

QB365 Question Bank Software Study Materials

Warehousing 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) What is warehouse?

Answer : According to J. Stephenson, "a warehouse in an establishment for the storage or accumulation of goods".

2) Give any two needs of warehouses.

Answer : Warehouses render invaluable services to the society by performing the following functions:

(i) Storage

(ii) Price stabilization

(iii) Equalization of demand and supply

3) Give a note on FCI.

Answer : Food Corporation of India (FCI):

It provides storage facilities for food grains. Food Corporation of India also hires storage capacity from other sources such as Central Warehousing Corporation, State Warehousing Corporation and private parties. The available storage capacity of Food Corporation of India is 74.6 million tonnes.

4) What is Warehousing?

Answer : Warehousing involves storing goods in a scientific and organised manner to maintain their value and quality.

Warehouses not only provide storage services but also logistical services by providing the right place for the right quantity at the right time and at the right cost.

5) What do you mean by the term "Warehousing".

Answer : It is an arrangement by which goods are stored when they are not needed immediately and are kept in such a manner so as to protect from damage or deterioration.

6) How warehousing facilitates business finance?

Answer : There is a gap between production and consumption. So, the businessmen have to store goods for a long-time. They deposit their goods in a warehouse. He can get finance from bank and other financial institutions by showing the warehouse keeper's receipt of goods. Thus, warehousing helps people to get monetary help from banks and continue their business with interruption.

7) What is dock receipt?

Answer : Dock receipt is an acknowledgement of receipt of goods issued by the dock authorities to the owner of the goods. Dock receipt is not document of title, so the right of taking delivery of goods cannot be transferred.

8) What is Dock warrant?

Answer : Dock is a place in the harbour where the goods are loaded into the ship:

Dock warrant is a document of title to goods issued by dock authorities. This document certifies that the dock authorities hold the goods. To take delivery of the goods, this certificate should be given back to the authorities. The right of getting delivery of goods can be transferred to third parties too.

9) What is climate controlled warehouse?

Answer : The controlled climate environment can reduce the rate of metabolism in fruits and vegetables. Humidify controlled environments for delicate products such as flowers in dirt-free facilities are provided in these warehouses.

10) What is warehouse warrant?

Answer : It is a document issued in favour of the owner or depositor of goods by the warehouse keeper. This is a document of title of goods and can be transferred by simple endorsement and delivery. To transfer all the goods the warehouse warrant is sufficient.

3 Marks

10 x 3 = 30

11) Differentiate the warehouse warrant from the warehouse receipt (any 3)

Answer :

Warehouse warrant	Warehouse receipt
1. It is a document of title of goods.	1. It is not a document of title of goods.
2. It is not only an acknowledgment for the receipt of goods but also gives an authority to get delivery of goods by the owner or by third party.	2. It is only an acknowledgment for the receipt of goods.
3. It can be negotiated or transferred to others.	3. It cannot be transferred to others.
4. It can be given a collateral security for getting financial assistance.	4. It cannot be given as collateral security.
5. Delivery of goods effected by surrendering this warrant with endorsement.	5. Delivery is effected by surrendering this receipt with letter from depositor.

12) Explain Cold storage warehouse.

Answer : Cold Storages or Refrigerated Warehouses:

Goods are transported in refrigerated containers and stored in refrigerated warehouses. These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc. Goods stored in cold storages without deterioration in quality, can be made available throughout the year.

13) Explain Cold storage warehouse.

Answer : (i) Some of the products are to be stored in cold storages which uses the technique of refrigeration to extend the period of marketing. Goods are transported in refrigerated containers and stored in refrigerated warehouses.

(ii) These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc. Goods stored in cold storages without deterioration in quality, can be made available throughout the year.

14) What are the differences between warehouse and warehousing?

Answer : (i) Warehouse is a place the goods are stored for future use, whereas warehousing is an arrangement of goods.

(ii) Warehouse is to hold goods for spring purpose only. But the object of warehousing is to preserve and protect the goods from deterioration in quality and quantity.

15) What are private warehouses?

Answer : Private warehouses are owned by private persons to store their own goods. Big business houses, wholesalers and traders have their own warehouses. They keep these stores at different places to maintain the regular supply of goods. All expenses and risk involved in storing the goods is borne by them. But these types of warehouses are very few due to the heavy cost of construction.

16) What are public warehouses?

Answer : Public warehouses offer storage facilities to the public in return for a storage fee. The storage fee varies according to space occupied and period of storage. They operate under government license and regulations. These warehouses are well equipped for easy handling and for the preservation of atmospheric conditions. Public warehouse will retain the goods until their charges are paid. If the rent is not paid they may even sell them. Public warehouses issue warehouse keeper's certificate or warehouse warrant.

17) Write a note on co-operative warehouses.

Answer : Co-operative warehouses are constructed in rural areas to help the farmers who cannot have their own storage facility. The interested people who would become of such societies form these for their own use. These warehouses help them to store various items like fertilisers, seeds, pesticides, paddy, etc., at cheap cost. Co-operative farms are also useful for fisheries, dairy farming, poultry, etc., Its efficiency depends upon the full utilisation of space, good management loyalty of its members and resources.

18) What are bonded warehouses?

Answer : When goods are imported, customs duties have to be paid on them, otherwise these cannot be removed from the Docks. Goods stored in these warehouses are said to be in 'Bond'. So, the warehouses which are used for storing imported goods before payment of custom duties are called 'Bonded Warehouses'. If these warehouses are owned by the government then custom authorities have direct control over the warehouses. The owner of the goods are allowed to inspect, bottle, brand and blend the goods.

19) Write any three functions of warehousing.

Answer : Business Finance:

Based on the goods deposited in a warehouse, the depositor can get finance, from banks and other financial institutions by showing the receipt issued by the warehouse keeper.

Risk bearing:

In case of damage to the goods, warehouse keeper compensates the loss caused to the owner of the goods. Thus, warehouses bear the loss of risk involved in storage of goods.

Preparation for sale:

Modern warehouses undertake the functions of sorting, packing and labelling, for the purpose of making the goods suitable for marketing. Hence warehousing is needed for making the goods suitable for sale.

20) What are the advantages of warehousing?

Answer : Advantages of Warehousing:

- (i) It safeguards the stock of the merchants who do not have storing place.
- (ii) Warehouses reduce distribution cost of the traders by storing the goods in bulk and allow the trader to take the goods in small lots to his shop.
- (iii) It helps in selection of channel of distribution.
- (iv) The producer will prefer whether to appoint a wholesaler or retailer.
- (v) It assists in maintaining the continuous sales and avoids the possibilities of "Out of stock" position.
- (vi) It creates employment opportunities for both skilled and unskilled workers, to improve their standard of living.

5 Marks

5 x 5 = 25

21) Explain the different types of Warehouses. (any 5)

Answer : Warehouses are classified as follows:

(i) On the basis of ownership :

- (1) Private Warehouses
- (2) Government Warehouses
- (3) Public Warehouses
- (4) Co-operative Warehouses
- (5) Bonded Warehouses
- (6) Institutional Warehouses
- (7) Distribution Centre Warehouses

(ii) On the Basis of Commodities Stored :

- (1) General Warehouses
- (2) Special Commodity Warehouses
- (3) Cold Storages or Refrigerated Warehouses
- (4) Climate Controlled Warehouses.

(i) On the basis of ownership :

(a) Private Warehouses:

Private warehouses are built and owned by private business enterprises to store their own products. They are exclusively for their use and are not meant for other manufacturing or business units.

(b) Government Warehouses:

They are created and operated by the Government to implement the programmes of the government. Their services mostly available to government only.

(c) Public Warehouse:

It is open for public at large. Most of the business organisations, especially small and medium scale units cannot afford to have their own warehouses. They may be owned by an individual or some agency. These warehouses operate as per the rules and regulations formed by the Government.

(d) Co-operative Warehouses:

There are warehouses owned and managed by the marketing co-operative societies or agricultural co-operative societies. They are set up to provide warehousing facilities to their members. Example: National Co-operative Development Corporation (NCDC).

(e) Bonded Warehouses:

Bonded warehouses are those warehouses, which are licensed by the government to accept storage of imported goods which are not cleared due to non-payment of customs duty by the importer. Bonding can be undertaken in the warehouse itself. Bank loans can be obtained by submitting the receipt issued by these warehouses as collateral security. Strict supervision and control is imposed by custom authorities on their operation and functioning.

(f) Institutional Warehouses:

Different institutions and bodies have their own warehouses on account of the nature of operation. For Example: Banks, Railways, etc.,. Various transport agencies also maintain warehouses for storing the goods which are to be dispatched and received.

(g) Distribution Center Warehouses:

Goods which need to be temporarily stored for one or two days so that they can be distributed to other offices or customers are stored in Distribution Centers. They are owned by the manufacturer or wholesalers.

B. On the basis of commodities Stored:

a) General Warehouses:

They are ordinary warehouses which are useful for storing most of the dry food grains, fertilisers, etc. Protective measures against rat, insects, etc. are undertaken by them.

b) Special Commodity Warehouses:

These warehouses are specially constructed for storing specific type of commodities like tobacco, cotton, wool, etc. These warehouses reduce loss of quality and quantity to a great extent. Storage of petrol and oil requires special type of vertical, cylindrical storage tanks.

c) Cold storages or Refrigerated warehouses:

Goods are transported in refrigerated containers and stored in refrigerated warehouses. These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc. Goods stored in cold storages without deterioration in quality, can be made available throughout the year.

d) Climate Controlled Warehouses:

The controlled climate environment can reduce the rate of metabolism in fruits and vegetables. Humidity controlled environments for delicate products such as flowers in dirt-free facilities is provided in these warehouses.

e) Automated Warehouses:

Automated facilities can handle several hundreds of kilograms of product at a time. Inside the warehouse premises physical

distribution activities are carried out by moving product filled pallets (i.e. platforms that hold large amounts of product). It requires huge investment, latest technology and large turnover of goods.

22) Explain the advantages of warehousing.

Answer : Advantages of warehousing:

1. It safeguards the stock of the merchants who do not have storing place.
2. Warehouses reduce distribution cost of the traders by storing the goods in bulk and allow the trader to take the goods in small lots to his shop.
3. It helps in selection of channel of distribution. The producer will prefer whether to appoint a wholesaler or retailer.
4. It assists in maintaining the continuous sales and avoids the possibilities of "out of stock" position.
5. It creates employment opportunities for both skilled and unskilled workers, to improve their standard of living.
6. It ensures price stabilization by supplying goods as and when demanded.
7. In case of damage to the goods, warehouse keeper compensates the loss caused to the owner of the goods.
8. Warehousing is needed for making the goods suitable for sale.
9. It widens the market for the goods.
10. Warehouse provides, goods are repacked and labelled again at the time of inspection by prospective buyers.

23) Explain the functions performed by the warehousing.

Answer : (i) Storage:

- (1) There is a time gap between the time of production and the time of consumption and also between quantity produced and the quantity demanded.
- (2) The surplus goods are stored properly for the purpose of supplying them at right place and the right time.

(ii) price stabilization :

- (1) Warehousing ensures price stabilization by supplying goods as and when demanded.
- (2) It acts as a cushion to absorb price fluctuations and supplies the goods at more or less uniform prices throughout the year.

(iii) Equalization of Demand and Supply:

- (1) Warehousing equalizes the demand and supply of goods by storing these goods when they are not demanded and releasing them when there is a demand.
- (2) Thus the consumers get the commodities regularly even during the off-season periods.

(iv) Business Finance:

Based on the goods deposited in a warehouse, the depositor can get finance from banks and other financial institutions by showing the receipt issued by the warehouse keeper.

(v) Risk bearing:

- (1) In case of damage to the goods, warehouse keeper compensates the loss caused to the owner of the goods.
- (2) Thus, warehouses bear the loss of risk involved in storage of goods.

(vi) Preparation for sale:

- (1) Modern warehouses undertake the functions of sorting, packing and labeling for the purpose of making the goods suitable for marketing.
- (2) Hence warehousing is needed for making the goods suitable for sale.

(vii) Widening the marketing area:

A manufacturer can sell the goods to different marketing areas by establishing branch warehouses or taking the service of rental warehouses at the required places. Thus warehousing widens the market for the goods.

(viii) Value added services:

- (1) Warehouses also provide certain value added services, such as in transit mixing, grading, packaging and labelling.
- (2) Sometimes, goods are repacked and labelled again at the time of inspection by prospective buyers.

24) Explain the various Warehousing Documents.

Answer : (i) Warehouse Warrant:

- (1) It is a document issued in favour of the owner or depositor of goods by the warehouse keeper.
- (2) This is a document of title of goods and can be transferred by simple endorsement and delivery.
- (3) To transfer all the goods the warehouse warrant is sufficient.

(ii) Warehouse Keeper's Receipt:

- (1) It is a document issued by the warehouse keeper, which acknowledges the receipt of goods from the depositor of goods.
- (2) It also shows the existence of an agreement to keep the goods in the warehouse subject to certain conditions.
- (3) This is not a document of title to goods and it is not transferable.

(iii) Dock Warrant:

- (1) Dock is a place in the harbor where the goods are loaded into the ship. Dock warrant is a document of title of goods issued by dock authorities.
- (2) This document certifies that the dock authorities hold the goods. To take delivery of the goods this certificate should be given back to dock authorities.
- (3) The right of getting delivery of goods can be assigned to third parties too.

(iv) Dock Receipt:

- (1) Dock receipt is an acknowledgement of receipt of goods issued by dock authorities to the owner of the goods.
- (2) It is not a document of title of goods. Therefore, the right of taking of delivery of goods cannot be transferred.

(v) Delivery Order:

- (1) This is a document through which the depositor directs the warehouse keeper to deliver the specified goods either to the party mentioned in the document or to the bearer.
- (2) The warehouse keeper delivers the goods as per the instruction. Transfer of ownership takes place through this document.
- (3) To transfer all the goods the warehouse warrant is sufficient. If only part of the goods are to be transferred then the delivery order is needed. The delivery order is to be accompanied by warehouse warrant.

- 25) Write notes on a) Dock warrant b) Dock receipt c) Delivery order.

Answer : a) Dock Warrant:

Dock is a place in the harbor where the goods are loaded into the ship. Dock warrant is a document of title of goods issued by dock authorities. This document certifies that the dock authorities hold the goods. To take delivery of the goods this certificate should be given back to dock authorities. The right of getting delivery of goods can be assigned to third parties too.

b) Dock Receipt:

Dock receipt is an acknowledgement of receipt of goods issued by dock authorities to the owner of the goods. It is not a document of title of goods. Therefore, the right of taking of delivery of goods cannot be transferred.

c) Delivery Order:

This is a document through which the depositor directs the warehouse keeper to deliver the specified goods either to the party mentioned in the document or to the bearer. The warehouse keeper delivers the goods as per the instruction. Transfer of ownership takes place through this document.