

## SESSION 3

### Background Paper

#### Introducing Low Cost EDF in the market – Motivating the Private Sector

It has been agreed that one of the major causes of undernutrition and calorie-protein-micronutrient deficiency among large sections of our population, especially the poorest 30-40 percent, is that **there is presently a complete vacuum in the market for low cost, fortified energy foods for BPL families.**

The daily diets of the poorest families are meagre, and can at best qualify as subsistence diets. For lack of money and knowledge, the families are not able to provide nutrition required for healthy growth of children and adolescents during rapid growth periods, for women during pregnancy and lactation, for all age groups of both genders during or after illness, and complementary food for infants after 6 months of age.

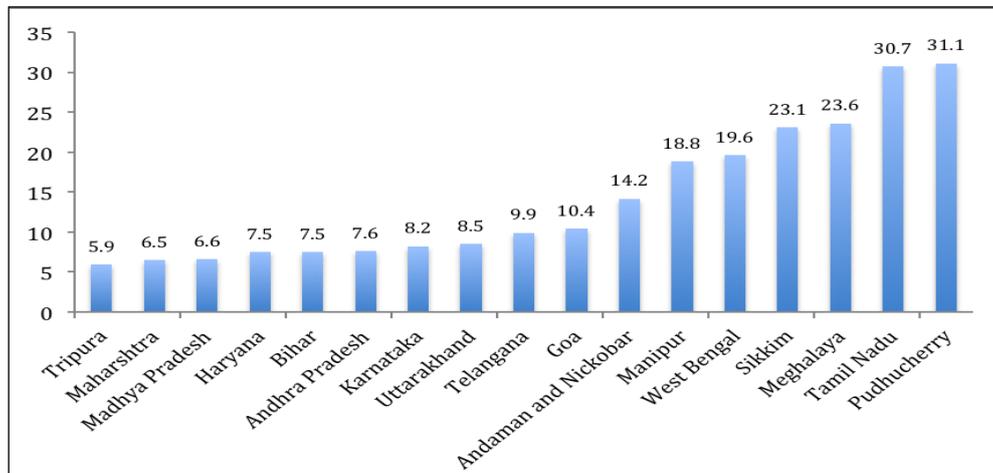
At the macro level, even though the per capita income has more than quadrupled in the last decade, all NNMB Reports, the last being NNMB Technical Report No. 26, 2012,<sup>1</sup> continuously show a large dietary deficit in terms of protein, calorie and micronutrients among more than 50% of our population of both sexes and all age groups, despite the ICDS and MDM having been in operation for the last four and two decades respectively.

Nearly 50 per cent of adolescent girls aged 15–19 in India are underweight, with a body mass index of less than 18.5, as per the UNICEF Report 2011

What is most worrisome is that early data emerging from the NFHS- 4 Factsheets (2015-16) covering 17 States, informs us that the percentage of children from 6-23 months receiving an adequate diet ranges from a meagre 5.9% to 31.1%. This is a serious issue which is the source of under-nutrition in the life cycle of our population.

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<sup>1</sup> Report of the Third Survey: “Diet and Nutritional Status of Rural Population. Prevalence of Hypertension and Diabetes among Adults and Infants and Young Child Feeding Practices” (2011-12)  
[http://nnmbindia.org/1\\_NNMB\\_Third\\_Repeat\\_Rural\\_Survey\\_\\_\\_Technicl\\_Report\\_26.pdf](http://nnmbindia.org/1_NNMB_Third_Repeat_Rural_Survey___Technicl_Report_26.pdf) 3rd Repeat Survey, 2011-12



Reports from the field in the Chincholli and Devadurga Projects clearly indicate that all cases of severely malnourished children are from households where both parents are engaged in construction or agricultural labour. The infants are left under the care of elder siblings or grandparents, and apart from some roti, rice and dal, which an infant certainly cannot eat, there is no food in the house. And in the market, there is nothing for them, except wafers and biscuits.

I am also informed that there is a move in the Ministry of Women and Child Development, Govt. of India, to introduce the system of cash transfers in lieu of supplementary food under the ICDS. In such a situation **where cash transfers are made for purchase of energy dense food for infants, adolescents and pregnant and nursing women, and there is no appropriate product in the market, what will the families buy?**

Our nutrition governance needs to engage with the food processing private sector as custodian of the food industry and the pharmaceutical sector. They are already providing several varieties of expensive protein and energy dense foods for children and adults of the more affluent classes. However, for BPL populations of all age groups and both genders, there is presently a huge market vacuum for low-cost energy foods. Unfortunately, this vacuum has been filled up by junk foods and tobacco based products that are marketed aggressively. Evidence from rural areas

also reveals that the poor are forced to purchase expensive energy foods, the only ones available in the market, when they are faced with a serious health emergency or when acute malnutrition becomes life threatening, sometimes spending their entire week's wages for purchasing these products.

The private sector must be requested to partner in our efforts for making available appropriate low-cost energy foods for poor, undernourished and anaemic children, women, adolescent girls and boys, the sick, aged and infirm, in rural and urban markets. The numbers are large enough to support a viable business proposition. The recent amendment to Schedule VII of the Companies Act 2013 includes, 'eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water' as areas of Corporate Social Responsibility. This makes it incumbent upon government and stakeholders to sensitize the private sector towards the nutritional needs of the poor, and secure their partnership in the most productive way.

**The target population is numerically large enough for the enterprise to be commercially viable.**

Use of effective rural marketing strategies for the new products can be done. Several corporates in India have succeeded in penetrating rural markets with their products, such as toiletries and cosmetics, (that were never earlier used by the poor), junk food items, such as wafers and chips, that are now being used as food substitutes for children, worsening their nutritional status.

An amount of about Rs 30 lakhs in the WB/JSDP Budget has been allocated for Innovative Projects and Research. We might also have some additional unspent money, which we could also use for Innovative Projects.

This proposal has been agreed to by the World Bank in principle. **We could start by conducting a Needs Assessment and Feasibility Study by engaging the services of a food and agriculture business consulting group, to build a road map for motivating and perhaps partnering with the private sector to set up a viable unit for production of low cost high energy dense food for children, adolescents, women during pregnancy and lactation, for all age groups of both genders during or after illness, and complementary food for infants after 6 months of age.**

**Summing up:**

**Presently, there is a vacuum in the Indian market for low cost energy foods for all age groups and both genders of the BOP populations,** which has been filled up by junk foods and tobacco based products that are marketed aggressively. This market vacuum is to a large extent responsible for persisting undernutrition and micronutrient deficiency among children, women and adolescents among the poorest sections of the population.

**Evidence reveals that the poor are forced to purchase expensive foods, the only ones available in the market,** when they are faced with a serious health emergency or acute malnutrition that is life threatening. It is also reported that they spend their entire week's wages for purchasing these products.

**At least 10-15% of the population is above the poverty line, but still suffers from undernutrition and micronutrient deficiency.** (100-150 million people) Hence, they have purchasing power, but there are no products available to them to improve their nutritional status. Hence, there is already a large market available, but there is no product in the market.

**Plenty of FSSAI approved compositions are presently available using local farm produce, such as millet, wheat, soya, ground nut, jaggery, pulses.**

This initiative is **in accordance with the National Nutrition Policy recommendation-**

**'Popularisation of Low Cost Nutritious Food:** Efforts to produce and popularise low- cost nutritious foods from indigenous and locally available raw material shall be intensified. It is necessary to involve women particularly in this activity.'

**This subject will be discussed in Session 3 of the Workshop.**