

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

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### INTERNAL TRADE

Question 9:

What are the services offered by retailers to wholesalers and consumers?

**ANSWER:**

Retailers offer a variety of services to wholesalers and customers. Some of these services are listed below.

**(a) They provide information to customers:** Retailers provide information to customers about the new products available in the market, their features, prices, etc. This information helps customers decide which product to buy.

**(b) They provide information to wholesalers:** Retailers provide information to wholesalers, such as the tastes and preferences of customers, prevailing market conditions and level of competition in the market. Wholesalers pass on this information to manufacturers.

**(c) They store a wide variety of goods:** Retailers generally store a wide variety of goods based on consumer tastes and preferences and thus allow customers to choose from the available range of products.

**(d) They facilitate distribution of goods:** Retailers facilitate the distribution of goods to consumers for final consumption.

**(e) They help in promotion of goods:** Since retailers are in direct touch with customers, they can promote the sale of goods through personally interaction. Thus, retailers help wholesalers and manufactures in promoting the sale of goods.

Question 1:

Itinerant traders have been an integral part of internal trade in India. Analyse the reasons for their survival in spite of competition from large scale retailers.

## ANSWER:

Itinerant traders are retailers who do not have a fixed place of operation. That is, they do not have a shop from where they sell their products. They are also known as mobile traders as they keep moving from place to place in order to sell their products. They are generally found on street sides, and they shift their place of operation in search of more customers. They usually sell low-priced and non-standard goods.

The reasons that itinerant traders survive in spite of the tough competition from large-scale retailers can be attributed to the following factors:

**(a) *Low price of goods:*** Itinerant traders generally deal in low-priced goods that are of daily use to customers, such as toiletries, vegetables, fruits, etc. These traders do not have to spend on storage and advertising, and they keep their inventories short and limited. Hence, the prices of their goods are lower than the prices of goods sold by large-scale retailers.

**(b) *Personal attention to customers:*** Itinerant traders deal directly with consumers and are, therefore, able to give more attention to them. As they supply goods to customers at their doorstep, they provide greater customer-care services by eliciting proper feedback and passing on the information to manufacturers.

**(c) *Easy availability at short notice:*** Itinerant traders move from place to place and provide goods at the customer's doorstep. On the other hand, large-scale retailers have shops in central locations away from residential areas, and it is often difficult for customers to buy goods at the time they require them. Therefore, they depend on itinerant traders.

**(d) *Lower possibility of losses:*** Large-scale retailing involves a higher probability of incurring losses, because the retailers concerned deal in high-priced goods. Thus, in case the tastes and preferences of customers change, large-scale retailers are forced to sell the goods that have fallen out of favour. These goods are often sold at low prices in clearance sales, causing huge losses to the retailers. On the other hand, as itinerant traders deal in consumer goods that are low priced and of daily use, the probability of their incurring losses is minimised.

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