

## A Business Case Study on Aspiring Rural Giant - The Mishra's

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### ABSTRACT

Retail Industry is one among the leading sectors in the Nation. The Investors in Retail sector have been in the positive sphere provided they match to the demand – supply avenues. Another prominent Sector in the Nation is the LPG Sector. The same falls under necessity and the Government has been pretty concerned with the LPG Industry and its promotion. This Case is about a Family run business with family members being the Partners to the businesses in the Retail & LPG sectors. The Businesses of the Family is located at Majhauri Road, Prangarhi, Mairwa, Dist. Siwan, Bihar - 841239. The LPG Business is run under the name of Baba Consultancy & Company (BC & C) Indane Gas Agency and the Retail business with Parent name as M-Retail with operation of franchise business – Citi Megamart. The Case study reflects the Rural challenges for the business with context to LPG and Retail Business. The case expects the resolution pertaining to its future operations and analyzing its diversification decisions. The present case is a type of Teaching case with a focus on the Illustrative & Appraisal Case approach. The Mishra's (Partners) are progressing well with more of aspirations for their business. In the year 2022-23 the business is now into the business appraisal process.

**Keywords:** retail sector, lpg sector, indane, indian oil, citi megamart

## I. INTRODUCTION

Indian Retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10% of the country's gross domestic product (GDP) and around 8% of the employment. India is the world's fifth-largest global destination in the retail space. India ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India is the world's fifth-largest global destination in the retail space and ranked 63 in World Bank's Doing Business 2020. The sizeable middle class and nearly unexplored retail market in India are the main enticing factors for international retail behemoths seeking to move into newer markets, which will help the Indian Retail Business grow more quickly. The urban Indian consumer's purchasing power is increasing, and branded goods in categories like apparel, cosmetics, footwear, watches, beverages, food, and even jewellery are gradually evolving into business and leisure that are well-liked by the urban Indian consumer. The retail sector in India is expected to reach a whopping US\$ 2 trillion in value by 2032, according to a recent analysis by the Boston Consulting Group (BCG). In FDI Confidence Index, India ranked 16 (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy). (<https://www.ibef.org/industry/retail-india>)

Indane is a subsidiary of Indian Oil Corporation which is under the ownership of Ministry of Petroleum and Natural Gas of the government of India. It is the world's second largest government-owned subsidiary responsible for manufacturing LPG. The brand was conceived in 1964 to bring modern cooking to Indian kitchens. The LPG market is majorly driven by domestic, industrial, automobile, and commercial business sectors. The primary driver of the market is the increasing consumption of LPG on account of government initiatives to increase the usage of cleaner fuel. However, LPG storage is a major factor of restraint for the market. In 2021-22, LPG (liquified petroleum gas) consumption constituted about 13 percent of total petroleum product consumption. About 90 percent of LPG was consumed by households, 8 percent by industrial users and 2 percent by vehicles ([www.ibef.org](http://www.ibef.org)).

## II. THE CORE CASE INTRODUCTION:

The Case is about a Family run business with family members being the Partners to the business. The protagonist to the case Shri. Naval Kishore Mishra was an Indian Oil Employee at Ranchi, Jharkhand, who retired in 2013-14. As part of the Indian Oil Scheme, referring to the advertisement he applied for the business allotment scheme. Accordingly through Application scrutiny he got allotment of Indane Gas Agency at home town in Bihar. The Mishra's initiated their business journey in the year 2013. The Family members who included his Three Sons (Partners) contributed their effort in the business. Prior to business, the Family was located at Ranchi and along with Source of Income through Indian Oil job, the other members in the family (Sons) initiated a few Trading businesses including the distributorship of Coca Cola. The

Mishra's are progressing well with more of aspirations for their business. In the year 2022-23 the business is now into the business appraisal process.

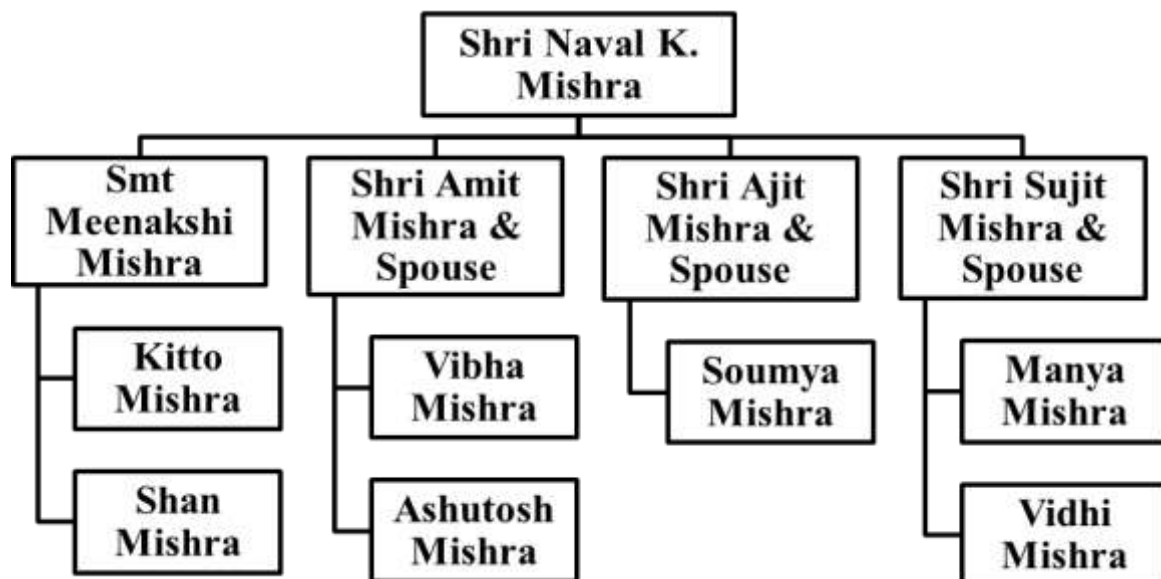
### III. RURAL GIANT – THE MISHRA’S: FAMILY STRUCTURE & BUSINESS TIME LINE

The Family business is managed by the partners in the business. All Sons in the Family namely Mr. Amit Mishra, Mr. Ajit Mishra and Mr. Sujit Mishra are the Partners with Mr. Naval Kishore Mishra. The next generation is also slowly gearing up to take the responsibilities in future. Potentially the next generation may end joining business with added flavour.

**Time Line:**

- 1953 - NKM was Born
- 1970 to 2014 - Worked for Indian Oil Family Upbringing
- 2013-14 - BC & C Indane Gas Agency
- 2015 - Rice Mill (Govt. PDS Tie up) Gradually stopped due to losses
- 2019 - Citi Mega Mart Franchise Business

**Family Tree:**



**Chart No. 1:** Family Tree / Structure  
 Source: Personal Interview with the Partners

### IV. BUSINESS PROFILE AND STATUS ANALYSIS

The Businesses of the Family is located at Majhauili Road, Prangarhi, Mairwa, Dist. Siwan, Bihar - 841239. The LPG Business is run under the name of Baba Consultancy & Company (BC & C) Indane Gas Agency and the Retail business with Parent name as M-Retail with operation of franchise business – Citi Megamart. In order to excel in the business the owners have launched schemes for Rural belt on Retail front and LPG cylinder schemes for social functions. The Business owners are experiencing good employee satisfaction. The Business snapshot is presented below:

**LPG Business:**

- BC & C Indane Gas Agency
- Estd. 2013-14
- Reach – Siwan District, Bihar
- Around 28 Employees in LPG Business and 18 Employee in Retail
- 15 Crs Turnover in LPG business

**Retail Business:**

- Citi Megamart - Franchise Business
- Estd: 2019
- Location: Mairwa, Dist: Siwan, Bihar
- Around 18 Employee in Retail Business
- 4 Crs Turnover in Retail business

**Competitors of the Business (Retail):**

- Vishal Mega Mart
- Reliance Trends
- Local Players (Traditional, Unorganized)
- K. Bazaar
- Hira Mart
- Etc.

**SWOC Analysis – LPG:**

<b><u>Strengths</u></b>	<b><u>Weaknesses</u></b>
<ul style="list-style-type: none"> <li>• Necessity Product</li> <li>• Monopoly</li> <li>• High Profit Margin</li> </ul>	<ul style="list-style-type: none"> <li>• Dependency on Company</li> <li>• Government Involvement</li> <li>• Area Specific Business</li> </ul>
<b><u>Opportunities</u></b>	<b><u>Challenges</u></b>
<ul style="list-style-type: none"> <li>• Expansion of Business</li> <li>• Associate Products</li> <li>• Distribution Network</li> </ul>	<ul style="list-style-type: none"> <li>• Private Players Aggression</li> <li>• Pipeline Service</li> <li>• High Price – Alternative Resources</li> </ul>

**Chart No. 2: SWOC Analysis - LPG**  
**Source:** Authors' Observation

**SWOC Analysis – Retail Business:**

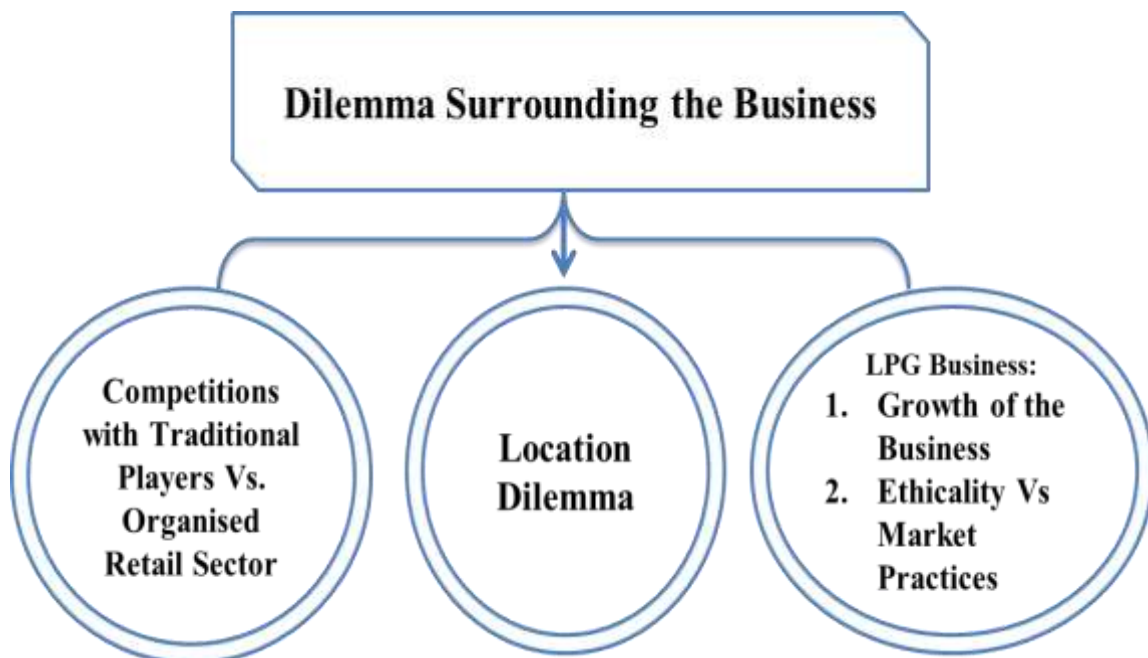
<b><u>Strengths</u></b>	<b><u>Weaknesses</u></b>
<ul style="list-style-type: none"> <li>• Market Demand</li> <li>• Untapped Market</li> <li>• Rural Segment advantage</li> <li>• Shelf Life Advantage</li> </ul>	<ul style="list-style-type: none"> <li>• High Competition</li> <li>• Supply Chain Problems</li> <li>• Turn Around Time (TAT)</li> </ul>
<b><u>Opportunities</u></b>	<b><u>Challenges</u></b>
<ul style="list-style-type: none"> <li>• New Products</li> <li>• Expansion of Business</li> </ul>	<ul style="list-style-type: none"> <li>• Demographic Choices</li> <li>• Taste &amp; Preferences of Consumers</li> </ul>

**Chart No. 3: SWOC Analysis - Retail**  
**Source:** Authors' Observation

**Table 1: ETOP Analysis**

<b><u>Environmental Factors</u></b>	<b><u>Impact</u></b>
Economic Factors	<ul style="list-style-type: none"> <li>In the Indian Oil Corp. the total investment in the plant expansion is likely to range between <b>INR 325-350 crore</b>. Hence the Business is set to grow further. At present BC &amp; C is with <b>15 Crores turnover</b>, the same looks to be prospering in future.</li> </ul>
Market Factors	<ul style="list-style-type: none"> <li>LPG Cylinders come in core necessity and Retail being a growing sector, both the businesses of Mishra's have good Market support. The Challenges of existing Competitors have lead the company to evolve more schemes.</li> </ul>
Political Factors	<ul style="list-style-type: none"> <li>LPG being governed by the Government does attract impact of Government norms however at present the same looks favorable. Retail sector with FDI route certainly has a better future with foreign investments.</li> </ul>
Regulatory Factors	<ul style="list-style-type: none"> <li>LPG governed by extreme Government compliances hence the Organisation need to cautious on the business compliances</li> </ul>
Social Factors	<ul style="list-style-type: none"> <li>Rural belt has it's own challenges but the untapped market for Retail business has the more potential.</li> </ul>
Technological Factors	<ul style="list-style-type: none"> <li>Both businesses doesn't attract huge technological involvement but with the Promotions &amp; internal transaction elements, technology is very well adopted by the owners.</li> </ul>

**V. BUSINESS DILEMMA ASSOCIATED**



**Chart No. 3: Business Dilemma**  
**Source: Authors Observation**

The Business is surrounded by the dilemma and the business partners are certainly looking forward to the solutions to the dilemma poses majorly by the business environment.

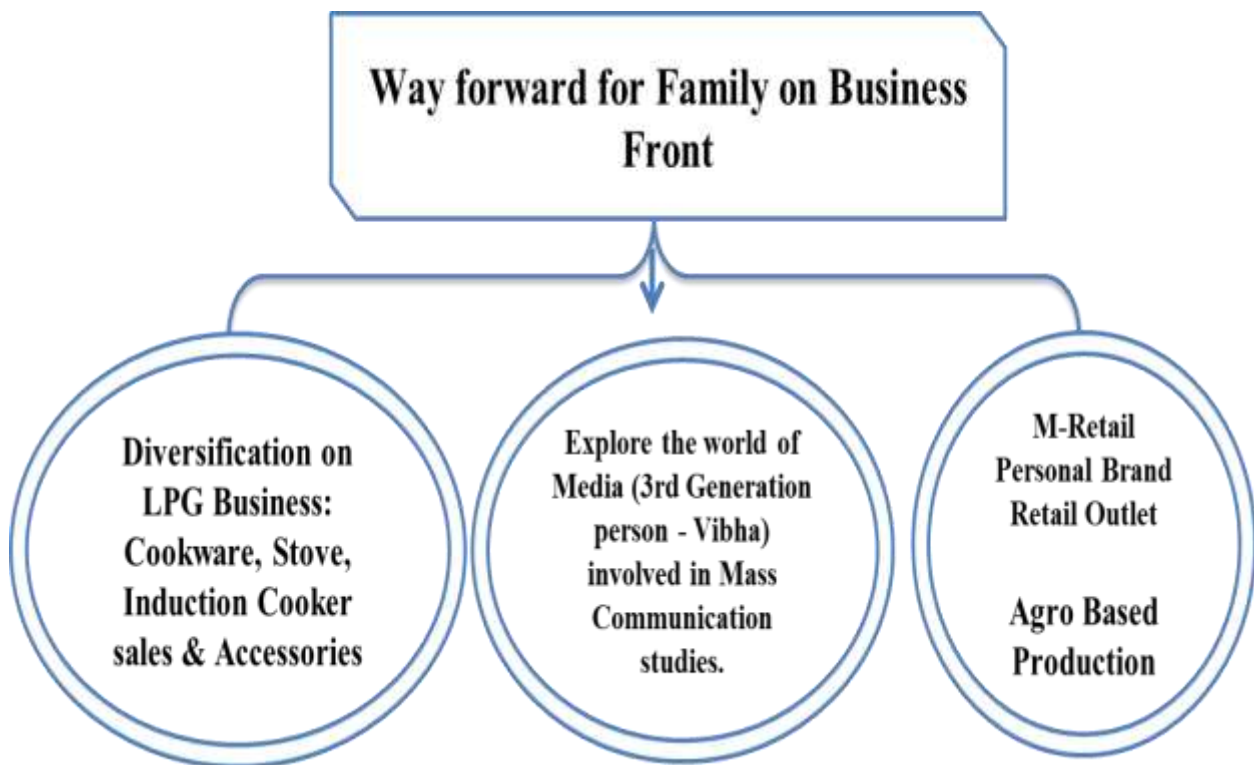
- The 1<sup>st</sup> dilemma is pertaining to the Competitions with Traditional Players & Organised Retail Sector. The dilemma is whether to focus on competition posed by the organized players or take care of the competition from the local players / unorganized players.

- The next dilemma is pertaining to the business location. The main road of the city is packed by the competitors and the Mishra's are having the business operation at the adjoining lane between two main roads.
- The LPG Business: is surrounded by the couple of the dilemma. The LPG business has already captured the maximum area of distribution; the growth of the business looks a distant dream. Also the nature of the business is such that the ethicality can be compromised. Hence the Ethicality Vs Market Practices keeps them occupied mentally.

#### Way Forward:

The Business has a definite way forward with potential among the partners and the next generation coming up. The way forward is listed below:

- The Mishra's may look forward to diversification of the LPG Business with allied sales & service business. The cookware, stove, induction cooker sales & service etc. can be avenues for further business.
- The Business Family may explore the world of Media with one of the 3<sup>rd</sup> Generation person (Vibha Mishra) involved in Mass Communication studies.
- M-Retail is their parent company name for the Retail business. At present they are operating with the Franchise model. In future they may come up with Personal Brand Retail Outlet M- Retail and move beyond the Franchise business.
- The partners may look forward to Agro based production and sales. The family does have stake in farming and the proceeds may be commercialized.



**Chart No. 4:** Way Forward  
**Source:** Authors Observation

## VI. TEACHING NOTES FOR THE CASE:

#### Teaching Objectives:

The following Teaching Objectives may be considered concerning the case:

1. To equip the participants/readers with knowledge on Retail Sector and LPG Sector in Indian Context.
2. To engage the participants/readers with the discussion on the Live Venture with respect to the LPG & Retail Sector.
3. To identify the potential dilemma and engage participants/readers towards a potential solution to the Dilemma.

**Problem Statement:**

Mishra Family is an experienced player in the LPG and Retail Industry with fairly good exposure is constantly appraising its performance & the way forward. The Case study reflects the Rural challenges for the business with context to LPG and Retail Business. The case expects the resolution pertaining to its future operations and analyzing its diversification decisions. Hence the respective scope of the study entail to extend resolution regarding the business way forward for the Mishra’s while appraising their both the business sectors. The study also leads to the scope of appraising their current businesses diversifications & develop the future directions while considering the future Generation family members.

**Level of Analysis:**

The present case is a type of Teaching case with a focus on the Illustrative & Appraisal Case approach. The analysis attracts an understanding of the domain of Retail Industry and LPG Sector. This case is suitable for the case study approach at the Commerce & Management Students level. To be specific B Com, BBA Final Year students & Management Students shall have a deserving benefit out of this General Management case. Executive MBA Students & Management Consultants with special reference to the HR Consultancy owners would also be major beneficiaries

**VII. CASE ASSIGNMENTS**

As part of the case study delivery, participants may be assigned certain tasks pre & post-delivery of the case.

**Pre-discussion Task:** Gather a fair understanding of Retail & LPG business dilemma & resolutions through observations, meeting Industry representatives, reading journals & books in Library and through E-Sources.

**Post-discussion Task:** Conduct a review of further literature about the theme of the case & practical exposure through meeting further industry representatives & consultancy services. Post discussion schedule shall also include a discussion round on a few questions about the case.

**VIII. BROAD DISCUSSION QUESTIONS**

- Q.1:** Discuss the essence & significance of Retail Sector in Indian Context.
- Q.2:** Discuss the dynamics of LPG Sector in Indian Context.
- Q.3:** Evaluate the dilemma surrounding the business demonstrated in the case and deliberate upon the potential solutions.
- Q.4:** State the way forward for the Organisation.

**IX. POTENTIAL SOLUTION TO THE DILEMMA**

Options	Option Details
Dilemma – 1	Mishra’s need to stick with competition challenges of <b>Organised sector</b> . The Traditional market shall always be a challenge but the nature of operations differ.
Dilemma – 2	Current Location advantages can be availed with more <b>promotion</b> .
Dilemma – 3	LPG Cylinder Business has reached to the greater interior connect, <b>expansion looks difficult</b> hence this dilemma may tackled by Cookware Utencils, Induction Cookers, Gas Stove Sales etc..
Dilemma – 4	Ethicality shall take them for <b>Sustainable</b> business.

**X. POTENTIAL BENEFITS OF THE CASE**

The Case is a Business oriented case with good sense of learning for the readers. The major beneficiaries from the case will be:

- Students of higher education with special mention of the Management Education students & Commerce students.

- The Executives / Employees of related Companies (Existing Companies) may benefit with the thoughts discussed in the case.
- The Startups in respective Industry also have a good business moves to be learnt from the case discussion.

## XI. PROPOSED SESSION PLAN

The case study delivery on the academic front may have the following session plan:

<b>Action sequence</b>	<b>Session Details</b>	<b>Duration</b>
Action – 1	<p style="text-align: center;"><b>Pre-Case Discussion</b></p> <ul style="list-style-type: none"> <li>▶ State the objectives of the Case</li> <li>▶ Announce the students to gather understanding on LPG and Retail Sector</li> </ul>	3 Days before the discussion session
Action – 2	<p style="text-align: center;"><b>Case Discussion</b></p> <ul style="list-style-type: none"> <li>▶ Nominate specific sections for students to narrate (Soft copy Display / Hard Copy distribution)</li> <li>▶ Appoint a set of 3 students to record the key points</li> <li>▶ Allow the appointed students to narrate the key points after the case narration</li> <li>▶ Facilitator to conclude with major learning from the case and the case implications</li> </ul>	1 ½ Hour
Action - 3	<p style="text-align: center;"><b>Post Discussion</b></p> <ul style="list-style-type: none"> <li>▶ Submission of written responses to the discussion questions for the case</li> <li>▶ Select a set of two teams comprising 4 students each (during Action -2) and assign the task of presenting the same case one by one in front of the class. (Action -3)</li> <li>▶ Open the forum for discussion &amp; conclusion of the case.</li> </ul>	3 days post the discussion 15 minutes presentation time for each team 30 minutes
Action – 4	<p style="text-align: center;"><b>Case study Test</b></p> <ul style="list-style-type: none"> <li>▶ The case may be presented with a precise draft (case let) as a question of General Management Strategic Subject</li> <li>▶ A 20 marks allocation to the case with 30 minutes time slot</li> </ul>	As per the Examination Schedule
Teaching Aid	<ul style="list-style-type: none"> <li>▶ Projector to display the Soft copy of the Case and handover of the same through respective online mode.</li> <li>▶ Black / White teaching Board for facilitator &amp; student presenters</li> </ul>	

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## NOC FROM THE OWNERS

