

# Business Standard

## PepsiCo to build warehouses to ensure consistent potato supply

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Having faced margin pressures due to a shortage of process and chip-grade potatoes in 2008, food and beverage major PepsiCo plans to build high-tech warehouses to ensure more consistent supply.

"Sourcing chip-grade potatoes remains a challenge. We are establishing a state-of-the-art warehouse, a first in India, near our manufacturing facility in West Bengal," Frito-Lay India CEO PepsiCo President (India Region) Gautham Mukkavilli told Business Standard.

The warehouse will help the company store potatoes for a longer period of time by providing conditions conducive to storing the crop. It will be functional from January next year, ahead of the crop harvesting season as well as a high demand period for Frito-Lay.

"A third party is putting up the warehouse for us and we are helping them collaborate with our global experts for the technology involved," he added.



PepsiCo has partnered with more than 10,000 farmers working in over 12,000 acres across Punjab, UP, Karnataka, Jharkhand, West Bengal, Kashmir and Maharashtra for the supply of potatoes. The company has also introduced a range of farming equipment & technology and new potato seed varieties to decrease chances of crop loss

The move is in line with PepsiCo's global head Indra Nooyi's investment plans in India announced last year.

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decrease chances of crop loss. It also aims to increase the acreage under contract farming by entering new states

across the country. It is also coordinating with the Central Potato Research Institute (CPRI) on improving crop quality to increase yields and reduce losses.

Potato is a high-risk, high-return crop, which is heavily dependent on the weather unlike wheat and rice. PepsiCo, which has introduced six high-quality, high-yield potato varieties in the past, will also introduce new potato varieties in the country this year.

Frito-Lay, the food arm of the company, uses around 150,000 tonnes of potatoes per annum for its products. 50 per cent of which comes from contract farming. PepsiCo has partnered with more than 10,000 farmers working in over 12,000 acres across Punjab, UP, Karnataka, Jharkhand, West Bengal, Kashmir and Maharashtra for the supply of potatoes.

"We plan to triple the number of farmers we work with over the next two-three years," Mukkavilli added. PepsiCo had also rolled out a weather insurance scheme for potato growers across India covering an area of 14,000 hectares.