

## INTERNAL TRADE

Internal trade refers to the purchase and sale of products and services within a country's territorial limits.

**Types of Internal commerce:** Based on the volume of activities, a country's internal commerce may be split into two major categories:

1. Wholesale Trade.
2. Retail trade.

### **Wholesale trade**

Wholesale trade refers to the purchase and sale of commodities and services in large numbers for resale or intermediate use.

- **Services of Wholesalers to Manufacturers**

1. facilitating large-scale production.
2. Risk management
3. Financial assistance
4. Expert Advice.
5. Assist with the Marketing Function
6. Facilitate continuity.
7. Storage

- (a) **Services of Wholesalers to Retailers**

1. The availability of goods
2. Marketing Support
3. Credit Grant
4. Specialized Knowledge
5. Risk Sharing

6. Economy of Scale
7. Transport Facility

### **Retail trade**

Retail trade is the purchase of products and services in relatively modest amounts from wholesalers and subsequent sale to end users.

#### **(b) Retailers provide services to manufacturers and wholesalers.**

1. Aid in the distribution of goods
2. Personal Selling
3. Supporting Large-Scale Operations
4. Collecting Market Information
5. Help with Promotion

#### **(c) Retailers' services to consumers**

1. Consistent availability of products
2. Access to new product information
3. Convenient purchasing options
4. Wide Selection
5. After-sales Service
6. Provide Credit Facilities.

### **Types of Retail Trade**

Retail trade is divided into two major categories:

- 1. Itinerant Retailers:** These retail traders go from place to place to offer their products.
- 2. Fixed Shop Retailers:** These retail merchants run their businesses from permanently established stores.

### **Types of Itinerant Retailer**

- (a) Hawkers and Pedlars: Hawkers transport their wares in a wheeled vehicle, whilst pedlars carry them on their heads or backs.
- (b) Market Traders: These shopkeepers operate their stores at various locations on specific days (for example, 'Som Bazaar' on Monday).
- (c) Street Traders or Pavement Vendors: These merchants sell their wares on crowded street corners or sidewalks.
- (d) Cheap Jacks: These shopkeepers often lease a modest store in a residential neighborhood for a limited term.

### **Types of Fixed Retailers**

Fixed store merchants fall into two categories based on their scale of operation:

1. Fixed Shop Small Retailers.
2. Fixed Shop: Large Retailers

#### (a) Types of Fixed Shop Small Retailers

- **General Stores**: These stores sell a wide range of things that locals require on a daily basis
- **Single Line Stores**: These stores specialize on a single product line, such as ready-made clothing, shoes, computers, and books.
- **Specialty Shops**: These stores specialize in selling a certain product within a single product line. For example, consider a garment store that solely sells men's clothing.
- **Street Stall Holders**: These booths have temporary platforms at crossings or on busy streets and sell low-cost items such as hosiery, toys, and so on.
- **Second-hand products Shop**: These establishments sell second-hand or used products such as clothing, books, and furniture.

#### (b) Fixed Shop Large retailers:

- **Department stores**

Department stores are huge establishments that sell a wide range of items and seek to meet all of the needs of its clients under one roof.

### Features of Department Stores

1. Central position.
2. Providing services
3. Corporate status
4. Cut out intermediaries
5. Centralized buying.
6. Wide range of commodities

### Advantages of Department Stores.

1. Reach a huge number of clients.
2. Convenience of buying
3. Attractive Services
4. The economics of large-scale operations
5. Promotion of Sales
6. Professional Management

### Limitations of department stores

1. Lack of personal attention
2. High operational costs
3. High risk of loss
4. Inconvenient Location

- **Chain stores or multiple shops**

Chain stores, often known as multiple shops, are networks of retail shops controlled by a single commercial company that sell a same range of standardized and branded consumer items. For example, Bata, McDonald's, etc.

### Features of Chain Stores:

1. Located in crowded areas.
2. Centralised purchases.
3. Centralized control

4. Cash transactions
5. Regular inspection.
6. Centrally set prices
7. Window Dressing

#### Advantages of Chain Stores

1. Scale economies
2. Cut out middlemen
3. No bad debts.
4. Transferring goods
5. Spreading risk
6. Low cost
7. Flexibility

#### Limitations of Chain Store

1. Limited selection of goods
2. Inadequate initiative
3. Lack of personal touch
4. Difficult to change demand.
5. No credit facility.
6. Huge capital need.

- **Mail Order Houses:**

In this retailing model, business transactions are handled via mail correspondence with no personal contract with the purchasers.

#### Advantages of Mail Order Houses

1. Limited capital requirements
2. Elimination of middlemen
3. The absence of bad debt

4. Wide Reach
5. Convenience

#### Limitations of Mail Order Houses

1. Lack of personal contact
2. High Promotional Costs
3. There is no after-sales service
4. No credit facilities.
5. Delayed delivery
6. Risk of Abuse
7. Heavy reliance on postal services.

- **Vending Machines**

This type of retailing involves selling things using a slot machine that accepts money or tokens.

#### Features of Vending Machines

1. Self-service system
2. Coin and token requirements
3. 24/7 shopping
4. Suitable for low-cost items, particularly packaged for the machines.

#### Advantages of Vending Machines

1. Anytime shopping.
2. Self-Service
3. Fast service.
4. Increase client satisfaction.

#### Limitations of vending machines

1. Expensive.
2. No prior inspection
3. Customized items must be produced

## **GOODS AND SERVICES TAX (GST)**

The Goods and Services Tax (GST) is a single tax that applies to the whole supply chain, from the manufacturer to the customer. It is a value-added tax charged on the production, distribution, and consumption of products and services.

### **Taxes under GST:**

1. Central Goods and Service Tax (CGST)
2. State Goods and Service Tax (SGST)
3. Integrated Goods and Service Tax (IGST)

### **Features of GST:**

1. Applicability of GST
2. Applicable to the supply of goods and services
3. Consumption-Based Tax
4. GST on imports.
5. GST Rates
6. Payment for GST

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