

Farmers have earned up to 50% more via e-Choupal, says ITC

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The agriculture-related legislation cleared by Parliament amid high drama last week may have opened up a debate if the entry of the corporate sector would actually lead to a rise in farmer incomes, but the outcomes of one of India's largest conglomerates, ITC's e-Choupal model indicated, corporate intervention in agriculture pays.

Company officials say farmers have earned up to 50 per cent more by using e-Choupal, which the firm uses for direct sourcing of agri commodities. An important part of ITC's agri sourcing infrastructure, e-Choupal is a combination of click and mortar (a type of business model that has both online and offline operations).

While farmers benefit through enhanced farm productivity and higher farm gate prices, ITC benefits from the lower net cost of procurement, having eliminated undue expenses in the supply chain.

ITC sources over 3 million tonnes of agri products from 225 districts in 22 states, of which about two-thirds is through e-Choupal. Over the years, ITC has been engaging with farmers via e-Choupal to produce high quality wheat, potato, fruits, milk, vegetables, and coffee, among others.

It has been a win-win proposition. Now in its 20th year, e-Choupal translates to 6-10 per cent of cost savings for ITC and 10-25 per cent improvement in productivity for farmers based on the level of adoption of recommended practices, leading to an overall higher income of up to 50 per cent. Those benefits, ITC says, hold for any point in time.

Some projects have yielded incomes higher than even 50 per cent for farmers. Projects like Baareh Mahine Hariyali (covering 200,000 farmers)



BENEFITS GALORE

Outcomes under e-Choupal

- 6-10% saving in cost of cultivation for farmers
- 10-25% improvement in productivity
- Higher income up to 50 per cent for farmers

e-Choupal 4.0

- Version being scaled to cover 1 million farmers
- The digital platform will aggregate technologies like remote sensing, precision farming, drone-based services, quality assaying, e-marketplace
- Agri support services, agri inputs, financial services, farm equipment, farm produce selling would be part of e-marketplace

have demonstrated potential of doubling farmer incomes through multiple interventions like increasing cropping intensity, Sivakumar, group head (agri and IT businesses), ITC, noted, adding e-Choupal had helped farmers in getting price discovery of crop in the village

itself, helping them to make right selling decisions.

"The scientific quality assessment and digital weighing at purchase centres ensured additional benefit of 4-5 per cent," he said.

Sivakumar, the architect of e-Choupal, says that in the new paradigm of creating an ecosystem that offers "freedom of choice" to farmers, power of competition from multiple buyers is the best safeguard.

"Exempting the value chain players from the provisions of Essential Commodities Act will bring more competition. In any case, with APMCs continuing to operate, farmers will have even more choices than before," he pointed out.

Incidentally, the growth of ITC's e-choupal had hit a speed breaker in 2007-08 due to lack of agricultural reforms. Export bans, subsidies, stock controls, the prohibition of futures, and slow amendment to the APMC Act had stymied the growth of e-Choupal and prompted ITC to focus on expanding the scope of services.

Sivakumar said ITC was now ready to implement e-Choupal 4.0 at scale and bring the benefits of the digital revolution to empower farmers even more effectively. From pilots, ITC is now looking at taking e-Choupal 4.0 to cover 1 million farmers.

"The digital platform, designed as a crop-agnostic integrated solution framework, will synergistically aggregate technologies like remote sensing, precision farming, drone-based services, quality assaying, e-marketplace and many others. It is now ITC's vision to empower 10 million farmers in India multiplying livelihoods that will benefit over 50 million people," he explained.

The e-Choupal ecosystem has so far reached out to 4 million farmers. The new farm laws are making ITC to explore opportunities.