

APPENDIX VII

QUESTIONNAIRE

PROBLEMS OF WORKING CAPITAL MANAGEMENT OF SELECTED PHARMACEUTICAL COMPANIES IN MAHARASHTRA STATE

I. GENERAL

1. NAME OF THE COMPANY:

2. ADDRESS:

OFFICE

FACTORY

3. DATE OF INCORPORATION.

4. NAME OF THE PRINCIPAL PRODUCTS:

5. AUTHORITY TO LOOK AFTER WORKING CAPITAL MANAGEMENT:

II WORKING CAPITAL MANGEMENT

(PLEASE TICK OFF ONE OF THE APPROPRIATE ALTERNATIVE)

1. How is working capital determined?

- a) By making detailed estimate of various components of working Capital such as cash, marketable securities, receivables and inventory.
- b) A percentage of fixed assets.
- c) A percentage of sales
- d) Based on product life cycle.
- e) Any other, please specify.

2. How do you control working capital?
- a) By budgetary control.
 - b) By periodical reports.
 - c) Any other, please specify.
3. How do you assess the working capital position of the company?
- a) Cash-flow statement.
 - b) Funds-flow statement.
 - c) Any other, please specify.
4. Is the working capital reviewed at regular intervals? Yes/No
- If yes, specify:
- a) Daily.
 - b) Weekly.
 - c) Monthly.
 - d) Quarterly.
 - e) any other, please specify
5. How do you allocate the working capital to various components?
- a) Production estimate
 - b) By preparing different budgets.
 - c) By determining ratios (name the ratio).
 - d) Any other, please specify
6. How do you finance the working capital?
- a) From share capital.
 - b) By ploughing back profits.
 - c) From long term loans.
 - d) From bank borrowings/short-term loans.
 - e) Any other, please specify.
7. What percentages of current assets are financed through bank borrowings?
- Please specify the percentage.

8. Please give the cause of inadequate working capital, if it is found inadequate.

It is because of

- a) Under investment in inventory.
- b) Under investment in receivables.
- c) No/under investment in marketable securities.
- d) Any other, please specify.

9. Please give the cause of excess working capital, if it is found to be excess. It

is because of

- a) Excess inventory.
- b) Excess amount of receivables.
- c) Excess cash balance.
- d) Any other, please specify.

III INVENTORY MANAGEMENT

1. How do you determine the minimum level of inventory? It is on the basis of:

- a) Consumption during the lead period.
- b) Consumption during the lead period plus safety margin.
- c) Change in price.
- d) Any other, please specify.

2. How do you determine the maximum level of inventory? It is on the basis of

(A) Primary consideration (B) Secondary consideration:

- a) Opportunity cost of funds employed.
- b) Carrying cost of inventory.
- c) Storage space available.
- d) Supply conditions of goods.
- e) Price fluctuations.
- f) Future production plans
- g) Any other, please specify.

IV RECEIVABLES MANAGEMENT

1. How do you determine the level of investment in receivables?
 - a) By making sales forecasts.
 - b) By adjusting past figures
 - c) By trade off between cost of carrying receivables and profit from sales.
 - d) Any other, please specify.

2. Do you prepare accounts receivable report? Yes/No. If yes indicate if it is:
 - a) Monthly
 - b) Quarterly
 - c) Any other, please specify.

3. The average duration of credit allowed to customer is to Days.

4. The cash discount is allowed for prompt payment in your concern. Yes/No.
Please specify rate of discount.

5. Is your credit terms different from terms extended by other companies in the same industry? If yes please give details.
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6. How do you evaluate a particular credit application?
 - a) By analysing balance sheet and other financial statements.
 - b) By bank checks.
 - c) By making reference to other companies in the trade.
 - d) Past experience.
 - e) Any other, please specify.

7. What is your collection policy? Is it:
 - A) Stringent.
 - B) Liberal.

8. If you do not receive the amount on due date, what steps do you take?
- a) Write reminders.
 - b) Contact on telephone.
 - c) Hand over the case to your lawyer.
 - d) Seek the help of collection agency, if any
 - e) Prefer the compromise.
 - f) Any other, please specify.
9. Are the credit and collection policies determined by the same individual or by different persons? Yes/No

V TRADE CREDIT

1. The method for purchase of goods in your concern is on
- a) Credit only.
 - b) Through Bank only.
 - c) On both the methods.
2. The credit purchases are in the form of
- a) Open account.
 - b) Trade bills acceptance.
3. The average duration of credit allowed by supplier is to Days.
4. The cash discount received for prompt payment in your concern. Yes/No.
Please specify rate of discount.

VI CASH MANAGEMENT

1. The reason for keeping the cash in your company is:
- a) For meeting daily obligations.
 - b) To take advantage of favourable market condition.
 - c) To secure cash discount from suppliers.
 - d) To meet contingencies.
 - e) Any other, please specify.

2. How do you determine the optimum level of cash balance?
 - a) By means of cash budget.
 - b) By a certain percentage of total capital (please indicate the percentage)
 - c) By a certain component of working capital (please mention the component and percentage)
 - d) By a certain percentage of working capital
 - e) Any other, please specify.
3. Do you prepare the cash reports? Yes/No. if yes is it
 - a) Daily
 - b) Weekly
 - c) Fortnightly
 - d) Any other, please specify.
4. What is your cost of running out of the cash?
 - a) To pay higher rate of interest.
 - b) To loose discount on payments.
 - c) To suffer financial reputation.
 - d) Any other, please specify.
5. How do you meet your requirements of cash when cash balance goes below the minimum desirable level of cash?
 - a) By utilising bank credit line.
 - b) By liquidating marketable securities
 - c) By raising loans or deposits from institutions or persons other than bank
 - d) By delaying payments
 - e) Any other, please specify.
6. How do you invest excess cash?
 - a) In purchasing marketable securities.
 - b) In paying short terms/long term liabilities
 - c) In lending to associates
 - d) Any other, please specify.

7. What techniques do you adopt to intensify the inflow of cash?
- a) Centralised cash collection centers.
 - b) Lock box system
 - c) Concentration banking
 - d) Any other, please specify.
8. How do you determine the optimum level of investment in marketable securities?
- a) A certain percentage of working capital.
 - b) Any other, please specify.
9. When do you invest in marketable securities?
- a) When there is excess cash
 - b) When return on such investment is more than transaction cost and other costs.
 - c) Any other, please specify.
10. What type of securities is generally purchased?
- a) Government securities
 - b) Preferential shares
 - c) Equity shares
 - d) Any other, please specify.

VII. OTHERS

Any other piece of information, opinion or comments you would like to give:

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