

Category Report

Accessible and Affordable Healthy Products

This category holds 15% of the overall Index score.

This category assess whether and how companies ensure that their 'healthier' products are affordable and/or accessible to lower-income consumers in India. To drive population-level improvements in diets, companies need to ensure not only that their products are healthy, but are also able to be purchased by consumers across all income levels. Companies therefore need to develop well-defined affordable nutrition strategies.

To perform well in this category, companies should:

- Have a clear commercial affordability / accessibility strategy specifically for products across its portfolio that are defined as 'healthier', which also considers nutrition challenges in India around micronutrient deficiencies;
- Have a clear approach to defining 'affordability' and lower-income consumers as part of this strategy;
- Have specific and measurable quantitative targets to drive performance and enhance accountability;
- how evidence of implementing its affordable nutrition strategy or approach within the last three years;
- Disclose information about its strategy, definitions, targets, and activities.





Affordability and Accessibility

Category context

According to the Pew Research Center's global definition,⁷¹ 84.3% of people in India can be classified as 'low income' in 2021,⁷² the vast majority being in rural areas.⁷³ The Food and Agriculture Organization (FAO) calculates the cost of a healthy diet in India at 3.066 dollars per person per day, which is beyond the reach of 74.1% of people in India.⁷⁴ With limited disposable incomes, food represents the largest share of lower-income consumers' spending, meaning that price is a significant determinant of food choice for many consumers in India. To improve their diet quality, lower-income consumers must therefore have access to nutritious products at affordable prices.

Food and beverage companies in India not only have a responsibility, but also a significant opportunity to improve diets by offering healthy products at affordable prices for lower-income consumers. For example, the Indian rural market has been estimated to be worth USD 1.5 trillion,⁷⁵ consisting of 833 million consumers typically served by smaller, traditional 'kirana' stores, rather than supermarkets.⁷⁶ Evidence shows that this market is increasingly penetrated by branded products, including foods and beverages.⁷⁷ Companies must therefore adopt innovative approaches to ensure that their healthy products are provided at an appropriate price to lower-income consumers, while also being physically accessible to them.

Box C1. Changes to the methodology

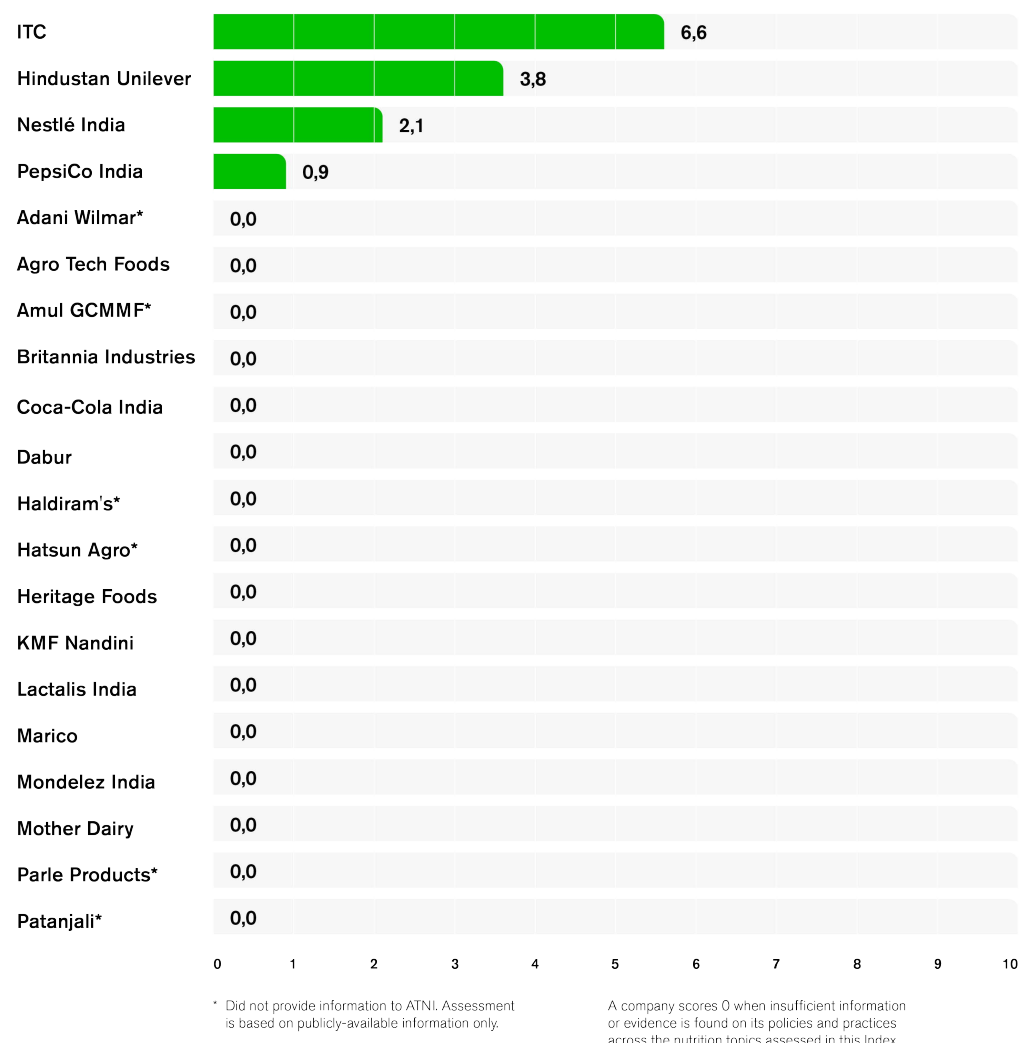
This category was substantially revised from the previous (2020) Index. The number of indicators was reduced from 16 to 4, plus a category-specific multiplier. This reduction in indicators is because of streamlining efforts in our methodology and is partially explained by the separate indicators on affordability and accessibility, which were previously assessed in separate 'criteria' (C1 and C2 respectively), being merged. This was due to the recognition, based on previous findings, that the two are highly interlinked and often go hand-in-hand in companies' activities. Moreover, indicators crediting 'commitments' and non-commercial activities (i.e. corporate social responsibility, philanthropy) have been removed, in order to focus attention on the companies' commercial activities in practice. The multiplier considers whether there is a clear approach or strategy in place that considers determining the healthiness of the products in question as well as defining low-income consumers (based on (inter-)nationally recognized standards and definitions).

The full methodology can be found [here](#).



Company ranking

Figure C1. Category ranking for Accessibility and Affordability



Only Hindustan Unilever, ITC, PepsiCo India and Nestlé India, showed clear evidence of having a deliberate affordable nutrition strategy in India, and were therefore the only companies to receive credit. ITC demonstrated the greatest improvement by far: whereas no relevant information was found during the previous Index, the company has recently introduced an affordable nutrition strategy with outcome-level reporting, available on the public domain, and is the only company found to have set quantitative targets for its strategy.



Key findings

- Four companies — Hindustan Unilever, ITC, PepsiCo India and Nestlé India — out of the 20 assessed showed evidence of having a formal approach or strategy for making healthier products affordable in India, by which they could clearly show that it applied to products considered to be 'healthier' according to a formal definition, and had an approach for defining 'affordability'.
- While several other companies provided some evidence of general affordability strategies or approaches, they were unable to show how they related to products formally defined as 'healthy' specifically, nor how 'affordability' was determined.
- Fortification or enriching with micronutrients featured prominently in each of the four company's affordable nutrition strategies as a means of addressing micronutrient deficiencies in lower-income groups in India.
- The four companies indicated that they use a range of different approaches to achieve 'affordable nutrition' through their strategies, the most common being offering smaller serving-sized packages at low price points (between Rs. 2 and Rs. 20), and reformulating affordable products to make them healthier without increasing price, among others.
- Only one company (ITC) had quantitative targets relating to its affordable nutrition strategy in India to drive performance and enhance accountability for its implementation.
- ITC was the most transparent about its affordable nutrition strategy and its progress in implementing it; most of the information provided by Hindustan Unilever, PepsiCo India and Nestlé India was not in the public domain, and limited implementation evidence was provided.

Detailed findings

Which companies showed evidence of having an affordability strategy in place specifically for 'healthy' products?

Only four companies – Hindustan Unilever, ITC, PepsiCo India and Nestlé India – were found to have a formalized approach to offering affordable nutrition across their portfolio in India. For example, ITC shared its new 'Strategy for Affordable & Accessible Products', which was launched in 2023.⁷⁸ Meanwhile in 2020 Nestlé introduced its global 'Affordable Nutrition' strategy, which builds upon its long-running 'Popularly-Positioned Products' strategy, showing evidence of this strategy being applied in India. In addition, Hindustan Unilever continues its 'Project Shakti' for distribution in rural areas and PepsiCo shared evidence of offering reformulated products at reduced price points. Both companies confidentially shared further evidence of formal strategies being in place, but this information is not publicly available.

Of the companies who stated that they have affordability strategies for their products, seven were unable to demonstrate that this applied to 'healthy' products specifically. Similarly, some companies showed examples of products that they considered 'healthy' and/or 'affordable', but did not explain how they defined them as such when requested.



Table C1. Features of companies' accessibility/affordability strategies

Company	Linked to company's nutrition criteria	Focus on addressing micronutrient deficiency	Specific, measurable, timebound targets	Disclosure
Hindustan Unilever	●	●	-	○
ITC	●	●	●	●
Nestlé India	●	●	-	○
PepsiCo India	●	●	-	○
● Yes ○ Partial -				

Note: information on companies' accessibility/affordability strategies was not found for Adani Wilmar, Agro Tech Foods, Amul GCMMF, Britannia Industries, Coca-Cola India, Dabur, Haldiram's, Hatsun Agro, Heritage Foods, KMF Nandini, Lactalis India, Marico, Mondeléz India, Mother Dairy, Parle Products and Patanjali.

How do companies define 'healthy' as part of their affordable nutrition strategies, and do they address micronutrient deficiencies?

The nutritious quality of products included in the company's affordable nutrition strategy/approach is critical if it is to be beneficial for public health: products that are affordable but unhealthy risk exacerbating malnutrition, especially among more price-sensitive consumers. Since lower-income consumers are disproportionately more likely to experience micronutrient deficiencies,^{79,80} companies have the potential to play a positive role by aiming to address these through their affordable nutrition strategies. Companies must therefore ensure that these products meet a formal definition of healthy, i.e. ideally one that is aligned with the dietary guidelines for Indians⁸¹ and an internationally recognized/government-endorsed NPM, in order to have a positive impact on lower-income consumers' diets.

Each of the four companies state that the products in question meet their own internal definition of 'healthy'. Hindustan Unilever's affordable nutrition strategy meets the Unilever's Science-based Nutrition Criteria (USNC); ITC's meet its Nutrition Profiling System 'healthy' thresholds; and Nestlé India's meet the 'Nutritional Foundation' Nutrition Profiling System; while PepsiCo India has developed a new set of 'healthy' criteria as part of its global 'Affordable Nutrition' strategy. In the [Chapter on Nutrient Profiling](#), more details can be found on each of the company's criteria for defining healthy.

For some of the examples shared by companies as being part of 'healthy' and affordable strategies, it was either not clear these meet any particular 'healthy' definition, - or affordable products contained high levels of salt, sugar or fat, and are thereby not aligned with the dietary guidelines for Indians to minimize the use of processed foods rich in salt, sugar and fats. Examples included products such as high sodium noodles, high sugar gummies, chocolate drinks, and high fat potato crisps. Reasons given by companies for these examples of affordable products included that the products were enriched with micronutrients, products were sodium-reduced (even if remaining high in fat) or they represented examples of portion-controlled snacking.

In [Chapter Product Profile](#), and in this [ATNI/TGI Product Profile Report](#), a full analysis of these companies' product portfolios using the Health Star Rating Model can be found.

Addressing micronutrient deficiencies featured as a major element of each of the four companies' affordable nutrition strategies in India. Nestlé India, for example, states that it fortifies its 'affordable



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nutrition' products with vitamin A, zinc, iron and/or iodine. Meanwhile, ITC features "fortification of healthier portfolio at affordable pricing" in its strategy document, and provides a range of examples in its Sustainability Report 2022. Further findings on micronutrient data and efforts to fortify or enrich products with micronutrients from ATNI's Product Profile assessment can be found in the [chapter on Product \(Re\)formulation](#).

How do companies define 'affordability' and 'lower-income consumers' in their affordable nutrition strategies?

The success of an affordable nutrition strategy in meeting the needs of lower-income consumers relies heavily on the product pricing being appropriate and realistic to allow regular purchase by those with limited disposable income. However, there are currently no standard or best practice approaches for defining 'affordability' of packaged foods/beverages. Therefore, it is important that companies are able to show they use a clear process to ensure that their 'affordable nutrition' products are actually affordable, to avoid a situation whereby it is claimed that they are 'affordable' without this being so. To reinforce this approach for determining affordability, companies should also use a clear, recognized definition of a 'lower-income consumer', such as a government definition or a more general, globally applicable measure, in order to ensure that the strategy/approach is actually reaching the groups at higher risk of experiencing nutrition insecurity.

Three of the companies use recognized market research categorization systems, such as the Living Standards Measure (LSM) and the India-specific 'New Consumer Classification System' (NCCS) or SEC Classification,^h while another company states that they use other local income/expenditure standards. These standards enable the companies to more effectively determine appropriate pricing levels and purchasing patterns of lower-income consumers in India. Furthermore, companies used these tools to identify low unit or 'magic' price points for lower-income groups, such as between Rs. 1 and Rs. 20 per unit, by offering 'healthy' products in smaller packages or single servings, based on an observed 'buy as you need' behavior (rather than bulk-buying). ITC showed the clearest definition of 'affordable', in that the Maximum Retail Price (MRP) must be Rs. 10 or below.⁸²

One company showed evidence of conducting extensive consumer research into the purchasing habits of lower-income consumers in peri-urban areas and their perceptions of healthy foods. This insight, which helped to ensure that their enhanced nutrition products are priced in relation to total household disposable cash and consumption priorities, relative to the price of other available food products. Another company states that it commissioned third-party research agencies to examine consumers' consumption profiles and purchase/usage behavior of lower-income segments in India. Two companies also provided evidence that they actively monitored the penetration of specific 'healthy' products in lower-income market segments.

Is there any evidence that Indian companies have set targets for their 'affordable healthy' products in India?

To make the company's affordable nutrition strategy more concrete and to enhance accountability (both internally and externally) for its success, a company should set specific, measurable, and timebound targets. Only one company — ITC — was found to have such targets in place specifically for India. While

^h The SEC classification is used as a tool for identifying Indian consumer market segmentation. The tool uses data on education levels, occupation, and housing type, with differentiation between urban and rural consumers.



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Hindustan Unilever also shared evidence of targets relating to distribution, they were either not relating to 'healthy' products specifically or had already expired.

Interesting example: ITC has set the target “To increase [overall sales of] the affordable healthier product portfolio by 20% by 2025”, with both ‘affordable’ and ‘healthier’ being clearly defined concepts. The company states in a document titled ‘ITC Limited Foods Division’s Strategy For Affordable & Accessible Products’ that currently “20% of its “healthier product portfolio is affordable”. That said, the company does not provide an absolute figure of current sales of “affordable healthier products” as a baseline. As noted in the [chapter on Product Profile](#), there are discrepancies between how ITC defines ‘healthier’ and ATNI’s assessment using HSR.

Is there evidence that Indian companies have implemented their affordability/accessibility strategy, and to what extent is this disclosed?

One of the areas where the four companies diverged most considerably was in the quality of implementation of their affordable nutrition strategies in India and public reporting of their progress. For accountability purposes, it is important that the company can show that it is following through on its affordable nutrition strategy and taking relevant actions to achieve its aims. Ideally, the company will measure (and report on) outcome-level results of its activities, to demonstrate the impact of its strategy, and if the company has a target in place, it is important that the company tracks progress against this.

In terms of quality of implementation, only Hindustan Unilever demonstrated clear outcome-level evidence of its strategy success, tracking the level of market penetration for various key ‘affordable nutrition’ products in their portfolio for different LSM groups as a result of its strategy. However, this information is not reported in the public domain. ITC is the most transparent about its strategy, although only at output level. For example, in addition to publishing its affordable nutrition strategy in full, the company publishes a dedicated document with a range of “Case studies & Examples” of affordable products introduced in the last three years that meet its healthy criteria which are, categorized by affordability & accessibility approach.⁸³ A range of examples of ‘affordable’ fortified or enriched products are also provided in its Sustainability Integrated Report 2022. PepsiCo India and Nestlé India only provided confidential evidence of affordable nutrition strategies in place that were applicable to India. Neither company provided many implementation examples that directly related to these strategies, although this could be because of these strategies are relatively new.

Recommendations for companies

In order to more positively contribute to lower-income consumers’ diets in India and play a role in systematically addressing micronutrient deficiencies experienced by these groups, companies are strongly encouraged to:

- Develop and implement a strategy for ensuring that at least part of their ‘healthier’ (and, ideally, micronutrient-rich) product portfolios are priced affordably for lower-income consumers, and continually explore new opportunities for delivering ‘affordable nutrition’ through their portfolios. Examples of approaches can be found in the methodology and this chapter.
- To ensure that products that are considered by the company to be ‘healthier’ are being priced affordably for lower-income consumers, companies are recommended to:



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- ensure that such products are defined as 'healthy' through the use of a nutrient profiling model (NPM) (ideally one that is closely aligned with an internationally recognized and/or government-endorsed definition), or other clear nutrition criteria, such that less healthy products (HFSS) are specifically excluded;
- have a clear approach to determining whether a product is 'affordably priced'; and
- use government standards of 'low income consumers' for targeting of 'lower-income consumers' that the company is trying to reach.
- Publicly disclose information about their affordable nutrition strategies/approaches, including specific definitions, the approaches taken to ensure affordability, and the progress made on implementation in India, at both an output- and outcome-level.
- Set specific, measurable, and timebound targets, examples of which can be found in the methodology document, to further drive performance and enhance accountability.

Recommendations for policymakers

- Complementing standards for healthy foods and a government endorsed nutrient profiling model (described in the [chapter on Nutrient Profiling](#)) a health tax model can help focus on lower taxes for the healthier options and higher taxes for products which contain sugar, salt and/or fat beyond recommended levels. These can help to make healthy products more affordable, deter the production of unhealthy products and help incentivize F&B manufacturers to reformulate products. Related, subsidies and other fiscal incentives can drive production, exports and consumption of healthier foods.



References for Accessibility and Affordability

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⁸² <https://lawbhoomi.com/maximum-retail-price-and-its-laws-in-india/#:~:text=MRP%20is%20the%20maximum%20price,the%20price%20of%20a%20product>.

⁸³ "Help India Eat Better."