

SARIYA COLLEGE, SURIYA

DEPT. OF COMMERCE

ICT Teaching-Learning Centre

Paper Name- Business Organization and Management

Topic: Inter –relationship between Industry, Commerce and Trade

For Students of FYUGP Commerce Sem. I (Minor Paper)

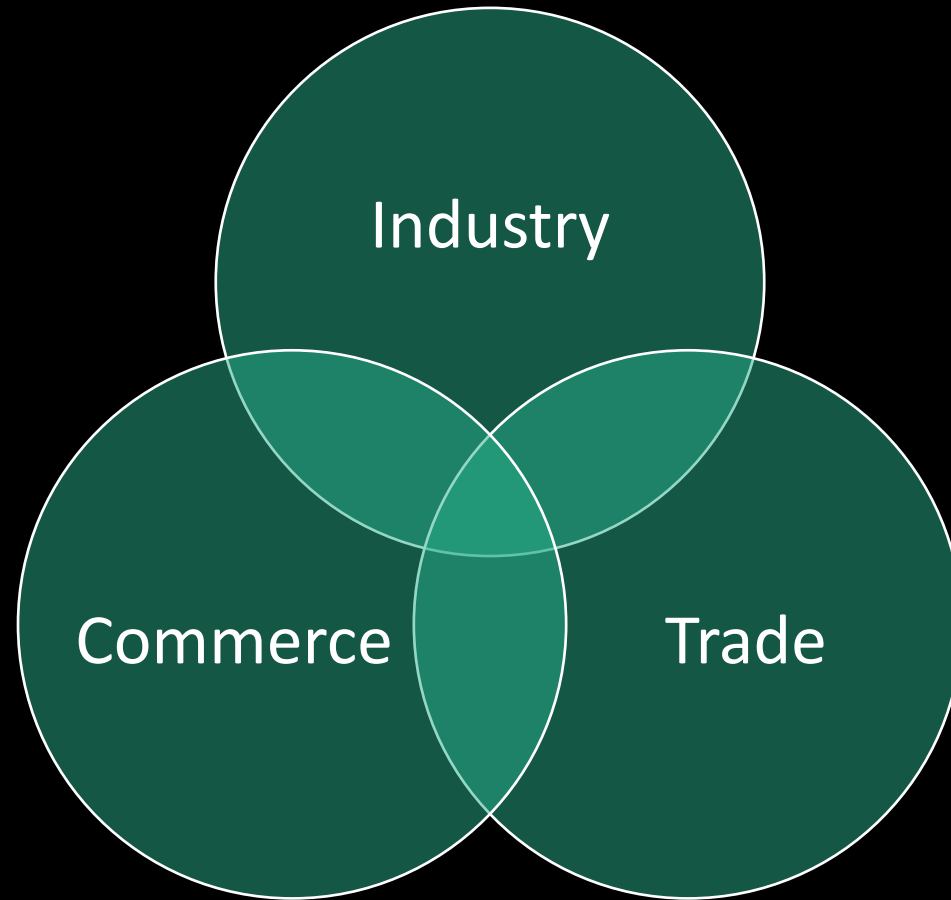
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Industry, commerce and trade are closely related to each other. For example, industry provides goods and services which are distributed through commerce. No commercial activity is possible in the absence of industry and production. Sound industrial base and infrastructure facilitate trade. At the same time industry and production cannot survive unless the goods and services are distributed among consumers through commerce. Therefore, industry and commerce are interdependent. Industry provides the base for commerce and commerce serves as the backbone of industry. None of them can exist in isolation as each is essential for the other.

Trade involves buying and selling goods. It is the nucleus of commerce because all business activities revolve around transfer or exchange. Trade provides the solid foundation upon which the superstructure of commerce has been raised. It provides necessary support to industry and maintains a smooth flow of commerce.

This interrelationship is shown below:



Trade helps industry in determining what to produce, when to produce and for whom to produce. It facilitates, procurement of raw materials for industry and sells an output of industry. Higher the volume of trade, higher will be the need for output of industry and allied services.

COMPARISON BETWEEN INDUSTRY, COMMERCE AND TRADE

Basis of Comparison	Industry	Commerce	Trade
Meaning	Extraction, production, processing and development of products.	Distribution of goods and services.	Buying and selling of goods and services.
Scope	All activities for converting raw material into finished goods.	Involves trade and aids to trade.	Exchange of goods and services.
Investment	Heavy investment is required.	Comparatively less capital is required.	Capital required for maintenance of stock.
Risk Nature	High risk involves.	Less risk involves.	Relatively less risk involved.
Nature	Represents supply side of goods and services.	Represents demand side of goods and services.	Represent exchange of goods and services.