

Chapter – 13

Warehousing

I. Choose the Correct Answer

Question 1.

Warehouses removes the hindrance of

- (a) Person
- (b) Time
- (c) Risk
- (d) Knowledge

Answer:

- (b) Time

Question 2.

A warehouse holds goods as a center.

- (a) Marketing
- (b) Sorting
- (c) Distribution
- (d) Selling

Answer:

- (c) Distribution

Question 3.

..... can be given as a collateral security for getting financial assistance from bank.

- (a) Dock warrant
- (b) Warehouse receipt
- (c) Dock receipt
- (d) Warehouse warrant

Answer:

- (d) Warehouse warrant

Question 4.

..... warehouses are licensed by the government and are permitted to accept the goods on bond.

- (a) Bonded
- (b) Cold Storage
- (c) Public
- (d) None of these

Answer:

- (d) None of these

Question 5.

..... warehouses are used for storing perishable goods like fruits, vegetables etc.

- (a) Bonded
- (b) Private
- (c) Cold storage
- (d) Co – operative

Answer:

- (c) Cold storage

Question 6.

The document which authorizes to deliver the goods either in part or full is called

- (a) Warehouse warrant
- (b) Dock receipt
- (c) Dock warrant
- (d) None of these

Answer:

- (c) Dock warrant

Question 7.

The Institutional warehouse started with the support of the government is

- (a) Bonded warehouse
- (b) Public warehouse

- (c) Food Corporation of India
- (d) Custom bonded

Answer:

(c) Food Corporation of India

II. Very Short Answer Questions

Question 1.

What is Warehouse?

Answer:

It means a storage place or godown which is located near a factory to keep the raw materials and finished products’.

Question 2.

List the various types of Warehouses.

Answer:

1. On the Basis of Ownership – Private, Public
2. On the Basis of Commodities stored – General

Question 3.

Give any three functions of Warehouses.

Answer:

1. **Storage:** The surplus goods are stored properly for the purpose of supplying them at the right place and at the right time.
2. **Price Stabilization:** Warehousing ensures price stabilization by supplying goods as and when demanded.
3. **Equalization of Demand and Supply:** Warehousing equalizes the demand and supply of goods by storing the goods when they are not demanded and releasing them when they are demanded.

Question 4.

Tabulate the three differences between warehouse warrant and warehouse receipt.

Answer:

Warehouse Warrant:

- It is a document of title of goods.
- It is not only an acknowledgment for the receipt of goods but also gives an authority to get delivery of goods by the owner or by the third party.
- It can be negotiated or transferred to others.

Warehouse Receipt:

- It is not a document of title of goods.
- It is only an acknowledgment for the receipt of goods.
- It cannot be transferred to others.

Question 5.

Give a note on FCI.

Answer:

Food Corporation of India also hires storage capacity from other sources such as Central Warehousing Corporation, State Warehousing Corporation, and private parties. FCI was set-up under the food corporation act 1964.

III. Short Answer Questions

Question 1.

Differentiate the warehouse warrant from the warehouse receipt.

Answer:

Warehouse Warrant:

- It is a document of title of goods.

- It is not only an acknowledgment for the receipt of goods but also gives an authority to get delivery of goods by the owner or by a third party.
- It can be negotiated or transferred to others.

Warehouse Receipt:

- It is not a document of title of goods.
- It is only an acknowledgment for the receipt of goods.
- It cannot be transferred to others.

Question 2.

Comment on cold storage warehouse.

Answer:

Goods are transferred in refrigerated containers and stored in a refrigerated warehouse. These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc. Goods stored in cold storage without deterioration in quality can be made available throughout the year.

IV. Long Answer Questions

Question 1.

Explain the different types of warehouses A. On the Basis of Ownership

Answer:

Warehouses can be classified as follows:

A. On the Basis of Ownership

1. Private Warehouses:

Private warehouses are built and owned by private business enterprises in order to store the products produced by them. They are exclusively for their use and are not meant for other manufacturing or business units.

2. Government Warehouses:

They are created and operated by the Government to implement the

programmes of the Government. Their sendees are mostly available to the government only.

3. Public Warehouse:

It is open to the public at large. Most business organisations, especially small and medium scale units cannot afford to have their own warehouses. They may be owned by an individual or some agency. These warehouses operate as per the rules and regulations formed by the Government.

4. Co-operative Warehouses:

There are warehouses owned and managed by the marketing co-operative societies or agricultural co-operative societies. They are set up to provide warehousing facilities to their members. For example, National Co-operative Development Corporation (NCDC).

5. Bonded Warehouses:

Bonded warehouses are those warehouses, which are licensed by the government to accept the storage of imported goods which are not cleared due to non-payment of customs duty by the importer. Bonding can be undertaken in the warehouse itself. Bank loans can be obtained by submitting the receipt issued by these warehouses as collateral security. Strict supervision and control is imposed by customs authorities on their operation and functioning

6. Institutional Warehouses:

Different institutions and bodies have their own warehouses on account of the nature of their operations. For example, Banks, Railways, etc, have their own warehouses for conducting their activities. Various transport agencies also maintain warehouses for storing the goods which are to be despatched and received.

7. Distribution Center Warehouses:

Goods that need to be temporarily stored for one or two days so that they can be distributed to other offices or customers are stored in Distribution Centers. They are owned by the manufacturer or wholesalers.

B. On the Basis of Commodities Stored:

1. General Warehouses:

They are ordinary warehouses which are useful for storing most of the dry food grains, fertilizers, etc. Protective measures against rat, insects, etc. are undertaken by them.

2. Special Commodity Warehouses:

These warehouses are specially constructed for storing a specific type of commodities like tobacco, cotton, wool, etc. These warehouses reduce the loss of quality and quantity to a great extent. Storage of petrol and oil requires a special type of vertical, cylindrical storage tanks.

3. Cold Storages or Refrigerated Warehouses:

Goods are transported in refrigerated containers and stored in refrigerated warehouses. These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc. Goods stored in cold storage without deterioration in quality can be made available throughout the year.

4. Climate Controlled Warehouses:

The controlled climate environment can reduce the rate of metabolism in fruits and vegetables. Humidity controlled environments for delicate products such as flowers in dirt-free facilities in these warehouses.

5. Automated Warehouses:

Automated facilities which can handle several hundreds of kilograms of product at a time. Inside the warehouse premises, physical distribution activities are carried out by moving product-filled pallets (i.e. platforms that hold large amounts of product). It requires huge investment, latest technology and a large turnover of goods.

Question 2.

Explain the advantages of warehousing functions.

Answer:

1. It safeguards the stock for the merchants who do not have a storage place.

2. Warehouses reduce the distribution cost of the traders by storing the goods in bulk and allow the trader to take the goods in small lots to his shop.
3. It helps in the selection of channels of distribution. The producer will prefer whether to a wholesaler or retailer.
4. It assists in maintaining the continuous sale and avoid the possibilities of "Out of Stock".
5. It creates employment opportunities for both skilled and unskilled workers to improve their standard of living.