



Growing Opportunities for Packaged Drinking Water Business in Consumer Markets in India

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Abstract

India is the second most populous country in the world. It is also known for Seventh largest country by area and largest democratic country in South Asia. Huge population creates additional burden on the available man made as well as natural resources. Also problems like pollution increases with growing population. On the one side industrialization, excessive use of fertilizers, insecticides, pesticides, modern agricultural techniques increases productivity, but on the other side it creates environmental problems. Such things are directly and indirectly pollute the ground water as well as the water on the surface of the earth. Water is the most precious gift of the nature. But due to increase in population, pollution, climate change such precious gift affects and pollutes continuously. It creates the problem of safe and clean drinking water around the world and especially in the most populous country like India. In this situation packaged drinking water industry plays an important role by providing safe and clean drinking water to the society. Increasing need of safe drinking water, health awareness among citizens of India, distrust over tap water and are some of the causes which create business opportunities for packaged drinking water business in India.

Keywords : Foreign Direct Investment (FDI), National Commission on Population (NCP), United Nations Children's Fund (UNICEF), Irrigation Commission of India (ICI), People's Research On India's Consumer Economy (PRICE), United Nations Study (UNS), National Statistical Office's (NSO), Trade Promotion Council of India (TPCI)

1. Introduction

In India during 80's drinking packaged water was treated as one of the prestigious thing. It was treated as a status symbol of showing richness or upper class in the society. But this situation change rapidly. There are various reasons for such change like, industrialization, increasing in the rate of FDI by Indian government, change in the attitude and way of thinking of people in India, increasing health awareness among citizens etc. Now a days drinking packaged water is not treated as a status symbol but it's a day to day need.

Thousands of packaged drinking water companies operate in Indian. Due to FDI various foreign companies also successfully carried out their business in Indian markets. Foreign brands like Aquafina (Pepsi Co Inc.), Kinley (Coca-Cola Co.) of packaged drinking water are easily available in Indian markets. Also there are thousands of registered and unregistered packaged drinking water companies operated in India. Number of unregistered companies are double than the registered companies. This is due to the increase in the demand of packaged drinking water from the growing population.



1.2 Objectives of Study

1. To study the opportunities to start the business of packaged drinking water in Indian (Consumer) markets.
2. To study packaged drinking water consumption pattern and buying habits of people in India.

1.3 Research Methodology

“Research methodology is a way to systematically solve the research problem. It is a science of studying how research is done scientifically.”¹ It involves considering the following important points.

Research Design

Research Design means a proper and systematic method to carry out any research. This study/ research are a type of “Descriptive Research.” Descriptive research is normally based on the observations and the experience obtained by the researcher while conducting the research.

Data collection methods

For the purpose of current research, the researcher is totally depending upon the secondary data which is available on various websites which incl. articles, research reports, findings etc.

1.4 Opportunities to Start Business of Packaged Drinking Water (In India)

There are various opportunities available in Indian markets to start the business of packaged drinking water. These opportunities are varied from place to place. Finding out such positive opportunities is the most important task in front of any entrepreneur. Market research is one of such thing from which we know such opportunities in the markets especially in consumer markets in India. Following are various reasons from which we know the available opportunities to start packaged drinking water business in India.

1.4.1 Growing Population

“Report presented by NCP which works under the Ministry of Health and Family welfare, indicate that India will overtake China as a world’s most populous country up to 2031. It is predicated that India’s population will increase to 1.52 billion by 2036. In which 70% of this increase in urban and 30% will in rural areas.”²

1.4.2 Unavailability of Safe and Clean Drinking Water

Safe and clean drinking water is one of the essential needs of a human being. But growing population creates additional burden on the facilities to access safe water. Also it creates pollution which affects the sources of clean water. Such pollution gives birth to waterborne diseases. “In a report given by UNISEF it is estimated that waterborne diseases in India creates additional burden of \$600 million in economy. It also stated that, less than 50% population gets safe and clean drinking water.”³

1.4.3 Costly Water Purification Techniques & Filters

In order to purify water, techniques and filters available in India markets are very costly. They are not in a reach of poor people in society. “Various techniques like Filtration/ Ultra Filtration/ Carbon Absorption/ UV rays’ disinfection are too much costly.”⁴ And hence in India poor people are only depending upon the unsafe tap water provided by local authorities in their areas.

1.4.4 Increasing Drought Prone Areas

Area in which annual rainfall is recorded up to 60cm is known as Drought Prone areas. “In India almost one-sixth area with 12% of population is drought prone. In a report



given by ICI there are 13 major state and 74 districts which affect drastically due to low rainfall and falls under major drought prone area in India.”⁵

1.4.5 Increasing Health Awareness

In recent years health is the most important subject among citizen of India. Health awareness is now increasing among all class of people in the society. “It is observed that in 2020 nearly 500 million people in India were covered under health insurance schemes.”⁶ Now people in India become more health conscious after the COVID pandemic situation. And hence various new habits are generated among people like using mask, sanitizers, drinking clean and safe water etc.

1.4.6 Largest Consumer Market in World

In a report given by World Economy Forum, it is point out and predict that in the next 10 years, India become the third largest consumer market after USA and China. “It also state that up to 2030 consumption spending in India grow from \$1.5 trillion to \$6 trillion.”⁷

1.4.7 In Ability of Government to Provide Safe Drinking Water

India is the 7th largest country in the world. It spread over 3,287,263 square kilometers. It comprises 28 states and 9 union territories. Further theses States were divided into Divisions, Districts, Sub-districts and Blocks. Due to vast geographical scope and rural and urban distribution of population, it is impossible to the Central, State as well as Local authorizes to provide safe and clean drinking water to each and every part of territory.

1.4.8 Dis-Trust over Tab Water

“According to a survey by People’s Research On India’s Consumer Economy (PRICE) Close to 90% of urban households now have tap water connections.” But the question is how safe it is? or whether people 100% believe it or not that tab is safe and clean to consume? Increasing and expanding the boundaries of urban areas put huge pressure on the infrastructure facilities provided by the local authority. Also these local authorities ignore maintenance of such facilities due to limited human resource, inadequate tools and techniques, and limited finance. In this situation maximum people in urban areas are not interested to trust over the tab water.

1.4.9 Limited Freshwater Resources and Accessibility Problems

Access to fresh and clean water is another problem in India. “According to estimates, India has 16% of the world’s population but only 4% of the world’s freshwater resources. Government takes maximum initiative to solve clean drinking water problem. But still access to fresh water is difficult. In some part of India till now women and girls spend an estimated 200 million hours hauling water every day.”⁸

1.4.10 Time and Place Utility of Packaged Drinking Water

Packaged drinking water has time and place utility. It satisfies the drinking water needs of one or more person on various times and at various places. Packaged water is needed during travelling, hoteling, during shopping, in public or private events, during meetings in the office, at home etc. It is also needed in various quantities. For satisfying drinking water needs of one or two persons, 1ltr to 2ltr quantity is sufficient but for satisfying needs of more than that bulk quantity of water is needed. Packaged drinking water can satisfy such needs of drinking water at any time and at any place.

1.5 Packaged drinking water consumption pattern and buying habits of people in India.

There are various reasons, which indicate that now purchasing packaged drinking is one of the day to day needs of the people in India and all over the world. “Value of global water market size in 2020 was \$217.66 billion which expected to grow 11.1% annually up



to 2028.”⁹ “In terms of rank of global bottled water markets, Asia Pacific region is on 1st place, America is on 2nd, Europe is on 3rd and Middle East and African is on 4th position.”¹⁰ There are various types of water available packaged drinking water segment, like Spring water, Purified water, Mineral water, Sparkling water, Distilled water etc. In these kinds of water, Purified water grab maximum share i.e. more than 35% in 2020. In a report presented by UNS more than 16000 desalination plants across 177 countries provides Purified Water.

“A report published in Eastern Daylight Time on 22nd March 2019, indicate that current value of drinking water market in India is Rs.160 billion, which expected to reach Rs.403.06 billion up to 2023.”¹¹ It indicates the acceptance of packaged drinking water by an Indian citizen. Also following things indicate that such habit increases continuously.

1. “Report given by NSO (On Dec.2000) indicates the reasons for increase in consumption habits of packaged drinking water in India.

A. 18% urban and 8% rural households rely on bottled water in India.

B. Delhi is on the top in the list of 36 states and union territories in the use of electric water purifiers. This rate is only 36.5%. Tripura, Manipur, Arunachal Pradesh, Lakshadweep, Chhattisgarh, Bihar, Daman, Diu, Uttar Pradesh, Jharkhand, Madhya Pradesh are such states in which less than 5% houses used and electrical purifiers. In such states demand for packaged drinking water is much more than others.

C. 50.9% households in urban and 27.3% in rural area are only treated water before drinking. And remaining relies on packaged water and other sources.

D. Packaged drinking water is now treated as 3rd principal source of water in India.”¹²

2. “The company name “Statista” which analyze more than 150 markets across the world and provide current markets figures and forecasts for consumer goods in more than 200 markets, in its report state the following important facts about packaged drinking water and packaged drinking water industry in India.

A. Packaged drinking water industry in India is dominated by top four Companies i.e. Bisleri, PepsiCo, Coca Cola and Parle.

B. Maximum sale of bottled water comes from Retail Sector.

C. Rise in health awareness, poor quality of tap water and easy availability of packaged drinking water are some causes which increases consumption of packaged water in India.”¹³

3. TPCI on their blog related with Packaged Water Bottles in 1st Oct. 2019 shows the following points which indicate consumption pattern and buying habits of people in India and development of such industry in India.

A. In Indian consumer markets demand for 1ltr, 2ltr, 500ml, 250ml bottles and pouches and barrels of 15-20liters are much more than other quantities.

B. Tourism sector is the biggest market for packaged drinking water. In India tourism is expected to increase at 6.7% during 2018-2025.

C. Other than packaged drinking water, demand for flavored bottled drinking water is now increase. It includes essence and artificial sweeteners.

D. India import Aerated water, Mineral water from Bhutan, France, Belgium etc.

Conclusion

Packaged drinking water business is one of the growing businesses in India. Due to huge population, increase in pollution, people does not trust over tap water. Also demand from tourists for packaged water is also increases rapidly. High cost of water purifiers and filters are out of the scope of poor people. Increase in population creates additional burden



on the drinking water facilities provided by the local authorities in India. Due to such situation, there is a growing need of packaged drinking water in India. Also there is vast scope and opportunities for the growth and development of packaged drinking water business.

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