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Pepsico to invest Rs 260 cr more in Bengal

fe Bureau

Haraldaspur, Mar 23: Pepsico India Holdings Private Ltd, the Indian arm of Pepsico International, as firmed up additional investment plans of Rs 260 crore by 2013-2014 in West Bengal on the strength of its success in contract farming in the state.

Nischint Bhatia, executive VP, agro, said the company has been able so far to bring 2250 acres under contract farming in the state and that its procurement has been 22,000 tonne this fiscal.

"We plan to increase our procurement via contract

farming to 30,000 tonne in 2010-2011 and 100,000 tonne by 2013-2014," Bhatia said.

He said the company's additional investment plan in West Bengal is in line with the procurement target. Pepsico procures maximum potato at present from West Bengal though Bhatia admitted that it was tough to convince farmers to get into contract farming.

Pepsico for its three plants - one each in West Bengal, Punjab and Pune - procures potatoes from Punjab, Uttar Pradesh, Maharashtra and Karnataka through contract farming besides West Bengal.

Contract farming for Pepsico has also started in Bihar and Jharkhand but so far West Bengal has been the greatest success story, Bhatia said.

Pratap Bose, general manager, agro, said once the company adds capacity in West Bengal, production of potato chips would go up from 20 tonne at present to 80 tonnes a day.

The work for creating additional capacity in Bengal, would start by the end of 2010-2011 and is expected to come up by the fiscal 2013-2014.

Bhatia, however, did not want to share production details of other two units but said that procurement

of potatoes from across the country has been 150,000 tonne in 2009-2010, of which 50 per cent has been through contract farming.

Contract farming, Bose said, has started gaining popularity because of the assured returns. In the contract of 2009-2010 in West Bengal, the company has offered a buy back price of Rs 6 per kg to farmers, while the conventional potato growers in the state could realize less than Rs 1.50 per kg this season.

Bhatia said though investment in contract farming is higher than conventional farming - Rs 33,000 per acre against Rs 27,000 - 30,000 per acre -

margins are higher and returns are assured.

Pepsico India, for contract farming, provides farmers with Atlantic-III and Chiposna - III variant of seeds. It helps farmers in technological application, getting farm credit and insuring their crops besides providing a ready market.

Contract farming is being carried out by forming farmers club in villages or with the help of agri-cooperative societies. In West Bengal there are 58 farmers club and cooperative societies facilitating contract farming. These have engaged 6500 farmers so far in the state, Bhatia said on Wednesday.