

E-CHOUPAL: AN OVERVIEW

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Introduction

India's economy depends heavily on agriculture, which boosts GDP and creates jobs. However, despite India's high agricultural output, many farmers remain economically vulnerable due to inefficiencies in traditional supply chains. The Agriculture Produce Marketing Committee (APMC) Act, established in the 1960s, mandates that farmers sell their produce through designated mandis, often resulting in price manipulation by intermediaries. To address these challenges, ITC Ltd launched E-Choupal in 2000, integrating digital technology with rural markets to provide direct market access, transparent pricing and supply chain efficiency. The Hindi word "choupal" refers to a rural gathering spot. E-Choupal, launched by ITC Ltd (Indian Tobacco Company Limited) in Madhya Pradesh in 2000, combines this traditional concept with modern technology, creating a virtual marketplace where rural farmers can access market information, quality inputs and sell their produce directly.

Objectives of E-Choupal

The objectives of E-Choupal can be understood as: -

1. **Enhancing farm Productivity:** By providing top farming techniques, district-level weather forecasts, and high-quality inputs like seeds and fertilizer.
2. **Improving Farm Produce Price Realization:** by providing real-time market data, global agricultural commodity pricing, and professional guidance on price trends.

3. **Reducing Transaction Costs:** The platform enables doorstep procurement with transparent pricing and weighing systems.

Conventional supply chain system

The conventional agricultural value chain involves farmers receiving inputs like seeds and fertilizers from input retailers, often guided by government agencies for support and advisory services. After harvest, farmers sell their produce either to registered dealers (*Pakka Adat*) or unregistered dealers (*Kaccha Adat*), who then pass it on to traders and processors. This multi-layered chain often results in reduced profits for farmers due to multiple intermediaries.

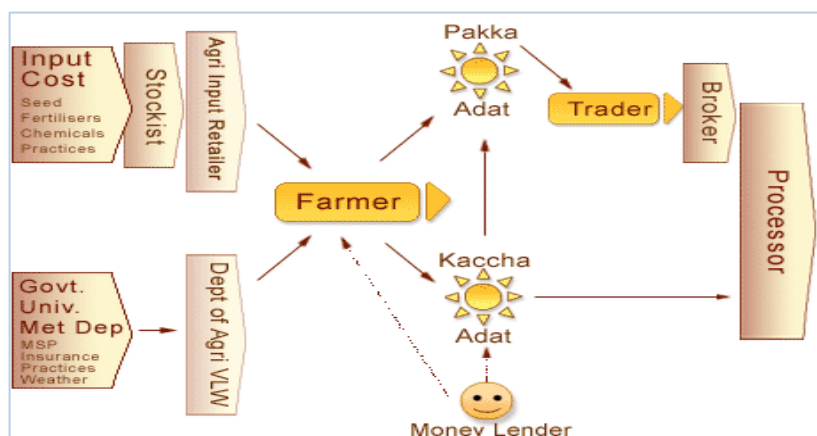


Fig 1. Conventional supply chain system (Source: Bansal & Sharma, 2012)

E-Choupal System

The ITC E-Choupal system connects farmers directly with ITC through internet-enabled kiosks managed by trained local coordinators, Sanchalaks, who provide market information, agricultural advice and services. A higher-level coordinator called *Samyojak* helps link multiple villages with the ITC network and assists in logistics. *Choupal Sagar*, ITC's rural hypermarket, serves as a procurement hub and offers various products and services to farmers, enhancing market access and efficiency.

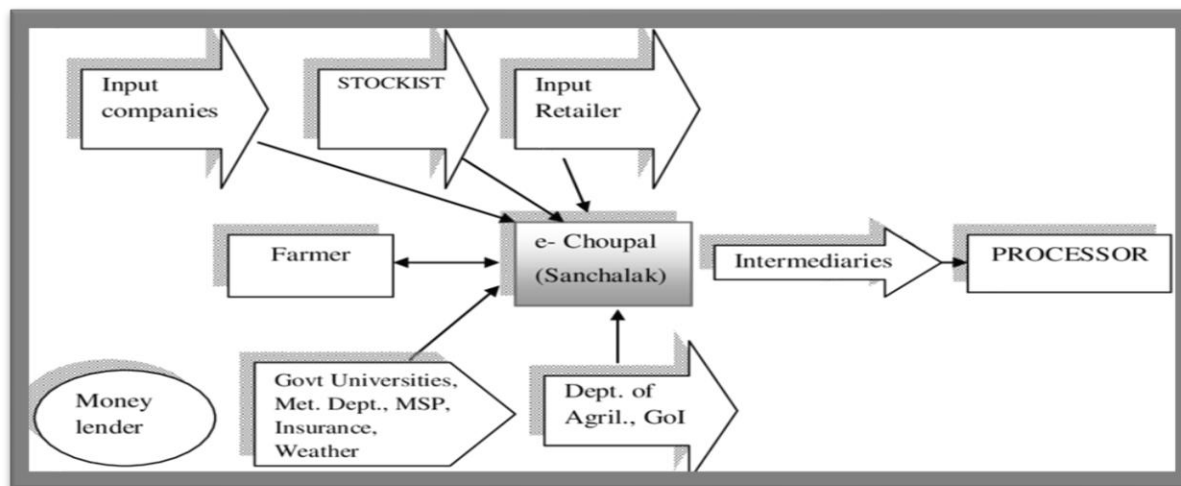


Fig 2. E-Choupal System (Source: Bowonder et al, 2003)

The E-Choupal system features the following phases and has embraced a modernized supply chain structure.



Fig 3. E-Choupal Supply Chain (Source: http://pdf.wri.org/dd_echoupal.pdf)

Pricing

The benchmark Fair Average Quality (FAQ) price at e-Choupal is fixed throughout the day and is determined by the mandi closing price from the previous day. Through the e-Choupal site, the sanchalak is informed of this pricing as well as the mandi rates. The mandi commission workers are in charge of updating the prices, and the sanchalak calls an ITC field representative for help if there are problems with internet connectivity.

Inspection and Grading

To initiate a sale, the farmer presents a produce sample to the sanchalak, who assesses its quality and modifies the benchmark price if necessary. The farmer observes the testing process, ensuring transparency in pricing. The sanchalak issues a sale note with the farmer's

information, quality assessment, projected quantity, and conditional price if the farmer decides to sell to ITC.

Weighing and Payment

After obtaining the sale note from the sanchalak, the farmer proceeds to the closest ITC procurement hub, where crops are collected and farm supplies are distributed. Some hubs are factories, while others are warehouses, with ITC planning to set up more centers within 30-40 km of farmers. At the hub, a chemist checks the quality of the crop to confirm the sanchalak's assessment. Since farmers do not fully trust lab tests, prices are based on what they can see, like the amount of foreign matter or moisture. To encourage better quality, ITC gives bonus points for high-grade crops, which farmers can use for farm supplies or insurance. Finally, the produce is weighed using an electronic scale to determine the exact amount.

Hub Logistics

The farmer is paid in full at the counter after the crop has been inspected and weighed, and their transportation costs are covered. Every stage is properly documented and the farmer receives copies of lab findings, agreed-upon prices and invoices for future reference.

Samyojaks are capable at dealing with cash and managing payments except at large ITC centers, where ITC takes care of it. They also handle logistics, such as managing workers, storing crops, transporting them to factories and completing paperwork. For their work, samyojaks earn a 0.5% commission.

Role of Sanchalak and Samyojak

- **Sanchalak:** A local farmer trained to operate the E-Choupal kiosk (a small, internet-connected Computer setup). Each kiosk serves around 600 farmers in a 5 km radius. They help fellow farmers access the portal, sell produce and adopt modern practices also provide.





market information, agricultural advice and services.

Fig 4. Sanchalak With Farmers

- **Samyojak:** Acts as a bridge between ITC and the Sanchalak, managing logistics and providing feedback for system improvements. Warehouses are managed by middlemen called samyojaks, who perform tasks like cash disbursement and transportation.

Benefitis of E-Choupal

E-Choupal has created a win-win situation:

- For **farmers:** Improved productivity, better pricing and reduced costs. They also benefit from faster payments and access to quality inputs.
- For **ITC:** Higher profits, stronger supplier relationships with farmers and operational efficiency.

The ITC E-Choupal chain significantly reduces the transaction costs of any crop marketing compared to the traditional mandi chain, which is half of the cost tradition. This reduction is achieved by eliminating labour charges, kaccha adat fees and freight costs for the processor, making the supply chain more efficient.

Status of E-Choupal in india

E-Choupal has become the most comprehensive internet-based program in rural India since its inception in June, 2000. Currently, it serves over 4 million farmers, facilitating the cultivation of diverse crops such as soybean, coffee, wheat, rice, pulses and shrimp. Through a network of 6,100 kiosks spread across 35,000 villages in 10 states—Madhya Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Rajasthan, Karnataka, Kerala, Maharashtra, Andhra Pradesh and Tamil Nadu. E-Choupal continues to transform agricultural practices and empower farmers with real-time information and market access.

Choupal Pradarshan Khet (A case-study)

To help farmers improve farming practices in rural India for sustainability, ITC's agribusiness section has started a flagship extension program called "choupal pradarshan khet" (cpk), or demonstration plots. By using best agriculture practices, the initiative, which spans over 120,000 acres, seeks to improve agricultural output and quality. The initiative directly benefits more than 50,000 wheat growers. In addition to region-specific techniques, IIT offers customized agri-extension services, such as the Zero Till method of wheat planting in Rabi, the introduction of location-specific seed types, the deployment of organic amendments, location-specific irrigation timing and customized fertiliser studies. Through agricultural mechanisation options, the initiative also tackles labour shortages and operational ease. More than 100,000 farmers have benefited from the initiative's broad acceptance, which spans a portfolio of commodities including soy, rice, pulses, vegetables and fruits.



Fig 5. Choupal Pradarshan Khet (Source: www.itcportal.com)

Conclusion:

The success of E-Choupal lies in its comprehensive understanding of rural markets, creating a win-win transaction model and carefully selecting Sanchalaks (local coordinators). It also focuses on creating an easy-to-use interface and promoting grassroots entrepreneurship. E-Choupal has transformed rural agriculture by empowering farmers with direct market access and essential resources. With continued innovation and expansion. Beyond agriculture, E-Choupal supports rural development through education, healthcare and financial services,



empowering farmers with credit, insurance and skill-building opportunities. The initiative has transformed rural agribusiness by creating a mutually beneficial system for both farmers and corporations. Despite challenges such as rural education and healthcare gaps, E-Choupal remains a model for sustainable agricultural and rural development.