

Commerce

All those activities which ensure free and smooth flow of goods and services from producers to consumers is called commerce.

Stephenson: - Commerce is concerned with the exchange of goods with all that is involved in the buying and selling of goods at any stage in their progress from raw materials to finished goods in the consumers hands. It covers not only the functions of buying and selling and handling goods but also the many services which must be provided to finance, insure, store and transport goods in the course of these exchanges.

Development of Commerce

House Hold Activities



Barter Economy



The rise of trade



City Economy



Globalisation

firstly persons were limited to house hold activities but the needs grew and people started exchanging their good with others this is the stage where barter economy started but it was ~~not~~ very limited after some times new needs cropped this gave rise to trade as some became full time trader, but this was limited to city or locality only but after the introduction of money or currency the trade globalised. ~~Money banks and~~ Globalisation was due to industrial revolution + as the product was produced in large scale and supportive Institution such as bank played a key role.

Role of Commerce

The process of exchange is beset with several hindrances. (अडचट). The main purpose of commerce is to shun these hindrances such as.

- (i) Hindrance of person:- Manufacturer does not know the consumers and vice-versa, so the retailer, wholesaler, mercantile agents who acts as a bridge between manufacturer and consumer removes this hindrance.
- (ii) Hindrance of Place:- Goods are produced at far away place but it is forwarded by the logistics, so logistic removes this hindrance.
- (iii) Hindrance of time:- Goods are produced according to demand, so to fulfil the demands the goods must be stored, so ware housing removes this hindrance.
- (iv) Hindrance of risk:- Goods are transported, stored, at various stages but there is risk of damage due to fire, accident etc so the insurance sectors removes this hindrance.

(v) Hindrance of Exchange :- Goods and services are exchanged in lieu of money, so money removes this hindrance.

(vi) Hindrance of knowledge :- Manufacturer manufactures goods, trader sells that goods. but the advertisement gives the knowledge about the product. So the Ad media removes this hindrance.

Trade

Trade is sale, transfer or exchange of goods. In other words buying and selling of goods and services is called trade. It does not include transportation, insurance, packing, banking and advertising etc.

Types of trade :-

(i) Internal trade

(ii) International trade

(i) Internal trade :- It is also called domestic trade, it involves the buying and selling of goods within the boundaries of the country, payment is made in national currency.

It may be classified further in

- (a) whole sale trade
- (b) Retail trade

(a) whole sale trade :- It is a business to business trade i.e. a wholesaler buys goods from the producer and sells to retailers.

(b) Retail trade :- Retailer sells the goods directly to the consumer.

(ii) International trade :- It is known as foreign trade. It involves the buying and selling of goods ~~and~~ from and to the other country, payment have to be converted into currency of other country. It can be classified into

- (a) Import trade
- (b) Export trade
- (c) Entrepot trade

(a) Import :- It involves buying goods from foreign country for domestic use

(b) Export :- It involves sales of domestic product

to a foreign country.

(U) Entrepot trade :- Also called re-export trade, It means buying from foreign country for the purpose of resale in another foreign country.