



DRUG STORE AND BUSINESS MANAGEMENT



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Chap-1- Introduction ofDSBM

- ❖ Introduction
- ❖ Commerce
- ❖ Trade
- ❖ Economics
- ❖ Industry
- ❖ Management

Introduction

- Human life is based upon the principle of work.
- One has to work to earn his livelihood.
- Pharmacy is one of the professions.
- The pharmacy council of India has introduced a new subject named “**Drug store and business management**”.
- Syllabus is divided into two parts – part I **commerce** and part II **Accountancy**.
- The purpose of this subject is to familiarise the students with the basic concept of business, its proper management, sources of finances in order to run it successfully and the last ,the way and means to note down various transactions in books of account with a view to having a permanent record of the same.

BUSINESS

Industry

Commerce

Primary

Extractive

Genetic

Secondary

Manufacturing

Analytical

Synthetical

Processing

Assembling

Tertiary

Construction

Trade

Internal

Wholesale

Retail

External

Export

Import

Entrepot

Auxiliaries to Trade

Transportation

Advertising

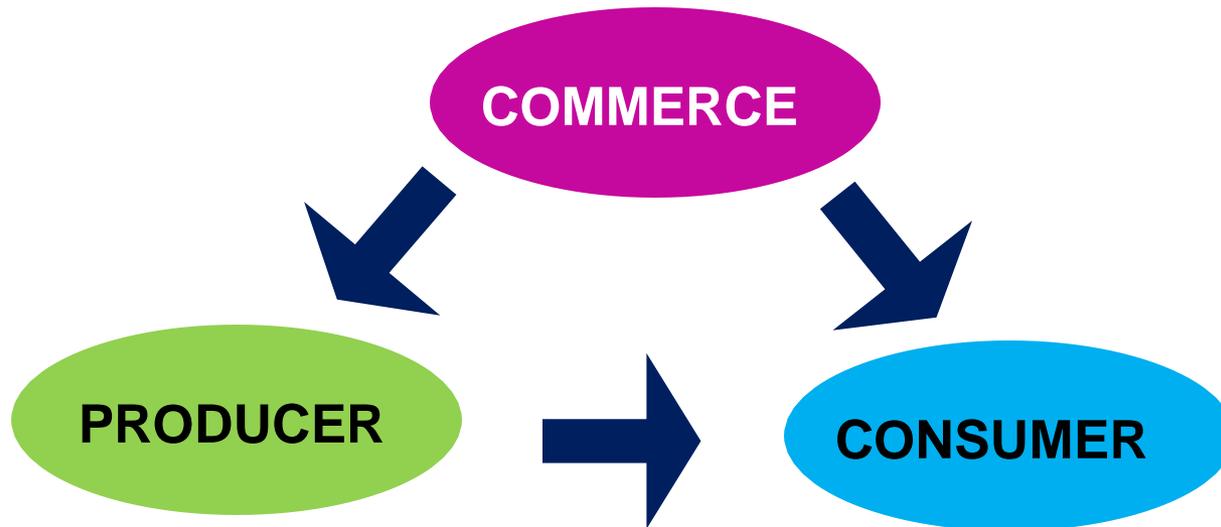
Warehousing

Insurance

Banking & Finance

COMMERCE

- Commerce is that aspect of business activity which is concerned with the distribution of goods and services produced by the industry.





Commerce

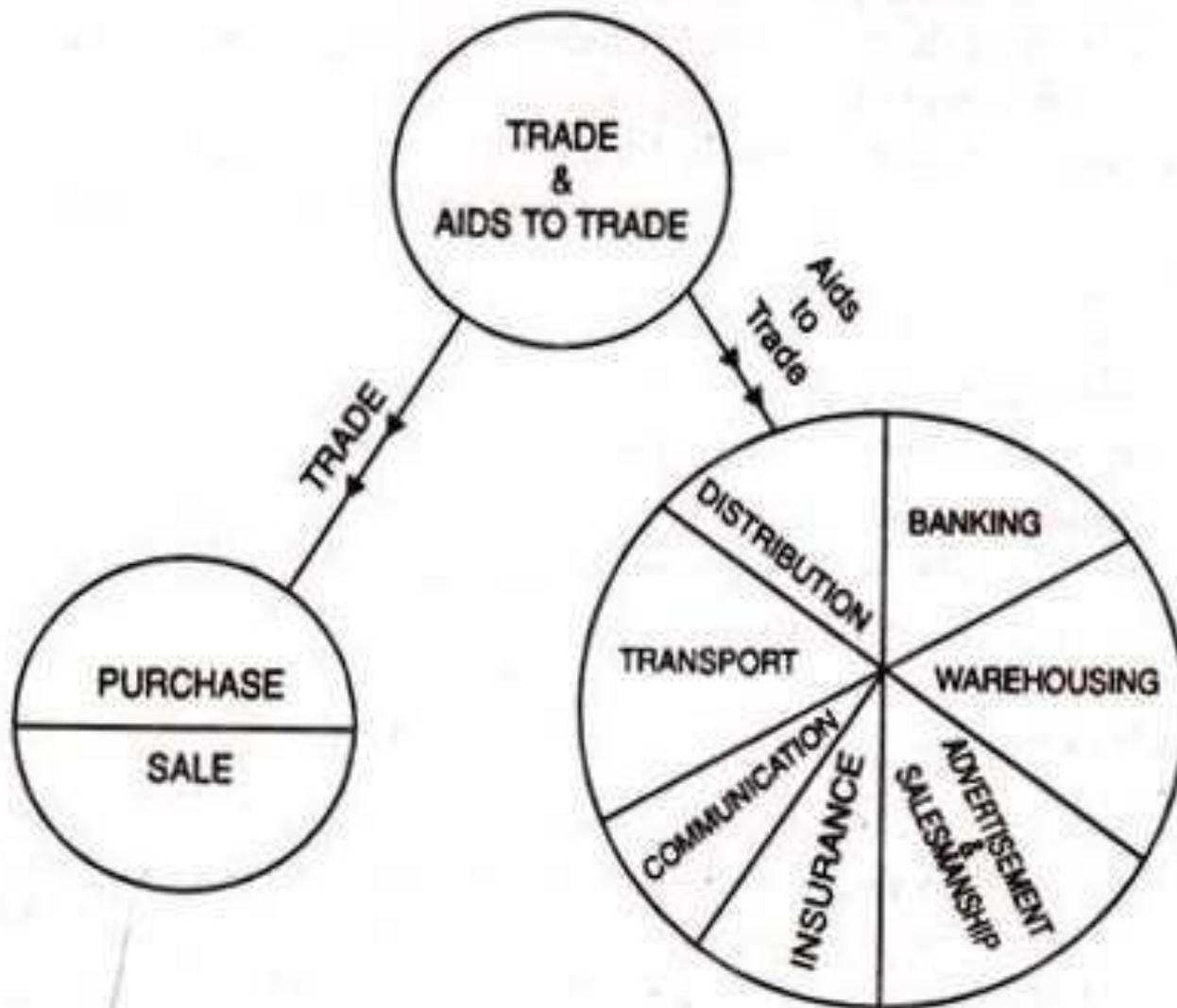


Barter



Cash

COMPONENTS OF COMMERCE



TRADE

- Trade means buying, selling and exchange of goods or services for money or money's worth.
- Trade may be described as the nucleus of commercial activity.
- Dealers or distributors for the distribution of goods from the production unit to the consumers at far off places are known as traders.



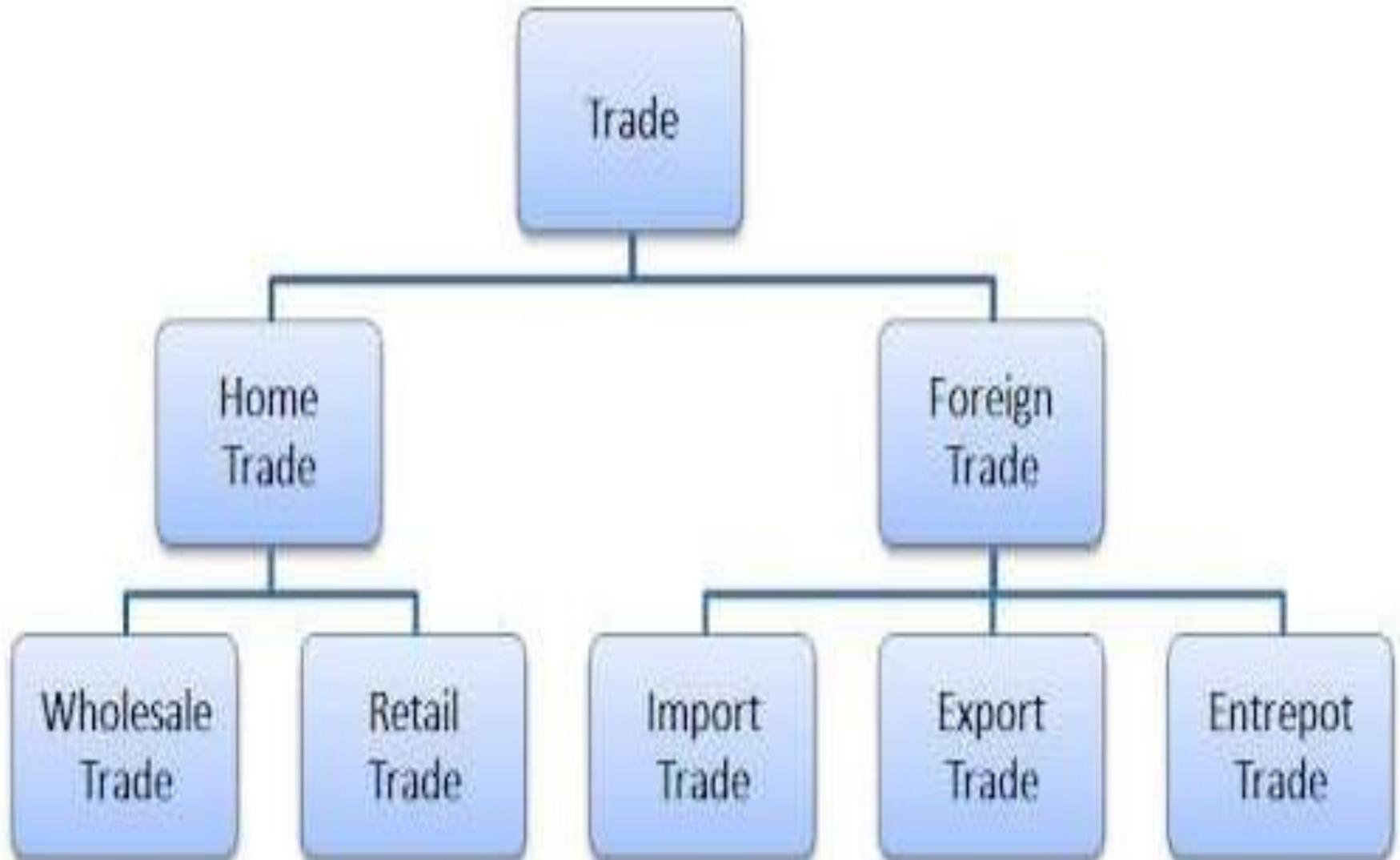
TRADE



**What is
TRADE?**

Trade is
any exchange
(for money or other goods)

CLASSIFICATION OF TRADE



INTERNAL TRADE

```
graph TD; A[INTERNAL TRADE] --> B[SALE AND EXCHANGE OF GOODS]; B --> C[IN BOUNDARIES OF A COUNTRY];
```

**SALE AND
EXCHANGE OF
GOODS**

**IN BOUNDARIES
OF A COUNTRY**

HOME TRADE

Wholesale

Buying goods from producers in large quantities and selling them to retailers in small quantities

Retail

Supply of the requirements of the consumers in small quantities

INTERNATIONAL/ FOREIGN TRADE

**INTERNATIONAL
TRADE**

```
graph TD; A[INTERNATIONAL TRADE] --> B[SALE AND EXCHANGE OF GOODS]; B --> C[AMONG DIFFERENT COUNTRIES];
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**SALE AND
EXCHANGE
OF GOODS**

**AMONG
DIFFERENT
COUNTRIES**

Classification of International trade



IMPORT TRADE

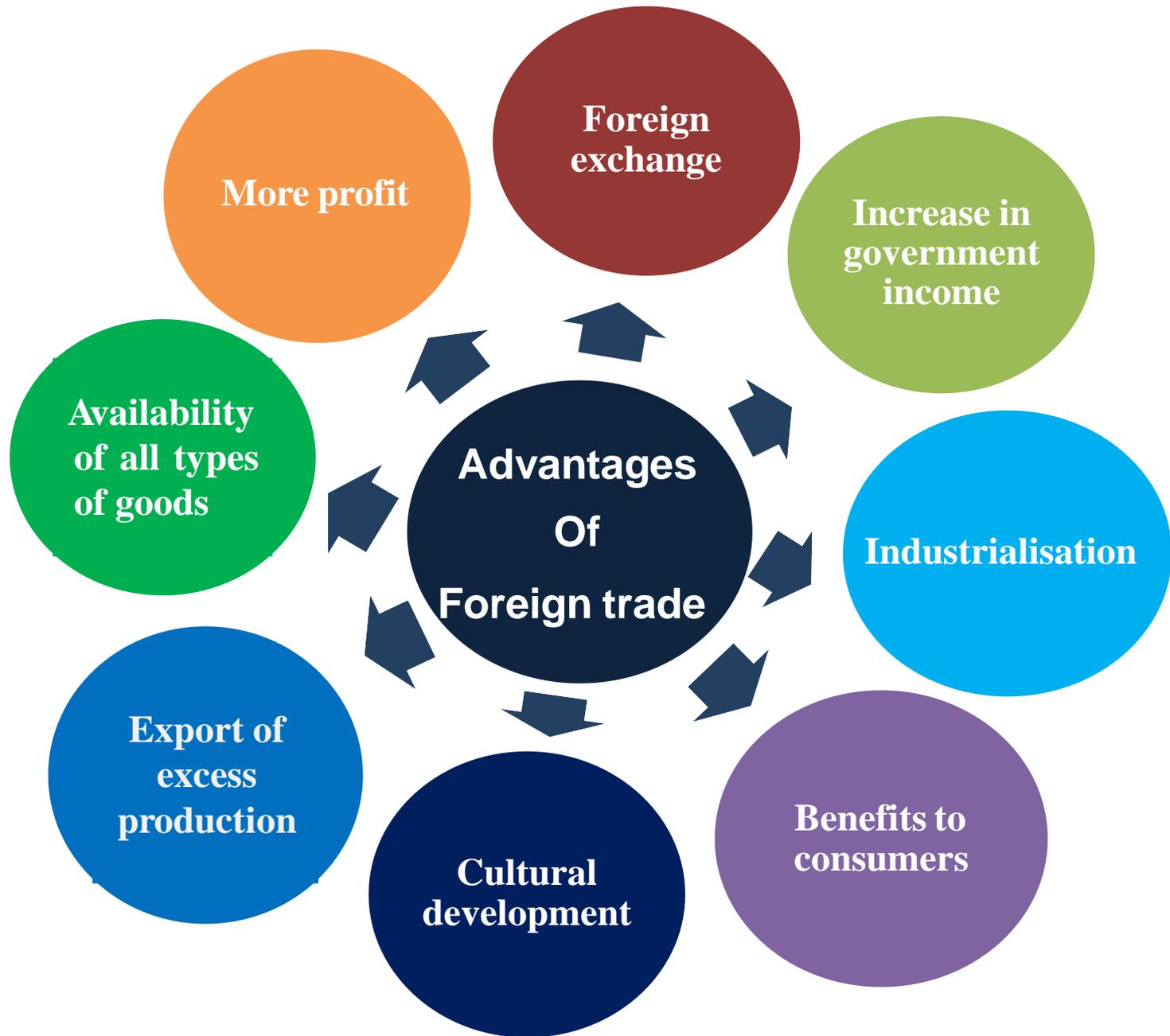
- Purchasing of goods from supplier of a foreign country

EXPORT TRADE

- Selling of home goods to foreign countries

ENTREPOT TRADE

- Importing of foreign produced with the object of re-exporting



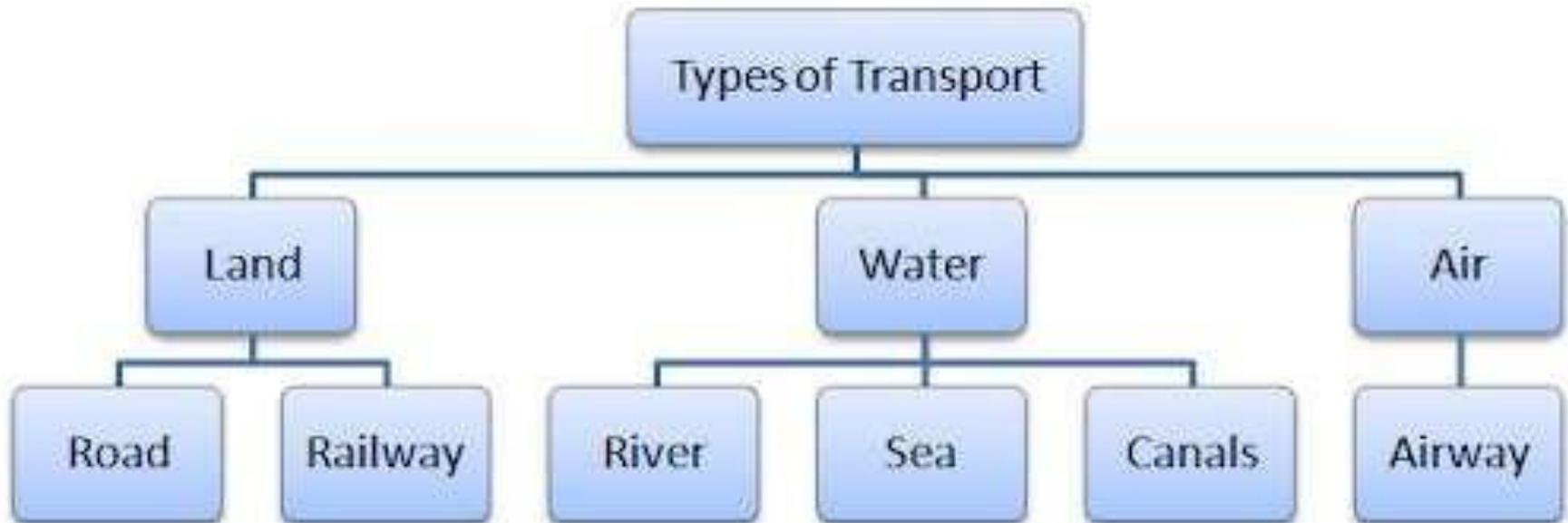


Activities revolving around trade :

- Transport
- Warehousing
- Banking
- Insurance
- Packaging
- Advertising and publicity

TRANSPORT

- It is the process of carrying the goods and persons from one place to another.
- It assists trade by moving goods from the place of its production to locations where they are to be sold for consumption.



WAREHOUSING (STORAGE)

**The places
where goods
are stored**

**Warehousing
removes
hindrance of
time**

**The goods
may be
supplied to the
consumers as
and when
required**

Types of Warehouse

```
graph TD; A[Types of Warehouse] --> B[Private warehouses]; A --> C[Public warehouses]; A --> D[Bonded warehouses];
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Private warehouses

owned by big companies or single manufacturing units for the storage of their own stocks.

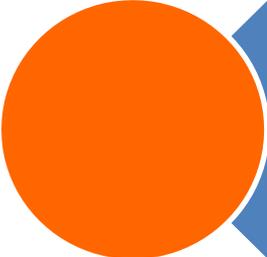
Public warehouses

storage facilities to the general public for a certain charges

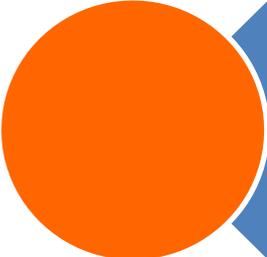
Bonded warehouses

Are licensed to accept imported goods for storage until the payment of custom duties are made

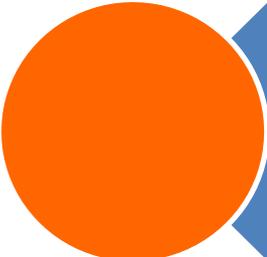
BANKING



Hindrances of finance are removed by banking.



A large amount of money is required for the production and marketing of goods and services.



Finance can be raised from own resources, commercial banks, shares, debentures, financial institutions, trade creditors etc.

- Banking system provides the following services to its customers:
 - It provides loans and advances for purchase of raw materials and machinery.
 - It also provides overdraft facilities.
 - It allows the facilities of discounting of bills.
 - It provides foreign exchange, issuing letters of credits etc. thus giving assistance to foreign trade.

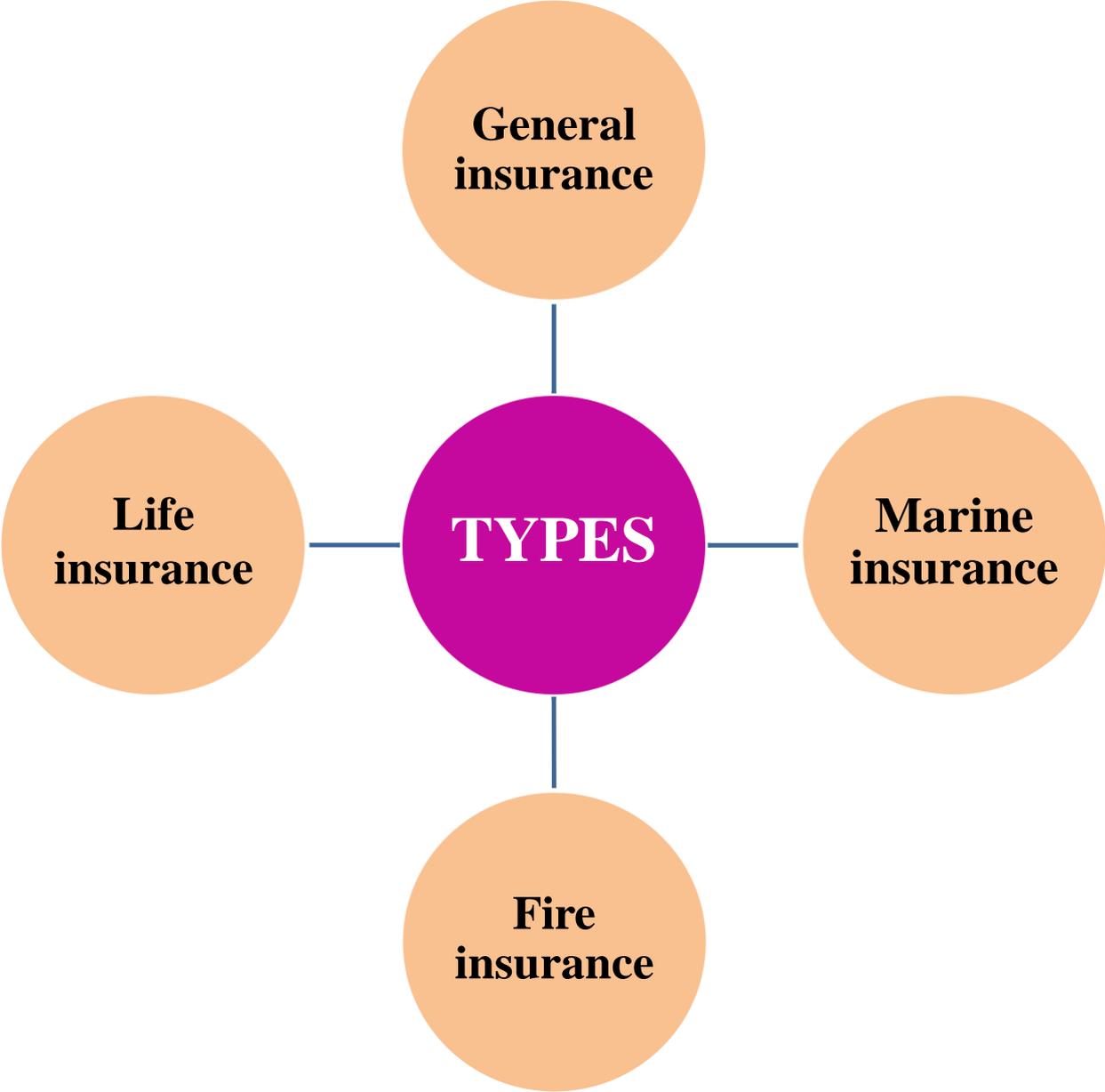
INSURANCE

RISKS

- Fire
- Accidents
- Theft
- Storm
- Floods
- Earthquake
- Price reduction
- Changes in demand
- Supply conditions
- Dishonesty of employees and partner(s)
- Strikes
- Lockouts and pilferage



- **INSURANCE**



PACKAGING

Packing refers to the wrapping, crating, filling and compression etc. of goods

Packaging is concerned with the creation and designing of proper package for different products.

It also ensures the supply of products of right quantity, right quality and weight to the consumers.

Functions of Packaging

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graph TD; A[Functions of Packaging] --> B[Protect the product]; A --> C[Communicate Symbolically]; A --> D[Provide Customer Convenience]; A --> E[Promote the Product];
```

**Protect
the product**

**Communicate
Symbolically**

**Provide
Customer
Convenience**

**Promote
the Product**

ADVERTISING AND PUBLICITY

- Advertising and publicity removes the hindrance of knowledge or information gap about the availability and uses of goods between traders and consumers.
- The main objective of advertisement is to create demand and to increase the sales.
- The various methods used for advertisement are TV, radio, newspapers, magazines, wall posters, pamphlets, free samples, trade fairs, exhibitions, balloons and window display etc.

- The majority of pharmaceutical products are ethical products and their direct advertisement is prohibited according to Drugs and Magic Remedies (objectionable Advertisement) Act.
- However, general/ home remedies products such as pain balm, inhalers, iodex, antiseptic creams and other products which do not require a prescription for their purchase can be advertised by any of the direct methods of advertisement.

ECONOMICS

- The word ‘economics’ is derived from two Greek words ‘Oikos’ (household) and ‘Nemein’ (management). Thus economics means the management of household.
- Economics deals with the proper use and allocation of resources for the fulfillment of various human wants and maintenance of growth and stability.
- People are engaged in the different kinds of economic activities to earn money. these activities are known as occupation.
- In order to study the elements of economics the following aspects of economics may be taken into consideration:
 - **Economic activities**
 - **Economic system**

Different types of economic activities:

The occupations which are generally adopted by human beings are classified into following three groups:

Business :

Business means that economic activity which is primarily done with the purpose of earning profit. It involves production of goods and services on a regular basis and carries an element of risk.

Profession :

Profession means an occupation which involves rendering of personal services of a specialized nature based on professional education training and knowledge. For example: Physician, Pharmacist.

Employment :

Employment means a personal service rendered by a person to an organization under a contract of employment or service.

ECONOMIC SYSTEM

- An economic system denotes the economic relationships which arise in the community from the organization or mode of production and distribution.
- The economic system should be simple and easy for human beings to satisfy their wants but it all depends on the kind of economic system which is adopted by a particular country that how the resources are allocated, prices are fixed etc.

Types of Economic systems

Capitalist system:

- According to capitalist system there is freedom of every kind.
- The producers are free to acquire any property and produce any product.
- The consumers are free to use any product and in any amount to satisfy their wants.
- They are also at liberty to spend their income in any way they like.
- According to this system the means of production and distribution are generally in the hands of private owners who operate them to earn profits.

Social system

- According to this system the large and basic industries are owned and controlled by the government.
- Even the distribution is also controlled by the government.
- Advantages:
 - Reduction of inequality of income.
 - Fair distribution of consumer goods.

Mixed economy

- In mixed economy the activities of both the systems i.e. capitalist system and social system are used.
- It means some economic activities are controlled by the government and some economic activities are kept open for the public.

PHARMACEUTICAL MANAGEMENT

- The word “management” denote the process of conducting and managing various business activities.
- Management is principally a task of planning ,coordinating, motivating and controlling the efforts of others towards a specific objective.
- **Level of management**
 - **Top level management**
 - **Middle level management**
 - **Lower level management**

Top level management

- It consists of the board of directors and managing director.
- Top management is the ultimate source of authority which frame the policies for the enterprise.

Function –

- Laying down the overall objectives and broad policies of the enterprise.
- Organizing the business into various department and divisions.
- Appointing department manager.
- Issuing guidelines for head of the department.
- Coordinating the work of different departments.
- Making plan for the long term stability of the business.

Middle level management

- It generally consists of head of the department.
- In small enterprises, there is one layer of middle management but in big enterprises, there may be senior middle level managers and junior middle level managers.

Lower level management

- The level includes supervisors, foremen, superintendents, sale officers, accounts officers etc.
- They issue orders and instruct and guide day to day activities.
- Evaluate operating performance
- Maintain close personal contact with workers to ensure discipline and team work.

Function of management

Main functions are-

- 1. Planning**
- 2. Organizing**
- 3. Staffing**
- 4. Directing**
- 5. Controlling**
- 6. Coordinating**

Planning



- Planning is an intellectual or mental exercise requiring imagination and judgment.
- It helps in the proper utilization of resources.
- It aims at achieving the desired results.
- 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.

Organizing



- The term ‘organization’ means a group of people contributing their efforts towards the attainment of certain common objectives.
- It is to organize the enterprise by grouping similar activities together with a view to attain the planned objectives, defining the responsibilities of the people in the organization, delegating appropriate authority to them to discharge their respective responsibilities to fulfill the objectives of the enterprise.

Staffing

- It involves the process of filling the vacant position of the right personnel at the right job, at right time. Hence, everything will occur in the right manner.
- Staffing consists of following activities
 - Manpower planning
 - Recruitment, selection and replacement
 - Training and development
 - Appraisal, promotion and transfer
 - Employee remuneration



Directing



- Directing involve issuing orders and instructions, motivating and leading subordinates,harmonising organizational goals with interests of employees.
- The manager have the responsibility of guiding and supervising their subordinates

Controlling

- Controlling means the steps taken to ensure that the performance of organization confirm the plans.
- There should be an adequate control ,so that predetermined planned objectives are achieved.

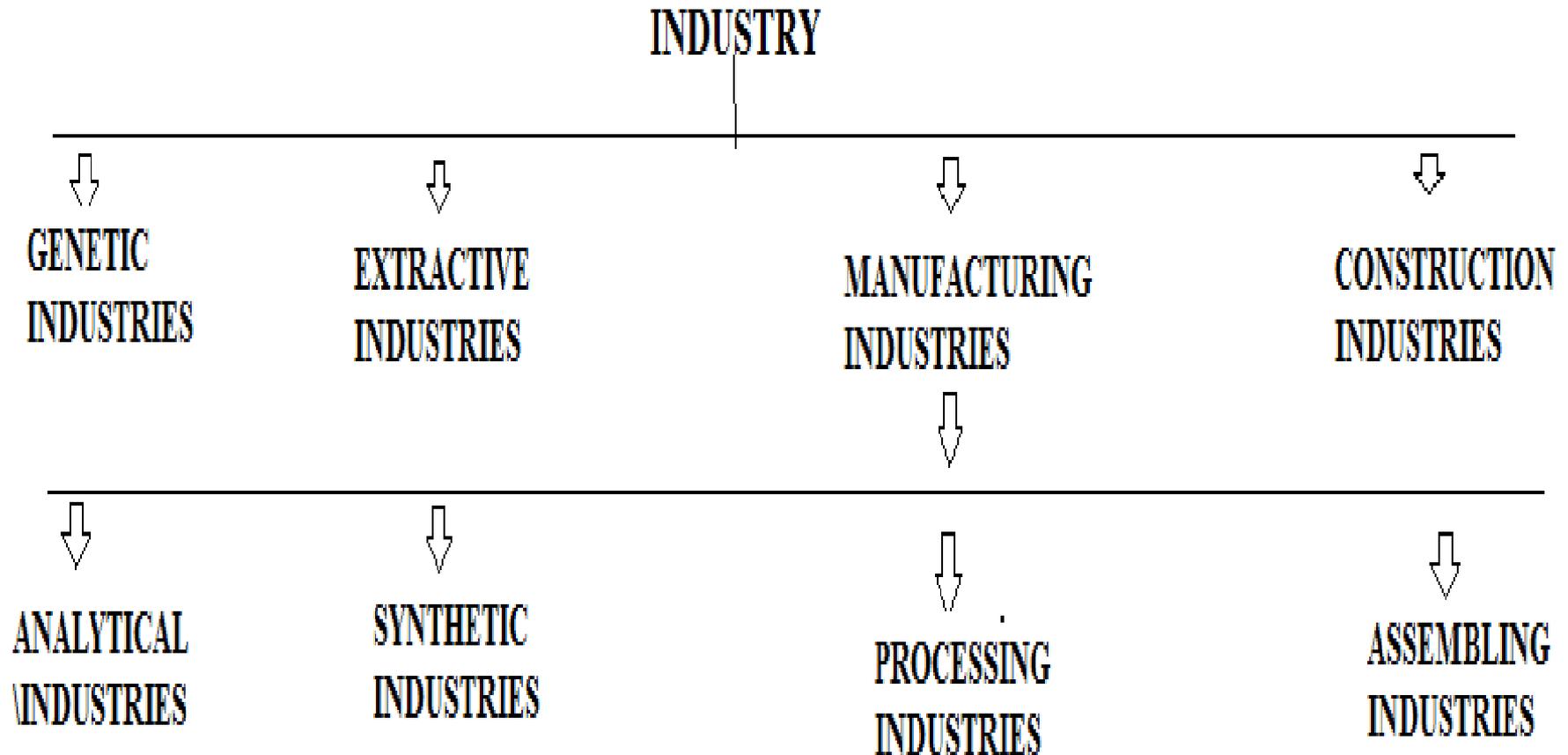


INDUSTRY

- The term '**Industry**' refers to that part of business activity which relates to production processing or fabrication of products.
- The products of an industry may either be used by actual consumers or those may also be utilized by another industrial house as raw material for their own production.
- The goods are called Consumer goods if used by final consumers and Capital or Producer goods if used in production of other goods.

CLASSIFICATION

1. Based on the types of goods produced



GENETIC INDUSTRIES

- Producing and multiplying certain species of plants and animals for the purpose of earning profit from their sale.
E.g. Breeding farms, Poultry farms



EXTRACTIVE INDUSTRIES

- Concerned with extraction or drawing out the products from natural sources such as soil, air or water.
E.g. Oil exploration, Fishing, Agriculture, hunting



CONSTRUCTION INDUSTRIES

- These industries involve in construction of roads, buildings, canals, bridges, dams etc.
- The product made by these industries are not meant for sale in the market, but they are erected, built or fabricated at a fixed site.



MANUFACTURING INDUSTRIES

- Engaged in production of goods wherein the raw materials or semi manufactured goods are converted into finished products.
- E.g. Pharmaceutical industry
- Manufacturing industries are further subdivided into :
 - **Analytical industries**
 - **Synthetic industries**
 - **Processing industries**
 - **Assembling industries**

Analytical industries

- engaged in manufacturing of products by analyzing and separating different elements from the same material. For example, fractional distillation of crude oil refinery industries.

Synthetic industries

- where two or more than two materials are mixed together in a manufacturing process to make a new product.
- Products like various chemicals, drugs, soaps, cosmetics, fertilizers are produced by synthetic industries.

Processing industries

- Raw materials are processed through different stages of production to produce final product. For example drugs, pharmaceutical industries, paper, sugar industries etc.

Assembling industries

- where the parts or components are assembled to make a useful product. For example production of cars, scooters, television, computers etc.

2. Based on size and investment

Light industries:

These industries involve a small capital investment and have a short duration production cycle. E.g. Industries involved in the production of collapsible tubes, rubber tubes, tin containers etc.

Heavy industries:

These industries need a big capital investment and also involve a longer production cycle.

E.g. Iron and Steel industries.

3. Based on capital employed:

Large scale industries:

Involves higher capital, large number of workers, machinery and tools.

Small scale industries:

Capital involved is not more than 10 lakhs in plant and machinery.

4. Official classification of industries

- The industries are classified according to the type of products produced by them as given under the, First schedule to the industries (Development and Regulation) Act, 1951 by the government.
- For example Drugs and Pharmaceuticals, Medical and Surgical appliances, Cosmetic and Toilet preparations.



A white, hand-drawn speech bubble is centered on a brown corkboard background. The bubble has a small tail pointing towards the bottom center. Inside the bubble, the words "Thank you!!" are written in a bold, black, sans-serif font. "Thank" is on the top line, and "you!!" is on the bottom line, slightly indented to the right.

Thank
you!!