1. Trade
   - Home – wholesale - Retail
   - Foreign – Export - Import – entrepot

2. Home Trade
   - Home trade is one, which is carried on within the boundaries of a particular country.
   - Buying and selling of goods within the country. The buyer and the seller belong to the same country.
   - Eg: Mangoes grown in Andhra Pradesh are sold in Tamil Nadu. Wheat grown in Punjab is sold in Tamil Nadu

3. Foreign Trade
   - Foreign trade is a trade between one country with another country.
   - It involves the exchange of goods of one country with other countries.
   - It is generally, carried out by large business houses. Eg: Petroleum products of Gulf countries are sold in India.

4. Wholesalers
   - The word ‘Wholesaler’ has been derived from word ‘Wholesale’, which means to sell goods in relatively large quantities or in bulk.
   - The wholesaler is the first link in the chain of intermediaries between the producer and the consumer.

5. Retail Traders
   According to S. Evelyn Thomas “the retailer is the last of the many links in the economic chain whereby the consumer’s wants are satisfied smoothly and efficiently by retailers.”

6. Middlemen
   - The term ‘Middlemen’ refers to all those who intervene from the primary producer to the ultimate consumer in the exchange of goods.
   - The various intermediaries who assist in the transfer of goods from the producer to the consumer can be broadly classified into two main categories

7. CHANNEL OF DISTRIBUTION IN HOME TRADE
   According to Cundif E.W and Still, a channel of distribution may be defined as “a path traced in the direct or indirect transfer of title to a product as it moves from the producer to ultimate consumers”
   a) Manufacturer – Consumer
   b) Manufacturer – retailer – consumer
   c) Manufacturer – wholesaler – retailer – consumer.

8. Characteristics of Wholesaler
   (i) Procurement in bulk quantity
      - He buys in bulk quantities from producers and sells in small lots.
      - It is the important characteristics of the wholesaler.
   (ii) Sale to other dealers
      - The wholesaler sells goods to retailers.
      - He does not come into direct contract with the ultimate consumers.
(iii) **Buying directly from manufacturer**
- Usually the wholesaler buys directly from the manufacturers or producers.

(iv) **Restriction to one or few goods**
- He usually deals in a few types of products or a particular line of products.

(v) **Personal service**
- He operates in a specific area determined by producers.
- He is a vital link between the producer and the retailer

9. **Distinguish between factors and brokers.**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Brokers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Take possession of goods</td>
<td>Does not take the possession of goods</td>
</tr>
<tr>
<td>2. Deals in his own name</td>
<td>Deals on behalf of the owner of goods (principal)</td>
</tr>
<tr>
<td>3. Right to receive payments</td>
<td>Cannot receive payments</td>
</tr>
<tr>
<td>4. Personally liable for his actions</td>
<td>Principal is liable for his actions</td>
</tr>
<tr>
<td>5. Remuneration is called commission</td>
<td>Remuneration is called brokerage</td>
</tr>
<tr>
<td>6. He has a right of lien on goods in his possession for his unpaid charges</td>
<td>He cannot have the right of lien on goods in his possession for his unpaid charges.</td>
</tr>
<tr>
<td>7. He is a general mercantile agent</td>
<td>He is a special mercantile agent</td>
</tr>
</tbody>
</table>

10. **DIFFERENCES BETWEEN WHOLESALER & RETAILER**

<table>
<thead>
<tr>
<th>WHOLESALER</th>
<th>RETAILER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wholesaler is a link between manufacturer and retailer</td>
<td>Retailer is a link between wholesaler and ultimate consumer.</td>
</tr>
<tr>
<td>2. He buys in large quantities from the manufacturers</td>
<td>He buys in small quantities from the wholesalers</td>
</tr>
<tr>
<td>3. He deals one line of products</td>
<td>He deals in different type of products</td>
</tr>
<tr>
<td>4. Business spread to different areas</td>
<td>Business located in particular place of area</td>
</tr>
<tr>
<td>5. He is very close to manufacturer but distant from consumer</td>
<td>He is very close to consumer and away from manufacturer.</td>
</tr>
<tr>
<td>6. He operates his business in big commercial cities.</td>
<td>He operates even in a smallest villages and also big cities.</td>
</tr>
<tr>
<td>7. Do not provide after- saleservice.</td>
<td>Provide after-sale- service</td>
</tr>
</tbody>
</table>
11. SERVICES OF WHOLE SALERS

(i) SERVICES TO PRODUCERS

a) Bulk order
   - The wholesalers buy in large quantities from the producers.
   - So, the producers get the benefit of large orders and he can also produce on large scale.

b) Concentration on Production
   - Producers can concentrate on the production process by relieving them from the trouble of supplying goods in small quantities to the retailers.
   - If he concentrates on production the producer is sure to benefit immensely by eliminating wastages.

c) Economy
   - Since the wholesaler undertakes to keep stocks, the producer need not carry large stock of finished goods.
   - On account of this shifting of warehousing function to wholesaler, the cost of carrying goods is considerably reduced.
   - His capital is not locked up in stock for a long period.
   - He can afford to carry on his business with less capital.

d) Price stabilization
   - Wholesalers stock goods during the harvest season and sell them during the period of peak demand.
   - In this way he contributes a good deal to the stabilization of prices and violent fluctuations in prices are prevented.

e) Providing market information
   - The wholesaler helps the producer to regulate his production in accordance with the changing requirements of the market.
   - Firstly the orders received from the wholesaler bring to the notice of producer any change in demand or the taste of the consumers.
   - Secondly, the wholesaler forecasts changes in fashion and makes suggestions about the type and quality of goods likely to be required.

f) Risk – bearing
   - A wholesaler bears all the trade risk arising out of sudden fall in prices of goods or by way of damage during storage etc., Similarly loss on account of bad debts due to credit sales is also borne by a wholesaler.

SERVICES TO RETAILERS

a) Meeting the Requirements
   - The retailer has to carry a stock of large variety of products to meet the demand of his customers.
   - Because of lack of space and small capital amount he cannot hold large quantities of each variety of products.
   - The wholesaler removes this difficulty.
   - Retailer can replenish his stock by buying in small quantities as and when the stock of any particular variety is nearly sold out.

b) Passing of Specialised knowledge
   - Wholesaler specialises in a particular line of products.
   - He has expert knowledge of the market conditions relating to such products.
   - He passes on this knowledge to the retailer who does not possess such knowledge as he deals in a large number of products of different varieties.

c) Marketing risk reduced
   - By enabling retailers to keep their stocks in smaller quantities, wholesalers enable them to operate their business with lesser amount of capital.

Further, retailers are relieved of the risks of fluctuation in prices, changes in demand, style, taste, etc., the risk of a retailer is reduced to the small stock held by him.

d) Introduction of new products

- Wholesalers bring to the knowledge of retailers the new type of goods through their traveling salesman, or by displaying in their showrooms and through price lists etc.,

e) Financial Assistance

- Wholesalers provide financial assistance to the retailers.
- This is done by allowing credit to the retailers purchasing goods from them.
- Retailers purchase goods from wholesalers on credit and make payment to them after receiving money from their customers.
- This helps the retailer to manage his business with small amount of working capital.

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