

# QB365 Question Bank Software Study Materials

## Types of Trade Important 2,3 & 5 Marks Questions With Answers (Book Back and Creative)

11th Standard

Commerce

Total Marks : 75

### 2 Marks

10 x 2 = 20

1) Give the meaning of Trade?

**Answer :** The buying and selling of goods and services consists of trade. The essence of trade is to make goods and services available to those persons who need them and are able and willing to pay for them.

2) What is International Trade?

**Answer :** International trade is a trade between a seller and buyer of different countries. It involves the exchange of goods and services of one country with another country.

3) 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.

4) Explain the meaning of Entrepot trade.

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

5) What are the classifications of internal trade?

**Answer :** Internal trade consists of two main sub-divisions namely :

- 1) Wholesale Trade
- 2) Retail Trade

6) What is the currency used in India for Internal Trade?

**Answer :** Internal trade uses rupee as the currency.

7) Name the entrepot centres.

- Answer :**
1. Singapore
  2. Dubai
  3. Hongkong

8) What are the need for Import trade?

- Answer :**
1. Speed up industrialisation
  2. To meet consumer demands
  3. To improve standard of living

9) Give India's important Export and Import items.

**Answer :**

S.No	Import items	Export items
1	Petroleum products	Minerals, fuels including oil
2	Jewellery	Gem, Precious metals
3	Automobile	Electrical Machinery and Equipments

10) What are the types of foreign trade?

**Answer :** 1. Import trade

2. Export trade

3. Entrepot trade

**3 Marks**

10 x 3 = 30

11) Explain the types of Internal trade.

**Answer : Wholesale Trade**

1. They enable the scope of selling the goods to the larger population, thereby helping the manufacturer to great sales.

2. The wholesalers sell the goods in their own name thereby taking the risk, they purchase in bulk and sell in smaller lots comparatively to the retailers.

3. They sell to persons, or other institutions, and other commercial users, but they do not sell to the consumers.

4. Their activities include grading the products, packing into smaller lots, storing them, transportation and promotion of the goods, collecting the market related information.

**Retail Trade**

1. This is a type of business enterprise that is engaged in the sale of goods and services to the ultimate customers. After buying large quantities from the wholesaler the retailer sells it to the customers in much smaller lots. The retailer represents the final stage of distribution which started from the hands of the manufacturer.

2. Retailers can be described as that branch of business which distributes the products to the end users that are consumers for their personnel or non-business consumption. Retailers can sell the goods in different ways through personally, via the telephone or even through vending machines.

3. Example: Selling of ball pens can be done in stores, medicine can be sold at medicine shops, while the joke books can be sold at the stations or trains or roadway buses. The sale of cosmetic products from door-to-door at the customer's residence. Selling of vegetables by the roadside in the market.

4. The products or the goods are sold to the customers and hence they fulfill the task of retailing here. Thus, irrespective of how or where the products are being sold as long it reaches the end consumers it is termed as retail trading.

12) Give three examples of India's Import and Exports items.

**Answer : Examples of India's Import and Exports items**

1. Crude petroleum. Crude petroleum was India's top import in 2020-21

2. Gold

3. Petroleum products.

4. Coal, coke and briquettes

5. Pearl, precious and semi-precious stones

6. Electronic components.

7. Telecom instruments

8. Organic chemicals

13) What is the classification of Foreign Trade?

**Answer : Types of Foreign Trade:**

i. Import Trade

ii. Export Trade

14) Give two examples of Entrepot trade.

**Answer : Example:**

i. Indian diamond merchants in Surat import uncut 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.

ii. India imports rubber from Thailand and export it to Japan.

15) What do you mean by Export Trade?

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

**Examples:**

(i) Export of Iron ore from India to Japan.

(ii) Selling of Tea from India to England.

(iii) Export of Jasmine flowers from Madurai to Singapore.

16) Name any three Retail Traders in your locality.

**Answer :** 1. Anandha maligai goods traders

2. Apollo pharmacy

3. Ulavar sandhai

17) Write a short note on Entrepot Trade.

**Answer :** 1. Entrepot trade means importing of goods from one country and exporting the same to foreign countries.

2. It is also known as 'Re-export trade'.

3. E.g. Indian diamond merchants in Surat import uncut raw diamonds from South Africa.

4. They cut and polish the diamonds in their units in India and re-export them to the International Diamond Market in Amsterdam..

18) Explain the merits and demerits of International Trade.

**Answer :** Besides increasing national income, international trade is beneficial in many ways.

**(a) The merits of International Trade are:**

(i) It leads to specialisation when goods are produced at large scale.

(ii) Foreign trade enables a country to get those goods which it cannot produce.

(iii) Benefits of large-scale production are enjoyed.

(iv) Quality goods are produced and Prices are stabilized, employment opportunities increase and better international understanding takes place.

**(b) The demerits of International Trade are:**

(i) Foreign trade procedures are very complicated.

(ii) It leads to economic as well as political domination of the exporting country.

(iii) With the intention of earning more money natural resources may get exhausted and

(iv) It adversely effects home industry at small-scale.

19) What are the differences between the home trade and foreign trade?

**Answer :** Home trade refers to the trade within a country. Whereas, the trade between different countries is called foreign trade. Trade with two countries is called bilateral trade and trade with many countries is called multinational trade.

20) What is meant by export trade and its need?

**Answer :** 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.

**5 Marks**

5 x 5 = 25

21) What are the features of Internal trade?

**Answer : Features of Internal Trade:**

The following are the features of internal trade

1. The Buying and Selling of goods takes place within the boundaries of the same country.

2. Payment for goods and services is made in the currency of the home country.

3. It involves transactions between the producers, consumers and the middlemen.

4. It consists of a distribution network of middlemen and agencies engaged in exchange of goods and services.

5. In home trade, the risk of transportation is very less when compared to Foreign Trade.

6. In home trade, the laws prevailing in that country only have to be followed.

7. The aim of home trade is to provide the goods and services economically.

8. Goods must be a part of domestic production.

9. Goods must be purchased from an individual or a firm established within a country.

10. Goods can be delivered using locally available modes of transports.

11. It does not involve any customs import duty, but buyers needs to pay the taxes like GST.

22) Explain briefly the different types of Foreign trade.

**Answer : Types of Foreign Trade :**

**A. Import Trade:**

Import trade means buying goods from a foreign country for domestic use.

**Example:**

1. India imports petroleum products from Gulf Countries.
2. India imports machinery, equipment, materials, etc.
3. It is necessary to speed-up industrialization, to meet consumer demands and to improve 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.

India's important export and import items:

S.No	Export items	Import items
1	Petroleum products	Minerals, fuels including oil
2	Jewellery	Gem, Precious metals
3	Automobile	Electrical Machinery and Equipments
4	Bio-chemicals	Machinery including computers
5	Pharmaceuticals	Organic chemicals

**C. Entrepot Trade:**

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

- 23) Describe the demerits of Foreign Trade.

**Answer : The demerits of Foreign Trade are:**

**(i) Complicated procedure:**

Export and import procedures are very complicated. A layman cannot understand them easily.

**(ii) Economic dependence:**

The underdeveloped country has to depend on the exporting country which leads to the exploitation of the developing country.

**(iii) Adverse effect on the home industry:**

International trade provides a threat to the small and cottage industries at home. These industries cannot stand in competition to the developed countries products.

**(iv) Import of harmful goods:**

Import of luxury goods and harmful drugs hamper the well being of the people,

**(v) World war:**

Due to unhealthy competition, enmity among the countries may increase. This may lead to war between countries.

**(vi) Political dependence:**

It may make one country a slave of other country. Because economic dependence endangers the political stability of the dependent country.

**(vii) Exhaust of natural resources:**

With the intention of earning more money excessive use of natural resources may take place. This will cause the economic downfall of the country in the long run.

- 24) What are the aims and needs of Foreign Trade?

**Answer :** The aims and needs of Foreign trade are:

**(i) To raise national income and standard of living:**

The aim of foreign trade is to increase the income of the nation and increase the standard of living of the people.

**(ii) To enable equal distribution of natural resources:**

Every country has a different type of natural resources. A country which has more natural resources gives to other countries. For example, Kuwait has more petrol Hence, foreign trade distributes surplus resources to the needy countries.

**(iii) To enable even distribution of agricultural products:**

Different countries have different facilities to produce agricultural resources. For example, Cuba produces more sugar, Egypt produces more cotton and Argentina produces surplus wheat. Thus, foreign trade distributes surplus production to needy countries.

**(iv) To minimise hurdles in production:**

The developing and under-developed countries face a shortage of raw materials, machinery, technical know-how, etc. Through foreign trade, these countries can import goods from other countries.

**(v) To reduce differences in economic growth rate:**

Economic growth rate differs from one country to another. The underdeveloped countries takes financial and technical help from the advanced countries. This increases international trade.

**(vi) To share the benefits of low cost of production:**

Foreign trade enables a country to share the benefits of low cost of production by importing goods from the country, where the cost of production is minimum.

**(vii) To enjoy the fruits of the development of science and technology:**

Due to the advancement of science and technology, the needs of the consumers have increased Internal trade alone cannot satisfy the needs of the people, so international trade becomes essential.

25) Write the success story of Indira Nooyi.

**Answer :** 1. One of the famous Indian women entrepreneurs is Indra Nooyi.

2. She was born in Chennai and had her bachelor's degree in Madras Christian College.

3. Master's Degree in Public Management from Yale University Masters in Finance and Marketing from IIM, Kolkata.

4. occupation: Joined Pepsico in 1994 and became CFO in 2001

5. Earlier she held senior executive positions in Motorola and Asea Brown Boveri.

6. She was product manager at Johnson & Johnson and then textile firm Mettur Beardsell.

7. Awarded Padma Bushan for her business achievements and being an inspiration to India's corporate leadership.

8. She helped the company to complete 30 billion dollars worth of crucial deals within the last couple of years. .