COMMERCETEXT
Higher Secondary - First Year
6. WAREHOUSING

Short Questions and Answers

1. What do you mean by the term” Warehousing”?
   - The place where the goods are stored is called as warehouse.
   - The term “ware” means products.
   - Storage or godown is generally located near the factory to keep the raw material and finished products.

2. Explain the need for Warehousing.
   Warehousing removes the hindrance of time by storing or warehousing without which much of the goods produced will be useless and there may not be any incentives for production.

3. Give the differences between warehouse and warehousing.

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<thead>
<tr>
<th>Warehouse</th>
<th>Warehousing</th>
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<tbody>
<tr>
<td>It is an arrangement by which goods are stored when they are not immediately needed and are kept in such a manner so protect from deterioration.</td>
<td>It is defined as a place specially suited for storage for a particular commodity. In common parlance, warehouse means godown.</td>
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<tr>
<td>Depending upon the nature of the products to be stored, warehouses are designed. To keep the fruits and perishable goods, cold storages are needed</td>
<td>The object of warehousing is preservation and protection of goods from deterioration in quantity and quality.</td>
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4. Give the differences between warehouse receipt and warehouse warrant.

<table>
<thead>
<tr>
<th>Warehouse Receipt</th>
<th>Warehouse Warrant</th>
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<tr>
<td>It is not a document of title to goods</td>
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<tr>
<td>It cannot be negotiated or transferred to others</td>
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<tr>
<td>It cannot be given as a collateral security for getting financial assistance from bankers</td>
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<tr>
<td>Surrendering this receipt and letter of authority can effect delivery of goods</td>
<td>Delivery of goods is effected by surrendering this warrant with endorsement</td>
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5. Write a brief note on warehousing in Tamilnadu.
   - A premier warehousing agency in the State of Tamilnadu was established in 1957.
   - It provides price support to the agricultural sector.
   - It is one of the biggest public warehouses operating in the state offering logistic services to a diverse group of clients.
Paragraph Questions

1. Explain the functions performed by the warehousing. (Study Any 4)

Storage of goods:
- There is a gap between the period of production and the period of consumption and also between the quantity produced and quantity consumed.
- The surplus goods are stored properly for the purpose of supplying them at right place and at the right time.

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

Delivery to the buyer:
- The buyer when he buys the goods can take delivery of goods from the warehouse.
- The seller can hand over the goods by simply issuing delivery order to the warehouse-keeper when the good are stored by mentioning the name of the buyer.

Widening the marketing area:
- A manufacturer can sell the goods to different marketing areas by establishing branch warehouses or taking the services of rented warehouses at the required places.
- Thus warehousing widens the market for the goods.

Conditioning the products:
- Warehouses condition certain commodities like cheese, tobacco and wood for getting improvement in quality, flavor and durability as the time passes.

Risk bearing:
- In case of damage to the goods warehouse keeper compensate the loss caused to the owner of the goods.
- Thus warehouse bear the los of risk involved in storage of goods.

2. Write a brief note on the various types of document used in the warehousing.

1) Warehouse warrants:
- This is a document issued infavour of the owner of the goods by the warehouse keeper.
- This is a document of title to goods and can be transferred by simple endorsement and delivery.
- To transfer all the goods the warehouse warrant is sufficient.

2) Dock warrant:
- 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.

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

4) 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.
   - Transfer of ownership takes place through this document.

VI. Essay type Questions
1. Explain the various kinds of warehouses.

On the basis of ownership
1. Private Warehouse:
   - These are owned by private persons to store their own products.
   - Large scale manufactures, wholesalers, and bid stockist have their own warehouses at different distributing centers in order to maintain the regular supply of goods with dealers and others.

2. Public Warehouse:
   - These are started to provide storage services and facilities to the retailers, wholesalers, and stockists and even to the general public.
   - These warehouses impose rental charges for the space used and service charges for providing services such as inspection of goods, packing them, shipping and invoicing them.

3. Co-operative warehouse:
   - These are organized to provide warehousing facilities to members and others.
   - Co-operative warehouses are formed by such person who would like to become its members.
   - Its efficiency depends upon the full utilization of space, self-less management, loyalty of all the members and resources.

On the basis of services
1. Bonded warehouse:
   - These types of warehouses are licensed by the government and are permitted to accept the goods under bond.
   - The imported goods awaiting clearance are kept in these warehouse till the duty is paid the goods will be delivered only after payment of the duty.
   - These types of warehouses are situated near the ports.
2. General merchandise warehouse:
   - These are the most common type of warehouses which provide storage facility for any product which does not require special facility.
   - Used by the manufactures, wholesalers and retailers.

3. Special commodity warehouse:
   - These warehouses are specially constructed for the storage of a particular commodity such as tobacco, cotton, wool etc.

4. Cold storages:
   - Some of the products are to be stored in cold storages, which uses the technique of refrigeration to extend the period of marketing.
   - For example: Perishables such as fruits, vegetables, fish, meat and eggs etc.

5. Field godowns:
   - This is popular in USA. Industrialists, wholesalers and retailers use this method of storage mainly for the purpose of getting financial assistance from the banks.
   - Goods are stocked in a hall in their place and possession is given to a public warehouse keeper who issues a warehouse receipt.
   - This receipt is pledged with the bank to get loans.

6. Household warehouses:
   - These are small storage places used for meeting the requirements of small family wherein the surplus goods are stored.
   - In villages, the agriculturists store their produce in small rooms for meeting their consumption. These are all called household warehouses.

7. Grain elevators:
   - It is a novel method of storing goods which is popular in USA and UK. Grain in bulk quantities can be stored in grain elevators.

8. Yard storage:
   - Goods such as iron, timber etc., which do not deteriorate due to climate are kept open in a yard protected by a compound.

9. Institutional warehouses:
   - Various institutions have their warehouse because of the nature of their activities.
   - Food Corporation of India, banks, railways and others keep warehouses to conduct their normal work.

a) Food Corporation of India:
   - As per the procurement policy of Government of India food grains are to be procured at a fixed support price and stored.

b) Government warehouses:
These are formed by the State and Central government for their exclusive uses.

c) Bank godowns:
- Goods pledged to the banks against loans given by them are kept in these warehouses.

d) Railway warehouses:
- Goods received for transportation is kept in the warehouse, till they are loaded in the wagons.
- Similarly, goods unloaded are kept in the godown till the owners take delivery of their goods.

2. Write a brief note on warehousing in India.

WAREHOUSING IN INDIA:
- India is an agrarian country but the importance of warehousing was not felt till 1950.
- The Pause Committee has estimated that post harvest losses are more than 10% of the food grains produced due to poor warehousing facilities.
- The Central warehousing Corporation was established in 1957.

1. Food Corporation of India (FCI):
- It provides storage facilities for food grains.
- FCI also hires storage capacity from other sources such as CWC, SWC, State Governments and private parities.
- The available storage capacity of Food Corporation of India in the seventh plan is 20.33 million tonnes.

2. Central warehousing Corporation (CWC): (study any 5 points)
- It was started in 1957. The available storage capacity of CWC in the seventh plan is 6.77 million tonnes. The following are the objects of CWC:
  1. To provide an agency for scientific storage of varieties of agricultural produce, seeds, manures, fertilizers, agricultural implements and other notified commodities.
  2. To issue a negotiable warehouse receipt for procuring credit to the owner of stocks.
  3. To issue warehouse receipt after checking the quantity and quality.
  4. To preserve the produce deposited with care and protect against insects and various pests and deterioration due to moisture and dampness.
  5. To act as the agent of the government for the purchase, sale, storage and distribution of specified commodities and transport to and from the warehouse.
  6. To construct warehouses at suitable places to store different commodities on scientific lines.
  7. To reduce the cost of storage and facilitate the marketing of produce through proper grading.

3. State Warehousing Corporation:
- Every state government is given power to establish its own Warehousing Corporation after getting approval from the Central Warehousing Corporation. 50% of the capital is contributed by the CWC and the State Government contributes the balance 50%.
- The available storage capacity of SWC in the seventh plan is 9.70 million tonnes.

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Functions of SWC:
The following are the functions of SWC:
1. To start and run the warehouses at places not reserved for the central warehouses
2. To regulate the markets at its specified centers.
3. To act as an agent of the Government and CWC.
4. To subscribe the share capital of co-operative warehousing societies.

WAREHOUSING IN TAMIL NADU:
- A premier warehousing agency in the State of Tamilnadu was established in 1957.
- It provides price support to the agricultural sector.
- It is one of the biggest public warehouses operating in the state offering logistic services to a diverse group of clients.

Performances: (study any 5 points)
1. Tamilnadu Warehousing Corporation (TNWC) operates 65 warehouses across the state with a storage capacity of 6.3 lakh tonnes providing warehousing services for a wide range of products running from agricultural products to sophisticated industrial products.
2. Apart from storage and handling, Tamil Nadu Warehousing Corporation also offers its services in the area of handling, transportation, disinfecting services, fumigation services and other ancillary activities.
3. Tamil Nadu Warehousing Corporation also offers training on scientific storage of stocks to different agencies.
4. Scientific storage and handling services are offered for more than 200 commodities that include agricultural produce, industrial raw materials, finished goods and a variety of hygroscopic items.
5. Scientific storage facilities are available for more than 200 Commodities that include hygroscopic items through 65 warehouses in Tamilnadu.
6. At present TNWC is functioning in Tamilnadu with seven Regional headquarters at Kancheepuram, Cuddalore, Trichy, Salem, Dindigul, Mettupalayam and Tirunelveli.