Food recall norms catch companies off guard

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Food companies have expressed their inability in implementing the food recall norms laid out by the country’s apex food regulator in the event a product is found defective. The norms, issued last month, put the entire onus of food recalls on companies, mandating the firms to take the primary responsibility of developing and implementing such plans.
The Food Safety & Standards Association of India (FSSAI) said it would only monitor the process and would conduct periodic checks, according to the guidelines. It also said that if the recall was related to serious defects in the manufacturing process, it could review the licence of the food company.

Food companies that Business Standard spoke to said putting the entire onus of a recall on them was impractical in a market where retail trade was not as organised as it is in the West. “Unlike abroad, where much of the retail trade is organised, in India there are a large number of mom-and-pop stores, making it difficult to manage a recall process down to the last mile,” Siraj Chaudhry, chairman, Cargill India, said.

The FSSAI has laid out a 10-step plan as part of the recall process. This included assembling a recall management team, giving detailed information on products being recalled to the regulator, informing consumers and others stakeholders of the process and ensuring the defective product was removed across the value chain.

Ajay Gupta, managing director, Capital Foods, maker of Ching’s Secret noodles, said while the guidelines did provide a broad framework for companies when recalling a product, implementing it would not be easy. “While firms can track their stock in modern trade, how do you do it in wholesale and retail channels? That is huge,” he said.

Almost 85-90 per cent of a food company’s sales in India comes via general trade, with 10-15 per cent coming from modern trade. With general trade, a significant chunk (in terms of sales) comes from mom-and-pop stores, whose number in India’s retail universe is estimated to be almost 10 million.

Ashwin Bhadri, chief executive officer, Equinox Labs, a food, water and air testing major in India, said companies could conduct mock drills to prepare them should a recall be needed in the future. “Conducting a mock recall in a controlled environment could give firms a sense of what is expected and what is not in the event of an actual recall,” he said. “This is a common practice in the West. Though, in India, no company has done it yet. Maybe this could be an opportune time to start one, since guidelines have been framed.”

Companies privately admit doing this is not feasible, since it could create confusion within trade. India first saw a mass-level recall of a food product two years ago, when the popular instant noodle brand Maggi was withdrawn for containing lead and MSG (monosodium glutamate) beyond permissible limits. The process cost Nestlé India, which makes Maggi, Rs 320 crore, which it had to write off its books.

**IN A SPOT**

- Food companies say putting the entire responsibility of food recalls on them is impractical
- This has mainly to do with the unorganised nature of retail trade in India
- Monitoring a recall in wholesale and retail channels will be difficult, companies say
- General trade gives food companies the bulk of their sales in India as opposed to modern trade