

CHAPTER IV

THE ROLE OF THE COCA-COLA COMPANY IN HARYANA INDIA

The Coca-Cola company is one of the biggest companies that exist in this world especially in India. Coca-Cola company as one of MNC in India has a role too for increasing the economic growth in India where this also relates to benefits. There are many of benefits that Haryana can get from one of them is the economic growth that we can see from the increasing of Gross State Domestic Product (GSDP). The Coca-Cola company can provided and help the citizens through corporate social responsibilities (CSR).

A. The economic growth of Haryana

Reformation carried out by India in 1991, exactly where the prime minister was Pamulaparthy Venkata Narasimha Rao inaugurated reforms, especially in their economies. At that time India opened their market so that many foreign investors and companies were entering India to open branches from these companies. Then, exactly two years later the Coca-Cola company that initially came out of India officially re-entered India in 1993 with the aim of opening their branches in India which until now has become a rival for the Chinese market. Also, the Indian government also hopes that the presence of foreign companies can reduce poverty and improve their economy.

The presence of the Coca-Cola company it made some progress in Haryana. In June 2012, the Coca-Cola chief executive company announced that Coca-Cola company invested US \$5 billion in expanding capacity and improving distribution networks in the economic sector and also support long-term growth, which investment made by Coca-Cola

company is a long-term investment from 2012 to 2020 (Eurasla & Africa, 2012). The investment made by the Coca-Cola company has made progress so that at the beginning of the re-entry of the Coca-Cola company, investing in India was only around US \$2 billion. The Coca-Cola company saw the progress they experienced during their stay in India because there were drinks which were the highest sales in India, one of which was Sprite and Thumbs Up. The India government and Coca-Cola company believe that there is a progress of Coca-Cola company. Therefore, the Coca-Cola company dares to invest more than before. On the other hand, this investment also a long-term investment that Coca-Cola company does.

Then, as a foreign company entering the country of India, the Coca-Cola company has the obligation to pay taxes annually to the government in India. The Coca-Cola company must pay taxes or commonly called the GST (Goods Services Tax) where GST is imposed at every step of the production process, but is intended to be returned to all parties in various stages of production other than the final consumer. The regulatory tax rate is regulated by the GST Council which consists of central finance ministers and all states in India. The reason for the existence of the GST regime is to create a taxation system that drives the story of India's growth going forward and makes products more affordable for consumers and benefits the people around India. In India, taxes on non-aerated flavored water and 28% nutritious drinks are then charged with an additional tax of 12%. So the effective tax rate of 40% per year for these products is under the GST regime. The increases of tax has an impact on other companies because the government will limits the beverage industry(Coca-Cola India, 2017).

Besides, Haryana has emerged as one of the country's fast-growing economies with tremendous growth over the past few years. In Haryana, there are around 25 million populations there. Haryana is one of the wealthiest parts in

India so that Haryana is listed as an area that has a lower poverty level compared to other parts of India. Haryana is one of the states in India that has the highest GSDP and is indirectly followed by high per capita income compared to the others. Besides that, as we know, Haryana is an industrial area where many foreign companies enter there, including Coca-Cola company.

1. The Gross State Domestic Product (GSDP) in Haryana

Tabel 4. 1Gross State Domestic Product

Year	Gross State Domestic Product (GSDP) (in Rs Crores)
1970-71	869
1980-81	2,973
1990-91	13,608

Source: (Rani, 2016)

Tabel 4. 2Gross State Domestic Product

Year	Gross State Domestic Product (GSDP) (in Rs Crores)
2012	297,538.52
2013	320,911.91
2014	347,506.61

Source: (Department of Economic Statistical Analysis, 2017)

Based on the table, it can be seen at the beginning of Gross State Domestic Product (GSDP) in Haryana prior to reforming around the 1970s Haryana had GSDP worth Rs 869 Crore, in the following ten years around 1980 a number of Rs 2,973 Crore and in 1990 to 1991 a number of Rs 13,608 Crore. Then there was a difference in the value of the

GSDP in Haryana after the reform. At that time, the foreign companies entered India one of them is Coca-Cola company. The existence of the Coca-Cola company in Haryana's Gross State Domestic Product it can be increased. In Haryana, the Coca-Cola company produces more compared to other areas. This is also caused by factories that are still related to the Coca-Cola company which is located in the same area. Besides, there are also several other companies, as we know that Haryana is an industrial area. As a result, with this, a significant increase also occurs from year to year. On the other hand, with a large number of products produced by the Coca-Cola company, consumers are also increasing. This increase in gross domestic product in 2012 amounted to Rs 297,538.52 Crore, then increase in 2013 worth Rs 320,911.91 Crore while, in 2014 also increase to Rs 347,506.61 Crore. The difference in the value of GSDP in Haryana, this also gives affects GDP throughout India.

Tabel 4. 3Gross Domestic Product India

Year	GDP in India (%) Before Reforms	Year	GDP in India (%) After Reforms
1989	5.94%	2012	5.46%
1990	5.53%	2013	6.39%
1991	1.01%	2014	7.41%

Source: (International Monetary Fund, 2018)

As we know, India is one of the countries with the most population and has a fairly high the economic growth. India is one of the countries with the largest economy in the world (Ilmu Pengetahuan Umum, 2018). From this table, we can see the differences that occurred before reforms where the Coca-Cola company has not re-entered. In this table, there are conditions or results of overall GDP in India in the last three years before reforms. In 1989 India's GDP was 5.94% and then dropped to 5.53% in 1990 which was not too high but experienced a decline. In the last year when the 1991 reforms experienced a quite high decline to 1.01% where

India experienced economic conditions that were quite bad so that the government changed the economic system in India into an open economy and entered some foreign investments in India. Then after the reforms in India, GDP has increased can be seen in 2012 5.46% then in 2013 6.39% and 2014 7.41%, there was a significant increase in each year.

2. The Income Per-Capita

Tabel 4. 4 Income Per-Capita of Haryana and India

Year	Per-Capita Income of Haryana (Rupee)	Per-Capita Income of all India (Rupee)
2012	106,085 (US \$1,910.75)	63,462 (US \$1,143.04)
2013	111,780 (US \$1,878.02)	65,538 (US \$1,101.10)
2014	119,791 (US \$1,996.84)	68,572 (US \$1,143.05)

Source: (Department of Economic Statistical Analysis, 2017)

Income in Haryana and India is different because Haryana is one of the regions with the highest income compared to other regions. It can be seen based on the table on income in Haryana and India both increase every year when viewed from the amount of Indian rupee currency. Moreover, seen from 2012-2014 both experienced an increase. Even so, income in Haryana is almost double the average income of all regions in India. In 2012 the per capita income of Haryana was valued at 106,085 rupees, equivalent to US \$1,910.75 while in the same year the average income of all India was 63,462 rupees, equivalent to US \$1,143.04. Then in 2013 revenues in Haryana were 111,780 rupees,

equivalent to US \$1,878.02 while in India totaled 65,538 rupees, equivalent to US \$1,101.10. In 2014 the average per capita income in Haryana was worth 119,791 rupees, equivalent to US \$1,996.84 while in all of India it was worth 68,572 rupees or US \$1,143.05.

Table 4. 5 Coca-Cola Company Salaries in India

Source: (Indeed, 2018)

No.	Position	Salary / Year
1	Sales Leader	Rs 472,006
2	Sales Executive	Rs 429,051
3	Developer	Rs327,602
4	Human Resources Specialist	Rs150,000
5	Maintenance Engineer	Rs145,000

From the table above that the salary is obtained by employees who work at the Indian Coca-Cola company based on their position. As we know, the higher the position, the more salary you will get. Then, the salary they earn based on the table above is the salary that employees get for a year. From the salary results above, it can be interpreted that the individual income of each employee is able to influence per capita income both overall and regionally.

On the other hand, the increase in income per capita that occurs and is greater is found in Haryana due to the service sector which surged along with the considerable industrialization in Haryana. Thus, with the presence of one foreign company, the Coca-Cola company can encourage or help increase regional per capita income significantly. Then, this Coca-Cola company in Haryana also helps the government in Haryana in increasing their average per capita income. Therefore, the Coca-Cola company currently has around this company having around 20 branch offices and

factories in Haryana. Besides, there are also around 60 factories around India which accommodate around 25,000 direct workers, and there are more than 150,000 people indirectly. Then, there are also retail workers or sellers who include jobs from selling Coca-Cola or beverages that are still related to Coca-Cola company. Therefore, with the existence of the Coca-Cola company, it can increase revenues around Haryana and even to areas in India. Therefore Coca-Cola company opens jobs which can help increase the income of those who initially did not work to work and earn income. On the other hand, it also helps residents around the Coca-Cola company to create new jobs or small shops around the company. This is also helps improve the surrounding economy which automatically makes per capita income increase.

B. Corporate Social Responsibility (CSR) by the Coca-Cola Company

Definition of CSR (Corporate Social Responsibility) in every place the same even though in developed countries or developing countries. However, this program is exciting in developing countries. Therefore, the way companies provide various kinds of community needs pretty much drive CSR. Then, the best way or perhaps the most common way to do CSR is to collaborate with the government and with civil society organizations or NGOs. Therefore, with the collaboration of the Coca-Cola company and the government around the Coca-Cola company, they also joined or joined in the sustainable development that the Indian government has. This is also due to sustainable development that CSR is one of the tools to achieve all of it (Kumar, The Impact of Corporate Social Responsibility on Sustainable Development, 2014).

Thus, in addition to improving the economy or economic growth carried out directly through increasing GSDP, per capita income and investment or capital provided by the Coca-Cola company to the Indian government. The Coca-Cola company also increases or assists or facilitates the surrounding community through CSR. This is because the Coca-Cola company acknowledges and realizes that the impact on the community where the Coca-Cola company operates can have an impact on many regions not only in one location but also spread to several regions. Besides, the Coca-Cola company is also convinced that they have tremendous opportunities to change the lives of the surrounding communities and aim to become one of the trusted partners who can contribute to the social, economic and environmental progress in Haryana and around the country of India. On the other hand, as part of its approach which aims to create economic opportunities in the community where the Coca-Cola company operates. The Coca-Cola company has been willing to contribute time, expertise and resources to help the community and carry out various activities and various campaigns.

As one of the big companies in the field of beverage, the Coca-Cola company has a CSR for the surrounding community, which has provisions from the government in the country where the Coca-Cola company operates, one of which is in India. The Indian government issued a controversial law that requires large companies to spend at least 2 percent of their profits each year on corporate social responsibility (CSR). Therefore, the Coca-Cola company must pay for CSR activities every year at 2% of its profits. Any 'Income' or 'Surplus' that may arise from a CSR activity will not be part of the business profits. The Company's CSR activities will not cover any benefits specifically for Company employees or their family members (The Coca-Cola company, 2019). Therefore, the activities and results of this CSR are to return to the surrounding community again.

This is the obligation of each company which must give rights to the area where they operate. If a company cannot create its CSR program, the company may also provide the amount needed for government programs such as funds or continue the government-owned programs that are needed by the local people (Banerjee, 2013). Hence, the existence of this CSR activity is an obligation that must be fulfilled by every foreign company which entering every country including the Coca-Cola company in India.

Then, there is the purpose of the CSR (corporate social responsibility) of the Coca-Cola company. As one of the companies that must be responsible for the surrounding community, the Company has made several positive impacts on social, economic and environmental progress. The CSR objectives include various activities and programs that are still related to sustainable development in Haryana and around India (The Coca-Cola company, 2019). There are three parts in achieving CSR in India, namely economy, environmental, and social.

1. Economy

In addition to providing employment for the Coca-Cola company, it also has a program with the aim of increasing business knowledge of ecumenical sellers. This program is called "Parivartan" which means a change in Hindi. This program has been in existence since 2007, the first training class was held on December 18, 2007, in the city of Agra. Because the Coca-Cola company wanted to reach as many retailers as possible, the company decided to make the class move. They provide buses designed specifically designed to reach people in rural and semi-urban areas (Dhuri, 2012). This program is conducted to train retailers in improving their business management skills and the use of technologies such as the use of credit cards, computers and so on. So that with this program, eco-sellers can do business well and get more

profits and can improve their economy. This program is free of charge. Then, in this program four things are the most important and needed by retailers, namely:

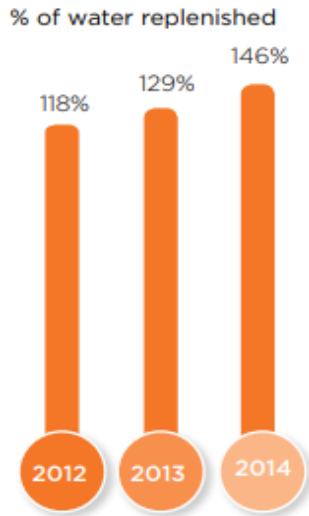
- The knowledge of how to manage customers,
- How to increase stock,
- How to make their shop better and better
- How to manage finances in the best way(The Coca-cola Company, 2019).

The Parivartan program provides education to empower retailers in attractive ways in easy ways so that they can be implemented. Even in 2012, the program had around 100,000 retailers they had trained (Dhuri, 2012). On the other hand, the Parivartan program also has a particular focus on female retailers with the intention of empowering women throughout the world including in Haryana and around India. The Parivartan training program has been carried out in various cities with 'special women' groups. There are hundreds of female retailers trained to coincide on International Women's Day (March 8, 2014) throughout India. The program has provided training to around 15,000 female retailers (The Coca-cola Company, 2019). The existence of a CSR program in the economic sector like this, the Coca-Cola company has a goal to increase economic growth in India. Besides, it also helps the government to reduce poverty in India. Therefore, this program can increase economic opportunities for women so that they can generate increased income, increase skills in business because the business they live in can more attract buyers, increase status in society and increase community potential.

2. Environment

In the field of environment, water is one of the natural resources which are one of the essential resources for all humans. There is some water difficulties due to pollution in India caused by Coca-Colacompanyor other companies. This event was caused by factors of production or non-production or not directly, but there was also environmental pollution from several subsidiaries owned by the Coca-Cola company. This is due to pollution or waste from the Coca-Cola company in Haryana and around the environment where Coca-Cola company established its factories. Therefore, the Coca-Cola company has a commitment to water management which will be responsible wherever the company operates. In some parts of India that have water shortages, especially in water pollution or water depletion that can harm the community. This water management Coca-Cola company runs together with the government of India, NGOs are one of them TERI (The Energy Resource Institute), as well as other communities (Handoko, 2016). One of the Coca-Cola company programs is refilling the water they use in the production process or not and returning it to the surrounding community.

Figure 4. 1 Water Replenished in India



Source: (Coca cola Company India, 2014)

In fact, in India, one of the biggest problems that are still faced by the community is the storage of water. Therefore the existence of this program is quite helpful for the community. The refilling program is one program that is also related to sustainable development which program that become the government goals. The water filling project is designed to meet water needs in areas that are priority areas and to improve local water conditions where the Coca-Cola company is located. Efforts to replenish groundwater in India are focused on rainwater storage, construction of dams and other natural water bodies, while also supporting agricultural improvements (The Coca Cola Company, 2016). There are many areas polluted by waste originating from factories and agricultural areas become dry due to factories that require good waters.

Then, it can be seen as a result of these projects, the Coca-Cola company has created and increased the potential for water filling from the beginning in 2012 there was 118%, in 2013 it increased to 129%, and in 2014 this water supply increased again to reach 146%. This is measured or compared to the amount of water that Coca-Cola company consumes or uses in making ours drink (Coca cola Company India, 2014). Based on the results of this refilling project each year there have been advances from the Coca-Cola company and the government in increasing the amount of water supply. On the other hand, the Coca-Cola Foundation in India also helps to determine the locations of these dams for water storage and provides financial assistance to build them. Until 2014 they also helped the community build more than 100 dams throughout North India which benefited more than 500,000 villagers (Wells, 2016).

Tabel 4. 6 List of Dams in India

No.	Name	Location
1	Ukai Dam	Gujarat
2	Dharoi Dam	Gujarat
3	Kadra Dam	Karnataka
4	Supa Dam	Karnataka
5	Mettur Dam	Tamil Nadu
6	Tawa Reservoir	Madhya Pradhes
7	Manjalar Reservoir	Tamil Nadu
8	Narmada Dam	Madhya Pradhes
9	Govind Ballabh Pant Sagar Dam	Uttar Pradhes
10	Rihand Dam	Uttar Pradhes

Source: (Coca-Cola Company, 2016)

In addition to this water filling project Coca-Cola India Pvt. Ltd where one of the subsidiaries owned by the Coca-Cola company located in India also has a CSR program in the field of the environment which is located in Gurgaon, one of the areas located in Haryana. In this location there are many factories which are also owned by Coca-Cola company. This project is rejuvenation at Lake Sukhrali, following the commitment of CCIPL (Coca-Cola India Pvt. Ltd.) to provide assistance and a sense of responsibility for the Coca-Cola company to the community around its Corporate Office in Gurgaon. This lake forms an integral part of the community ecosystem in the village of Sakhalin and has depleted potential recharge due to unplanned urban expansion, erratic weather conditions, and waste disposal that is not in accordance and uncontrolled. This project will involve community mobilization which will benefit around 30,000 villagers in Sakhalin. Then the total budget used for this project is INR 14.51 Lakh (The Coca-cola Company, 2019). Besides, this program also covers prevention of blockages in rivers.

3. Social

In the social field, as we know many points, which can be helped by the Coca-Cola company in the social field, one of them is concerning education. Education is a form of social and economic growth. India is a country that still developing where the poverty rate is still much automatic education is also not too good. There are still many children who do not go to school due to limitations in many ways such as finance, inadequate facilities and others (The Coca-cola Company, 2012). One of the programs is the "Support My School" campaign or (SMS) which was started by the Coca-Cola company precisely by Coca-Cola India Private Limited (CCIPL), NDTV and UN-Habitat. Besides, this campaign also developed with cooperation involving NGOs, community members, and the private sector.

The SMS campaign program is one form of the education program that focuses on revitalization. This program was held because many schools were still incomplete, which could be said to have not been used optimally. In fact, inadequate sanitation and basic facilities in schools can have a considerable impact or can be said to have a fatal impact on children in the world. These problems gives negative impact it can eventually lead to children dropping out of school. One of the problems that inhibit or discontinues schooling is because of the lack of a healthy and active environment, especially among girls in India. In the end, this CSR program emerged through My School Support with the help of the Government in India and the Coca-Cola company (The Coca-cola Company, 2019). My Support School came with a clear goal of revitalizing schools by providing adequate sanitation and basic facilities such as toilets and other facilities, especially for girls. This is because the number of school dropouts is female with the same causes where their schools are not equipped with separate toilets.

One of the ways in this campaign is to raise funds, which will help in improving schools in need. On the other hand, the SMS campaign program is also able to seek support and assistance from several other individuals and corporations. Through this campaign, which involved much collaboration with other parties, around 500 schools have been successfully revitalized until 2014. Then also, the total number of students who benefited positively from the program was around 240,000 children (Plan India, 2019). This SMS program is one of the biggest campaigns in India that has a positive social impact, especially in the field of education around India and affects many people.

**Tabel 4. 7Schools List of Support My School program
India**

No.	Schools Name
1	Government Primary School Virudh Nagar
2	BadlaavPathshala Elementary School
3	Government Middle School of Fatehabad
4	Panchayat Union Middle School
5	Government Middle School Jhundpur
6	Middle School of Saru
7	Government High School Kumbha
8	Government Higher Secondary School Jamola
9	Government High School Haluwas
10	Government School Edaiyapatty

Source: (Journey Staff, 2017)

From the table above there are several lists of names of schools in India, precisely in rural or semi-rural areas such as Fatehabad, Nadupatti, and others region scattered in India and Haryana. These schools are the ones that got helped from the CSR programs that Coca-Cola company and others partner provide. Support My School program is provided with the aim of empowering disadvantaged local communities by providing the necessary water and sanitation facilities such as separated toilets and basic infrastructure that they need.