

History of commerce in India:

Trade and trade were the backbone of the ancient Indian economy, carried out by water and land. The Silk Road was a historic network of commercial routes connecting the East and West. Spices were traded over maritime channels.

The Indigenous Banking System played an important role in lending money and funding internal and international trade through currency and letters of credit. Documents like 'Hundi' and 'Chitti' were used to conduct hand-to-hand transactions.

Rise of Intermediaries:

Intermediaries included commission agents, brokers, and distributors. They played an essential role in trade promotion by providing financial protection to producers and accepting responsibility for the risks involved, particularly in international commerce.

Transport or Transportation

Transport or Transportation refers to the physical transfer of products from the point of production to the point of consumption. Trade was conducted on both land (roads) and at water (maritime trade).

Major Trade Centers:

The main trading centers in ancient India were:

1. Pataliputra
2. Peshawar
3. Taxila
4. Indraprastha
5. Mathura
6. Varanasi
7. Mithila

8. Ujjain
9. Surat,
10. Kanchi
11. Madura
12. Bharuch/Broach
13. Kaveripatta.
14. Tamralipti.

ECONOMIC ACTIVITIES

Economic activities refers to the actions that are done to make a living.

NON-ECONOMIC ACTIVITIES

Non-economic activities aim to meet social, psychological, and emotional requirements.

Types of Economic Activity:

Economic activities are classified into three primary categories: business, profession, and employment.

1) **Business**

Business is an economic activity that involves the creation, purchasing, and selling of commodities or services with the goal of making a profit.

Characteristics of Business

1. An Economic Activity.
2. Production or acquisition of products and services
3. Selling or exchanging products and services.
4. Regular transactions in products and services.
5. Profit Earning
6. Uncertainty of return
7. The element of risk

2) **Professions**

Professions comprise activities that need persons to apply unique knowledge and abilities in order to earn money.

Characteristics of Profession

1. Clearly defined corpus of knowledge.
2. Restricted Entry
3. Professional Association
4. Code of Conduct
5. Service Motive.
6. Compensation in the form of fees
7. The nature of job includes offering consultation services.

3) **Employment**

Employment is the vocation in which people labor for others and are compensated in the form of a salary or wages.

Characteristics of Employment

1. Contractual Relation.
2. Compensation in the form of pay or wages
3. The nature of job specified by the employer
4. No capital investment
5. The employer's code of conduct
6. Qualifications required by the employer.

Objectives of Business:

Business objectives may be roughly categorized into three categories:

1. Economic Objectives
2. Social Objectives
3. Human or individual objectives.

Classification of business activities:

Business activities are usually divided into two categories:

- 1. Industry:** It deals with the manufacture or processing of commodities and materials.
- 2. Commerce:** It encompasses all actions essential to facilitate the exchange of commodities and services.

Classification of Industries:

Industrial operations fall into three major categories:

1. Primary Industry: This term refers to all activities associated with the extraction and production of natural resources, as well as the reproduction and development of living beings, plants, and so on. Primary industry may be divided into two categories:

- (i) Extractive
- (ii) Genetic Industries.

2. Secondary Industry: It encompasses all operations related to the use of resources that were previously mined at the primary stage. Secondary industry may be divided into two categories:

- (i) The manufacturing
- (ii) construction industries.

3. Tertiary Industry: This category covers all operations that provide support services to primary and secondary industries, as well as commerce.

Trade

Trade refers to the purchasing and selling of products. Trade may be roughly divided into two categories:

1. Internal trade: Internal trade is concerned with the purchase and sale of products and services within a country's geographical limits. Internal trade is classified into two types: wholesale trade and retail trade.

2. External Trade: It refers to the purchase and sale of products and services between

individuals or organisation operating in two or more nations. External trade is classified into three types: export, import, and entrepot.

The key aids to commerce are:

The industries include transportation, banking, insurance, warehousing, and advertising. Business Risk: It refers to the possibility of inadequate profits or even losses due to uncertainties or unexpected events.

Nature of Business Risk:

1. Business risk arises due to uncertainties
2. Risk is an essential part of every business
3. Degree of risk depends on nature and size of business
4. Profit is the reward for risk taking

Causes of Business Risk:

1. Natural Causes
2. Human Causes
3. Economic Causes
4. Other Causes

