

Samriddhii: Redesigning the Vegetable Supply Chain in Bihar

Shubhabrata Basu

This case describes the endeavours of a budding entrepreneur, Kaushlendra, in mitigating the inefficiency driven discontinuities, in the primary sector of Bihar. A fresh management graduate from IIM Ahmedabad, Kaushlendra forfeited corporate aspirations in search of, and with desire to develop, his roots in the agricultural sector. Hailing from a farmer's family in the Patna district of Bihar, Kaushlendra left home early to pursue studies in the state of Gujarat. The relative prosperity of farmers in semi-arid Gujarat impressed Kaushlendra on the need to introspect and improve the condition of farmers home in Patna. While Bihar as a state is blessed with the rich alluvial deposits of the Gangetic system, the agricultural sector in stark contrast is fragmented, replete with marginal farmers, and prone to scale diseconomies. Further, there are multiple levels of intermediaries between the farmer and the vegetable vendor who ultimately sells the produce to the final consumer. Existence of intermediaries cause rent pilferages through inadequate bargaining resulting from information asymmetry. Further farm products being perishable, wastages also reduce the margin significantly. In the whole process, the farmers and the vendors are the worst hit although they add the maximum value to the whole supply chain. Having identified the source of leakage, Kaushlendra set about plugging the gap and ploughing back the profit to the two stake holders. His logic, a distinct reflection of his managerial training, was simple - organize the source and the sink and thus weed out the intermediate inefficiencies. However this was easier said than done.

The case, in describing Kaushlendra's efforts towards organization, has brought out several themes that define the entrepreneurial evolution. The first deals

with the entrepreneurial legitimacy. An entrepreneur is perennially starved of resources and his/her ability to acquire and pool costly as well as free resource is a function of his legitimacy and market credibility. Legitimacy and credibility, in turn, are functions of proximity and association. The case shows, how Kaushlendra's absence from his native place, compromised his credibility and led to a Catch 22 situation in terms of business dealings. He had to circumvent the situation with the help of his brother, who in the process had to associate and identify himself with the vendors.

The second aspect in entrepreneurship deals with the desire of the protagonist to emerge as a full service provider, being present in all the segments and thereby compete with direct and indirect players. Kaushlendra, through a two phase process, had been able to build up the necessary infrastructure to bring in fresh, quality assured, vegetables to the final consumers. In the process he tied up with external agencies and adopted necessary technological means (usage of Ethylene Glycol packets) to preserve the perishable items thereby minimize wastes.

The third aspect of entrepreneurship deals with the social perspective through Kaushlendra's effort to revive the extension service wings of the State's agricultural department. The effort yielded two fold results. It sensitized the farmers on the various financial benefits, subsidies and the fair prices of their produce. It also helped some of the affected middle men to come on board and take up the cause of Kaushlendra on upliftment of farmers. In a sense, this echoes the concept of collaborating with competitors to win and or remain sustainable.

The fourth and final aspect of entrepreneurship, in a sense is an anti-thesis of Kaushlendra's efforts to

mitigate systemic leakage in the vegetable supply chain. An impartial view of KNID's activities and positioning in the value chain will reveal that Kaushlendra has all but replaced (or trying to replace) an inefficient set of intermediaries with an efficient one. In essence, Kaushlendra is nothing more than an efficient rent seeking intermediary. This has serious ramifications. So long Kaushlendra is able to show the prime actors, the farmer and the vendor, that his interventions have made them better off and will continue to do so over discrete time horizons, his business shall prosper. However, the same may be disrupted if a competitor with similar credentials emerge or competitors like Reliance Fresh or Namdhari

Fresh focus and pursue backward integration more vigorously. Under such scenarios, his present stake holders, the farmers and vendors, with a new found appetite for prosperity and profit, may as well venture to greener pastures, thus jeopardizing Kaushlendra.

Having said so, under the present dispensation, given the extent of market fragmentation, the land holding pattern of farmers and the size of the market, there are ample scopes of accommodation and adjustment of players integrating and eliminating wastes in the vegetable supply chain from Bharat to India. Therefore, in all probability, Kaushlendra will co-exist with collaborators and competitors and prosper.

Shubhabrata Basu is an Assistant Professor in the Strategic Management Area of Indian Institute of Management Indore. He is a Fellow in Management from Business Policy Area of IIM Ahmedabad. A Civil Engineer by qualification, Shubhabrata has worked in industry as well as in the Civil Services of the State of West Bengal for nearly a decade before moving to the academics. Shubhabrata has peer reviewed publications, monographs, and working papers to his credit. He is a member of the Strategic Management Society (USA) and Institute of Engineers (India).