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# NCERT Solutions for 11th Class Business Studies: Chapter 10- Internal Trade



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## NCERT Solutions for 11th Class Business Studies: Chapter 10-Internal Trade

Class 11: Business Studies Chapter 10 solutions. Complete Class 11 Business Studies Chapter 10 Notes.

### NCERT Solutions for 11th Class Business Studies: Chapter 10-Internal Trade

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1. What is meant by internal trade?

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The buying and selling of goods and services within the nation boundaries is termed as internal trade. No custom duty or import duty is levied upon them as they are domestically produced and are meant for consuming domestically. There are two kinds of internal trades: wholesale trade and retail trade

## **2. Specify the characteristics of fixed shop retailers.**

Fixed shop retailers are those who maintain a permanent establishment and conduct their business from there. They do not need to move from one place to another in order to sell their service and goods.

Here are some of the characteristics:

1. They have a greater resource base and operate on a larger scale as compared to other traders.
2. They deal in more than one category of products, and it includes consumer durable and non-durables.
3. They can provide additional services such as home delivery, goods supplied on credit.
4. Being fixed in one place, they have more credibility in eyes of the consumer.

## **3. What purpose is served by wholesalers providing warehousing facilities?**

Wholesalers providing warehousing facilities serve the following purpose:

1. They purchase goods in bulk from manufacturers. Store and distribute the purchased goods to retailers in small quantities.
2. Being situated near the centre of distribution they are known as place of utility.
3. The bulk purchasing done by distributors help manufacturers undertake large scale production without worrying about storage issues.

## **4. How does market information provided by wholesalers benefit the manufacturers?**

Market information provided by wholesaler benefits manufacturer in the following ways:

1. Information on preferences of customers and their tastes.
2. Prevailing market conditions
3. Goods that are in demand among consumers

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4. Level of competition in the market

Using such information manufacturers can produce products that suits the customers need.

**5. How does the wholesalers help the manufacturer in availing the economies of scale?**

Wholesaler help manufacturer in availing economics of scale in following ways:

1. Purchase goods in bulk quantities from manufacturer and distributing to retailers in small quantities.

1. By providing manufacturers with warehousing facilities they reduce burden of storage.

2. Create time and place utility and enable manufacturers to produce goods on large scale.

**6. Distinguish between single line stores and speciality stores. Can you identify such stores in your locality?**

<b>Basis of Comparison</b>	<b>Single Line Stores</b>	<b>Specialty stores</b>
Meaning	Stores dealing with only one type of product	Stores dealing with one particular product line of a product
Location	Can be located at any place in market	Located in the central place of the market
Examples	A sweet shop selling all varieties of sweet	A sweet shop producing only besan ladoos.

**7. How would you differentiate between street traders and street shops?**

<b>Basis of difference</b>	<b>Street traders</b>	<b>Street shops</b>
Definition	Small traders who sell low cost items on street	Traders who have shops situated in the street side and selling goods
Shops/establishment	No permanent shops	They possess permanent shops

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Products	Newspapers, vegetable hawkers	Grocery items, Xerox shops
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### **8. Explain the services offered by the wholesalers to the manufacturers.**

Following services are offered by wholesalers:

1. Purchasing goods in bulk from manufacturers, storing and distributing them to retailer in small quantities.
2. Manufacturers are encouraged to undertake large scale production based on the bulk purchase by wholesalers.
3. Reduces burden on manufacturers for storing the produced goods.
4. Helps manufacturers with market information and customer preferences

### **9. What are the services offered by retailers to wholesalers and consumers?**

Following services are offered by retailers:

1. By providing information to customers about the new products that are available in the market, they help consumers in deciding the product to buy.
2. They also provide information to wholesalers about the tastes and preferences of consumer, prevailing conditions of the market and existing competitors.
3. By storing of wide variety of goods based on customer tastes they help customer in choosing the best product.
4. Retailers also promote goods as they are in direct touch with customers and hence in the best position to recommend and thus help in sales for manufacturers and wholesalers.
5. They also help in facilitating distribution of goods to the customers for consumption.

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### **Long Questions**

**1. Itinerant traders have been an integral part of internal trade in India. Analyse the reasons for their survival in spite of competition from large scale retailers.**

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Itinerant soldiers do not have a fixed place for conducting business, they are always on the move, from one street to another for selling their goods. Here are some reasons:

1. Consumers seem to be more comfortable getting a service from traders who are small.
2. The retailers deal with products such as fruits and vegetables, the value of which does not fall immediately
3. The retailer provide more attention to customer and provide doorstep services.
4. Price offered by itinerant traders are less compared to large scale retailers as they do not have any provision of storage, so no need to spend on storage.
5. Itinerant traders are available at short notice as they keep moving while large scale retailers need to stick to a certain area as they have a fixed business setup.
6. Itinerant traders have low probability of loss as compared to large scale retailers as they do not keep an inventory.

## **2. Discuss the features of a departmental store. How are they different from multiple shops or chain stores?**

Departmental stores are large establishments which look towards fulfilling all needs of customers under one roof. There are separate departments inside the store each dealing with a different product like groceries, furniture, medicines and electronics etc.

Following are characteristics of departmental stores:

1. A departmental store provide facilities such as restrooms, restaurants, grocery shops etc. and in this way look to provide great service to customers.
2. Stores are centrally located for attracting large number of customers.
3. A departmental store performs the dual role of a retail store as well as a warehouse. All purchases are directly done from manufacturers.

Chain stores are networks of retail shops that are owned by manufacturers or its intermediaries. In such an arrangement, similar looking shops are established in multiple localities across the city, whereas departmental stores are established in a central location of the city. These shops deal with branded consumer durable products and have identical looking displays with matching merchandising strategies.

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**3. Why are consumers' cooperatives stores considered to be less expensive? What are its relative advantages over other large scale retailers?**

Consumer co-operative stores are formed, managed and controlled by consumers and their aim is to make goods available at cheap prices to members of society. The best part about consumer co-operative is that the middlemen is eliminated. The motive is not profit making hence the price of goods are lower than the price of goods available at retail shops. The capital investment is also less as compared to large scale enterprises.

The following are the advantages of a co-operative store:

1. A co-operative can be easily formed by an association of 10 people and get it registered by completing the required formalities.
2. The liability of members is restricted to the amount of capital contributed by them.
3. Members of co-operative have one vote to choose their representative.
4. There is no involvement of middleman in the chain which helps keep price under check

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**4. Imagine a life without your local markets. What difficulties would a consumer face if there is no retail shop?**

Retail shops serve as the final step in distribution channel. It acts as link between manufacturers and wholesalers by buying goods from manufacturers and selling them to consumers. They are important because of the following reasons:

1. Retailers acts as information source for new products their price and features for customers. Customers use this information to decide products that can be bought.
2. Customers get a wide variety of choice of goods in a retail shop
3. Retail shops are conveniently located near to residential places that help customers get easy access to goods.
4. Retailers offer extra facilities such as goods on credit to regular customers
5. Retail stores ensure availability of products in a timely manner, thus keeping customers happy.

**5. Explain the usefulness of mail order houses. What types of products are generally handled by them? Specify?**

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Mail houses are retail outlets that are specialized in selling merchandise through the mail. In this system there is no direct contact between buyer and seller. The mail houses use advertisements in papers, magazines etc. to attract potential customers. The details of the product such as price, features and mode of payment is mentioned in the advertisement. Once the order is received, the items are prepared as per specification.

The usefulness of mail order is:

1. It can be started with low capital
2. There is no middlemen so it saves money for both buyers and sellers
3. As goods are sent using postal services, reach is more.
4. Goods get delivered to customers at doorstep.

Products managed by mail houses are:

1. Goods that are easy to transport at low cost
2. Goods that are available in large quantity
3. Goods which can described by pictures
4. Goods that are graded and stand
5. Goods which are available throughout the year

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### Concepts covered in this chapter –

- Internal trade
- Types of internal trade
- Classification of retailers
- Types of retail trade
- Itinerants
- Types of itinerants
- Fixed retailers
- Large scale retailers
- Departmental stores
- Multiple shops
- Mail order retailing

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- Consumer co-operative store
- Super markets
- Vending machines
- Role of commerce and industry

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- Chapter 1- Nature and Purpose of Business
- Chapter 2- Forms of Business Organisation
- Chapter 3- Private, Public and Global Enterprises
- Chapter 4- Business Services
- Chapter 5- Emerging Modes of Business
- Chapter 6- Social Responsibilities of Business and Business Ethics
- Chapter 7-Formation of a Company
- Chapter 8-Sources of Business Finance
- Chapter 9-Small Business and Entrepreneurship
- Chapter 10-Internal Trade
- Chapter 11-International Business-I
- Chapter 12-International Business-II

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Organise pre-service and in-service training of teachers; develop and disseminate innovative educational techniques and practices; collaborate and network with state educational departments, universities, NGOs and other educational institutions; act as a clearing house for ideas and information in matters related to school education; and act as a nodal agency for achieving the goals of Universalisation of Elementary Education. In addition to research, development, training, extension, publication and dissemination activities, NCERT is an implementation agency for bilateral cultural exchange programmes with other countries in the field of school education. Its headquarters are located at Sri Aurobindo Marg in New Delhi. [Visit the Official NCERT website](#) to learn more.

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