CHAPTER - 6

GROWTH OF PACKAGED DRINKING WATER INDUSTRIES

INTRODUCTION:
Increasing consumption of bottled water, rising spending capacity, population, growing scarcity of pure drinking water, rising awareness on health-consciousness among Indian consumers, and increasing per capita consumption along with growing market segment for bulk water are the major growth factors driving the Indian bottled water industry.

The country’s bottled water market is registering a growth of 19% pa. Currently the Indian bottled water market (both organized and unorganized sector) is valued at Rs 8,000 crore and is on the threshold of being worth Rs 10,000 crore in the current fiscal 2012-13, according to a research report titled “The Indian Bottled Water Market : Unveiling its Thirst” released by Ikon Marketing Consultants.

Consuming bottled water in India has become a necessity now. The Indian consumer perceives bottled water as safe to consume. Though the one litre water bottle holds significant market share. However, in recent years the institutional supply is picking up with supply of bulk packs. Currently the small packing is holding maximum market share due to affordability and availability.

As discussed in earlier chapters we are aware about the water crisis and supply of pure drinking water as well as its quality which results the growth of Packaged Drinking Water Industries to provide safe and clean water to public. As we all know water is a key to social equity to environmental stability and to cultural diversity. If one goes back to the culture of ancient times, with all the great religions of the world, it will be seen that water is much more than an economic issue. Water is directly linked with spiritual values, with respect to mankind towards nature. Water is also firmly linked with health as it was already discussed that 80% of all the diseases are borne by water only. In the present scenario the Packaged drinking water has also changed the life of the public. The major problem of people is to procure water for drinking from various sources and the other challenge is to face the shortage of the drinking water supply by the government. As we had seen there is an sever water crisis in our country the problems of drinking water are classified as :

1. To procure water from lakes, rivers or ponds.
2. To procure water from sources of groundwater i.e. tube wells, wells etc.
3. To procure water and filter it by various techniques
4. To bring the water to the people for use who go to long distances due to water shortage.
5. The water supplied is not pure.

The Packaged drinking water has solved all the problems of drinking water and people make their life comfortable by using packaged drinking water and there is no need to go anywhere for water as well as it is already filtered and ready to use and drink. As water is the most important necessity for life. The drinking-water needs vary from person to person depending on the climate, physical activity and
the body culture, but for average human being it is estimated to be about two to four litres per day. The growing number of cases of water borne diseases, increasing water pollution, increasing urbanization, increasing scarcity of pure and safe water etc. has made the bottled water business just like other consumer items. Scarcity of potable and wholesome water at railway stations, touristor’s spots, and role of tourism corp. etc. has also added to growth of this business.

It is needless to mention that water, a compound of Hydrogen and Oxygen is a precious natural gift which is very essential for survival of mankind including animals. The water used for potable purposes should be free from undesirable impurities. The water available from untreated sources such as Well, Boreholes and Spring is generally not hygienic and safe for drinking. Thus it is desirable and necessary to purify the water and supply under hygienic conditions for human drinking purpose. As the name implies, the mineral water is the purified water fortified with requisite amounts of minerals such as Barium, Iron, Manganese, etc. which can be absorbed by human body. It is either obtained from natural resources like spring and drilled wells or it is fortified artificially by blending and treating with mineral salts. The mineral water shall be manufactured under hygienic conditions and packed in properly washed and cleaned bottles in sterilized conditions.

Pure and safe drinking water has always been a necessity. Traditionally, pipe water distributed by the municipalities has been the trusted water supply for drinking purposes. In the earlier days, water available from the wells and springs used to be considered safe and was stored in earthen pots or brass containers. This water was considered safe for drinking and serving to guests and visitors. The tradition and style of serving drinking water, in India, has however changed quite dramatically during the last decade. Almost a decade ago, the introduction of bottled water or “packaged mineral water” has changed the tradition of serving and consuming drinking water. This has ushered in very strongly, the use of polymers or plastics as materials for water storage and distribution.

Today, packaged drinking water is an industry in India, which is estimated at Rs.700 crores with over 200 brands floating in the market, most of which have restricted territorial distribution. This is a growing market in India as quality consciousness among the consumers is on the rise. Every year an estimated 800 million litres of bottled water are marketed in plastics and the demand continues to grow. Besides bottled water, there is also a large market for plastic pouches, especially in the states of Tamilnadu and Gujarat.

At the global level, packaged drinking water (containers up to 20 litres) industry is considered as a significant contributor in the beverage industry and accounts for over 80 billion litres per PET Bottles in the Global Market. It is the fastest growing beverage industry worth Rs. 990 billion a year. Volume growth for the year 2005 stood at 35%, making it the best performing of all soft drinks on the world stage.

Indians currently spending about $330 million a year on bottled water, it is analyzed that the packaged water market constitutes 15% of the overall packaged beverage industry, which has annual sales of at least $2.6 billion, Deepak Jolly, a
spokesperson for Coca-Cola India said, Naveen Luthra, CEO, Mulshi Springs says," the bottled water market in India, selling an estimated million bottles a day, makes the natural bottled water market a mere 6% of the total bottled water market in India. The natural bottled water market is growing at a phenomenal 40-50% a year".

Almost all the major international and national brands water bottles are available in Indian market right from the malls to railway stations, bus stations, grocery stores and even at panwala's shop. Before few years bottle water was considered as the rich people's choice, but now it is penetrated even in rural areas. The growth and status of Indian Bottled Industry in comparison with Western or Asian market, India is far behind in terms of quantum, infrastructure, professionalism and standards implementation. The per capita consumption of mineral water in India is a mere 0.5-litre compared to 111 litre in Europe and 45-litre in USA. Also As per UN study conducted in 122 countries, in connection with water quality, India's number was dismal 120. In comparison to global standards India's bottled water segment is largely unregulated.

MARKET & DEMAND ASPECTS

Earlier bottled drinking water was privileged to high class, foreign tourist and highly health conscious people but the present decade has witnessed increasing popularity among average consumers, increasing living standards, disposable income, education and awareness among the consumers domestic and foreign tourist, sophisticated business houses and offices has increased rapidly the sales of bottled water in recent years.

The growing demand for bottled water speaks volumes of the scarcity of clean drinking water and the quality of tap water. It has become an icon of healthy lifestyle emerging in India. Selling – 'safety' – i.e. pure and simple water has now become one of the fastest growing industries in India despite the harsh truth it is build on the foundation of bad governance, inequality and obvious exploitation. However, bottled water provides the distance advantages of convenient packing, consistent quality and is ubiquitous.

This particular industry in India has never looked back after the economic liberalization process of 1991-92. In fact the fastest growth in the consumption of bottled water in the world has been recorded in India according to a new study conducted by the US based earth policy institute.

According to Bureau of Indian Standards (BIS), there are 1200 bottling plants and 200 brands of packed drinking water across the country (nearly 80% of which are local) hitting over the markets which thoroughly signifies the market is big, even by international standards.

This is boom time for the Indian bottled water industry – more so because the economics is sound. India is the tenth largest bottled water consumer in the world. The consumption of smaller units of 500 ml has increased by around 140% perceptibly. Even school children are carrying the 500 ml packs in their school bags. The 20 litre bulk water jars have found phenomenal acceptance in house
hold and at workplace. With the growing market size, one can imagine the employment opportunities being created with the surge in bottled water industry.

The bottled water market is dominated by major player such as Coco-cola, Pepsico, Parle K.K. Beverages, Manikchand, Tata-Mount Everest. Although we have a large number of players, Parle was the pioneer among the major player when it was launched in India, 35 years ago.

Packaged drinking water industry has grown many folds in all the developed Economics of the world. The product is targeted especially at touring and Traveling market segments. The market is also growing due to contamination or shortage of water supply in the cities.

At present the Indian market is dominated by processed water. The demand for consumption of mineral water in India has been estimated at approx. 500 million litres of pure water bottles and the market is expected to grow at a rate of 25-35% per annum.

The domestic market of mineral water is mainly derived from the tourism sector. Further, the demand may also be from institutional sector as well as from higher income bracket group in urban areas. In view of the large scope of packaged drinking water, the project will have tremendous scope for its development. India’s bottled water industry is poised for stark growth pushed by pure drinking water shortages and a rising awareness of water-related health issues.

The market for bottled water in India stands at US$ 1.4 billion with the potential to hit a market worth US$ 1.8 billion by 2020. The growth momentum will steadily reach US$ 1.6 billion by 2015, the report said. However, within the US$ 90 billion global bottled water market, Consuming bottled water in India is become a necessity now, it stated, and this surge is set to be underpinned by demands from the institutional sector such as hotels and corporate businesses.

**Bottled Water Companies Earn High Profits**

What is amazing is that people are prepared to pay Rs. 17 - 20 for a litre of water-in India especially when the cost of material input (0.55 paisa per litre excluding labors cost) pales into insignificance before the price of the product. Up to 40% of bottled water comes from the same source as tap water, but is sold back to consumers at hundreds of times the cost. "Think Outside the Bottle" campaign. Not only is the Coca-Cola but there are thousands of brands in India’s $445 million packaged water industry.

Not just bottlers are involved. In south India, thousands of fuel trucks are converted to be water carriers sell ground water to households and establishments at about $10 for 5,000 litres. More than 13,000 tankers carry water drawn from farmland surrounding Chennai, according a social activist R Srinivasan. He estimates a $148 million tanker industry is cashing in on Chennai’s acute water scarcity. The story is replicated across India, including in New Delhi.
Exponential Increase in Demand of Packaged Drinking Water
As we Know the Packaged Drinking Water industry is growing day by day this table represents the growth strategy from the year 2005 – 2010 as well as there is excellent growth in this industry.

Table No - 6.1
Increase In Demand

<table>
<thead>
<tr>
<th>Year</th>
<th>Million Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 – 2006</td>
<td>97</td>
</tr>
<tr>
<td>2006 – 2007</td>
<td>112.5</td>
</tr>
<tr>
<td>2007 – 2008</td>
<td>129.85</td>
</tr>
<tr>
<td>2008 – 2009</td>
<td>146.8</td>
</tr>
<tr>
<td>2009 – 2010</td>
<td>164.45</td>
</tr>
</tbody>
</table>

Source: India stat. com

After 2005 – 2006 Packaged Drinking Water sales increased in market and it shows growing stage of industry because people started using Packaged Drinking Water for status, good health and safety measures. In the year 2008 Packaged Drinking Water industry grow at the rate of 38% therefore its sales is increased as compared to the previous years. Thus it is clearly proved that the Packaged Drinking Water industry is at excellent growth stage. Many existing features and adding new features to the product variants are seen at the market place. In India the Packaged Drinking Water industry with more than 100 companies has turnover of above US $ 70 million growing at an average rate of 50 % every year.

Market Growth of Packaged Drinking Water Industry
Bottled water market has emerged as one of the most rapidly growing and competitive markets worldwide. The global Bottled Water Industry is a multibillion dollar industry. It has been a remarkable growth trajectory for the sector. India is among the top ten countries in terms of bottled water consumption. Today Bottled Water is one of the India’s fastest growing industrial sectors.
The bottled water industry is estimated to be a whopping Rs **1,000 crore** business. It has grown at a rate of **40-50%** annually over the past four years or so. According to the Bureau of Indian Standards, there are **1,200 bottled water factories all over India**. Shockingly, in most cases, the industry is making money practically for free, as bottling companies pay a minute amount to the government for the use of groundwater. In the year 2005–06 the market growth was only at **10%** but by rapidly increasing demand this industry showed the growth in year 2009–10 by **33.80%**. The major growth in packaged water, however, was in the bulk water segment. According to estimates, bulk water packs of 20 litres, targeted at the institutional and home segments, grew at a rate of **30-40%** in 2010 alone.

### Trends in the Packaged Drinking water Industry:
- Mushrooming Bulk Segment
- New Entrants
- Flavored Water
- Rising Investments & JV’s

On the back of rising health awareness among citizens and inability of the Indian government to provide safe drinking water, bottled water industry has flourished during the past decade. Evolving perception of bottled water has made its consumption a bare necessity especially in the water scarce areas of the nation. And these factors will bring the next wave of growth in the sector.
Along with these, rising disposable income, growing organized retail, rising awareness among the consumer segment and growing focus on product extension and quality will further stimulate the gains for the industry. Rising urban drift in the country will also be a wheel of growth for the industry. We have estimated the industry to grow at a CAGR of 18% till 2017 and would be soaring to new heights. Indian Bottled Water Industry currently pegged at USD 1454 million in 2011 will jump to reach USD 3925 million by 2017.

Table No - 6.3
Market Share Of The Major Players Of Packaged Drinking Water Industry

<table>
<thead>
<tr>
<th>Brand Names (Company)</th>
<th>Market Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bisleri</td>
<td>44%</td>
</tr>
<tr>
<td>Kinley (Coca-Cola)</td>
<td>31%</td>
</tr>
<tr>
<td>Aquafina (Pepsi)</td>
<td>15%</td>
</tr>
<tr>
<td>Other Regional Player</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: India stat. com

Bisleri continues as the top brand with a 44% share among national players, Coca-Cola's Kinley follows with 31% share, followed by Aquafina at 15%. Other smaller brands include Parle Agro's Bailley, Kingfisher and McDowells No.1.

New development in Packaged Drinking Water Industry
Railways hikes capacity of Rail Neer plant at Khagaul June 8, 2011: The Rail Neer (mineral water) plant at Khagaul has proved to be a good revenue earner for the railways. The railways has increased its production capacity to one lakh bottles daily to cope with the growing demand in other zones.

Bisleri looking to enter Middle East countries
NEW DELHI, June 30, 2011: Bottled water major brand Bisleri International said it is looking at entering Middle East countries as part of its strategy to expand its overseas presence. As part of the plan, the company said it will consider setting up more manufacturing facilities outside India.
Eureka Forbes to enter Packaged Drinking Water Market
MUMBAI: July 15, 2011: Water purification appliances-maker Eureka Forbes is making a foray into the packaged water segment and will roll out the bottled water product on a pan-India basis by next year, a top company official said. The company will sell the product under the brand name 'AquaSure', in 20-litre and one-litre bottles, but has not divulged the prices.

Sales of Packaged Drinking Water Industries Growing Twice as fast as other Industries

August 10, 2011: In the Rs 11,000-crore soft drinks market, where volume growth is significantly lower than two years back in any case, PepsiCo reported 17% volume growth during April-June while Coca-Cola grew 8%. This is the biggest gap in growth between the two cola rivals in the past 3-4 years when they were growing neck-to-neck

October 2, 2011: Red Lion has come up with a new campaign for mineral water brand Bisleri that features a new thought 'Stay Protected'. The baseline remains 'The sweet taste of purity'. Ramesh Chauhan, chairman, Bisleri International, explained, "The sweet taste of purity' is still there as a baseline, being the product attribute.

October 20, 2011: Juvenex Inc. announces the introduction of KarmaLife Coconut Water, the first line of Indian Coconut Water available to US consumers. Unique to the category, KarmaLife uses only Coconut Water from India. Indian Coconut Water has the best taste among coconut waters given the indigenous soil and growing conditions.

November 22, 2011: The railways has decided to set up packaged drinking water bottling plants on Design, Build, Finance, Operate and Transfer (DBFOT) basis and was seeking proposals from interested private parties for the same. The plan was meant to be implemented in March this year.

January 18, 2012: Dharampal Satyapal (DS Group), producer of Catch natural mineral water, is celebrating their 11th year as a NSF Certified Brand. Catch Natural Spring Water is bottled at the source without being subjected to any chemical treatment. As the only NSF-Certified Indian brand of pure and natural spring water, Catch has enjoyed a distinct competitive advantage in India's marketplace as their NSF Certification communicates their commitment to producing a safer, higher-quality product to consumers worldwide.

January 20, 2012: Luthra Water Systems, promoted by Mumbai-based Naveen Luthra, plans to invest INR 30-35 crore ($5m-$6m) to set up a bottling plant in Ahirwadi village near Lonavla in the Sahyadri mountain range in India. The upcoming unit is the third plant dedicated to bottle natural spring water brand Mulshi Springs for the European market.

February 1, 2012: The Ahmadabad-based Sheelpe Enterprises has launched Aava natural mineral water in Goa.
PICTURES OF PLANTS SURVEY IN INDORE (M.P.)
February 3, 2012: Food & beverage major PepsiCo, which has a joint venture called Nourish Co with Tata Global Beverages (TGB) to develop and market good-for-you beverages, has indicated that packaged water brand “Himalayan” is still part of the JV despite the announcement by the Tata-Starbucks combine to sell the product at cafes in India.

February 16, 2012: The joint venture (JV) between Tata Global Beverages and PepsiCo India, has launched a new packaged water brand, Tata Water Plus, in India. Tata Water Plus joins the company's existing portfolio of Tata Gluco Plus (a glucose based, lemon flavored drink) and Himalayan Natural Mineral water.


March 25, 2012: Coca Cola India will roll out 7.2 lakh ‘golden cans’ featuring batting maestro Sachin Tendulkar to commemorate his historic 100th international century. The golden cans will be available for Rs 20.

March 29, 2012: Tata Global Beverages (TGB), India-based Tata group’s consumer goods flagship, plans to acquire 4.17% stake in Mount Everest Mineral Water (MEMW) for INR 280m ($5.5m). MEMW manufactures the premium brand of ‘Himalayan' mineral water.

April 16, 2012: After a hiatus of 19 long years, when it closed its operation in 1993, the indigenous of all the soft drinks Campa-Cola, is making a comeback in the state. And if, everything goes by the plan, Campa would be available to its connoisseurs by August. Founded in 1942, Pure Drinks Group has leased out to franchisee Yash Raj Beverages and Agro Products Pvt Limited in the state, which is coming up with a bottling plant in Banthra’s Bhauka village on Harauni Road.

April 17, 2012: The Coca-Cola Company Reports First Quarter 2012- -Strong global volume growth of 5% in the quarter, with growth across every geographic operating group. North America volume grew 2% and international volume grew 6% in the quarter.

May 10, 2012: Spectators were banned from taking bottles of water into the Olympic Park in case they are used to conceal so-called "liquid bombs".

June 20, 2012: Japanese conglomerate Suntory, known for its whiskies and beers, has picked up majority stake in a subsidiary of Mumbai-based NarangGroup to enter India's non-alcoholic beverage market.

June 22, 2012: Thirty-two packaged water units seized in Karimnagar district for not possessing BIS certificates as part of the Food Safety and standards Act 2006.

August 27, 2012: Central Ground Water Authority (CGWA) notified 82 areas for regulation of ground water being used in the business of bottled water. In these
areas, installation of new ground water abstraction structures is not permitted without prior specific approval of the Authority / Authorized officer.

September 16, 2012: Coca-Cola to re-align India, SWA business unit operations.

October 12, 2012: The stock of Tata Global Beverages has appreciated 26% in the last three weeks hitting a new high of Rs 163.30 today.


October 19, 2012: Lady Gaga to launch water brand

November 15, 2012: Anand Shah’s Sarvajal came with the invention of the Water ATM

December 25, 2012: Mohan Meakin, maker of the world’s largest-selling dark rum, Old Monk, plans into mineral water with its brand, Golden Eagle.

February 5, 2013: Danone planned to launch water-based flavored restorative drink B’lue.

**Coca-Cola Company looking ahead for Water**

Coca-Cola uses **309 billion** litres of water annually to produce its beverages. That's about what Atlanta uses in five months, according to the city's Department of Watershed Management. In 2008, the company said, Coca-Cola used 2.43 litres of water to produce an average one-litre beverage. One litre goes into the beverage itself, and 1.43 litres are used for manufacturing processes such as rinsing, cleaning and cooling. The company says its global system of about 1,000 bottling plants is on track to improve water efficiency by 20 percent between 2004 and 2012.

**India to Serve as Hub for Imported Alaskan Water**

Global Systems, based in San Antonio, Texas, has announced plans to export 12 billion gallons of water per year from the Blue Lake Reservoir in Sitka, Alaska, to a new, yet-to-be-built water hub on the west coast of India. The first shipment to the new hub in India — whose location remains undisclosed for security reasons — is at least 18 months away, Rod Bartlett, president and CEO of S2C Global, told India-West on October 15, 2010.

The water hub will be built in the next six months, while custom-built water-transport tankers, costing about $75 million, will be built over the next 18 months. Existing oil tankers cannot be used because of potential contamination from leftover oil residues, he explained. The water will be packaged at the hub, and then distributed in India as well as several GCC – Gulf Cooperation Council – countries, including Saudi Arabia, Iraq and UAE.
BRIEF PROFILE OF MAJOR PLAYERS OF PACKAGED DRINKING WATER INDUSTRIES

Bisleri

Bisleri is one of the greatest brand of bottled water in India. Bisleri has 44% market share in packaged drinking water in India.

It is available in 8 pack sizes: 250ml cups, 250ml bottles, 500ml, 1 litre, 1.5 litre, 2 litre, 5 litre, and 20 litre. Its operations run throughout the subcontinent of India and is one of the leading bottled water supplying companies in India.

Bisleri has 18 plants, 13 franchisees & 58 contract packers all over India.

<table>
<thead>
<tr>
<th>Bisleri International Pvt. Ltd.</th>
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<tbody>
<tr>
<td><strong>Bisleri</strong></td>
</tr>
<tr>
<td>Founded</td>
</tr>
<tr>
<td>Headquarters</td>
</tr>
</tbody>
</table>
| Key people | Felice Bisleri (founder)  
Ramesh J. Chauhan (Chairman Bisleri International Pvt.Ltd.) |
| Products | bottled water |
| Parent | Parle Bisleri Ltd |

Bisleri was originally an Italian company created by Felice Bisleri, who first brought the idea of selling bottled water in India. Bisleri then was introduced in Mumbai in glass bottles in two varieties – bubbly & still in 1965. Parle bought over Bisleri (India) Ltd. in 1969 and started bottling water in glass bottles under the brand name ‘Bisleri’. Later Parle switched over to PVC non-returnable bottles & finally advanced to PET containers.

Since 1995 Mr. Ramesh J. Chauhan has started expanding Bisleri operations substantially and the turn over has multiplied more than 20 times over a period of 10 years and the average growth rate has been around 40% over this period. Presently we have 8 plants & 13 franchisees all over India. We have our presence covering the entire span of India.
Growth Aspects
In our future ventures we look to put up four more plants in 2006 - 2007. We command a 60% market share of the organized market. Overwhelming popularity of 'Bisleri' and the fact that we pioneered bottled water in India, has made it synonymous to Mineral water and a household name. “When you think of bottled water, you think Bisleri”.

The moves, said Chauhan, are aimed at trebling Bisleri’s sales from around Rs 300 crore now, to Rs 1,000 crore by 2009. To push its sales, the company is also planning to double its distribution network from 800 distributors this year to around 1,500 in the next six months. Also, the company plans to double its capacity of one million bottles a day through adding more contract packers and upgrading its bottling capacity. The market today has grown to Rs. 11 billion. The organized sector -- branded mineral water -- has only Rs 5 billion of market share. In the branded segment, Parle’s Bisleri is the market leader with a share of more than 45%. Parle Agro’s Bailley comes a close second with market share of 15%. Other major players in the market are ‘Yes’ of Kotharis, ‘Ganga’ of T-Series, Himalayan, Hello, Nestlé’s Pure Life, Pepsi’s Aquafina, Coca-Cola’s -Kinley Prime, and Florida etc.

The rest is accounted for by the unorganized sector, which is dominated by small regional players. The market is still growing – at a rate greater than 80% per annum.

Aquafina

<table>
<thead>
<tr>
<th>Type</th>
<th>Water Beverage</th>
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</thead>
<tbody>
<tr>
<td>Manufacturer</td>
<td>PepsiCo, Inc.</td>
</tr>
<tr>
<td>Country of origin</td>
<td>United States</td>
</tr>
<tr>
<td>Introduced</td>
<td>1994</td>
</tr>
</tbody>
</table>

Aquafina is a brand of purified bottled water products produced by PepsiCo, consisting of both unflavored and flavored water. The Aquafina brand name is also licensed for use in multiple skin care products, including lip balm and wrinkle cream. It was first distributed in Wichita, Kansas in 1994, before becoming more widely sold across the United States, Spain, Canada, Lebanon, Turkey, the GCC countries, Iran, Egypt, Vietnam, Pakistan and India. As of 2009, Aquafina represented 13.4% of domestic bottled water sales in India, making it the number 1 bottled water brand as measured by retail sales. Its primary competition includes Dasani, Dejà Blue, Smart water, Nestlé Pure Life, Poland Spring, Deer Park and private-label water brands.
Brand History
Aquafina was first launched in the US in 1994. With its unique purification system and great taste, Aquafina soon became the bestselling brand in the country.

In India, Aquafina’s journey due to began with its launch in Bombay in 1999 and it was rolled out nationally by 2000 the strength of its brand appeal and distribution, Aquafina has become one of India’s leading brands of bottled water in a relatively short span of time.

The greatest challenge in business today is to renew a successful company — positioning it for long-term growth and profitability while performing in the current marketplace. This is a challenge we embrace.

In late 2006, we recognized that our consumers and the competitive environment were changing, and that PepsiCo faced a dual challenge to perform in the short term while making some bold, transformative moves to realize future growth opportunities and create long-term shareholder value.

Starting in 2007, we began our journey of renewal. We stepped up our investments in emerging and developing markets. We continued to build our portfolio of billion-dollar brands. We boosted our investment in research and development to build long-term, differentiated platforms and significantly expand our healthier offerings within our snacks and beverages portfolios. We focused on making our business more efficient, and we began to align our global operating structure to fully leverage the scale of PepsiCo.

Growth Aspects
Aquafina goes through a five step state-of-the-art purification process to give consumers pure water and perfect taste. Aquafina has been built through refreshing and sharp advertising. The ‘What a Body’ campaign has helped the brand to drive premium, modern and youthful imagery in an otherwise undifferentiated category¹.

Bottled across India in 19 plants, Aquafina is available across more than half a million outlets. Catering to diverse consumer needs and occasions, it is available in various pack sizes like 300ml, 500ml, 1 ltr and 2 ltr bottles and in bulk water jars of 25 ltrs.

Aquafina is the face of PepsiCo’s water conservation initiatives and builds awareness about PepsiCo’s efforts to replenish and restore the water table through its pack labels.

¹ “Products”. Aquafina Web Site; Products section. Archived from the original on February 03 2011.
**Parle Agro**
Parle Agro is an Indian private limited company that owns several popular brands including Frooti, Appy, LMN, Hippo and Bailley.

Several Parle soda brands including Citra Thums Up, Limca, Gold Spot and Maaza were sold to Coca Cola in 1993 for a reported $40 million. At the time of sale, the Parle brands together had a 60% market share in the industry. The brand was strong in South India. Citra was phased out by 2000 to make way for Coke's international brand Sprite.

**History**
Parle Products was founded in 1929 in British India. It was owned by the Chauhan family of Vile Parle, Mumbai. The Parle brand became well known in India following the success of products such as the Parle-G biscuits and Thums Up soft drink.

The original Parle company was split into three separate companies owned by the different factions of the original Chauhan family:
- Parle Products, led by Vijay, Sharad and Anup Chauhan (owner of the brands Parle-G, Melody, Mango Bite, Poppins, Monaco and KrackJack)
- Parle Agro, led by Prakash Chauhan and his daughters Schauna, Alisha and Nadia (owner of the brands such as Frooti and Appy)
- Parle Bisleri, led by Ramesh Chauhan

All three companies continue to use the family trademark name "Parle".

**Parle Agro**

**Separation from the parent company**
The original Parle group was amicably segregated into three non-competing businesses. But a dispute over the use of "Parle" brand arose, when Parle Agro diversified into the confectionary business, thus becoming a competitor to Parle Products. In February 2008, Parle Products sued Parle Agro for using the brand Parle for competing confectionary products. Later, Parle Agro launched its confectionery products under a new design which did not include the Parle brand name. In 2009, the Bombay High Court ruled that Parle Agro can sell its confectionery brands under the brand name "Parle" or "Parle Confi" on condition that it clearly specifies that its products belong to a separate company, which has no relationship with Parle Products.

**Parle Agro brands**
Parle Agro Pvt. Ltd operates under three major business verticals:
- Beverages – fruit drinks, nectars, juice, sparkling drinks
- Water – packaged drinking water
- Foods – confectionery, snacks

Parle Agro also diversified into production of PET preforms (semi-finished bottles) in 1996. Its customers include companies in the beverages, edible oil, confectionery and pharmaceutical segments.
Growth Aspects
Parle Agro better known for its mango drink “Frooti”, is now betting big on Packaged Drinking water “Bailey”, as high revenue grosser’s in the future. The company has chalked out strategies to ramp up production facilities, strengthen distribution networks and to alter pack sizes to tap a larger pie of the market.
At present the company has 40 factories of Packaged Drinking Water Bailey across the country and is planning to add 15 more plants by the month of December. The plan of the company is to have more plants that may be in lower capacity but nearer to the retail outlets said “Nadia Chauhan Joint Managing Director” and Chief Marketing Officer Parle Agro. A Bailey water plant nearer to the destination will mean that our response time for stock refurbishment is faster than others¹.

The strategy seems to be playing off as company’s water business is growing at annual rate of around 130%. Industry players estimate the domestic bottled water market in India at Rs. 2000 Crore that is growing at an annual rate of 40%

<table>
<thead>
<tr>
<th>Parle Agro Pvt. Ltd.</th>
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Kinley
The Coca-Cola Company
It is an American multinational beverage corporation and manufacturer, retailer and marketer of non-alcoholic beverage concentrates and syrups, which is headquartered in Atlanta, Georgia. The company is best known for its flagship product Coca-Cola, invented in 1886 by pharmacist John Stith Pemberton in Columbus, Georgia. The Coca-Cola formula and brand was bought in 1889 by Asa Candler who incorporated The Coca-Cola Company in 1892. Besides its namesake Coca-Cola beverage, Coca-Cola currently offers more than 500 brands in over 200 countries or territories and serves over 1.7 billion servings each

day. The company operates a franchised distribution system dating from 1889 where The Coca-Cola Company only produces syrup concentrate which is then sold to various bottlers throughout the world who hold an exclusive territory.

**Acquisitions:**

**In 1960**
The company has a long history of acquisitions. Coca-Cola acquired Minute Maid.

**In 1993**
The Indian cola brand Thums Up

**In 1995**
Barq's

**In 2001**
It acquired the Odwalla brand of fruit juices, smoothies and bars for **$181 million**.

**In 2007,**
It acquired Fuze Beverage from founder Lance Collins and Castanea Partners for an estimated **$250 million**.

**In 2009**
The company's bid to buy a Chinese juice maker ended when China rejected its **$2.4 billion** bid for the Huiyuan Juice Group on the grounds that it would be a virtual monopoly. Nationalism was also thought to be a reason for aborting the deal.

Kinley is a brand of still or carbonated water owned by The Coca-Cola Company and sold in many large European and Asian countries, including Pakistan and India. Its carbonated forms are used for mixers, and also available in a variety of fruit flavors.

The Kinley brand is used by Coca-Cola for two types of drinks:
A carbonated water with a wide array of variants: tonic, bitter lemon, ginger ale, club soda and fruit flavored. A high quality water available in Afghanistan, Bangladesh, Bulgaria, India, Maldives, Nigeria and Pakistan.

**Growth Aspects**

Global soft drink Coca-Cola is going for a major re-branding of its packaged drinking water, Kinley to push sales on the 'purity' plank. The re-branding exercise is aimed at increasing the company's share in the **Rs 1,250-crore** organized bottled water market in India. "Our new campaign is intended to strengthen and re-affirms our bond with the customers. Kinley is a big brand for our company and we hope to keep on growing in the market," Coca-Cola India Marketing Director Avinash Pant said, the company wants to emerge as a major player in the packaged water segment but declined to divulge figures. According to industry experts Kinley enjoys 19.5% share of the Indian packaged water space or about **Rs 240 crore** of the total **Rs 1,250-crore** market. Pant said the Kinley package would first be available in the metros besides Hyderabad and Bangalore. The new Kinley bottles will also be made available in the select markets of Uttar Pradesh,
Punjab, West Bengal and Rajasthan. As part of its new re-branding campaign, Coca-Cola has changed the packaging design on Kinley water bottle which would be available in 500 ml and 1 litre packages, 20 and 25 litre bulk jars in the price range of Rs 8 to Rs 75.

Playing the pure and transparent card, Coca-Cola's Kinley brand of packaged drinking water is in repositioning mode. In line with the brand's ongoing 'Boond Boond Mein Vishwas' tag, Coca-Cola will be launching a countrywide outdoor and TV campaign with an all-new packaging for Kinley. The curvy blue bottle relies on "transparent labelling and will be easy to hold", says Coca-Cola India marketing director Avinash Pant.

In the whole repackaging/repositioning scheme of things, pricing has been left unchanged (Rs 13) in some territories like Delhi, but is pegged at Rs 15 in UP and other areas. The escalation, a Coca-Cola India spokesperson maintained that some bottlers have hiked prices owing to inflationary pressures.

The India arm of global beverage maker Coca Cola plans to hire around 600 workforce this year, which accounts for around 9% of the existing employees, a top company executive has said.

The company's current head-count stands at 6,500, which will be increased to around 7,100 this year, Murthy said.

Hindustan Coca Cola has plans to gradually reduce the hiring of lateral talent in its bid to groom trainees into mid management cadre, Murty said.

"We are planning to slowly, in about five years, reduce hiring of experienced people and increase the recruitment of management trainees. These trainees will be groomed to take over these mid to high level posts in future,"

He said for retaining these groomed executives, the company is planning to incentivise them or offer them compensation, which will be more in the form of emotional and cultural aspect.

"We will concentrate on creating a work environment, which will be more comfortable and have facilities to suit these young executives. If the need arises we will also look into offering them customized incentives," Murthy added.

Hindustan Coca-Cola Beverages is wholly-owned subsidiary of Atlanta-based Coca-Cola, responsible for manufacturing, sale and distribution of beverages across the country. The vast Indian operations comprise 25 company-owned bottling facilities and 24 franchisees.
ManikChand Oxyrich
Manikchand Group is a group of industries in India that primarily started out as a company that produced chewable tobacco products called ‘Gutka’. Today, Manikchand Gutka is the leading producer of Gutka in India.

Profile
The group is diversified into Pan Masala, Mouth Freshner, Packaged Water, Offset Printing, Wedding Cards, Flexible Packaging, Electrical Switches, Flour Mills. Some of the industry products act as a front for surrogate advertising through the audio-video media channels due to strict restrictions or bans on tobacco advertising in India. Its products are exported to more than 30 countries worldwide.
Ownership
The company is owned by Rasiklal Manikchand Dhariwal valued at Rs. 8 billion (800 crore) around 2007. A rags-to-riches story, Rasiklal has led a somewhat controversial life, with raids on his property in August 1997 where assets worth Rs. 116 million (11.6 crore) were found in cash and kind. He was also in the news in 2005 for alleged links with the underworld mafia. Rasiklal and Jagdish Joshi, of Goa Gutka, were interrogated by the Central Bureau of Investigation (CBI), India for allegedly helping noted gangster, Dawood Ibrahim to build a gutka plant in Karachi. He has two wives, one who stays in Shirur while the other stays in the Koregaon Park suburb of Pune. Dhariwal Industries Ltd - Food & Beverages division has one of the most modern and comprehensive packaged drinking water facilities spread across India. The facilities are fully integrated with in house facilities for manufacturing of Performs, Closures/Caps and Bottle Blowing. The labels and cartons are also made in the group companies to ensure total control on quality and processes. In a short time we have established ourselves across the length and breadth of India. Their plants are spread over the western, southern and northern regions. The company is continuously expanding its existing facilities and setting up newer plants at various locations. Their bottling capacities are not only the most modern but also amongst the largest too. We have existing capacity to bottle over 3.6 crore litres a year (360 lakh bottles of 1 litre each).

Water & Oxygen ; The Elixir of Life
Water - the sweet nectar of life; the glass of immeasurable joy and invaluable health. From water flows all life-forms; it is the source of all human energy - keeping the body metabolism in shape and boosting energy levels. Water is what forms 75% of the whole earth; and 70% of the whole human body. A blissful combination of the hydrogen and oxygen atoms, water is what makes the world go around. The purity of this elixir of life needs to be captured and sustained to fully realize its eternal benefits.

The Essentials of Life
Water and oxygen are the two most basic essentials of life and energy. Oxygen is a natural energizer and body purifier. You can survive weeks to months without food, days without water, but only minutes without oxygen. Providing sufficient levels of oxygen to every part of the body promotes optimum health. Oxygen provides the energy for immune system, growth, maintenance, repair, and all the other functions of the body. It also allows you to detoxify chemical pollutants. Needless to say, more the amount of oxygen, better it becomes for a pure, healthy living.
Patented Technology
OXYRICH employs a patented oxygenation process to infuse more oxygen in water - **300% more**. This is done by physically dissolving pure oxygen by a well researched scientific method, using state of the art equipments. It is the only packaged drinking water with extra oxygen for healthy living. This ensures that whenever you have a sip of OXYRICH, your body is enriched with more oxygen leading to improved metabolism, enabling higher energy levels and promoting wellness. The dissolved oxygen is more than 300% more than found in normal drinking water.

The Empowerment of Life
A robust framework enables precision and adds value to a process. Equipped with the right tools and techniques, goals are achieved and perfection attained. The process of manufacturing packaged drinking water through internationally employed methodologies at OXYRICH is supported by the most modern and sophisticated infrastructure. Right from sourcing the raw water to various stages of filtration and the final packaging, global standards are followed to ensure purity, quality, and superiority.

Source Water
The water used is from protected well, an approved source which meets the Indian standard IS:10500. The source is situated in an unpolluted area and well protected from external contamination.

Purification
The water is processed with multi-stage purification processes such as - Sand Filter, Activated Carbon Filter, Ultraviolet Disinfection, Ultra Filtration, Reverse Osmosis, Ozonation.

Water Business
The quantity of water on earth is always constant, but water consumption is growing steadily along with global population. If all the water is divided equally, every person on earth would have 7.5 million litres of fresh water to use. Instead today there are billions of people who have no drinking water in their homes or within a reasonable distance. This is the grim reality faced by so many people, particularly in the cities of the third world.

“Thirst is a serious Business”
India is considered to be a “Tiger of the Asia” with the population of 1 billion people, it is preparing for the rapid growth in every sector. Considering the deteriorating quality of municipal water supply more and more people are now turning towards using Packaged Drinking Water.

A Big Splash in the world of water
How Company is Doing?
PET Preform and Cap Manufacturing unit in Pune with sophisticated machines from Husky and Chenpet.
25 Franchisee operation across the country to produce Oxyrich.
2,50,000 litres per day capacity plants in metro cities.
1,20,000 litres per day capacity plants in mini metro cities.
60,000 litres per day capacity plants in other cities.
Oxyrich Quality
International standards of bottle and cap.
Packaged Drinking Water as per IS 14543 specifications.
Plants are ISO 22000 Certified.

Package variants
200 ml PET Bottle
ml PET Bottle
1 litre ml PET Bottle
1.5 litres ml PET Bottle
2 litres ml PET Bottle
20 litres PET Jars
20 Litres PC Jars

Royalty to Dhariwal Industries

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<th>Pack</th>
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Royalty Deposit

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<tr>
<td>120k</td>
<td>Rs. 10.00 lac</td>
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</table>

Growth Aspects
The Pune-based Dhariwal Industries is taking its Manikchand Oxyrich mineral water to South Africa and West Asia. The Rs 800-crore diversified company primarily known for its ghutkas is planning to set up joint ventures or franchisee operations in these countries with plans of setting up manufacturing facilities at a later stage.
“We would be taking Manikchand’s Oxyrich brand to countries in South Africa and West Asia. Initially, we would supply our brand to the trade and later start manufacturing it in these countries. Currently, we are looking at forging joint ventures or becoming pure franchisees and are ready to take our premium mineral water brand overseas,” states Dr Balajith Shetty, National Project Head, Manikchand Oxyrich.

Launched in 2003, Manikchand’s Oxyrich brand has created its USP as a 300% oxygenated mineral water and commands a premium price (Rs 15 for 1 litre) in the market. The company has applied for patents in almost 20 countries and is now waiting to take its brand to other countries beginning with West Asia. “We already have a packaging unit in Dubai and in future we may also start manufacturing the mineral water from these facilities,” claims Dr Shetty.

Part of the food and beverage division of Dhariwal Industries, Manikchand’s Oxyrich is now poised for brand extensions into new areas such as natural fruit juices. At the same time, its mineral water brand could also get stretched into flavoured and sparkling water. Besides, new brands in the area of health foods are also being contemplated.

Marking an investment between Rs 12 crore and Rs 15 crore, the company has adopted a franchisee model for its water business as it expands its operations into new territories such as Lucknow, Gujarat and Jaipur in the near future. “We are distributing and marketing the brand and have a franchisee model,” says Dr. Shetty.

With a 9% volume share for its Oxyrich rich brand, the company is hoping to take it to 15% share in the next two years. According to the company, the total size of packaged bottle drinking water business is estimated at Rs 1,800 crore and is poised to grow to Rs 2,200 crore by 2010 at a rate of 40% every year.

Last year, it also introduced a second brand – Taral, to compete with the regular packaged water brands. Currently, water contributes a turnover of Rs 150 crore to the business.

The Manikchand Group Inc., a privately-owned conglomerate that makes everything from tobacco products to wind farm equipment, has consolidated its entire IT infrastructure on IBM Blade Center systems. The move, which displaced existing server systems from Hewlett-Packard, was designed to help the company, which operates on three continents, to better manage its growth by improving system management, reducing its overall system footprint, and significantly lowering IT costs.

“The Computing strategy we’re implementing will help in cutting down our IT power utilization by more than 60% by bringing the overall consumption to 2000W from 5000W and reduce capital and operational expenditure along the way,” added P R Dhariwal, Managing Director, Manikchand Group1.

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Since 1952 the Manikchand Group, headquartered in Pune, has been growing its diversified businesses. Part of the company's storied growth has been an exponential increase in data volumes and systems. With each new application has come a new server installation, which has led to significant sprawl across the company. Both issues have increasingly challenged the company's business outcomes.

To deal with the strains, Manikchand decided to migrate to Computing approach to IT and its Blade Center systems. Designed with high-powered, efficient, yet small footprint blade servers, the IBM Blade Center system offers greater energy efficiencies and more floor space than traditional server systems. Also as part of the solution, Manikchand incorporated an IBM virtualization solution that is based on VMware's VSphere Essential 4.1, to enable faster server deployment and better application performance and manageability.

Manikchand’s entire implementation and consolidation was done with the help of IBM’s Business Partner VDA Infosolutions Private Limited. Today, Manikchand's Pune-based management team can seamlessly connect with manufacturing plants across India for consolidation of application and infrastructure. The new IBM infrastructure has positioned Manikchand to be able to grow its IT along with its business, and to serve more clients than before in the same hardware footprint.

For Manikchand, the new infrastructure has improved manageability of the company's core business processes and resulted in significant energy cost savings. Overall, Manikchand estimates savings up to 30 percent in overall IT costs. In addition, since the company is utilizing only half of the actual server capacity, it is confident that future scalability will be accomplished at a minimal cost.

“Manikchand Group realized the need to build a robust infrastructure to address their current and future expansion plans, attaining a lower TCO and a higher ROI. Our Business Partner helped them identify the right solution by factoring all future growth plans of the Group. The choice of IBM over competitive platforms reaffirms our leadership in the server market in India and our commitment to help clients and Business Partners succeed,” said Anoop Nambiar, Country Manager, Business Partner Organization, IBM India1.

**Bottling industry causes water woes**

The water industry, which depends on groundwater, is a lucrative business for several players including private suppliers who sell water to water tankers and big bottled water companies. Over-extraction has led to the rapid depletion of water tables as well as deterioration of water quality in most cities. Higher rates of groundwater extraction in coastal areas has also led to salinity intrusion into coastal aquifers, especially in Tamil Nadu and Gujarat. Unplanned and uncontrolled groundwater extraction has disturbed the country’s hydrological balance.

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1 “Welcome to Manikchand Group”. Manikchand.net. Retrieved 2010-12-30
For instance, Samriti, a Hyderabad-based NGO, alleges that Sri Sarvaraya Sugars, a bottling unit dedicated to producing Coca-Cola’s Kinley brand of water, located in the Khammam district of Andhra Pradesh, draws 225,000 litres of water a day. As a result, borewells in certain parts of Sattupalli village, that has a population of 25,000, are reported to have dried up. Similarly, M V R Mineral Water and S R Minerals, both contract bottlers for Coca-Cola’s Kinley brand of water, have been accused of depleting groundwater in Athur village, 40 km northwest of Chennai. M V R Mineral Water reportedly extracts 132,000 litres of water every day through deep borewells.

In Rajasthan’s Kala Dera, where there is a Coca-Cola bottling plant, the water table has plummeted. Wells in the area, varying in depth from 40-80 feet, are bone dry. The villagers claim that seven or eight years ago, these wells used to have water at a depth of around 10-15 feet. Farmers are forced to dig borewells and use submersible pumps, with the motor itself submerged to depths of 200 feet or more.

According to officials at the Ground Water Board’s Jaipur regional office who visited the site of the Coca-Cola plant thrice during mid-2004, the unit extracted 148,259 cubic metres of water in the seven months from March to September 2003. While additional extraction amounting to 100,000 cubic metres was estimated till the end of 2003-04, the figure during 2002-2003 was 137,694 cubic metres. This water could have irrigated land measuring at least 10,000 bighas, and produced agricultural yields capable of sustaining around 5,000 rural families! Although companies are reluctant to part with production figures, it is estimated that the Coca-Cola plant in Kala Dera produces 600 bottles of soft drinks every minute. Activists say that 24 trucks, each laden with 1,100 crates, transport its products out of the plant each day.

As local sources of water become contaminated, demand increases for water which allows or makes corporations to sell a product that was once free.

Coca-Cola, the biggest player in the bottled water industry in India, has been responsible for a variety of violations. In Plachimada, Palakkad district, Kerala, the Hindustan Coca-Cola Beverages Pvt Ltd bottling plant has been depleting groundwater and distributing toxic waste as fertiliser to farmers around the bottling facility; this has created a serious public health problem.

The Kerala High Court, in December 2003, directed Coca-Cola’s Plachimada bottling plant to find alternative sources of water. It also said that the company should only be allowed to use as much water as that used by a landowner with 34 acres of land. But then, in April 2005, the High Court permitted Coca-Cola to extract up to 500,000 litres of water a day (the company needs 15,00,000 litres per day for optimal production) from the common groundwater resource at the Plachimada facility.

Since April 22, 2002, the residents of Plachimada have been on a vigil outside the gates of the Coca-Cola bottling plant in their village. The local panchayat has refused to give company a licence to operate, and the bottling facility -- the largest Coca-Cola bottling facility in India -- was forced to shut down temporarily.
VARIANTS OF PACKAGED DRINKING WATER
In another recent victory, in August 2005, the Kerala State Pollution Control Board ordered Coca-Cola's bottling plant to “stop production of all kinds of products with immediate effect”. The company, in direct contravention of Indian laws, has resumed “trial” operations at its Plachimada bottling facility on August 8, 2005. The state government of Kerala also recently announced that it would challenge Coca-Cola’s right to extract water from the common groundwater resource.

The privatisation and bottling of water for profit denies the majority of people a fundamental right that should be guaranteed by the state. In the absence of an effective nationwide policy and norms for groundwater use, it appears that the bottled water industry is getting away with making huge profits out of a resource that rightfully belongs to all citizens. And, in the process, also destroying the environment and people’s livelihoods.

**Conclusion**

The global bottled water market, which saw an increase of 40-45% over the past five years, is currently valued at close to US$ 85-90 billion. The domestic market is split between three sets of players -- national brands with a pan India presence worth around Rs 4,000 crore, local brands manufactured by registered plants but restricted to regions estimated to have a combined turnover of Rs 2,400 crore and unorganized local brands estimated at Rs 1,600 crore. The report estimates that there are over 2,500 brands in this category, of which over three-fourths are local. While the majority (80%) of this market is in with organized players, the remaining 20% is operated by unorganized brands.

The non-traditional category, or bulk packs, with over 5 litres capacity is growing rapidly, and has a current share of over 40% share. “The rising trend of bulk water consumption in homes and institutional segments will pave the way for bulk water packs to acquire half of the total bottled water market within next four-five years.” Interestingly, the southern states are the largest consumers of bottled water, because of water scarcity in the region. This is the golden bird business which growing day by day and has a large portfolio as well as market share and never stops consumption.

India is the tenth largest bottled water consumer in the world. In 2002, the industry had an estimated turnover of Rs.10 billion (Rs.1,000 crores). Today it is one of India’s fastest growing industrial sectors. Between 1999 and 2004, the Indian bottled water market grew at a compound annual growth rate (CAGR) of 25% the highest in the world.

With over a thousand bottled water producers, the Indian bottled water industry is big by even international standards. There are more than 200 brands, nearly 80% of which are local. Most of the small-scale producers sell non-branded products and serve small markets. In fact, making bottled water is today a cottage industry in the country. Leave alone the metros, where a bottled-water manufacturer can be found even in a one-room shop, in every medium and small city and even some prosperous rural areas there are bottled water manufacturers.
Despite the large number of small producers, this industry is dominated by the big players - Parle Bisleri, Coca-Cola, PepsiCo, Parle Agro, Mohan Meakins, SKN Breweries and so on. Parle was the first major Indian company to enter the bottled water market in the country when it introduced Bisleri in India 25 years ago. The rise of the Indian bottled water industry began with the economic liberalization process in 1991. The market was virtually stagnant until 1991, when the demand for bottled water was less than two million cases a year. However, since 1991-1992 it has not looked back, and the demand in 2004-05 was a staggering 82 million cases.

The majority of the bottling plants - whether they produce bottled water or soft drinks - are dependent on groundwater. They create huge water stress in the areas where they operate because groundwater is also the main source - in most places the only source - of drinking water in India. This has created huge conflict between the community and the bottling plants.

Private companies in India can siphon out, exhaust and export groundwater free because the groundwater law in the country is archaic and not in tune with the realities of modern capitalist societies.

The existing law says that "the person who owns the land owns the groundwater beneath". This means that, theoretically, a person can buy one square meter of land and take all the groundwater of the surrounding areas and the law of land cannot object to it. This law is the core of the conflict between the community and the companies and the major reason for making the business of bottled water in the country highly lucrative.

However, water is not that cheap in the United States, home to Coca-Cola and PepsiCo. The average cost of industrial water in the U.S. was Rs. 21 per 1,000 litres in the late 1990s. It was Rs.90/1,000 litres in the United Kingdom and Rs. 76/1,000 litres in Canada.

Treatment and purification accounts for the next major cost. Even with the state-of-the-art treatment system with reverse osmosis and membranes, the cost of treatment is a maximum of 25 paise a litre (Rs.0.25/litre). Therefore, the cost of producing 1 litre of packaged drinking water in India, without including the labour cost, is just Rs.0.25. In a nutshell, in manufacturing bottled water, the major costs are not in the production of treated and purified water but in the packaging and marketing of it.

The cost of a bottle, along with the cap and the carton, is the single biggest cost - between Rs.2.50 and Rs.3.75 for a one-litre bottle. For water sold in big plastic jars (20-50 litres), which are also reused, or in pouches, this cost is much lower. It is precisely owing to this that companies sell water at even Re.1 a litre in a 20-50 litre jar and still make profits. Labour and establishment and marketing costs are highly variable and depend on the location and size of companies. Informal discussions with industry members reveal that the gross profit of this industry can be as much as between 25 & 50%.
The reason that companies do not have to bear the cost of the main raw material - water - has made this industry highly profitable. But the real cost of the industry is huge. The cost of fast-depleting groundwater is incalculable and so is the cost of disposal of plastic bottles and pouches. These are hidden costs that society and the environment pay and will pay in the future. The sale of bottled water is therefore not environmentally sound by any stretch of the imagination. There are much cleaner ways to access clean and healthy water and for this we will have to rethink our water paradigm.

Groundwater is the cleanest and cheapest source for all, but we have over-extracted and polluted it with natural contaminants, agro-chemicals and industrial waste. We will have to recharge and revive our groundwater bodies and for this the existing archaic law must change.

Our surface water bodies are in a deplorable condition. We dump our sewage and industrial waste in rivers and ponds, try to clean them in massive centralized treatment plants and then supply the water to urban households - to be discharged again as wastewater into the same water body. This vicious cycle must be cut and stopped. The cost of dirty water is just too great for society to bear. Bottled water and domestic treatment systems are a cheap as well as fill-and-forget solution for 30% of the population, but in doing so we have not left any solution for the 70% of the poor and the marginalized.