

- Internal Trade: Meaning, Services of Wholesaler and Retailers
- Types of Retail Trade: Itinerant and Small Scale Fixed Shop Retailers
- Large Scale Retailers: Departmental Stores, Chain Stores
- Goods and Services Tax (GST)

## Internal Trade: Meaning, Services of Wholesaler and Retailers

**Concept Explanation:** Internal trade refers to the buying and selling of goods and services within the boundaries of a nation. It involves tr

### Key Definitions / Features:

- **Internal Trade:** Buying and selling of goods and services within a nation's borders.
- **Wholesale Trade:** Buying and selling of goods and services in large quantities for resale or intermediate use.
- **Retailers:** Channels of distribution who buy goods from wholesalers and sell in small quantities directly to ultimate consumers.

### Services of Wholesalers to Manufacturers:

- Facilitating large-scale production.
- Providing financial assistance.
- Bearing risk associated with goods.
- Offering expert advice.
- Providing storage facilities.
- Ensuring continuity in production.
- Assisting in marketing functions.

### Services of Wholesalers to Retailers:

- Ensuring availability of goods.
- Sharing risks.
- Granting credit facilities.
- Providing marketing support.
- Offering specialized knowledge.

### Services of Retailers to Manufacturers and Wholesalers:

- Helping in distribution of goods.
- Engaging in personal selling.
- Enabling large-scale operations.
- Collecting market information.
- Assisting in promotion of products.

### Services of Retailers to Consumers:

- Regular availability of products.
- Providing information about new products.
- Convenience in buying.
- Wide selection of goods.
- After-sales services.
- Providing credit facilities.

**Concept:** A single, unified tax system that subsumes all indirect taxes like VAT, excise duty, and service tax.

**Single Tax Rate:** Unified taxation across goods and services.

**Dual Structure:** Central and state GST components.

**Input Tax Credit (ITC) :** Credit for taxes paid on inputs.

**Transparency:** Clear tax structure and compliance procedures.

**Broad Coverage:** Covers most goods and services.

Features

4. GS  
and

Large retail establishments offering a wide variety of products in different departments under one roof.

Departmental  
Stores

Examples: Walmart, Macy's.

Multiple retail outlets under the same brand, offering similar products at different locations.

Chain Stores

Examples: 7-Eleven, McDonald's.

A retail business that sells products via catalogues, online platforms, or postal orders.

Mail Order  
Business

**Example:** A wholesaler buys large quantities of clothes from manufacturers and sells them to retailers, who then sell smaller quantities to consumers.

**Practice Set:**

- *Level 1 – Easy:* Define internal trade and explain the role of wholesalers.
- *Level 2 – Moderate:* Describe the services provided by retailers to consumers.
- *Level 3 – Challenging:* Analyze how wholesalers facilitate large-scale production and marketing.

**Answer Key:**

- **Internal Trade:** Buying and selling of goods and services within a country.
- **Role of Wholesalers:** They buy in bulk, provide storage, financial assistance, bear risks, and help in marketing.
- **Services by Retailers:** Convenience, product availability, credit facilities, after-sales service, and product information.
- **Wholesalers and Large-scale Production:** By buying in bulk and providing financial and marketing support, wholesalers enable manufacturers to produce on a large scale.

**Quick Reference:** Internal trade includes wholesale and retail trade; wholesalers serve manufacturers and retailers; retailers serve consumers.

**Glossary:**

- **Wholesaler:** A person or firm that buys goods in bulk and sells to retailers.
- **Retailer:** A person or firm that sells goods in small quantities to consumers.

## Types of Retail Trade: Itinerant and Small Scale Fixed Shop Retailers

**Concept Explanation:** Retail trade involves selling goods in small quantities directly to the final consumers. It is classified mainly into itinerant and fixed shop retailers.

**Key Definitions / Features:**

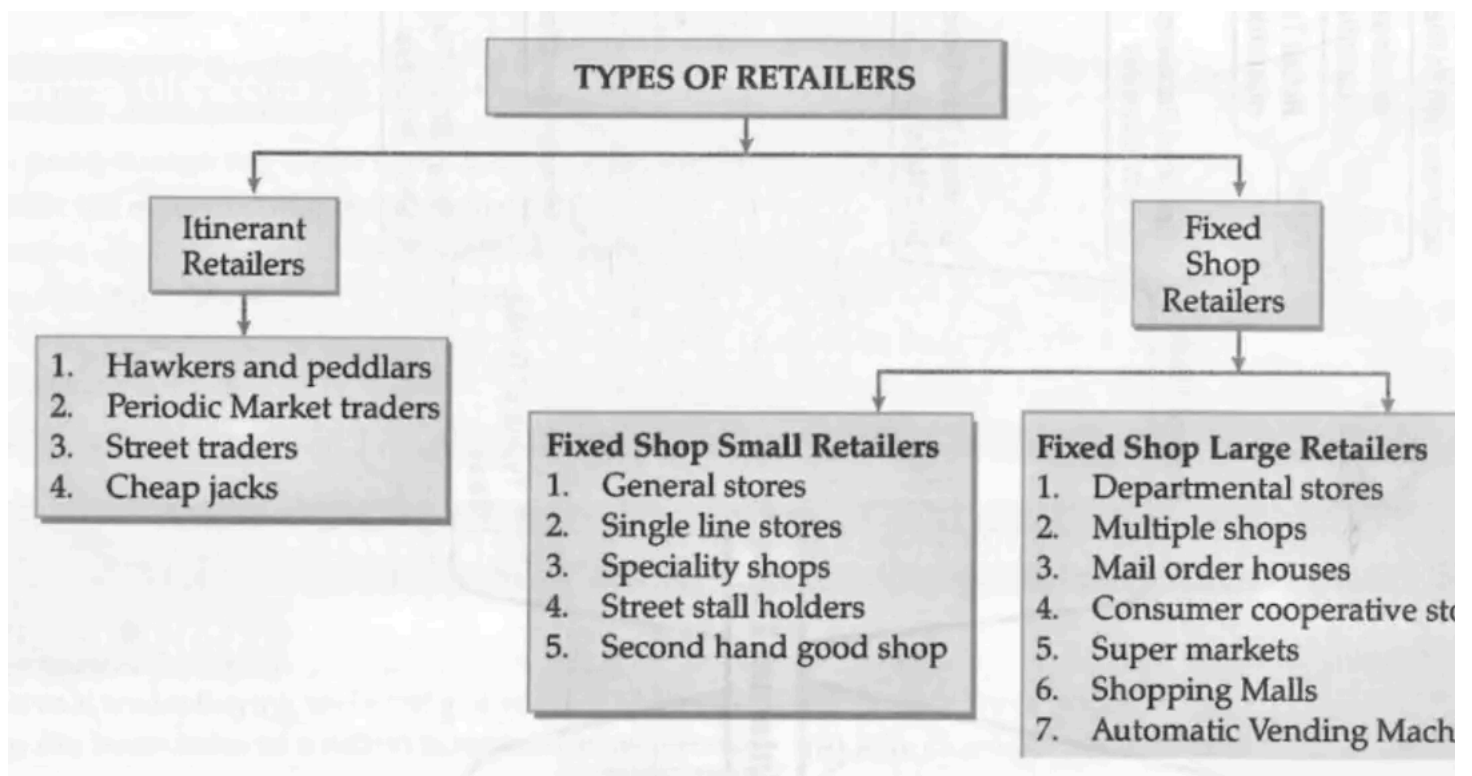
- **Retail Trade:** Sale of goods in small lots to final consumers.
- **Itinerant Retailers:** Traders without a fixed place of business who move from place to place to sell goods.
- **Fixed Shop Retailers:** Traders with permanent shops selling goods to consumers.

**Types of Itinerant Retailers:**

- Pedlars and hawkers.
- Market traders.
- Street traders.
- Cheap jacks.

**Types of Fixed Shop Retailers:**

- **Small retailers:** General stores, specialty shops, street stall holders, second-hand goods shops, single line stores.
- **Large retailers:** Departmental stores, multiple shops, mail order houses, consumer co-operative stores, supermarkets, shopping malls, automatic vending machines.



**Example:** A hawker selling fruits door-to-door is an itinerant retailer, while a departmental store selling a variety of products under one roof is a fixed shop retailer.

**Practice Set:**

- *Level 1 – Easy:* Differentiate between itinerant and fixed shop retailers.
- *Level 2 – Moderate:* List types of small retailers and large retailers.
- *Level 3 – Challenging:* Explain the advantages and disadvantages of fixed shop retailers.

**Answer Key:**

- **Itinerant Retailers:** Mobile sellers without fixed shops.
- **Fixed Shop Retailers:** Sellers with permanent shops.
- **Small Retailers:** General stores, specialty shops, etc.
- **Large Retailers:** Departmental stores, supermarkets, etc.
- **Advantages of Fixed Shops:** Regular availability, variety, convenience.
- **Disadvantages:** Higher costs, less personal attention.

**Quick Reference:** Retail trade is divided into itinerant and fixed shop retailers; fixed shops include small and large retailers.

**Glossary:**

- **Itinerant Retailers:** Traders without fixed shops who move to sell goods.
- **Fixed Shop Retailers:** Traders with permanent shops.

## Large Scale Retailers: Departmental Stores, Chain Stores

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**Concept Explanation:** Large scale retailers operate on a bigger scale with multiple departments or outlets, offering a wide range of products.

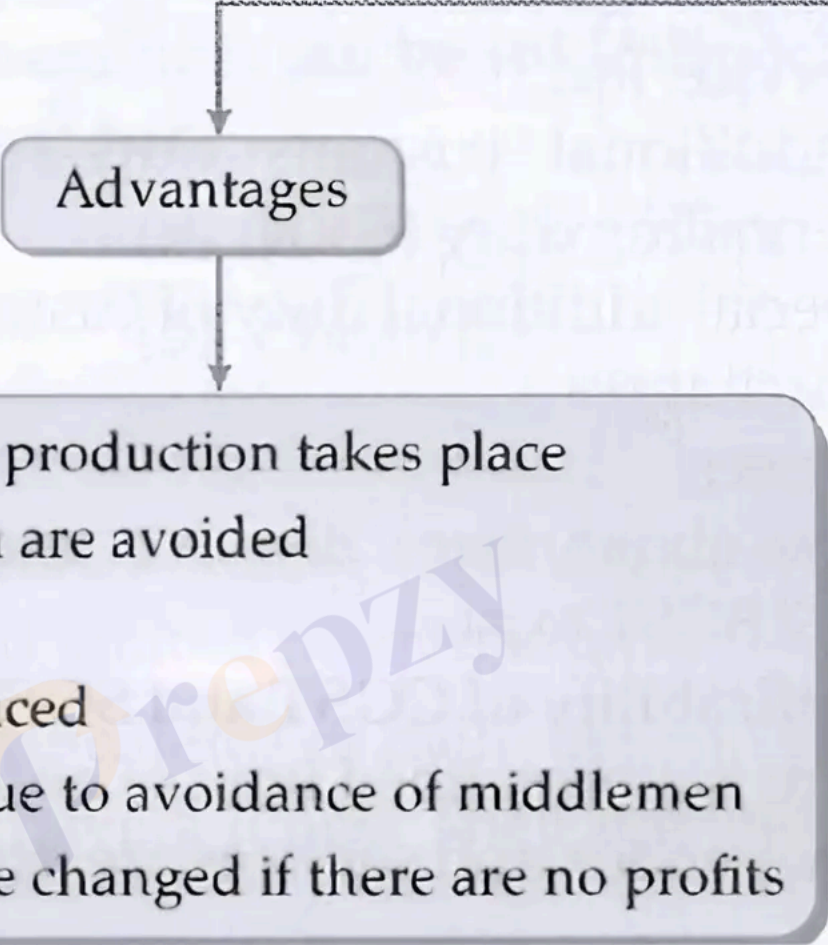
**Key Definitions / Features:**

- **Departmental Stores:** Large establishments selling a wide variety of products under one roof, organized into departments.
- **Features of Departmental Stores:**
  - Large size with diverse product range.
  - Separate departments for different product categories.
  - Located in city centers.
  - Managed by a board of directors.
  - Have storage facilities.
- **Chain Stores:** Network of retail shops owned by a single business enterprise, selling standardized and branded products.
- **Features of Chain Stores:**
  - Located in popular localities.
  - Goods dispatched from head office.
  - Each shop supervised by a branch manager.
  - Controlled by head office.
  - Sales mostly on cash basis.
  - Inspections by head office-appointed inspectors.
- **Mail Order Houses:** Retail outlets selling merchandise through mail without direct personal contact.

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graph TD; A[DEPARTMENT] --> B[Advantages]; B --> C[1. Attract large number of customers<br/>2. Convenience in buying<br/>3. More services are provided<br/>4. Benefits of large scale operations<br/>5. Sales get increased by advertising];
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Advantages

1. Attract large number of customers
2. Convenience in buying
3. More services are provided
4. Benefits of large scale operations
5. Sales get increased by advertising



## Advantages

1. Large scale production takes place
2. Middlemen are avoided
3. Cash Basis
4. Risk is reduced
5. Low cost due to avoidance of middlemen
6. Place can be changed if there are no profits

**Example:** A departmental store like a large mall offers various products under one roof, while a chain store like McDonald's operates multi

### Practice Set:

- *Level 1 – Easy:* Define departmental stores and chain stores.
- *Level 2 – Moderate:* List features of departmental stores and chain stores.
- *Level 3 – Challenging:* Discuss advantages and disadvantages of chain stores.

### Answer Key:

- **Departmental Stores:** Large stores with multiple departments selling diverse products.
- **Chain Stores:** Network of retail shops owned by one enterprise selling standardized products.
- **Advantages of Chain Stores:** Large scale production, lower costs, risk reduction.
- **Disadvantages:** Limited product variety, less personal service, slow decision-making.

**Quick Reference:** Large scale retailers include departmental stores, chain stores, and mail order houses.

### Glossary:

- **Departmental Store:** Large retail store with various departments.
- **Chain Store:** Multiple retail shops owned by one business.
- **Mail Order Business:** Selling goods through mail without direct contact.

## Goods and Services Tax (GST)

**Concept Explanation:** GST is an indirect tax levied on the supply of goods and services. It is a multi-stage, destination-based tax that rep

**Objectives of GST:**

- Eliminate cascading effect of taxes.
- Streamline indirect tax system.
- Increase revenue for states and union.
- Reduce transaction costs and wastage.
- Single point single tax system.
- Reduce average tax burden and corruption.

#### Types of GST:

- Central GST (CGST) – levied by the Centre.
- State GST (SGST) – levied by the States.

#### Features of GST Model:

- Two components: CGST and SGST.
- Applicable on all transactions except exempted goods and services.
- Taxes paid to Centre and States individually.
- Input Tax Credit (ITC) allowed separately for CGST and SGST.
- No cross-utilization of ITC except for inter-state supplies.
- Taxpayers submit periodic returns to both authorities.

#### Benefits of GST:

- Comprehensive input credit coverage.
- Single tax replacing multiple indirect taxes.
- Uniform tax rates across states.
- Better compliance and reduced tax burden.
- Increased competitiveness of Indian products internationally.
- Expected reduction in prices in the long run.

#### Indirect Taxes Included Under GST:

- **State Taxes:** VAT, entertainment tax, luxury tax, lottery tax, state cesses, entry tax (not octroi).
- **Central Taxes:** Central excise duty, additional excise duty, service tax, customs duties, surcharges, cesses.

#### Applicability of CGST and SGST:

- Prescribed annual turnover limits apply.
- Some goods and services are exempted.

#### Practice Set:

- *Level 1 – Easy:* Define GST and its objectives.
- *Level 2 – Moderate:* Explain the features of the GST model.
- *Level 3 – Challenging:* Discuss the benefits and indirect taxes subsumed under GST.

#### Answer Key:

- **GST:** A single indirect tax on supply of goods and services replacing multiple taxes.
- **Objectives:** Eliminate cascading tax, streamline tax system, increase revenue, reduce costs.
- **Features:** Two components (CGST and SGST), input tax credit, separate payments.
- **Benefits:** Uniform tax rates, reduced tax burden, better compliance.
- **Indirect Taxes Included:** VAT, excise duty, service tax, customs duty, etc.

**Quick Reference:** GST is a unified tax system with CGST and SGST components, replacing multiple indirect taxes.

#### Glossary:

- **GST:** Goods and Services Tax.
- **CGST:** Central Goods and Services Tax.
- **SGST:** State Goods and Services Tax.