

CHAPTER IV

PROFILE OF CHAMUNDI SUPER MARKET

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1 INTRODUCTION

In this chapter an attempt has been made to explain the working of Chamundi super market. Chamundi was started as a partnership firm with four partners on 12.6.1975. At that time it had thirteen sections such as grocery, cosmetics, confectionery, baby food, rice, oil, electricals, stationery, foot wear, household articles, toys and textiles. At present it has 65 sections meeting the requirements of customers of the present day such as ready made garments, travel goods, novelty stores, T.V. Section, liquor, vegetables, sweet stall, advertisement consultancy, lending library, computer horoscope, book stall, foot wear, flower boutique, finance, vegetarian and non-vegetarian hotels, bank, post office, fish stall and chicken stall.

2 LOCATION AND LAY OUT

Chamundi has a central location. As it is a firm, there is no specific area of operation. Customer from all parts of Salem and nearby towns such as Suramangalam, Tharamangalam, Steel Plant township and Omalur visit Chamundi. An attractive building has been constructed at the four roads junction. Each road has a bus stop very near to the super market. Little Flower school is at the back of the super market, and two famous



CHAMUNDI : FRONT VIEW

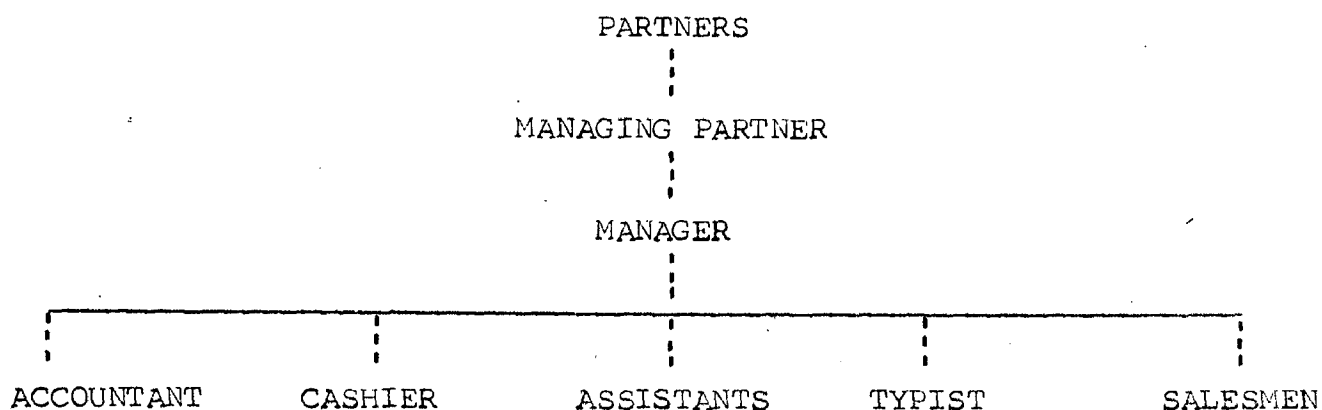
boarding and lodging houses, National and Mithila Hotels are also very near to the super market. Thus Chamundi has a more advantageous location than any other super market in Salem.

Chamundi is designed in such a way that cycles and other two wheelers are parked in front of the entrance. Cars and four wheelers are parked in the underground area of the new shopping complex. A watchman is in charge of the parking arrangement. It is suggested that token system may be introduced for cycle parking and cycle stands may be provided to park the cycles in an order. Chamundi has a selling area of 3500 sq.ft. covering only 5 sections such as grocery, cosmetics, confectionery, oil and rice. 400 sq.ft. has been allotted to office while godown occupies 3000 sq.ft. The areas of the leased sections are not included in these.

3 ORGANISATION AND MANAGEMENT

Of the four partners one is acting as the Managing Partner. The office has five personnel who are designated as Manager, Cashier, Assistants and Typist. Fifty sales employees are engaged in the various sections of the super market.

ORGANISATION CHART



Advertisements in newspapers and theatres are given. It accepts telephone orders and effect door delivery of bulk purchases. First in first out is the method of inventory management followed by Chamundi. Inventory shortages incurred on account of theft and evaporation are calculated through stock taking which is conducted once in three months. Shortages within Rs.10,000 as a whole are ignored. When the shortage exceeds this limit the employee in charge of the section is dismissed from service. Generally the shortage is not recovered from the employees, as they are paid low.

Chamundi has two processing Machineries called destoner and blower. Destoner is used to remove small stones and dusts of smaller size. Blower is used to remove dusts of bigger size.

4 CAPITAL

The total capital of Chamundi is three lakhs rupees contributed by the 4 partners. Two partners have contributed rupees one lakh each, and the two partners rupees 50,000 each. There has been no additions to the partners capital so far. Besides, the working capital has been borrowed from United Commercial Bank on the hypothecation of stock. The Bank charges 17% interest on the hypothecation loan.

5 EMPLOYEES

At the time of commencement of the super market fifty persons were engaged in the sales and supporting activities. Of the 50, 10 persons were males and 40 females. 12 females are working at the sales counters and the remaining are engaged in cleaning and prepacking of merchandise. Of the 10 males, 4 persons are working at the sales counters and the remaining in other activities. A retired Deputy Registrar of Cooperative Societies who has been experienced in organising and managing cooperative super markets is working as receptionist/Public Relations Officer for the guidance of the customers. The total number of employees has not changed over these years. The office has five incumbents designated as Manager, Cashier, Typist and two Assistants. The total number of office staff also has not

changed during the study period. However the employees of the leased sections are not included.

To fill a vacancy a list of candidates having a basic qualification is called from the employment exchange for interview. The selected candidate is inducted in the organisation for a consolidated monthly salary of Rs.250/- only. No training is given to the candidates at the sales counters. Employees are entitled to Provident Fund, contributory provident fund and gratuity.

6 SECTIONS

At the time of commencement Chamundi was functioning only in the ground floor. At present it has developed into a huge shopping complex, the biggest in the Salem city with very big two storied building and underground shopping archade. All the shops in the new complex have been leased to outsiders.

At present there are 65 sections in Chamundi which concentrate on novelty items. In the Chamundi shopping complex 4 shops are dealing with novelty items. Next to novelties readymade garments are given more importance. 3 shops are dealing with readymade garments. 3 shops sell foot wear.



CHAMUNDI: TEXTILES, COSMETICS, AND
CONFECTIONERY



CHAMUNDI: GROCERY

Bookshop and book lending library are available to meet the intellectual requirements of the elite. T.V. Section caters to the comfort mostly in demand at present. Advertisement consultancy and finance sections help the entrepreneur customers. Video cassette library and Video games are added attractions for the teenage customers. Computer horoscope helps the customers in predicting their future and in settling marriage alliances. Self service is not available for want of sufficient space.

7 LEASED DEPARTMENTS

Chamundi also has leased out to outsiders some sections. Except grocery, cosmetics, confectionery, baby food and oil other sections have been leased to outsiders. A percentage of commission on sales is the basis of rent. Daily sales account is submitted by the lessee for the calculation of daily rent. The following table gives the rate of commission on sales for each section for the purpose of calculating the daily rent.



CHAMUNDI COMPLEX: FRONT VIEW



CHAMUNDI : UNDER GROUND COMPLEX AND CAR PARKING

TABLE 26 RATE OF COMMISSION

Section	Commission percentage
i Toys	10
ii Stationery	7
iii Textile	3
iv Food Item	2
v Foot Wear	5
vi Drugs	6
vii Television	10

8 AMENITIES

Chamundi stands second to none in Salem in providing amenities and a wide range of services for the convenience of customers. A branch of the Indian Overseas Bank is operating in the complex. A Post Office with a telephone booth is also available there. Wide range of catering services are offered in the form of air conditioned vegetarian Hotel, Air conditioned non vegeterian Hotel, a coffee bar, sweet stall, sugarcane juice stall, popcorn unit, chips and beeda stalls. Lottery ticket sale is also undertaken for the benefit of the customers.

However the essential services which are not available in Chamundi are drinking water, watch repair, and barbershop. Therefore it is suggested that these facilities should be made available in Chamundi.

9 PURCHASE

The Managing Partner of the super market looks after the purchase. Nearly 85% of the grocery items and 100% of cosmetics, confectionery and oil are purchased within the city. Rice is purchased from Tanjore and Trichy. The remaining 15% of the grocery items are purchased from other states. For eg. Spices are purchased from Kerala and Uttarpradesh and Dal from Andhra Pradesh. Oil is purchased from local crushing mills. Cosmetics and confectionery are purchased from local dealers. The following table gives details of purchases.

TABLE 27 PURCHASE

Year	Purchase in Rs Lakhs	Increase Percentage
1981-82	52	
1982-83	62	+ 19.23
1983-84	76	+ 22.59
1984-85	85	+ 11.84
1985-86	94	+ 10.58

The purchase increased in all the years though the rate of increase declined in 1984-85 and 1985-86 due to the establishment of Santham Super Market. However the over all purchase increased by 80.76% during the five years between 1981-82 and 1985-86.

10 SALES

10.1 SALES POLICY: Cash sale is the policy of Chamundi. But credit has been allowed to a few parties who are personally known to the partners. Repayment period is one month from the date of sales. No discount is allowed.

10.2 SELLING PROCEDURE: Salesmen pick up the required merchandise which are transferred to the head salesman. He prepares the bill with the help of a cash register and receives cash from the customers. Grocery section is provided with electronic cash register.

The following table gives details of sale for five years under study.

TABLE 28 SALES

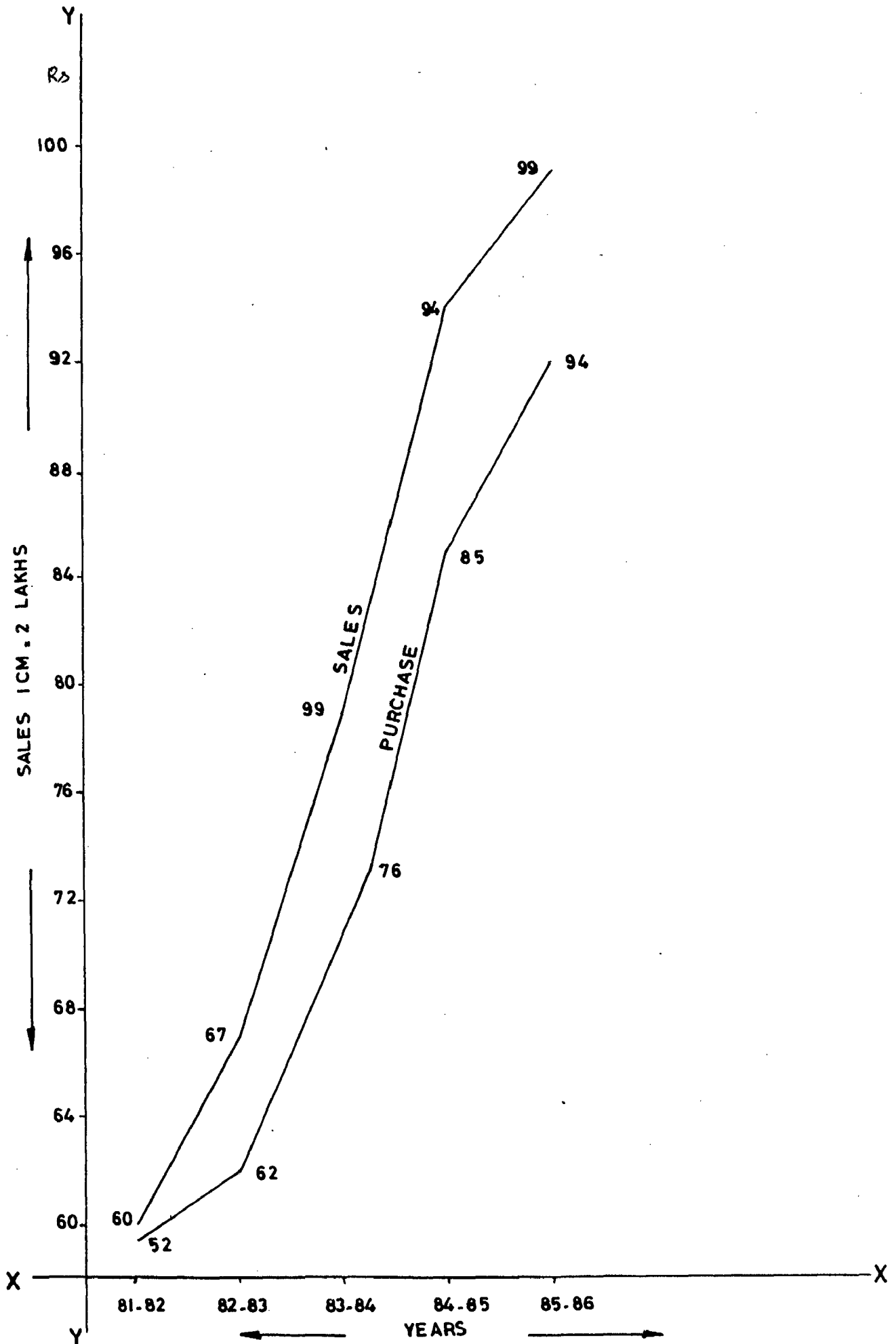
Year	Sales in Rs Lakhs	Increase over the previous year percentage
1981-82	60	
1982-83	67	+ 11.66
1983-84	79	+ 17.91
1984-85	94	+ 18.98
1985-86	99	+ 5.32

Sales had an over-all increase of 65% from Rs.60 lakhs in 1981-82 to Rs.99 lakhs in 1985-86. Rate of increase decreased in 1985-86 due to competition from Santham and Ponni super markets.

11 PRICING

The price policy of Chamundi is to cover the cost of goods and the cost of procurement plus a percentage of profit. The landing cost of the goods includes cost of the goods plus sellers expenses like taxes, transport, handling, forwarding and insurance. With these, expenses in handling, cleaning, packing and packing materials incurred by the super market are added. A percentage of margin is added to this cost to fix the selling price.

SALES AND PURCHASES MADE BY CHAMUNDI
FOR FIVE YEARS FROM 1981-86



12 WORKING RESULT

The following table gives details regarding gross profit, net profit and administrative expenses for 5 years.

TABLE 29 PERFORMANCE

Rs in thousands			
Year	Gross Profit	Administrative Expenses	Net Profit
1981-82	300	60	240
1982-83	340	100	240
1983-84	370	100	270
1984-85	400	100	300
1985-86	450	100	350

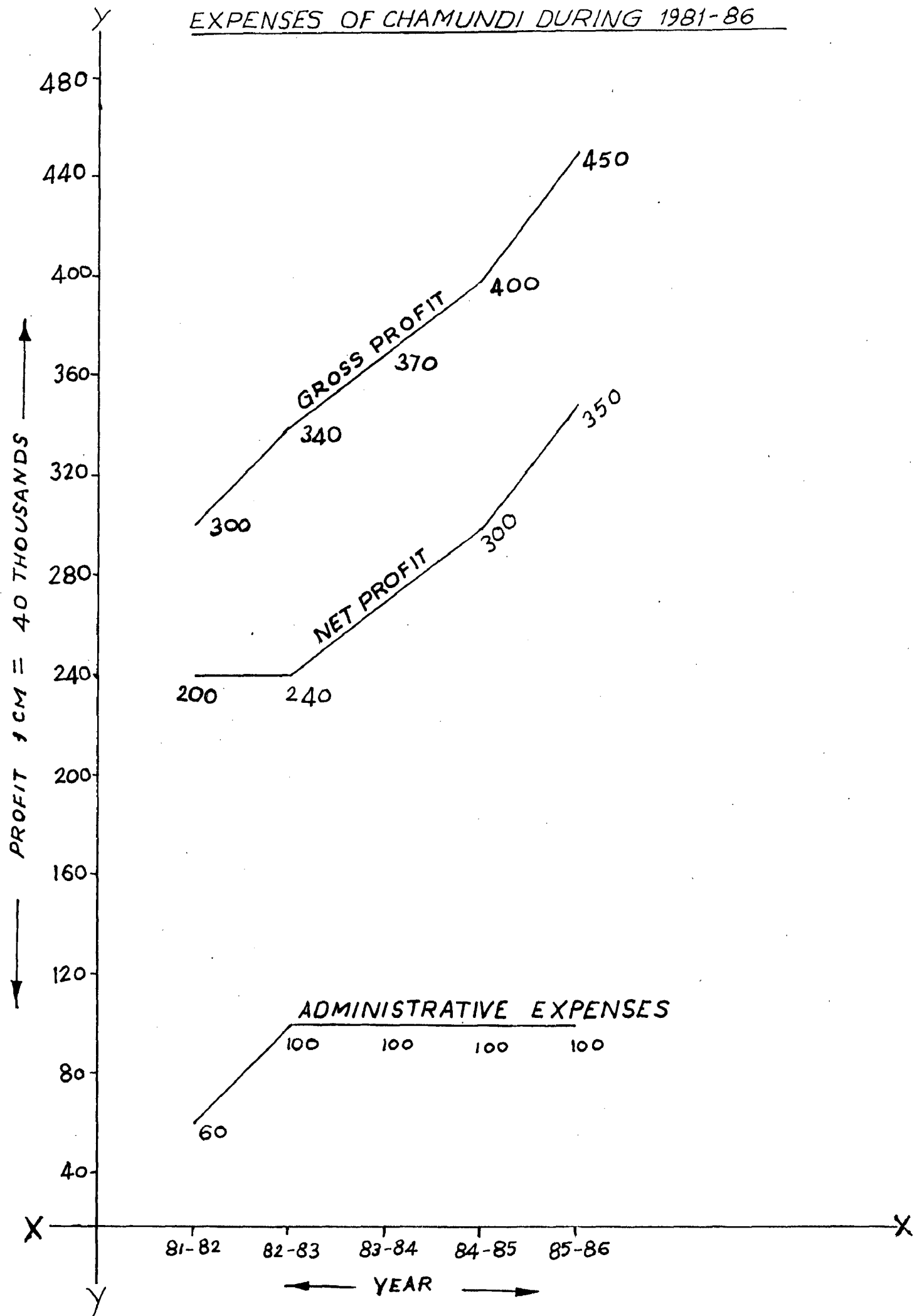
The above table shows that over all gross profit increased by 50% and net profit by 66.67% during the five years whereas the administrative expenses increased by about 46% during the period.

13 EVALUATION OF PERFORMANCE

Business efficiency norms developed by Consultancy and Promotional Cell of the National Consumers Cooperative Federation for evaluating the performance of cooperative super market are

GROSS PROFIT NETPROFIT AND ADMINISTRATIVE

EXPENSES OF CHAMUNDI DURING 1981-86



also used to measure the performance of a private super market. Of the 10 yardsticks framed by the Cell only 7 such standards, for which data are available, are used to evaluate the performance of Chamundi.

13.1 GROSS MARGIN: Gross margin as suggested by the Cell is used to measure the trading efficiency of the super market. This is calculated by using the following formula,

$$\text{Gross Margin} = \frac{\text{Gross Profit}}{\text{Annual Sales}} \times 100$$

cost of administration is ignored while calculating the gross margin. 6.5 to 7.5% is the standard suggested by the Cell. The gross margin of Chamundi during the five years from 1981 to 85 is given in table 30.

TABLE 30 PERCENTAGE OF GROSS MARGIN TO SALES

Year	Sales Rs Lakhs	Gross Profit Rs Lakhs	Percentage of Gross Profit on sales
1981-82	60	3.0	5.0
1982-83	67	3.4	5.1
1983-84	79	3.7	4.7
1984-85	94	4.0	4.3
1985-86	99	4.5	4.6

Table 30 reveals that during all the years taken up for study Chamundi failed to achieve this standard. Increased trading cost is the reason for such failure.

13.2 AREA ALLOCATION: The Cell has suggested certain norms for the allocation of area among selling, office and godown. The standard is 75% for selling, 10% for office and 15% for godown. The total selling area of Chamundi comes to 6900 square feet. The allocation of area is given below in table 31.

TABLE 31 AREA ALLOCATION

Section	Area in Square feet	Percentage to total area
Sales	3500	50.5
Office	400	6.0
Godown	3000	43.5
Total	6900	100

The above table reveals that selling and office area are less than the yardstick. But the godown area occupies

nearly three times of the stipulated limit. But this does not affect the efficiency of the super market as the godown is in the underground floor in the super market complex.

13.3 SALES PER SQUARE FOOT PER DAY: To measure the productivity of the super market, sales per square foot per day is one of the tools framed by the Cell. This is calculated by the following formula,

$$\text{Sales per square foot per day} = \frac{\text{Annual Sales}}{\text{Total Selling area} \times 300}$$

As per the recommendation of the Cell, the standard varies between Rs.8 to 10. Table 32 given below gives sales per square foot per day of Chamundi during the 5 years from 1981 to 86.

TABLE 32 SALES PER SQUARE FOOT PER DAY

Year	Sales Rs in Lakhs	Square foot	Sales per square foot per day in Rs
1981-82	60	3500	2.89
1982-83	67	3500	3.24
1983-84	79	3500	3.82
1984-85	94	3500	4.54
1985-86	99	3500	4.78

Table 32 indicates that the standard as recommended by the Cell was not achieved in any of the years during the study period. But the table shows a constant increase in sales per square foot per day every year.

13.4 SALES PER MANDAY: Another scale used in the measurement of productivity of super market is sales per Manday. This is calculated by the following formula.

$$\text{Sales per Manday} = \frac{\text{Annual Sales}}{\text{No. of Sales Staff} \times 300}$$

The standard prescribed by the Cell varies between Rs.1200 to 1500. Sales per manday of Chamundi during the five years from 1981 to 1986 is given below in table 33.

TABLE 33 SALES PER MANDAY

Year	Total Sales Rs in Lakhs	Sales per Manday Rs
1981-82	60	1250
1982-83	76	1395
1983-84	79	1645
1984-85	94	1958
1985-86	99	2062

The above table shows that Chamundi not only achieved the standard during the study period but the limit had been far exceeded during 1983-84, 1984-85 and 1985-86. This achievement was possible for Chamundi due to its personnel policy.

13.5 EXPENSES AS PERCENTAGE OF SALES: The Cell has recommended this tool to measure the efficiency of the super market to control its expenses. Percentage of expenses on sales is calculated by the following formula,

$$\frac{\text{Expenses}}{\text{Annual Sales}} \times 100$$

The suggested yardstick varies from 6 to 6.5% on sales. The following table gives the expenses of Chamundi for 5 years from 1981 to 1985.

TABLE 34 EXPENSES TO SALES

Year	Expenses Rs in Lakhs	Sales Rs in Lakhs	Percentage of expenses to total sales
1981-82	2.4	60	4.0
1982-83	2.4	67	3.6
1983-84	2.7	79	3.4
1984-85	3.0	94	3.2
1985-86	3.5	99	3.5

Table 34 indicates that Chamundi achieved the standard during all the years of the study period. Further it indicates that the percentage of total expenses to sales was declining every year except in 1985-86 when there was a marginal increase.

13.6 PERCENTAGE OF NET PROFIT TO GROSS PROFIT: Another tool used to measure the productivity of super market is percentage of net profit to gross profit. This is calculated by using the following formula,

$$\frac{\text{Net Profit}}{\text{Gross Profit}} \times 100$$

recommended yardstick of the Cell ranges from 8 to 12%. The table 35 gives details for the 5 years.

TABLE 35 PERCENTAGE OF NET PROFIT TO GROSS PROFIT

Year	Net profit Rs in thousands	Gross profit Rs in thousands	Percentage of net profit to gross profit
1981-82	60	300	20.0
1982-83	100	340	29.4
1983-84	100	370	27.0
1984-85	100	400	25.0
1985-86	100	450	22.2

Table 35 indicates that Chamundi achieved and exceeded the standard during all the years of study period showing good performance. Low cost of administration and establishment made this possible.

13.7 NET PROFIT AS PERCENTAGE TO SALES: This is one of the tools suggested by the Cell to measure the efficiency of the super market. This is calculated by the following formula,

$$\frac{\text{Net Profit}}{\text{Total Sales}} \times 100$$

The recommended standard varies from 0.5 to 1.0%. The following table gives particulars regarding percentage of net profit to sales for 5 years from 1981 to 1986.

TABLE 36 PERCENTAGE OF NET PROFIT ON SALES

Year	Net profit Rs in thousands	Sales Rs in Lakhs	Percentage of net profit on sales
1981-82	60	60	1
1982-83	100	67	1.5
1983-84	100	79	1.3
1984-85	100	94	1.1
1985-86	100	99	1.0

Table 36 indicates that Chamundi achieved the standard during all the periods of study showing performance upto the mark.

14 SUMMARY

In this chapter, the various aspects of the working of Chamundi super market have been explained. Chamundi has an advantageous location and attractive layout of the building. United Commercial Bank provided the working capital on hypothecation of stock. It offers almost all the day to day requirements and luxuries for the high class consumers through its 65 sections. Except 5, other sections have been leased to outsiders on sales commission basis. One of the most important features of Chamundi is its emphasis on novelties. It accepts telephone orders and effects door delivery of bulk purchases. It provides facilities such as parking, Post Office, Bank, telephone booth and hotels for the convenience of the customer.

Of the seven standards taken up to evaluate the performance of Chamundi, only 4 of such standard were achieved by Chamundi during the period of study. Standards such as gross margin, area allocation and sales per manday were not achieved during the study period.

The following suggestions are made to improve the services of Chamundi.

- i Amenities such as watch repair, barber shop, sitout and drinking water may be provided.
- ii To achieve the gross margin standard, trading expenses such as transport, cleaning and packing should be minimised.
- iii As chamundi failed to achieve Business norms for area allocation, the unutilised selling area should be made use of.
- iv To achieve the standard of sales per manday new sales promotional techniques should be introduced.