



### III. Long Answer Type Questions

Question 1. Explain different types of small scale retail shops.

Answer: Retail trade is carried on both at small scale and large scale. Small scale retailers are either mobile traders (itinerants) or fixed shops.

#### Mobile Traders or Itinerants

These retailers have no fixed place of business. They move from place to place and sell articles of daily use near to consumers. These include the following:

1. Hawkers: A hawker moves about in residential localities. He carries his goods in a hand cart or bicycle. He deals in low-priced goods of daily use. E.g. combs, toys, soaps, mirrors, bangles, vegetables, fruits, ice-cream, etc.
2. Peddlers: A peddler also moves from house to house and sells articles of daily use. But he carries his wares on his head or on the back of a mule.
3. Cheap Jacks: A cheap jack hires a small shop in a residential locality for a temporary period. He shifts his business from one locality to another depending on the availability of customers. He deals in low-priced household articles.
4. Pavement dealers or Street Traders: A pavement dealer displays his wares on footpath and outside public places such as railway station, bus stand, cinema, temple, etc. He sells low priced articles like newspapers, magazines, fruits, vegetables, footwear to the passersby. He is also called street trader.
5. Market Traders: A market trader sells goods at weekly markets when the shops are closed for weekly holiday. He displays goods outside the closed shops. He deals in low-priced articles of daily use. He may also set up stalls on fairs and exhibitions.

#### Fixed Shops (Small Scale Retail Shops)

Small scale retail shops are the most popular form of retail trade. These may be classified as follows:

1. Street stalls holders: These stalls are located in the main streets or street crossings. A stall is an improvised structure made of tin or wood. The street stall holder displays his goods on a temporary platform and sells toys, stationery, hosiery items, etc. at low prices.
2. Second hand goods shops: These shops sell used or second hand articles such as books, clothes, furniture, etc. They cater to the needs of poor people who cannot afford new articles. These shops collect goods at private and public auctions.
3. General stores: These stores sell a wide variety of products under one roof. For example, a provision store deals in grocery, bread, butter, toothpaste, razor blades, bathing soap, washing powder, soft drinks, confectionery, cosmetics, etc. Consumers can buy most of their daily requirements at one place. Their time and effort is saved. Some of these stores offer free home delivery and monthly credit facilities to regular customers.
4. Single line stores: These stores deal in one line of goods. They

keep stock of different size, design and quality of goods in the same line. Book stores, chemist shops, electrical stores, shoe stores, cloth stores, jeweler shops, etc., are examples of single line stores.

5. Specialty shops: These shops generally specialise in one type of product rather than dealing in a line of products. Shops selling children's garments, educational books, etc., are examples of such shops.

Question 2. Discuss the meaning, features and advantages of Consumer Cooperative Store.

Answer:

Meaning, Features and Advantages of Consumer Cooperative store:

The societies started to help lower and middle class people and protect these sections from the clutches of profit-hungry businessman are called Consumers Cooperative Stores. A consumer's co-operative society is a combination of persons whose aim is to economise by buying in common and retain their profits by selling in common. According to M.C. Sukla, "Consumer Cooperative Store is an economic enterprise set by the consumers for the distribution of fundamental consumption goods, primarily among the shareholders to the subscriber consumers who are called members of such organization and who have an equal voice in the control of the organization.

Features:

Following are some of the essential features of a consumer's cooperative store:

1. There is no restriction on membership of a consumer co-operative store as any adult person can become a member of a co-operative.
2. The members of the consumer co-operative store distribute capital in the form of share. A member can purchase shares of a value of ₹ 1000 only. Beyond this, shares are not issued to members.
3. The surplus of a store is distributed among the members in the form of dividend. The dividend is paid in proportion to purchases made by the members.
4. It adopts the principles of 'one man, one vote'. A man is not allowed vote by proxy system.
5. The trading of co-operative stores is made on the basis of cash.
6. A sale can be made to non-members on the basis of market rate.
7. It makes bulk purchases directly from the producers and sell these goods to its members on retail basis.

Advantages

Consumer's Cooperative Store has the following advantages:

1. It facilitates its members in getting pure and unadulterated goods at a competitive price.
2. It develops a state of moral booster to the poor people who develop greater confidence among themselves.
3. As the societies are purchasing goods in bulk quantities from the producers, these are in a better position to supply these goods at a competitive price to its members.
4. It improves the purchasing power of the members since dividend is paid on the basis of purchases made.
5. It encourages people to save.

Question 3. What difficulties can a consumer face if there is no retail shop?

Answer: If there is no retailer then the consumer will not get the services provided by retailers to him. These services are as under:

1. The consumers are provided with a wide variety of products as the retailers stock a wide range of products produced by different firms.
2. The retailers provide expert advice on the merits and uses of different products and thereby educate consumers on the product.
3. As ready stock of different varieties are maintained with the retailers, the consumer is not required to maintain enough stock of the products.
4. The consumers are given the facilities of purchasing according to their purchasing power since a wide range of products are maintained with the retailers.
5. The retailer arranges home delivery of the product if necessary and renders after sale service.

Question 4. Mention different types of Chambers of Commerce in India. Explain any one.

Answer: In India, Chambers of Commerce have been organised at both regional and national levels.

#### 1. Regional Chambers of Commerce

- Indian Chamber of Commerce (Kolkata)
- Bengal Chamber of Commerce (Kolkata)
- Indian Merchants Chamber (Mumbai)
- Mewari Chamber of Commerce (Mumbai)
- Madras Chamber of Commerce (Chennai)
- Punjab, Haryana and Delhi Chambers of Commerce (New Delhi).

#### 2. National Chambers of Commerce

- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Confederation of Indian Industry (CII)
- Associated Chambers of Commerce and Industry (ASSOCHAM)
- All India Organizations of Employers (AIOE)

FICCI:

The Federation of Indian Chambers of Commerce and Industry (FICCI) was established in 1926 in New Delhi. It acts as an apex central body of businessmen in India. It consists of both individual and corporate members.

Its membership consists of 50 chambers of commerce and trade associations, 200 overseas members, and 1500 associate members. Its management is vested in an executive committee. FICCI acts as a representative body of Indian business. It is a non-government, not-for-profit organization. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs. The chamber has an indirect membership of over 2, 50,000 companies from various regional Chambers of Commerce. It is involved in sector specific business policy consensus building, and business promotion and networking. It is headquartered in the national capital New Delhi and has presence in 11 states in India and 8 countries across the world.

Question 5. Explain the services of a wholesaler to a retailer, consumer and general services.

Answer:

To Retailers

1. The retailers are relieved of maintaining huge stock of goods because the wholesaler fills up the stock regularly. The wholesaler buys in large quantities and sell them at convenient lots to the retailers.
2. The wholesaler provides finance and credit facilities to the

retailer and thereby relieves the financial difficulties of the retailer.

3. The wholesaler saves retailers from many types of risks. The retailer is not required to carry huge stock as he can get them from the wholesaler at regular interval. By extending credit has saved the retailers a lot.
4. The wholesaler provides valuable advices to the retailer on all matters relating to new product and market condition and thereby relieves him from collection of market data.
5. The wholesaler gives trade discounts on bulk purchase and as such it enables the retailers to earn handful amount of profit.

#### To Consumer

1. He enables the consumer to purchase required quantities of goods at the desired time because he supplies goods regularly to the retailers.
2. He provides goods at a cheaper rate because he facilitates in large scale production.
3. The wholesaler is in a better position to stabilize prices of the products by adjusting demand and supply. The consumers are benefitted a lot on account of stabilization of prices.
4. There is no shortage of goods as the wholesaler goes on large purchasing.

Question 6. Name and define different large scale retail shops.

Answer:

The retail trade is conducted now on a large scale. The mass production of goods and the concentration of population in urban centers has necessitated the establishment of large-scale retail trading houses. There are many advantages of retailing on a large scale.

However, in spite of the economies of large scale retailing, the small-scale units could not be eliminated because of the various special advantages possessed by them. Some of the more prominent large-scale retail organizations are as follows:

1. Departmental Stores
2. Multiple Shops or Chain Stores
3. Mail Order Houses
4. Super Markets
5. Consumer Cooperative Stores
6. Vending Machines

1. Departmental Stores: A departmental store is a large-scale retail organisation having a number of departments under one roof. Each department specialises in one particular kind of trade. All these departments are centrally organized and are under one united management and control. A departmental store is an organization of several retail stores carried on in one building and under united controlled management. The basic objective of a departmental store is to provide a large variety or merchandise from a pin to an aeroplane at one place.
2. Multiple Shops or Chain Stores: A multiple shop system is a network of branch shops, situated at different localities in the city or in different parts of the country, under a centralised management and dealing in similar lines of goods. Such multiple shops are very common and popular in the west and are known as Chain Stores. According to J.L. Fri, "Chain Stores is a group of stores handling similar lines of merchandise with single ownership and centralised location." The Federal Trade Commission defined a chain store as "an organization owing a controlling interest in two or more establishments which sell substantially similar merchandise at retail prices."
3. Mail Order Sale Houses: A Mail Order Sale is a retail business

where orders are placed by post or mail and goods are received either by registered parcel or V.P.P. i.e., Value Payable Post. Under such a type of selling, the seller advertises his products in the leading dailies and magazines of the area and the intending buyers respond to such advertisements by requesting for catalogues and price lists from the seller. The buyers do not inspect the goods before purchasing but place orders on the basis of the advertisements which they see in the newspapers and magazines. After orders are received from customers, the goods are dispatched by V.P.P. or registered mail. The postman of the buyer's locality delivers the goods to him and takes the payment for the same. Thus the post office plays a vital role in such type of sale, and it is because of this type of sale is also sometimes referred to as "Shopping by Post".

4. Super Markets: The super market is a large-scale retail institution specialising in necessities and convenience goods. They have huge premises and generally deal in food and non-food articles. In the words of M. M. Zimmerman, "A super market is a departmentalised retail establishment having four basic departments viz, self-service grocery, meat produce, dairy products plus other household departments, doing a maximum business. It may be entirely owner operated or have some of the departments leased out on a concession basis." Super markets came into existence in the USA during the Great Depression of the thirties. However, the original super markets were established by independent merchants who dealt mainly in food products.
5. Consumer Co-Operative Stores: A consumer co-operative is a retail business which is owned by the consumers themselves. Their basic objective is to eliminate middlemen. The consumers join together and manage the business and the profit thus earned is retained among themselves in the proportion of their contribution. The society purchases in bulk and avails the discounts and sells in small lots to the members. Some of the co-operative stores are run on a large-scale basis while others are small in size and nature.
6. Vending Machines: Such selling machines are extensively used in the west. The vending machine is operated by inserting a coin and the buyer can get the articles. Vending machines are usually acquired to sell articles like cigarettes, soft drinks, chocolates, candles etc. Railway platform and bus tickets are also sold by this method. The articles sold by a vending machine are pre-packed and labeled and are usually of reputed brands. The goods should be uniform in size and shape and less bulky in weight. The installation of such machines is an expensive affair and it needs regular maintenance also. Such machines are quite attractive in appearance and installed at busy shopping centers.

Question 7. Explain the meaning, features, advantages and disadvantages of super market.

Answer:

Super market is nothing but a retail organization providing food and household articles to consumer under one roof without any kind of sales pressure from salesmen and sale assistants. The United States of America (USA) is said to be the homeland of super markets.

In India, Apna Bazaar, Sahakari Bhandar, etc., are some good examples of super markets or super bazaars.

According to Dictionary of Business and Finance, Supermarket is defined as, "Large store selling a wide variety of consumer goods, particularly food and small articles of household requirements."

Features of Super market

The characteristics or features of the super market are as follows:

1. Centrally located in big premises: Super markets are normally opened in a central locality where ample space is available. It is housed in big premises. Without such premises proper display of different goods cannot be arranged.
2. No sales pressure: One important feature of a super market is self-service. There is a complete absence of salesmen and sales assistants. Thus, there is no sales pressure of any kind. Customers can make a selection according to their needs and desires.
3. Maintains low prices: The prices of goods in the super markets are reasonable or low. This is because they (companies running super markets) buy in bulk and enjoy all the advantages of bulk buying. Similarly, their salary bill is low due to the absence of salesmen and sales assistants.
4. Sell goods on a cash basis: Super markets sell goods on 'Cash and carry basis. In such a kind of a business, credit facilities are usually not offered. This reduces bad debts.
5. Deals in necessities of life: Super market deals in commodities, which are required regularly. Thus, they deal in tinned products of well-known brands, groceries and provision, ready made garments, fruits, etc. The turn over is quick as the demand for the necessities of life is a continuous one.
6. Established by companies: Super markets are retailing shops, which are large in size. They do business on a large scale and require huge financial resources. Hence, they are normally established by Joint-stock companies.
7. Deals in pre-packed goods: Super market normally deals in pre-packed goods or products. It uses latest and up-to-date packing material to protect quality and quantity. On all packages, prices, weights, particulars of goods, grade and quality are specified.
8. Needs huge capital to operate: Super market is a large retail trading organization. It requires a substantial amount of capital for big premises, huge warehousing, ample parking and stocking of a wide variety of commodities.
9. Self-service store: Customers are given attractive trolleys or hand baskets or bags for keeping goods which they want to buy. Goods are systematically arranged and beautifully displayed. Customers select these goods and keep them in the trolley. Finally, they have to come to the billing section for making payment and then delivery is given at the delivery counter.

#### Advantages of Super Market

- Saving in labour cost due to self-service system.
- Super market has large turn over.
- Reasonable or low prices of goods.
- Low cost of operation.
- Freedom of selection.
- Shopping is very easy and quick.
- Due to adequate parking space, shopping becomes easy and pleasing activity rather than boredom.
- High degree of efficiency due to elimination of service.
- High margin of profit to organisers.
- Advantages of large scale operations.

#### Disadvantages of Super Market

The disadvantages of a super market or Super Bazaar are as follows:

- Super market requires huge financial resources.
- It is normally situated at a long distance from the residential localities.
- There is lack of personal attention.

- Super market does not provide various services such as free home delivery, personal guidance, credit facility and after sale service.
- It faces the problem of co-ordinating activities of various sections of the market.
- It requires large and extensive premises.
- Goods which require explanation by salesmen cannot be sold in such markets.

Question 8. What are the differences between departmental stores and multiple shops?

Answer: The differences between departmental stores and multiple shops are summarized below:

1. Location: A departmental store is centrally located and attracts customers towards it. On the other hand, multiple shops are situated in different localities and attempt to reach near the customers.
2. Variety of goods: A departmental store deals in a wide variety of products and serves as a universal supplier. On the other hand, a multiple shop specialises in one line of goods.
3. Type of customers: A departmental store caters mainly to rich people, whereas multiple shops cater to the general public.
4. Nature of dealings: A departmental store sells goods both on cash and credit basis. But multiple shops sell goods on cash and carry basis.
5. Services: A departmental store offers banking, post office, restaurant and other facilities to customers. Multiple shops do not offer such services.
6. Pricing: Different departments of a departmental store may sell goods at different prices. But all the multiple shops sell goods at the same prices.
7. Decoration and display: Every department of a departmental store may have different decoration and display. But all the multiple shops of an owner have uniform shop decoration and window display. A departmental store advertises at local level, whereas multiple shops advertise at national level.
8. Object: A departmental store aims at providing everything at one place. Multiple shop system, on the other hand, is an attempt to eliminate middlemen and establish direct contact between the manufacturer and consumers.
9. Flexibility: In a departmental store quick adjustment can be made according to local changes. One line of goods can be substituted by others. Multiple shop system lacks such flexibility.
10. Control: In a departmental store, heads of departments have considerable discretion in the management of operations. Branch managers in a multiple shop system have to follow the policies and procedures laid down by the head office.
11. Ownership: A departmental store is generally owned and established by a retail trader. On the other hand, multiple shop system usually operates under the ownership and management of a manufacturer or a wholesaler.
12. Risk: Risk involved in a departmental store is relatively greater because success depends on the prosperity of a single location. In multiple shops system risks are spread over different shops located in different areas .

Question 9. Mention and define the documents which are used in internal trade.

Answer: The following are the main documents used in the internal trade.

1. Invoice: In case of credit purchases, a statement is supplied by the seller of goods in which he gives particulars of goods purchased by buyer such as quantity, quality, rate, total value,

sales tax, trade discount, etc. It is also called a Bill or Memo. Buyer gets information about the amount he has to pay to the seller from Invoice only.

2. Performa Invoice: The "statement (or forwarding letter) containing the details of goods consigned from consigner to consignee is known as a Performa Invoice. It gives the particulars regarding quantity, quality, price and expenses incurred on the goods consigned. In case of consignment, consignee is an agent of consigner who is supposed to sell goods on behalf of consigners and this statement Performa Invoice is only for his information. It is also known as Interim Invoice.
3. Debit Note: It refers to a letter or note which is sent by the buyer to the seller stating that his (seller's) amount has been debited by the amount mentioned in note on account of goods returned herewith. It states the quantity, rate, value and the reasons for the return of goods.
4. Credit Note: It refers to a letter or note which is sent by the seller to the buyer stating that his account has been credited by the mentioned amount on account of acceptance of his claim about the goods returned by him.
5. Lorry Receipt: It refers to a receipt issued by the transport company for goods accepted by it for sending from one place to another. It is also known as Transport Receipt (TR) and Bilty.
6. Railway Receipt: It refers to a receipt issued by the railways for goods accepted for sending from one station to another.

Question 10. Discuss advantages and disadvantages of Mail Order House.

Answer: The retail outlets that sell their goods through mail are referred to as mail order houses. There is no personal contact between the buyers and the sellers in this type of trading. The trader contacts the customer through advertisement in newspaper or magazines, circulars, catalogues and price list is sent to them by post. All the information about product such as price, features, delivery terms, terms of payment etc are described in the advertisement. The customers may be asked to make full payment in advance or goods may be sent by VPP (Value Payable Post), under which goods are delivered to the customer only when he makes full payment for the same. The goods may be sent through a bank which delivers them to the customer only when he makes full payment.

Advantages of Mail Order Houses:

1. They can be started with low amount of capital as no expenditure on building or other infrastructural facilities are required.
2. They do not require the services of middlemen so they are eliminated.
3. They do not extend credit facilities to the customers and thus there are no chances of bad debts.
4. They can serve people wherever postal services are available.
5. They deliver goods at the doorstep of the customer which result in great convenience to the customers in buying the goods.

Limitations of Mail Order Houses:

1. There is no personal contact between the buyers and the sellers. The buyers are not in a position to examine the products before buying.
2. They rely heavily on advertisement and other promotional activities which increases their cost of product.
3. In mail order selling after sales services are absent.



\*\*\*\*\*END\*\*\*\*\*