

NIOS lesson adaptation project

By EMBRACE Volunteers

(A community initiative of Harchan Foundation Trust)

Chapter 6

Warehousing

(Printable Version)

- **Simplified Lesson**
- **Previous Year Questions with Answers**
- **Terminal Questions**

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

LESSON 6

Warehousing

Storing of goods on large scale in a systematic and orderly manner from the time they are produced until they are consumed.

Characteristics of Warehouse

- located near highways, railway stations, airports, seaports to make loading & unloading easy
- Protection from sun, rain, wind, dust, pest
- Mechanical appliances to reduce wastage and cost
- Enough space to keep goods in order
- Cold storage for food items
- Parking space for loading & unloading
- 24 / 7 security to avoid theft
- Fire fighting equipments

Types of Warehousing	
Owners Users License Location	Private Warehouses Manufacturers,wholesalers,retailers,farmers Own stock Needs license from government Manufacturers-near factories Wholesalers-near business centres Farmers- near fields
Owners Users License	Public Warehouses individual, or companies Public pays on usage basis. Manufacturers,wholesalers,exporters,importers ,government agencies can use Needs license from government
Owners Users License	Government Warehouses Central,state,local governments Government & private enterprises Food Corporation of India, Central warehousing corporation of India are examples Needs license from government

Owners Users License Location	Bonded Warehouses Government & private agencies For imported goods Needs license from government Near ports
Owners Users License	Cooperative Warehouses Cooperative Societies Members of the society Needs license from government

Need for Warehousing	
Seasonal Demand	Seasonal products like umbrella,woollen garments are produced throughout year ,bought seasonally->storage required
Seasonal production	Agricultural grains are harvested seasonal, consumed throughout year ->hence storage required
Large Scale Production	Huge numbers produced ,stored till sales
Quick Supply	Agricultural goods produced in one location ,consumed throughout country->stored near consumption area
Continuous production	continuous production needs continuous supply of raw material ->hence storage of raw material required (sugarcane for sugar)
Price Stabilization	Excess Supply =fall in price Scarcity in Supply=rise in price warehouse stock helps stabilize price

Functions of Warehouse

1.Storage	Large quantity of goods stored from production till consumption.
2.Grading & Packaging	Sometimes warehouses do grading, packaging of goods to help owners in handling goods.
3.Protection	Protects against dust, wind, rain, sun. Reduces wastage and spoilage.
4.Transportation	Sometimes helps owner with transportation facilities to collect and to deliver.

5.Risk taking	Responsible for theft, loss or damage to goods.
6.Processing (Eg- paddy, timber)	Sometimes warehouses process goods on behalf of owner Eg-paddy polishing,timberseasoning,fruits ripening
7.Financing	Depositor gets receipt from warehouse –to get bank loans Sometimes warehouses gives advances

Advantages of Warehouses

1.Easy Handling	Warehouses mechanical appliances to reduce wastage and cost
2. Continuous production	Continuous production needs continuous supply of raw material ->hence storage of raw material required (sugarcane for sugar)
3.Small business benefits	Small businessmen rents warehouses for their raw materials and finished goods
4.Finance	Depositor gets receipt from warehouse –to get bank loans Sometimes warehouses gives advances
5.Location	Located near highways,railwaystations,airports,seaports to make loading & unloading easy
6.Regular flow of goods (seasonal production)	Agricultural grains are harvested seasonal, consumed throughout year ->hence storage required
7.Protection	Protects against dust, wind, rain, sun. Reduces wastage and spoilage
8.Employment	Warehouses create employment for skilled and unskilled workers

PREVIOUS YEARS QUESTIONS

1. A trader of India has imported goods from Canada but she is not in a position to pay import duty immediately. In which type of warehouse can she keep the goods?

- A) Public warehouse (B) Government warehouse
C) Bonded warehouse (D) Co-operative warehouse.

2. Explain the need for warehousing.

Ans: Warehousing is necessary for the following reasons

a) **Seasonal production:** The proper storage of agricultural commodities which is harvested during certain seasons.

b) **Seasonal demand:** For goods which are in demand for a particular season example woolen garment in winter and umbrella in rainy season.

c) **Large scale production:** Goods are produced to meet the existing as well as future demands of products. It has to be stored properly till they are cleared by sales.

d) **Quick supply:** The stocked goods should be available for consumption without making any delay and it should be available for consumers.

e) **Continuous production:** Adequate supply of raw materials should have been provided for production so warehouse to stock the raw material is necessary.

f) **Price stabilization:** To maintain a reasonable level of price of the goods in the market there is a need to keep sufficient stock in warehouse.

3. What are government warehouses? Explain and give two examples of these warehouses.

Ans: Government warehouses are owned, managed, and controlled by central or state government or public corporations or local authorities.

Examples:

1. Central warehousing corporation of India which provides logistic support to agricultural sector.
2. Food Corporation of India which provides storage mainly for rice and wheat.

4. Give the meaning of warehousing. Explain why warehousing is necessary giving any two reasons.

ANS: Warehousing refers to the activities involving storage of goods on large scale in a systematic and orderly manner and making them available conveniently when needed.

Warehousing is necessary for

1. Seasonal production: Agricultural commodities are harvested during certain seasons but they are used throughout the year. So they are needed to be stored properly.
2. Seasonal demand: Certain goods are demanded only in certain season. Woolen clothes during winter seasons. So production will be happening throughout year but they have to be stored properly.

5. Warehouses perform many functions. Explain briefly any three functions?

ANS: Functions performed by warehouse are

- A) Storage of goods: A basic function is store large stock of goods. Goods are stored from time of production till purchase or use.
- b) Protection of goods: Protections of goods from loss or damage due to heat, dust, wind, moisture and etc.
- c) Processing: Certain commodities cannot be consumed in the form they produced. Processing is required to make them consumable. Ex: Fruits are ripened.

6. Explain briefly the following types of warehouses.

a) Bonded warehouse.

b) Public warehouse.

ANS: a) Bonded warehouse: Bonded warehouses are used to store imported goods for which import duty is yet to be paid. These are managed by government as well as private agencies.

b) Public warehouse: The warehouse which are run to store goods of general public. Anyone can store his goods in these warehouses on payment basis.

7. State any three characteristics of ideal warehouse?

ANS:

- Warehouse should be located at convenient place near highways, railway station, airport, and seaport where it can be loaded and unloaded easily.
- Mechanical appliances should be there for loading and unloading.
- Adequate space should be there to keep the goods in proper order.

8. Explain the need of Warehousing stating any four reasons?

ANS: We need warehousing for below reasons

- a) Storage of goods: Basic functions are to store large stock of goods.
- b) Protection of goods: Provide protection to goods from loss or damage due to heat, dust, wind and moisture.
- c) Risk bearing: Warehouse keeper is responsible for risk of loss or damage to goods in storage, thus it provided protection from any mishap.
- d) Processing: Certain warehouses undertake the activities of processing the goods on behalf of owner. Ex: Ripening of fruit.
- e) Grading and branding: On request the warehouses provide grading and banding of the goods on behalf of manufacturer.
- f) Transportation: In few cases the warehouses provide transport to

bulk depositors.

9. Which of the following type of warehouses are used to store imported goods for which the import duty is yet to be paid?

- a) Public warehouse
- b) Government warehouse
- c) **Bonded warehouse**
- d) Co operative warehouse

TERMINAL QUESTIONS

1. What is meant by warehousing?

Ans: Storing of goods on large scale in a systematic and orderly manner from the time they are produced until they are consumed.

2. Explain the need of warehousing?

Ans:

- ✓ For quick supply.
- ✓ Continuous production.
- ✓ Large scale production.
- ✓ Price stabilization.
- ✓ Seasonal demand.
- ✓ Seasonal production.

3. Describe any six characteristics of ideal warehouse?

Ans:

- ✓ Located near highways, railway stations, airports, seaports to make loading & unloading easy.
- ✓ Protection from sun, rain, wind, dust, and pest.
- ✓ Mechanical appliances to reduce wastage and cost.
- ✓ Enough space to keep goods in order.
- ✓ Cold storage for food items.
- ✓ Parking space for loading & unloading.
- ✓ 24 / 7 security to avoid theft.

4. Classify the various types of warehouses. Explain them briefly.

Ans:

Types of Warehousing	
Owners Users License Location	Private Warehouses Manufacturers, wholesalers, retailers, farmers Own stock Needs license from government Manufacturers-near factories Wholesalers-near business centres Farmers- near fields
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5. Explain the functions of warehouse?

Ans:

- Storage.
- Grading and packaging.
- Protection.
- Transportation.
- Risk taking.

- Processing.
- Financing.

6. What is meant by public warehouse? State any three functions of a public warehouse.

Ans:

- ✓ It is owned by individual or companies.
- ✓ Public pays on usage basis.
- ✓ Manufacturers, wholesalers, exporters, importers, government agencies can use
- ✓ Needs license from government.

Functions of public warehouse:

- ✓ Storage of goods.
- ✓ Grading and packaging.
- ✓ Protection.

7. Describe the advantages of warehouse to the businessmen.

Ans:

- ✓ Protection and preservation of goods.
- ✓ Regular flow of goods.
- ✓ Continuity in production.
- ✓ Convenient location.
- ✓ Easy handling.
- ✓ Creation of employment.
- ✓ Facilitates sales of goods.
- ✓ Reduce the risk of loss
- ✓ Availability of finance.

8. How is bonded warehouse useful for importers?

Ans:

- ✓ Bonded warehouses are used to store imported goods for which the import duty is yet to be paid.
- ✓ In case of imported goods the importers are not allowed to take away goods from ports till such duty is paid.
- ✓ These warehouses are generally owned by dock authorities.
- ✓ These are found near ports.

9. Warehousing is one of the important auxiliaries to trade. Explain this statement in about 60 words.

Ans:

Storing of goods on large scale in a systematic and orderly manner from

the time they are produced until they are consumed.

It is one of the important auxiliaries to trade because:

- Warehouses use mechanical appliances to reduce wastage and cost.
- Continuous production needs continuous supply of raw material ->hence storage of raw material required (sugarcane for sugar).
- Small businessmen rent warehouses for their raw materials and finished goods.
- Depositor gets receipt from warehouse –to get bank loans
- Sometimes warehouses give advances.
- Agricultural grains are harvested seasonally, consumed throughout the year hence storage required.
- Protects against dust,wind,rain,sun.
- Reduces wastage and spoilage.
- Warehouses create employment for skilled and unskilled workers