

Tender Heart High School

Class: 9th

Commercial Studies

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Ch-2 Business Activities

classmate

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Good Morning Students,

This lesson is for class 9th for the subject of Commercial Studies. The topic for today is 'Trade and Aids to Trade' which is covered in ch-2 titled 'Business Activities' of your book of Commercial Studies.

This lesson is being submitted to you on 22-4-24 and the voice is of Mr. Lokesh Arora.

All the students now please open page no- 12 and listen carefully.

Commerce:-

Commerce consists of trade and aids to trade. It involves not only the function of buying and selling of commodities but all those activities (such as transport, insurance, store etc.) which are essential for maintaining a free flow of goods and services from producers to consumers.

Branches of Commerce:-

1. Trade:-

Trade means buying and selling of goods. It involves the exchange of commodities for money or money's worth. Traders serve as the link between producers and consumers. Trade is of the following types.

(i) Domestic Trade:-

Domestic Trade/Internal trade refers to buying and selling of goods and services within the geographical boundaries of one country. Both the buyer and seller belong

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to the same country. Payments are made and received in the home currency. It is also known as home trade. Internal trade can further be divided into two categories:

(a) Wholesale Trade:-

Wholesale trade refers to buying ~~and~~ of goods in bulk from manufacturers and selling them in large quantities to retailers and industrial users in relatively small quantities. They deal in quantity not in variety. The persons engaged in wholesale trade are called 'Wholesalers'. They serve as a link between producers and retailers.

(b) Retail Trade:-

Retail trade refers to buying of goods from wholesalers and manufacturers and selling them in small quantity directly to the ultimate consumers. They deal in variety of goods not in large quantity. Persons engaged in retail trade are called 'Retailers'. They serve as a link between wholesalers and final consumers.

(ii) Foreign Trade/External Trade/International Trade:-

External trade refers to buying and selling of goods and services between different countries. Both the buyer and seller belong to different countries. Currency of different countries is used. External trade may further be

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divided as follows:-

(a) Import Trade:-

It means purchasing goods and services from other countries. For example, India imports petroleum products from Iran and Iraq.

(b) Export:-

It means selling goods and services to other countries. For example, India exports tea to USA and UK.

(c) Entrepot:-

It means importing goods from one or more countries with the purpose of exporting them to some other countries. For example India may export some oil imported from Iraq to Bangladesh.

Aids to Trade:-

Aids to trade refers to those activities which facilitate buying and selling of goods and services. The main aids to trade are as follows:-

1. Transportation:-

Transport refers to the carrying of goods and passengers from one place to another. It overcomes the barrier of distance and create place utility. Transport widens the market and helps to equalise prices at different places.

2. Warehousing:-

Warehousing refers to storing of goods when they are not in use. Goods are generally

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produced in anticipation of demand. There is a time gap between the production and consumption of goods. It is therefore necessary to store the goods. Warehousing removes the hindrance of time and thereby creates time utility.

3. Banking!

There is usually a time gap between production, purchase and sale of goods. During this period businessmen need funds to carry on their business. Banks and other financial institutions remove this hindrance by providing loans in various forms.

4. Insurance!

Business involves various types of risks. Insurance removes the hindrance of risk. In insurance, a large number of people who are subject to a particular risk contribute to a common fund, out of which compensation is paid to those ~~who~~ few who actually suffer the loss.

5. Advertising!-

Advertising inform the consumers about the availability of various products and services. Advertising removes the hindrance of knowledge. In the absence of advertising, consumers may remain ignorant of the availability of goods and services and businessmen may not be able to sell their products.

6. Packaging!-

Packaging means designing and producing

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Suitable packages for different products.
Packing helps to protect the goods from damage during transport and warehousing.
It also makes the goods attractive.

Functions / Importance of Commerce:-

The main functions of commerce is to remove the following hindrances:-

- (i) Hindrance of Persons
- (ii) Hindrance of Place
- (iii) Hindrance of Time
- (iv) Hindrance of Risk.
- (v) Hindrance of Finance
- (vi) Hindrance of Knowledge.

For explanation refer to page 13 of your book.

With this, I am ending my topic here.
I will give you few questions. Write the answers of the following questions in your note-books

- Ques 1. What is Entrepot Trade?
2. Explain any two aids to trade.
 3. Give two difference between Home Trade and Foreign Trade.

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