

# ITC – IBD

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# Innovation Summary

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## □ Context

- 72% of Indian population lives in its 640,000 villages. Agriculture is the only source of livelihood for a large majority of these people. While Indian agriculture progressed considerably since the days of Green revolution, most of the farmers – each of whom own just about a hectare of land – remained poor.

## □ Challenge / Opportunity

- Farmers do not have access to real time information on prices, weather or news that impact their incomes.
- The agro-ecological and resource circumstance of each one is different from that of others, it is unviable for any market mechanism to bring them customised knowledge to improve their farm yields.
- The infrastructure in rural India – physical, social and institutional – is also weak, compounding these problems even more.

# Innovation

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## **IBD E-Chaupals**

- Enabled by internet technologies, the E Chaupal system focused on an agenda to create a global demand led competitive value chain and to open rural markets as future growth drivers.
- Co-created with the farmers & rural communities, the model enmeshes simultaneously a social agenda to bring global resources, knowledge and practices to villages.
- ITC eChoupal, goes beyond basic information provisioning and orchestrates knowledge extension services (farm management, risk management), availability of farm inputs and consumption goods (screened for quality, price, local pickup), and choice of output channel (market access assurance, convenience, lower transaction costs) at farmer's doorstep through an interlocking partnerships of specialized agencies.
- This enabled farmers to gain control over higher income opportunities while fostering fair & transparent processes with respect for people and local communities.

# Innovation Scorecard

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## □ **Uniqueness**

- ITC eChoupal creatively leverages IT to set up a meta-market in favour of farmers, who would otherwise continue to operate and transact in 'unevolved' markets.
- eChoupal also sidesteps the value-sapping problems caused by fragmentation, dispersion, heterogeneity and weak infrastructure.
- ITC takes on the role of a Network Orchestrator in this meta-market by stitching together an end-to-end solution.

## □ **Impact**

- In the mandi system, there was a mark up of 7-8% on the price of Commodities from the farm gate to the factory gate. Of this mark up, 2.5% was borne by the farmer while 5% was borne by ITC. With e- Choupal, ITC's costs are now down to 2%. **Data Source: Mr. Rajashekhar , IBD E-Chaupal**
- 6000 choupals across India covering 35000 villages. Touching the lives of about 3.5 million farmers and their families. While initially conceived as channels of inflow, the choupals are now being used as channels for providing farmers with products and services they need to live better lives. Today, a farmer is able to purchase insurance services from choupals/choupal sagars, daily use products etc. are available too at rurally sensitive prices. **Data Source : Mr.Rajashekhar,IBD E-Chaupal.**

# Innovation Scorecard

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## □ Sustainability and Scalability

- From 100 choupals in 2001 to 6000 today, with over 1500 choupals added last year, the innovation has proved to be both, scalable and sustainable. Data Source: IBD – EChaupal ; validated with Mr. Rajashekhar.

## Leverage

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