ITC eChoupal

Integrating Farmers to the Value Chain

Colombo- October 30th, 2012

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The DNA of ITC
A red beacon for green technology
The ITC Green Center that Hillary Clinton visited last month is an early adopter of sustainable construction. The ITC Green Center that Hillary Clinton visited last month is an early adopter of sustainable construction.

Hillary praises ITC green building, compares it with Taj Mahal
Worth a hill of soybeans
How the Internet can make agricultural markets in the developing world more efficient

"We need to stress on triple bottomlines"
ITC’s chief committed to green buildings in the developing world to WWF’s Global Forest and Trade Network

The Economist

Sustainability is integral to our business’
"I am greatly impressed by the role of e-choupals, a fine example of public–private partnership in agriculture."

‘Experiments like e-choupal show the way forward in the application of modern science to the betterment of the life of the people. We need more such examples of entrepreneurial creativity.’
Triple Bottom Line Performance

- Only Company in the world to be:
  - **Carbon Positive**, sequestering 2 times its emissions.
  - **Water positive**, generating 2 times freshwater resources than what it consumes.
  - **Solid Waste recycling positive**.

- ITC’s businesses generate livelihoods for over 5 million people.

- Compound rate of growth in Total Shareholder Returns of over 25% in last 15 years
Why is this so important?
Top 10% own 85% of household assets

Bottom 50% own only 1% of household assets

And

Top 10% account for 60% of consumption

Bottom 50% account for just 2.5% of consumption
India is home to 33% of global poor

Mostly resident in Rural India

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<th>Under $ 1.00</th>
<th>Under $ 1.25</th>
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<tbody>
<tr>
<td>Population</td>
<td>267 (24%)</td>
<td>456 (42%)</td>
<td>828 (76%)</td>
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Population Figs in Millions, Source: World Bank
Business cannot succeed in societies that fail
The Economic Model so far

Purpose → Shareholder Value → Creating Value for the Consumer
So far, business focussed on creating shareholder value alone

Often ignoring costs to environment and society

The new paradigm requires Business to create Societal Value not just Shareholder Value

Through Triple Bottom Line contribution of creating Economic, Environmental and Social capital
Redefining Value

Purpose

Societal Value

Consumer, Social, Ecological

Triple Bottom Line

Reward

Shareholder Value
It is possible to simultaneously create Economic, Environmental and Social Capital through visionary business strategy and innovative business models. ITC’s own experience bears this out.
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ITC’s Triple Bottom Line Initiatives

Two types:

1) Integrated into the Business Models

2) CSR around each ITC unit
ITC’s e-Choupal solution
Empowering the Small and Marginal Farmer

World’s Largest Rural Digital Infrastructure
More than 800 million people in India live below $2/day

- Mostly resident in Rural India

Over 50% workforce in Agriculture

- Contributing only 15% of GDP
Rural India - Low Productivity >> Low Incomes

- Fragmented land < 1 ha
- Dispersed settlements
- Poor knowledge
- Inadequate infrastructure / access to markets
- Spurious Agri Inputs
- Parasitic Middlemen
ITC’s e-Choupal Solution

Creating:

- Digital Infrastructure
- Human Organisation
  - Trained Lead Farmers for operations
- Physical Infrastructure
- Agriculture Extension services
- Community Assets
e-Choupal
Digital Infrastructure
ITC’s e-Choupal Solution

- Customised Extension Services
- Weather Information
- Price Discovery

Thereby, Empowering Small and Marginal farmers
Best practices for Sustainable Agriculture
Interactions with farmers on best practices
Mobile vans take the message of e-Choupal to new villages
Connectivity through Lead Farmer

6500 e-Choupals cover around 40,000 villages benefiting 4 million farmers
Choupal Saagars

A new concept in Integrated Rural Services
Integrated Rural Services for rural consumers
Farmers can also get on lease expensive farming infrastructure like Tractors
High Quality Health Services

Tele link to Hospitals
For Specialist advice
Soil Testing laboratory for customised farm inputs
Catalyzing and Supporting other meaningful initiatives:

- Water Harvesting
- Livestock Management
- Women’s Empowerment
- Supplementary Education
Participatory Watershed Development
Bringing precious water closer home

3000+ structures irrigating nearly 90,000 hectares of dryland
1 million person-days of employment created for the marginal & landless households
A two-way channel for efficient flow of goods & services that:

- Empowers the Small and Marginal Farmer
  - Raising Rural Incomes

- Has created unique advantages and opportunities for ITC
Just one company!

- 6,500 eChoupals, 40,000 villages, 4 million farmers
- 1,25,000 hectares of forestry
  - 56 million person-days of employment
- 90,000 hectares of watershed development
- 5,00,000 milch animals covered
- 2,70,000 children benefiting from supplementary education
- 40,000 sustainable livelihoods for rural women
Economics focus

Worth a hill of soyabeans

How the internet can make agricultural markets in the developing world more efficient

Jan 7th 2010 | From The Economist print edition
Government of India publishes ITC Case Study as an exemplar
The ITC eChoupal Initiative

On the challenge of inclusive growth:

It is now universally acknowledged that no long-term economic growth agenda for India can be feasible without including in its fold the agricultural sector, which is home to 72% of the population and 60% of the nation’s workforce. The challenge lies in sustaining high rates of economic growth with equity over many years in order to convert the world’s largest pool of economically disadvantaged people into viable consumers, thereby translating development into economic freedom.

On ITC’s purpose:

ITC consciously exercises the strategic choice of contributing to and securing the competitiveness of the entire value chain of which it is a part. This philosophy has shaped the vision for your Company, the vision I have referred to in earlier years as “A Commitment
Next Generation Business Strategies for the Base of the Pyramid

New Approaches for Building Mutual Value

Ted London    Stuart L. Hart

Foreword

Y.C. Deveshwar
Chairman
ITC Limited, India

A few weeks ago, when Stuart Hart and Ted London asked me to write the foreword for this book, I must confess that I was of two minds. I am familiar with their work and have great regard for their talent and intellect. But ever since The Fortune at the Bottom of the Pyramid was published, there has been a deluge of conferences, debates, and discussion papers on the subject of the base of the pyramid (BoP). It seemed that everything that could be discussed about the subject’s theoretical underpinnings as well as about the handful of corporate examples that characterized this approach was already in the public domain. I was therefore hesitant in adding some more print to this effort.

As I read through the manuscript of this book though, I sensed a welcome change in approach. Far from merely examining opportunities to make a fortune “at” the base of the pyramid, Hart and London and their co-authors had collaborated to highlight the need to create fortunes “for” and “with” the base of the pyramid. This fresh approach was significantly aligned with our own efforts at ITC, over a decade and a half, to co-create sustainable and inclusive societies through innovative business models. A “Triple Bottom Line” approach that has enabled ITC to help create sustainable livelihoods for more than 5 million people, a corporation that is carbon positive, water positive, and waste recycling positive, and a top ranking economic value creator in the Indian economy. It is because of this compatibility between ITC’s perspective and the broad ideas presented in this book that I am happy to contribute these introductory thoughts, and to support the efforts of Hart, London, and their co-authors in providing thought leadership in an area of immense importance to societies globally.

It has taken more than a century of material wealth creation to realize that the economic model pursued by the world for so many years is terribly inadequate in creating equitable and inclusive
The CII - ITC Centre of Excellence for Sustainable Development:

- Creates awareness,
- Promotes thought leadership
- Builds capacity
- Awards exemplars
A passion for profitable growth.....

.....But in a way that is sustainable.......

.....and inclusive
Thank you.