

News monitored for: Pepsi - Corporate

Business India

A win-win situation



PepsiCo is making a lot of small farmers in West Bengal happy

Even as the government is pushing for a green revolution in eastern India, the private sector is taking a step ahead. Among them is the food and beverages behemoth PepsiCo, which has been increasingly sourcing its process grade potatoes, required to make its popular Lay's potato chips, from the region.

While the company has its own fields in different parts of India, a significant portion of the produce comes from contract farming. "PepsiCo India works with over 24,000 farmers across nine states in the country. By 2013 we are targeting around 30,000 farmers," says Jaideep Bhatia, vice president, agro, PepsiCo India.

The company has, of late, started focusing on West Bengal, where it works with 10,000 farmers. Of PepsiCo India's total all India procurement of potatoes of 2 lakh tonnes in 2010, nearly 22,000 metric tonnes had come from West Bengal, which in itself had been a 100 per cent increase from the previous year. The current year's procurement will go to 60,000 metric tonnes, says Bhatia, indicating an increased partnership with farmers in the state.

India is the third largest producer of potatoes in the world, and the

2011 production stood at 36 million tonnes. About 18 per cent of the crop is lost in post harvest handling, while 90 per cent of the crop is harvested in winter. Just 3 per cent of the total production is in the process grade potatoes, characterised mainly by their lower moisture content, which are used to make chips.



Chowdhury: reaping rich dividends

PepsiCo India's collaborative farming programme in West Bengal currently operates in six districts - Bardhaman, Hugli, Bankura, Birbhum, Howrah and Midnapur West and provides technical and financial support to more than 10,000 farmers. Through the collaborative farming programme, PepsiCo provides technical and financial assistance through the crop's life cycle, right from procurement of seeds to tie-ups with banks and insurance firms. PepsiCo also assures buy back of the farm produce at pre-agreed prices from cultivators, which ensures both a fixed income and insulates from market price fluctuations. Support includes tie ups with a local BPO supplying weather information on mobiles as well as reminders for farm procedures!

At the ground level, this initiative is already showing a difference. At

Panpara, a village on the border of the Hugli and Bardhaman districts, Arif Chowdhury proudly shows off his new Hero Honda Splendour, a result of last season's harvest. "I used to have a bicycle, now I have also bought two submersible pumps." He says the profit per bigha is about ₹8,000 and his six bighas gave him a clear profit of ₹48,000. His next target is to buy a photocopy machine so that he can tap into the local business. Villagers in Panpara started their association with PepsiCo in 2007, when 70 farmers had joined in. This season, 200 farmers are part of the initiative.

Cost-effective agro-base

Another farmer, Abdus Samad, says he has bought a laptop so that he handles his accounts himself. He says that in the first season, only three farmer families had been part of PepsiCo's initiative, which it stands at 75 families now. Bhatia says the retention rate in the programme is over 90 per cent. "PepsiCo India as the largest procurer of potato in the country, has worked in close partnership with the farming community with a vision of creating a cost-effective, localised agro-base in India by leveraging its access to global agricultural practices." The land size of the farmers PepsiCo is working with in the area could be as low as 1 bigha.

For Ramprasad Ghosal, another farmer, the benefit has been not just been in the profit but also in the ease of access to seeds, fertilizers, medicines and financial instruments that make this proposition an attractive one for farmers in the area, who have seen their crop destroyed due to weather as recently as 2007. There is a certain sense of pride as farmers want all their children to learn operating computers as a first step towards a better quality of life, at least in material terms. But perhaps what is most remarkable - the increased yield is also leading to innovations such as the Bengal Potato Planter, a locally produced contraption that does away with the need to harvest the crop manually. The patent has been applied for, but even without that, local farmers can't stop beaming.

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