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Water shortage shuts Coca-Cola plant in India

By Avantika Chilkoti in Mumbai



A Coca-Cola bottling plant has been ordered to close in northern India after local farmers blamed it for using too much water, creating fresh headaches for the world's biggest soft-drinks maker in one of its most important markets.

Authorities withdrew consent for the Hindustan Coca-Cola Beverages plant in the state of Uttar Pradesh, where ground-water levels have been critical for more than a decade, according to the government.

The plant closure comes as water scarcity rises up the list of risks facing multinational companies operating in regions where supplies are limited. Acute water shortages are widespread in India, largely because of wasteful irrigation practices that successive governments have struggled to address.

Campaigners applauded the move, which comes 10 years after another Coca-Cola bottling plant, in the southern state of Kerala, was closed after residents claimed it was draining and polluting local water supplies.

"This is a great victory and a welcome confirmation that local communities can successfully take on big, powerful business," Nandlal Master, who has taken part in the local campaign against the multinational drinks group, told India Resource Center, an organisation that campaigns against corporate globalisation.

The Kerala incident galvanised awareness about water risks among global companies. Many, including Coke, have since made efforts to improve their own use of water, as well as that of local communities.

Hindustan Coca-Cola Beverages said the closure was "unprecedented" and allegations that its water usage was irresponsible were "misleading and false".

The bottling plant said it had used the water "very responsibly and judiciously," adding that it had a "shared interest in the sustainability of water resources".

Coke has said India could be one of its five biggest markets within the next few years and plans to invest about \$5bn in the country between 2012 and 2020.

As temperatures soar in India, this is peak season for the country's soft drinks industry. However, the shutdown is expected to have little impact on Coke's business as the single-line plant is one of its smallest bottling units, producing an estimated 26,500 kilolitres of beverage a year.

The move to close the bottling plant came as Coke sought permission to expand the facility. The closure also raises questions over the ease of doing business in India.

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