

**C.K. Prahalad, The Fortune At The Bottom of Pyramid-  
Eradicating Poverty Through Profits  
Revised And Updated 5<sup>th</sup> Anniversary Edition, Pearson,  
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**ABSTRACT**

Every idea leads to a pioneer work!! Same for the area regarding Bottom of Pyramid (BoP). Researchers interested in BoP are always grateful to the work of **Coimbatore Krishnarao Prahalad (C K Prahalad)**. C K Prahalad (8 August 1941 – 16 April 2010) was Paul and Ruth McCracken distinguished University Professor of Corporate Strategy at University of Michigan Stephen M. Ross School of Business. In 2006 Prof. CK Prahalad in his book “The fortune at the bottom of the pyramid” introduced the concept of BoP which has been further developed by Stuart Hart and the BoP Learning Labs.

This is a review of the 5<sup>th</sup> Anniversary Edition of the book “The Fortune at the Bottom of the Pyramid”. As per its preface it is providing the readers a picture of how the idea is being implemented across the poor regions throughout the world.

The whole book is divided in to three sections. The first section consists of seven chapters followed by a unique section “CEO reactions to the concept and the book”. The last section is all about cases, although entire book is full of examples from National as well as International Contexts.

The entire orientation of this review article is divided in to three aspects. The first one is the review summary of each chapter followed by “advancing the debate”, which is the criticism or alternate thoughts and finally future scope of research identified by the gap where work can be done.

**About First Chapter: Introduction**

First chapter -the introduction talks about a generalized version of “invisible, unserved market” of 5 billion people. The author had showed sincere gratitude to Govt., non-Govt and large corporations who readily helped in this matter. Not-only this but also the author expressed gratefulness to the poor people who are enthusiastic and insightful and have become a reason for inspiration.

In this chapter an optimistic vibes have been created by repeatedly mentioning that a lot of changes are emerging rapidly, like involvement of private sector along with developed market. Citizens are also showing more involvement with the above mentioned entities, which work as a push for companies to help in upliftment of BoP segment.

The author has placed a point, which is very valid as well as interesting. As per his opinion this contribution of companies are not only to support or under pressure but it is rather a mean of getting profits through innovation by serving this category of people.

Taking about the zone of highlight, this chapter has many examples which are very prominent and appropriate for explaining thoughts.

Another point of attraction is its five themes which are being explained in detail along with commission names and pioneers. The first theme is “the role of the private sector” which talks about how the importance of this sector had not been realized earlier but has been reformed by the “Secretary General of the United Nations: Mr. Kofi Annan.”, “Blue Ribbon Commission”.

The second theme is all about identification and size of bottom of pyramid. Quite obvious it started with the definition by pointing “to the 4-5 billion people who are unserved or underserved by the large organized private sectors including multinational firms”. The author also mentioned that they have a wide range of segmentation bases like level of literacy, income, culture, rural-urban mix etc. It is very appreciable that this chapter does not confined to a single definition rather it shows a novel approach to define BoP from many angles like market categorization, income level, purchasing power parity.

A new dimension to invoke thoughts has been added by saying that not only these 4 billion but there is a significant amount of people who are known as “aspiring middle class” with a “\$2-13 at 2005 purchasing power parity price” (Economist). This segment should also be the target group as only Asia is expected to have approximately 60% of the global middle class, hence needless to say about the significance of its size.

The second theme ends with the summary of all the thoughts like definitions, type of opportunity, approach to target BoP. “Moving beyond definition” author has pointed out that it is comparatively easy to mention that it as a viable market but whether viable business or not that need to be proved.

The next theme is the business opportunity of BoP. Before the detailed discussion the author had shared a common view that for many the opportunities of businesses in BoP segment are in question. To clear this doubt the author has started with the example of cell phone users. To give some evidential fact the estimated cell phone user by 2011, new subscribers figure in 2009, cell phone minute- which is the “cheapest” rate etc. have been projected. Not only cell phone but many examples in both local and global market for service and product have made this claim of opportunity more concrete.

Taking about more growth opportunity the author had mentioned that areas like housing, transportation, water are still untouched and can be explored with proper innovation and affordability.

Third theme is the “key lessons from experiments” which focuses on the realistic view in case of implementation of business ideas. First of all the author has mentioned that potential of any business can't be explored unless there is willpower from managers for experiment and innovate.

Regarding the lessons learnt from experiments are mentioned as “Dominant lessons” and have been explained in a very detailed manner. Starting point of this discussion is the “innovation sandbox” which is the set of critical constraints become non-negotiable in the development process. Many elements along with its applicability are discussed. Characteristics are also included meanwhile.

Many other points like building of ecosystem, co-creation which is very popular as BoP 2.0, scale concept in production, sustainability and technology etc. are being also discussed. The main logic of this chapter to discuss each core point with a lot of examples and description, challenges, positive sides and also create an awareness that the ecosystem is changing fast so as consumers, demand of them. Hence marketers have to keep in mind and have to build a capacity for adoption.

Naturally next point of confabulation is “Business and the New Social Compact”. The main difference of this discussion with other discussion is that realization of industrialists about the role of serving BoP. It talks about views of many omnipresent industrialists like Mr. Patrick Cescau, Bill Gates, Prof. Mohummed Yunnus.

Their views regarding social-environmental challenges, importance of Government and Private sector collaboration, sustainability as a critical business driver, creative capitalism, its objective and challenges, social capital has excellent elaboration along with their thoughts. At the end of this the author drew a summary by denoting these as “healthy debate” where no doubt private sectors have to show a new role to gain “social legitimacy” and have to explore this opportunity.

Last proposition is the “rule of engagement” that should inform approach to the BoP. Discussion initiates with the effect of globalization on poor. From this the discussion has been shifted to “democratizing commerce”. All its assumptions have been placed from authors as well as other personalities like CEO of Acumen Fund, Jacqueline Novogratz. Different components of “democratization of commerce” are being added with this like education and awareness among poor such that they can make their choices by knowing what is right or wrong for them rather than making choices for them.

After that different approaches to achieve democratization of commerce are also being highlighted.

At the end of this chapter the author had claimed that situation changed a lot from the first publication of the concept- BoP. Although there are many loopholes still the idea has got quite acceptance and people are now searching for a better solution to serve this segment which will definitely prove it as a beneficial movement for society and environment.

An excellent start! All the core ideas of the following chapters are extracted from here. Style of the book, main focus area can be accessed from this chapter. From the first publication of this book upto 2009 the progress in this area are very artistically drafted. No doubt this chapter acts as a catalyst for further reading of this book.

### **About Chapter Two: The Market at the Bottom of the Pyramid**

Second chapter-“The Market at the Bottom of the Pyramid” started with a chronic problem of “eradicating poverty”. The author projected this chapter to change the concept of helping poor with a “win-win scenario” “where poor are actively engaged and, at the same time, the companies providing products and services to them are profitable.”

Starting with an economic pyramid where population and purchasing power parity of different tiers are being discussed, this chapter represents two most interesting and thought enhancing topics. First one is “Dominant logics of MNCs it relates to BoP” which shares the assumptions as well as implications of different widely accepted traditional beliefs for BoPs. Second section comes with an excellent matrix (comparison between Dharavi and Warden Road) where poverty premium concept has been explained as poor has to pay more compared to higher income group due to high-cost ecosystem. Different natures of BoP markets are another attraction of this chapter where each nature is explained with lots of examples and defence logic of traditional thoughts for BoP markets. This chapter also provides some developmental imperatives like “single-serve value at retail” matrix and other behavioural factors like “Trust”, “Dignity & Choice” etc.

### **“Advancing the Debate”:**

Few alternate opinions are there regarding some of the discussed points of this chapter. Like Kirk Davidson (2009) argued about the main tag line of this book which “Eradicating poverty through profits”. In his article with many sections like packaging, branding, fair pricing, distribution he discussed that profit earning and eradicating poverty can't go hand in hand. With two case studies he suggested that CSR can be an approach from MNCs for the BoP segment. Same type of tone found in a working paper by Swami & Tirupati (2012) where CSR effects have been talked as an approach to BoP which further can create a good effect in the Premium markets.

Jenkins (2005) also discussed the effect of CSR for poverty reduction. Through his study a framework had been focused which established a link between FDI and poverty. Here impacts have been place to consider poor as producer, consumer and beneficiaries.

Some different approaches are there about the size of the BoP. Different research works like Crabtree (2006, 2007), Hopkins (2005), Karnani (2006) talked differently about the size of BoP. Instead of 4-5 billion people living on less than \$2 per day (Prahalad (2005)) Karnani said “World Bank estimates the number at 2.7 billion in 2001”. Confusion about other estimations like Purchasing Power parity is being found. As per Prahalad (2005) it is nearly \$13 trillion which is less than \$0.3 trillion as per Karnani.

Moreover, Karnani (2008), in one of his articles “Romanticising The Poor Harms The Poor” talks against libertarian movement where MNCs are focusing on poor by looking them as consumer. Like other article Karnani here also talked about the creation of employment rather than only selling them. This study focused on viewing poor as “entrepreneurs” and role of states is under estimated by Prahalad and Hammond (2002).

Arguing with BoP proposition where Prahalad claims that BoP s are brands conscious and that's why Casas Bahia, Elektra are successful, Karnani showed this near to impossible with only \$2 per day and other income related factual evidence. Even in another article by Hamilton and Catterall (2006) poor people talked due to pressure from their children (social acceptance), they are bound to buy branded clothes otherwise they are comfortable with second hand market. If they are comfortable with second hand market for clothing, for durables how much they are focusing on brands is still very confusing.

Another point raised by Karnani is about single serving where he argued against Prahalad who said “Single-Serving” is for increasing “affordability”. For Karnani single serving is all about branding through which brands encourage trials. He further argued that single serving is a way to increase profit as it has a tendency to increase consumption but never associated with affordability “which is a function of per-unit price”.

Even this article has revealed that MNCs like Unilever or P&G are not pioneer for single serving package but CavinKare had started this initiative by introducing shampoo sachet.

#### **Future Scope of Research:**

- More case studies of different companies focusing on BoP exclusively with evidence of their success.
- More case studies on Poverty Premium.
- Market development initiatives for different companies with factual evidence of how BoPs are getting benefitted.
- As there are many opinions regarding the size and income, purchasing parity of BoPs. Some work can be done to find out size and income distribution of BoPs for at least a particular region.

#### **About Chapter Three: Products and services for the BOP**

One of the interesting features of this book is that most of the chapters start with the necessity of this topic or the core discussion of this chapter. This chapter starts with real approaches of many MNCs for serving the BoP but most of them have come with their existing portfolios which are basically made to cater the need of top of the pyramid. Hence most of these approaches although it is a viable issue still have suffered from affordability issue. An example of Western mechanical waste water treatment facilities has been used in this context.

To overcome this problem a discussion regarding the philosophy for developing products and services is the main theme of this chapter.

As per the author serving BoP often challenges the Dominant Logic of the marketers. The author skilfully drafted the challenges of dominant logics which the marketers are habituated with. How the serving approach differs in region, language, literacy level, culture wise have been discussed with examples. Total of twelve principles are being suggested for successful innovation at BoP.

The first principle is “Price-Performance” which has used three small cases to represent the importance of price to the BoPs. The first case is about cell phone: GSM handsets. This book has elaborated how drop in price of the GSM handsets attract customers or how certain campaigns like “Monsoon Hungama” is able to catch attentions of BoP customers successfully. This section has provided many facts and figures which are able to prove the success of this type of scheme. Here discussion has also made regarding the promotional schemes which are suitable for BoPs.

Second example is about Aravind Eye Care system, which is repetitive in many portion of this book but unique in its positioning. How the price-performance has been maintained, it has the main discussion point over here.

The last case is about financial services which adopts approaches of citicorp, suvidha and other leading global banks like Citibank for crop insurance or other financial services like saving habits.

As a conclusion the author mentioned that price drop is not only the solution. Price-performance improvement from 30% to 100 % can be the reason of success and this target is achievable in case of large and global market.

The second principle is “Innovation: Hybrids”. After providing brief theoretical introduction to the topic a case of micro encapsulation of HLL to solve the problem of Iodine deficiency disorder is being highlighted. The reason for this problem as well as the innovative technology has been discussed herewith. The Author had also mentioned that HLL successfully leveraged this innovation to other countries. While giving explanation against the concept of “hybrid” the organizing example of Amul through their Automatic Milk Collection System Units (AMCUS) is being placed. Hybrid is used in the context of integrating huge amount of heterogeneous units like many villages; cooperatives are also focused as a key point of innovation.

Third principle, “scale of operations” is no doubt a pre-requisite for getting price-performance. To operate in BoP market which is vast enough, scalability is very important. Taking about the suitability author had selected MNCs for this purpose as financial commitment is crucial for this. Many other points like partnership with NGOs, local community are also mentioned with this.

Next principle is the sustainable development which discusses the scarcity of resources with the example of use of water, single serving packaging etc. With many relevant facts from China, India this section has successfully described the importance of eco-friendliness while developing solutions for BoPs.

The fifth principle is about the nature of BoP market and how it is different from traditional market. The book has discussed this important issue with the example of Jaipur Foot with technical requirement as well as functional requirements. This portion also provides a generalized feature of BoP market.

Next principle is Process Innovation which explains how technology infrastructure helps in achieving a process suitable for BoPs. The book has cited examples from Amul, Aravind Eye care system with visualization.

“Deskilling of Work” is the next principle. With the examples of Voxiva, CEMEX the distribution of skill - basically “deskill” is being explained.

Next point is very much valid and important.-which is “Education of Customers.” With the examples like Lifebuoy the author explained how HLL tried to educate “media-dark” Indian consumers with the help of

NGOs, school teachers, public health authorities etc. Not only institutions but the methods of education and awareness are also being focused.

The 9<sup>th</sup> principle is all about Infrastructure which is very scientifically termed as “Hostile Infrastructure”. Through this, author figured out all the difficulties ITC has faced while installing e-choupals. This portion not only reveals the problems but also the solutions and the real challenges the villages are facing still now.

Next principle is the “Interfaces” which talks about the preferences of the consumers in case of any interface like EID Parry, ITC e-Choupal, PRODEM FFP etc.

Second last topic explores how companies are reaching to its customer pool with examples from banks, HLL.

Last and twelve principle throws light on the uniqueness the BoP markets are facing compared to traditional markets.

As a summary this chapter basically highlights the products and the services made for BoPs with its operating environment and initiatives of MNCs for getting success.

#### **“Advancing the Debate”:**

As per Jenkins (2005), Karnani (2006) nowhere in this chapter are mentioned properly how BoPs are getting benefitted or how poverty alleviation is possible through these 12 principals. Another interesting question has been raised by Karnani (2006) that through these principles a MNC is creating need for products and services rather than fulfilling the actual need of poor. Sometimes the approaches discussed by Prahalad like deskilling, empowerment of poor people seem to be more meaningful for NGOs and SMEs because of their decentralized structure and more connectivity advantages. It maybe opined that area specific solutions can be provided by this book as culture and family rules matters a lot for BoPs as well as rules regulations can be easily enforced on them as they have less rational power to analyze.

In a study by Jaiswal & Gupta (2015) some respondents from BoP segment also expressed that companies through celebrity advertisement only promotes products such that companies can make profit. People even with meagre income buy products influenced by celebrities. This specially reflects in the purchase of cosmetics.

Regarding cosmetics Karnani also expressed his disappointment by saying that companies influenced poor for purchasing luxury items rather than motivating them to buy real necessary goods.

Regarding the point price-profit performance, Karnani (2006) talked about three ways which can never ensure profits for MNCs while reducing price by more than 50% but improving quality at the same time. No such evidence or factual information is available also.

C K Prahalad also faced criticism regarding the environmental effect of single-serving packaging as it generates more environmental hazard. This problem was recognised by Prahalad, but not further discussion has not been made in this matter.

Karnani (2010) criticises regarding scale of operation through the case study of Essilor, where this company team with Aravind and Sankara Netralaya to provide eyeglasses at less than 200 rupees with mobile operation and scale of operation strategy but could not continue due to limited donations and sponsorships.

Another contradictory view was raised by Smith (1976) & Young (1928) where division of labour induce economic growth but Prahalad talked about deskilling of work.

Bendell (2005) also argued in his study that without nutrition, clean water how BoPs can be benefitted. But Prahalad's work does not focus much on it.

Cabtree & Andrew (2007) through their study called these principles are vague and not suitable for countries like South Korea, China, India and Vietnam. More over case studies are not strong enough to support the poverty reduction strategy.

### **Future Scope of Research:**

Conceptual as well as quantitative works can be done on companies following any one or more than one principles from twelve principles with detailed descriptions with results of their successes or failure and constraints faced.

### **About Chapter Four: BoP: A global opportunity**

Next chapter named as “BoP: A global opportunity” starts with an introductory concept about the linkage of this chapter with the previous chapter as well as scope of BoP market in global context. Introduction is followed by some elementary questions like whether the investment in managerial energy for BoP market is justified or not. It also puts a question that whether NGOs and community organizations are able to get some sustainable growth or not.

The main content of this chapter has been revealed under the heading of “Four distinct sources of opportunity for a large firm” such that it can be a justified reason to invest in BoP markets. Before discussion each opportunity in detail, the author explains two approaches to enter into BoP segment. First one is to fine tune approaches which have been learned from the “Zone of Comfort”, the top of the pyramid. This is also termed as Traditional Approach. But simultaneously the author explains it as a failure attempt as many companies have seen failure with this step. That's why second approach is to learn from BoP market, have some kind of experiences. Then it may be applied to top segment also with necessary modifications. Here the author successfully added some appropriate and very much relevant examples like diaper, detergent soap, water purification etc. Now all the solutions aiming at BoP have to be superior in terms of quality, efficiency, usability and most importantly in price-performance. Another interesting point has been mentioned at this position that not only product and process innovation but also new business models can be generated.

In the next phase discussion about each opportunity starts. First one is about the size and growth space of BoP. Although it is under the heading of “Local growth opportunity”, but the author has explained it in global context. Many examples of Brazil, Mexico, Nigeria, South Africa, Indonesia, China have been drawn.- as “sweet spots”. Different statistics also mentioned regarding steel market, telecommunication growth, usages of cell phones, two-wheeler, housing loan in Indian-China markets for giving detailed explanation about the real scenario of how persons from BoP segment are now growing exponentially and using facilities at much more higher pace compared to previous years' statistics. Examples from both product and service sectors have been placed in appropriate manner. This book also adds that not only the poor but also the next tier of pyramid i.e. the middle classes also contribute in significant amount behind this noticeable change in purchasing patterns. As an excellent thought a discussion of Mr. M.S. Banga, CEO of HLL has been added. As per his opinion the main challenge is the diffusion of innovation of new products and services for this segment. In contrast to popular “S curve” for diffusion of products and services in top tiers of developed world BoP market collapse more quickly. Surprisingly the figure is three to five years compared to fifteen years in top tier markets. This curve has been called as “I” curve. For the author this carries bad as well as good news. Bad in the sense it fades many innovations very quickly but good as this also creates more space for new innovations. It has side effects as rapid growth for new demand always costs a lot for MNCs in terms of recruitment, distributions, promotions etc.

Regarding second opportunity which is “local innovation and global opportunity” the author deploys example of IDD (Iodine Deficiency Disorder) which is common problem in Indian context- as being a

developing country. The book shows how the solution for this problem originally emerged in Indian market successfully used in many global markets. Not only a single example but other examples like detergent, Grameen Bank complement this section. In conclusion part it is mentioned that Indian BoP based local market gains a tag of –laboratory which finds solutions for “India-like” markets like Bangladesh, Nepal, Pakistan, China etc. Taking about the main attraction of this point or opportunity is examples of many start ups as well as business models like Jaipur Foot and services like Arvind Eye Hospital where every item, idea or service is better or as good as top tier people's solution but at much less prices. At the end author discusses effect of many government policies like in Pharmaceutical Industry which drive BoP markets also set up examples those can be adopted in top tier markets as well as BoP markets for many developing and developed countries.

Next opportunity is that innovations of BoP solutions find applications in developed markets. This discussion starts with the necessity of innovation with an example of Peru market in the context of Health care area where diagnosis of diseases like HIV, Cholera, SARS are very troublesome and costly. As a solution the author very skilfully uses the approach or initiative of Voxiva.

#### **“Advancing the Debate”:**

As per Walsh et al. (2005) this book, especially this chapter is a collection of success stories. He also mentioned that this book lacked some comparison between success and failure cases as well as some challenges faced by companies while working for BoPs.

As per Rost & Ydren (2006) the BoP models are not developed. Most importantly none of the examples like Nirma, Voxiva, HLL are very unclear about the amount of poverty they help to eliminate. Same logic goes with ICICI where cost of managing is given but the outcome is very confusing.

Again Karnani argued that iodised salt Annapurna by HLL was very costly compared to local iodised salts which again put a question mark that was this initiative targeted to BoP only? Not only salt but Karnani discuss many cases like ice-cream, coca-cola where price has been reduced still not affordable by BoPs.

Even some of the authors have criticized the initiatives like “Shakti Amma” as many established distributors, local brands are suffering due to this.

#### **Future Scope of Research:**

- Impact of global brands on local brands while making purchase by BoPs.
- Challenges faced by local brands due to increased consumption towards global brands.
- How solutions-innovations come for BoP markets can be adopted by markets for higher income tiers.

#### **About Chapter Five: The Ecosystem for wealth creation**

The previous chapter ends with the premise that how an eco-system forms while a company is operating in BoP segment. In the initiatory phase it starts with the role of public policy and its role in poverty alleviation. It also correlates the position of public policy w.r.t paradigm shifting from individual to SMEs. It also shares some facts of how SMEs are related to the GDP. Finally, this chapter talks about the coexistence of multiple private enterprises instead of a single private sector.

The first type of ecosystem this books talks about is known as “Market-Oriented Ecosystem”. The author talked about a wide variety of components those are coexisting with each other for completing each other. It has been mentioned that although it is a generalized framework but the relative importance may vary across



countries. Every component of this type of ecosystem is explained with examples from Indian and Global context along with its limitation.

Next Ecosystem model for developing countries are being discussed with the example of HLL, which is the subsidiary of Unilever (100 billion company) with a wide variety of personal care and food products. Altogether six components are being discussed over here with detailed description of manufacturing facilities, distribution centres, advisory committees etc. It also gives an outline how the nodal firm should behave with the ecosystem around it from HLL point of view.

Next point of discussion explores the ethical side and answers a valid question that why should someone stay in this ecosystem? The answer has been crafted from the angel of “Shakti Amma”. The books beautifully highlighted in the form of interview schedule why should a local entrepreneur wants to stay in this ecosystem.

Not only have the risks of getting eliminated from this ecosystem which may drain her financial source of income but also other reasons been narrated. This section ends with other features of a market based ecosystem and other opportunities that act as a reason of why should a person want to be a member of ecosystem rather than an informal sector.

As we all know examples talk more than theory, the next division of this chapter “Reducing Inequalities in Contracts” also explained through a case of ITC e-choupal. Needless to say, transparency is important in any contract. The initiative of maintaining transparency by ITC through selection of “sanchalak” and his formal oath is the start of this section. The rest of the portion is a detailed explanation and comparison of ITC e-Choupal with traditional Mandi, where ITC Mandi is based on “four sources of frictions” namely “asymmetry in the access to information”, “asymmetry in choice”, “asymmetry in the ability to enforce contracts”, “asymmetry in the social standing”. For each of these sources comparison with old system has been figured out along with graphical representation.

The last discussing point is all about a major component of Ecosystem: Government. An attraction point of this book is that it creates a premise for the next chapter through the end note of the previous chapter. The main idea of this portion is self-governance. This section has brilliantly provides the case of “Bank of Madura” a case of village development. Along with assumptions for running this scheme, the recruitment policy of qualified managers for working in this project, employment of bank employees, selection of local representatives (Self Help Group of 20 women) are also discussed with many facts.

As this project aims to work for poor people in the rural, maturation of SHG is of utmost importance. With a pictorial representation the evaluation of SHGs, key success criteria are being discussed. Finally, the book illustrates steps based on market oriented ecosystem for building “Transaction Governance Capacity”. Ultimately the importances of market based ecosystem to bring people under the benefit of inclusive market are being highlighted again and again.

#### **“Advancing the Debate”:**

According to Karnani (2009), Prahalad had under estimated the role of state government, which is basically “neoliberal” where role of state is being suppressed to “marketise” all public sector functions.

Angot (2015) in one of his study discussed business models and mentioned here that ecosystem is inseparable part for BoPs of developed countries. Hence it can be understood that eco-system should be different for developing countries, but this book projected HLL ecosystem where no such comparison or key distinguishable features are mentioned.

**Future Scope of Research:**

- Initiatives taken by State Governments for Poor in a particular region say at district level.
- Initiatives taken by State Governments in collaboration with MNCs for Poor in a particular region say at district level.
- Opinions of BoPs towards any initiatives taken by Govt and/or Industry.
- Impact of extralegal entity in an eco-system.

**About Chapter Six: Reducing Corruption: Transaction Governance Capacity**

Taking reference from the previous chapter the importance of Governance has been felt as an important component of Ecosystem. The author had mentioned that corruption is one of the major important reasons behind the constraints faced by the large firms while operating in BoP segment. To reduce corruptions and to increase transparency “Transaction Governance Capacity (TGC)” is a major step. And this chapter “Reducing Corruption; Transaction Governance Capacity” is all about this.

As TGC is very important for poverty alleviation this chapter discusses the building framework of TGC along with cases in Indian context. This chapter has an interesting point of discussion made by Hernando de Soto about some of the assumptions about poor countries. This section also provides many economic facts about poor countries and its regulations made by many organizations like Confederation of Indian Industries (CII), McKinsey & Company etc.

Next phase of this chapter exposes aspects while building TGC framework along with actual meaning of TGC. BoP consumers live with a varying degree of TGC. Along with pictorial descriptions and mapping of many countries like Congo, USA, Japan, India, South Korea, China, Russia etc on a two-dimensional map three types of degrees of TGC are represented. Next a fourfold specification has been described for building TGC. Components of TGC are also highlighted along with criteria from the point of view of a citizen.

As an example the story of Andhra Pradesh (AP) e-governance is being shared. Although e-governance is for everyone but it is the story of AP where 48% are illiterate and 70% are involved in agriculture, GDP per capita is low- in all of these sense they are poor in nature.

This book has explained how e-governance has established itself as a “citizen-centered” government with the characteristics of the changed system with reference from different areas like land registration. The relationship between corruption and e-governance adaption is also placed. This book has picked a wide variety of “guiding principles” of this platform with different modules like Performance Management System (PMS). Different facts and feedbacks are being also shared about this platform.

The discussion comes to an end with some complementary discussions like the real challenges and lesson learnt from this system.

**“Advancing the Debate”:**

How BoPs are benefitted by TGC has not been mentioned anywhere. Especially separation of BoP segment from other income segment needs to be mentioned. Same way apart from this case study such other prominent initiatives are absent in the literature.

**Future Scope of Research:**

- Initiatives taken by other states for BoPs: opportunities and challenges.

**About Chapter Seven: Development as Social transformation**

The last chapter “Development as Social transformation” talks about many important factors and how they have been framed and finally their importance such that work for BoP can be more successful.

The first point is “Development as Social Transformation” which talks about positive sides of all the initiatives and how BoPs are benefited through it. Development means the access to information, choice and infrastructure whereas social transformation means whether BoPs are getting opportunities to participate and getting benefitted from it. The book has used example of ITC e-Choupal along with extended list of features and its descriptions and goals. As the most interesting part this portion also explains the social transformation of e-Choupal initiative like how farmers are habituated and interested towards “Chicago Board of Trade Prices”, movies, cricket related news, emails for the education purpose for their children.

Next section of this chapter addresses an important issue i.e. Communication. As there are many illiterate or semi-literate people ease for communication is very important. This book with examples of e-mail from “sanchalaks” describes how software allows Hindi character for writing mails. Finally drivers (DART) of social transformation are captured with a nice comparison between traditional and emerging situations. After this “BoP Consumers Upgrade” provides an insight how different companies are producing products aim to upgrade BoP consumers with examples like Nirma, Financial Services with facts & figures.

Next is about “Gaining Access to Knowledge” which is about how fast technology based access to information is possible. Example of EID Parry Agriline describes how camera attached PCs used to send pictures of crops which are of bad quality to a long distance or remote locations to solve the problems of farmers. Not only telemedicine but health related aids are also highlighted here with cases from Shankar Netralaya.

Common problems of BoPs are lack of identity or to specifically say “legal identity” which is often denied to them. Hernando de Soto documented this problem as “nonperson”. This part of this book excellently gives examples of companies and institutions like ICICI, Casas Bahia, CEMEX etc. Another attractive portion is “Women are Critical for Development” which talks about how companies are giving focus on women even some companies like CEMEX are only working with women. The author also mentioned that companies want to work for BoPs need to give more focus on women entrepreneurs as they are full of potentials.

The last portion of this chapter is “The Real Test: From the Pyramid to the Diamond” which talks about the real transformation. The shape of the economy is transforming from Pyramid to Diamond as social transformations are aspiring more to the middle class families.

Through a study of National Council of Applied Economic Research (NCAER) income projections are shown with pictorial visualization where apart from Bihar, Orissa, few still some changes or transformation are happening in West Bengal, MP, AP, UP, Kerala and Karnataka. More over an entire changed picture can be seen at Tamil Nadu, Rajasthan, Himachal Pradesh, Assam, Gujarat, Haryana, Maharashtra and Punjab. Hence it may seem that the BoP consumers will become the part of mainstream market which will make irrelevant the question of poverty alleviation and BoP market serving. The chapter and the whole theoretical discussions came to an end with a hope that poor by themselves can fight to bring the social transformation and can hopefully eliminate poverty by 2020.

**Future Scope of Research:**

- Consumption patterns for BoPs based on different regions and income patterns.
- More case studies on women entrepreneur.

**Next segment: CEO Reactions to the Concept and the Book:**

This part of the book reveals letters from ten CEOs and senior leaders of large global firms. Companies include Microsoft, Bharati Airtel, Thomson Reuters, ING, Unilever etc. Each letter includes initiative taken by them for BoPs as well as some positive vibes for this book.

This section has positive and negative effects. As a positive effect this section provides how this book acts as a “catalyst” for different sectors including BoPs. But at the same time this segment is not only focused on BoP exclusively, it is also lacking factual data.

**Last Phase: Case Studies:**

The last phase of this book is Case Studies. In this portion total of 10 case studies are described in detail with lots of schematic diagram about operation, planning, success figure. The case studies are descriptive enough and mainly focused on how companies have worked for BoPs or have involved them. Case studies are picked from both national and international context and cover both products and services.

**Conclusion:**

Needless to say, future scope of research, limitation of the research is very important for every research. The sections reveal loopholes regarding the study. Just like this there exists some debates or alternative views for the thoughts shared by C K Prahalad. But with no doubt he is a pioneer who creates a hive in this field. Some of good initiatives are revealed through this book which enhances many scopes for future research. One more interesting thing is that most of the debates or criticisms are thrown against the thoughts shared by C K Prahalad. Entire innovative thought is still absent. As a good idea always enhances thought process, similarly this great work also unveils many more ideas. With no doubt this book is a must read for everyone.

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