

## Chapter – 22

### Types of Trade

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#### I. Choose the Correct Answer

**Question 1.**

The purchase of goods from a foreign country is called .....

- (a) Import
- (b) Export
- (c) Entrepot
- (d) Re – export

**Answer:**

- (a) Import

**Question 2.**

When goods are imported for the purpose of export it is called as .....

- (a) Foreign Trade
- (b) Home Trade
- (c) Entrepot
- (d) Trade

**Answer:**

- (c) Entrepot

**Question 3.**

..... acts as a connective link between the producer and the consumer.

- (a) Trade
- (b) Industry
- (c) Commerce
- (d) Business

**Answer:**

- (a) Trade

**Question 4.**

The aim of home trade is .....

- (a) To raise the standard of living
- (b) To provide the essential goods and services economically
- (c) To raise the national income
- (d) To obtain all types of goods

**Answer:**

- (b) To provide the essential goods and services economically

**Question 5.**

Internal trade can be classified into ..... categories

- (a) Three
- (b) Four
- (c) Two
- (d) Five

**Answer:**

- (c) Two

## **II. Very Short Answer Questions**

**Question 1.**

Give the meaning of Trade?

**Answer:**

The buying and selling of goods and services consist of trade. Trade is conducted in order to earn a profit. Trade acts as an intermediary in the exchange of commodities between the producer and consumer.

**Question 2.**

What is Internal Trade?

**Answer:**

Buying and selling of goods and services within the boundaries of a nation are called internal trade. Internal trade is also called domestic trade or home trade.

**Question 3.**

Mr. Vikram who runs a textile industry regularly procures cotton from

Germany. Name the type of trade he is engaged in.

**Answer:**

This is Import trade because Mr. Vikram procures (purchases) cotton from Germany Import means buying of goods from a foreign country for domestic use.

**Question 4.**

When Vikram of India sells cotton shirts to Amal of England, what type of trade he is engaged in?

**Answer:**

Vikram of India sells cotton shirts to Amal of England. So he is engaged in Export trade. Export trade means the sale of domestic goods to foreign countries.

**Question 5.**

How do you classify Trade?

**Answer:**

According to the geographical location of buyers and sellers, trade can be classified into internal and external trade.

**Question 6.**

What are the classifications of internal trade?

**Answer:**

Type of International trade: Home trade consists of two main subdivisions namely (i) Wholesale trade and (ii) Retail trade.

**Question 7.**

What is import trade?

**Answer:**

Import trade means buying goods from a foreign country for domestic use. Example. India imports petroleum products from Gulf Countries.

**Question 8.**

Explain the meaning of the Entrepot trade.

**Answer:**

Entrepot trade means importing goods from one country and exporting the same to foreign countries. It is also known as 'Re-export trade'.

**Question 9.**

TVS is selling motorbikes in Europe. Under which type of trade can this be classified?

**Answer:**

Selling of motorbikes from India to Europe is classified under Export Trade.

**Question 10.**

What is the currency used in India in internal trade?

**Answer:**

INR (Indian Rupee) is used in India in internal trade. Payment of goods and services is made in the currency of the home country.

### III. Short Answer Questions

**Question 1.**

What is the classification of Foreign trade?

**Answer:**

Foreign Trade can be classified into Import Trade, Export Trade, and Entrepot Trade.

**Question 2.**

Give two examples of Entrepot trade.

**Answer:**

1. Indian diamond merchants in Surat import uncut raw diamonds from South Africa.

2. They cut and polish the diamonds in their units in India and re-export them to the International Diamond Market in Amsterdam.
3. Singapore, Dubai, Hongkong are the largest entrepot trade centers in the world.

**Question 3.**

What do you mean by Export trade?

**Answer:**

Export trade means the sale of domestic goods to foreign countries. Export trade is necessary to sell domestic surplus goods, to make better utilization of resources, to earn foreign exchange, to increase national income, to generate employment, and to increase Government revenue. E.g Export of Iron ore from India to Japan.

**Question 4.**

What is Wholesale trade?

**Answer:**

“Purchase of goods in bulk from the manufacturers and selling them in smaller quantities to other intermediaries” is known as wholesale trade.

**Question 5.**

State the meaning of Retail trade.

**Answer:**

The distribution of goods in small quantities directly to the consumers is known as retail trade.

**Question 6.**

Name any three retail traders in your locality.

**Answer:**

1. Nilgiris Super Market
2. Reliance Fresh
3. A.N.S. Pandian Stores

### **Question 7.**

State the main aim of trade.

#### **Answer:**

The main aim of trade is to make goods and services available to those persons who need them and are able to willing to pay for them.

## **IV. Long Answer Questions**

### **Question 1.**

What are the features of Internal trade?

#### **Answer:**

Meaning: Buying and selling of goods and services within the boundaries of a nation are called internal trade. It takes place between buyers and sellers in the same locality, village, town or city or in different states, but definitely within the same country.

#### **The following are the features of internal trade**

- The buying and selling of goods take place within the boundaries of the same country.
- Payment for goods and services is made in the currency of the home country.
- It involves transactions between the producers, consumers, and middlemen.
- It consists of a distribution network of middlemen and agencies engaged in an exchange of goods and services.
- In-home trade the risk of transportation is very less when' compared to foreign trade.
- In-home trade the laws prevailing in that country only have to be followed.
- The aim of home trade is to provide goods and services economically.
- The goods must be a part of domestic production.
- Goods must be purchased from an individual or a firm established within a country.
- Goods can be delivered using locally available modes of transport, k.

- It does not involve any custom/import duty, but buyers need to pay the taxes to the Government.

### **Question 2.**

Explain briefly the different types of Foreign trade?

**Answer:**

#### **A. Import Trade:**

Import trade means buying goods from a foreign country for domestic use. Example. India imports petroleum products from Gulf Countries. India imports machinery, equipment, materials, etc. It is necessary to speed-up industrialization, to meet consumer demands, and improve the standard of living.

#### **B. Export Trade:**

Export trade means the sale of domestic goods to foreign countries.

**Examples:**

1. Export of Iron ore from India to Japan
2. Selling of Tea from India to England.
3. Export of jasmine flowers from Madurai to Singapore

Export trade is necessary to sell domestic surplus goods, to make better utilization of resources, to earn foreign exchange, to increase national income, to generate employment, and to increase Government revenue

#### **C. Entrepot Trade:**

Entrepot trade means importing goods from one country and exporting the same to foreign countries. It is also known as "Re-export trade".

Example Indian diamond merchants in Surat import uncut raw diamonds from South Africa. They cut and polish the diamonds in their units in India and re-export them to the International Diamond Market in Amsterdam.