



ITC eChoupal

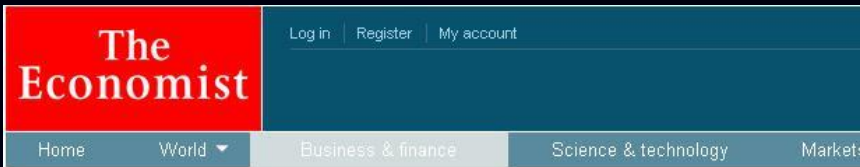
Integrating Farmers to the Value Chain

Colombo- October 30th, 2012

The DNA of ITC



'Sustainability is integral to our business'



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



Hillary praises ITC green building, compares it with Taj Mahal

A red beacon for green technology

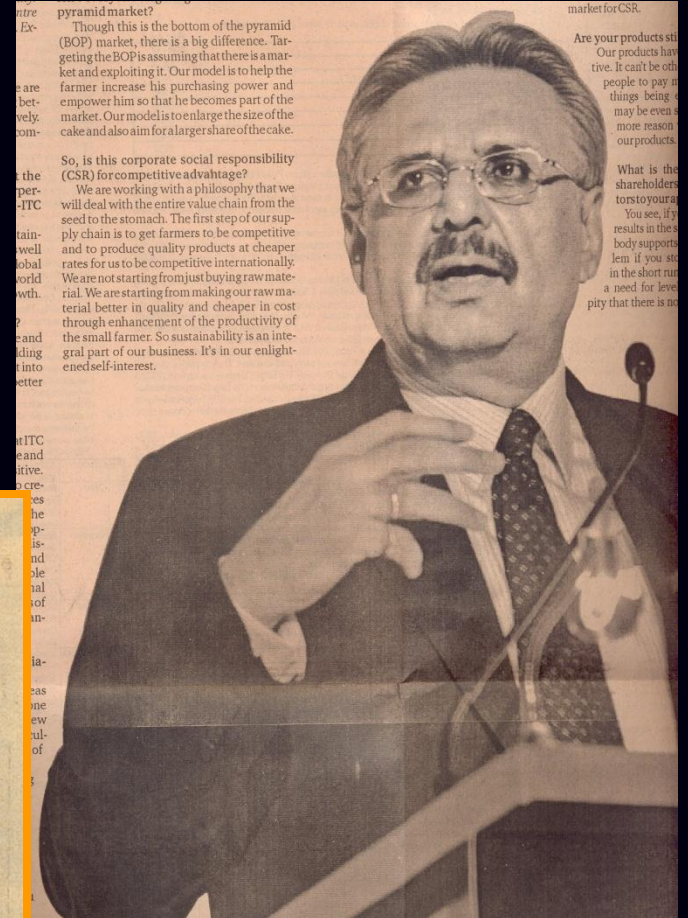
The ITC Green Center that Hillary Clinton visited last month is an early adopter of sustainable construction

'Look at our 360 degree approach, not just CSR'

"We need to stress on triple bottomlines"



ITC is the only company of its size in the world to be carbon positive, water positive and solid waste recycling positive. That's a claim that has been certified, and one that its company Chairman YC Deveshwar can justifiably be proud of. That ITC has been a trailblazer in the green buildings arena in India is now established. Moumita Chakrabarti met him to understand his passion for green initiatives, including its iconic green centres and hotels.



ITC gains membership to WWF's Global Forest and Trade Network



“ 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 ?**

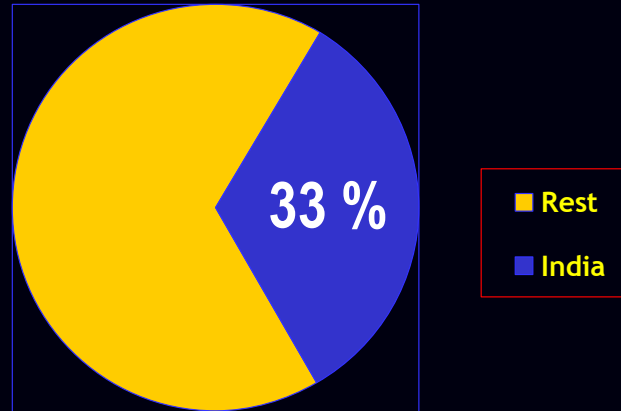
Top 10% own 85 % of household assets

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

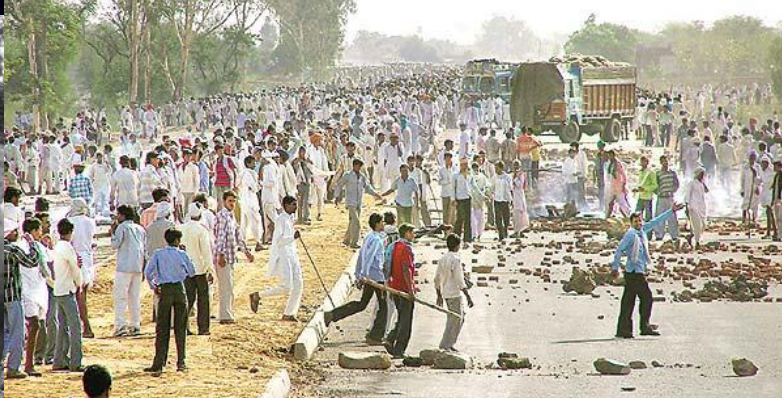


India is home to 33 % of global poor

Mostly resident in Rural India

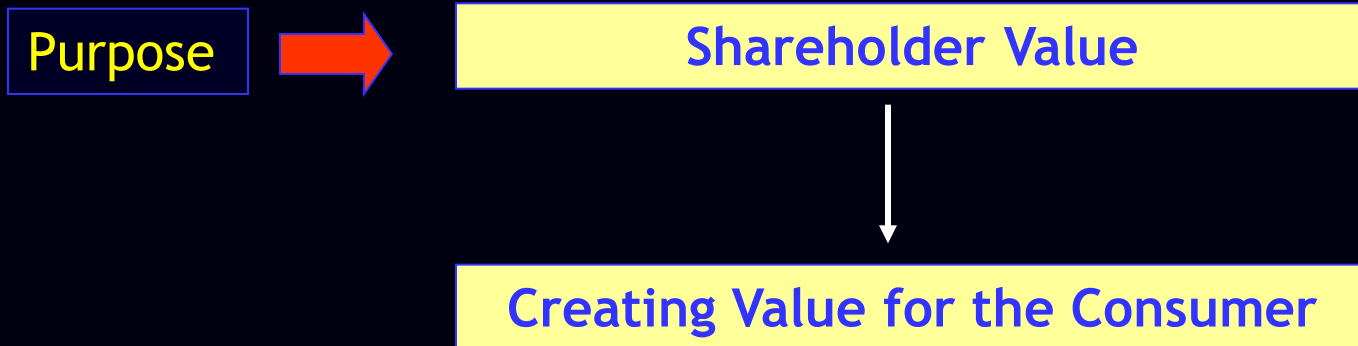
Under \$ 1.00	Under \$ 1.25	Under \$ 2.00
267 (24 %)	456 (42 %)	828 (76 %)

Population Figs in Millions, Source : World Bank



Business cannot succeed
in societies that fail

The Economic Model so far



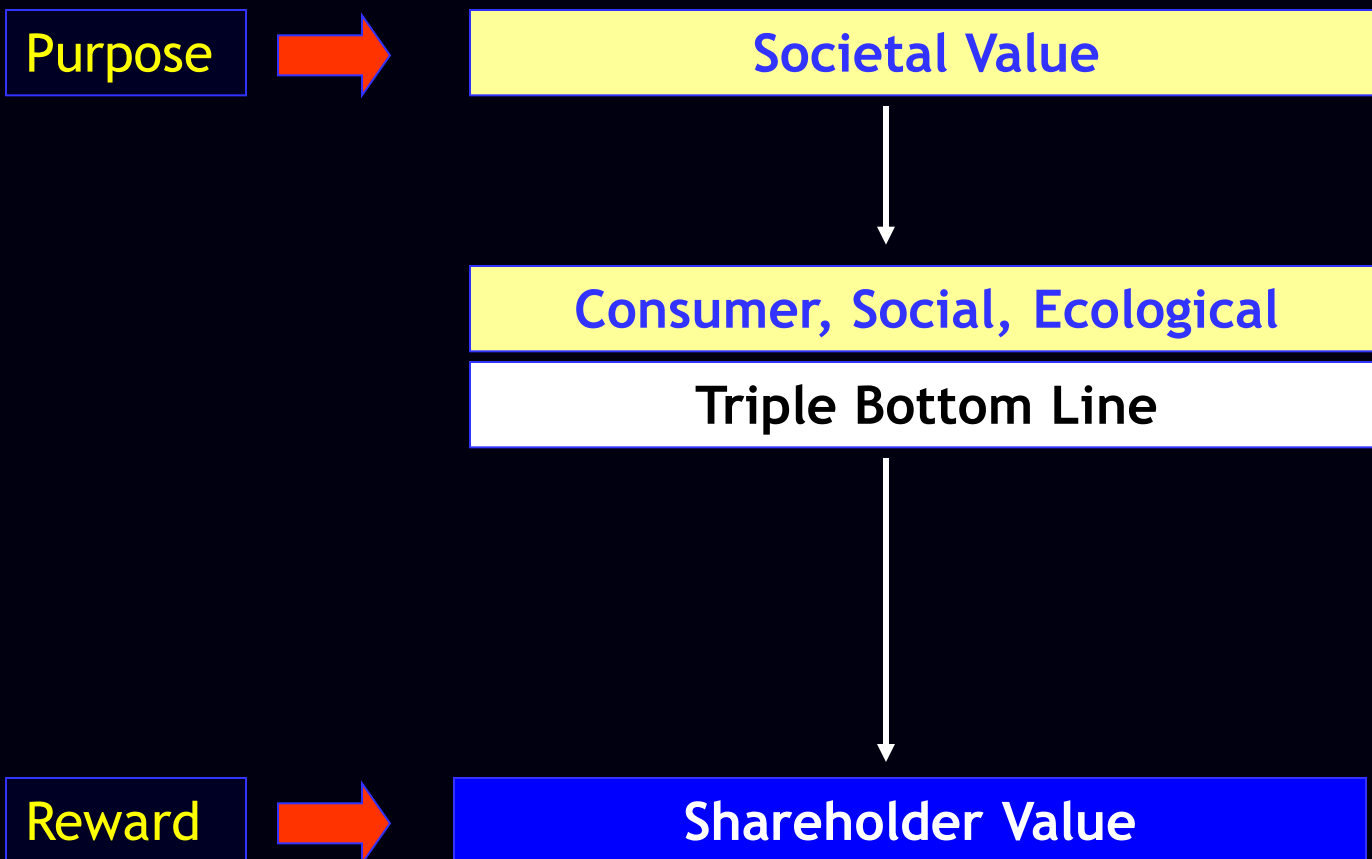
So far, business focussed on
creating shareholder value alone

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



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

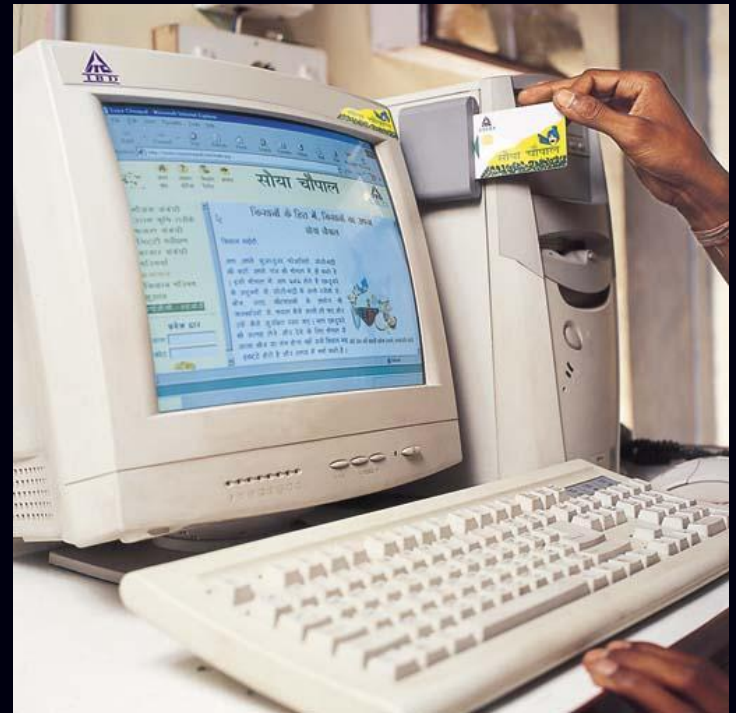
- ❖ **Fragmented land < 1 ha**
- ❖ Dispersed settlements
- ❖ **Poor knowledge**
- ❖ Inadequate infrastructure / access to markets
- ❖ **Spurious Agri Inputs**
- ❖ Parasitic Middlemen



Creating :

- Digital Infrastructure
- Human Organisation
 - ◆ Trained Lead Farmers for operations
- Physical Infrastructure
- Agriculture Extension services
- Community Assets

e-Choupal Digital Infrastructure



❖ Customised Extension Services

❖ Weather Information

❖ Price Discovery

❖ Market Access at Farm Gate



Thereby, Empowering Small and Marginal farmers



Demonstration Farms Choupal Pradarshan Khet

Best practices for Sustainable Agriculture

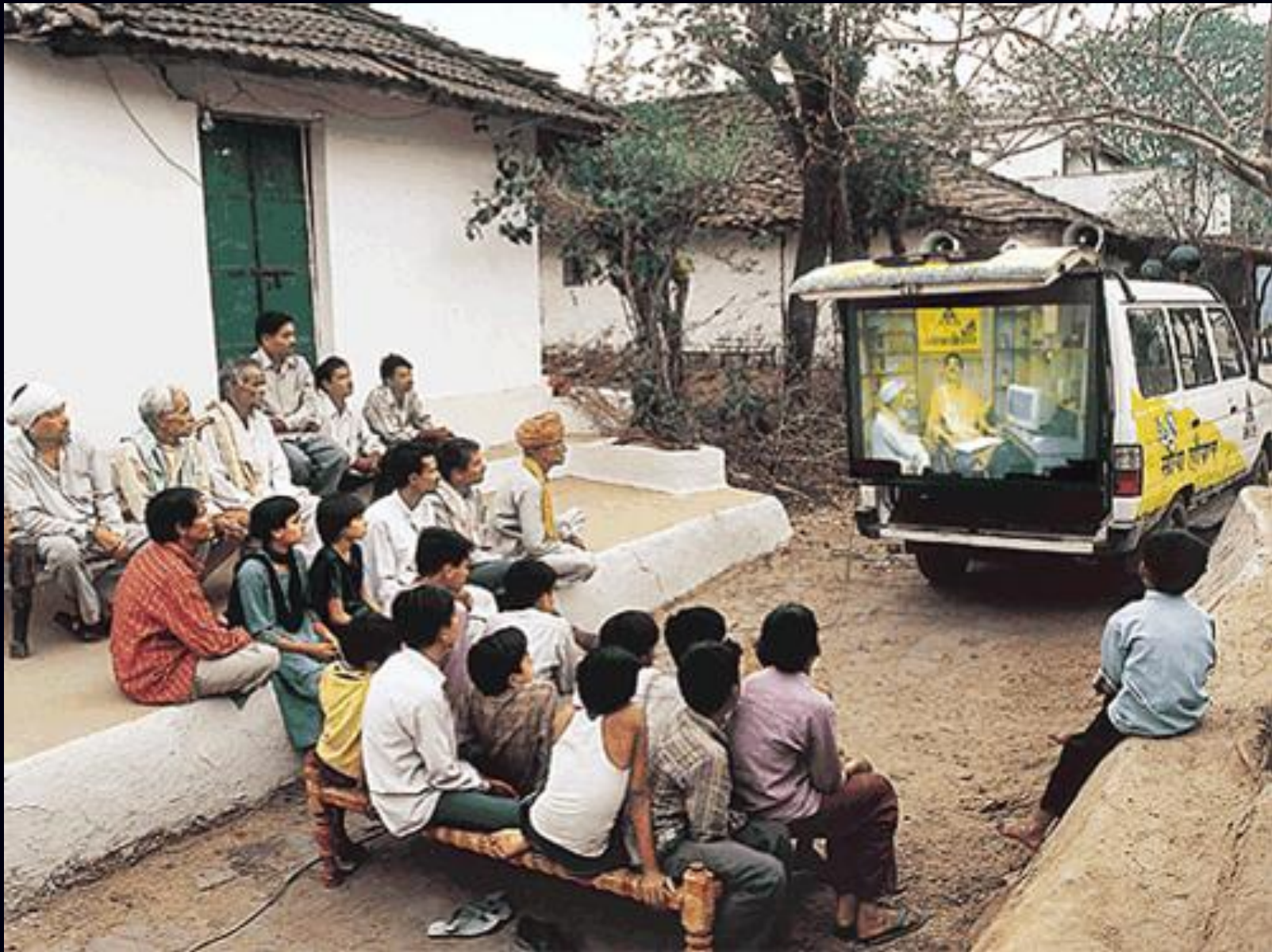


Multiple cropping



Interactions with farmers on best practices





Mobile vans take the message of e-Choupal to new villages



Pledge by Farmers



Connectivity through Lead Farmer

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



100

Inspiring Years

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



100

Inspiring Years



Bringing precious water closer home

3000+ structures irrigating nearly 90,000 hectares of dryland













Catchment Treatment

**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**

- 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

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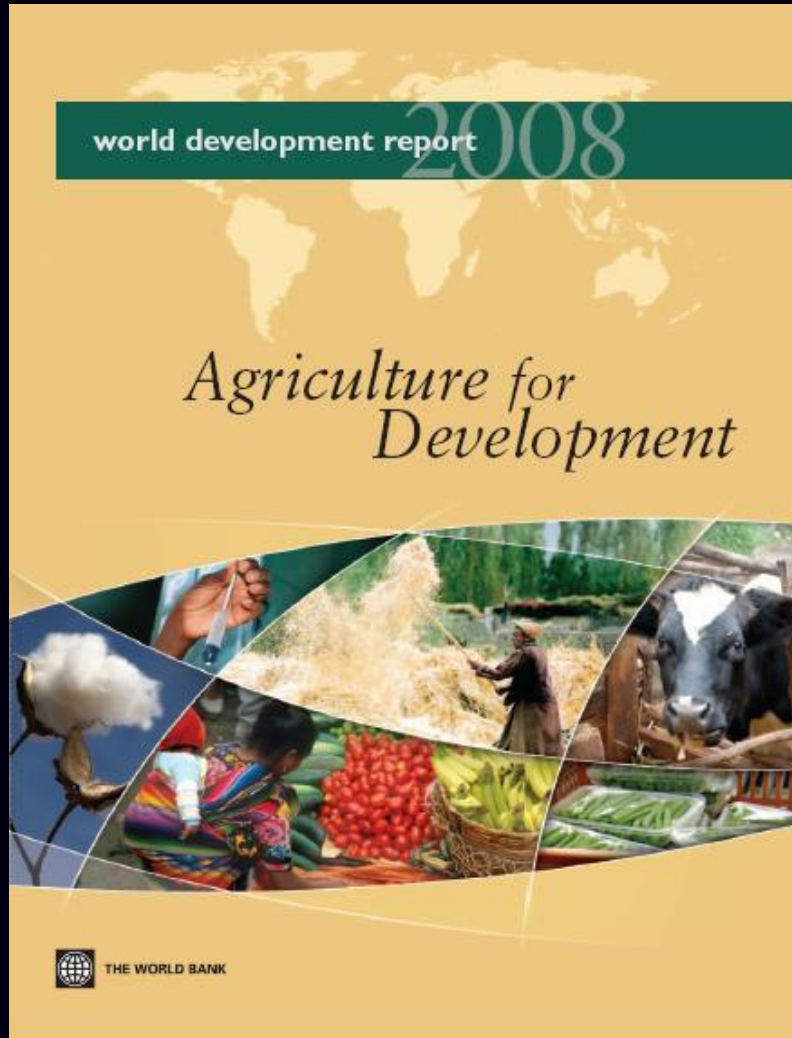





**Farmer-Industry Partnership
for Diversified Livelihood and
Raw Material Production**
- An ITC case study

National Rainfed Area Authority
Ministry of Agriculture
Government of India

**Government of
India
publishes
ITC Case Study
as an exemplar**

HARVARD | BUSINESS | SCHOOL

N9-604-016
OCTOBER 28, 2003

DAVID M. UPTON

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



100

Inspiring Years

Global Publications

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 intent. 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



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.