





ITC Limited

# **Business Case Study of ITC Agri-Business Revolution**

By  
Oishik Biswas

# ITC in India

- ITC → Improved lives of 4 million farmers, across 35000 villages.
- 1999 → Soybean was a primary export commodity, yet neither farmer or ITC having healthy profits.
- Inefficiency in the supply chain.

Farmers  APMC  ITC + Wholesalers

(Agricultural Produce Market Committee)

# Major Limitations

- Mandi (2nd stage) was far away from the farmers.
  - No storage or transportation facilities.
  - Sell to middleman for very low cost, even at loss.
- No way for the farmers to find out what was the price offered at a particular mandi, no instant payment, dependent on word of mouth.
- Low Cash Flow → Low Investment → Low Production → Low Margins

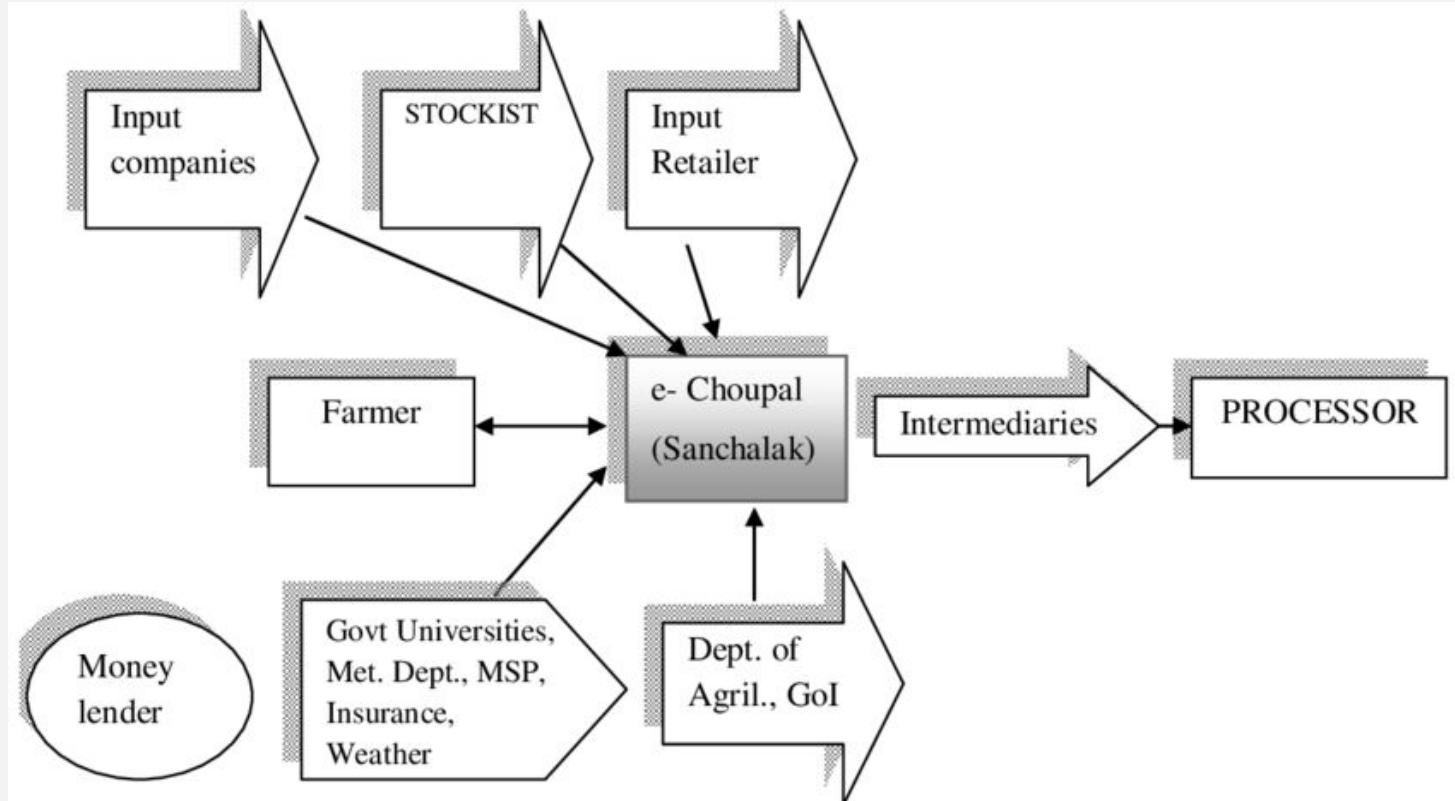
# ITC Strategies

- ITC came with special initiative E-Choupal.
- Used Computer in 1999 in village centers.

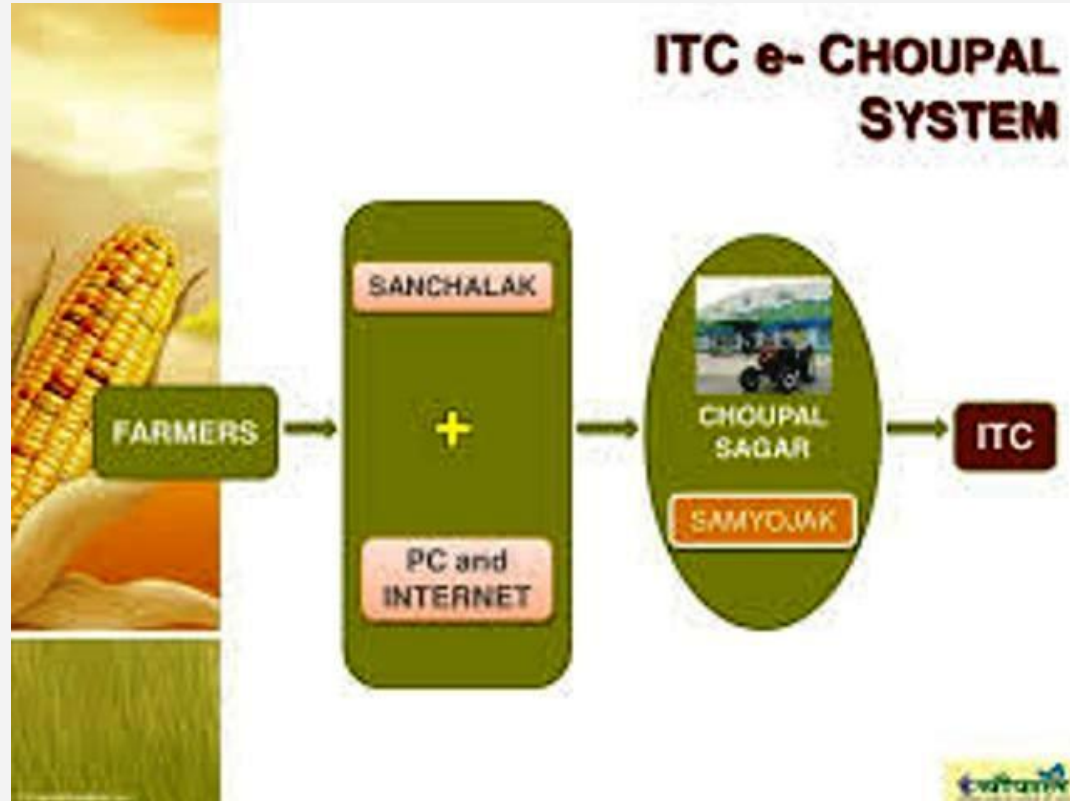
# E-Choupal Services

- Weather Report
- Best Practices
- Market Information Section
- Daily Pricing at ITC vs Mandi

# E-Choupal System



# E-Choupal System





## Further ITC Strategies

- Appointed a leader for helping farmers for computer operations.
- Given commission of 0.5% based on farmer productivity.
- Convince the govt. to allow the company to procure the produced goods directly from the farmers with reasonable cost and profitable supply chain.
- ITC opening more collection and storage stores.

# Farmers Benefit

- Weather Forecast
- Seed Sowing Techniques
- Confidence to Invest
- Reduce Risk of Spoiled Crops
- Increased the Yield
- Directly Look at the Price
- Reimburse the Transportal Cost

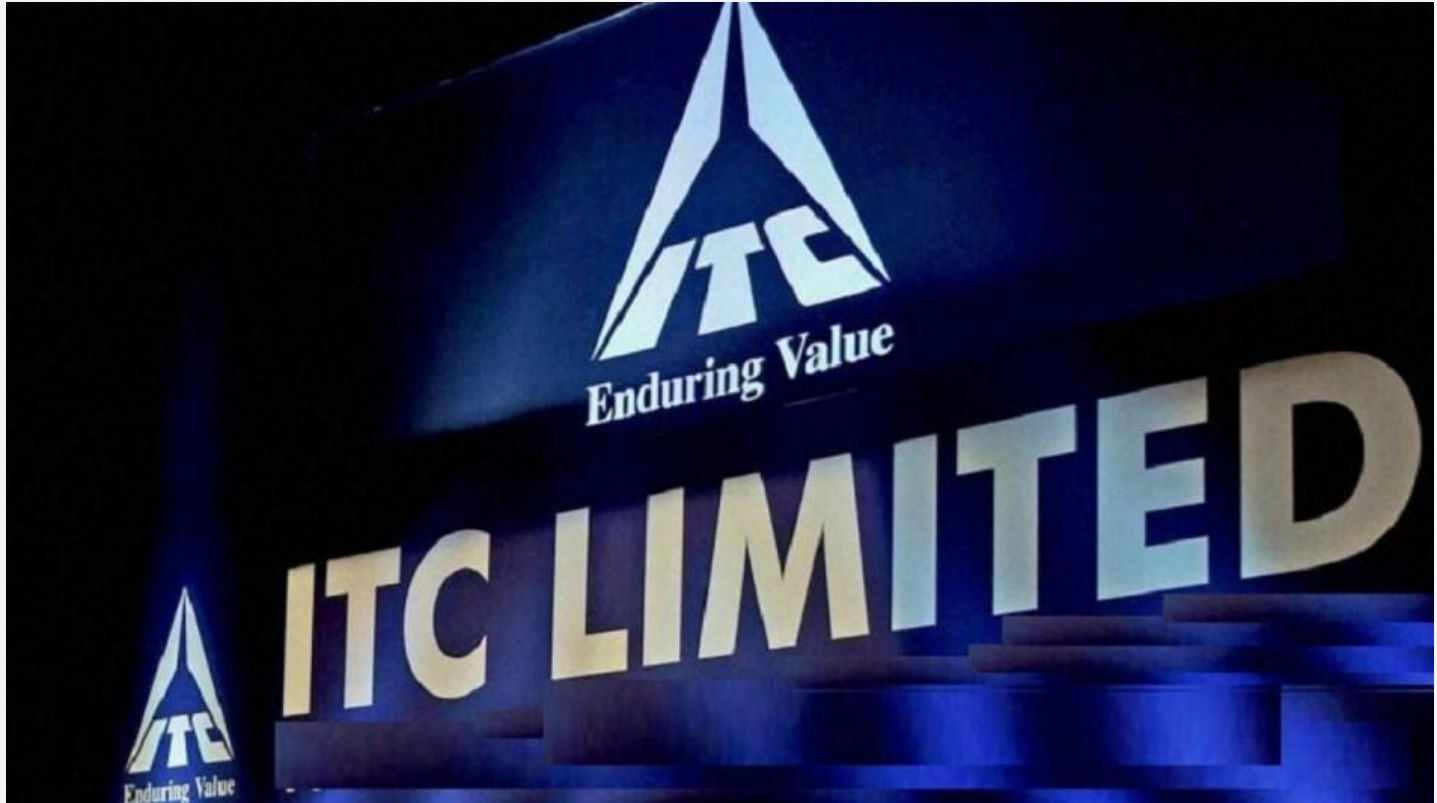
# Farmers Benefit

- Soil testing lab to suggest fertilizers and additives based on the composition of farmer soil sample.
- Cash on delivery immediately to the farmers to invest for the next season.
- Good Cash Flow → High Investment → High Production → Good Cash Flow

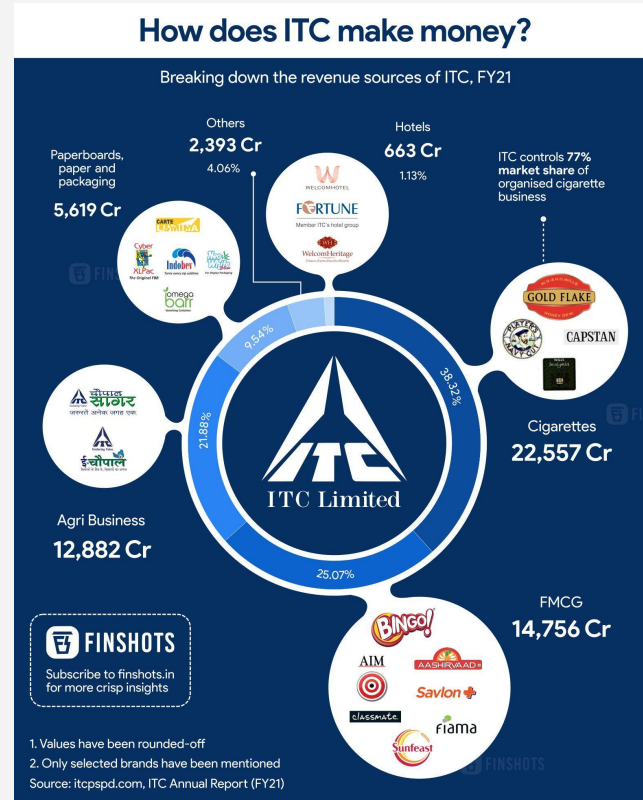
# ITC Benefits

- ITC saved \$3 per tonne on transportation.
- Farmers earned \$8 per tonnes extra.
- ITC got raw materials for low cost and capitalized on production.

# ITC Brand



# ITC Agri-Business Revenue



# ITC Agri-Business Products



# Business Lessons

- Technological accessibility, govt. Revolution, cash rich stakeholders are the three pillars that can catalyze the growth of rural sections in India.
- Rise of extremely cash rich but not so profitable companies in India building B2B supply chain.
- More company involvements will eliminate the inefficiency resulting in huge profits.



# Business Lessons

- The new supply chain are opening up game changing opportunities for you.

Organic Farming → Contract Farming