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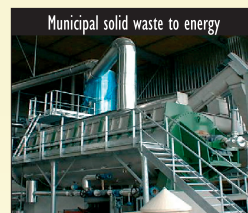
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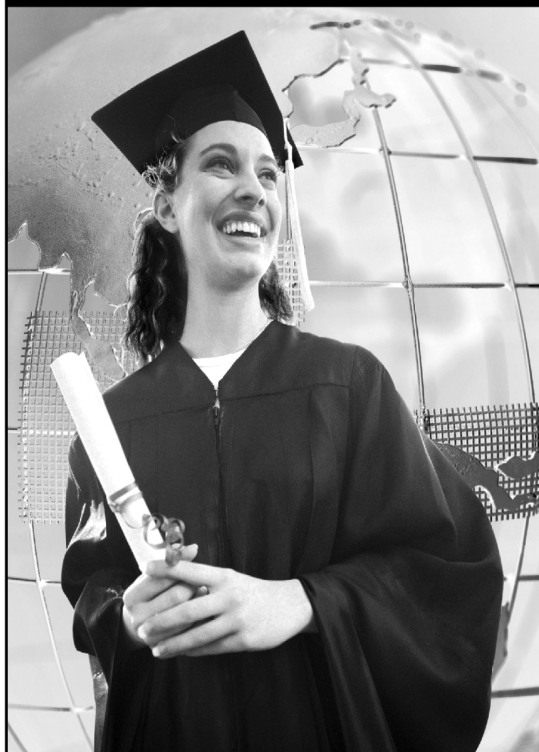
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FARE IS FOUL

Eating at home isn't the in thing anymore. Hanging out is hip, especially in the mushrooming fast food joints that blister the skylines of India's cities. The urban middle classes with money to burn are redefining nouvelle cuisine. The costs are huge, but few are counting the calories, fewer still checking the nutrition chart. Eating isn't a health choice anymore, it's a lifestyle choice. And if there are any complaints, they sure aren't coming from the food-processing industry. VIBHA VARSHNEY takes a reality check

PRADIP SAHA

INEDIBLE INDIA

2-MINUTE RECIPE FOR HEALTH HAZE

Eating habits, cooking habits, cuisines have changed, are changing, across the country, across social strata, across the rural-urban divide. And for anybody's money, it isn't a change to inspire confidence in the future of public health.

Sample this. Ria Ghosh, a 14 year old who lives in south Delhi's Chittaranjan Park, doesn't have the antipathy to eating that a lot of teenagers do, she likes to tuck in. On an average school day she has herbal tea and porridge, Quaker oats with milk to be precise, for breakfast. On a bright Tuesday in February, she followed this up with a hot dog and scraps from a friend's lunch *paratha* and potato chilli at school, washed down with an iced tea from the canteen. At home she had rice with *daal*, and mutton and potato curry for both lunch and dinner. In-between snacks consisted of four bars of Snickers, an apple and some cake. And, of course, there was the ubiquitous chewing gum.

The same day, 35-year-old Vinod Kumar Jaiswal, a *tabla* teacher in nearby East of Kailash, had four pieces of bread with a double-egg omelette and milk with Bournvita for breakfast. For lunch, he had rice with fish curry, fried potatoes, beans and egg curry. After an evening snack of *pakor*as, he finished the day with *chapatis* and *daal*, a single-egg omelette, salad and *papad*. During the day, he had five cups of tea and two cups of coffee. Like Ria, he also had chocolate. "Five eggs a day are a must," he says. He has fruits on alternate days.

A homemaker based in Chittaranjan Park is the archetype of an exasperated mother. Her 13-year-old son's eating habits drives her nuts. "We have to buy a lot of junk food for him. He just refuses to have the normal rice-and-*daal* meal. He has cakes and biscuit in the morning, pizzas or Maggi at lunch and *paratha* at night. This he supplements with liberal doses of soft drinks," she says. Recently, the family holidayed in Darjeeling,

staying in a forest bungalow where junk food was not available. The boy's father had to trek into town a long way just to get junk food. Not that he is any better, she says. He doesn't like vegetarian food. If there is no meat on the table, the dissatisfaction shows.

Awareness trap

There are people who are aware of the need to balance their diets. But that doesn't necessarily help. A homemaker in Gurgaon sends her five-year-old daughter to school with Kellogs choco biscuits and a slice of cheese, believing these are better than the chips and assorted junk other kids eat. "We are allowed to eat junk food only on Wednesdays and Fridays," says 13-year-old Mehak Paul, who lives in south Delhi's Greater Kailash-I. On these days, she and her 10-year-old brother Mohak have instant noodles.

A lot of people who are under the illusion that they are eating healthy are not, actually. Prithi Pais, a fashion designer in Bangalore, tries to stick to a balanced diet. But convenience is also important in her hectic lifestyle. So, she's forced to take recourse to the supermarket. Packaged food like pasta, cheese, biscuits, chocolates, fruit juices, packaged vegetables and curd are staples on her shopping list. But she avoids food rich in fats, especially the more deadly variety, trans fats.

Dipankar Ghosh and Chitraklekha Basu in Kolkata have a similar story. Both are media persons. Ghosh is an art director with an English daily and Basu is a freelance journalist. She works during the day; his workday starts at 4 pm. The only home-cooked meal they have together during the week is breakfast, often comprising eggs, toast and cured meats. Given their schedules, eating out is rare, once in two months at best.

The couple usually has two home-cooked meals a day. She skips lunch, and he skips dinner or makes do with a quick snack. "We try to follow a normal food habit but we don't have time," says Ghosh. Basu admits that sometimes they do end up buying soup concentrates or instant *upma* and other pre-cooked and packaged food, even though they know it's not very healthy. They try to stick to healthy food. Veggies and fish, are a regular fixture. "We use very little oil and a lot of the food is just boiled or steamed and lightly sautéed," says Ghosh.

While the couple is more aware of the difference between healthy and unhealthy foods, it doesn't stop them from indulging in bad food habits. "We balance out our health food with junk food," says Ghosh.

The balance is clearly shifting. As traditional, and usually more calibrated, cuisines take a beating, traditional skills, too, become obsolescent. When her husband was still working, Lahari Guha spent long hours in the kitchen, preparing every meal the family ate, served fresh. They didn't own a fridge, so her husband would shop vegetables and fish daily.

Now, the 66-year-old widow only enters the kitchen when she wants to prepare a special dish or two for her son Rahul or 12-year-old granddaughter, Gandharbi. Her daughter-in-law, Manjari, takes care of the rest, aided by a fridge stocked with pre-cooked and instant foods. Inevitably, traditional

In India, the mass market for processed food is being led by bread and biscuits, while fast food remains the preserve, mostly, of the urban middle and upper classes

SAMRAT MUKHERJEE / CSE

Bengali cuisine faces stiff competition. Both her son and granddaughter love to eat out at least once or twice a month.

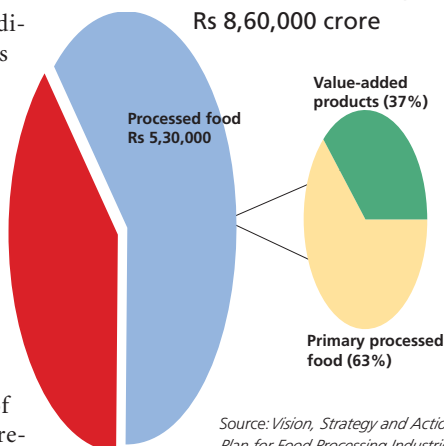
Not that eating home food is a guaranteed recipe for good gastronomic habits. Illusions play their role here as well. Manjul Mathur, a doctor in west Delhi's Karol Bagh area, points out, for instance, that the widespread perception that refined oil is harmless has had deleterious health impacts. First, the jury is still out on these oils. Second, this perception has increased oil intake, which is unequivocally unhealthy.

Across the board

It's not just the rich who eat badly. In the resettlement colony in Madanpur Khadar, near the south Delhi-Haryana border, Suman Devi, whose husband earns Rs 3,500 per month as a mechanic, feeds her family of five bread, rusks or biscuits with tea for breakfast. Lunch is rice with *daal* or *chapatis* with vegetables. But her youngest son, six-year-old Prince, loves packaged food. Two or three packets of biscuits a day is normal. The children also save pocket money for *namkeens* and biscuits, says Suman. In the same area, 50-year-old Phulwati's husband runs a small shop. Her children regularly pick up tidbits from local shops—both for novelty value and status.

It's a similar story in Kolkata. Almost every morning, before she rushes off to prepare breakfast for the family she works for, Ruma Ghosh serves her seven-year-old daughter, Papiya a packet of Maggi noodles, chicken flavour. "I'm always in a rush in the morning and don't have time to make her eat. She likes Maggi, so she eats it on her own, five or six

Total food consumption
Rs 8,60,000 crore



Source: Vision, Strategy and Action Plan for Food Processing Industries in India, April 2005.

Consumption table

Statewise food pattern, 2004-05

Food category	Highest	Lowest
RURAL INDIA		
Cereal	Chhattisgarh	Haryana
Pulses	Kerala	Madhya Pradesh
Vegetable	Assam	Kerala
Fruit	Kerala	Jharkhand
Beverages	Tamil Nadu	Chhattisgarh
URBAN INDIA		
Cereal	Haryana	Punjab
Pulses	Uttar Pradesh	Rajasthan
Vegetable	Jharkhand	Kerala
Fruit	Kerala	Bihar
Beverages	Karnataka	Madhya Pradesh

Source: December 2006, NSSO report no 508

times a week,” says Ghosh. It used to be more, but a-year-and-a-half ago, Papiya had an allergy that weakened her digestive system. Since then Ghosh has cut back on Maggi. Papiya’s other favourite foods include orange cream and chocolate biscuits. “Lot of people say Maggi isn’t good and I shouldn’t give her too much. Sometimes Papiya can’t digest it and is sick,” says Ghosh. But that doesn’t seem to deter her. Not when she sees the families she works in, eating the same thing.

Ghosh works as a housemaid and a cook in three houses in the morning and two in the evening. She and her husband, a construction worker, earn about Rs 5,500 a month between them. They don’t indulge in the luxury of Maggi. Breakfast for them is tea and biscuits or leftover *rotis* or nothing. Lunch and dinner are regular fare: *masoor daal*, a vegetable and a curry of fresh small fish or omelettes. Dinner is the main meal. In winters, it’s *daal*, vegetable and *rotis*. In summer, rice replaces *roti*.

Whether she and her family are eating healthy or not, isn’t a question that crosses Ghosh’s mind, which is understandable because their diet wouldn’t really pass a nutrition test.

This holds true for Kalyani Koundar’s family as well. Koundar hasn’t made the transition to buying processed food for a simple reason—she can’t afford it. In fact, nutritionally speaking she is worse off than the Ghoshes. Koundar lives in a *jhuggi* cluster near Tuglaqabad fort, south Delhi. On food, she spends around Rs 2,000 of the Rs 5,000 she earns a month

Health awareness does not necessarily translate into good eating habits. A lot of factors—convenience, glamour, brand awareness—intervene

cleaning utensils in nearby homes for her family of four. Meaning, 40 per cent of the family’s earnings is spent on food, which is close to the 42 per cent average estimated by the 61st round of the National Sample Survey Organisation’s (NSSO’s) survey, the report for which came out in December 2006. People who earn around what Koundar earns are inevitably victims of underconsumption, by any nutritional standard. Her purchases for a month include 42 kg of rice, 1 kg of pulses, 1 kg of oil, 3 kg of sugar and 7.5 kg of vegetables. The main food is rice with vegetables into which she puts in a handful of *daal*. Non-vegetarian food is eaten twice a month; she’s never bought fruit. But even her family eats processed food: bread she gets from homes she works in and a temple.

Changing priorities

Changing diets are reflected in changing shopping lists. Bottles of mayonnaise, sandwich spread, stir fry sauce, instant *idli* mix, noodles and cake mixes, pre-packed *daal makhani* and *pav bhaji* jostle for space with breads, deep-fried *namkeens* and assorted biscuits on the narrow countertop of Kamal Dutta’s



State of supply

Policy does not aim for food security

Data compiled by the Food and Agriculture Organization (FAO) show that in 2004, though production of most cereals decreased as compared to 1990, exports increased. Similarly, the production of pulses and groundnut decreased but exports increased. In both cases, domestic consumption too decreased. In the case of wheat, however, all three indicators showed a rise.

With vegetables and most fruits, everything increased—production, exports and consumption. Guava consumption, however, decreased. Exports also seemed to affect the meat market. Production of beef, pork and mutton decreased, exports increased and consumption decreased—same as cereals. At the same time, however, chicken production increased as did its consumption, there was neither export or import. In the case of fish, production and exports rose but consumption fell.

One trend is discernible, that if production falls and exports increase, domestic consumption falls—as with cereals (except wheat), groundnut and meat products. But the first two are not absolutely necessary conditions for the third outcome. In a minority of cases, the third outcome could be produced by another combination.

The basic issue is that of domestic availability of a commodity. What the FAO statistics do not give any indication about is how exactly the market works in the context of state policy. The indications

are, however, clear: that even in the case of essentials—cereals, for instance—state policy is not directed towards ensuring domestic food security. Thus, even in a situation in which domestic production falls, exports are allowed to rise.

Exports in times of a production crisis negatively impacts domestic supply and consumption—the expansion of the food processing industry has the potential of doing the same. As of now, India is the second largest producer of both fruits and vegetables in the world, producing about 48.5 million tonnes of fruits and 100 million tonnes of vegetables. But India produced only about 11 million tonnes of processed fruits and vegetables, worth Rs 2,800 crore in 2004-05.

Recently, the Fruit and Vegetable Board Bill 2006 was introduced in the Lok Sabha to promote the processing industry. One of its major objectives is to provide an effective cold chain, which will, in the first place, eliminate roughly 25 to 30 per cent of the produce that is wasted in transit.

But the apprehension is, given the track record, say, of the chicken industry’s lobbying over maize supplies for its feed requirements, that once the slack is taken up the processing industry will try to procure aggressively, driving down supplies and pushing up prices. No prizes for guessing who the biggest losers will be.

(Data copied on February 2, 2007, <http://faostat.fao.org>, FAOSTAT, Statistics Division, Food and Agriculture Organization of the UN)

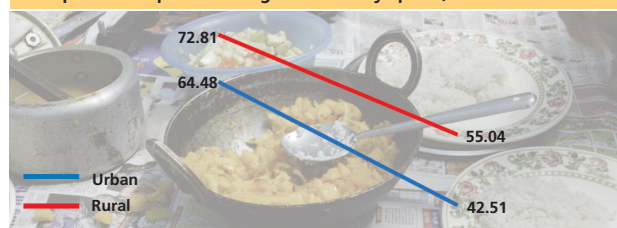
grocery and general goods store (see table: *India eating*). “Instant food sells the most these days, especially Maggi,” says Dutta, who’s been running a store in south Kolkata for over 30 years. Bread is a top seller. Quite a few people now ask for brown bread, so Dutta keeps a few varieties. Earlier, customers would shop for staples—flour, pulses, rice—but instant foods have taken over, he says. “What families eat now is not dependent on parents anymore,” he says. “It’s all up to the kids and what they want and what they want is what they watch in TV ads. Also, it’s convenient for working mothers.”

Dinesh Kumar, owner of a small provisions shop in Madanpur Khadar, has also noticed the change. People now buy a lot of bread, rusk and *matthi* (a fried savoury snack) for breakfast because they don’t have time to cook in the morning, he says. They also buy biscuits and Maggi noodles.

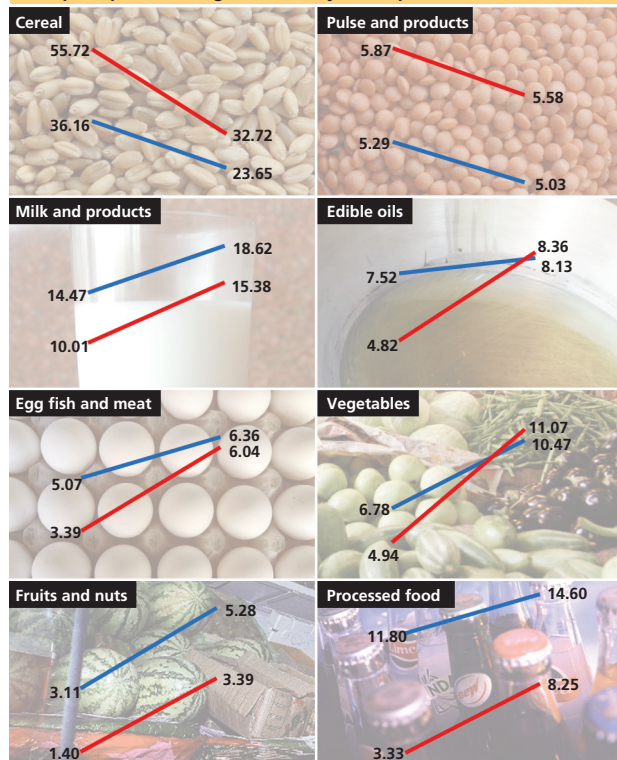
No nutrition

All these diets fall woefully short of the Indian Council of Medical Research’s dietary guidelines, except perhaps for the calorie count. The guidelines suggest minimising packaged food, white bread and fried food and recommends pulses,

Per capita food spend as %age of monthly spend, 1972-73 to 2004-05



Per capita spend as %age of monthly food spend, 1972-73 to 2004-05



Source: December 2006, NSSO report no 508, processed food includes biscuits, cakes, tea, coffee, mineral water, fruit juice, sauce, food purchased in form of cooked meals

Past repast

Traditional Mediterranean, Asian diets in the A-league

Earlier, most people ate what was locally available: fish, for example, was a staple in coastal areas, and people living in, or close to, fertile agricultural tracts preferred grains. Classical cuisines are often a good indicator of local food preferences, even if we account for the caveat that these were very often on the plates of the well-to-do. Food was sourced locally.

Modern agriculture and trade in food products have, however, rendered these dietary restrictions dated. This, when modern research extols traditional diets for their nutritional virtues. Take the Mediterranean diet. Three years back, the Harvard School of Public Health and the Oldways Preservation and Exchange Trust, USA, held the traditional diet of the region as an example of excellent diet. The nutritional model they proposed emphasised high consumption of fruit and vegetables, wheat and other cereals, olive oil and fish. Inspired by the traditional eating habits of the Mediterranean, this diet is low in saturated fat and high in monounsaturated fat and dietary fibre.

Recently the Harvard researchers have joined hands with the Cornell-China-Oxford Project on Nutrition, Health and Environment to propose another model of healthy eating: the Asian diet pyramid. It emphasises a number of rice products, noodles, breads and grains, preferably whole grain and minimal processed foods. Fruits, vegetables, legumes, nuts and seeds, daily physical exercise, a small amount of vegetable oil and a moderate consumption of plant-based beverages, including tea (especially black and green), sake, beer and wine are also recommended. “Traditional rural Asian diet is very similar to the Mediterranean diet. Both are largely plant-based and meat is consumed in small amounts,” say the researchers of the Cornell-China Oxford project, which surveyed more than 10,000 families in China to study diet, lifestyle and disease across the country.

fresh fruit and vegetables. WHO’s 2004 recommendations on diet, health and physical activity, too, remain a wish list. It suggested the only way to curb chronic diseases was to increase consumption of fresh fruit and vegetables, and decrease that of sugar, salt and oil, all commonly found in processed foods.

Take any of the examples given above. All these diets are rich in fats and carbohydrates, apart from harmful chemicals in the form of “permitted colouring agents”, preservatives and other agents. At the same time, they are short of proteins, vitamins, minerals and fibres. These diets are out of line.

Unfortunately, most people fail to understand that a balanced, homemade meal is not just more nutritious, it is also cheaper. Saurabh Gulati, 26, a Delhi trader started balancing his diet around five years ago when his parents became health conscious. “We snack on dry fruits or fruits and have home-cooked food, avoiding oil,” he says. The family of five and a one-and-a-half-year-old child have a lot of seasonal vegetables and fruit, spending about Rs 9,000 per month. Compare this to the Rs 6,500 per month Pais spends on her family of two.

Food mauls

It is this ignorance, or, at the very least, apathy, that the food industry exploits. Urban middle-class India is emptying its pockets in supermarkets and restaurants, making for a dizzy

growth in this sector. The numbers relating to shopping for ready-to-eat, or almost ready-to eat, food are completely of a piece with the changing dietary habits we have noted.

As Rashmi Mahajan of Jangpura Extension pays for the grocery at the Big Apple supermarket outlet in East of Kailash, she happily chats with her daughter about her plans to serve *pav bhaji* that evening. She had bought two packets of Kohinoor's heat-and-eat Mumbai *pav bhaji* mix and a packet of *pav* (bread). She also bought Amul cheese slices, Gatorade (lemon and orange), Maggi noodles, Fun Food *kebab* dip, Fun Food Caesar salad dressing, Maggi soup (tomato, mushroom), Kellogs corn flakes, Kohinoor *paneer tikka daal* and *daal makhani*. This constituted 40 per cent of her shopping (Rs 741 of Rs 1,858). She spent just Rs 163 on fresh vegetables.

Big Apple is just one of the food malls mushrooming all over urban India. Growth in large-scale retailing in developing countries has coincided with new investments by foreign food manufacturers.

A January-2004 Confederation of Indian Industry-McKinsey report predicts that by 2008, some retailers will top the Rs 1,000-crore mark. During 2002-03, retailers like Foodworld, Subhiksha, Big Bazar and Super Sabka Bazar made Rs 363 crore, Rs 265 crore, Rs 175 crore and Rs 120 crore. The malls focus on a market consisting of middle and upper classes, stocking value-added convenience food products—higher-end biscuits, dairy products like cheese, butter and flavoured milk, sauces, pastas and breakfast cereals.

At Subhiksha, a discount retail chain, anything between 5 and 25 per cent can be saved. For example, Kissan orange jam with a maximum retail price of Rs 65 is sold for Rs 60.13 a sav-

Shopping lists have changed with eating habits. Urban wannabe supermarket habitues don't buy much by way of vegetables and uncooked cereals. The preference is for ready-to-eat food

ing of 7.5 per cent. On Priya Gold Butter Bite biscuits, there is a saving of 10 per cent, on Uncle Chipps, 15 per cent. But on a necessity like *moong daal*, there is a saving of only 7 per cent and on Brooke Bond Red Label tea only 5 per cent. The first Subhiksha store opened in 1997. The company plans a store every three kilometres in the cities they are operating in. The chain has already crossed the 450-store mark across five states and hopes to increase this to 1,000 by end-2007.

The big picture is revealing. Semi-processed, cooked and ready-to-eat foods are flying off the shelves. An excise duty cut from 16 per cent to 8 per cent has helped. The market was estimated at around Rs 8,290 crore in 2004-2005.

Gagan Malik, part-owner of Morning Stores in Greater Kailash-I, south Delhi, has a reason for the popularity of ready-to-eat food. "People are travelling more and they carry ready-to-eat stuff," he says. The same products failed to take off when they were launched a decade back, he adds.



Eating out

Unhealthy eating habits at home are being buttressed by an increasing tendency to eat out at fast food joints. A number of factors contribute: among them rising disposable incomes in urban middle-class India, brand pull and plain convenience.

At a McDonald's outlet in Connaught Place, New Delhi, there are loads of people who've sorted their systems out—going there on a regular basis helps. Groups have a division of labour. One member queues to place orders, the rest fan out to keep an eye on the one thing that is in the shortest supply: space to sit. That's expending a lot of time and energy for a meal that's hardly a meal. The cheapest burger costs just Rs 20. But it has a calorie content of around 350 kcal. While fats, carbohydrates and some proteins account for half that, the remaining is a mystery. The spokesperson for McDonald's in Delhi says it consists of "fibres and other elements". Whatever it may contain, the Rs 20 burger can hardly satisfy the hunger of a child, forget an adult.

Nevertheless, Indians are spending close to Rs 4,449 crore a year at fast-food joints. The fast-food market in India is growing at 40 per cent a year. According to a survey by consultants AC Nielsen, an adult, urban Indian is among the top 10 in the world in terms of the number of times he or she has a fast-food meal.

A 2004 report authored by the Confederation of Indian Industry and consultants McKinsey said McDonald's earned Rs 125 crore followed by the Indian chain Nirula's at Rs 100 crore and Pizza Hut at Rs 60 crore. Smaller shops also do good business. Top Breads, a food outlet in NOIDA, Uttar Pradesh, is a favourite hangout for working people. "They eat fried chicken, salads, burgers, cheese macaroni, grilled chicken, sandwiches, or cut-lets," says Ginni, the proprietor. Fast food outlets cater to people like copywriter Sourabh Mookherjee who live alone. "I hate fast food. But sometimes nothing else is available," he says. Mookherjee eats out everyday, spending Rs 200-500.

There are many drivers behind the eating out phenomenon, however. Convenience is one of them, entertainment is another. Especially with the growing predominance of nuclear families and working parents. Gargi and Chinmoy Bose of Kolkata dine out with their two little boys—Jojo, 7, and Josh, 5—at least once a week, maybe twice. "Actually, it's not so much about eating as it is about taking Gargi and the children on an outing," says Chinmoy, who's a software engineer in an established IT firm.

When eating at home, Gargi tries to ensure her boys have their required calorie intake. She cooks healthy meals of rice, *roti*, vegetables, *daal* and fish. But the kids are fussy eaters and would rather have pizza and noodles. However, Gargi is not so much into calorie counting when it comes to herself and Chinmoy eats out often. But he tries to stick to light, less oily dishes.

The explosion in the eating out phenomenon is largely being driven by the popularity of fast food. The number of fast food outlets has grown exponentially in the last few years (see map: *All over*). The leaders, McDonald's, opened their first restaurant in October 1996 at Basant Lok, Vasant Vihar, New Delhi. Now they have 105 restaurants in India; 55 of these have opened in the last two years. McDonald's feeds 350,000 customers per day

in India out of the 50 million customers it caters to every day internationally. That works out to an astounding 7 per cent. The company's nearest competitor is Pizza Hut, owned by Pepsico's Yum Restaurants International, which opened its first outlet in India in 1996 in Bangalore. In 2001, it had only 29 restaurants, which increased to 127 in 2006. This year, the company recorded a sale of Rs 30 crore, with its market share going up from 15 per cent in 2000 to 28 per cent in 2006, according to media reports. Yum now plans to invest heavily, Rs 100 crore, in its two brands, Domino's and Pizza Hut. The number of Pizza Hut outlets is set to increase to 150 with a special focus on smaller cities.

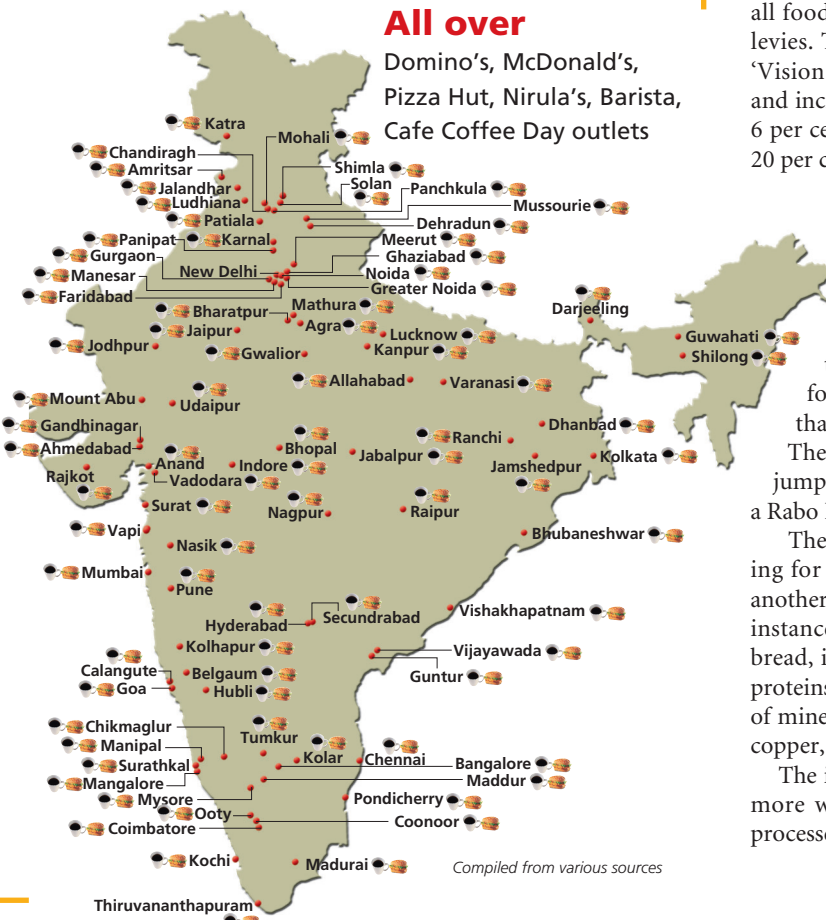
Domino's has an annual expansion expenditure of Rs 6.6 crore in India and plans to add 30 more outlets in 2007 to the existing 105. Papa John's opened its first outlet in Gurgaon last April and plans to set up 100 more in north India. Subway opened its first outlet in Delhi in 2001 and plans to invest over Rs 177.1 crore to increase the number to 200 by 2009, from the present 65 outlets. Two more chains—Starbucks, which is entering the food sector, and Burger King—are entering the market this year.

Coffee chains have also become a craze. There are an estimated 500 cafés in the organised sector. Industry analysts say this could increase to 5,000. The Rs 664.1-crore Ravi Jaipuria group has brought the Costa coffee brand to India. Barista, one of the most popular chains, has over 150 outlets in over 27 cities.

But what's striking is that it's not just the big brands. Smaller, local chains are also prospering. From one shop in 1991 to 108 in Kolkata and its suburbs in 2007, Monginis sells inexpensive cakes, pastries, pizzas and other savoury food. Arnab Basu, Monginis's managing director, says the company had a Rs 53 lakh turnover in its first year. That's grown to Rs 50 crore. Savouries rake in the most, says Basu. "Health-wise we put out more untopped cakes and that is popular," says Basu. "The younger crowd is being exposed to western food. There's a growing desire for non-fattening food. But that's expensive. We give a cheap choice."

All over

Domino's, McDonald's, Pizza Hut, Nirula's, Barista, Cafe Coffee Day outlets



Compiled from various sources

HELPING HAND

STATE PROCESSING INDUSTRY CASE

The food processing industry is growing faster than IT and pharmaceuticals. One of the implications of this growth is that industry is buying raw materials on a large scale affecting both supply of food, which is contracting, and prices, which are rising. Both these developments affect the poor the most, especially with industry lobbying government aggressively to establish favourable procurement, pricing and fiscal regimes.

Industry is not happy with current growth rates. While competition does not allow them to increase prices, they also end up having to buy raw material at high prices because of pricing policies. They want agricultural produce and marketing regulations reviewed so farmers can sell their produce at market-driven prices to buyers of choice rather than through committees or authorised agents. *Force majeure* in such transactions is a legitimate apprehension. Industry also says the Essential Commodities Act, 1955, hinders interstate movement of food grains and essential food items. They want these restrictions to go to ensure free flow of raw materials.

While this might not have happened yet, the government is helping industry increase the proportion of raw food that is processed from the present 2 per cent to 10 per cent by 2010 and 25 per cent by 2025. It has delicensed the sector, giving automatic approvals for foreign investment up to 100 per cent, exempted export earnings from corporate tax and all processed fruits and vegetables products from central excise duty. Most recently, the 2007 budget has proposed exempting all food mixes, including instant food, from central excise levies. The Union ministry of food processing industries's 'Vision 2015' envisages trebling the processed food sector, and increasing the proportion of perishables processed from 6 per cent to 20 per cent and economic value addition from 20 per cent to 35 per cent.

A February 2006 food and beverage survey by the Federation of Indian Chambers of Commerce and Industry shows that the food industry has a growth rate of about 8 per cent in terms of value.

The report puts the industry's worth at Rs 3,58,400 crore—with value-added products contributing Rs 92,000 crore. The market for branded foods is growing at 10-15 per cent. McKinsey reckons that by 2008 the industry will be worth Rs 4,449 crore. The turnover of the processed food sector is expected to jump 117 per cent to Rs 11,50,000 crore by 2014-2015, says a Rabo India report.

There is a pernicious dimension to the industry's lobbying for special favours given that its value addition is just another name for increasing prices per unit of nutrition. For instance, as wheat is turned into white flour, used to make bread, it loses much of its nutrients. Around 25 per cent of proteins and 95 per cent fibres are lost, with 52 to 84 per cent of minerals like calcium, iron, phosphorus, potassium, zinc, copper, selenium and 56-95 per cent of vitamins.

The inverse relation between nutrition and price is all the more worrying, given the rapidly rising market share of processed food.

MARKETING BAD HEALTH

POOR CAUGHT IN NUTRITION/PRICE VICE

The price-nutrition dynamic plays out differentially in the developed and developing worlds. In the former, as a number of studies have noted, fast food constitutes a much greater proportion of the diet of the poor. In the US, for instance, this correlation maps on to an ethnic divide: the minorities—Afro-Americans, Hispanics and Asians—tend to consume more junk food. In developing countries, on the other hand, the dynamic is different. The poor are undernourished in absolute terms, because they have a much more constricted option of cheap food even if it is nutritionally poor.

A study published in the *American Journal of Preventive Medicine* (Vol 27, No 3, November 2004) found that the distribution of fast food outlets in New Orleans mirrored the correlation between junk food and socio-economic/ethnic background. It reported that predominantly Afro-American neighbourhoods had 2.4 fast food restaurants per square mile as

opposed to 1.5 in white localities. Though, as the authors pointed out, greater access to fast food did not necessarily lead to greater consumption, the correlation was significant. The study also found that white neighbourhoods had a greater density of supermarkets, which typically stocked healthier foods like fruit and vegetables, than convenience stores, which stocked junk food in greater quantities. A similar study published in the same journal (Vol 29, No 4, November 2005) found that more deprived neighbourhoods in Scotland and England had a greater concentration of McDonald's outlets.

Other studies indicate that the suppositions prompted by this correlation are, in fact, true. A study in *Public Health Nutrition* (Vol 7, No 8, December 2004) reported higher rates of eating at fast food outlets, higher fat and lower vegetable consumption and higher incidence of obesity among African Americans. Another found that obesity rates were the highest among women in the Hispanic and African American communities and that the gap in the obesity rates between people from these two groups and whites was increasing, says the Alliance for a Healthier Generation, a partnership between the American Heart Association and the William J. Clinton Foundation, which works on childhood obesity. A September 2005 study published by the UCLA Center for Health Policy Research found that Hispanic and African American adolescents consumed more carbonated drinks than whites.

This kind of correlation between poverty and fast, or other nutritionally poor, food holds true for developed countries in a different way. As we saw earlier with Kalyani Koundar and Ruma Ghosh, the nutritional crisis of the poor has a different dimension—that of absolute undernourishment, in other words, not getting enough to eat, in addition to not being able to afford the right kind of food. A doctor in Govindpuri Extension, south Delhi, Jagmohan Singh, made the point starkly when he said he often gave his mostly lower-middle-class patients dietary advice but most of them could not afford to follow his prescriptions. Ironically, however, in India, the fast food culture is primarily the terrain of the affluent middle and upper classes in urban centres, who are sucked into it by a number of factors: convenience, brand seduction and the desire to make flashy lifestyle statements.

But this observation needs a caveat. The poor in India also eat nutrition-poor processed food, of a different kind. Take bread and biscuits, for instance, which are consumed by all strata of the society. The organised segment of the bakery industry has a market share of 45 per cent with the unorganised sector accounting for the rest. In 2004-05, 5 million tonnes of bakery products were made with an estimated value of Rs 6,900 crore. Bread and biscuits accounted for about 82 per cent

New deal: The commodity profile of small, local shops is changing



RUHANI KAUR / CSE

of bakery products. With an estimated production of 2.7 million tonnes in 2004-2005, the bread industry had a growth rate of 10 per cent during 1990-2000, which fell to 6.5 per cent during 2000-2005. To increase this, the All India Bread Manufacturers Association suggested bread should be included in mid-day meal schemes for school children.

During 2005-06, a total of 1.5 million tonnes of biscuits were produced. "The growth rate is between 10-12 per cent now whereas it used to be around 25 per cent a few years ago," says Govind Ram Choudhary of Anmol biscuits. On the industry's charter is the demand that biscuits should be granted exemption from central excise duty and value-added tax should be reduced to 4 per cent from the existing 12.5 per cent.

The biscuit industry is trying to expand networks, to both realise the potential of the rural market and spread the habit among the poor in urban India. Bigger companies like ITC Foods are focusing on the urban market. The company has expanded its network and is promoting its Sunfeast biscuits across 1,000 schools in the country.

On the other hand, Britannia, which is a market leader in the top end, is trying to increase its sales in the rural areas with its Tiger Brand glucose biscuits. Britannia has approximately 35 per cent of the market. Rural areas account for approximately 40 per cent of total biscuits sales, with higher growth than the market average. Parle is trying to break into Britannia's stronghold with its popular Parle-G brand.

The 2007-08 budget proposals have given the industry an impetus by exempting biscuits that sell for less than Rs 50 per kg from excise duty. As we noted earlier, bread and biscuits have become staple, non-nutritive snacks and breakfast fare across social divides.

But the bakery narrative has another important implication. Lobbying by the food processing industry fits into a larger paradigm that has to do with the political economy of



This cup needs to cheer after a meal depressingly devoid of substance

food processing. On the one hand, the industry is trying, and succeeding, because of state support, economies of scale and the power of, especially, the big players in the industry, in sourcing raw materials cheaply. This means, on the one hand, that the growth of the processing sector does not have significant knock-on benefits for farmers. On the other, it gives industry the right platform, with duty cuts and other government incentives, to create a mass market for relatively cheap products (see graph: *Add-ons*).

Relativity theory

Relatively cheap is a relatively loaded description, however, given the mark-ups involved in processing food. Process this data. A 200 g packet of ready-to-eat MTR *upma* costs Rs 12 though 1 kg of *sooji*, the basic raw material is just Rs 15. A ready-to-eat packet of *pindi chana* serving two costs Rs 40, whereas the *chana* itself comes for Rs 60 a kg. A kg of tomatoes costs Rs 11, but a 200 g packet of puree costs Rs 12.50.

Take a more necessary part of our diet. One litre of full-cream milk sells for Rs 22; Mother Dairy sells low-fat milk for Rs 18 per litre; but Amul Lite milk in tetrapack cartons sells for Rs 27 a litre.

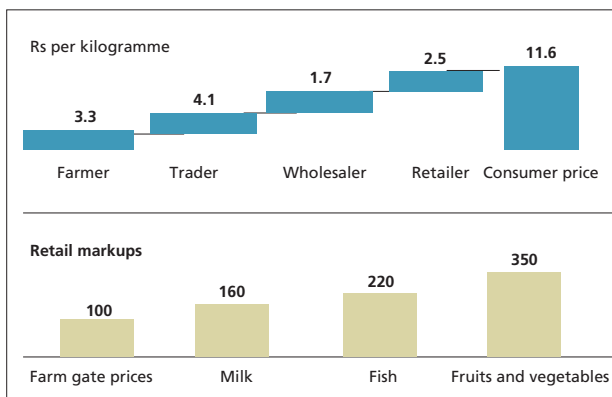
Similarly, one litre of milk can be converted into 200 g of cottage cheese at home, the same quantity sells for Rs 20 at local sweet shops and when it comes in a pack, it sells for Rs 22. The same applies to curd. Mother Dairy's full cream milk costs Rs 22 per litre but its curd sells for Rs 45 per kg.

The problem is not just that these cheap products are relatively poor on nutrition, they also constrict supplies of essential food material and this scarcity drives up prices. Look, for instance, at the poultry industry, which consumes 50 per cent of the maize grown in the country and still lobbies for greater concessions (see box: *State of supply*).

So while, for the food processing industry it's win-win on all fronts, the possibility of the poor getting a balanced meal is getting slimmer and slimmer. ■

Add-ons

Cost build-ups for select food items



Source: Presentation at the Agri-Marketing Summit 25/9/2006
http://www.cionline.org/events/2781/images/agri_present_1.pdf

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