

Business Line

PepsiCo to step up contract farming efforts

Our Bureau

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PepsiCo will stop exports of basmati, which it has been growing since 1995-96 under the contract farming initiatives it undertakes.

The paddy that it procured, roughly half of some of the 18,000 tonnes grown in 23,000 acres of contract farming in 2008, will be sold by LT Overseas, the makers of Daawat Basmati Rice, said Mr Vivek Bharati, Executive Director, Agriculture and External Affairs, PepsiCo India. PepsiCo exported about 1,078 tonnes till October this year.

The company nonetheless plans to continue its contract farming initiatives. It is, in fact, hoping to encourage farmers to adopt the direct seeding method which it believes provides better yields. The method would also offer opportunity for farmers to earn carbon credits, since there's no production of methane while the paddy samplings grow in foot deep water, said Mr Amit K. Bose, Executive Vice-President -Exports, PepsiCo. The company hopes to have it registered with the United Nations Framework Convention on Climate Change, after which farmers can make an additional income from carbon credits.

With machines modified for direct seeding, Pepsi is working with farmers in Punjab, Rajasthan, Tamil Nadu, Karnataka and Puducherry. The 1,100 acres covered this year will be taken to 5,000 acres next year and 10,000 acres in 2010, said Mr Bharati. It is also experimenting direct seeding with Parmal.

Although the company's export obligations were no longer valid after 1993, Pepsi had been exporting some of the paddy it acquired from farmers. PepsiCo sees its contract farming efforts also undertaken for potatoes and citrus as primarily a CSR initiative.