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# CHAPTER 10

# Internal Trade

## INTRODUCTION

**Trade refers to buying and selling of goods and services with the objective of earning profit.**

**On the basis of geographical location of buyers and sellers, trade can broadly be classified into two categories (i) Internal trade; and (ii) External trade.**

**Trade which takes place within a country is called internal trade.**

**Trade between two or more countries, on the other hand, is called external trade.**

## INTERNAL TRADE

**Buying and selling of goods and services within the boundaries of a nation are referred to as internal trade.**



**Internal trade can be classified into two broad categories viz., (i) wholesale trade and (ii) retail trade. Generally, for products, which are to be distributed to a large number of buyers who are located over a wide geographical area, it becomes very difficult for the producers to reach all the consumers or users directly.**

## WHOLESALE TRADE

**Wholesale trade refers to buying and selling of goods and services in large quantities for the purpose of resale or intermediate use. Wholesalers serve as an important link between manufacturers and retailers. They enable the producers not only to reach large number of buyers spread over a wide geographical area (through retailers), but also to perform a variety of functions in the process of distribution of goods and services. They generally take the title of the goods and bear the business risks by purchasing and selling the goods in their own name. They purchase in bulk and sell in small lots to retailers or industrial users. They undertake various activities such as grading of**

products, packing into smaller lots, storage, transportation, promotion of goods, collection of market information, collection of small and scattered orders of retailers and distribution of supplies to them. They also relieve the retailers of maintaining large stock of articles and extend credit facilities to them. Most of the functions performed by wholesalers are such which cannot be eliminated. If there are no wholesalers, these functions shall have to be performed either by the manufacturers or the retailers

## Services of Wholesalers

Wholesalers provide various services to manufacturers as well as retailers and provide immense help in the distribution of goods and services.



## Services to Manufacturers

**(i)Facilitating large scale production:** Wholesalers collect small orders from a number of retailers and pass on the pool of such orders to the manufacturers and make purchases in bulk quantities. This enables the producers to undertake production on a large scale.

**(ii) Bearing risk:** The wholesale merchants deal in goods in their own name, take delivery of the goods and keep the goods purchased in large lots in their warehouses. In the process, they bear variety of risks such as the risk of fall in prices, theft, pilferage, spoilage, fire, etc.

**(iii) Financial assistance:** The wholesalers provide financial assistance to the manufacturers in the sense that they generally make cash payment for the goods purchased by them. Sometimes they also advance money to the producers for bulk orders placed by them.

**(iv) Expert advice:** As the wholesalers are in direct contact with the retailers, they are in a position to advice the manufacturers about various aspects of consumer preference.

**(v) Help in marketing function:** The wholesalers take care of the distribution of goods to a number of retailers. This relieves the manufacturers from many of the marketing activities and enable them to concentrate on the production activity.

**(vi) Facilitate production continuity:** The wholesalers purchasing the goods as and when these are produced and storing them till the time these are demanded by retailers or consumers in the market.

**(vii) Storage:** Wholesalers take delivery of goods when these are produced in factory and keep them in their godowns /warehouses. This reduces the burden of manufacturers of providing for storage facilities for the finished products.



## Services to Retailers

The important services offered by manufacturers to the retailers are described as below:

**(i) Availability of goods:** Retailers have to maintain adequate stock of varied commodities so that they can offer variety to their customers. The wholesalers make the products of various manufacturers readily available to the retailers. This relieves the retailers of the work of collecting goods from several producers and keeping big inventory of the same.

**(ii) Marketing support:** The wholesalers perform various marketing functions and provide support to the retailers. The retailers are benefitted as it helps them in increasing the demand for various new products.

**(iii) Grant of credit:** The wholesalers generally extend credit facilities to their regular customers. This enables the retailers to manage their business with relatively small amount of working capital.

**(iv) Risk sharing:** Being able to purchase merchandise in smaller quantities, retailers are in a position to avoid the risk of storage, pilferage, obsolescence, reduction in prices and demand fluctuations in respect of larger quantities of goods that they would have to purchase in case the services of wholesalers are not available.



## RETAIL TRADE

A retailer is a business enterprise that is engaged in the sale of goods and services directly to the ultimate consumers. The retailer normally buys goods in large quantities from the wholesalers and sells them in small quantities to the ultimate consumers. The retails represents the final stage in the distribution where goods are transferred from the hands of the manufacturers or wholesalers to the final consumers or users. A retailer performs different functions in the distribution of goods and services. He/she purchases a variety of products from the wholesale distributors and others, arranges for proper storage of goods, sells the goods in small quantities, bears business risks, grades the products, collects market information, extends credit to the buyers and promotes the sale of products through displays, participation in various schemes, etc.

## Services of Retailers

**Retailers serve as an important link between the producers and final consumers in the distribution of products and services. Some of the important services of retailers are described as below:**

## Services to Manufacturers and Wholesalers

**The invaluable services that the retailers render to the wholesalers and producers are given as here under:**

**(i) Help in distribution of goods:** **A retailer's most important service to the wholesalers and manufacturers is to provide help in the distribution of their products by making these available to the final consumers, who may be scattered over a large geographic area.**



**(ii) Personal selling:** **In the process of sale of most consumer goods, some amount of personal selling effort is necessary. By undertaking personal selling efforts, the retailers relieve the producers of this activity and greatly help them in the process of actualising the sale of the products.**

**(iii) Enabling large-scale operations:** **On account of retailer's services, the manufacturers and wholesalers are freed from the trouble of making individual sales to consumers in small quantities.**

**(iv) Collecting market information:** **As retailers remain in direct and constant touch with the buyers, they serve as an important source of collecting market information about the tastes, preferences and attitudes of customers.**

## Services to Consumers

**Some of the important services of retailers from the point of view of consumers are as follows:**

**(i) Regular availability of products:** **The most important service of a retailer to consumers is to maintain regular availability of various products produced by different manufacturers. This enables the buyers to buy products as and when needed.**

**(ii) New products information:** **By arranging for effective display of products and through their personal selling efforts, retailers provide important information about the arrival, special features, etc., of new products to the customers. This serves as an important factor in the buying decision making process of the purchase of such goods.**

**(iii) Convenience in buying:** **Retailers generally buy goods in large quantities and sell these in small quantities, according to the requirements of their customers. This offers great convenience to the customers in buying products of their requirements.**



**(iv) Wide selection:** **Retailers generally keep stock of a variety of products of different manufacturers. This enables the consumers to make their choice out of a wide selection of goods.**

**(v) After-sales services:** **Retailers provide important after-sales services in the form of home delivery, supply of spare parts and attending to customers.**

**(vi) Provide credit facilities:** **The retailers sometimes provide credit facilities to their regular buyers.**

## Terms of Trade

**The following are the main terms used in the trade**

**1. Cash on delivery (COD):-** It refers to a type of transaction in which payment for goods or services is made at the time of delivery.

**2. Free on Board or Free on Rail (FOB or FOR):-** It refers to a contract between the seller and the buyer in which all the expenses up to the point of delivery to a carrier are to be borne by seller.

**3. Cost, Insurance and Freight (CFF):-** It is the price of goods which includes not only the cost of goods but also the insurance and freight charges payable on goods up to destination port.

**4. Errors and Omissions Excepted (E&OE):-** It refers to that term which is used in trade documents to say that mistakes and things that have been forgotten should be taken into account.



## TYPES OF RETAILING TRADE

There are many types of retailers in India. For example, on the basis of 'size of business', they may be categorised into large, medium and small retailers. On the basis of 'type of ownership', they may be categorised into 'sole trader', 'partnership firm', 'cooperative store' and 'company'. Similarly, on the basis of 'merchandise handled', the different classifications may be 'speciality store', 'supermarket' and 'departmental store'.

(a) Itinerant retailers, and (b) Fixed shop retailers

### (a) Itinerant Retailers

**Itinerant retailers are traders who do not have a fixed place of business to operate from. They keep on moving with their wares from street to street or place to place, in search of customers.**

## Characteristics

**(a) They are small traders operating with limited resources.**

**(b) They normally deal in consumer products of daily use.**

**(c) The emphasis of such traders is on providing greater customer service by making the products available at the very doorstep of the customers.**

**(d) As they do not have any fixed business establishment to operate from.**



**Some of the most common types of itinerant retailers operating in India are as below:**

**(i) Peddlers and hawkers: Peddlers and hawkers are small producers or petty traders who carry the products on a bicycle, a hand cart, a cycle-rickshaw or on their heads, and move from place to place to sell their merchandise at the doorstep of the customers. They generally deal in non-standardised and low-value products such as toys, vegetables and fruits, fabrics, carpets, snacks and ice creams, etc. The main advantage of this form of retailing is the provision of convenient service to the consumers. However, one should be careful in dealing with them, as the products they deal in are not always reliable in terms of quality and price.**

**(ii) Market traders: Market traders are the small retailers who open their shops at different places on fixed days or dates. These traders may be dealing in one particular line of merchandise, say fabrics or ready-made garments, toys, or crockery, or alternatively, they may be**

general merchants. They are mainly catering to lower-income group of customers and deal in low-priced consumer items of daily use.

**(iii) Street traders (pavement vendors):** Street traders are the small retailers who are commonly found at places where huge floating population gathers, for example, near railway stations and bus stands, and sell consumer items of common use, such as stationery items, eatables, ready-made garments, newspapers and magazines.

**(iv) Cheap jacks:** Cheap jacks are petty retailers who have independent shops of a temporary nature in a business locality. They keep on changing their business from one locality to another, depending upon the potentiality of the area.



## Fixed Shop Retailers

This is the most common type of retailing in the market place. As is evident from the name, these are retail shops who maintain permanent establishment to sell their merchandise. They, therefore, do not move from place to place to serve their customers. Some of the other characteristics of such traders are:

### Characteristics

(a) Compared with the itinerant traders, normally they have greater resources and operate on a relatively large scale. However, there are different size groups of fixed shop retailers, varying from very small to very large.

(b) These retailers may be dealing in different products, including consumer durables as well as nondurables.

(c) This category of retailers has greater credibility in the minds of customers, and they are in a position to provide greater services to the customers such as home delivery, guarantees, repairs, credit facilities, availability of spares, etc.

## Types

**The fixed-shop retailers can be classified into two distinct types on the basis of the size of their operations. These are: (a) small shop-keepers, and (b) large retailers.**

## Fixed Shop Small Retailers

**(i) General stores: General stores are most commonly found in a local market and residential areas. As the name indicates, these shops carry stock of a variety of products required to satisfy the day-to-day needs of the consumers residing in nearby localities. The biggest advantage of such stores is in terms of convenience to the customers in buying products of daily use. As most of their customers are residents of the same locality, an important factor contributing to their success is the image of the owner and the rapport he has established with them.**



**(ii) Speciality shops: This type of retail store is becoming very popular, particularly in urban areas. Instead of selling a variety of products of different types, these retail stores specialise in the sale of a specific line of products. The speciality shops are generally located in a central place where a large number of customers can be attracted, and they provide a wide choice to the customers in the selection of goods.**

**(iii) Street stall holders: These small vendors are commonly found at street crossings or other places where flow of traffic is heavy. They attract floating customers and deal mainly in goods of cheap variety like hosiery products, toys, cigarettes, soft drinks, etc. Their main advantage is in providing convenient service to the customers in buying some of the items of their needs.**

**(iv) Second-hand goods shop:** These shops deal in second-hand or used goods, like books, clothes, automobiles, furniture and other household goods. Generally persons with modest means purchase goods from such shops. The goods are sold at lower prices.

## FIXED SHOP—LARGE STORES

### 1. Departmental stores

A departmental store is a large establishment offering a wide variety of products, classified into well-defined departments, aimed at satisfying practically every customer's need under one roof. It has a number of departments, each one confining its activities to one kind of product.

Some of the important features of a departmental store are as follows:



(a) A modern departmental store may provide all facilities such as restaurant, travel and information bureau, telephone booth, restrooms, etc. As such they try to provide maximum service to higher class of customers for whom price is of secondary importance.

(b) These stores are generally located at a central place in the heart of a city, which caters to a large number of customers.

(c) As the size of these stores is very large.

(d) A departmental store purchase directly from manufacturers and operate separate warehouses. That way they help in eliminating undesirable middlemen between the producers and the customers.

**(e) They have centralised purchasing arrangements. Whereas sales are decentralised in different departments.**

## Advantages

**The major advantages of retailing through departmental stores may be listed as follows:**

**(i) Attract large number of customers:** **As these stores are usually located at central places, they attract a large number of customers during the best part of the day.**

**(ii) Convenience in buying:** **The departmental stores provide great convenience to customers in buying almost all goods of their requirements at one place.**

**(iii) Attractive services:** **A departmental store aims at providing maximum services to the customers.**

**(iv) Promotion of sales:** **T h e departmental stores are in a position to spend considerable amount of money on advertising and other promotional activities, which help in boosting their sales.**



## Limitations

**However, there are certain limitations of this type of retailing. These are described as follows:**

**(i) Lack of personal attention:** **Because of the large-scale operations, it is very difficult to provide adequate personal attention to the customers in these stores.**

**(ii) High operating cost:** **As these stores give more emphasis on providing services, their operating costs tend to be on the higher side. These costs, in turn, make the prices of the goods high. They are, therefore, not attractive to the lower income group of people.**

**(iii) High possibility of loss:** As a result of high operating costs and large-scale operations, the chances of incurring losses in a departmental store are high.

**(iv) Inconvenient location:** As a departmental store is generally situated at a central location, it is not convenient for the purchase of goods that are needed at short notice.

## 2. Chain Stores or Multiple Shops:

Chain stores or multiple shops are networks of retail shops that are owned and operated by manufacturers or intermediaries. Under this type of arrangement, a number of shops with similar appearance are established in localities, spread over different parts of the country. These different shops normally deal in standardised and branded consumer products, which have rapid sales turnover.



Some of the important features of such shops may be described as follows:

(a) These shops are located in fairly populous localities, where sufficient number of customers can be approached. The idea is to serve the customers at a point which is nearest to their residence or work place, rather than attracting them to a central place.

(b) The manufacturing/procurement of merchandise for all the retail units is centralised at the head office, from where the goods are dispatched to each of these shops according to their requirements.

(c) Each retail shop is under the direct supervision of a Branch Manager, who is held responsible for its day-to-day management.

(d) All the branches are controlled by the head office, which is concerned with formulating the policies and getting them implemented.

(e) The prices of goods in such shops are fixed and all sales are made on cash basis.

**(f) The head office normally appoints inspectors, who are concerned with day-to-day supervision of the shops.**

## Advantages

**Multiple shops are offering various advantages to the consumers, which are described as follows:**

**(i) Elimination of middlemen:** By selling directly to the consumers, the multiple-shop organisation is able to eliminate unnecessary middlemen in the sale of goods and services.

**(ii) No bad debts:** Since all the sales in these shops are made on cash basis, there are no losses on account of bad debts.

**(iii) Transfer of goods:** The goods not in demand in a particular locality may be transferred to another locality where it is in demand. This reduces the chances of dead stock in these shops.



**(iv) Diffusion of risk:** The losses incurred by one shop may be covered by profits in other shops, reducing the total risk of an organisation.

**(v) Flexibility:** Under this system, if a shop is not operating at a profit, the management may decide to close it or shift it to some other place without really affecting the profitability of the organisation as a whole.

## Limitations

**(i) Limited selection of goods:** They mostly sell the products produced by themselves. They do not sell products of other manufacturers.

**(ii) Lack of initiative:** The personnel managing the multiple shops have to obey the instructions received from the head office. This takes away the initiative from them to use their creative skills to satisfy the customers.

**(iii) Difficult to change demand:** If the demand for the merchandise handled by multiple shops change rapidly, the management may have to sustain huge losses because of large stocks lying unsold at the central depot.

## Mail Order Houses

Mail order houses are the retail outlets that sell their merchandise through mail. There is generally no direct personal contact between the buyers and the sellers in this type of trading. For obtaining orders, potential customers are approached through advertisements in newspapers or magazines, circulars, catalogues, samples and bills, and price lists sent to them by post. All the relevant information about the products such as the price, features, delivery terms, terms of payment, etc., are described in the advertisement. On receiving the orders, the items are carefully scrutinised with respect to the specifications asked for by the buyers and are complied with through the post office.



There can be different alternatives for receiving payments.

First, the customers may be asked to make full payment in advance.

Second, the goods may be sent by Value Payable Post (VPP). Under this arrangement, the goods are sent through post and are delivered to the customers only on making full payment for the same.

Third, the goods may be sent through a bank, which is instructed to deliver the articles to the customers. In this arrangement there is no risk of bad debt, as the goods are handed over to the buyers only after he makes full payment. However, there is a need to ensure the buyers that the goods despatched are in accordance with their specifications.

This type of business is not suitable for all types of products. Only the goods that can be (i) graded and standardised, (ii) easily transported at low cost, (iii) have ready demand in the market, (iv) are available in large quantity throughout the year, (v) involve least possible competition in the market and (vi) can be described through pictures etc., are suitable for this type of trading.

## Advantages

**(i) Limited capital requirement:** Mail order business does not require heavy expenditure on building and other infrastructural facilities. Therefore, it can be started with relatively low amount of capital.

**(ii) Elimination of middle men:** The biggest advantage of mail-order business from the point of view of consumers is that unnecessary middlemen between the buyers and sellers are eliminated.

**(iii) Absence of bad debt:** Since the mail order houses do not extend credit facilities to the customers, there are no chances of any bad debt on account of non-payment of cash by the customers.

**(iv) Wide reach:** Under this system the goods can be sent to all the places having postal services. This opens wide scope for business as a large number of people throughout the country can be served through mail.

**(v) Convenience:** Under this system goods are delivered at the doorstep of the customers. This results in great convenience to the customers in buying these products.

## Limitations

**(i) Lack of personal contact:** As there is no personal contact between the buyers and the sellers under the system of mail order selling. The buyers are not in a position to examine the products before buying.

**(ii) High promotion cost:** The mail order business has to rely heavily on advertisements and other methods of promotion in order to inform and persuade the potential buyers to buy their products. As a result, there is heavy expenditure on promotion of the products.

**(iii) No after sales service:** In mail order selling, the buyers and sellers may be located very far away from each other and there is no personal contact between the two. As a result, there is absence of after sales services which is so important for the satisfaction of the customers.

**(iv) No credit facilities:** The mail order houses do not provide credit facilities to the buyers. Thus, customers with limited means may not be interested in this type of trading.

**(v) Delayed delivery:** There is no immediate delivery of goods to the customers, as receipt and execution of order through mail takes its own time.

**(vi) High dependence on postal services:** The success of mail order business depends heavily on the availability of efficient postal services at a place. But in a vast country like ours, where many places are still without postal facilities, this type of business has limited prospects.



## Consumer Cooperative Store

A consumer cooperative store is an organisation owned, managed and controlled by consumers themselves. The objective of such stores is to reduce the number of middlemen who increase the cost of produce, and thereby provide service to the members. The cooperative stores generally buy in large quantity, directly from manufacturers or wholesalers and sell them to the consumers at reasonable prices. The profits earned by consumer cooperative stores during a year are utilised for declaring bonus to members and for strengthening the general reserves and general welfare funds or similar funds for social and educational benefits of the members. To start a consumer cooperative store, at least 10 people have to come together and form a voluntary association and get it registered under the Cooperative Societies Act. The liability of the members of a cooperative store is generally limited to the extent of the capital contributed by them.

## Advantages

**The major advantages of a consumer cooperative store are as follows:**

**(i) Ease information: Any ten people can come together to form a voluntary association and get themselves registered with the Registrar of Cooperative Societies by completing certain formalities.**

**(ii) Limited liability: The liability of the members in a cooperative store is limited to the extent of the capital contributed by them.**

**(iii) Democratic management: Cooperative societies are democratically managed through management committees which are elected by the members. Each member has one vote, irrespective of the number of shares held by him/her.**

**(iv) Lower prices: A cooperative store purchases goods directly from the manufacturers or wholesalers. So, product will be available at low price.**



## Limitations

**The limitations of consumer cooperative stores are given as below:**

**(i) Lack of initiative: As the cooperative stores are managed by people who work on honorary basis, there is a lack of sufficient initiative and motivation amongst them to work more effectively.**

**(ii) Shortage of funds: The primary source of funds for a cooperative store is the money raised from members by issue of shares. The stores generally face shortage of funds as membership is limited.**

**(iii) Lack of business training: The people entrusted with the management of cooperative stores lack expertise as they are not trained in running the stores efficiently.**

## Super Markets

**A super market is a large retailing business unit selling wide variety of consumer goods on the basis of low price appeal, wide variety and assortment, self-service and heavy emphasis on merchandising appeal. The goods traded are generally food products and other low priced, branded and widely used consumer products such as grocery, utensils, clothes, electronic appliances, household goods, and medicines. Super markets are generally situated at the main shopping centres. Goods are kept on racks with clearly labelled price and quality tags in such stores. The customers move into the store to pick up goods of their requirements, bring them to the cash counter, make payment and take home the delivery.**

## Advantages

**The following are the merits of super markets:**

**(i) One roof, low cost: Super markets offer a wide variety of products at low cost under one roof.**

**(ii) Central location: The super markets are generally located in the heart of the city. As a result, these are easily accessible to large number of people staying in the surrounding localities.**

**(iii) Wide selection: Super markets keep a wide variety of goods of different designs, colour, etc., which enables the buyers to make better selection.**

**(iv) No bad debts: As generally the sales are made on cash basis, there are no bad debts in super markets.**

## Limitations

**The major limitations of super markets are as follows:**

**(i) No credit: Super markets sell their products on cash basis only. This restricts the purchasing power of buyers from such markets.**

**(ii) No personal attention:** Super markets work on the principle of self-service. The customers, therefore, do not get any personal attention.

**(iii) Mishandling of goods:** Some customers handle the goods kept in the shelf carelessly. This may raise costs in super markets.

**(iv) Huge capital requirement:** Establishing and running a super market requires huge investment. The turnover of a store should be high so that the overheads are kept under reasonable level.

## Vending Machines

Vending machines are the newest revolution in marketing methods. Coin operated vending machines are proving useful in selling several products such as hot beverages, platform tickets, milk, soft drinks, chocolates, newspaper, etc., in many countries.

Vending machines can be useful for selling pre-packed brands of low priced products which have high turnover and which are uniform in size and weight. However, the initial cost of installing a vending machine and the expenditure on regular maintenance and repair are quite high. Also consumers cannot feel or see the product before buying and do not have the opportunity of returning unwanted goods.



## GOODS AND SERVICES TAX

The Government of India, following the credo of 'One Nation and One Tax', and wanting a unified market in order to ensure the smooth flow of goods across the country implemented the Goods and Services Tax (GST) from July 1, 2017. The move also aims to make life easier for manufacturers, producers, investors and consumers.

GST is a destination-based single tax on the supply of goods and services from the manufacturer to the consumer, and has replaced multiple indirect taxes levied by the Central and the State governments, thereby, converting the country into a unified market. Among other benefits, GST is expected to improve the ease of doing business in tax compliance, reduce the tax burden by eliminating tax on-tax, improve tax administration, mitigate tax evasion, broaden the organised segment of the economy and boost tax revenues.

The GST has replaced 17 indirect taxes (8 Central + 9 State levels) and 23 cesses of the Centre and the States, eliminating the need for filing multiple returns and assessments and rationalising the tax treatment of goods and services along the supply chain from producers to consumers. GST comprises Central GST (CGST) and the State GST (SGST), subsuming levies previously charged by the Central and the State governments respectively. GST (CGST + SGST) is charged at each stage of value addition and the supplier off sets the levy on inputs in the previous stages of value chain through the tax credit mechanism. The last dealer in the supply chain passes on the added GST to the consumer, making GST a destination-based consumption tax. The provision of availing input credit at each stage of value chain helps in avoiding the cascading effect (tax on tax) under GST, which is expected to reduce prices of commodities and benefit the consumers.



## Key Features of GST:

1. The territorial spread of GST is the whole country, including Jammu and Kashmir.

2. GST is applicable on the 'supply' of goods or services.

3. It is based on the principle of destination-based consumption tax.

4. Import of goods and services is treated as inter-State supplies and would be subject to IGST in addition to the applicable customs duties.

5. CGST, SGST and IGST are levied at rates mutually agreed upon by the Centre and the States under the aegis of the GST Council.

6. There are four tax slabs namely 5 per cent, 12 per cent, 18 per cent and 28 per cent for all goods or services.

7. There are various modes of payment of tax available to the taxpayer, including Internet banking, debit/credit card and National

**Electronic Funds Transfer (NEFT)/Real Time Gross Settlement (RTGS).**

## INDUSTRY ASSOCIATIONS IS IN PROMOTION OF INTERNAL TRADE

**Associations of business and industrial houses are formed to promote and protect their common interest and goals. Many such associations have been formed and are present in the country such as Associated Chamber of Commerce and Industry (ASSOCHAM), Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI). These associations or chambers act as the national guardians of trade, commerce and industry.**

**The interventions are mainly in the following areas:**

**(i) Interstate movement of goods: The Chambers of Commerce and Industry help in many activities concerning inter-state movement of goods which include registration of vehicles, surface transport policies, construction of highways and roads.**

**(ii) Octroi and other local levies: Octroi and local taxes are the important sources of revenue of the local government. The Chambers of Commerce try to ensure that their imposition is not at the cost of smooth transportation and local trade.**

**(iii) Harmonisation of sales tax structure and Value Added Tax: The Chambers of Commerce and Industry play an important role in interacting with the government to harmonise the sales tax structure in different states.**

**(iv) Marketing of agro products and related issues: The associations of agriculturists and other federations play an important role in the marketing of agro products.**

**(v) Weights and Measures and prevention of duplication brands: Laws relating to weights and measures and protection of brands are necessary to protect the interest of the consumers as well as the traders. These need to be enforced strictly. The Chambers of Commerce and Industry interact with the government to formulate**

**such laws and take action against those who violate rules and regulations.**

**(vi) Excise duty:** **The excise policy plays an important role in pricing mechanism. The trade associations to interact with the government to ensure streamlining of excise duties.**

**(vii) Promoting sound infrastructure:** **A sound infrastructure like road, port, electricity, railways etc., play a catalytic role in promoting trade.**

**(viii) Labour legislation:** **The Chambers of Commerce and Industry and the government are constantly interacting on issues like labour laws, retrenchment etc. with the government.**