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Challenges to start packaged drinking water business in Indian markets

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Abstract

Increase in population creates various problems in India. It creates additional burden on the available resources. Central and State government try to solve such problems but they are not able to fulfilled increasing demands of growing population. Infrastructural facilities are also inadequate to cover the vast geographical areas of India. In this situation people in India try to find out new ways to satisfy their needs and wants. Availability of safe and clean drinking water is one of the major issues in India. It is estimated that less than 50% population in India only gets safe and clean drinking water. In this situation in order to satisfy the drinking water needs, lots of people will depending on packaged drinking water. Packaged drinking water industry is one of the fastest growing industries in India. However there are various challenges to start such business. From legal to financial various formalities must be fulfilled to established packaged drinking water company in India. In this research the researcher will try to point out such challenges or problems to start the packaged drinking water business in India.

Keywords: packaged drinking water, FSSAI, BIS

Introduction

Packaged drinking water business is one of the growing business in India. Vast population creates various problems as well as put additional pressure on the available public facilities. It also causes increase in pollution, which contaminates air, water and soil. Central, State and Local authorities are also not in a position to face additional burden on it. Inadequate funds, limited manpower, and resources hold hands of these authorities to solve such problems.

Availability of safe and clean drinking water in India is one of the biggest problem. State and local government authorities are not in a position to provide safe drinking water to each and every household in India. Such thing causes water borne diseases. In this situation to satisfy drinking water needs purchasing packaged drinking water is the only option in the hands of people in India. And hence there is an enormous scope for packaged drinking water business. But there are various challenges to start such a business. Various legal formalities, terms and condition impose by various government authorities must be fulfilled before and after starting the business. In this research paper researcher, want to identify such challenges to start packaged drinking water business in India.

Objective of Study

1. To study challenges to start packaged drinking water business in India.

Research Methodology

Research methodology indicates the idea behind the research. It includes defining the research problem, using data collection/gathering methods, interpretation of data gathering and drawing conclusion. In short it is called as blueprint of a research study. It also considers the following important facts.

Type of Research

Present research falls under the type of "Descriptive Research". Descriptive research is a research which describes the situation in front of the researcher while collecting the data and analyzing research problem.

Data Collection Method

For the present research, the researcher relies only on secondary data. Secondary data which is available in books, government and private web sites, and other published sources.

Challenges to Start the Business of Packaged Drinking Water (In India)

Packaged drinking water business is treated as one of the fastest profit earning business in India. Various regional, local and foreign companies entered and successfully carried out this business in Indian markets. Foreign brands like Aquafina, Kinley are now easily available in Indian markets. These companies adopt advanced technology to manufacture packaged water. They use various methods to attract customers towards their products. However to start such a business various challenges are to be face by the promoters. These challenges are related with legal conditions, regulations, and terms, imposed by various Acts in India as well as from various government bodies. Following are such various challenges to start packaged drinking water business in Indian markets.

"Common Challenges"^[1]

- A. **Registration of the business name:** Business identity is one of the thing through which customers can get information about the company and their products. Decide and register the name of the business is the 1st essential requirement to start the business.

- B. Finance:** Not only to start the business but also to run the business successfully finance is needed. Depending upon the nature of packaged drinking water plant i.e. semi-automatic or fully-automatic, finance can be increased or decreased.
- C. Perfect Location:** Identifying correct location to start a business is yet another important challenge. Such location must be close enough to get the raw material easily as well as close to various markets.
- D. Raw Material / Raw Water:** Depending upon reliable source of raw material is always beneficial. It avoids delay in production, distribution and selling process.
- E. Identifying Plastic (Empty) Bottle/ Glass/ Pouch/ Jar Supplier:** Decision whether to manufacture own packaged drinking water bottles/ glass/ pouch/ Jar or purchase it from other suppliers are the most important decision. Such containers are required of different size and shape to store the manufactured drinking water.
- F. Machinery Required:** Various types of machines are required to process and pack the manufactured drinking water. Depending upon the decision whether to start semi-automatic or fully-automatic plant, requirements of machineries are different.
- G. Recruitment of qualified staff:** Human resource is needed to conduct various business operations like manufacturing, transportation, selling etc. Recruiting such a qualified staff is yet another challenge in this business.

“Technical Challenges”^[2].

- A. Adopting Flocculation process:** It is the 1st step to clean the raw water. In this process impurity from the raw water is removed by adding Alum chemical.
- B. Adopting Reverse Osmosis Technique:** Such technique is needed to dissolve impurities from water like salt.
- C. Adopting Chlorination Technique:** This technique is requires for killing bacteria and other microorganism in the water.
- D. Adopting Sand Filtration Technique:** It is needed to remove un-dissolved impurities in the water.
- E. Adopting Carbon filtration Technique:** In order to remove bad odour and color this filtration technique is needed.

“Legal challenges”^[3].

- A. FSSI & BIS license and Certification:** In order to carry any food business in India, license must be obtained from FSSAI. Also BIS Certificate is needed to manufacture/sell packaged drinking water in India.
- B. Other Legal Formalities:** Which include licenses/approvals need to be obtained for stating packaged drinking water

business. 1. Small scale industrial registration 2. Pollution control certificate 3. Pest control certificate 4. NOC from Gram Panchayat 5. Registration of Trademark 6. Ownership /lease of land certificate 7. MOA of company/partnership deed 8. Electrical load sanction 9. Sanction layout plan etc.

“Financial Challenges”^[4].

It is assume that, in order to install packaged drinking water plant minimum Rs. 15,00,000/ is needed. Such an amount includes approximate cost of RO Plant (2000 ltr), Alum Treatment Tanks, Chlorination Tank (STEEL), Sand Filter & Carbon Filter, UV Disinfectant System, Raw water tank, Purified water tank, Pumping motors, Bottling Machine Automatic, Lab Equipments, and cost of Miscellaneous Tools.

Other Challenges

- A. Poverty:** This is one of the reason or challenge to sell packaged drinking water. Due to poverty it is difficult to purchase packaged drinking water. “According to UN’s Millennium Development Goal Programme, 6.7% of India’s population, lived below the poverty line in 2019-20.”^[5] And hence those people who live below poverty line are not in a position to satisfy their basic needs. They are not even think to purchase the packaged drinking water.
- B. Competition:** There is a huge demand for packaged drinking water in Indian markets. And due to this there is an enormous competition among packaged drinking water companies in India. These companies include foreign companies, registered Indian companies and unregistered companies also. Though it is compulsory to register packaged drinking water company under FSSAI and BIS there are thousands of unregistered companies still operated in India Markets. Theses unregistered units do not follow the rules and regulations framed by FSSAI and BIS. And hence they create huge competition which directly affects sales and profit of registered units.
- C. Price Variance:** Due to competition each and every packaged drinking water company adopt different prices to sell their products. By increasing or decreasing profit margin this thing can be made. Unregistered packaged drinking water companies who do not follow guidelines framed by the BIS, FSSAI and other government organization are in the top rank to follow such practice. Such practice is followed not only whiling selling single product but also whole box or bulk quantity.
- D. Selling products by using another companies brand Name:** This practice is followed by signing contract with the such company whose brand name of the products are popular in the markets. In order to take the advantage of the popularity of brand in the market, such things are normally done by various companies. For increasing sales and profit in markets some companies sell own products by using another companies brand name.
- E. Popular Brands:** There are some popular brands available in Indian markets like Bisleri, which is demanded by thousands of the customers daily. Such brands are so much

popular in Indian market that, from the name of the brand, products (packaged drinking water) are identified by customers. Also foreign packaged drinking water brands are easily available everywhere in Indian markets like Kinley, Aquafina etc. These brands directly affect sales and profit of competing brands.

Conclusion

Though there is a huge demand for packaged drinking water in India, there are lots of challenges to start packaged drinking water business in Indian Markets. These challenges are categorized above as a Common challenges, Technical, Legal, Financial and Others. Due to such things starting and running the business of packaged drinking water is difficult. On the one hand there is a huge demand for packaged water but on the other such challenges in the Indian markets make it difficult to manufacture and sell the drinking water.

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