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> **Introduction**

Rural India is a difficult location for business. Poor transport, power and information infrastructure are inadequate. Business practices are underdeveloped. Lack of access to modern resources has resulted in an under-trained workforce. Rural society is structured around subsistence incomes. These and a litany of other constraints dissuade most companies from taking on the challenge of rural commerce. Yet, such an engagement can result in a “win-win” agenda. It can bridge rural isolation and the resulting disparity of income and opportunity for the poor while creating a new profit opportunity for firms willing to tackle the inefficiencies. The question is how modern resources and methods can be practically deployed commercially to overcome rural constraints. If done well, what are the social impacts of such an engagement?

THE INNOVATION. . .

The e-Choupals, information centers linked to the Internet, represent an approach to seamlessly connect subsistence farmers with large firms and global markets. The network of these, each operated by a local farmer in each community called the sanchalak, allow for a “virtual integration of the supply chain” and significant efficiencies in the traditional system. The farmers benefit by realizing better prices for their crops and a sense of dignity and confidence in being connected with the rest of the world.

ITC’s e-Choupal initiative began by deploying technology to reengineer procurement of soya from rural India. The effort holds valuable lessons in rural engagement and demonstrates the magnitude of the opportunity for private sector firms. It also illustrates the social impact of bringing global resources and farm and business practices to the Indian farmer.

This report was written by K. Srinivasan, Annamalai and Sachin Ramesh under the supervision of Professor G. K. Prahalad. The report is intended to be a catalyst for discussion and is not intended to illustrate effective or ineffective strategies.

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