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Class 11 commerce   Sub. BST. Date 17.02.2021

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INTERNAL TRADE

Question 1:

What is meant by internal trade?

ANSWER:

Internal trade refers to the process of exchanging goods and services within the national boundaries of a country. In other words, the buying and selling of goods and services within the domestic territory of a country is known as internal trade. Purchases of goods from a local shop, a mall or an exhibition are all examples of internal trade. The government does not levy customs or import duties on goods and services that are produced within the country for meeting the domestic demand.

Internal trade can be classified into the following two categories:

(a) ***Wholesale trade***: It refers to the buying and selling of goods in bulk−that is, the exchange of large quantities of goods meant for resale in local markets.

(b) ***Retail trade***: It refers to the buying and selling of goods in small quantities for final consumption.

Question 2:

Specify the characteristics of fixed shop retailers.

ANSWER:

As the name suggests, fixed-shop retailers are retailers who have permanent establishments. That is, they sell goods and services from fixed shops and do not move from place to place to serve customers—for example, retailers functioning from fixed establishments in the local grocery market.

The following are some of the characteristics of fixed-shop retailers:

(a) Fixed-shop retailers operate on a large scale and have huge resources at their disposal compared with itinerant traders. However, among fixed-shop retailers, there are retailers who operate on a small scale or a large scale.

(b) They generally deal in more than one product—that is, their range of goods varies from consumer durable goods to non-durable goods.

(c) Fixed-shop retailers provide services such as free home delivery and supply of goods on credit to their customers.