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Faculty of Economics, Commerce and Management Sciences
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Subject: English Language

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Group: (4, 5, 6, 10, 11, 12)

Lesson 2: Branches of Commerce

The Importance of Commerce:

Commerce is a very important part of any business. Why, you say? Well, because it attempts to satisfy human needs and wants. It also contributes to linking producers of certain products and services with the customers who require them. Since commerce requires a lot of processes to be completed, it easily generates various employment opportunities in other areas such as transport and logistics, banking and retail. Commerce overall is an essential component of national development and wealth creation. The following section further discuss the branches of commerce.

The Branches of Commerce:

The branches of commerce comprise two fundamental categories: trade and aids to trade.

1/ Trade: As mentioned earlier, the term trade is used to describe the process of exchanging products and services. It involves interactions between a buyer and a seller, where the seller exchanges products and services with a buyer using an agreed upon medium of exchange which is money. Trade is, therefore, the specific part of commerce that deals with exchanging products and services.

2/ Aids to trade: they are aspects/ factors that help trade take place in an effective manner. These aspects make up the other branch of commerce

- **Transportation:** This covers the means that buyers and sellers use in order to get the required products or services. Transport includes a number of different modes; for example, land (road and rail), water (canals and sea), and air (airways).
- **Communication:** This describes the exchange of information between people. This information transmission is critical in commerce because it helps buyers and sellers come to an agreement over trade matters.
- **Warehousing/ Storing:** This aid to trade comes into play in the gap between the production point and the sale and consumption points. For example, if Mega Bakers have a large order to bake many loaves of bread, they will likely need a place to store the baked bread before it is delivered to the customer.
- **Insurance and Banking:** In the real world, businesses will often face risks and uncertainties. Insurance focuses on reducing the risks that both the buyer and seller are likely to face, and banking enables both buyers and sellers to complete trade transactions.
- **Advertising:** This aid enables businesses to publicize their products to their potential market. Businesses can let people know about them through various media such as digital media and channels of mass communication.
- **Distribution agents:** These are the middlemen who help link sellers and buyers. These agents help businesses reach out to customers who, in most cases, are spread over large areas. Some examples of these agents are commission agents and brokers.