Effectiveness of E-Choupal Initiative Services in Rural India

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Abstract

In order to interact with rural farmers directly online and facilitate the purchase of agricultural goods such as soybeans, wheat, coffee, and prawns as well as to provide farmers with the latest marketing and agricultural information, the Indian corporation ITC Limited created the E-Choupal initiative. The purpose of this study is to evaluate the performance of e Choupal services in rural India. In order to empower and assist rural Indians, the current study examines the various services offered by e-choupal. The success of e Choupal services in empowering Indian rural citizens is the major focus of this essay. This essay focuses on the various services that e-choupal offers to Indian rural residents. The most significant study source is reviewed in the report together with pertinent material from the appropriate publications and websites. The study examines a substantial body of scholarly material on E-Choupal and the agricultural industry. One of the biggest Internet-based programs in rural India, "e-Choupal," covers over 4 million farmers who cultivate products including soybeans, coffee, wheat, rice, lentils, and shrimp, among others. This program is primarily intended to address the issues with agriculture, shoddy infrastructure, and the extensive use of middlemen in the Indian agricultural sector. The 'e-Choupal' provides farmers with up-to-date information in their own tongues about the weather, cutting-edge farming techniques, and market pricing.

Key words: *E-Choupal, ITC Limited, E-choupal services, Internet-based initiatives.*

Introduction

Mother India is thought to reside in her villages. More than 70% of the people resides in the approximately six lakh villages. Rural India is growing to be a significant market for a variety of products and services. consumer products, durable goods, financial services, healthcare, education, and telecommunication. We are relocating to a new region of growth, and our base is going toward Indian communities. Rural markets are very appealing to marketers, but it is difficult to join the market and quickly get a sizable market share. Due to low levels of literacy, limited income, seasonal demand, and issues with distribution, communication, and transportation (Sherlekar & Krishnamoorthy, 2012).

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Introduced in June 2000, the Hindi word "E-choupal" meaning "Village Meeting Place." Farmers may deal directly with processors through the online marketplace e-choupal and get a greater price for their produce. There are no geographical restrictions on participation in the e-choupal, and it may be used to connect big producers with small producers and small consumers with tiny users, doing away with the hierarchy of brokers (Agrawal,2003). An initiative named e-Choupal was started by the Indian conglomerate ITC Limited to connect with rural farmers online for the procurement of agricultural and aquaculture products including soybeans, wheat, coffee, and prawns. With dispersed fields, a lack of infrastructure, and the employment of middlemen as its defining characteristics, Indian agriculture has challenges that are addressed by e-Choupal. The programme installs computers with Internet access in rural areas of India to offer farmers up-to-date marketing and agricultural information.

E-Choupal System

In rural locations throughout a number of the country's agricultural districts, ITC Limited has set up computers and Internet connectivity so that farmers may speak with the company directly about the sale of their goods. Farmers who have access to the internet may order agricultural supplies like seeds and fertilizer as well as learn about appropriate farming methods and mandi pricing. This aids farmers in raising the caliber of their output and aids in securing a higher price. The benchmark fair average quality (FAQ) price at the e-choupal, which is fixed for a certain day, is established using the mandi closing price from the previous day.

Since its June 2000 launch, "e-Choupal" has grown to be the largest Internet-based project in rural India.

E-Choupal at a glance	
States covered	10 States [M.P., Haryana, Uttarakhand, Karnataka, A.P., U.P., Maharashtra, Rajasthan, Kerala, and TamilNadu]
Village covered	40,000
e-choupal kiosks	6,500
Empowered e-farmers	4 million

Source: www.echoupal.com.

Actor

A qualified farmer known as a sanchalak manages each ITC Limited kiosk that has Internet connectivity. The sanchalak's home is where the computer is located, and it is connected to the Internet either by phone lines or a VSAT connection. Within a 5-kilometer radius, each station provides services to an average of 600 farmers in the 10 nearby communities. The sanchalak pays certain running expenses but is compensated with a service charge for purchases made online using his e-Choupal. The same conventional middlemen, now referred to as samyojaks, remain in charge of the warehouse hub, but they no longer have any exploitative power as a result of the reorganisation. These intermediaries compensate for the absence of infrastructure and perform crucial tasks including transportation, quantity aggregation, and cash disbursement.

S*anchalak* (Coordinator): The village e-Choupal is often maintained by a local farmer, and the computer is typically found in the Sanchalaks' residence (Agarwal et al., 2003). Training for Sanchalaks is provided at the closest ITC facility. They are taught how to use a basic computer, how the e-choupal website works, how to do basic commercial transactions, and how to examine crops for quality. Sanchalaks receives product training from the producer and facilitator directly for the selling of items through e-choupal (Singh et al., 2012; Agarwal, 2003).

***Samyojak* (collaborator):** a regional commission agent will assist with logistics (Agrawal et al., 2003). Samyojaks, also known as collaborating commission agents, are paid by ITC to provide logistical services that make up for the shortcomings of the rural infrastructure and are close to the target farmer. The samyojaks are particularly vital in the early phases of setting up the e-choupal because they have a thorough understanding of farmers' families, financial problems, and perceptions of who is appropriate for sanchalak and acceptable in the community (Singh et al., 2012; Agarwal, 2003).

The Value Chain

A vicious cycle of low risk-taking capacity, low investment, low productivity, weak market orientation, poor value addition, low margin, low risk-taking capacity is broken by "e-Choupal," which also unlocks the potential of Indian farmers. This rendered him and the Indian agro industry, despite having vast and plentiful natural resources, globally uncompetitive.

Source: www.echoupal.com.

Such a market-driven business model may boost Indian agriculture's competitiveness and set off a positive feedback loop of increased output, revenue, and capability for managing farmer risk, as well as greater investments and improved quality and productivity.

The E-choupal Model in Action:

Pricing

The benchmark Fair Average Quality (FAQ) pricing at the e-Choupal is established using the mandi closing price from the previous day. For any given day, the benchmark price remains constant. The sanchalak receives this information and the mandi rates from the day before via the e-Choupal site.

Inspection and Grading

To begin a transaction, the farmer goes to the e-Choupal with a sample of his harvest. After the sanchalak inspects the crop and adjusts the benchmark price (if required) in light of his assessment of its quality, he gives the farmer a conditional quotation. The farmer must be notified of any deductions and must be present while the sanchalak conducts the quality inspections. The highest price a sanchalak may offer is the benchmark price. These simple checks and balances encourage openness in a process where pricing and quality testing occur at many levels.

Weighing and Payment

Following the inspection, the farmer's cart is weighed twice, once with produce and once without, using an automated weighbridge. The weight of his produce is calculated using the

differential. The farmer then claims his whole reward at the payment counter following the conclusion of the inspection and weighing.

Hub Logistics

The cost of moving the farmer's harvest to the procurement hub is also covered. Each step of the procedure is supported by the necessary documentation. The farmer receives copies of the test results, the agreed-upon prices, and the receipts for his files.

Services provided by E- Choupal

Knowledge is the most significant component of behaviour. It significantly affects both overt and hidden human behaviour. They could be able to adopt new products specifically as a consequence. Therefore, efforts were made to ascertain whether or not e-Choupal had made it possible for rural residents to make use of the information by improving their access to healthcare or agriculture, among other things, and to what extent they were aware of the objectives and services offered by e-Choupal. The knowledge of the respondents was assessed in the broad categories of general knowledge of e-Choupal and e-Choupal services, including agriculture, insurance, health, education, entertainment, and other services. Information about agriculture, health, insurance, and education is available on e-choupal. The degree to which rural residents are aware of these services will determine how effective they are. Therefore, the goal of the current study was to examine rural residents' understanding of e-Choupal and its services (Jain, 2013). The following are the many services that e-choupal offers services in the following categories:

Agriculture, Health, Education, Insurance, and Entertainment.

Propositions

P1- Farmer’s empowerment through e-choupal.

P2- Emerging of e-choupal in Indian agriculture business.

P3- Cost benefits of e-choupal in rural India.

Farmer’s empowerment

According to Agarwal (2003), India has access to over 141 million hectares of agricultural land. Without enhancing its growth, it is impossible to reach the desired level of growth of 9% or 10% of our national GDP because agriculture is such a crucial sector of our economy. The Hindi word "village gathering place" is "e-choupal." Farmers may conduct business with processors directly through e-choupal, a virtual marketplace, and receive a higher price for

their crops (Agarwal, 2003 and Singh, 2012) The Indian farmers' image is not particularly lovely. They have limited landholdings, poor physical and social infrastructure, low literacy, low income, and a heavy reliance on nature, which results in low productivity (Chaudhari, 2010). They are eventually caught in the vicious cycle of poverty and underdevelopment due to their limited capacity for taking risks and their low percentage of consumer purchasing (Agarwal,2012). By bridging the information and service divide in rural India, it meets the information demands of farmers right at their doorstep. Additionally, it set up a low-cost fulfillment system tailored to rural India's demands, which reduces rural isolation, increases transparency for farmers, and boosts productivity and revenue. Information about agriculture, health, insurance, and education is available through E Choupal. The degree to which rural residents are aware of these services will determine how effective they are (Jain,2011;2013).

The study demonstrates the unmistakable e- couple's influence on rural residents' access to information. It appears that rural residents have learned about many agricultural and other topics as a result of their continuous exposure to the e-choupal (Jain,2013). Farmers have always been treated unfairly by the agriculture system, and they have mostly stayed in poverty (Chaudhari,2010). Small, marginal, and resource-poor farmers in India have always operated and transacted in unorganized marketplaces, but the e-choupal has used information and communication technology to their benefit. The e-choupal approach may be applied to any rural area's agricultural and quality-related operations (Sharma,2003). E-choupal was created by the ITC Agribusiness division as a more efficient supply chain with the intention of offering value to its clients internationally in a sustainable manner. The e-choupal model was developed specifically to deal with the challenges posed by the peculiar features of Indian agriculture, which include, among other things, remote fields, limited infrastructure, and the usage of several intermediaries (Chaudhari,2010; Singh,2012).

P1- e-choupal empowering farmers through there different services.

Emerging of e-choupal

India's economy is rising at the quickest rate in the world, according to Rawat Singh (2013). For India, agriculture has always been crucial and significant. ITC is one of the top private businesses in India, with $2 billion in yearly sales. Originally founded in 1990 as an agricultural trade firm, its International Business Division currently brings in US$ 150 million a year. The business has started an initiative called "e-Choupal" that involves installing internet-connected PCs in remote agricultural communities. "e-Choupal" is Hindi for "gathering place," and it

serves as both a social meeting spot and a center for online shopping. What started as an initiative to redesign the Indian agricultural procurement system for soy, tobacco, wheat, shrimp, and other crops (Agarwal, 2003).

"ITC believes that its aspiration to create enduring value for the nation provides the motive force to sustain growing shareholder value. ITC practices this philosophy by not only driving each of its businesses towards international competitiveness but by also consciously contributing to enhancing the competitiveness of the larger value chain of which it is a part."

-Chairman Y. C. Deveshwar, ITC Ltd.

According to Singh (2004), in the new environment where the state's role in agricultural marketing and input supply is being reduced and the private sector is being given more room to grow, it is crucial to investigate how corporate agribusinesses and information technology can help establish stronger relationships with farmers. With a two-pronged strategy that focuses on yield enhancement or cost reduction through inputs and value addition, e-choupal agricultural services put a strong emphasis on the more effective use of contemporary inputs (market improvement). Quality and cost-effectiveness are the driving drivers behind competition, both domestically and internationally.

Researchers have seen from this research that farmers are learning to use platforms other than e-Choupal to obtain real-time pricing for trading commodities. Farmers may now approach the mandi system and e-Choupal with complete price knowledge as a consequence. Therefore, if ITC can overcome the difficulties and technological barriers of the current system, this will encourage increased participation from the current pool of member farmers as well as from the rest of the farmer community (Tewari & Ghosh & Sangwan,2012).

Agricultural Extension may be dated back to 1867, according to Banerjee (2011), and has been changing and growing over the last more than a century. However, there isn't a definition of agricultural extension that is generally acknowledged. The primary goal of extension, according to some accounts, is to empower rural households to take care of themselves by integrating physical or social science into everyday activities like farming, housekeeping, and communal and family life. ICT in agriculture is a new sector that aims to improve India's rural and agricultural development. It entails the employment of cutting-edge ICT applications in rural areas. It can give farmers the precise information they need to improve agricultural productivity. Without institutional structures that integrate small farmers vertically into the market, give them power, and distribute chances and benefits in a way that is efficient,

equitable, sustainable, and transparent, small farmers find it challenging to compete as actors in the market. Since e-choupal is a new institutional structure, it can take some time for it to take hold and help small farmers. We think it has the ability to solve a lot of the issues faced by small farmers (Sridhar, 2007).

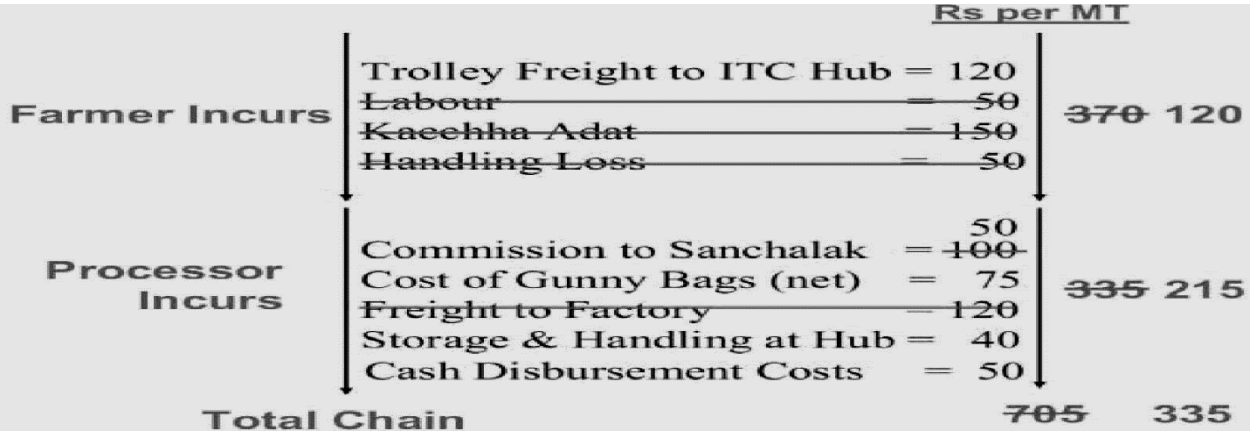
P2- e-choupal Emerging in the Indian agriculture business.

Cost benefits of E-choupal

The e-Choupal model in rural India is being promoted as one of the models of rural empowerment due to its socioeconomic cost-benefit analysis. Agriculture has played a crucial role in India's food production as well as the overall socioeconomic development of rural regions. The e-choupal concept demonstrates how a big business can significantly boost an agricultural system's effectiveness and provide a platform that helps farmers (Dangi et al., 2010). The concept of vertical cooperation in agriculture is framed by the consequences for channel-specific transaction costs. A crucial first step towards system development and lowering such expenses is to take into account cutting-edge methods of determining the real cost of doing business (Singh, 2004).

Activity Fees in The Mandi Chain

CHARGES FOR TRANSACTIONS IN THE E-CHOUPAL CHAIN



Source: S. Sivakumar (2004) "e-Choupal Experience sharing",

http://blog.lib.umn.edu/chri1010/symposium/sivkumar.pdf

P3- e-choupal providing Cost benefits to rural India.

Challenges for e choupal

- While establishing and running, E-Choupal runs into infrastructure problems.
- Setting up internet connectivity for the first time in inaccessible and distant parts of rural India is difficult job. as the majority of the people had never seen a computer.
- The faith in electronic systems is poor among rural residents.
- Choosing a mature, trustworthy, educated, and intellectual sanchalak.
- Inadequate understanding of the rural market.
- E-improper choupal's and complicated user interface.
- Lack of confidence in centres' inspection, testing, and weighing of produce.
- The quality and reliability of the electricity supply in rural India are poor.
- Most e-Choupal settlements lack adequate roads, which restricts access for vehicles.
- Poor telecommunications infrastructure exists in rural areas.

Objective of the study

The purpose of this study is to evaluate the performance of e Choupal services in rural India. In order to empower and assist rural Indians, the current study examines the various services offered by e-choupal.

Research methodology

The major focus of this piece is on how well e Choupal services in rural India empower those living there. This article's major emphasis is on the many services offered by e Choupal to India's rural residents. Secondary data is the foundation of this essay. The most significant source of information for the work is literature reviews from the relevant journals, websites, papers, etc. The study examines a substantial body of scholarly material on e-choupal and the agricultural industry.

Scope of the study

A significant two-way, multi-dimensional conduit is successfully built with the aid of the ground-breaking e-Choupal idea, allowing for the efficient transportation of products and services into and out of rural India. Following that, agri-sourcing-led efficiency is used to recuperate the costs associated with this conduit. Over 6500 installations currently support over 4 million farmers and roughly 40,000 communities as part of this endeavour. Farmers may currently access information on the "e-Choupal" website in the 10 States of Madhya Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Rajasthan, Karnataka, Maharashtra, and Tamil Nadu. In order to provide service to 100,000 villages, or one-sixth of rural India, ITC plans to establish a network of 20,000 e-Choupals over the next five years. The e-Choupal system allows farmers greater decision-making freedom, a higher crop profit margin, and access to data that increases their output. ITC improves fairness and trust by using a more open method and giving locals greater control as important system nodes. Indian agriculture is becoming more competitive as a result of improving crop quality prospects and increasing efficiency. Technology not only connects farmers and their families to the rest of the world, but it also presents challenges due to poor phone and electrical infrastructure that can restrict usage hours. Some sanchalaks monitor local mandi prices in addition to futures prices listed on the Chicago Board of Trade. Children in the hamlet have also utilised the computers for games, homework, and printing test results. As a result, rural development makes significant progress.

Farmers can connect agricultural production with market demand, ensure quality and productivity, and make smarter decisions thanks to "e- Choupal's" real-time data and individualized recommendations. Many farmers' demands for agricultural supplies are combined, giving them access to high-quality products from reputable, well-known suppliers at competitive costs. e-Choupal direct marketing approach and virtual connection to the "mandi" technique of price discovery minimize unnecessary intermediaries and repetitive handling. This substantially lowers transaction costs.

Findings

One of the biggest Internet-based programs in rural India, "e-Choupal," covers over 4 million farmers who cultivate products including soybeans, coffee, wheat, rice, lentils, and shrimp, among others. This effort is particularly made to address the issues with agriculture, the lack of infrastructure, and the various middlemen that are present in the Indian agricultural sector. The 'e-Choupal' provides farmers with up-to-date information in their own tongue about the weather, cutting-edge farming techniques, and market pricing. Farmers have benefited from the introduction of fair prices for farm products and an improved quality of life because to ITC e-Choupal. The largest disadvantage in rural India has been a lack of education for employment and information about options. The majority of rural residents are ignorant of the non-agricultural options available there. ITC expanded the e-Choupal framework to offer digital material and virtual training sessions for kids as a supplement to the Sarv Shikhsha Abhiyan program's attempts to raise the educational standard and possibilities in communities. In India, the government spends relatively little on healthcare, making it difficult for the rural poor to afford medical costs. ITC expanded its e-Choupal services to provide better health care in rural areas (Farhoomand, 2007). The e-Choupal model demonstrates how a huge firm may significantly contribute to market recognition and improve an agricultural system's efficiency, which benefits rural communities, farmers, and stockholders alike. The study also demonstrates how important information technology is to local farmers' efforts to promote openness, expand access to information, and transform rural areas (Annamalai, 2003). The concept will encompass 15 states in the following 7 years, reaching 100,000 communities, according to ITC projections. It intends to expand into industries including horticulture, rice, and cotton. The same e-choupal "channel" infrastructure is being used to promote and provide other businesses' microcredit, insurance, health, and education-related services (Deveshwar, 2002).

Conclusion

To sum up, ITC's e-choupal offers internet-based information and expertise on agriculture, insurance, education, health, and entertainment, among other things, to help Indian farmers work more effectively. The major goal of the e-choupal is to promote openness in the agricultural sector by doing away with middlemen through an internet-based project. Additionally, it builds a platform that aids farmers while increasing their understanding of technological advancements and the effectiveness of an agricultural system.

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