

THE ECONOMIC TIMES
ON SUNDAY

Ground level: Cola majors in race to become positive water balance cos

John Sarkar
NEW DELHI

THE great cola war is now seeping down to the groundwater level. In the race to become positive water balance companies by this year, cola majors PepsiCo India and Coca-Cola India are fast-forwarding their water-conservation initiatives. PepsiCo India, which still uses 2.7L of natural water to produce 1L of beverage, is set to undertake major agricultural initiatives this season to achieve its target. While Coca-Cola India, which uses 3.26L to do the same, is taking the rainwater-harvesting route.

PepsiCo India is planning to commence the production of basmati, purnal and potato on 30,000 hectares of land through contract farming this year. "Out of this we will be using direct seeding in around 5,000-7,000 hectares of land this year. In three years we plan to double our contract farming," a PepsiCo India official told SundayET.

Direct seeding is the technique through which the use of water in farming is reduced considerably. And since agriculture accounts for around 80% of total water usage in the country, PepsiCo feels that this will help it to achieve its water balance target this year.

Coca-Cola India on the other hand is undertaking programmes such as rainwater harvesting and construction of check dams. "At the end of 2008 we had created a potential to harvest 3.18 million cubic metres (or million kilo litres) of water," claims a Coca-Cola India spokesman. But PepsiCo argues that its agricultural initiative will help farmers to reduce costs further by saving water. "As water usage goes down by 30-40% the cost of production for the farmer also comes down consider-



ably. We will be spreading the scope to places such as Rajasthan, Tamil Nadu, Karnataka and Kerala soon," the official said and added that PepsiCo has developed an indigenous seeding machine for which a patent has been applied for.

But PepsiCo officials maintain that there is no monetary gain for the company as far as its agricultural initiatives are concerned. Last year, PepsiCo sold its basmati brand Season's Harvest to IT Overseas. The Pepsi official says that the business doesn't contribute significantly to PepsiCo's overall revenues though it sells its produce to IT Overseas. It had an export obligation when it entered India al-

most 20 years ago. Hence, Season's Harvest came into being as Pepsi entered contract farming with farmers from Punjab for basmati rice.

PepsiCo is also looking at taking its citrus farming in Punjab forward. It entered into a partnership with the Punjab Government in 2002-03 with the understanding that it would help to make the state a citrus hub.

Florida and Brazil are the other citrus hubs in the world. It plans to develop around 1.5 million acres for citrus farming. In 2005 it isolated around 32 varieties of citrus fruits but it has been a slow process so far.