

An Economic Analysis of Bottled Drinking Water Industry in India

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Abstract : While safe drinking water is an effective defense against the infection of water borne diseases, a large number of populations suffering from these diseases do not have access to safe drinking water due inadequacy of supply. Private entrepreneurs entered this sector and made bottled drinking water available by supplying various kinds of bottled water. In this study we found that the bottled drinking water industry has experienced a spectacular growth over the past two decades and it has a huge growth potential because of rising demand for safe drinking. High profit margin (217 %) is the main attraction to the entrepreneur to invest in this industry. Health awareness, lack of safe drinking water facilities, rising income, urbanization, migration and rising trend in tourism industries are the major influencing factors of demand for bottled drinking water (BDW). This industry also partially fulfills the demand for drinking water. More than 2 percent of household's demands were met by this industry and many more households (additional 4 percent) coping with BDW during water crisis. Poor households spend around 4 percent of their total monthly household's consumption expenditure on BDW which may have an adverse impact on household because households could have spent this for purchasing other goods. Like other developed countries, a large section of Indian households are shifting from their traditional sources of water to BDW. However, there are some concerns about the quality of BDW. Many cases, BDW contains chemical toxins at more than permissible level that can be harmful for health. Hence, there is an urgent need for appropriate intervention to regulate price, reduce potential harm and improve the quality of water provided by this industry.

Keywords : drinking water, public health public failure, privatization, development, public policy

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