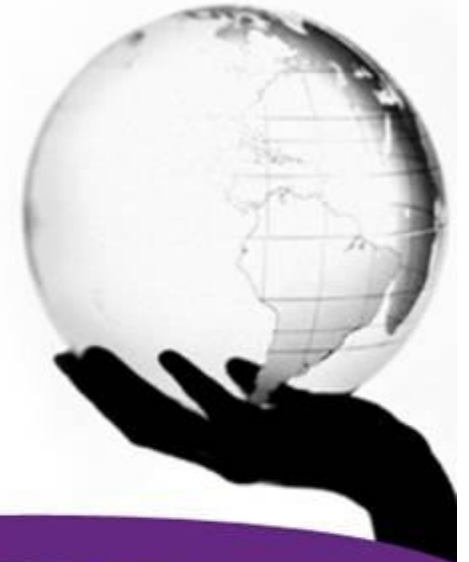




Business-friendly Solutions



IEEE Conference on Technologies for Humanitarian Challenges

**Case Study: ITC's e-Choupal
The Role of IT in developing Rural India**

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Business Consulting Group

- § ITC Limited: A Snapshot
- § The eChoupal Story
 - § *The Context*
 - § *The Solution*
- § Integrated Rural Services
- § Recognitions





ITC Limited – A snapshot

- § A *multi-business conglomerate* with market leadership in CPG, Hospitality, Agri-Exports, Paperboards & Specialty Papers
- § *CPG portfolio includes* - Biscuits, Confectionery, Gourmet Food, Lifestyle Retailing, Snack Food, Staples, Stationery, Tobacco
- § Has a fully owned *Information Technology* subsidiary
- § One of top 3 sustained value creators in India over two decades (Stern Stewart Study – 2005)
- § Rated among World's Best Big Companies, Asia's Fab 50 & the World's Most Reputable Companies by Forbes Magazine
- § Celebrating 97 years of leadership
- § 29,000+ people in 20 countries



Triple Bottom Line Performance:

§ **Economic**

- § US\$ 5 billion in annual revenues (Financial Year - 2007-08)
- § US\$ 18 billion in market capitalization

§ **Environmental**

- § Carbon positive
- § Water positive
- § 90% zero solid waste

§ **Social**

- § **e-Choupal:** Transforming 4 million Indian farmers' lives across 40,000 villages
 - § Harvard Business School case study
 - § Winner of Stockholm Challenge 2006 Award for using IT for the economic development of rural communities
- § Critical support programs to state-run schools across rural India
- § Micro-credit and training based support to empower rural women

First company in India and among the Top 10 in the world to issue its Sustainability Report in line with the Global Reporting Initiatives' latest G3 guidelines

Cigarettes



Packaged Foods



Lifestyle Retailing



Stationery



Safety Matches & Incense sticks



- § Four hotel chains, 90+ properties across India, for business & leisure
- § ITC One
- § Sheraton Luxury Collection
- § Fortune
- § Welcomheritage





<p>ITC's ECF brands</p>		





- § One of India's Largest exporter of Agri-Products with exports of over \$ 250 Million and domestic sales of \$ 375 Million.
- § Products include foodgrains, feed ingredients, edible nuts, marine products, processed fruits, coffee, and spices.
- § Pioneered the eChoupal initiative across 10 states reaching 3.5 million farmers.
- § Recent forays into horticulture retailing



- § 100% subsidiary of ITC Limited
- § ISO 9001, SEI-CMM Level 5, ISO 27001 certified
- § 4 global delivery centers
- § 100% owned subsidiaries in US & UK
- § 1 Million Sq. Ft. (35 Acres) owned infrastructure
- § Over 2,600 employees





ITC's E-Choupal

Empowering the Small and Marginal Farmer

The Context

- § 6,40,000 villages
- § Diversity – cultural, religious, ethnic...
- § 72% of India's population
- § Agriculture – primary source of livelihood
 - § 60 % of India's workforce; 18 % of India's GDP
- § Low income, literacy and endemic poverty still widely prevalent
- § Key issues facing rural India
 - § 300 million live on less than \$ 1 a day, 27 % of world's poor
 - § Income disparity – growing differentiation
 - § Pressure on livelihood creation



§ ...despite

§ **Excellent resources**

§ diverse agro climatic zones, strong research, attractive markets

§ **Great resourcefulness**

§ hard working farmers, innovative, and risk taking

§ ...because of

§ **Fragmentation of land holdings**

§ **And, weak infrastructure (physical, social & markets)**



- § Numerous middle-men: Access to input and output markets blocked
 - § **Necessary**, as they provide infrastructure
 - § **But**, blocks the flow of information
- § Complex and expensive to provide extension services



§ ITC is a large player in agri-commodities in India

- § Raw material constitutes 70-90 % of cost
- § Typical margins 1- 2%.

§ ITC decided to proactively intervene:

- § Reduce / eliminate costs in the supply chain
- § Secure supply
- § Capture value through grading / traceability



- § Connects ITC directly with farmers
 - § Covers an extensive landscape (geographical, product, language)
 - § Yet be customizable at the local level
 - § Delivers and captures information near real-time
 - § Yet overcomes physical and communication infrastructure limitations
 - § Provides comprehensive services & product delivery
 - § And Transparent
 - § Is Scalable for Number of Users, Volumes traded, Variety of Produce, Geographical spread
 - § Yet economical

The Challenges..... and interventions

§ Infrastructure

- § Power
- § Bandwidth and connectivity
- § Maintenance in adverse conditions and resources required for timely action



DIGITAL
INFRASTRUCTURE

§ Demographics

- § Literacy and medium of communication
- § Usage Skills and Training



HUMAN
INFRASTRUCTURE

§ Business Viability

- § Scalability – Should have substantial impact for further adoption
- § Alternate Channel – Just information without the alternate channel would not do



REPLICABILITY
ACROSS
COMMODITIES /
GEOGRAPHIES

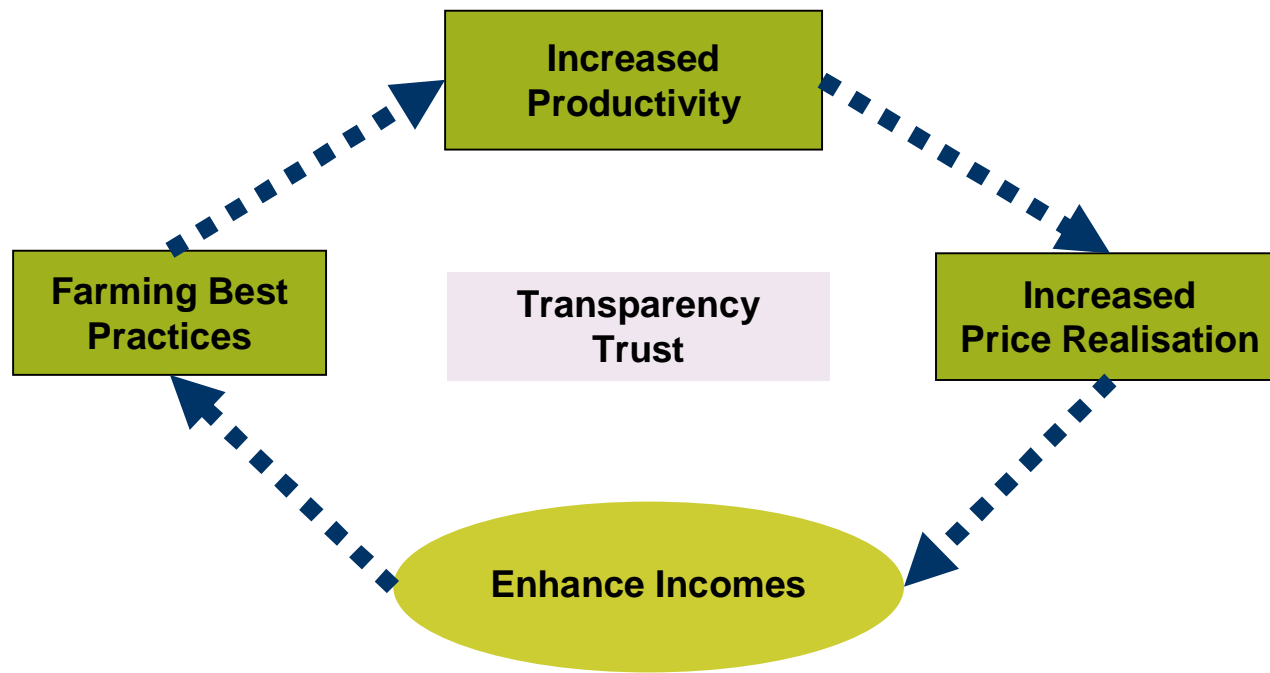


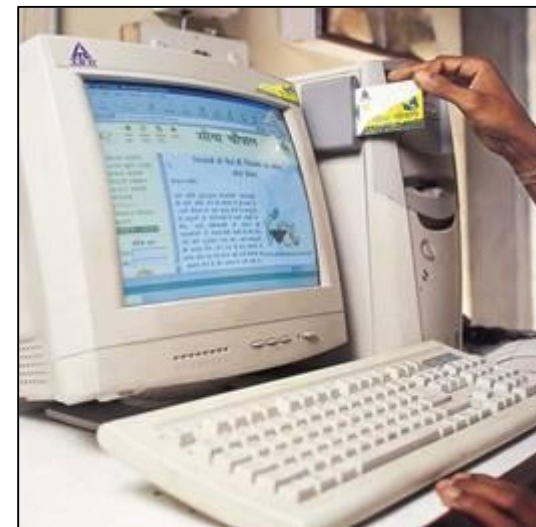
ITC's E-Choupal

Empowering the Small and Marginal Farmer

The Solution

- § Creatively leverage ICTs to re-engineer the “Farm to Market” value chain
 - § for higher order efficiencies by linking production to demand
 - § and by eliminating distorted profit appropriation by the channel due to information asymmetry

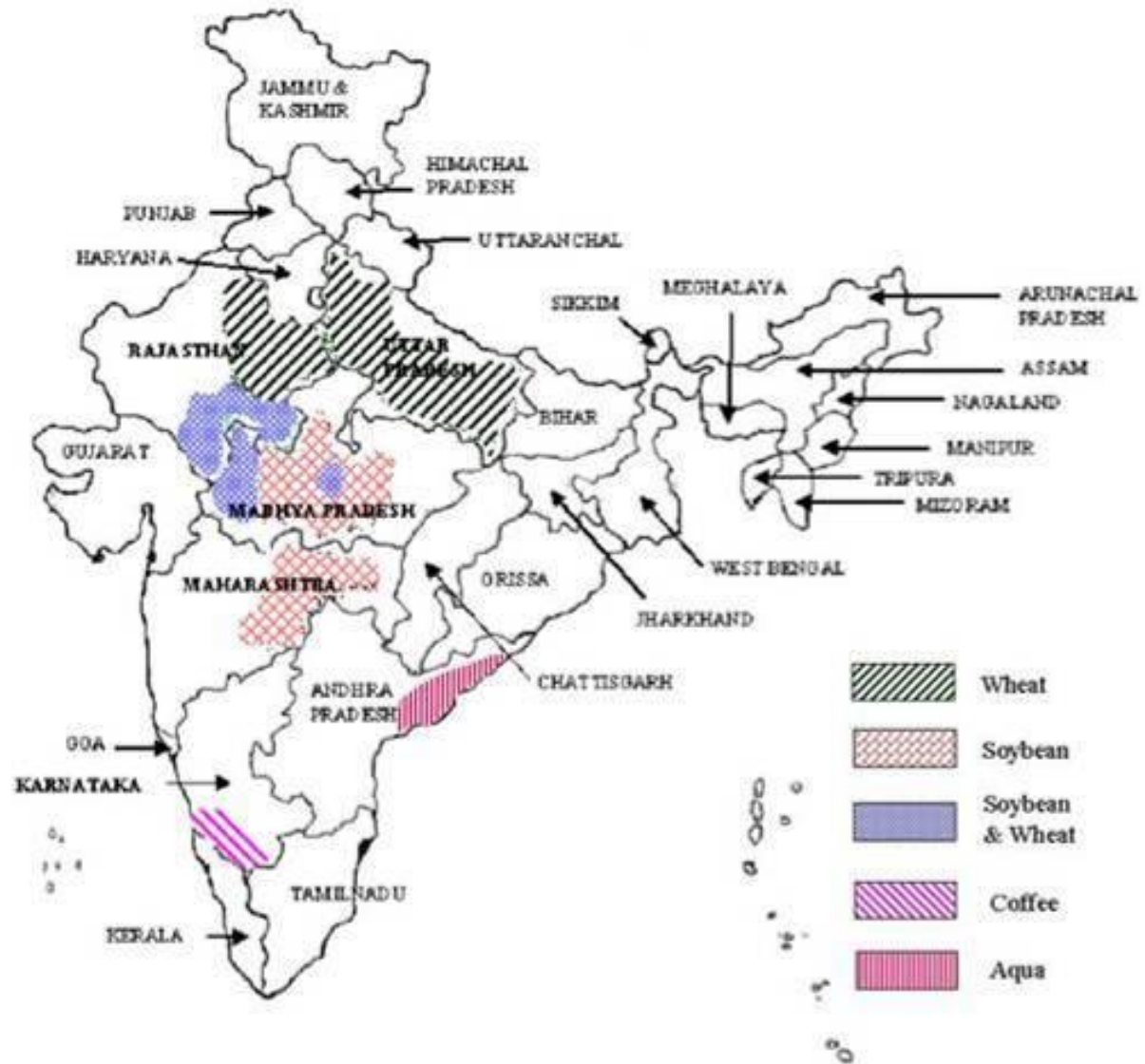




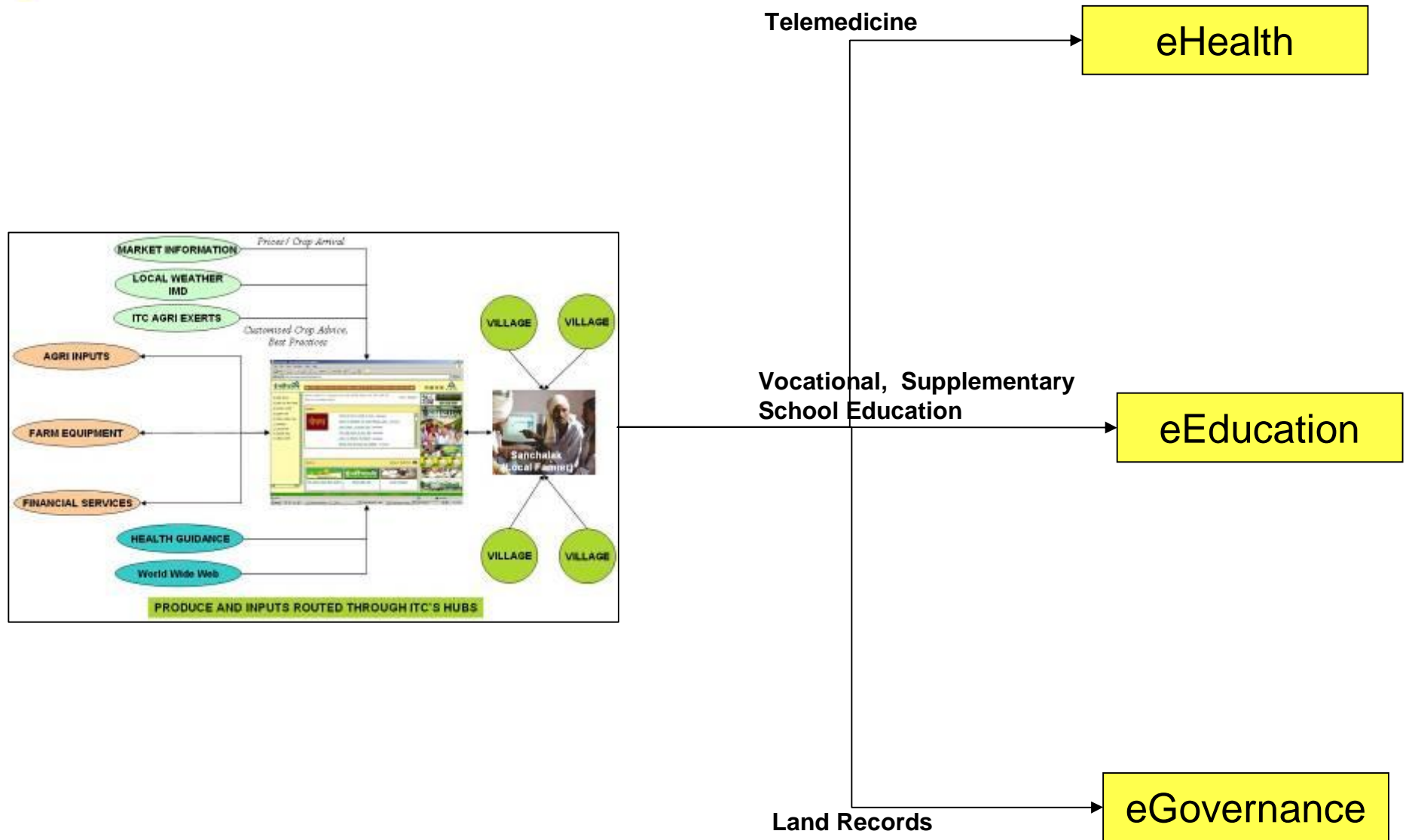


Credibility with farmers – Through a lead farmer of the same community

Year 2008
Kiosks: 6400
Villages: 38,000
Farmers: 3.5 million



Rural Development Services Pipeline





**TERI Corporate Award
for Social Responsibility
2008**



**FICCI Outstanding Vision
Corporate Triple Impact
Award 2007**



**SAM/SPG Sustainability
Leadership Award 2007**



**Stockholm Challenge Award
2006**



**Golden Peacock Global
Award – 2005 for CSR in
Emerging Economies**



**The World Business Award
2004**



Thank You
