as feedstocks. Most of the country’s ammonia production takes place in the states of Gujarat, Uttar Pradesh, and Andhra Pradesh. The ammonia market in India has experienced significant growth over the past few years. India is the world’s third-largest producer of ammonia, behind China and Russia, with a production capacity of around 35 million metric tons per year.

Increasing Demand for Fertilizers

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One of the primary drivers of the growth of the ammonia industry in India is the increasing demand for fertilizer mainly for the maintenance of soil fertility. Ammonia is a key component of many fertilizers, and with the growing population and increasing food demand, the demand for fertilizers is also increasing. India has a large agricultural sector, and the government has been promoting the use of fertilizers to increase crop yields and ensure food security.

Collaborations Support Market Expansion

Increasing collaborations that are focused on the development of green ammonia are providing lucrative growth opportunities for the market. The growing requirement for green ammonia can be attributed to the rising concerns about sustainability in the country. Industries as well as the government are looking for ways to reduce their carbon footprint to as much as possible. Thus, augmenting the requirement for green ammonia solutions that are produced without relying on fossil-based energy sources.

For instance, in January 2025, Greenstat Hydrogen India Private Limited forged a partnership with H2CARRIER AS for accelerating the commercialization of green ammonia and hydrogen in India. This collaboration aligns with the country's goal to propel the utilization of renewable energy sources and is expected to provide new opportunities for the market for both exports and domestic use.

Growing Usage as a Refrigerant

Ammonia is widely used as a refrigerant gas and in air-conditioning appliances owing to its properties that helps in absorbing heat coming out from its surroundings. The extreme hot and humid weather conditions in India, mainly in the coastal regions witness and an increasing installation of refrigerators and air-conditioners, which is eventually driving the utilization of ammonia in various sectors in the country.

Government Initiatives

The Indian government has launched several initiatives to support and promote the ammonia market in India, listed as follows:

> Production-Linked Incentive (PLI) Scheme: In July 2024, the Indian government proposed a ?10,000 crore viability gap funding scheme in the Union Budget 2024-25 to boost green ammonia production by 2 million tonnes by 2025-26,

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aiming to reduce carbon emissions and enhance energy independence. In 2021, the Indian government announced a PLI scheme for the chemical sector, including the ammonia industry. Under this scheme, eligible companies are offered financial incentives to increase their production capacity, improve the quality of their products, and reduce their environmental impact.

Subsidies for Fertilizer Production: The Indian government provides subsidies to fertilizer manufacturers to ensure the availability of fertilizers at affordable prices. This has helped to increase the production of ammonia-based fertilizers sand support the growth of the ammonia industry.

Incentives for Green Ammonia: The Indian government has recently announced incentives to produce green ammonia, which is produced using renewable energy sources. These incentives include tax exemptions and financial support for research and development. Manufacturers are tapping the market potential and benefit of the government incentives by launching new ammonia plants. In 2022, Avaada Energy proposed INR 400 billion investment to set up green ammonia manufacturing plant in the state of Rajasthan with an aim to produce 5 million metric tons of green hydrogen by the year 2030.

Production Initiatives- in January 2024, the MNRE introduced Mode 2A of the SIGHT Programme, specifically targeting the fertilizer sector. This initiative aims to produce 550,000 tonnes per annum of green ammonia, providing direct incentives to producers and reinforcing the government's commitment to green energy transitions

Overall, the government initiatives in India aim to support the growth of the ammonia industry, promote the use of fertilizers, and encourage sustainable and eco-friendly production practices.

Impact of COVID-19 on India Ammonia Market

The COVID-19 pandemic has had a significant impact on the ammonia industry in India. The lockdowns and restrictions on movement that were put in place to contain the spread of the virus resulted in a decrease in demand for fertilizers, which in turn led to a decrease in the demand for ammonia. As a result, many ammonia producers in India were forced to cut production or shut down operations temporarily.

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In addition, the disruption in global supply chains caused by the pandemic resulted in shortages of raw materials and a decrease in the availability of equipment and spare parts, which further impacted the ammonia industry. Overall, while the COVID-19 pandemic had a negative impact on the ammonia industry in India, the sector has shown resilience and is expected to recover as the economy continues to reopen and demand for fertilizers increases.

Impact of Russia-Ukraine War on Ammonia Market in India

The ongoing Russia-Ukraine conflict has impacted the ammonia industry in India in several ways. Russia and Ukraine are among the largest producers and exporters of ammonia in the world and their conflicts may disrupt the production and supply of ammonia from these countries, which could lead to a shortage of supply and an increase in global ammonia prices, which could impact the cost of ammonia for Indian manufacturers. On the other hand, the conflict also creates opportunities for the Indian ammonia industry, particularly if there is a shift in global supply chains. If Russian and Ukrainian producers are unable to supply ammonia to other parts of the world, it could create opportunities for Indian manufacturers to expand their exports.

Key Player Landscape and Outlook

India ammonia market report presents a comprehensive competitive landscape analysis and evaluates the competitive position of various players based on a variety of performance metrics. The report includes financials of the public/listed companies over the previous few years, their growth plans, product development, launch of new products, market share, investments, etc. To expand the market share and profitability, several businesses are focusing on newer technologies to improve the efficiency of their ammonia plants. For instance, in August 2024, India signed its first-ever green ammonia export agreement with Japan. The agreement involves Sembcorp Industries producing green ammonia in India, which will be integrated into Japan's energy mix, replacing part of their coal consumption at thermal power plants. This collaboration highlights India's growing role in the global green energy landscape and reflects the government's strong support for green hydrogen and renewable energy initiatives.

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Contents

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