

Quest for the perfect potato pays off for McCain Foods in India

BY MATTHEW FISHER, POSTMEDIA NEWS NOVEMBER 4, 2012



McCain, the Canadian food giant, is set to nearly triple its investment in India. Since establishing its first plant in the country five years ago, McCain has been processing 43,000 tonnes of frozen potatoes a month.

Photograph by: Photo supplied by McCain, Postmedia News

MEHSANA, India – Like a Niagara Falls made entirely of potatoes, a torrent of french fries comes tumbling off the conveyor belt at the McCain plant in India 24 hours a day, every day.

India's love affair with the french fry is so intense that the Canadian potato giant is injecting another \$69 million on top of its current \$37 million investment into greatly increasing output at its plant in Mehsana, which only opened five years ago. Having captured nearly 80 per cent of the country's frozen potato market since then, McCain Foods India's current output of 43,000 tons of potatoes a month cannot come close to keeping up with demand.

About one-third of the McCain fries produced at its plant in the northeastern state of Gujarat are gobbled up by McDonald's customers. Others are taken by Pizza Hut, Kentucky Fried Chicken and luxury hotels. McCain also has a rapidly growing retail business, selling not only fries but other frozen potato products such as Potato Bites with Chilli Garlic and its spicy Aloo Tikki mashed potato

croquettes. They are sold directly to consumers in 70 cities while hash brown potatoes are exported to South Africa.

A pair of agronomists from India and Canada have played major roles in helping McCain achieve its Indian miracle. Devendra Kumar, the general manager for agriculture at Mehsana, and Ghislain Pelletier, who is based in Canada, spent eight years driving more than half a million kilometres around India in a relentless quest for the perfect potato and the ideal place to grow it.

“We spent so much time together it was almost like we were married,” Kumar joked in an interview at the McCain plant, which is in an oasis-like park setting about 400 kilometres north of Mumbai.

“We were looking for big potatoes. What we mostly found were tiny baby potatoes. They were low yield, had too much sugar, leached too much fertilizer into the soil and were produced using outdated agricultural practices such as flood irrigation that wasted water and encouraged pests that cause blight.”

The solution Kumar and Pelletier arrived at was a combination of drip irrigation and sprinkler irrigation. The potatoes came from tissue grown in Canada, the United States and Europe. It is used to create seeds grown at high altitude in the Himalayas near Tibet. The cultivation of the potatoes was mostly centred in Gujarat because its sandy loam is good for potatoes and its reliable, frost-free, dry climate, combined with drip irrigation, discourages blight.

“We started in 2001 with one acre on drip irrigation. The results were encouraging so the next year we planted 60 acres using drips and sprinklers,” Kumar, said. “Flood irrigation irrigates the land. Sprinkler irrigation irrigates the soil. Drip irrigation irrigates the plant, exactly quenching its thirst.”

Such methods have resulted in a minimum saving on water of 40 per cent, he said. There’s also far less fertilizer used, because it can go directly to the root and doesn’t leach away.

Potatoes are a staple of almost every meal in India, which produces more tubers than any country except China. But until McDonald’s began selling imported french fries here in 1996, Indians almost never ate potatoes that had been frozen and cut into fries.

Indians traditionally stored table potatoes at between 2 and 4 degrees Celsius. That caused the sugar content to be far too high for McCain, which needs coolers where potatoes can be stored at between 8 and 12 Celsius.

McCain’s persistence, ingenuity and the success it has had in Gujarat – which has nearly twice as many people as Canada – could provide a road map for Canadian companies trying to break into India’s \$2-trillion-a-year market. The opportunities are so big that Prime Minister Stephen Harper is leading a trade delegation on a four city tour of India that began on Sunday in New Delhi.

Potatoes are a winter crop here because it is far too hot for them to grow in summer. McCain has contracts with about 1,000 farmers who harvest their crop for a few weeks early in the New Year. Because the window is so narrow and the work so labour-intensive, as many as 200,000 people are involved in the operation.

Since 2008, all the executives at Mehsana, such as Kumar and Rajeev Chauhan, who runs the plant, have been Indians. The plant has 100 employees and 300 hourly workers. Everyone gets paid at least 10,000 rupees (about \$190) a month – or twice the minimum wage. The work force also gets subsidized meals, uniforms, free transportation and medical insurance. Like the deck crews on aircraft carriers, the workers wear colour-coded shirts that identify whether they are in quality control, maintenance and safety or on the plant floor.

The factory is a noisy, almost spotless environment that adjoins a warren of offices where technicians monitor banks of computer screens to understand what is going on and where the quality of the potatoes is tested every morning for aroma, appearance, texture and taste by a small team that includes specialists and managers. To produce what McCain considers to be the perfect french fry, the potatoes are sized, steam-peeled, cut, fried for between 42 seconds and 45 seconds in palmolein oil, air-dried, blanched in warm water, checked for defects and frozen at -18 Celsius before being packaged in boxes.

The New Brunswick-based multinational's success in India has come from good training, rigid standards and having chosen to open its first plant in Gujarat, which is widely regarded as being the state most open to new ideas and foreign investment according to Chauhan, the plant's general manager.

McCain will apparently never want for workers in Mehsana. The need for jobs and the company's reputation is such that it gets about 500 applicants for every opening.

"The projection is for more and more plants," Chauhan said, adding that McCain had just hired a chef to help with the research and development of more Indian-specific products. "Our goal is to become number one in frozen foods in India."

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