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Status of The Paint Industry in India

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Abstract

The Indian paint industry has experienced significant growth and transformation, propelled by urban sprawl and industrialisation, growing disposable revenue, real estate expansion, and infrastructural growth and expansion. This sector includes both decorative and industrial paint segments, catering to the needs of residential, commercial, automotive, construction, packaging, and manufacturing industries. Leading domestic and international paint companies compete on quality, variety, innovation, and eco-friendliness, introducing low-VOC paints to address environmental concerns. Regulatory compliance, digital integration for marketing and distribution, and a shift toward sustainable practices are shaping the industry's landscape. The purpose of this research is to assess the present situation of the paint industry in India and to draw conclusions about its role in the country's economy. The research focuses on three main objectives: To begin, we will examine the competitive landscape, major trends, and market dynamics to get a feel for the paint industry as a whole. The second objective of the research is to put a number on the industry's impact on the Indian economy in terms of things like export potential, job creation, and income. The study concludes by illuminating the paint industry's critical function in the building and automotive sectors. By delving into the industry's effects on form, function, and security, it highlights the industry's influence on these areas. With these goals met, the study sheds light on the many ways in which India's paint industry contributes to the country's economy and industry.

Keywords:- Paint industry, Indian economy, Employment opportunities, Decorative, automotive paints.

I. INTRODUCTION

One of the most dynamic and influential industries in India, the paint industry is responsible for a great deal of the physical and economic development of the nation. Before India gained its independence, the construction industry and the upkeep of public buildings were the main consumers of paint. This led to the establishment of the paint industry in India. From its humble beginnings to its present-day status as an integral part of many different sectors, it has experienced remarkable change over the years. Rapid urban sprawl and development, increasing disposable revenue, and technological advancements have all contributed to the phenomenal growth of India's paint industry. As a result of this expansion, the paint industry is now divided into several subsectors that serve different markets with specialised requirements. These subsectors include decorative, industrial, and automotive paints. There are opportunities as well as obstacles for the industry. Raw material price fluctuations, regulatory compliance, and environmental considerations are some of the challenges. Innovation, sustainability efforts, and a rising demand for high-quality coatings have kept the Indian paint industry afloat despite these challenges. Its substantial and long-lasting influence on India's development is evident in the fact that it is still an important factor in improving the look of places and helping to ensure that buildings last.

II. OBJECTIVES

This paper's primary objective is to survey the current state and performance of India's paint industries. The particular goals are as follows:

- To review the overall status of the paint industries in India
- In order to see how well the paint industry is doing and how much it has helped the Indian economy.
- That the paint industry's role in the building and automotive industries be better understood.

III. METHODOLOGY

It is an analytical and descriptive paper. In order to grasp the significance of the paint industry to the expanding economy and other ideas connected to these sectors, it is helpful to review the relevant literature. By utilizing secondary data spanning multiple years, an analysis of growth and its impact on the Indian economy is endeavored. In addition, we also tried to improve the performance of major paint industries.

3.1. The status of the paint industry

Over the past 20 years, India's paint industry has grown at a rate of at least double that, thus becoming among the globe's most rapidly expanding primary paint economy. The market is anticipated to experience a significant growth rate of 9.38% from 2023 to 2028, with a valuation of INR 62,000 crores (USD 8 billion) in 2023 and INR 1 lakh crores (USD 12.34 billion) in 2028. Nearly all significant paint manufacturer in the world has a base in this nation, which boasts over 3,000 producers. Its market share in architectural paints is approximately 75 percent and in industrial paints it's about 25 percent. All of its sections are growing at a fair pace, including powder, automobiles general industrial, refinish, wood, packaging, and plastic.

Given the substantial overlap in materials, manufacturing machinery, and supply avenues, as well as the lack of commitment to outstanding occasions for any of these groups, Paint India serves as a procuring and production advocate for the core Paint/Coatings, Printing Inks, Construction Chemical-Based Products and Adhesives-Sealants sections. In a comparable manner the show provides essential procuring options for major and vital areas of industry such as pigments, resins, plastic master batches, and composites, enhancing the advantages and consumer involvement that are on hand. Several factors are propelling the paint industry of India forward, including increasing disposable incomes, more urbanization, more government spending on infrastructure, more demand from the industrial and automotive sectors, and deeper penetration of e-commerce.

The growing middle class in India is spending more on home improvement and decoration, which is driving demand for paints. Additionally, the rapid urbanization in India is leading to the construction of new buildings, which is also creating demand for paints. The demand for paints in the construction and infrastructure sectors is being driven by the heavy investment in infrastructure development by the Indian government. The fast growth of the automotive and industrial sectors in India is also contributing to the expansion of the paint industry. The ease with which consumers can buy paints online is also being enhanced by the rising penetration of e-commerce.

Despite recent currency value fluctuations, and the influence of low crude oil prices, the industry has responded positively to such market changes. This is due to a number of reasons including innovative manufacturing technologies and processes. A commitment to embrace cutting-edge techniques has helped market leaders deal with negative external trends. Newly developed concepts during the last decade have enabled manufacturers to meet the diverse demands of customers. Techniques such as anti-corrosion protection, nano-coatings, and low-VOC coats have paved the way to greater profits. Innovations in nanotechnology have allowed paint developers to formulate products that exhibit self-healing characteristics, conduct electricity, and offer greater protection against UV rays. These products offer greater resistance to wear and tear, corrosion, and scratches. Nano-paints can be integrated with various metals and ceramics that provide beneficial properties. The movement to "go green" has spawned several environmentally conscious coatings and paints. House paints that are hypoallergenic, volatile organic compound (VOC) free, and solar reflectant are all new items on the market. Another way these paints help businesses save money is by being less expensive.

Many different companies compete for customers' business in India's paint industry. Among the leading companies in this industry are Pidilite Industries, Asian Paints, Berger Paints, Kansai Nerolac Paints, and Akzo Nobel India. Efforts by these industry heavyweights to reduce heat transfer during industrial processes have yielded multi-functional coats, thanks to substantial investments in R&D. Growth in the sector, more jobs, and advantages for many consumers are all results of these factors.

3.2. The performance and contribution to Indian Economy

An important part of India's economy, the paint industry has a wide range of effects thanks to its many different products and services. Characterized by consistent growth, the industry comprises two major segments: decorative paints for consumers and industrial coatings for diverse applications. In terms of economic significance, the paint industry's revenue generation fosters substantial contributions to the nation's GDP, while also bolstering tax revenues. This vibrant sector acts as a significant employment generator, spanning a wide spectrum from manufacturing to distribution, encompassing both direct and indirect employment opportunities. With its reach extending beyond domestic boundaries, Indian paint manufacturers are making strides in international markets, fortifying foreign exchange earnings and trade balances. Moreover, the industry plays a pivotal role in the construction and infrastructure sectors, its paints safeguarding structures while simultaneously enhancing their aesthetic appeal. The Indian paint industry has been and will continue to be an important part of the country's development story, meaning it will play an important role in driving innovation, creating jobs, and increasing GDP.

Table 1: Results and impact on India's economic situation from the paint industry

Year	Market Size (INR crores)	Growth Rate (%)	Contribution to GDP (%)
2019	48,000	11.4	0.5
2020	54,000	12.5	0.6
2021	62,000	13.0	0.7
2022	70,000	12.0	0.8
2023(Estimated)	78,000	11.0	0.9
2024 (Forecast)	86,000	10.0	1.0

Source: Statista

Table 1 displays data from the Indian paint market is growing rapidly, with a market size of INR 48,000 crores in 2019 and projected to reach INR 86,000 crores by 2024. The growth rate is also impressive, at 11.4 percent in 2019 and projected to reach 10.0percent in 2024. The contribution to GDP is also significant, at 0.5 percent in 2019 and projected to reach 0.9 percent in 2024.

Due to the difficult economic circumstances felt by a significant part of the internal economic status, the paint industry continued to face unfavorable market circumstances in 2020. The abbreviated festival season, relative to the prior financial year, along with the prolonged rainy weather in various regions of the India, adversely affected paint market in the economy. Furthermore, the national market's requirement for decorative and use of paint for the industry was further compressed due to the restrictive financing situations experienced by real property and infrastructural developers as a consequence of the shortage of funds impacting the non-banking financial services industry. Over the course of the year, the automobile coating industry's major operators felt the effects of persistently falling demand in the vital automobile industry. To further limit the pandemic's spread, the government unexpectedly closed down every source of supply in the last two weeks of the fiscal year. A significantly slower pace of growth for the paint industry was thus recorded at the end of the year relative to the prior year. Despite the challenging economic climate, the paint sector was able to preserve its operational profits and even assist the declining demand by offering reduced rates to consumers. This was made possible by the relatively inexpensive cost of the basic supplies.

To alleviate the complexities of the painting technique for customers, paint firms implemented measures to streamline the procedure by offering painting assistance. Although Asian Paints has provided painting assistance for numerous years, Berger Paints innovated the concept of Xpress Painting. After the COVID-19 pandemic, paint manufacturers responded by implementing new precautionary procedures and measures to allay consumer fears of having strangers (painters) work on their homes. Many paint manufacturers, including industry heavyweights, also developed a line of sanitizers and disinfection agents. The Indian paint and coating industry had a downturn in 2021 and 2022 due to the pandemic, but strong demand for paint and coating products in the construction and automotive sectors contributed to the industry's recovery. Volumes for all of the paint producers soared to new highs. Here, PPCJ presents an overview of the country's paints & coating industry. The Indian paint & coating industry, roughly valued at US\$8bn, has registered mixed growth during the last few years. After being affected by COVID disruption in 2020 and the first half of 2021, the industry started to gain momentum during the second half of 2021. In contrast, 2022 has proved to be a year of steady growth for the industry. In terms of volume, the architectural section is responsible for about 69% of the India's paint usage, while the industrial segment is responsible for 31% of them of the paints and coatings produced in this nation. During the last five years, the architectural section's participation has dropped from 73% to 69%, suggesting that industrial sub-segments like automotive have increased their consumption. This bodes well for the forthcoming success of the country's paints and coatings industry as a whole. The paint and coatings industry in India is currently worth INR620bn (US\$7.70bn), but according to the Indian Paint Association, it will reach INR1000bn (US\$12.34bn) in the subsequent five-year period. With the exception of 2020 and 2021, the industry has maintained a Compound Annual Growth Rate in the double digits, so this makes sense.

The entry of some large-scale paint producers (JSW Paints) and the scaling of operations by some existing mid-scale producers (Indigo Paints and Shalimar Paints) has led to stiff competition in the Indian paint & coating industry during the past two years. It is anticipated that several units in the unorganized sector will be promoted to the mid-segment category in the near future as a result of their modernized operations.

Table 2: Results for the biggest paint manufacturers in India in 2022

Company	April–December 2021 sales revenue (in Indian Rupees)	Total revenue generated from April to December of 2022	Percentage increase in sales revenue compared to the same period in 2021
Asian Paints	18.247 billion	22.363 billion	22.55pc
Berger Paints	5.813 billion	7.281 billion	25.25pc
Kansai Nerolac	4.536 billion	5.475 billion	20.70pc
Shalimar Paints*	1.561 billion	2.205 billion	41.25pc
Indigo Paints*	3.521 billion	4.666 billion	32.51pc

Source: The financial reports of all the specified companies

Displays the performance of all principal paint companies of India in 2022. The table presents the sales revenue of each company for the periods of April to December in 2021 and 2022, along with the percentage increase in sales turnover for the same timeframe in 2021.

Asian Paints is the predominant entity in the Indian paint sector, achieving sales revenue of 22.363 billion INR from April to December 2022, reflecting a 22.55 percent increase compared to the corresponding period in 2021. Berger Paints ranks second, achieving sales revenue of Rs. 7.281 billion during April-December 2022, reflecting a 25.25 percent increase compared to the corresponding period in 2021. Kansai Nerolac ranks third, achieving sales revenue of Rs. 5.475 billion from April to December 2022, reflecting a 20.70 percent increase compared to the corresponding term in 2021. Shalimar Paints occupies the fourth position, while Indigo Paints holds the fifth. The India's paint market experienced a growth of 20.70 percent from April to December 2022, primarily driven by the robust performance of Asian Paints. Berger Paints, Kansai Nerolac, Shalimar Paints, and Indigo Paints all experienced growth exceeding the market average. This growth was propelled by several factors, including robust demand from the constructions and infrastructure sectors, alongside increasing disposable incomes.

The paint industry is encountering difficulties, such as escalating costs for basic materials and intensifying competition from international entities. These challenges are expected to exert pressure on margins in the forthcoming quarters. Nonetheless, the Indian paint market is projected to sustain growth for the foreseeable future, propelled by increasing urbanization and heightened demand for decorative paints.

3.3. Architectural segment continues to dominate the paints in India & coating market

The Indian paint and coating industries have traditionally relied on the architectural sector. The sectors robust expansion in 2022 was fueled by the thriving construction industry. Due to the prolonged rainy season and shortened Diwali duration, the Indian architectural paints industry had a diminished fourth quarter, which is normally a major boom phase for the decorative paints market in the nation at large. Architectural coatings have seen significant demand in India due to the nation's robust construction pipelines, the government's lofty plans like "Housing for All," and the rapid pace of urban sprawl. India's architectural paint consumption is projected to rise in the mid to long period of time, with these aspects playing an integral part.

A nation's consumption of architectural paints is likely to increase in response to rising incomes, urbanization, and consumer spending. When it comes to this, our country is absolutely spot on. In 2022, India experienced a 6.8 percent GDP growth, accompanied by escalating urbanization and an enhancement in the ability to spend of a significant portion of the populace, thereby presenting significant potential for the rise of architectural paints. Urban development will significantly influence the expansion of the coating industry within the architectural sector. At present, 34.0 percent of the population of India inhabits urban regions. The rate of urban development has markedly accelerated in the past twenty years. This trend is expected to persist, with projections indicating that 590 million individuals will reside in urban areas by 2030, increasing to 820 million by 2050. In accordance to a 2022 UN report, by 2035, 43.2 percent of India's population is expected to live in towns and cities at the middle of the year.

Table 3: Automotive production trends in India during the last five financial years.

Category	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	4,020,267	4,028,471	3,424,564	3,062,280	3,650,698
Commercial Vehicles	895,448	1,112,405	756,725	624,939	805,527
Three Wheelers	1,022,181	1,268,833	1,132,982	614,613	758,088
Two Wheelers	23,154,838	24,499,777	21,032,927	18,349,941	17,714,856
Quadricycles	1,713	5,388	6,095	3,836	4,061
Total	29,094,447	30,914,874	26,353,293	22,655,609	22,933,230

Source: Society of Indian Automobile Manufacturers

Automobile paint consumption in India has increased at a rapid pace due to the country's consistently rising car production over the past decade. For the foreseeable future, the country is shaping up to be an important player in the international car industry. In the next years, the demand for automotive coatings in the nation will reach new heights due to these factors. Coating product value has increased in tandem with volume in India's automotive industry, thanks to the rising 'premiumization' of the nation's car segment.

IV CONCLUSION

There has been significant growth in India's paint industry, which has boosted the country's economy, improved its infrastructure, and made it more aesthetically pleasing. The Indian paint industry is poised for great things in the future, thanks to its rapid growth, technological advancements, and more conscientious consumers. The achievement in the industry will be driven by innovation, sustainability, and adaptability. But there are still obstacles, like the ever-changing prices of raw materials, the need to comply with regulations, and worries about sustainability. Stakeholders must maintain investments in R&D, sustainable practices, and strategic partnerships to overcome these obstacles and reach its full potential. There is a fantastic opportunity for the paint industry to influence the visual landscape of India and contribute to the country's economic growth as the middle class expands and individuals become more interested in design and construction.

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