

# India Acetic Acid Market By Application (Vinyl Acetate Monomer, Purified Terephthalic Acid, Acetate Esters, Ethanol, Others), By End User (Food & Beverage, Plastic & Polymers, Paints & Coatings, Pharmaceutical, Others), By Region, Competition, Forecast and Opportunities, 2019-2029

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## Abstracts

The India Acetic Acid Market reached 1.86 million tons in 2023 and is expected to experience robust growth in the forecast period, with a projected Compound Annual Growth Rate (CAGR) of 4.06% through 2029 and is anticipated to reach at volume of 2.32 million tonnes by 2029. Acetic acid ( $\text{CH}_3\text{COOH}$ ), a versatile colorless organic compound, is produced both synthetically and through bacterial fermentation. With its chemical formula and alternate names like ethanoic acid or methane carboxylic acid, it plays a pivotal role in various industries. Notably, acetic acid finds application in the production of cellulose acetate, vinyl acetates monomer (VAM), metal acetates, and volatile acetates. Its applications span the textile, chemical, food and beverage (F&B), and paints and coatings industries in India, where it is extensively employed for its unique properties and diverse functionalities.

The product is considered safe for use in foods if it adheres to excellent manufacturing practices and meets the requirements of the food chemicals codex, making it 'food-grade.' This ensures that it maintains the highest standards of quality and safety. With the increasing demand for food and a growing emphasis on food safety, the product is poised to experience significant growth over the forecast year, catering to the needs of a discerning consumer base.

In the Indian acetic acid market, competition is fierce due to the presence of multiple

multinational corporations. These companies actively engage in extensive research and development activities, constantly seeking opportunities for expansion, collaborations, and joint ventures. By leveraging their expertise and resources, they aim to gain a competitive edge in the market. As a result, the impact of competitive rivalry is expected to remain high in the acetic acid market throughout the forecast period, driving innovation and advancing the industry.

## Key Market Drivers

**Growing Use of Acetic Acid in the Food & Beverage Industry:** One of the primary drivers of the increased use of acetic acid in the food and beverage industry is its role as a versatile and widely appreciated flavor enhancer. Acetic acid, commonly known as vinegar, adds a delightful tangy and acidic taste to a wide range of food and beverage products. It imparts a distinct flavor profile that not only enhances the taste but also contributes to the overall sensory experience of dishes, dressings, sauces, pickles, and condiments.

Moreover, acetic acid acts as a natural preservative, playing a crucial role in maintaining the extended shelf life of food and beverage products. By inhibiting the growth of bacteria, fungi, and other microorganisms that can spoil perishable items, acetic acid ensures the longevity and safety of various food products. This remarkable property makes acetic acid an essential ingredient in food preservation techniques such as pickling, fermentation, and salad dressings.

Another significant application of acetic acid in the food and beverage industry is its role as a pH regulator and acidity adjuster. It provides a precise and effective means to achieve the desired level of acidity in food formulations, playing a vital role in maintaining the taste, texture, and quality of processed foods, beverages, and carbonated drinks. Acetic acid's ability to balance and enhance flavors makes it a valuable component in the production of carbonated beverages, snacks, and bakery products.

Moreover, the acetic acid market has witnessed substantial growth due to the expanding food and beverage industry in India. Driven by changing consumer preferences, increasing disposable incomes, and urbanization, the demand for convenient foods, ready-to-eat meals, and flavorful beverages has significantly risen. As a result, the use of acetic acid as an essential ingredient in these products has become even more crucial, ensuring that consumers can enjoy the convenience and taste they desire. In conclusion, acetic acid's multifaceted role as a flavor enhancer, natural

preservative, pH regulator, and acidity adjuster has made it an indispensable ingredient in the food and beverage industry. Its ability to enhance flavors, extend shelf life, and maintain product quality has contributed to its growing demand and popularity in various food and beverage applications.

**Rise in Demand for Acetic Acid in the Chemical Industry:** One of the primary factors driving the increased demand for acetic acid in the chemical industry is its crucial role as a key raw material in the manufacturing of vinyl acetate monomer (VAM). VAM, a widely utilized compound, finds extensive application in the production of adhesives, paints, coatings, textiles, and various high-performance materials. As the demand for these products continues to grow, the need for acetic acid as a feedstock for VAM production rises in tandem.

Moreover, acetic acid plays a vital role in the production of a wide range of solvents, esters, and derivatives that find application in the pharmaceutical, plastics, and textile industries. It serves as a crucial building block in the synthesis of numerous chemicals, including acetic anhydride, butyl acetate, ethyl acetate, and many others. The versatility of acetic acid in chemical reactions and its ability to form derivatives with different functional groups make it a highly sought-after compound in the chemical industry.

Another significant driver of the rise in demand for acetic acid in the chemical sector is its invaluable use as a catalyst in various chemical processes. Acetic acid acts as a catalyst in reactions such as esterification, aldol condensation, and oxidation, facilitating the production of a wide range of chemicals and intermediates. Its exceptional catalytic properties make it indispensable in industrial processes, enabling cost-effective and efficient production of desired chemical products. The ability of acetic acid to accelerate these reactions and enhance the yield further enhances its value in the chemical industry.

**Growing Demand for Acetic Acid in the Textile Industry:** One of the primary drivers of the increased demand for acetic acid in the textile industry is its crucial role in the production of cellulose acetate. Cellulose acetate, derived from natural cellulose fibers, undergoes a complex transformation process with the involvement of acetic acid. This process imparts unique chemical properties to cellulose fibers, resulting in a versatile textile material that is widely used in the manufacturing of various textile products such as yarns, threads, and fabrics.

Moreover, acetic acid's significance in the textile industry extends beyond the production of cellulose acetate. It plays a pivotal role in various textile processes,

including dyeing, printing, and finishing. As a solvent and pH regulator, acetic acid aids in the fixation of dyes during the dyeing and printing processes, thereby enhancing color fastness. Additionally, it contributes to achieving the desired texture, softness, and wrinkle resistance during fabric finishing treatments. The ability of acetic acid to modify fabric properties makes it an indispensable component in textile manufacturing.

Furthermore, acetic acid finds application in the production of synthetic fibers, particularly acetate and triacetate fibers. These fibers are widely utilized in an array of textile products, ranging from clothing and home textiles to industrial textiles. Acetic acid acts as a catalyst and solvent in the synthesis of these fibers, imparting them with remarkable strength, durability, and other desirable characteristics. In conclusion, acetic acid holds a vital position in the textile industry, serving multiple purposes from the production of cellulose acetate to its involvement in various textile processes and the synthesis of synthetic fibers. Its versatility and contribution to enhancing textile properties make it an indispensable component in the realm of textile manufacturing.

### Key Market Challenges

**Volatility in Prices of Raw Materials:** One of the primary raw materials used in the production of acetic acid is methanol, which is derived from various sources such as natural gas, coal, and biomass. Fluctuations in the prices of these feedstocks directly impact the cost of methanol, which, in turn, affects the production cost of acetic acid. Any changes in the availability or cost of methanol can lead to significant price variations in the acetic acid market.

The global acetic acid market has experienced fluctuations in prices of raw materials in recent years. Factors like supply-demand dynamics, geopolitical tensions, changes in energy prices, and environmental regulations have contributed to this volatility. These factors have resulted in uncertainties in the availability and cost of raw materials, making it challenging for the Indian acetic acid market to maintain stable pricing and profitability.

Furthermore, the harmful effects of acetic acid and the focus on sustainability have led to increased scrutiny and regulatory requirements surrounding the production of raw materials. This, in turn, can impact the availability, cost, and sourcing practices of these materials, adding another layer of complexity to the challenge of raw material price volatility in the Indian acetic acid market. To address these challenges, companies in the acetic acid industry need to closely monitor and adapt to market trends, establish resilient supply chains, and explore alternative raw material sources. Collaborations with

suppliers and investment in research and development can also help in finding innovative solutions to mitigate the impact of raw material price fluctuations. By doing so, the Indian acetic acid market can strive for stability, profitability, and sustainability in the face of a dynamic and evolving industry landscape.

**Lack of Infrastructure and Logistics:** One of the key challenges faced by the Indian acetic acid industry revolves around the insufficient infrastructure for the production and storage of acetic acid. The existing manufacturing facilities require not only adequate infrastructure but also well-equipped plants, advanced storage facilities, and efficient utilities. The absence of such infrastructure can lead to numerous issues, including production bottlenecks, lower production capacities, and increased operational costs. Ultimately, these challenges negatively impact the overall competitiveness of the Indian acetic acid market, hindering its potential for growth and development.

Furthermore, the lack of robust logistics networks poses additional hurdles for the transportation and distribution of acetic acid. It is crucial to ensure the smooth and efficient transportation of both raw materials, such as methanol, and the finished product to maintain a steady supply chain and meet market demand. However, inadequate transportation infrastructure, encompassing road networks, ports, and railways, can result in significant delays, heightened transportation costs, and disruptions within the supply chain. Addressing these infrastructure-related issues is vital for the Indian acetic acid industry to thrive and maintain its competitive edge in the global market.

## Key Market Trends

**Growing Focus Towards Sustainability and Green Initiatives:** One significant aspect of this trend is the rising demand for bio-acetic acid, which is produced from renewable feedstocks through bio-based processes. This sustainable alternative to conventional acetic acid offers numerous advantages, including reduced carbon emissions, lower environmental impact, and a decreased reliance on fossil fuels. Due to the growing awareness and recognition of these benefits, the adoption of bio-acetic acid has been increasing across various sectors, ranging from pharmaceuticals and textiles to food processing.

Moreover, in line with the shift towards sustainable practices in the food industry, bio-acetic acid is being utilized in food processing and preservation. Acting as a natural preservative, it replaces synthetic additives and contributes to the development of more sustainable and organic food products. Notably, the focus on sustainability and green

initiatives extends beyond the demand side of the Indian acetic acid market.

Manufacturers are actively embracing more sustainable production methods and exploring innovative approaches to reduce their environmental footprint. This includes the development of sustainable routes for acetic acid production, leveraging renewable energy sources and bio-based feedstocks. By incorporating these sustainable practices and embracing the potential of bio-acetic acid, the Indian market is poised to foster a more environmentally friendly and socially responsible approach to acetic acid production and consumption.

### Segmental Insights

**Application Insights:** Based on the category of application, the vinyl acetate monomer segment emerged as the dominant player in the Indian market for Acetic Acid in 2022. The high share of vinyl acetate monomer in the market can be attributed to the increasing demand for various applications, such as paints and coatings, paper coatings, and printed products. These industries rely on vinyl acetate monomer as a key component for their production processes. The production of vinyl acetate monomer requires acetic acid, which serves as a major raw material. This versatile compound is then further used in the manufacturing of Polyvinyl acetate, a key ingredient in paints and coatings.

In India, the demand for paints and coatings has witnessed a significant surge in the construction and automotive sectors since 2021. This growth has prompted several companies to strategize and enhance their production capacities to meet the escalating demand. For instance, Aditya Birla Group, a renowned conglomerate, has recently announced its ambitious plans to invest a staggering amount of INR 100 billion (equivalent to approximately USD 1.21 billion) towards expanding its paints business in India. This substantial investment signifies the group's commitment to capturing a larger market share and establishing a stronger presence in the country's thriving paints and coatings industry.

**End User Insights:** The Paints & Coatings segment is projected to experience rapid growth during the forecast period. Acetic acid, a versatile compound, finds numerous applications in the production of ethyl acetate, a widely used solvent in coatings. Ethyl acetate, known for its effectiveness, serves as a suitable solvent for various resins, including cellulose acetate, nitrocellulose, and polyester. Moreover, acetic acid contributes to stabilizing the pH of coatings, ensuring the prevention of bubbles or blisters. Notably, acetic acid plays an essential role in paint and coating formulations as

an emulsifier. Its ability to disperse pigments and other solids within the formulation enhances application ease and improves the overall quality of the finish.

In the context of India, the demand for paints and coatings is witnessing a significant surge, primarily driven by the automotive and construction industries. The Indian government's proactive measures to promote residential construction aim to address the housing needs of approximately 1.3 billion people. Consequently, the country is anticipated to witness a remarkable investment of around USD 1.3 trillion in housing over the next six to seven years, leading to the construction of approximately 60 million new homes.

**Regional Insights:** West India emerged as the dominant player in the India Acetic Acid Market in 2022, holding the largest market share in terms of both value and volume. The western region of India, known for its strategic location near major ports like Mumbai, plays a key role as a transportation and logistics hub. This advantageous proximity to ports enables seamless import and export activities, facilitating a smooth flow of raw materials as well as finished acetic acid products.

Moreover, the western region boasts a highly skilled and educated workforce, equipped with the technical knowledge and expertise necessary for operating chemical and manufacturing facilities. This abundant availability of skilled labor greatly contributes to the efficient and successful operation of acetic acid production plants, ensuring a steady supply of this essential chemical compound to meet various industrial demands.

### Key Market Players

Indian Oil Corporation

Pentoky Organy India Limited

Gujarat Narmada Valley Fertilizers & Chemicals Limited

Jubilant Ingrevia Limited

Tanfac Industries Ltd.

GODAVARI BIOREFINERIES LTD.

### Report Scope:

*India Acetic Acid Market By Application (Vinyl Acetate Monomer, Purified Terephthalic Acid, Acetate Esters, Et...*

In this report, the India Acetic Acid Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

India Acetic Acid Market, By Application:

Vinyl Acetate Monomer

Purified Terephthalic Acid

Acetate Esters

Ethanol

Others

India Acetic Acid Market, By End User:

Food & Beverage

Plastic & Polymers

Paints & Coatings

Pharmaceutical

Others

India Acetic Acid Market, By Region:

North India

East India

West India

South India



## Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the India Acetic Acid Market.

## Available Customizations:

India Acetic Acid Market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

## Company Information

Detailed analysis and profiling of additional market players (up to five).

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