

**ENDURING RELATIONSHIPS: A PATH TO SUSTAINABLE GROWTH OF
PAINTS AND COATINGS INDUSTRY**

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Mumbai, September 16, 2016

Esteemed members of the Indian Paint and Coating Association, Maharashtra Region, ladies and gentlemen,

I am indeed pleased to be here this morning and be a part of this Knowledge Sharing seminar. I thank the organizers of this seminar for having invited me and given me an opportunity to share some of my thoughts. I do not strictly belong to your community of practice; Therefore, I do not pretend to speak with any sense of authority on the subject that you are all so familiar with. On the contrary, I expect to learn a few things by being here, interacting with you and hearing some of the talks. So pardon me if I am being too naïve.

I find the theme of your seminar “Enduring Relationships” intriguing and interesting. I also find it most appropriate for an association such as yourselves comprising of over 1000 Pan India MSME’s all bound by the common interest in paints, resins and inks. As small individual organizations, your real competitive advantage lies in your ability to collectively leverage your strengths, built on enduring relationships. While you may be competitors in the market place, you need to have a collaborative mindset and strong bond amongst yourself in terms of learning and sharing knowledge, which will make each one of you stronger.

In today’s business environment, an enterprise must be financially sound, capable of quickly building scale, must be able to create new markets by expanding the pie, and not merely by cannibalizing your competitors market share, innovate relentlessly and have deep respect for the planet’s natural resources. Only when all these criteria are met, a business becomes truly sustainable.

Enduring relationships are key to building sustainable businesses. Relationship with your raw material suppliers leads to optimal sourcing strategies leading to cost sustainability. Relationship with customers by providing products with quality, consistency and reliability leads to business and market sustainability. Relationship with Government bodies and

regulatory authorities leads to healthy respect as well as compliance with laws and leads to environmental sustainability. Relationship with your employees and service providers engender a happy work environment leading to improved productivity and sustainability of human resources, Lastly, relationship with knowledge providers and experts results in prevention of obsolescence and leads to sustainable innovations.

Friends, the key to success is indeed enduring relationships with all your stakeholders.

Let me dwell a few minutes on another issue that confronts all MSME's. This relates to the manner by which small companies can innovate and stay ahead of the learning curve. Contrary to conventional wisdom, small businesses are far more innovative than large businesses. However, the manner in which they acquire and apply new knowledge is different. They do not have the kind of R&D budgets that large businesses have; but small companies can be more focused, efficient and better understand the need of the customer. Very often they lack sophisticated facilities for R&D; however, they make it up by their resourcefulness.

Your Association must assiduously cultivate and increase the "Knowledge Content" of your products and processing techniques. This will require new kind of partnership and relationships.

I urge you to seriously consider a "cluster approach" to innovation. Your Association can form an innovation cluster with common objectives and a defined as well as shared innovation agenda. Such clusters should be small, decentralized, easily manageable, industry owned, resourced and managed. They can be so constituted that they can leverage public and government funds. Preferably, they should be located next to an academic center of excellence, so that they can take advantage of academic faculties and students. The focus of such a cluster must be pre-competitive new product development, evolving quality systems and processes, material selection and cost-performance optimization, LCA, sustainability and regulatory issues. The Cluster will also function as a gateway for information. The clusters will also maintain common and shared resources for computation, design tools, technical information and material database.

Using this model, a small beginning has already been made by one of your sister industry organization, namely, The Indian polyurethane Association (IPUA) in Pune. The IPUA Technical Center has commenced operation at 100, NCL Innovation Park, a campus adjacent to CSIR-National Chemical Laboratory (www.lpuatc.com).

India offers immense scope for innovation in your segment of industry. With just 1.5 kg per capita paints and coatings consumption India's growth opportunities are huge. The Indian market is becoming increasingly more refined, segmented and sophisticated, where customers will demand maximum functionality at the lowest cost at each price point. Concurrently, there will be increasing pressure on the business to become more efficient. This will pose immense new challenges that can be met with only innovation.

Let me share a few thoughts on what I see are the challenges.

First and foremost is the issue of **sustainability**. Paints and coatings use copious quantities of either hydrocarbon solvents or water. Both are scarce resources. While the focus has been on VOC, we forget that water is also a stressed resource as far as India goes. Apart from increasing solids content, we need to ask whether we can make paints more durable and extend their useful life so that we use less of it. Can we make coatings thinner by enhancing opacity? How can we improve transfer efficiency during application of the paint and reduce wastage?

The second challenge is to make paints and coatings more **functional** and easy to use. These include endowing surface coatings with attributes such as scratch and wear resistance, self cleaning properties, heat insulating properties, humidity absorbing properties, antibacterial properties, light absorbing and light emitting coatings, etc. With availability of low cost LED's, on-site UV curable coatings for wood flooring and concrete will become important. Long pot life, shelf stable single component PU, epoxies, acrylics and phenolic using latent acid or basic catalysts is becoming a viable approach to enhance ease of use and reduce wastage, especially in small DIY markets. Another example is the use of polyamine cross-linkable functional binders (glycidyl, carbonyl, activated methylene, or acryloyl functional) where the polyamines are generated by the reaction of ketimines with moisture. Solvent less peroxide cured gel coats of unsaturated polyesters are widely used in marine coatings.

The third challenge is to use more of **renewable**, naturally occurring compounds in paint formulations. The incentive is not so much to reduce costs, but to make use of the unique functionalities available in many naturally occurring materials. Naturally occurring gums, resins and functional organic molecules were widely used in varnishes, lacquers, paints and coatings, long before petroleum was discovered. We need to revisit the old chemistry, now lying discarded, apply tools of modern science and reinvent them. This will address the issue of, both, sustainability and performance.

Friends, the opportunities are limitless. MSME's are ideally placed to exploit them, because all new products start out as low volume specialties, suited to small-scale operations. Large companies with world scale manufacturing plants, exploiting economies of scale and a commodity mind set cannot capitalize on such opportunities. Also, large companies are relatively more risk averse. I do hope that some of you seize these opportunities and create new businesses that will be value creating, enduring and the envy of the world.

Thank you, for your patient listening.