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Contract farming beckons farmers

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HARALDASPUR VILLAGE, HOOGHLY: Madhusudan Mandal, a potato farmer of Haraldaspur village in Hooghly district, has reasons to smile. Sitting proudly on his newly bought Bajaj Pulsar motorcycle, a beaming Mandal says how a critical decision taken a year back has given him handsome returns.

A year ago, the potato farmer entered into a contract with snack food giant PepsiCo to sell his crop to the company at a pre-determined price.

This year, while other potato farmers in Hooghly district have resorted to distress selling often at prices of less than Rs 1.50 a kg, Mandal has sold off his entire produce of 50 tonnes to PepsiCo India at Rs 6 a kg.

"Farmers around here are gravely worried...but you see more farmers will be coming



JAIDEV MAJUMDAR / HT PHOTO

*** While other potato farmers in Hooghly district have resorted to distress selling often at prices of less than Rs 1.50 a kg, Madhusudan Mandal (above) has sold off his entire produce of 50 tonnes to PepsiCo India at Rs 6 a kg.**

into the fold of contract farming next year," he says.

Interestingly, Mandal is undeterred by any political interference despite the fact that the local panchayat is controlled by CPI(M), the most powerful constituent of the Left Front, which opposes contract farming together with another constituent

Forward Bloc. The Bloc had kicked up quite a storm some time back against contract farming entering the state. Reliance had to wind up its retail plans for Bengal, too.

"No political parties here has an issue with us," Mandal says.

The bumper potato production in West Bengal this year (9.5 million tonnes against 8.8 million tonnes in the previous year) and the resultant fall in potato prices have put the government in a spot.

However, farmers working under contract farming are not worried. PepsiCo claims it has silently created a revolution of sorts by bringing 6,500 farmers into contract farming from a low of 400 in 2004. PepsiCo uses their produce to make potato chips under the brand name of Lay's and Uncle Chips at its Howrah facility. The company has two more facilities for its snack food business located in Punjab and Pune.

PepsiCo officials say the company has bigger plans next year when it procures 35,000 tonnes of potatoes from Bengal, up from about 22,000 tonnes it has procured this year.

Across the country, the company has procured 80,000 tonnes of potato this year. Apart from Hooghly, the company also procures potatoes from Birbhum, Bankura and Burdwan districts.

Nischint Bhatia, executive vice-president Agro of PepsiCo India, says the company's Howrah facility is being upgraded to the company's biggest in South Asia and production, too, is being upgraded to 70-80 tonnes a day from 25 tonnes a day now.

"The full-fledged operation of the upgraded facility will start in 2013-14 but we have to ensure that we sell as much before we produce. Our procurement from Bengal would be to the tune of 45-50 per cent," Bhatia says.