



**WINTER– 18 EXAMINATION**

**Subject Title: Drug Store and Business Management**

Subject Code:

**0815**

**Important Instructions to examiners:**

- 1) The answers should be examined by key words and not as word-to-word as given in the model answer scheme.
- 2) The model answer and the answer written by candidate may vary but the examiner may try to assess the understanding level of the candidate.
- 3) The language errors such as grammatical, spelling errors should not be given more Importance (Not applicable for subject English and Communication Skills).
- 4) While assessing figures, examiner may give credit for principal components indicated in the figure. The figures drawn by candidate and model answer may vary. The examiner may give credit for anyequivalent figure drawn.
- 5) Credits may be given step wise for numerical problems. In some cases, the assumed constant values may vary and there may be some difference in the candidate's answers and model answer.
- 6) In case of some questions credit may be given by judgement on part of examiner of relevant answer based on candidate's understanding.
- 7) For programming language papers, credit may be given to any other program based on equivalent concept.



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Q. No	Sub Q. N.	Answer	Marking Scheme
1		<b>Solve any Eight of the followings:</b>	<b>16M</b>
1	a)	<b>Define:</b> (i) <b>Commerce:</b> It is that aspect of business activity which is concerned with distribution of goods and services produced by the industry. ii) <b>Entreport Trade:</b> It involves import of foreign goods of one country with the intension of exporting the same to other countries & making profit in the process. It is also called Re-export trade. <b>OR</b> When a trader purchases goods from one country and sells the same goods to another country, it is called entreport trade.	<b>2M</b> <b>1M</b> <b>1M</b>
1	b)	<b>Write four salient features of the joint stock company.</b> <b>Salient features of the joint stock company:</b>  1) In India, a company must be registered with the Registrar of Companies under the Companies Act, 1956. 2) Members or shareholders are owners of company. 3) Business is run by board of directors elected by members in general body meeting of the company. 4) Investors can invest small or large sums as per their wish. 5) Liability of members is limited to the unpaid value of shares held by them. 6) Shareholder is always free to withdraw by transferring his shares. 7) Company can own hold or dispose of property in its own name. The shareholders cannot claim to be joint owners. 8) Company is a legal person. Its life does not depend on the life of members. 9) A company cannot sign documents for itself. Common seal on it is used as a substitute for its signature.	<b>2M</b> <b>(0.5X4)</b>



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1	c)	<p><b>Write four advantages of mail order business.</b></p> <p><b>Advantages:</b></p> <ol style="list-style-type: none"><li>1) It does not require a shop to start a business.</li><li>2) Requires a low capital.</li><li>3) It is very useful for those customers who live in remote areas of the country.</li><li>4) There is no danger of bad debts, since the price of goods is received either in advance or collected from post office when goods are sent by V.P.P.</li><li>5) There is a direct link between manufacturer and customers.</li><li>6) The seller gets a very wide market to sell his products.</li></ol>	2M (0.5X4)
1	d)	<p><b>Write two advantages of opening a drug store in rural area.</b></p> <p><b>Advantages –</b></p> <ol style="list-style-type: none"><li>1) Less finance is required.</li><li>2) Small market area hence can get site in main market.</li><li>3) Potential customers can be easily found out.</li><li>4) Support for finance from various nationalized &amp; Co – operative banks in the form of soft loans.</li><li>5) Less competition</li><li>6) Rent is less as compared to urban areas.</li><li>7) Along with medicines pharmacist can sell other items which is generally used for farming like fertilizers, pesticides, etc.</li></ol>	2M (0.5X4)
1	e)	<p><b>What is ordering cost and Inventory carrying cost?</b></p> <p><b>Ordering cost:</b> The ordering cost consists of the cost of paper work involved in placing an order, like use of paper, typing, posting, filing etc. It also includes the cost of salaries of staff involved in this work, the costs incidental to placing an order like follow-up, receiving, inspection.</p> <p><b>Inventory carrying cost:</b> It is represented by items like rent of storage, cost of insurance and taxes, salaries of store-keeper and losses in stores due to pilferage, wastage, breakage, etc.</p>	2M 1M 1M



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1	f)	<p><b>Enlist objectives of sales promotion.</b></p> <p><b>Objectives –</b></p> <ol style="list-style-type: none"><li>1. To introduce new products</li><li>2. To attract new customers</li><li>3. To maintain old customers</li><li>4. To improve public image of the firm</li><li>5. To assist salesmen and the dealers</li><li>6. To popularize brand name of the product</li><li>7. To induce customers to purchase more items.</li></ol>	2M (0.5X4)
1	g)	<p><b>Define profession and employment.</b></p> <p><b>Profession:</b> Means an occupation which involves rendering of personal services of a specialized nature based on professional education, training &amp; knowledge. They charge professional fees from their clients for the services provided to them.</p> <p><b>Employment:</b> means a personal services rendered by a person to an organization under a contract of employment or service. An employee is required to perform the duties assigned to him. He gets salary, allowances and other benefits of his services.</p>	2M 1M 1M
1	h)	<p><b>Explain the term "Working capital" and 'Overdraft facility'.</b></p> <p><b>Working capital:</b> The working capital is required by a business for the purchase of raw materials and for meeting day to day expenses such as wages, salaries, rents, taxes, interest, etc.</p> <p><b>Overdraft facility</b> -A customer is allowed to draw cheque even if there is no balance amount in his account. i.e. overdraw. The upper limit is fixed by the bank. The customers pay interest at a specific rate on the amt. overdrawn on daily basis. This Facility is allowed against some security.</p>	2M 1M 1M
1	i)	<p><b>Define the term accounting; enlist the main objectives of Accounting.</b></p> <p><b>Definition –</b></p> <p>Accounting may be defined as the process of identifying measuring, recording and communicating the economic events of an organization to the interested users of the</p>	2M 1M



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		information. <b>Objectives –</b> 1. Maintain proper records of business. 2. Calculation of profit and loss. 3. Depiction of financial position 4. Availability of information to various internal & external users. 5. To comply legal requirements	1M
1	j)	<b>Define the term Book keeping and Transaction.</b> <b>Book keeping:</b> Book keeping is defined as the science and art of systematically and correctly recording of all transactions which involve the transfer of money or money's worth. <b>Transaction:</b> Dealing between businessman involving money or goods or services is known as transaction.	2M 1M 1M
1	k)	<b>Define Trial balance; enlist the various accounting errors which do not affect a trial balance.</b> <b>Definition-</b> It is a statement prepared to check the arithmetical accuracy of the book keeping entries up to the date stated at the head of the trial balance. <b>Errors</b> 1. Errors of Entire/complete Omission 2. compensating errors	2M 1M 1M
1	l)	<b>Classify budget according to time factor. Explain Master budget.</b> According to Time Factor budget are classify as <ul style="list-style-type: none"><li>• Long -term budget</li><li>• Short -term budget</li><li>• Current budget</li></ul> <b>Master budget:-</b> When the functional budgets have been completed, the budget officer will prepare a master budget. This budget combines all the functional budgets into one harmonious unit which is finally approved, adopted and employed. The budget contains details regarding sales, production costs, cash position and key account balances like fixed assets, debtors, stock etc.	2M 1M 1M



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2		<b>Attempt any FOUR of the followings</b>	<b>12M</b>
2	a)	<p><b>Explain the basis on which industry can be classified.</b></p> <p><b>Classification of Industry</b></p> <p><b>I) Industries based on type of good produced</b></p> <p>1) Extractive industries</p> <p>2) Genetic Industries</p> <p>3) Construction Industries</p> <p>4) Manufacturing industry: They are sub classified as,</p> <ul style="list-style-type: none"><li>○ Analytical industry</li><li>○ Synthetic Industry</li><li>○ Processing industry</li><li>○ Assembly line industry</li></ul> <p><b>II) Industries based on Size &amp; amount of investment</b></p> <p>i) Light industries</p> <p>ii) Heavy industries</p> <p><b>III) Industries based on Capital employed</b></p> <p>i) Large Scale Industry</p> <p>ii) Small scale Industry</p> <p><b>IV) Official classification of industries :</b></p> <p>For the purpose of licensing, government made standard classification of industries as given under the first Schedule to the Industries Act, 1951.</p>	<b>3M</b>
2	b)	<p><b>State the Salient features of sole proprietorship firm of business.</b></p> <ol style="list-style-type: none"><li>1 The ownership lies with one person only.</li><li>2 Sole proprietor has full authority over the affair of business.</li><li>3 The liability of sole proprietor is Unlimited.</li><li>4 Sole proprietor is free to change the pattern of management at any time.</li><li>5 The profit earns or losses suffered in business are also born by him.</li><li>6 No legal formalities are required to start a business.</li><li>7 It is not mandatory to published financial accounts of business.</li></ol>	<b>3M</b> <b>(0.5×6)</b>



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		<p>8 The proprietor and the business is one and the same.</p> <p>9 He can make his own decision as per the market requirement.</p> <p>10 Sole proprietor is able to establish a personal contact with his customers.</p>	
2	c)	<p><b>Explain various Functional Middlemen:</b></p> <p><b>Functional Middlemen:</b> They help in transfer of goods from the hands of producers to the customers without having an ownership rights. (they do not have title to goods)</p> <p><b>Brokers-</b> Their only function is to bring buyer &amp; seller together. If hired by seller then called as selling agent &amp; if engaged by buyer called as buying agent. They get certain % of commission.</p> <p><b>Commission agent</b> - They negotiate the sale of goods, take possession &amp; make arrangement for transfer of the goods. So he has to arrange for warehousing, grading, packing, assembling &amp; disposal. They get certain % of commission.</p> <p><b>Auctioneers</b> They collect goods display &amp; invite bids from buyers. Bid means the price which the buyer is willing to pay for the goods being auctioned. The buyer making the highest bid gets the goods.</p> <p><b>Del credere agent-</b> They find the buyer &amp; also guarantee the payment of price on their behalf. The agent has to pay the sum if the buyer fails to pay. Del credere agents charge higher than normal <u>commission rates</u>.</p>	3M
2	d)	<p><b>Give the main objectives of layout design of the drug store.</b></p> <p><b>Objectives of Layout Design-</b></p> <ol style="list-style-type: none"><li>1 .To attract a large number of customers.</li><li>2. To increase the sales of the store.</li><li>3. To reduce the selling expenses to a minimum.</li><li>4. To provide customers satisfaction.</li><li>5. To project a professional image and improve general appearance.</li><li>6. To minimize the movement of customers within the premises of the drug store.</li><li>7. To provide surveillance in order to reduce the chances of pilferage and theft.</li><li>8. To have space for reserve stock, office and resting place for the employees.</li><li>9. To have a proper entrance for incoming goods.</li></ol>	3M (0.5X6)







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		organisation i.e. proprietorship, partnership, or a company. The concept is very helpful to find out the financial position of the business.	
3		<b>Attempt any FOUR of the followings</b>	<b>12M</b>
3	a)	<b>Discuss the role played by transport, insurance and warehousing in trade.</b> <b>2) Transport:</b> The transport system removes the hindrances of place. It assists trade by moving goods from the place of production to location of consumption. Goods are carried by railways, roadways, airways etc. It helps in maintaining prices of the goods. Transport system also helps in moving goods from a place of abundance to the place of short supply. <b>3) Insurance:</b> Insurance removes hindrances of risk. In lieu of payment of premium, the insurance company promises to compensate the insured party in the event of suffering a specified loss. <b>3) Warehousing:</b> Warehouse removes hindrance of time. The warehouses are required for following reasons. 1. Maintaining stability of price. 2. To ensure continuous availability of goods throughout the year. 3. To maintain enough reserve stock. 4. To prevent damage to the drugs.	<b>3M</b> <b>1M</b> <b>1M</b> <b>1M</b>



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3	b)	<p><b>Differentiate between general partnership and limited partnership</b></p> <table border="1"> <thead> <tr> <th data-bbox="250 394 834 447">General partnership</th> <th data-bbox="834 394 1414 447">Limited partnership</th> </tr> </thead> <tbody> <tr> <td data-bbox="250 447 834 724">1) Liability of every partner is unlimited.</td> <td data-bbox="834 447 1414 724">It consist of two classes i)General partners ii)Special or limited partners General partners have unlimited liabilities. Limited partner's liabilities are limited to their capital contribution.</td> </tr> <tr> <td data-bbox="250 724 834 1001">2)If the asset of the firm is not sufficient to pay the liabilities, private property of partners can be used to discharge liabilities.</td> <td data-bbox="834 724 1414 1001">His liability for the firm is limited to the proportion of his contribution.</td> </tr> <tr> <td data-bbox="250 1001 834 1163">Each partner is entitled to participate in the management of the business unless he decides otherwise.</td> <td data-bbox="834 1001 1414 1163">Limited partners cannot actively participate in management of business. He can inspect books of accounts.</td> </tr> <tr> <td data-bbox="250 1163 834 1331">3)Partners cannot assign his shares to an outsider without the consent of all partners.</td> <td data-bbox="834 1163 1414 1331">Limited partners cannot assign his shares to an outsider without the consent of general partners.</td> </tr> <tr> <td data-bbox="250 1331 834 1549">4)A partner cannot withdraw the capital contributed by them unless all the partners agree.</td> <td data-bbox="834 1331 1414 1549">Limited partners cannot withdraw the capital contributed by them otherwise his liability on the portion so withdrawn becomes unlimited.</td> </tr> </tbody> </table>	General partnership	Limited partnership	1) Liability of every partner is unlimited.	It consist of two classes i)General partners ii)Special or limited partners General partners have unlimited liabilities. Limited partner's liabilities are limited to their capital contribution.	2)If the asset of the firm is not sufficient to pay the liabilities, private property of partners can be used to discharge liabilities.	His liability for the firm is limited to the proportion of his contribution.	Each partner is entitled to participate in the management of the business unless he decides otherwise.	Limited partners cannot actively participate in management of business. He can inspect books of accounts.	3)Partners cannot assign his shares to an outsider without the consent of all partners.	Limited partners cannot assign his shares to an outsider without the consent of general partners.	4)A partner cannot withdraw the capital contributed by them unless all the partners agree.	Limited partners cannot withdraw the capital contributed by them otherwise his liability on the portion so withdrawn becomes unlimited.	3M
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3	c)	<p><b>Write various functions of Wholesalers.</b></p> <p><b>The wholesaler performs the following important functions.</b></p> <ol style="list-style-type: none"> <li><b>Assembling</b> : They collect varieties of products from different manufacturers</li> <li><b>Distribution</b>: They distribute goods to the retailer who are widely scattered.</li> <li><b>Warehousing</b>: They store the goods of manufacturer for supply to retailer.</li> <li><b>Transportation</b>: Wholesaler moves the good from the place of production to his warehouse and from there to the retailer.</li> </ol>	3M (0.5X6)												



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		<p>5. <b>Financing:</b> He provides credit facility to the retailer.</p> <p>6. <b>Risk bearing:</b> In pharmaceuticals the wholesaler bears the risk of theft, fire, fluctuating prices breakage and expiry.</p> <p>7. <b>Pricing-</b>The price fixed by the wholesaler on the basis of which retailers charge from the customer.</p> <p>8. <b>Grading and Packaging :</b> The goods are graded and packed by the wholesaler as per the requirement of the retailer</p> <p>9. <b>Market Research :</b> The retailer passes the knowledge regarding the product from the Customer to the wholesaler and in return the wholesaler passes this knowledge to the manufacturer.</p>	
3	d)	<p><b>Enlist different documents required to open a retail drug store.</b></p> <p>Following documents are required to open a retail drug store</p> <p>1) Duplicate on Form 19 of the D &amp; C rules 1945.one copy for biological &amp; other for Non-biological drugs.</p> <p>2)A fee of Rs 1500 per licence to be deposited in the SBI or Govt. Treasury</p> <ul style="list-style-type: none"><li>▪ An attested copy of D.Pharm from institute recognized by PCI.</li><li>▪ An attested copy of registration certificate by state pharmacy council.</li><li>▪ An attested copy of SSC certificate.</li><li>▪ Affidavit from a person if he is an employee.</li></ul> <p>3)An affidavit on non-judicial stamp paper attested by first class magistrate by each partner in case of partnership firm, or by the proprietor himself in case proprietorship concern.</p> <p>4) Rent receipt in case of rented premises or affidavit from an owner.</p> <p>5) A copy of partnership deed in case of partnership.</p> <p>6) Receipt of purchase of refrigerator.</p> <p>7) Plan of a premise.</p>	3M (0.5X6)





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		stationery items etc. A separate account is maintained for each type of expenditure. The entries of expenses or losses are made on debit side & of profits or gain on credit side.	
4		<b>Attempt any FOUR of the following.</b>	12M
4	a)	<b>Describe various functions of management.</b> 1) <b>Planning:</b> Planning is the process of deciding in advance what to do, how to do it, when to do it and who is to do it. It aims at achieving the desired results .It helps to do things in an orderly manner and proper utilization of resources. 2) <b>Organizing:</b> It is the implementation of plans by giving responsibilities to the peoples of organization to perform various activities such as purchasing, production, quality control, distribution etc. It involves Identifying the activities, grouping the activities, assigning the duties, delegating authorities etc. 3) <b>Staffing:</b> A right person should be selected for right job to get maximum output to target work done. 4) <b>Directing:</b> Management is the art & process of getting things done. The manager has the responsibilities of supervising their sub-ordinates by giving proper instruction & checking the performance etc. 5) <b>Co-ordination:</b> In the management of organization objectives are laid down which can ultimately be fulfilled by co-ordination with various departments. 6) <b>Controlling:</b> means the steps taken to ensure that the performance of the organization conforms to the plans. There should be an adequate control, so that predetermined planned objectives are achieved.	3M (0.5X6)
4	b)	<b>Give salient features of Joint Hindu family business.</b> 1. Only the eldest male member can claim the right to be Karta. 2. Only Karta has the right of management of the business. 3. Karta has unlimited liability, but all other members have limited liability. 4. The business is not affected by death or insolvency of Karta or a member. 5. The share of each member keeps changing. It increases on the death of any existing co-parcener & decreases by birth of a new member. 6. The membership of the family business is a result of status arising from the birth in	3M (0.5X6)



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		<p>the family. So, there is no discrimination between any members in the family.</p> <p>7. The members can ask for partition of business if they are not satisfied with the functioning of the business.</p>	
4	c)	<p><b>Write advantages and disadvantages of Hire-Purchase trading house</b></p> <p><b>Advantages</b></p> <p>1. This system provides facility to purchase costly goods to middle class people on easy instalments.</p> <p>2. The Small scale manufacturer can buy their machinery and tools without making total payment.</p> <p>3. This system helps to increase the sale of costly and non-essential items as it tempts large number of people to buy the same.</p> <p>4. Even the people who have sufficient money will go for this system as they can invest their money elsewhere to earn more profit</p> <p><b>Disadvantages:</b></p> <p>1. People are tempted to buy things which they cannot afford.</p> <p>2. Trader dealing in hire purchase scheme have to arrange for large capital to finance their business</p> <p>3. The goods purchased on hire purchase scheme are costlier as they have to pay the interest on unpaid instalment.</p>	<p><b>3M</b></p> <p><b>1.5M</b></p> <p><b>1.5M</b></p>
4	d)	<p><b>Write importance and objective of purchasing.</b></p> <p><b>Importance:</b></p> <p>Purchasing is a basic function of any industrial enterprise. Since any industrial enterprise Manufacturing goods (tangibles goods) (products) need raw materials and components for converting them into finished goods purchasing function is of major purchasing department is responsible for purchasing materials of right type, in right quantities, at the right price, made available at the right time and procured from the right supplier.</p> <p><b>Objective:</b> The objective of purchasing is not only to procure the quality raw material at the lowest price but also to reduce the cost of the final product.</p>	<p><b>3M</b></p> <p><b>2M</b></p> <p><b>1M</b></p>



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4	e)	<p><b>Explain various techniques of sale promotion.</b></p> <p><b><u>Techniques of sales promotion</u></b></p> <ol style="list-style-type: none"><li>1. free samples,</li><li>2. trading stamp</li><li>3. coupons,</li><li>4. premium or bonus offers prize contest</li><li>5. fair &amp; exhibitions</li></ol> <p><b>1) Free samples-</b>The M.R. gives free samples to the doctor. This method is useful for new products. It is expensive method.</p> <p><b>2) Trading stamps-</b>The stamps are issued in proportion to the purchase. The customers collect the stamps &amp; exchange it for free product.</p> <p><b>3) Coupons</b> coupons entitles the holder to save certain amount on purchase of specific product. The coupons may be sent via post, magazine, newspaper or retailers The retailers give discount to the customers. The firm reimburses the retailers for the same</p> <p><b>4) Premium or Bonus offer:</b> In this the firm gives certain quantity of the product free of cost on purchase of a specified quantity of the product. They may be of three types:</p> <ol style="list-style-type: none"><li>a. <b>With pack premium:</b> The free product is given along with the product purchased by the customers.</li><li>b. <b>A reusable containers,:</b> The product is packed in a container that has utility for the customer after it is consumed.</li><li>c. <b>Free in the mail premium.-</b>Free gift is given to the customer on producing a proof of purchase i.e. cash memo or wrapper of the product.</li></ol> <p><b>5)Prize contest:</b> The contests are held where the best entry gets the prize</p> <p><b>6)Fairs and exhibitions:</b> These are organized to display and popularize product of the firm</p>	<b>3M</b> <b>(0.5X6)</b>
4	f)	<p><b>Write advantages and limitation of financial statement.</b></p> <p><b>Advantage of financial statements:</b></p> <ol style="list-style-type: none"><li>1) <b>Management:</b> The management can review the up to-date progress made by an enterprise. From this progress the management can decide the future plan of action for the enterprise.</li></ol>	<b>3M</b> <b>1.5M</b>



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		<p>2) <b>Creditors:</b> From the financial statements the creditors can decide whether to extend, maintain or restrict the credit facilities to the enterprise.</p> <p>3) <b>Shareholders:</b> On the basis of financial statements, the shareholders are in position to judge the future prospects of their investment and the financial position of the company on the basis of which they can decide whether to sell or continue their shares in the firm.</p> <p>4) <b>Employees Unions:</b> the employees union can find out the present financial condition of the firm from the financial statements and are thus able to decide whether the firm is in position to pay higher wages, bonus etc.</p> <p><b>Limitation of financial statement:</b></p> <p>1) Interim and not final reports. The profit &amp; loss account &amp; the financial position revealed by the balance sheet cannot be exactly true since these statements are only interim reports. The exact financial position of the business can be known only when the business is either liquidated or sold.</p> <p>2) The balance sheet does not reveal the exact financial position of the business as it is affected by various factors like fixed assets, going concern concept &amp; convention.</p> <p>3) The quality of statements depends on the competence &amp; integrity of those who prepares it.</p> <p>4) It records &amp; reveals only those facts which can be expressed in terms of money.</p>	1.5M
Q.5		<b>Answer any FOUR of the following:</b>	12M
Q.5	a.	<b>Give advantages of perpetual inventory control.</b> <b>Advantages –</b> <ol style="list-style-type: none"><li>1. It helps in detection &amp; immediate rectification of errors.</li><li>2. It ensures a reliable checking of the store items.</li><li>3. Timely action can be taken on shortages.</li><li>4. It serves as moral check on staff.</li><li>5. Overstocking &amp; under stocking is avoided.</li><li>6. Helps in completion of profit &amp; loss account &amp; balance sheet</li></ol>	3M (0.5X 6)





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Q.5	b.	<p><b>State qualities of good salesman</b></p> <p><b>Qualities of good salesman:</b></p> <p><b>A) Personal qualities:</b></p> <ol style="list-style-type: none"><li>1. A good salesman must have an attractive personality.</li><li>2. He must possess good health &amp; sound physique</li><li>3. He should have a clear voice &amp; his tone of speaking should be natural.</li><li>4. He should also be well dressed because it adds to his charm.</li></ol> <p><b>B) Mental qualities:</b></p> <ol style="list-style-type: none"><li>1. A good salesman should possess a sound memory, presence of mind, imagination, foresightedness, sound judgment &amp; initiative.</li><li>2. He should be intelligent enough to understand the nature &amp; requirements of potential buyers.</li><li>3. He must have the imagination to look at things from the viewpoint of the customer.</li></ol> <p><b>C) Social qualities:</b></p> <ol style="list-style-type: none"><li>1. A good salesman must have a liking for people &amp; the ability to mix with them.</li><li>2. He must not be shy &amp; of reserved nature.</li><li>3. He should be sincere, dependable, co-operative &amp; honest.</li><li>4. He should have patience to listen to his customers &amp; remove their objections.</li><li>5. He should always be polite &amp; courteous while dealing with his customers.</li><li>6. He must help the customers in selecting the right type of goods.</li></ol> <p><b>D) Vocational skills:</b></p> <ol style="list-style-type: none"><li>1. A good salesman must have specialized knowledge of selling techniques.</li><li>2. He should have a thorough knowledge of the products, customers &amp; competitive products already available in the market.</li></ol>	3M
Q.5	c.	<p><b>Explain commercial bank and explain loan facility of the bank.</b></p> <p><b>Commercial bank:</b></p> <p>A bank which accepts demand deposits and allows withdrawal of money by cheques or any other means is a commercial bank. It performs the functions such as providing finance for trade, industry, and commerce, transferring money from one place to another.</p> <p><b>Loan facility of the bank:</b> Commercial bank lend money to their customers in the</p>	3M 1M 2M



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	<p>following ways:</p> <p>a) <b>Overdraft:</b> The overdraft facility permits the customer to overdraw from his account however the bank fix the limit beyond which the customer cannot overdraw and the customer is required to pay specific rate of interest on over drawn amount on daily basis. The overdraft facility is allowed only against some security.</p> <p>b) <b>Cash credit:</b> Bank fixes a limit up to which a customer may borrow money from it against some security and interest is charged by the bank on the outstanding amount in cash credit account. The money is repaid by the customer as &amp; when possible</p> <p>c) <b>Loans:</b> The bank gives Loans to the customer against some security of Mortgage.</p> <p>d) <b>Discounting of bill:</b> The bank encash the customer's bill before they become due for payment and for this service the bank charges a nominal discount.</p>																																																					
<p>Q.5</p>	<p>d. <b>What do you understand by Petty cash book</b></p> <p>Large number of small payments, such as, for conveyance (bus, taxi), stationery, postage, telegrams, cartage and other miscellaneous expenses are made in any business organisation. If all these payments are handles by the cashier and are recorded in cash book, the procedure is found to be very cumbersome. To avoid this, a petty cashier is appointed who makes all small payments and records them in his cash book which is called the petty cash book.</p> <p style="text-align: center;"><b>Format of Petty Cash –Book</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="text-align: left; border: none;">‘Dr’</th> <th colspan="7" style="text-align: right; border: none;">‘Cr’</th> </tr> <tr> <th style="width: 5%;">Date</th> <th style="width: 10%;">Particulars</th> <th style="width: 10%;">Total amt. Rs.</th> <th style="width: 5%;">Date</th> <th style="width: 10%;">Particulars</th> <th style="width: 5%;">Voucher No.</th> <th style="width: 5%;">Total Amt Rs.</th> <th style="width: 5%;">Conveyance Rs.</th> <th style="width: 5%;">Stationery Rs.</th> <th style="width: 5%;">Postage &amp; Tel Rs</th> <th style="width: 5%;">Cartage Rs</th> <th style="width: 5%;">Misc. Rs</th> <th style="width: 5%;">Remarks</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	‘Dr’						‘Cr’							Date	Particulars	Total amt. Rs.	Date	Particulars	Voucher No.	Total Amt Rs.	Conveyance Rs.	Stationery Rs.	Postage & Tel Rs	Cartage Rs	Misc. Rs	Remarks																											<p>3M</p>
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Q.5	e.	<b>Differentiate between Balance Sheet and Profit and Loss Account.</b>															3M			
		<b>Balance Sheet</b>							<b>Profit and Loss Account</b>							(0.5X6)				
		1. Here Personal accounts and real accounts are shown.							In this account the nominal accounts are shown											
		2.It provides information regarding financial position of the business							It provides information regarding net profit or net loss.											
		3.It is only a statement of assets and liabilities							It is ledger account which provides information about debits and credits											
		4.It is prepared on loose sheet							It is prepared in bound book											
		5.It is a statement so the words "To" and "By" are not used.							It is an account so the words "To" and "By" are used.											
		6.The totals of both the side of the balance sheet are always equal							The balance of this account indicates profit or loss of the business.											
		7.It is prepared on the last date of the financial year under review.							It is prepared at the end of the financial of the business.											
		8.It shows the financial position of the business enterprise on a fixed date.							The account shows profit or loss made by the business as on a fixed date.											



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Q.5	f.	<p><b>Define Budget. What is the main objectives Budgetary control?</b></p> <p><b>Definition:</b> A budget is a written plan covering projected activities of a firm for a definite period of time.</p> <p><b>Objectives of Budgetary control:</b></p> <ul style="list-style-type: none"><li>• Planning.</li><li>• Co-ordination.</li><li>• Control.</li></ul> <p>1) <b>Planning:</b> A sound planning is necessary for the success of any firm. So it is very essential to prepare the budget and draw the detailed programmes relating to production schedule, raw materials costs, sales targets, research programmes, advertising programmes etc. In fact, budget is a plan of action. The budgetary control will force the management at all the levels to plan in time all the activities to be done during the future periods.</p> <p>2) <b>Co-ordination:</b> For effective planning and implementation co-ordination between different departments and managements is very necessary. It helps to co-ordinate the various activities of the firm and secure co-operation of all concerned so that the common objectives of the firm may be successfully achieved.</p> <p>3) <b>Control:</b> It is necessary to ensure that all the plans and objectives are implemented and achieved successfully. This is only possible through budgetary control which makes the control possible by comparing the actual performance with the pre-determined plans and reporting the shortcomings to the management for the corrective action. No control of performance is possible without pre-determined standards.</p>	3M 1M 2M
Q.6		<b>Answer any FOUR of the following:</b>	16M
Q.6	a.	<p><b>Write in brief about Input-Output ratio analysis.</b></p> <p>Input output ratio is a relation between the quantity of the material charged to the production &amp; the quantity of the material in the final output.</p> <p>e.g. if 2kg material is put in production,&amp; if the final product has 1.6 kg. the input output ratio is <math>2/1.6 \times 100 = 125\%</math></p>	4M 1M



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		<p><b><u>Advantages</u></b></p> <ol style="list-style-type: none"><li>1) It determines the efficiency of the manufacturing dept.</li><li>2) It helps in the comparison bet the actual consumption of the material with the std. consumption.</li><li>3) It indicates whether the use of material is favourable or unfavourable.</li></ol>	<b>3M</b>
<b>6</b>	<b>b.</b>	<p><b>What do you mean by Market Research? Write its advantages.</b></p> <p>Market research is defined as systematic, objective &amp; exhaustive research of the facts relevant to any problem in the field of marketing.</p> <p style="text-align: center;"><b><u>OR</u></b></p> <p>It is the systematic gathering, recording and analysing the data about the problems associated with the sale of goods and services from manufacturer to consumer.</p> <p><b>Advantages of Market Research:</b></p> <ol style="list-style-type: none"><li>1. it gives response about the product</li><li>2. helps to introduce new product</li><li>3. helps to find other similar products</li><li>4. gives idea about future trend</li><li>5. helps in finalizing plans to boost the sale</li><li>6. helps in discovery of potential market</li><li>7. it reveals defects and makes corrective action plan possible</li><li>8. it helps to discover reasons for customer resistance</li><li>9. it indicates whether the product is in demand throughout the year</li><li>10. it helps in adjusting price structure</li><li>11. it gives indication of govt. policies for particular business</li></ol>	<b>4M</b> <b>1M</b> <b>3M</b> <b>(0.5×6)</b>
<b>6</b>	<b>c.</b>	<p><b>Explain</b></p> <p><b>(i) Preference Shares:</b> They carry preference both regarding dividend &amp; return of capital. These shares are preferred by those people who do not like to risk their capital &amp; yet want higher income than that if invested in other scheme. These shareholders get a fixed dividend &amp; preference in return of the capital in case of winding of the business.</p> <p><b>(ii) Ordinary Shares:</b> They are the real owner of the organization as a company is controlled by</p>	<b>4M</b> <b>1M</b> <b>1M</b>



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		<p>them. They have voting rights to elect the director of the co. The dividend is paid after the dividend of the preference shareholder. They have a risk as they get the money only after the clearance of all other claims. They get higher rate of dividend.</p> <p><b>(iii) Debentures</b> is a document or certificate issued by the company acknowledging loan &amp; also gives and undertaking to repay the specified borrowed sum along with interest to the debenture holder on a prescribed date. They are the creditors &amp; not the shareholders. They do not have voting rights. The interest is paid periodically. It carries fixed rate of interest.</p> <p><b>(iv) Fixed Capital:</b> The fixed capital of a business is invested in permanent assets such as land, building, plant &amp; machinery, furniture fixtures etc. These assets are required in a business to carry out the activities.</p>	<p>1M</p> <p>1M</p>
6	d.	<p><b>Explain the steps in the selection of Pharmacist.</b></p> <p>The following selection procedure is generally adopted.</p> <ol style="list-style-type: none"><li><b>Scrutiny of application:</b> the application received up to the due date is carefully scrutinized. The incomplete application and application of candidates who did not fulfil the required eligibility conditions are rejected.</li><li><b>Preliminary interview:</b> The candidates considered suitable on the basis of the application are called for preliminary interview. This is generally a brief interview and its purpose is to eliminate those candidates who are either unqualified or unsuitable for the job.</li><li><b>Selection test:</b> It may be written or an oral test. The technical knowledge and administrative capability can be judged from this test. The following test are commonly used for the selection process:<ol style="list-style-type: none"><li><b>Intelligence tests:</b> these test are used to estimate the I.Q. or mental alertness of the candidates</li><li><b>Aptitude test-</b> these test help to measure a candidate's capacity to learn particular skills and his potential abilities.</li><li><b>Trade test/ performance/ proficiency test-</b> is used to measure the applicant's level of knowledge and skill already achieved in a particular trade or occupation.</li></ol></li></ol>	4M



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		<p>d) <b>Personality test</b>- used to find out the emotional balance, maturity, temperament, etc. of the candidate.</p> <p>4. <b>Selection interview</b>- It's a face-to face dialogue between the employer or his representative and the interested candidate.</p> <p>5) <b>Physical examination</b> – is conducted to ensure that he is physically fit for the job. If the physical fitness is not suitable candidate is rejected.</p> <p>6) <b>Reference check</b>: usually candidate should give minimum two reference name and address of the same who know the candidate very well. These persons are contacted to collect the information about the character, ability and background of the candidate.</p> <p>7) <b>Final selection and placement</b>: the candidates who have been found suitable in all respects are appointed on probation for one or two years by issuing appointment letters to them .The selected candidates are assigned specific jobs this is known as placement.</p>	
6	e.	<p><b>What is financial analysis? Discuss various methods of Financial analysis.</b></p> <p><b>Financial analysis</b>: It is a process of evaluating the relationship between component parts of financial statement to obtain a better understanding of the financial position and performance of a firm.</p> <p><b>Methods of financial analysis</b>:</p> <ol style="list-style-type: none"><li>1) <b>Comparative financial statements</b></li><li>2) <b>Common size financial statements</b></li><li>3) <b>Funds flow analysis</b></li><li>4) <b>Ratio analysis</b></li></ol> <p>1) <b>Comparative financial statements</b>: These statements contain figures of profit &amp; loss accounts &amp; balance sheets of two or more consecutive years, which give a comparative view of the financial performance of a firm.</p> <p>2) <b>Common size financial statements</b>: In these statements, figures are converted into percentages to some common base. For example, in the profit &amp; loss account, the sale figure is assumed to be 100 &amp; all figures are expressed as a percentage of sales.</p> <p>3) <b>Funds flow analysis</b>: It reveals changes in the working capital position of an enterprise. It indicates the sources from which the working capital was obtained &amp; the purpose for which it was used.</p>	4M 1M 3M



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	<p>4) <b>Ratio analysis:</b> The term ratio refers to the numerical relationship between two items. A ratio comparison with a similar ratio of the past or of a similar firm is very useful in judging the performance &amp; financial position of the enterprise.</p> <p>Various accounting ratios are:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Liquidity ratio</li><li><input type="checkbox"/> Solvency ratio</li><li><input type="checkbox"/> Activity ratio</li><li><input type="checkbox"/> Profitability Ratio</li><li><input type="checkbox"/> Miscellaneous ratio</li></ul>	
f.	<p><b>Write advantages &amp; disadvantages of Budgetary control.</b></p> <p><b>Advantages of Budgetary control:</b></p> <ol style="list-style-type: none"><li>1. Budgetary control combines the idea of all level management in the preparation of the budget.</li><li>2. It directs capital expenditure in the most profitable channels.</li><li>3. The budget of cash receipts &amp; expenditure ensures sufficient working capital.</li><li>4. There is a planned approach to expenditure &amp; financing of the business.</li><li>5. Budgets coordinates the activities of various departments by laying down limits &amp; targets for them.</li><li>6. Responsibilities may be fixed for particular individuals.</li><li>7. Any deviations from budgets point out weak spots &amp; inefficiencies &amp; thus remedial action can be taken.</li><li>8. Make utilization of men, materials &amp; machines.</li><li>9. Budget provides a yardstick by which actual result achieved can be measured.</li><li>10. The forecast of sales enables the management to work out the economic balance between plant &amp; machinery, storage.</li><li>11. The budgets serves as a stimuli to meet pre-determined goals for both incomes &amp; expenses.</li><li>12. The purchase of stores is based on pre-determined requirements for raw material.</li><li>13. The efficient operation of the entire unit depends upon all employees working towards a common goal which is ensured by budget.</li></ol>	<p><b>4M</b></p> <p><b>2M</b></p> <p><b>(0.5×4)</b></p>





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	<p><b>Disadvantages of Budgetary control :</b></p> <ol style="list-style-type: none"><li>1 The budget plan is based on estimates. The strength or weakness of a budgetary control depends on the degree of accuracy with which estimates are made.</li><li>2 A budgetary programme must be continuously adopted to fit changing circumstances. It takes several years to attain a good system of budgetary control.</li><li>3. Sometimes it is assumed that the introduction of a budget programme is alone sufficient to ensure its success. All levels of management is however participate in the programme of budgetary goals.</li><li>4. It doesn't take place of management, but is tool of management.</li><li>5. Operating a budget becomes very costly that small concerns cannot afford it.</li></ol>	<p><b>2M</b> <b>(0.5×4)</b></p>
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