



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution

STUDY MATERIAL-3

CLASS -XI

SUBJECT -BSTD CHAPTER 1-Nature and purpose of Business- Trade

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Commerce

Commerce in broader sense comprises all those activities which are concerned with the distribution of goods and services so that reach the consumers with a minimum of inconvenience. It refers to all those activities which help directly or indirectly in the distribution of goods to the ultimate consumer

Functions of Commerce

- Helps in Removing the Hindrance of persons.
- Helps in Removing the Hindrance of place.
- Helps in Removing the Hindrance of time.
- Helps in Removing the Hindrance of exchange.
- Helps in Removing the Hindrance of risk.

Commerce includes two types of activities -

1. Trade
2. Auxiliaries to trade

Trade means the sale, exchange and distribution of goods and services for cash or for credit. It is an integral part of commerce. It refers to buying and selling of goods and services.

Features of trade-

1. Trade is the feeling of gap between producer and consumer.
2. Trade is basically engaged in buying and selling of products and services.
3. Trade may be local, national and international.
4. Trade is an economic activity and motivated to earn profit .
5. Trade is dependent on industries and commercial activities .

Trade can be classified into two types -

(i) **Internal Trade** Internal Trade refers to buying and selling of goods or services within the geographical boundaries of a country. It is also known as Home Trade. The internal trade is of two types-

1. Whole sale trade
2. Retail trade

(ii) **External Trade** It refers to the buying and selling of goods and services beyond the geographical limits of the country. It is also known as trade between two or more countries.

External trade is of following types-

- Export trade – When goods are sold and sent out to other countries for foreign use.
- Import trade – This type of trade consists in the procuring of foreign goods for home consumption.
- Entrepot trade - It refers to purchase of goods from one country in order to export them to some other

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