

STRENGTHENING RURAL INFORMATION INFRASTRUCTURE THROUGH E-CHOUPALS

ANUP KUMAR DAS

Research Scholar

DLIS, Jadavpur University, Kolkata

Email: anupdas2072@hotmail.com

CHAITALI DUTTA

Reader

DLIS, Jadavpur University, Kolkata

Email: contactcdhere@yahoo.co.in

ABSTRACT

Apart from government and developmental agencies' initiatives, rural information infrastructure develops in some parts of India through corporate initiatives. Some electronic information facilitation centers have been established to cater to the information needs of the farmers at their doorsteps in villages. One of them is e-Choupal system, conceived by the ITC Limited. It serves a dual purpose, as an Internet kiosk and as an alternative village *mandi* system. There are some pros and cons for this system as the company is interested in buying only those agricultural produces from the farmers, which can be processed into commodities having either a global market or a domestic market. Other agricultural produces are not covered here. Farmers get decision-making information from the information hub of an e-Choupal, and are able to decide their own. The company, having established e-Choupals in villages, recruits local youths as *Sanchalaks* and *Samjojaks*, and provides the requisite physical infrastructure for the functioning of the system.

INTRODUCTION

Diverse countries like India have strong social, economical and cultural base in rural areas. The rural economy mainly depends on the agricultural products, agro-based industries, fisheries and animal husbandries. Since independence, India has witnessed many initiatives for rural development supported by state or international development agencies that aimed at empowering rural masses, and developing the underdeveloped regions. This includes the land reforms, development of rural infrastructure, Panchayati Raj institutions, development of rural technology, and many others. After liberalization and globalization of the Indian economy, rural India was transformed to a great extent, not only due to the aggressive market development in rural areas by the consumer goods producing companies, but also due to its potential for producing world-class agricultural products. The value additions to the agricultural products produced in the rural areas are being undertaken by the corporations that supply the same to the global market. So the Indian farmers, who feed the world market, should be conscious about the wholesale market prices of their own products in order to get a fair price from the collection agents. Also, they should be aware of the quality and the standards of particular agricultural products, so that increasing demand can be met with. Normally, the farmers need information about weather forecasts, availability of agricultural loans, new varieties of seeds, new methods of using fertilizers, pesticides, agricultural tools

and technologies, disease control mechanisms, besides many others. Most of the information, required by the farmers, is dynamic in nature and changes very frequently. So a dynamic information system is required by them to get the latest and unbiased information. Here, theoretically the rural libraries should supplement it, but lack of sophisticated information tools in the rural libraries makes it impossible for them to provide current. Thus rural libraries cannot serve the purposes of the farmers in these particular aspects.

CORPORATE ACTIVITIES IN RURAL INDIA

With the development in rural infrastructure, like, road, water, electricity, telephone, cable television, etc., the rural mass is not segregated from the mainstream India any longer. Though, some parts of the country still lack the basic infrastructures, others have grown over time. As an endeavour of transforming rural population into the mainstream India, corporate organizations enter the rural India. They have business motives of their own. They are strengthening the rural infrastructure to serve their own purposes. Some of their initiatives serve other social purposes also, like community development, establishment of rural industries, information sharing, contract farming. Some companies are strengthening their marketing channels in rural India, while some others are producing raw materials for their own products. For example, PepsiCo India has entered into contract farming of potatoes in some districts of West Bengal for their potato chips production. Some farmers get the seeds and other materials for the cultivation, and sell the potatoes to the company at a fixed price that is higher than the wholesale market price. There is no uncertainty of open market, because many persons know that every year some potatoes get spoiled due to lack of takers or cold storage space. Similarly many companies expanded their horizons by investing in the developments of rural infrastructure and by getting high returns from their investments. This is a win-win situation for both the company and the rural community. The company gets its valuable products or raw materials and the rural community secures their resources and in addition, voices and empowerment.

ITC LIMITED'S E-CHOUPALS

In Hindi, the word 'Choupal' means a meeting place in a village, where an informal assembly takes place to share and discuss news, information and farming know-hows. The e-Choupal system was introduced by the International Business Division (IBD) of ITC Limited in June 2000. The IBD Group is responsible for procuring, processing, and exporting of agricultural commodities including soyabean, wheat, shrimp and coffee. In six Indian states, namely Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh, e-Choupals are already installed since 2000 and the company has plans to cover another nine states within the next decade (see Table 2). The number of e-Choupals installed is about 4100 spanning 21000 villages and empowering 24 Lakh farmers and the ITC Ltd has agenda to install about 16000 e-Choupals within the next decade. Choupals are converted into e-Choupals by setting up computers with Internet. An investment of forty thousand rupees is required to establish an e-Choupal with a dial-up connection. If a VSAT (Very Small Aperture Terminal) has to be mounted, where

telephone connection is unavailable, the investment raises to one lakh rupees. If electricity is not available in the village, an alternative source of energy is also arranged for running the e-Choupals. In some places mobile vans are used as mobile e-Choupals. The ITC Ltd finances the establishment of e-Choupals in villages to supplement the traditional *mandi* system in operation in rural areas. In a *mandi*, farmers sell their agricultural produces to the buyers at wholesale. As there are a number of middlemen, the farmers do not get adequate price resulting in low return of the investment in terms of labour and money. Also, the uncertainty of being able to sell their entire produces remains. On the other hand, the ITC Ltd promises to give them fair prices for the agricultural produces that it procures directly from the farmers through the e-Choupals. That is, an e-Choupal not only provides them with the necessary information required by farmers, but also acts as alternative *mandi* system, where farmers can sell their agricultural produces to the ITC Ltd at a satisfactory optimum price. An e-Choupal then packs and delivers the agricultural produces to the nearest collection center of the ITC Ltd. The *Sanchalak* (operator), who is elected or selected from amongst the farmers of the village, operates the e-Choupal in a village. He acts as an interface between the computer and semi-literate farmers, and retrieves information on their behalves. He also acts as a commissioned agent of the ITC Ltd. He procures the agricultural produces from the farmers on the behalf of ITC Ltd and gives the farmers a fair price, as quoted in the web-portals. Some *Samajojaks* (coordinators) are there, who coordinate the activities of the *Sanchalaks* and assist the ITC Ltd in setting up e-Choupals by conducting village surveys and identifying the best *Sanchalaks*. The e-Choupals provide access to ready information in the vernaculars. Information on crop price, weather forecast, improved farming techniques, different schemes of Government and financing agencies, risk management, farmer peer groups, etc. may be available from an e-Choupal. In addition to this, the ITC Ltd provides the state of the art laboratory facilities for testing soils, seeds and waters (for sshrimp farmers).

Table 1: ITC Ltd's e-Choupal Portals

Name of e-Choupal Website	Target Audience	Available in Language	Operating State
www.echoupal.com	Wheat, rice, and pulses farmers	Hindi	Madhya Pradesh, Uttar Pradesh and Rajasthan
www.aquachoupal.com	Shrimp farmers	Telegu	Andhra Pradesh
www.soyachoupal.com	Soyabean farmers	Hindi, Marathi	Madhya Pradesh, Uttar Pradesh, Rajasthan and Maharashtra
www.planternet.com	Coffee and other planters	English and Kannada	Karnataka

Table 2: ITC Ltd's e-Choupals in villages

Achievements since its Commencement	Targets in the next decade
<ul style="list-style-type: none"> • States Covered: 6 • Villages covered: 21,000 • e-Choupal installations: 4,100 • Empowered e-farmers: 24 Lakh 	<ul style="list-style-type: none"> • States to be covered: 15 • Villages to be covered: 100,000 • e-Choupals to be installed: 20,000 • Farmers to be e-empowered: 1 Crore

Table 1 depicts information on the websites of various e-Choupals, through which the Indian farmers get the required information on various crops. These websites are maintained by IBD Group of the ITC Ltd and are updated very frequently. There might be a question of authenticity of market price information, as it is fluctuating in nature. Either farmers or the company would be a loser, if the information is distorted or outdated. Another critical point could be that, only *Sanchalaks* can access the portal information, no farmer-member has any direct access to it, as the access to it is protected, which are given to *Sanchalaks* only by the ITC Ltd. That is, if an ordinary farmer, who is not a *Sanchalak*, has Internet at home or at a cyber-café, he will be not able to login to the website of an e-Choupal to access its contents. Each portal has an area on farming, though weather and some other information would be beneficial to other farmers belong to different areas of farming.

The ITC Ltd's e-Choupals are examples of successful supply-chain management. The IBD Group is responsible for procuring, processing, and exporting of agricultural commodities that requires quality agricultural inputs with sufficient quantity from the farmers. The ITC Ltd provides agricultural know-hows to the farmers that include knowledge on the best farming practices, seeds, fertilizers, etc. through its e-Choupals. Sometimes the e-Choupals serve as an interface for e-commerce with companies supplying agricultural inputs (fertilizers, seeds, machineries, finance and insurance), where farmers are at the receiving end as consumers. The testing services and other value added services provided by the company through its facilitation centers, help the farmers to produce higher per unit (acre) yield. This way the company gets the best quality agricultural raw materials to produce best quality agricultural commodities for the world market. The IBD Group of the ITC Ltd is then strengthening its supply-chain through the e-Choupals, on which the company has direct control. The company may take appropriate steps anticipating the demand for a particular commodity, if it has effective control over its supply-chain. Globalization makes Indian companies competitors to the companies of both developed and developing countries. Some developed nations protect their market through stringent norms and quality standards. To enter into those markets, particularly in agricultural commodities markets, one has to ensure that its products are of the best quality. The ITC Ltd, through its effective supply-chain management, ensures the quality of its food products matching with the world's best practices.

The ITC Ltd's e-Choupal project has won various national and international awards, namely, 'The World Business Award', offered jointly by the International Chamber of Commerce (ICC), the HRH Prince of Wales International Business Leader's Forum (IBLF) and the United Nations Development Program (UNDP); 'Enterprise Business Transformation Award for Asia Pacific', offered by the Infosys Technologies and Wharton School of the University of Pennsylvania; PC Quest's 'IT Implementation Award' in the 'Best Project' category; 'The Golden Peacock Innovation Award' in 2004; 'The NASSCOM award for Best IT User in FMCG' in 2003; 'The Seagate Intelligent Enterprise of the Year Award' in 2003; etc. Besides being honoured in these awards, the project has become a 'hot topic' among academics and policy makers. It has become a subject of case study at the Harvard Business School and Michigan Business School in the USA. It was also presented at the World Bank Poverty Alleviation Conference as a unique transformational model. The Planning Commission of India also accepts this model as an effective ICT platform, even beneficial to the marginal farmers.

EMPOWERMENT OF FARMERS

The rural information infrastructure may be instrumental in boosting up the rural development initiatives in the villages. If an e-Choupal extends its facilities of Internet for overall community development through information exchange, gathering and dissemination, even the marginal farmers and underprivileged ones could access to better life. Various employment generation programmes may be undertaken with the help of developmental agencies and government schemes, if the information is available freely to the villagers. Here e-Choupal can play an important role as an information facilitator. The e-Choupal also connects rural communities with the global networked society, where villagers can establish their global presence. The e-Choupals make both farmers and the company happy. The farmers are empowered to negotiate with the company for best price, best farm inputs and better physical infrastructure. The company on the other hand, gets quality products in sufficient quantities at an acceptable price. The international market is very much competitive and it does not compromise with the quality of any edible product. The ITC Ltd maintains the international norms and quality standards of its exportable agricultural commodities with active participation of the farmers in its quality mission. We hope, genetically modified crops, which may harm the ecosystem in general and agricultural land in special, are not introduced by the ITC Ltd's e-Choupal system, as it has few takers in the international market. The empowerment of farmers, as the company claims, should make them decision makers in broader sense, where they will be able to decide not only acceptable pricing of their produces, but also the crops varieties (rejecting the varieties harmful to the nature) to be produced and also they will be able to take other decisions that may have impacts on the society.

CONCLUSION

In some areas even Government could deliver inadequate rural information infrastructure against it promised. Many Government initiatives and plans related to rural information infrastructure development in post-independence India were less successful due to inappropriate vision and stagnancy in bureaucracy. Empowerment

of farmers has been the distant dream in some parts of India. Accessibility to electronic information in rural India is also restricted to a few villages, mostly to villages surrounded by big cities. In some parts even electricity and telephone connections are yet to be established. In this situation, e-Choupal project of the ITC Ltd is successful enough to disseminate the frequently changing information as well as some advanced technology of farming. This project has a clear vision and has a target to cover 15 states within next decades. It is expected to enrich the market economy through this initiative using sophisticated technologies. Some other corporate organizations and developmental organizations are coming forward to adapt this model of supply-chain management and empowerment of villagers, which may develop further rural information infrastructure, beneficial to the society.

SCOPE OF FURTHER STUDY

This paper has been prepared in short span of time. Many other aspects can be studied further, specially the acceptance to the farmers, participation and the economic conditions of the farmers.

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