

Understanding the Working of e-Choupal

Palak Samani

Introduction

"ITC's e-Choupal is an initiative to link directly with rural farmers via the Internet for procurement of agricultural and aquaculture products like soybeans, wheat, coffee, and prawns. e-Choupal tackles the challenges posed by Indian agriculture, characterized by fragmented farms, weak infrastructure, and the involvement of intermediaries." [1](#)

Background and Context

"ITC's Agri Business Division, one of India's largest exporters of agricultural commodities, conceived e-Choupal as an efficient supply chain aimed at delivering value to its customers around the world on a sustainable basis. The concept was conceived to tackle the challenge posed by the unique features of Indian agriculture characterized by small, fragmented farms, weak infrastructure, and the involvement of numerous intermediaries." [2](#)

"The e-Choupal model is positioned as an alternative to traditional modes of procurement where farmers travel to the government market (mandi) to sell their produce. E-Choupal provides village internet kiosks that enable access to information on weather, market prices, and scientific farm practices." [3](#)

How e-Choupal Works

System Structure and Participants

"The e-Choupal initiative deploys computers with Internet access in rural areas of India. Each e-Choupal is managed by a local farmer, called a sanchalak, who is trained to assist others. The sanchalak's house is equipped with a computer connected by phone line or VSAT. Each kiosk serves an average of 600 farmers in 10 nearby villages within a 5km radius. The warehouse hub is managed by the same traditional middlemen, now called samyojaks, but they no longer wield exploitative power." [1](#)

"E-Choupal is a virtual marketplace where farmers can do transactions, facilitated by an internet-linked computer, directly with a purchaser and can realize better price for their produce." [2](#)

"The sanchalak provides the space and covers operation costs such as electricity, earning a service fee for each e-transaction. Farmers are free to use the facility, without a registration charge." [2](#)

Transaction Process

"Farmers would physically go to these e-Choupals, run by a member of their own community, and access fair market prices for their crops off the Internet at closing time of each day, and choose to sell to ITC at those rates. This way, they were able to bypass the arbitrary prices set in the mandis." [4](#)

"At harvest time, ITC offers to buy the crop directly from any farmer at the previous day's closing price; the farmer then transports his crop to an ITC processing center, where the crop is weighed electronically and assessed for quality. The farmer is then paid for the crop and a transport fee. 'Bonus points,' which are exchangeable for products that ITC sells, are given for crops with quality above the norm." [5](#)

"Farmers benefit from more accurate weighing, faster processing time, and prompt payment, and from access to a wide range of information, including accurate market price knowledge, and market trends, which help them decide when, where, and at what price to sell." [6](#)

Technology Backbone

"The company provides the infrastructure for the choupal, including a computer, a printer, UPS system, solar panel, and internet connectivity through VSAT. Each kiosk is run by a local farmer (sanchalak), selected from the village and provided with short training." [2](#)

"Real-time market prices are displayed through internet-enabled computers at local centers, helping farmers make informed decisions about when and where to sell." [7](#)



Inside an e-choupal kiosk

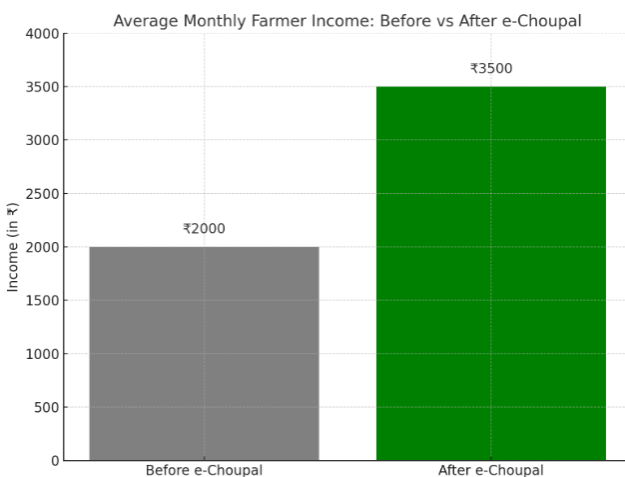
e-Choupal's Impact

Economic Benefits

"Farmers selling directly to ITC through an e-Choupal typically receive a higher price for their crops than they would receive through the mandi system, on average about 2.5% higher (about US\$6 per ton). The total benefit to farmers includes lower prices for inputs and other goods, higher yields, and a sense of empowerment." [6](#)

"Launched in June 2000, the company has so far established 6,450 kiosks across eight states. The services reach more than 35,000 villages, benefitting over 40 lakh farmers." [2](#)

"ITC reports it recovers its equipment costs from an e-Choupal in the first year of operation and that the venture as a whole is profitable. The e-Choupal system gives farmers more control over their choices, a higher profit margin on their crops, and access to information that improves their productivity." [68](#)



Bar chart comparing average farmer income before and after e-Choupal adoption."

Information Empowerment

"The e-Choupal system gives farmers more control over their choices, a higher profit margin on their crops, and access to information. By providing a more transparent process and empowering local people as key nodes in the system, ITC increases trust and fairness." [8](#)

"The aggregation of demand for farm inputs from individual farmers gives them high quality inputs from established and reputed manufacturers at fair prices." [8](#)

"Farmers using e-Choupal on average receive 2.5% higher prices than the traditional mandi system." [9](#)

Value Chain and Supply Chain Innovations

Traditional vs e-Choupal Model

"The re-engineered supply chain looks very different from the existing system and has the following stages:

Pricing: The previous day's mandi closing price is used to determine the benchmark Fair Average Quality (FAQ) price at the e-Choupal. Inspection and Grading: Farmers bring a sample of their produce to the e-Choupal; the sanchalak inspects it and makes any necessary quality deductions." [5](#)

"ITC gains as intermediaries are removed and transportation costs decrease. The intermediaries, now called samyojaks (coordinators), assist ITC in setting up new e-choupals, handle the physical transportation of the goods, and earn a commission on it." [9](#)

Aspect	Traditional Mandi System	e-Choupal System
Steps	Farmer → Agent → Mandi Auction → Buyer	Farmer → e-Choupal → ITC Direct Purchase
Transparency	Low - price decided by agents	High - real-time, transparent
Prices	Lower due to cuts	Better due to direct link
Payment Times	Often delayed	Prompt (same/next day)
Role of Intermediaries	Multiple intermediaries	Minimal intermediaries

Table comparing steps, transparency, prices, payment times, and role of intermediaries in both systems."

Social and Developmental Impact

"e-Choupal is transforming the social fabric in several ways, triggering an increase in farmers' income and a familiarity with the professional transaction. Agriculture, food quality and human life stand to gain from the closing of a knowledge gap, the development of cheaper, smarter agricultural inputs and the role of farmers as innovators." [10](#)

"The e-Choupal system bypasses the government-mandated trading mandis. Farmers benefit from more accurate weighing, faster processing time, prompt payment, and access to a wide range of information." [6](#)

"The best part of e-Choupal is that it has provided immense benefits for the small farmers who face difficulty in farming ... this project was rapidly adopted, providing equitable benefits to all those engaged in farming." [11](#)

Limitations and Challenges

"Despite difficulties from undependable phone and electric power infrastructure that sometimes limit hours of use, the e-Choupal model demonstrates that a large corporation can play a major role in recognizing markets and increasing the efficiency of an agricultural system, while doing so in ways that benefit farmers and rural communities as well as shareholders." [6](#)

"Nonprofit organizations have tried similar initiatives but none have achieved anywhere near the scale that e-choupals have." [6](#)

Evolution and Expansion

"There are 6,100 e-Choupals in operation in 35,000 villages in 10 states ... affecting around 4 million farmers." [1](#)

"ITC rolled out e-Choupal 4.0, that provides farmers with information on weather and markets on a real-time basis. It also advises farmers on crop monitoring and electronic marketplace." [1](#)

Conclusion

"Overall, the e-Choupal was a great initiative that worked very well both for the company and the farmers, enhancing the rural economy, creating a win-win situation for both, which also enhances transparency and increases access to information." [11](#)

Citations

1. <https://en.wikipedia.org/wiki/E-Choupal>
2. https://dmeo.gov.in/sites/default/files/2021-08/Package1_Agriculture_CaseStudy4.pdf
3. <https://itforchange.net/sites/default/files/ITfC/e-Choupal.pdf>
4. <https://www.ceew.in/sustainable-agriculture-initiatives/e-choupal-initiative-case-study>
5. http://pdf.wri.org/dd_echoupal.pdf
6. <https://mba.tuck.dartmouth.edu/digital/Programs/CorporateEvents/SupplyChainThoughtLeaders/session6.pdf>
7. <https://testbook.com/ias-preparation/e-choupal>
8. <https://oasis.col.org/bitstreams/888cf0f9-c2db-4050-b785-acc4d8d1f9b5/download>
9. <http://www.desai.com/innovation-applied/research/case-studies-ITC-eChoupal.php>
10. <https://www.abacademies.org/articles/itcs-echoupal-as-a-benchmark-for-rural-transformation-a-case-study.pdf>
11. <https://www.brainwareuniversity.ac.in/brainwave/vol-5-issue-1-march-2024/3-PR-06022024-Rev-230324-2-Final-651-655.pdf>
12. <https://justagriculture.in/wp-content/uploads/2025/04/ARTICLE-24.pdf>
13. <https://www.slideshare.net/slideshow/itc-e-choupal-92069683/92069683>
14. <https://inspireip.com/intrapreneurship-examples-itc-e-choupal/>
15. <https://www.slideshare.net/slideshow/e-chaupal-65861316/65861316>
16. <https://www.integrallc.com/itcs-e-choupal-improving-the-lives-of-indias-rural-farmers/>
17. <https://www.slideshare.net/slideshow/itc-echoupal-59862016/59862016>
18. <https://www.ijfmr.com/papers/2025/2/37962.pdf>
19. https://ewh.ieee.org/r10/gujarat/htccon/presentations/HTCCON_S%20Sridhar_ITC%20e-Choupal_280809.pdf
20. <https://myoperator.com/blog/success-story-how-itc-e-choupal-revolutionized-the-lives-of-4-million-farmers>