ABSTRACT

The Government of India (GoI) made salt iodization mandatory in 1982. Since 2003, the Micronutrient Initiative (MI) has supported GoI in setting up 12 refineries at strategic locations to produce adequately iodized salt to achieve Universal Salt Iodization (USI).

MI facilitated consolidation of major salt producing pockets in Gujarat, Tamil Nadu and Andhra Pradesh and undertook situational analysis and salt iodization business model studies in 2013-2014.

Findings from national level surveys, like the Iodized Salt Coverage Study (ISCS, 2009), the National Iodine and Salt Intake Study (NISI, 2014-15), and the National Family Health Survey 4, 2015-16, indicate progressive increase in household level coverage of adequately iodized salt since 2005-2006.

Refineries having facility of washing, drying and adding free flow agents is at the top end of the value chain, contributing 60% of the total production with almost its entire production adequately iodized.

NISI found refined salt constitutes 67% of the edible salt market with 90% of the salt assessed being adequately iodized. Washed salt produced from refinery constitutes 23% of the edible salt market and 66% of it is adequately iodized. The refineries have better technology, forward and backward linkage, internal quality control mechanism and better profit margin which culminate in improved household coverage of iodized salt.

METHODS

- MI identified centers producing more than 50,000 MT of raw salt
- Negotiated with centers that had an existing or closed refinery to start edible salt production. If no closed refinery, engaged with the salt processors to motivate them to set up a refinery.
- Provided the salt processors with technical, source of finance information and shared MI’s model of supportive supervision.
- MI signed a cooperation agreement with the processors where financial support is guaranteed as long as the quality standard is adhered to and the sales targets are achieved. In the endeavor to achieve sales target, processors obligated to ensure backward linkages (improve quality and quantity of salt by sourcing it from small processors) and forward linkages (distribution channel, brand building, credit extension and market development).

RESULTS

- Following three years of supportive supervision by MI, which monitored salt quality and provided financial support, the processors have well established brands, production and marketing chain, to continue to be in the business.
- Currently, refineries contribute to 60% of the total production with almost their entire production adequately iodized and manual units at the bottom end of the spectrum, contributing only 11%.

Setting up of refineries triggered the industry consolidation process.

- In the initial year of the salt program, MI augmented the edible salt production of the Public Sector (Hindustan Salt Limited and Tamil Nadu Salt Corporation), which was later on replicated in the Private Sector under the “commissioning” and “pull finance” model.
- In the last 13 years, MI facilitated setting up 12 refineries at strategic locations across the country.

CONCLUSIONS

The strategy triggered improvements in the local salt industry:
- moving up the value chain;
- implemented a platform for forward and backward linkages;
- established distribution channel; and
- improved profit margin;
all of which culminated in processors remaining in business of salt production and ensuring improved household coverage of iodized salt.

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