

Topic of the week for discussion: 11<sup>th</sup> to 17<sup>th</sup> June 2015

Topic: Maggi Na milegi dobara

The India unit of the world's largest food company by revenues, **Nestle**, is in serious trouble after multiple regional governments banned its popular instant noodles brand, Maggi.

The brand has also been banned in outlets run by the Indian Army – possibly the country's single-largest buyer of packaged foods – and pulled off the shelves of large supermarket chain, Big Bazaar. India's government has complained to a consumer grievance redressal authority that the company was engaged in 'unfair trade practices' in the sale of Maggi.

*Maggi is an international brand of seasonings and instant soups and noodles owned by Nestle since 1947. The original company was founded in Switzerland in 1872 by Julius Maggi.*

Maggi is among India's most popular food brands, and its sales rivaling local packaged brands. Indians consume millions of packets of the "do minute" ('do' is 'two' in Hindi) noodles, with neighborhood stores stocking a variety of flavors from 'masala' (Indian spice mix) and 'curry'. Leading Bollywood lights endorse its 'goodness' in commercials.

Noodle brands abound in India and the instant food is ubiquitous on the menu of roadside eateries and breakfast joints. Restaurants in several Indian cities specialize in only serving variations of noodles, particularly Maggi.

**Nestle** India's share prices have slipped precipitously since the controversy erupted with a **9%** plunge, following news that the Delhi government had imposed a 15-day ban saying **unacceptable levels of lead** had been found during initial tests. Some state governments have said they are still awaiting test results but one or two have said they have found no evidence in the samples tested so far. A couple of regional governments have indicated that they could proceed legally against the firm if the packaged noodles tested positive for contaminants.

Product recall is an unheard of phenomenon in India, and mislabeling is quite rampant in packaged foods which deliberately leave out listing chemical flavor enhancers like **Monosodium Glutamate (MSG)**. But public pressure is mounting on Nestle to take back the contaminated products. There are also demands that the celebrities advertising the brand, namely Bollywood icons Amitabh Bachchan and Madhuri Dixit, be prosecuted for doing so.

Topic  
Introduction

The storm broke roughly two weeks ago when food safety officials in the northern Uttar Pradesh state, near New Delhi, said that samples of Maggi noodles contained seven times the permissible limits of lead. Nestle disputed the findings and responded in a statement that the lead content was well within food regulator-specified limits in nearly 1,000 samples tested. The company declared that Maggi was safe to eat, but sales continued to plummet countrywide.

#### **Some Alarming Facts:**

- Nestle India's share prices have slipped by 12.9%
- Maggi controversy wipes out nearly Rs 10,000 Crore from Nestle's Market Cap in 5 trading sessions
- Delhi, Maharashtra, Punjab, Assam, Bihar, Madhya Pradesh, Tamil Nadu, Jammu and Kashmir, Gujarat and Uttarakhand banned Maggi noodles with Goa as 11th state to ban it.
- Big B, Madhuri and Preity Zinta, being the Brand ambassadors, have been separately named in an FIR by a local advocate in Uttar Pradesh.
- US FDA considers addition of MSG to be safe, MSG is naturally present in some foods like tomatoes, potatoes, cheese and mushrooms.

#### **Latest Update:**

Nestle India said it is withdrawing Maggi noodles from the market. The company said the product would be back in the stores soon. Meanwhile, in a separate incident in the southern state of Tamil Nadu, a milk supplement made by Nestle contained live larvae of worms, according to food officials there.

#### **Read further:**

<http://profit.ndtv.com/news/market/article-maggi-row-wipes-out-rs-10-000-crore-from-nestles-market-cap-in-5-trading-sessions-768736>

<http://indianexpress.com/article/india/india-others/maggi-row-it-started-from-six-overworked-men-and-a-gorakhpur-lab/>

[www.scoopwhoop.com/news/india-to-sue-nestle-for-maggi-excess-lead/](http://www.scoopwhoop.com/news/india-to-sue-nestle-for-maggi-excess-lead/)

<http://economictimes.indiatimes.com/industry/cons-products/food/goa-bans-sale-of-maggi-centre-may-probe-other-fast-foods/articleshow/47574364.cms>

<http://economictimes.indiatimes.com/industry/cons-products/food/fssai-nine-variants-of-maggi-noodles-unsafe-hazardous-maggi-oats-masala-noodles-launched-without-approval/articleshow/47552005.cms>