

Project Dharma

www.dharma.net.in/



Multi product distribution channel in rural India

History of organization: Project Dharma (PD) was founded in September 2009 in Sangli by 8 young professionals motivated by social impact (including current CEO Gaurav Mehta), in partnership with Pratham, one of India's largest NGO, and Reuters Market Light, a division of Reuters working on creating rural information services in India. The initial company goal was mainly to create employment for the rural youth while providing a local sales channel to RML. Now based in Delhi, the company has created a rural distribution network for rural households at the Bottom of the Pyramid (BoP) that provides them with a whole range of customized products and services meant to enhance quality of life, at a socially affordable price point. PD is supported by the Shell Foundation and is active in 15 districts in Maharashtra, 5 districts in Bihar, 9 districts in Uttar Pradesh and 4 districts in Karnataka.

Product/service offering and value proposition: Project Dharma defines itself as “the best interface between rural consumers and product and service providers who want to target the rural market”. It offers both consumer durables and FMCGs. It targets villages with population below 5,000, to sell solar lights (solar lanterns from \$8 to 33\$ – in areas where manufacturers do not have their own distribution channel), Envirofit smokeless chula (cookstove) for 26\$ to 38\$, Pureit water purifiers from \$24 to 44\$, solar home lighting for \$80, farmer information services for 2 to 20\$, a cooling solution for 80\$, and fortified food for 0.05\$ per sachet. Since 2012, it is also piloting sales of productive durables such as bicycles, sewing machines and solar home systems to target groups among MFI clients with consumer financing, and sales of other health-related FMCGs such as anti-bacterial soap. So far it has not been offering financing to its clients in its mainstream operations, but has piloted various financing options for its durable goods offer, for example for the sales of solar lanterns to school students, the sales of improved cook stoves to rural farmers using wood as a primary cooking fuel, or the sales of Pureit water purifiers to the client base of MFI clients. Product warranty (e.g. 6 months on solar lamps and water purifiers) and after sales are taken care of by the manufacturers, with products returned by PD team in case of customer complaint.

Value chain:

- **Sourcing and distribution:** Project Dharma sources its products from various suppliers. It stocks them at state-level “Carrying & forwarding agents” (C&F, in effect stocking points) until they are sold to local distributors (primary billing of project Dharma, corresponding to the company's turnover). Distributors then sell the goods to PD 600 village-level entrepreneurs (VLEs) and 1.4k local retailers concentrated in 4-5 districts, delivered at their doorstep by the intermediary sales force management team.
- **Sales force:** The VLEs, often chosen among local underprivileged youth with at minimum a high school degree, are trained in entrepreneurial skills by PD. They have to pay upfront for the products in a “Cash & carry” model designed to incentivize sales. They earn on average 1800 INR (\$36)/month when they are helped by financing schemes, and 800 INR (\$16) otherwise. Each 8 of them are closely supervised by a Block Supervisor (BS), who visits them twice a week on average, to deliver the necessary goods at their doorsteps, assist them in sales (in particular to close difficult leads), conduct village meetings, and help develop the relationship of the VLE (and PD in general) with the village authorities. 4-6 BS are then supervised by a District Sales Manager (DSM), in turn managed by a Territory Sales Manager (TSM). Teams are informed of sales results in other districts to foster competition. Currently, more than 650 people are directly engaged with the project (including 20 at headquarters, 35 sales supervisors and 600 VLEs, and not counting the more than 1.4k retailers selling PD products).
- **Marketing:** PD provides leaflets and posters to shop owners and sellers explaining product benefits. Product manufacturers sometimes organize initial sales events to kick start sales, or provide their own promoters to support VLEs (in the case of Pureit for example, who send their Pureit water experts to assist VLEs to sell in partnership with MFIs).

Results: Project Dharma trained more than 900 underprivileged VLEs (25% being women, 40% being previously unemployed, with 600 still active today), and is also working through more than 1.4k retailers. The company has reached more than 250,000 consumers with its social impact products. The year on year sales growth is above 100%, and the company is attempting to reach operational break-even by FY2013-14. Solar lights and smokeless cook stoves have enabled Project Dharma to save an aggregate of more than 1k tons of CO₂ per year so far.

Exchange rate: 1 USD= 50 INR

Sources:

Field visit to Aurangabad operations in Bihar, August 30-31, 2012; with Pankaj Kumar, Product Development & Research Manager; Saurav Kumar, DSM; Mritunjay Kumar Vaday and Amit Kumar, BS; Gautam Kumar Pandey, Anil Kumar Pandey, and Sashibushan Kumar, VLEs; and several clients.

Interview with Gaurav Mehta, CEO, September 7, 2012

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