Internal Trade

Standard difficulty · 20 questions · 40 marks · Time: 39 minutes

Name: _____ Date: _____ Score: ____ / 40

Show your working for Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. Buying and selling of goods within the boundaries of a country is:
   (a) entrepot trade **(b)** export trade
   (c) international trade **(d)** internal trade

2. What is meant by “departmental store”?
   (a) a large store with many departments under one roof
   (b) a single destination-based tax on the supply of goods and services
   (c) sellers with small temporary shops who move when business falls
   (d) tax paid on purchases set off against tax on sales

3. A huge store sells clothes, groceries and furniture in separate sections under one roof. What kind of retailer is this?
   (a) cheap jacks **(b)** single line store
   (c) peddlers and hawkers **(d)** departmental store

4. Which of these is a service of a wholesaler to manufacturers?
   (a) storing goods until retailers need them
   (b) displaying and promoting products to buyers
   (c) passing on feedback from buyers to the producer
   (d) giving goods to retailers on credit

5. A manufacturer sells a fan to a wholesaler for ₹990. The wholesaler adds 15% and the retailer adds 30% to the price he paid. What does the consumer pay?
   (a) ₹1,287 **(b)** ₹1,435.50 **(c)** ₹1,138.50 **(d)** ₹1,480.05

6. Suppose GST is 18%. A trader sells goods worth ₹1,600 to a buyer in the same state. How much CGST is charged?
   (a) ₹144 **(b)** ₹28,800 **(c)** ₹288 **(d)** ₹72

7. A trader in one state sells goods to a buyer in the same state. Which GST applies?
   (a) CGST and SGST **(b)** IGST and SGST **(c)** IGST **(d)** excise duty

8. Which of these is true of a chain store?
   (a) sales mostly in cash (credit) **(b)** may be given (credit)
   (c) may vary within the store (pricing) **(d)** central place (location)

Section B — Short answer — 8 × 2 = 16 marks

9. What is wholesale trade?

10. Explain each term: (a) input tax credit (b) chain store

11. Name the kind of retailer in each case. (a) A man sells umbrellas on a busy pavement near a bus stand. (b) A trader rents a small shop for a few months and moves when sales drop.

12. Whose service is each, and to whom? (a) Giving after-sales service and home delivery. (b) Passing on feedback from buyers to the producer.

13. Distinguish between a departmental store and a chain store on the basis of (a) credit (b) location.

14. Suppose GST is 12%. A trader sells goods worth ₹7,800 to a buyer in another state. Name the tax(es) charged and find the amount of each.

15. Suppose GST is 18%. A retailer buys goods for ₹1,600 (paying GST on it) and sells them for ₹4,000. Using input tax credit, how much GST does the retailer pay to the government?

16. A wholesaler buys a mixer for ₹720 and sells it to a retailer at 20% above cost. What is the wholesaler's price?

Section C — Word problems — 4 × 4 = 16 marks

17. Explain the services of wholesalers to manufacturers and retailers.

18. Match each with its meaning: (a) cheap jacks (b) retail trade (c) departmental store. Choose from: sellers with small temporary shops who move when business falls; selling goods in small quantities to final consumers; a large store with many departments under one roof.

19. Read the case. (a) A shop in a residential area sells daily needs like soap, oil and biscuits. (b) A trader rents a small shop for a few months and moves when sales drop. (c) A shop sells second-hand books and furniture at low prices. Identify the kind of retailer in each part and explain it briefly.

20. A manufacturer sells a cooler to a wholesaler for ₹700. The wholesaler adds 5% and sells to a retailer in the same state; the retailer adds 25%. Suppose GST is 18%. (a) Find the retailer's price before GST. (b) Find the CGST and SGST on the retailer's sale. (c) Name two services the wholesaler gives the manufacturer.

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Answer key

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Q	Answer	Working
1	**(d) internal trade**	—
2	**(a) a large store with many departments under one roof**	—
3	**(d) departmental store**	—
4	**(a) storing goods until retailers need them**	—
5	**(d) ₹1,480.05**	990 × 1.15 × 1.3
6	**(a) ₹144**	CGST is half of 18%: 1,600 × 9/100
7	**(a) CGST and SGST**	—
8	**(a) sales mostly in cash (credit)**	—
9	**Buying goods in large quantities from producers and selling them in smaller lots to retailers or other businesses.**	—
10	**(a) tax paid on purchases set off against tax on sales (b) many similar shops in different places, owned by one firm**	—
11	**(a) street traders (b) cheap jacks**	—
12	**(a) retailer to consumers (b) retailer to manufacturers**	—
13	**(a) departmental: may be given; chain: sales mostly in cash (b) departmental: central place; chain: many localities**	—
14	**IGST ₹936**	12% of 7,800 = 936
15	**₹432**	18% of 4,000 − 18% of 1,600
16	**₹864**	720 + 20% of 720
17	**To manufacturers: large-scale production, risk bearing, finance, advice, marketing help, storage. To retailers: availability of goods, marketing support, credit, specialised knowledge, risk sharing.**	—
18	**(a) sellers with small temporary shops who move when business falls (b) selling goods in small quantities to final consumers (c) a large store with many departments under one roof**	—
19	**(a) general store: sells daily needs in a locality (b) cheap jacks: have small**	—

Q	Answer	Working
	temporary shops and keep moving (c) second-hand goods shop: sells used goods at low prices	
20	**(a) ₹918.75 (b) ₹82.69 each (c) e.g. bulk buying, storage, finance, market information**	700 × 1.05 × 1.25; half of 18%

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