

Maggi Stews in Lead and MSG Pot: Controversy over India's favourite instant Noodles

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Abstract

The Maggi imbroglio escalated to an unprecedented level with India's food regulator Food Safety and Standards Authority of India (FSSAI) ordering a total recall of all nine variants of the best-selling instant noodles brand. This is the first ever recall of a popular food product in India. The transformation of Maggi from being staple food for students and bachelors to being declared unfit for consumption has been quite instant. The Nestlé's maggi noodles were banned across states after samples of it were found to contain excess amounts of lead and MSG— a flavor enhancer. The recent controversy around Maggi noodles that has every household in an uproar.

The dispute has placed the processed food industry, regulators, government, and even consumers in uncharted territory. This dispute has raised serious questions about processed food industry, What caused such a vehement reaction against what was adjudged as the Most Powerful Brand in recent times and to answer this questions, the research cum case study paper would like to explore the controversy surrounding around Nestlé's maggi in particular and food industry in general and highlight the shortcomings of food safety apparatus at central and state level and suggest the strategies to revamp the same

Key Words- Food Safety and Standards Authority of India (FSSAI), Maggi.

1. Introduction

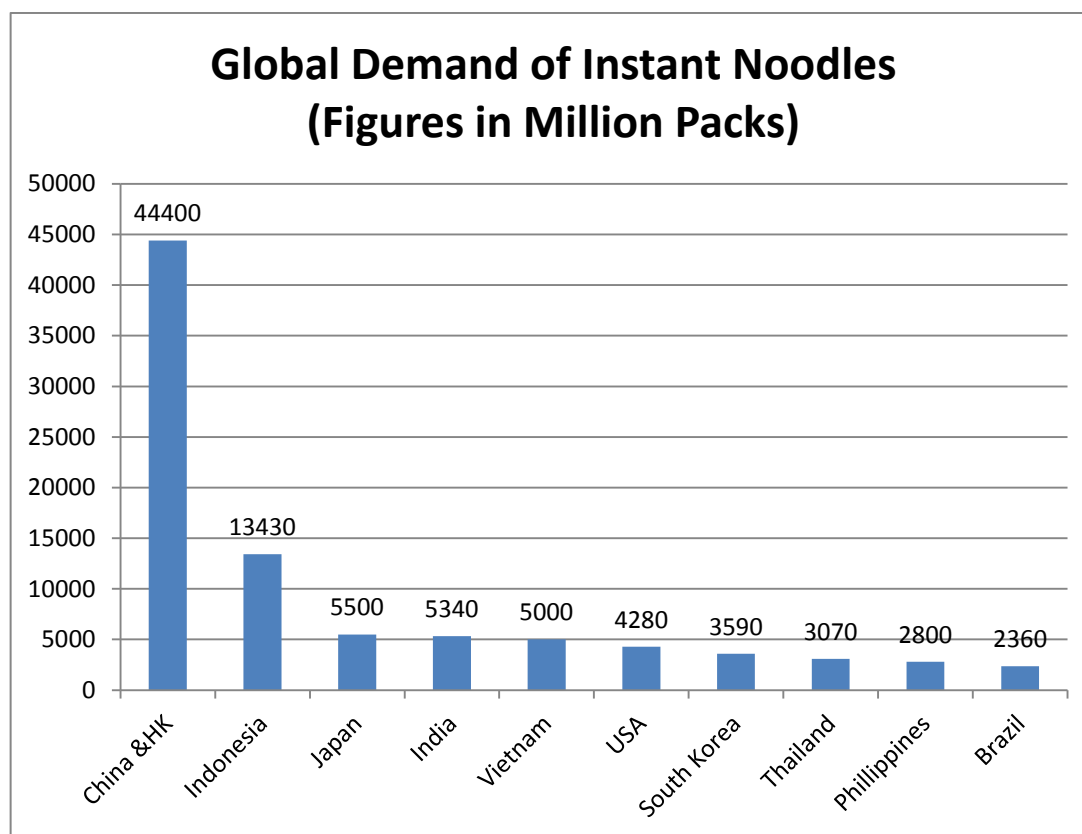
Many fast food items have flooded the markets but noodles remained as the most popular item of all of them. Urban and semi-urban markets are controlled by Maggi and other players are Top Ramen and other brands. Maggi has revolutionized the concept and this product has gone to majority of the urban households. As an off-shoot of this development, noodles have become very popular in India.

The current version of noodles has been around for over half a century on the global menu card. Facing intense food shortages after world war II, Japan was forced to import bread from the US, the move didn't sit well the Taiwanese- Japanese business man Momofuku Ando who after months of flash-frying experiments, finally invented instant noodles, the founder of Nissin Food Products in 1958 in Japan. Packaged under the brand name Chikin Ramen, they were priced around six times that of traditional Japanese noodles and were considered a luxury item (The Times of India, 2015). However, in 2005 an evidence of the oldest noodles is believed to be found, which were discovered inside an overturned sealed bowl buried under three meters of sediment in Qinghai, northwest China. Scientists determined the 4,000 year old, long, thin yellow noodles were made from broomcorn millet and foxtail millet and show a fairly high level of food processing and culinary sophistication.

Asia-Pacific represents the largest regional market for noodles worldwide, as stated by the new market research report on Noodles. The region is portended to continue its dominance Growth-wise; Middle East/Africa is projected to be the fastest growing regional market for noodles, with a CAGR of more than 13% over the analysis period. The world instant noodles association in its report **Global Demand for Instant Noodles** provides a comprehensive review of the noodles markets, per capital annual consumption & packs eaten in the world in a year. (The Times of India, 2015).

The continent's history of eating noodles is part of the reason why it is more popular here. The world today chomps through some 102.7 billion servings of noodles (led by China & HK who contribute to about half of that) a year. Unlike in other parts of the world, noodles are a mainstream food category in Asia-Pacific, making it the single largest producer and consumer in the world. The region, led by relentless demand from the Chinese and Hong Kong markets, is portended to continue its dominance over the coming years. Emerging over the Asian horizon is China that is recording massive production and consumption figures. With relatively low annual per capita consumption levels compared to other Asian counterparts, China represents a potential market for noodles. Noodles in Middle East/Africa are experiencing a growth in the demand, with the introduction of newer products into the market and are poised to grow at a strong compounded annual growth rate (CAGR) over the long-term.

Figure No.1 Global Demand for Instant Noodles



Source: - World Instant Noodles Association

Global Demand means packs eaten in the world in a year, Figure in million packs

Figure No.1 shows the Global demand for Instant Noodles, China & HK is one the largest consumer for instant noodles 102.7 billion servings of instant noodles were eaten in 2014. On average, everyone on this planet ate 14 servings in a year. Regardless of the area, age and gender, instant noodles are loved as ‘Global food’. In India it’s a ‘comfort food’.

2. Background

Nestlé India is a subsidiary of Nestle S.A. of Switzerland. With seven factories and a large number of co-packers, Nestlé’s relationship with India dates back to 1912, when it began trading as The Nestlé Anglo-Swiss Condensed Milk Company (Export) Limited, importing and selling finished products in the Indian market.

Beginning with its first investment in Moga in 1961, Nestlé’s regular and substantial investments established that it was here to stay. In 1967, Nestlé set up its next factory at Choladi (Tamil Nadu) as a pilot plant to process the tea grown in the area into soluble tea. The Nanjangud factory (Karnataka), became operational in 1989, the Samalkha factory (Haryana), in 1993 and in 1995 and 1997, Nestlé commissioned two factories in Goa at Ponda and Bicholim respectively. Nestlé India has commissioned in 2006 its 7th factory at Pant Nagar in Uttarakhand.

3. Nestle’s Maggi Noodles in Indian Market

Many fast food items have flooded the markets but noodles remained as the most popular item of all of them. Maggi has revolutionized the concept and this product has gone to majority of the urban households. As an off-shoot of this development, noodles have become very popular in India.

It is a far cry from the initial launch days when Maggi was distributed free in schools to promote trial; in 1980s during the launch period. The company made an attempt in the mid-90s to change the formulation of the product, which was outright rejected by the consumers and the company had to go back to its old formulation and the company had to do a massive communication campaign. Today India is the largest market for Maggi noodles. Maggi pioneered the concept of packaged instant noodles in India three decades back and despite several brands entering the fray, dominates the space. ITC Foods’ Sunfeast Yippee has garnered 18-20% of the market. Hindustan Unilever, which markets Knorr soupy noodles, holds the balance share with other brands.

In 2014, the instant noodles category added on average 17,000 outlets a month. Noodles were among the most widely distributed products in the country, in addition to biscuits, soaps and detergents. According to Nielsen, products in the fast moving consumer goods (FMCG) space are sold at close to 8.5 million outlets.

Before the controversy over lead and monosodium glutamate found in Maggi's two-minute snack, India was the world's fifth-largest instant noodles market, valued at Rs 3,800 crores

Table No.1- Nestle’s market share in India & Maggi’s competitors

MAGGI’S COMPETITORS		NESTLE’S MARKET SHARE IN INDIA		
		CATEGORY	MARKET SHARE in %	RANK
Horlicks foodles	GSK consumer			
Knorr	HUL	Infant Milk Cereals	96	1
Sunfeast Yippee	ITC	Noodles	80.2	1
Top Ramen	Indo Nissin	Wafers And Whites	68.5	1
Maggi Brand Products		Pasta	65.7	1
➤ Instant noodles		Instant Coffee	51.8	1
➤ Instant Pasta		Tea Cream	49.9	1
➤ Ketchup and Sauce		Infant Milk Nutrition	41	2
➤ Instant Masala		Ketchup	26.9	1
➤ Soups		Overall Chocolate	18.8	2

Source: Edelweiss research

Table No 1 shows the Nestle’s market share in India in various product categories & Maggi’s competitors, Nestle has captured 80 per cent of the Noodles market share, and dominates the market whereas, the competitors of maggi’s are much behind.

4. Controversy over Lead and Monosodium Glutamate (MSG)

The Food Standards and Safety Authority of India (FSSAI) which is entrusted with ensuring that all food in India is safe, issued an eight page statement pointing out three “major“ violations by Nestle, and kept its options open for prosecution on these counts under the Food Safety and Standards Act 2006.

The violations are -presence of lead in the product in excess of the maximum permissible levels of 2.5 parts per million (ppm), misleading consumers by printing “No added MSG“ on the Maggi packets and release of Maggi Oats Masala Noodles in the market without risk assessment and grant of product approval. Simultaneously, Maggi producer Nestle India, which controls over 80% of the instant noodles market in the country , announced a withdrawal of Maggi from the shelves because of “unfounded concerns“ and “an environment of confusion for the consumer“. A high-level Nestle delegation, led by its global CEO, met FSSAI officials at their Delhi headquarters and disputed the claims about lead being found in the product, the MSG content and the Maggi oats noodles issue.

The FSSAI rebutted each of these arguments in detail.

According to Nestle, Maggi noodles packs contain a tastemaker sachet and the noodles cake. Both parts put together should be tested for lead levels, not separately . FSSAI has rejected this and said that they will test the product as it is sold--in two parts--not as it is processed by the consumer.

“Standards have to be applied in respect of each of these two components independently and have no linkage with the processing of the end product as it is consumed,“ it said.

Experts believe this is a grey zone with no clear law. A higher lead content of the tastemaker will get diluted and fall below the permitted level when mixed with the noodles cake. But the FSSAI argued that consumers are going to add water while making Maggi, so should they start taking the water also into consideration? Giving details of lead tests from various states, FSSAI said that in Delhi, Gujarat and Tamil Nadu, lead levels were found to be higher than permissible levels. It said that Nestle had claimed in 2012 that lead levels were just 0.0153ppm in its noodles. Now tests were indicating levels as high as 17.2ppm which is dangerously high. The FSSAI also said reports from certain other states were not in the desired format and hence they had been sent back for clarification.

Dismissing Nestle's claim regarding the advisory “No added MSG“ printed on Maggi packs, the FSSAI said that rules require that no additional information than required by law should be given on packages so that consumers are not confused. It quoted from the US Food and Drug Administration (FDA) document saying that many food items contain glutamate in natural form (like cereals) and it is not correct to declare that there is no added MSG when such products are being added. This, according to FSSAI, is misleading the consumers. On the Maggi oats noodles issue, the FSSAI strongly came down on Nestle, saying they launched a new product without going through the due process of risk assessment and approval, violating the law.

So, what happens now? The FSSAI has called upon Nestle to “re-ascertain the safety of its products“as per the law and issued show cause as to why permission to produce Maggi noodles should not be withdrawn. Nestle has been asked to report to the

FSSAI on a daily basis. As indicated by the regulator, food safety commissioners in states are free to launch prosecutions against Nestle for violation of the law.

5. Causes for concern in processed food industry

The dispute has placed the processed food industry, regulators, government, and even consumers in uncharted territory.

Data collected by FSSAI gathered from all states and union territories clearly shows a pattern in rise in adulteration over the last few years. While less than 13 per cent of the samples collected by all states were found to be not conforming to the standards in 2011-12, the percentage rose to 14.8 per cent in 2012-13 and further jumped to 18.8 per cent in 2013-14. Also this has resulted into a rise in conviction/ penalties and amount collected in penalties jumped five times from 764 in 2011-12 to 3845 in 2013-14. With rising instances of adulteration, the government is looking to sensitize its officials to check on the same.

Table No. 2 Food standards and safety Authority of India (FSSAI) Enforcement

Year	Samples examined	Non-conforming	Prosecution launched	Convictions/ Penalties	Penalties (Rs Cr)
2011-12	64,593	8,247	6,845	764	NA
2012-13	69,949	10,380	5,840	3,175	5.2
2013-14	72,200	13,571	10,235	3,845	7.3
2014-15	49,290	8,469	7,098	2,701	6.9

Source: **FSSAI**

Table No. 2 shows the scenario of food adulteration in India, and the action taken by Food standards and safety Authority of India (FSSAI) Enforcement.

A look at the report of annual testing laboratories across states shows that five states-UP, Maharashtra, MP, Kerala and Andhra Pradesh account for more than 90 percent of the total penalties levied in the year 2014-15 and 84 per cent of the total amount raised in penalties.

A recent India Spend report mentions India has only 148 food testing laboratories. For a nation of 1.26 billion people, and millions of independent, largely unorganized retail point-of-sale outlets for food products (including grocers, street vendors, restaurants, dhabas, road-side eateries, and mithai shops etc.), it translates to just about 1 lab for about 8.5 million population and thereby severely jeopardizing the health and wellbeing of millions of unsuspecting Indians.

Food adulteration comes under the Food adulteration Act, which is administered entirely by the states and therefore the power for seizure, for conducting inspections, for seizing samples, filing cases etc; lie with the state governments. The regulator, however, is the Food standards and safety Authority of India (FSSAI) which falls under the Ministry of health so the standards set by the FSSAI have to be enforce and implemented essentially by the State governments. Unlike other sector regulators, this is one such case where the regulator does not have enforcement powers and it has to rely on the states for the same.

In light of this incident, it is crucial to examine the implications this can have on various other products. There are also other similar categories such as instant soups, vermicelli, and oats. What about roadside eateries that source their noodles and sauces from local manufacturers? The FSSAI should take a key role in getting such eateries registered and ensure compliance and monitoring is done.

The collateral damage following the ban on popular instant noodles brand Maggi, which food safety regulator FSSAI has declared “unfit” for consumption, is not just impacting suppliers, but an estimated 1,500 workers, as well. These workers are mainly involved in manufacturing Maggi noodles across Nestle India’s plants.

In the company’s Moga plant, Satish Srinivasan, Factory Manager at the plant, said: “About 115 workers involved in the production of Maggi noodles have now been engaged in the production of other company products. And in plants where only Maggi noodles were being made, the workers are being trained in other team-building activities.” However, workers, especially temporary ones, in companies that are suppliers to Nestle India are the worst hit. Moga-based Paras Spices Pvt Ltd, the largest supplier of spices to Nestle India, has already asked nearly 200 temporary

Employees not to report to work, or report twice or thrice in a week, following the ban. Paras Budhiraja, Director at the company, said supplies to Nestle India contribute nearly 45 per cent to overall business. “We are now talking to new clients and getting them on board. Since we follow strict quality standards, we believe we have strong potential to step up our exports,” he added.

6. Measures to revamp the food regulatory structure

Considering the Pandora’s Box that this incident has opened up, what steps do we need to take to uphold food safety? Banning is a knee-jerk reaction that takes us nowhere. Instead, some practical measures require to be taken.

6.1 Increase the Number of private labs: Recently after the incidence of Maggi imbroglio, The FSSAI has notified 82 laboratories accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) in India for testing food samples taken under the Food Safety and Standards Act, 2006 and Rules and Regulations made there under on April 1, 2015,“ said the FSSAI order issued on June 15. NABL is an autonomous body under the aegis of department of science and technology

and is registered under the Societies Act. Food Hygiene and Health Laboratory received the NABL accreditation in 2006 which the laboratory has been maintaining since then not all state government and Union government run food laboratories are accredited. “Barring a few government run laboratories that have complied with the stringent accreditation processes and bagged the NABL accreditation, most government laboratories are yet to get the NABL accreditation,”

6.2 Constitute a task force of experts from food technology institutes, such as CFTRI, apart from renowned food scientists working with leading companies such as Amul, Unilever, Nestlé, Tatas and others. It is necessary to balance theory with practice. In addition, FSSAI and the processed/ packaged food industries must also work closely with each other so that appropriate norms and guidelines are in place, and then are ideally supported by voluntary and proactive compliance by the industry, so that another fiasco reminiscent of Maggi does not recur, and that the consumers’ health is not put to risk at the altar of convenience, taste, or corporate profit.

6.3 Create clear, uniform guidelines on how to go about monitoring the industry

With a clear timeframe such that such random, arbitrary testing is done away with. This will ensure transparency. Simplify the FSSAI guidelines.

6.4 Give a grace period of, say, 6 to 12 months to all manufacturers to conform to the new guidelines and correct the packaging declarations as well.

6.5 Priorities the issues and go about monitoring the same in a systematic, planned and regular manner with clear timeframes on implementation. If we are able to clean up a couple of categories over the next one year we would have moved significantly forward. If going after market leaders like Maggi and Nestlé really helps clean up the system, it would have achieved some greater good. But the way I see it is if Maggi is unsafe, then there are at least a million other things we shouldn’t be eating right now.

6.6 India needs to embrace structural changes to ensure food safety for future generations. My main concern stems from the Food Safety Standards Authority of India (FSSAI), created under the Food Safety and Standards Act, 2006. This has been enacted in accordance with international codex guidelines. There are a lot of provisions in the Act that require revamping, but what we’re seeing is a patchwork implementation of both the old PFA (Prevention of Food Adulteration Act) guidelines as well as the new FSSAI laws.

6.7 Revamping the Central and State Authorities: An investigation by Indian express had revealed a number of shortcomings in the country’s food safety at central and state authorities including lack of staff, technology and accreditation for most state labs.

Currently 99 per cent of the food inspection function is with the states, that is why it is important to revamp the states authorities, but there is also a realization that a central authority needs to have its own staff on the field to avoid what happen in the case of maggi noodles. The authority was literally caught napping leaving it to all states has also ment that rejected product approval application information that is routinely made public by the authority is not paid heeds to by the states.

7. Conclusion

The maggi controversy has shattered many hearts, maggi was not merely a product or a brand in India, Indian consumer who is not unused to suspect food standards, feels a deep sense of betrayal by one of the most trusted food brand in India.

The maggi controversy has exposed the pathetic condition of India’s processed and packaged food industry. There’s no denying that food safety regulations leave a lot to be desired. Despite establishment of the Food Safety and Standards Authority of India in 2006 and subsequent promulgation of the Food Safety and Standards Regulations, 2011, implementation of rules is haphazard and erratic. Food safety demands adequate oversight and inspection at each step of the food production and supply chain. However, such a principle is rarely followed in India. The government should completely overhaul the Food Safety and Standards Authority of India (FSSAI) and state authorities. In fact, most of the states do not even have the accredited laboratories.

Coming to the Nestle India, the company has disclosed having spent Rs 445 crore on Advertising and sales promotion last year while the expenses towards quality testing was less than 5 per cent of such amounts that itself explains everything, the company needs to be more forthcoming in communicating actively and transparently to the public. Since Nestlé sells similar products across the world, it means complying with numerous international food safety standards. Therefore, Maggi and other packaged food products must of course be held accountable for violating guidelines.

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