



RETAIL, WHOLESALE AND INTERNATIONAL TRADE

FOURTH LESSON

2nd Semester - Undergraduate Degree

RETAIL, WHOLESALE AND INTERNATIONAL TRADE

Trade plays a significant role in the economy. The trade is buying and selling of goods, and which can be classified into retail, wholesale and international trade.

Types of trade:

Trade can mainly be identified into two basic types:

- Internal trade,
- and external trade.

- **Internal (Home) Trade:** In this trade, buying and selling of goods and services takes place within the geographical boundaries of a country. And which is divided into wholesale and retail trade.

- **WHOLESALE TRADE:** Wholesaling includes all activities involved in selling goods or services to those who buy for resale or for business use.

Features of Wholesaler:

- A wholesaler purchases goods from the producer in large quantities.
- A wholesaler has to take risk in the process of distribution.
- A wholesaler deals with one or few types of goods.
- A large amount of capital is required in this business.
- A wholesaler maintains price stability by balancing supply and demand factors.
- The manufacturers can get direct information about market through wholesalers.
- A Wholesaler performs the marketing functions like assembling, warehousing, transporting, grading, packing, advertising and financing.

Services of Wholesalers The wholesaler provides valuable services such as:

- Storage: They have their own storage facility.
- Transportation: They use their own transportation to deliver the goods from the place of production.
- Financial Assistance: They are ready to pay the amount in advance to the manufacturer.

The trade is buying and selling of goods,

It is divided into:

- Internal trade,
- external trade.

Internal (Home) Trade:

In this trade, buying and selling of goods and services takes place within the geographical boundaries of a country

Wholesaling

includes all activities involved in selling goods or services to those who buy for resale or for business use.

Features of Wholesaler:

- large quantities.
- takes risk.
- few types of goods.
- A large amount of capital.
- direct information about market.
- performs the marketing functions.

Services of Wholesalers

- own storage facility
- own transportation
- pay in advance
- take a risk in their business by financing.

Retail Trade

Retail is sale of goods to the public in relatively small quantities for use or consumption rather than for resale.

Features of Retailers

- link between the wholesaler and consumers at local markets.
- wide variety of goods. small quantity.
- Investment requirement is limited.
- low amount of profit.

Services of retailers

- help to quickly distribute goods.
- handle sometimes transportation.
- provide information. attract consumers.

Foreign Trade / External Trade

When trade takes place between different countries, it is known as foreign trade.

Export Trade: Selling goods and services to foreign buyers.

- Risk Bearing: They take a risk in their business by financing and storing large quantity of goods.

- Retail Trade

Retail is sale of goods to the public in relatively small quantities for use or consumption rather than for resale.

Features of Retailers

- They are the link between the wholesaler and consumers.
- They operate in local markets.
- They deal in wide variety of goods in small quantity.
- Their Investment requirement is limited.
- They take less risk and receive low amount of profit as compared to wholesaler.

Services of retailers

- Helps to Distribute: Retailers help to quickly distribute goods.
- Marketing: retailers handle sometimes transportation on their own.
- Provide Information: they provide information about changing demands, preferences.
- Attract Consumers: They attract consumers by advertising the products.
- Demand creation: Through personal salesmanship retailers attract consumer's attention towards new goods and arrivals in the market.

- Foreign Trade / External Trade

When trade takes place between different countries, it is known as foreign trade.

- **Export Trade:** When goods and services are sold to foreign buyers.

Export Procedure: Which goes through the following stages:

Preliminary Stage

The exporter has to get himself registered with various authorities.

Pre- shipment Stage

Where the exporter verifies and confirms the order. And obtains pre shipment finance from his banker. In addition to the proper packaging of goods, as he has to obtain marine insurance, and completes formalities regarding goods and services Taxes.

Shipment Stage:

The exporter gets all documents processed at customs house. Then, he examines goods by port trust authority, finally, he loads goods.

- Import Trade:

It means; the purchase of goods and services from another country.

Import Procedure: which goes through the following stages:

Preliminary Stage

The Importer has to get himself registered with various authorities, and he must hold negotiation with overseas suppliers.

Pre-Import Stage

The Importer needs to obtain import quota certificate from government authorities. and needs to obtain foreign exchange clearance.

Moreover, the importer places an order with the overseas suppliers.

This order is called as indent. Finally, he needs a shipment advice that enables him to make necessary arrangement for custom clearance and loading of goods sent by the exporter.

Import Stage

Firstly, the importer receives the documents sent by the exporter, as the bill of entry that gives details about number of packages, quality of goods, price of goods etc. and he receives delivery order from the shipping company, finally, he needs to get the custom clearance, which includes bill of lading, bill of entry and packing list.

EXPORT PROCEDURE:

- The exporter has to get himself registered.
- confirms the order.
- packaging of goods.
- obtain marine insurance.
- gets all documents processed.

Import Trade:

It is the purchase of goods and services from another country.

That goes through:

- registering, and negotiating with suppliers.
- Getting the foreign exchange clearance.
- having a custom clearance.
- Receiving the bill on entry.
- reception of delivery order from the shipping company.