

From the Department of
CORPORATE STRATEGY AND INTERNATIONAL BUSINESS

CASE STUDY SERIES

**Annapurna Salt:
Public Health and Private Enterprise**

Iodine Deficiency Disorder (IDD) is the world's leading cause of mental disorders, including retardation and low IQ. Research indicates that 30% of the world's population is at risk of IDD. Well-balanced diets provide the required amount of iodine, making the poor particularly susceptible to IDD. In India, almost 90% of the population earns less than \$3,000 per year¹; over 70 million are already afflicted with IDD and another 200 million are at risk.² Since even the poorest eat salt, it is globally recognized as the best vehicle for supplementing diets with iodine.

However, many consumers do not receive the required amount of iodine from salt because:

- Only about 25% of edible salt in India is iodized.
- Many consumers are not educated on the human body's requirements for iodine despite the availability of iodized salt in the marketplace.
- Even those who understand the importance of iodine may be reluctant to pay the premium for iodized salt over the cost of non-iodized salt.
- Traditionally iodized salt loses a significant amount of iodine in storage, transportation and Indian cooking. Even consumers who purchase iodized salt for its health benefits may not actually receive the recommended daily allowance of iodine.

THE INNOVATION...

The paradox of the Iodine Deficiency Disorder, the leading cause of mental disorder among the poor, is that the solution is known and is inexpensive. The issues are how to reach and educate the poor while, at the same time, getting salt producers to innovate inexpensive methods to guarantee a minimum level of iodine concentration in salt. In developing countries, such as India, traditional methods of iodizing salt are no guarantee that the salt will retain its iodine content as it reaches the consumer.

This report was written by Anuja Rajendra and Tej Shah under the supervision of Professor C.K. Prahalad. The report is intended to be a catalyst for discussion and is not intended to illustrate effective or ineffective strategies.

Copyright © The University of Michigan
Business School, 2003.