



# PepsiCo bets big on potato contract farming

**KUMAR SHANKAR ROY**

*Haraldaspur (Hooghly)*

PEPSICO India Holdings, the country's largest selling food and beverage firm, is looking at procuring one lakh tonnes of potatoes per annum in the next three to four years from West Bengal with more than 50 per cent of the supply coming from contract farmers. Potatoes are currently used for manufacturing potato chips and snack items.

PepsiCo runs the country's largest contract farming operation in potato with nearly 12,000 farmers and procures about 75,000 to 80,000 tonnes of process grade potatoes. Its present annual requirement is about 1.2-1.5 lakh tonne.

Having made a small start from 2005 with a

handful of farmers in West Bengal, PepsiCo now has a network of 6,500 potato farmers who are growing process-grade potato (of Atlantic seed) on a total acreage of 2,300 acres spread in six districts, said Nischint Bhatia, executive VP (Agro), PepsiCo India. They are estimated to supply around 22,000 tonnes of potatoes in 2010.

"With farmers getting assured off-take of potatoes with the quality-based buy-back in place from PepsiCo, we are aiming to have around 11,000 farmers with a total acreage of over 3,000 acres. This will supply around 35,000 tonnes of potatoes in 2011. We already procure the highest volume of potatoes from Bengal," Bhatia told mediapersons during a field visit

to its contract farming projects at Haraldaspur, in Hooghly district on Tuesday.

PepsiCo's buy back price has been big hit with contract farmers. In a year like 2010, when other potato farmers in West Bengal are facing big issues of glut in the market place and market prices don't meet cost of cultivation, the annual partnership with PepsiCo has ensured contract farmers have been able to realise Rs 6-7 per kg.

The company is in the process of investing about Rs 150 crore to ramp up production of potato chips in its plant near Kolkata. "We have already acquired an additional tract of land at Sankrail," said Bhatia.

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