

Coca-Cola Bottling in Rajasthan, India: Tragedy of the Commons

Background & Introduction

Background: Tragedy of the Commons

In one of the most cited scientific articles ever written, Garrett Hardin outlined “the tragedy of the commons,” a powerful metaphor that the users of a commons are caught in an inevitable process that leads to the destruction of the very resource on which they depend.¹ It is now a central concept in human ecology and the study of the environment, and can be used to view a variety of commons-related problems, such as population growth, environmental pollution, groundwater basins, forest management, climate change, fishing, wildlife habitats, and traffic congestion. The prediction of the inevitable tragedy assumes that all individuals are inherently selfish. The tragedy of the commons, of course, can be averted if individuals behave altruistically and voluntarily act in the interests of others in the wider community. Translating this to the business context, the tragedy of the commons can be averted if companies have corporate social responsibility (CSR) that goes beyond making profits to achieve positive social goals.

Coca-Cola & Tragedy of the Commons

Social activists have long leveled various accusations against Coca-Cola, such as human rights abuses, shoddy waste-disposal practices, and groundwater depletion.² This case examines in depth only one issue: groundwater use at one location, Kaladera, in the state of Rajasthan in India. According to the *Wall Street Journal*, “Numerous NGOs both inside and outside India accuse Coke, among other ‘crimes,’ of sucking local Indian communities dry through excessive pumping” of groundwater.³ There were protests against Coca-Cola in Plachimada, Kerala, starting in 2002, which led to the government of Kerala shutting down the Coke plant in 2004. Coca-Cola has disputed the court ruling, but the plant remains closed. There were similar protests that Coca-Cola bottling plants deplete the groundwater supply in Mehndiganj (Uttar Pradesh) and in Kaladera (Rajasthan). Also, the India Resource Center, a small NGO, has been a prominent critic of Coca-Cola India.

Students Organizing for Labor and Economic Equality at the University of Michigan picked up on several accusations against Coca-Cola, and in 2004 formally requested the University of Michigan to cease doing business with the company.⁴ After a short suspension in 2006, the university resumed doing business with Coca-Cola, after the company agreed to the university’s demand for an independent assessment, which was performed by The Energy and Resources Institute (TERI), a prestigious Delhi-based, not-for-profit, policy research organization. The TERI report was a particularly useful source for this case study.⁵

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