

Date : Marks : 30	FYJC Subject : Organisation of Commerce & Management Ch. 4. Internal Trade	Duration: 1 Hr. 15 Min. Set No. :
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SOLUTION

Q.1. Select the correct answer from the possible options given below and rewrite the statement: (05)

1. Retailer is the **last** link in the chain of distribution.
 (a) first (b) last (c) second
2. The birth place of departmental stores is **France**
 (a) France (b) Japan (c) U.S.A
3. Itinerant are **Oldest** types of retailers.
 (a) Oldest (b) New (c) Recent
4. Hawkers carry goods on **Wheeled cart**
 (a) Back (b) Wheeled cart (c) Head
5. Word 'retail' is derived from the French word **retailer**
 (a) retailer (b) retallae (c) retaile

Q.2. Match the correct pairs: (03)

Group "A"		Group "B"	
1.	Retailer	a)	Specialised goods
2.	Speciality shops	b)	Trade within boundary of same countries
3.	Internal trade	c)	General goods
		d)	Purchases goods from wholesale
		e)	Supermarket shops
		f)	Trade with other country

Ans. : (1 - d), (2 - a), (3 - b)

Q.3. Write a word / term / phrase which can substitute each of the following statements:(02)

1. Itinerant retailer who carries his goods on his head or back.
Pedlar
2. The facility by which goods are supplied without receiving cash payment immediately.
Credit facility

Q.4. Distinguish between departmental store and Supermarket shop

Departmental store	Supermarket shop
A large scale retail organization having several departments under one roof or management, each dealing in one particular type of product is called Departmental Store.	A largescale retail organization selling a wide variety of consumer goods on the principle of self-service is called Supermarket shop.
A departmental store requires relatively large amount of capital than that required by the super market	A supermarket shop needs relatively less amount of capital than that required by the departmental stores.
Usually, the customers belonging to higher	The customers belonging to all the classes

and middle income groups come to the departmental store to buy goods.	or income groups visit to supermarkets to buy goods.
The prices of the goods charged in this store are usually higher than the market prices.	The prices of the goods charged in the supermarket are usually lower than the market price.
In departmental stores salesmen are appointed to sell the goods and guide the customers in the selection of goods.	In a supermarket, there are in general no counter salesmen to help the customers in selection of goods and to guide them.
The main objective of departmental store is to provide and sell all the consumer requirements under one roof.	The main objective of a supermarket is to provide and sell consumer goods particularly food and small articles of household requirements.

OR

Explain the services of a retailer.

Ans:

(A) Services to the Wholesaler:

- (1) **Connecting link:** The retailer is the connecting link between the wholesaler and the consumer. He acts as an interpreter to the wholesaler and manufacturer regarding consumers' requirements and reaction.
- (2) **Helps distribution:** Retailers help in fast distribution of goods. It becomes very important, in perishable goods, as they have a short life e.g. milk, fruits, etc.
- (3) **Marketing function:** If a wholesaler is unable to carry out the marketing functions, then the retailer conducts them. e.g. transportation, warehousing, advertisement, sales promotion, etc.
- (4) **Provide information:** The retailer provides information about the nature, use, market trend of the product to the wholesalers.
- (5) **Create demand:** A retailer attracts consumer attention to new goods and their arrival by personal salesmanship. He creates a window display and demonstrative demand for new goods.

(B) Services to Consumers:

- (1) **Regular supply of goods:** The retailer stores sufficient quantity of goods as per the requirement of consumers. Goods are available to the consumers as and when they are in need.
- (2) **Local convenience:** Retailers are normally situated near residential areas. This offers local convenience to the consumers as they can purchase goods as per their convenience and timings.
- (3) **Home delivery:** Many retailers provide home delivery of goods to the customers at free of cost. This also improves the relations between the consumers and retailers.
- (4) **Variety of goods:** The retailers keep different brands and variety of goods; this helps the consumers in proper selection of the required commodity.
- (5) **Credit facilities:** The retailer gives credit facility to their regular consumers, which helps the consumers to purchase goods as and when they are in need. It helps many consumers who are short of money.
- (6) **After sales services:** The retailers provide after sales services to customers for costly and durable goods like television sets, music systems, refrigerators, etc.

- (7) **Information:** The retailers provide information and advice about new products in the market. This helps the consumers in taking decision about quality, prices, durability, etc.

Q.5. State with reasons whether the following statements are True or False: (Any 1) (05)

1. A retailer requires large amount of capital.

Ans: This statement is **FALSE**.

A retailer does not require large amount of capital.

Reasons:

- (1) The scale of retailer's business is very small. A retailer can start and run the business with limited capital. He keeps limited stock of goods in his shop because the wholesalers replenish his stock regularly.
- (2) He can do business with limited staff and limited space. Hence, his establishment and warehousing expenses are very low.
- (3) A retailer usually buys goods from the wholesalers on credit basis and sells them to the consumers on cash basis. This reduces the need of working capital to some extent. Because of more sale and faster sale, his working capital also gets released more quickly. In fact, his capital goes on rolling up fast in business.
- (4) A retailer usually settles his overdue accounts with wholesalers periodically say every month, every quarter. Thus, he can efficiently manage the business with less amount of capital. A retailer is not required to spend money on advertisement and publicity of the goods he sells. Hence, he does not require much capital to run and manage his business activities.

2. Customer can easily bargain at one price shop.

Ans: This statement is **FALSE**.

Customers cannot bargain in one-price shop.

Reasons:

- (1) One-price shops are retail shops selling articles at one fixed uniform price. They usually sell low priced articles of day-to-day use such as pens, erasers, screw drivers, knives, locks, blades, toys, napkins, handkerchiefs, socks, shoe-laces, combs, etc.
- (2) All the one-price shops whether big or small in size sell goods of different types at one standard and fixed price. As the prices are fixed for all articles, there is no scope for the customers bargain regarding the price.
- (3) The articles sold in one-price shops are of different types and vary in their nature, quality, size, weight or any other characteristics. The price fixed is usually the average price so that although the trader gets a low margin of profit in some articles, he can make up the deficiency from the sale of the other articles.
- (4) Usually, these shops are meant for the masses i.e., poor and lower middle class people. Such customers are attracted to these shops because of a single price and wide choice.

Q.6. Explain the role of chambers of Commerce and Industry in Internal trade? (10)

Ans: The Chamber of Commerce and Industry was formed as an association of business and industrial houses to promote and protect their common interest and goals. Many such chambers were formed and are present in the country. 'For example ASSOCHAM, Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI). These associations or Chambers regard themselves as the national guardians of trade, commerce and industry. The Indian Chambers of Commerce and Industry has been playing an important role in strengthening internal

trade to make it an important part of overall economic activity. Besides, the Chamber also aims at fixing sound infrastructure and simplifying and harmonizing the tax structures.

The International Chamber of Commerce was established in 1920. It was started to promote international trade and investment. Its headquarter is situated in Paris.

The Indian Chamber of Commerce was established in 1925. The 'Indian Chamber of Commerce, or ICC as it is popularly known, is the main body of business and industry in India. The membership of the Chamber comprises several of the largest corporate groups in the country, with business operations all over the country and abroad. It was set up by a group of pioneering industrialists and led by Mr. GD. Birla.

The Indian Chamber of Commerce plays an important role in the internal trade. It can be stated as follows:

- (1) **Transportation of goods:** The Chambers of Commerce and Industry help in many activities concerning interstate movement of goods which includes registration of vehicles, surface transport policies, construction of highways and- roads.
- (2) **Octroi and other local levies:** Octroi and local taxes are the important sources of revenue for the local Government. These are collected on the goods and from people entering the state or the municipal limits. The Government and Chambers of Commerce should ensure that their imposition provides for smooth transportation and local trade.
- (3) **Marketing of agro-products and related issues:** Channelizing of local subsidies and marketing policies of organizations selling agro-products are some of the areas where the Chambers of Commerce and Industry can really interfere and interact with the concerned agencies like farming co-operatives.
- (4) **Excise duty:** The excise policy plays an important role in price mechanism and hence the associations need to interact with the Government to ensure streamlining of excise duties.
- (5) **Promoting sound infrastructure:** A sound infrastructure like road, port, electricity, railways etc., plays an important role in promoting trade. The Chambers of Commerce and Industry with the help of Government needs to take up heavy investment projects to construct sound infrastructure.
- (6) **Deciding of sales tax structure and value added tax:** The Chambers of Commerce and Industry play an important role in interacting with the Government to harmonize the sales tax structure in different states. The sales tax is an important part of the state revenue. A rational structure of the sales tax and its uniform rates across states, are important for promoting a balance in trade.
- (7) **Labour legislation:** Simple and flexible labour legislation is helpful in running industries, maximizing production and generating employment The Chambers of Commerce and Industry and the Government are constantly interacting on issues like labour laws, retrenchment, etc.