

1. Details of Module and its structure

Module Detail	
Subject Name	Business Studies
Course Name	Business Studies 01 (Class XI, Part- 1)
Module Name/Title	Business Services – Part 5
Module Id	kebs_10405
Pre-requisites	Basic knowledge of functioning of Business Services
Objectives	After going through this lesson, the learners will be able to understand the following: <ul style="list-style-type: none">• Describe Transportation as a business service.• Describe Warehousing as a business service.
Keywords	Transportation, Warehouse

2. Development Team

Role	Name	Affiliation
National MOOC Coordinator	Prof. Amarendra P. Behera	CIET, NCERT, New Delhi
Program Coordinator	Dr. Rejaul Karim Barbhuiya	CIET, NCERT, New Delhi
Course Coordinator (CC) / PI	Dr. Punnam Veeraiah	CIVE, RIE Campus, Bhopal
Course Co-Coordinator / Co-PI	Dr. Nidhi Gusain	CIET, NCERT, New Delhi
Subject Matter Expert (SME)	Ms. Deepti Madhura	Amity Institute of Education, New Delhi
Review Team	Dr. Munipalle Usha Ms. Preeti Sharma	UPGC, Osmania University, Hyderabad, Kenriya Vidyalaya, Sector 24 Noida
Technical Team	Mr. Shobit Saxena Ms. Khushboo Sharma	CIET, NCERT, New Delhi CIET, NCERT, New Delhi

Table of Contents:

1. Introduction
2. Meaning of Transportation
3. Modes of Transportation
4. Meaning of Warehousing
5. Functions of Warehousing
6. Types of Warehouse

1. Introduction

Business does not exist in isolation; it has to communicate with others for transmission of ideas and information, for the movement of goods from one place to another and also for keeping stock of goods. Transmission of ideas is through the process of Communication Services and movement of goods is possible only if transportation services are provided and are easily accessible for the business. Storage of excess of goods is possible only if warehouses are easily available. Thus, like Communication Services, transportation and warehousing are also a category under Business services. Transportation and Warehousing both will be discussed in this module and how they play a major role to let a business evolve and sustain.

2. Meaning of Transportation

Transportation is defined as the movement of humans, animals and goods from one location to another. These most used ways of transport are railways, roadways, airways, waterways, cable and pipelines. Transportation comprises freight services together with supporting and auxiliary services by all modes of transportation i.e., rail, road, air and sea for the movement of goods and international carriage of passengers. Transportation removes the hindrance of place and hindrance of time, i.e., it makes goods available to the consumer from the place of production at the appropriate time.

In the first 50 years of independence, India saw the construction of around 13, 000 kilometers of national highways. The ambitious NHAI, Government of India's project consisting of Golden Quadrilateral connecting Delhi-Kolkata-Chennai-Mumbai and the North-South, East-West corridors linking Srinagar to Kanyakumari and Silchar to Porbandar will see the construction of 13,151 kms of National Highways within a span of eight years. This project will not only change the face of road transport in India, but it will also have a lasting impact on our economy.

The Ministry of Railways has also done massive innovations in their movement and monitoring of goods trains to facilitate the needs of the business community. The Government of India is also serious in ensuring better and more facilities at the seaports and airports to provide an impetus to business activities. The government plans not only to enhance capacities of existing ports but also to develop modern and new ports at strategic locations.

3. Modes of Transportation

Modes of transport are also called means of transport. It is a general term used to specify different kinds of transport facilities that are used by the people to move from one place to the other and also shift the goods from one place to the other.

When more than one mode of transport is used by a person for transportation, then it can be described as multi-model transport. Generally, there are four modes of transport that use different types of vehicle, infrastructure and operation. A person will choose their mode of transport based on the cost, capability, routes and speed.

The general modes of transport are as follows –

- i. Human-powered transport
- ii. Animal-powered transport,
- iii. Railways
- iv. Roadways
- v. Waterways
- vi. Airways
- vii. Pipeline

Warehousing

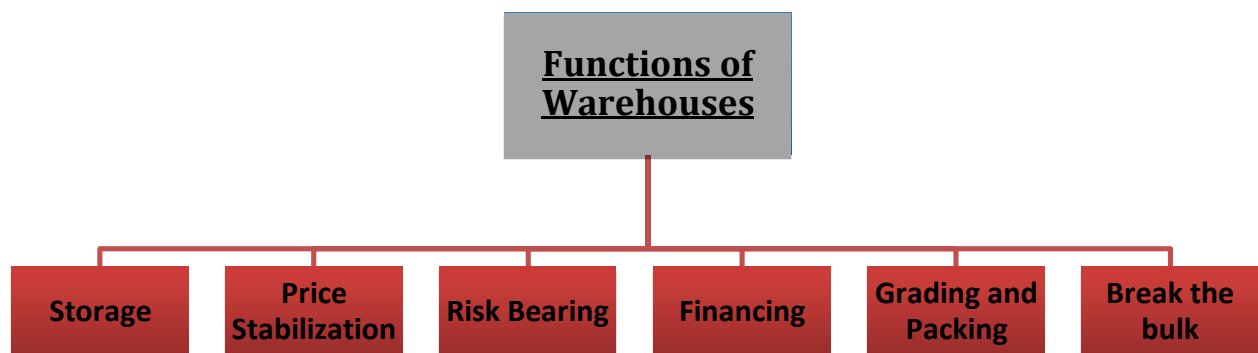
Warehousing is the act of storing goods that will be sold or distributed later. While a small, homebased business might be warehousing products in a spare room, basement, or garage, larger businesses typically own or rent space in a building that is specifically designed for storage. They are used by manufacturers, importers, exporters, wholesalers, transport business, customs etc.

Earlier, a warehouse was a static unit for keeping and storing goods in a scientific and systematic manner to maintain their original quality, value and usefulness. The typical warehouse received merchandise by rail, truck or bullock cart. The items were moved manually to storage within the warehouse and hand piled in stacks on the floor.

In today's times warehouses are not a mere storage service provider and have become logistical service providers in a cost-efficient manner. The warehouses now make available the right quantity, at the right place, in the right time, in the right physical form at the right cost. Modern warehouses are automated with automatic conveyors, computer operated cranes and forklifts for moving goods and usage of logistics automation software for warehouse management.

5. Functions of Warehouses

The functions of warehousing are as follows:



i. **Storage:**

This is the basic function of warehousing. Surplus commodities which are not needed immediately can be stored in warehouses. They can be supplied as and when needed by the customers. Goods or raw materials, which are not required immediately for sale or manufacturing, are stored in warehouses.

ii. **Price Stabilization:**

Warehouses play an important role in the process of price stabilization. It is achieved by the creation of time utility by warehousing. Fall in the prices of goods when their supply is in abundance and rise in their prices during the slack season are avoided.

iii. **Risk bearing:**

When the goods are stored in warehouses they are exposed to many risks in the form of theft, deterioration, exploration, fire etc. Warehouses are constructed in such a way as to minimize these risks. Contract of bailment operates when the goods are stored in wave-houses. A warehouse keeper must take the reasonable care of the goods and

safeguard them against various risks. For any loss or damage sustained by goods, warehouse keeper shall be liable to the owner of the goods.

iv. **Financing:**

Loans can be raised from the warehouse keeper against the goods stored by the owner. Goods act as security for the warehouse keeper. Similarly, banks and other financial institutions also advance loans against warehouse receipts. In this manner, warehousing acts as a source of finance for the businessmen for meeting business operations.

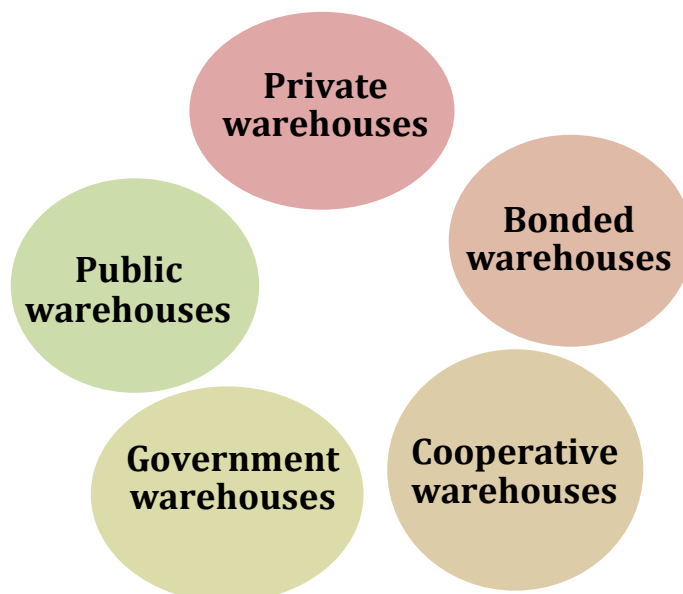
v. **Grading and Packing:**

Warehouses also provide the facilities of packing, processing and grading of goods. Goods can be packed in convenient sizes as per the instructions of the owner. These are the value-added services provided by the warehouse.

vi. **Break the bulk:**

The warehouse performs the function of dividing the bulk quantity of goods received from the production plants into smaller quantities. These smaller quantities are then transported according to the requirements of clients to their places of business.

5. Types of Warehouses



5.1. Private warehouses

Private warehouses are operated, owned or leased by a company handling their own goods, such as retail chain stores or multi-brand multi-product companies. As a rule, an efficient

warehouse is planned around a material handling system in order to encourage maximum efficiency of product movement. The benefit of private warehousing includes control, flexibility, and other benefits like improved dealer relations. Goods are produced in large quantities in anticipation of future demands by unknown customers and thus, these warehouses are owned by producers themselves.

5.2. Public warehouses

Public warehouses can be used for storage of goods by traders, manufacturers or any member of the public after the payment of a storage fee or charges. The owner of the warehouse stands as an agent of the owner of the goods and is expected to take appropriate care of the goods. These warehouses provide other facilities also, like transportation by rail and road. They are responsible for the safety of the goods. Small manufacturers find it convenient as they cannot afford to construct their own warehouses. The other benefits include flexibility in the number of locations, no fixed cost and capability of offering value added services, like packaging and labelling. They operate in accordance with law.

5.3. Bonded warehouses

Bonded warehouses are licensed by the government to accept imported goods prior to payment of tax and customs duty. These are goods which are imported from other countries. Importers are not permitted to remove goods from the docks or the airport till customs duty is paid. At times, importers are not in a position to pay the duty in full or does not require all the goods immediately. The goods are kept in bonded warehouses by the customs authorities till the customs duty is paid. These goods are said to be in bond. These warehouses have facilities for branding, packaging, grading and blending. Importers may bring their buyers for inspection of goods and repackage them according to their requirements. Thus, it facilitates marketing of goods. Goods can be removed in part as and when required by the importers and buyers and import duty can be paid in instalments. The importer need not block funds for payment of import duties before the goods are sold or used. Even if he wishes to export the goods kept in the bonded warehouse he may do so without payment of customs duty. Thus, bonded warehouses facilitate entrepot trade.

5.4. Government warehouses

These warehouses are fully owned and managed by the government. The government manages them through organisation set up in the public sector. These warehouses are mainly located at

the important seaports and in most cases are owned by Dock authorities. The public can also use this group of warehouses by paying a fixed charge. and, if the customer is not able to pay the rent in fixed time then the rent is recovered by disposing of the goods.

Some examples of government warehouses are - Food Corporation of India, State Trading Corporation, and Central Warehousing Corporation.

5.5. Cooperative warehouses

Some marketing cooperative societies or agricultural cooperative societies have set up their own warehouses for members of their cooperative society. Cooperative warehouses can also be set up in villages or cities under the Cooperative Societies Act in 1925. The members of the Cooperative Warehouse can store their goods on a rent basis, which is comparatively lower than the private warehouses. The non-members can also have benefits by storing the goods in cooperative warehouses by paying them enforced rent.

Summary

Business Services is categorized into Banking, Insurance, Telecom Services, Transportation and Warehousing. All these are essential services that are essential for any business to evolve and sustain in the society. Transportation comprises freight services together with supporting and auxiliary services by all modes of transportation i.e., rail, road, air and sea for the movement of goods and international carriage of passengers. These most used ways of transport are railways, roadways, airways, waterways, cable and pipelines.

Warehousing is described as a static unit for keeping and storing goods in a scientific and systematic manner to maintain their original quality, value and usefulness and in today's times warehouses have ceased to be mere storage service providers and have really become logistical service providers in a cost-efficient manner. The warehouses now make available the right quantity, at the right place, in the right time, in the right physical form at the right cost. Warehouses perform a various function such as consolidation, break the bulk, stockpiling, value added services, price stabilisation, financing. There are different types of warehouses: private warehouses, public warehouses, bonded warehouses, government warehouses, cooperative warehouses.