

Chapter -2

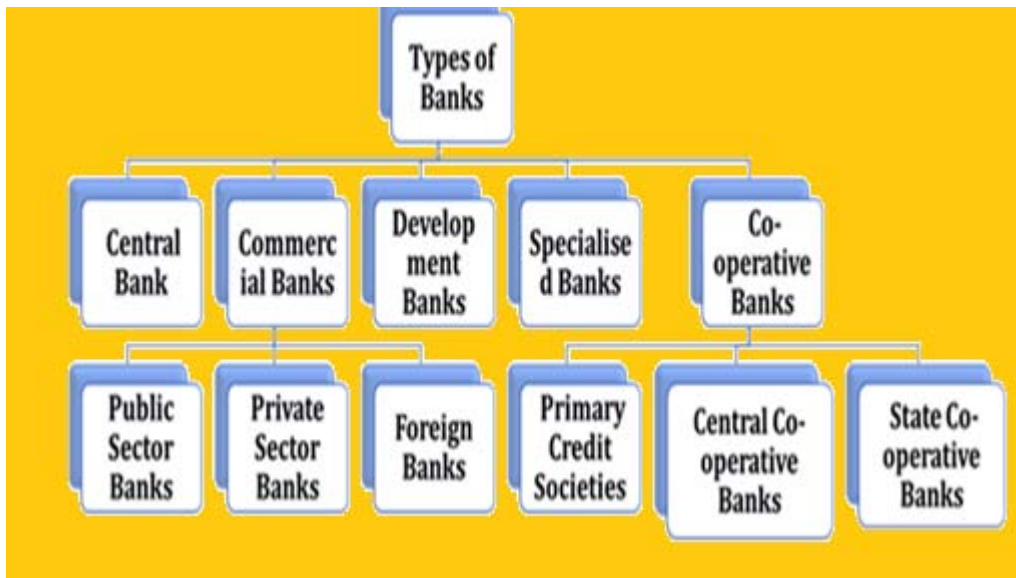
BUSINESS SUPPORT SERVICES

Introduction

Have you ever observed that to carry out any business activities successfully various support services are required? Activities that facilitate smooth flow of goods from producers to consumers and functioning of business are termed as business support services like arranging funds, buying of goods from the main market, carrying those goods to the shop, stores those systematically and sells them to the customers as per their demand. The owner or the businessman needs various help or support from others. For example, he may take loan from bank, hire machinery so let us have an idea about those services and their operations. In this lesson we shall learn about the basic aspects like the meaning, importance and functioning of these support services.

Important points from the text:

1. Banking refers to the provision of services by banks and there are different types of Banks like acceptance of deposits, grant of loans and advances and other agency as well as general utilities services.



2. Functions of commercial banks

- (a) Primary functions:
 - (i) Accepting deposit
 - (ii) Lending money
- (b) Secondary functions :
 - (i) Agency services
 - (ii) General utility services.

3. **Insurance:** Based on the subject matter of insurance and nature of risk covered, insurance can be broadly classified as

(a) Life insurance, (b) Fire insurance, (c) Marine insurance, and (d) Other types of insurance.

4. **Principles of insurance :-**



5. The main services which help business in its effective communication are classified as postal services and telecommunication services.

The various services provided by post offices are classified as (a) Mail services, (b) Financial services, (c) Insurance services, and (d) Business development services.

6. The telecommunication which are helpful for business firms are fixed line phone, cellular service, telegram, telex, fax, voice mail, e-mail, teleconferencing.

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

The different types of warehouses functioning in our country are – Private warehouses, Public warehouse, Government warehouse, Bonded warehouse and Cooperative warehouse.

8. The functions of warehouse are – storage of goods, protection of goods, bears the risk of loss or damage to goods in storage, financing, processing, transportation. It also performs various value added services like grading and branding, mixing, blending and packaging of goods.

Learn new key words:

1. **Bank draft** is a cheque drawn by a bank branch on another branch outside the city.

2. A **pay order** is a cheque drawn by a bank branch and payable at same branch

3. **RTGS** is a fund transfer system where there is no waiting period for the settlement of transaction. Minimum transaction value is Rs. 50,000.
4. **NEFT** is a fund transfer system and transactions are settled in batches.
5. **SMS alert** is an e-banking facility where in the customer remains informed about every deposit/withdrawal from his account.
6. **Parcels and couriers** are type of postal services
7. **Saving services** provided by post office include NSC, PPF, and MIS
8. A lumpsum amount is deposited for a specified time in **fixed deposit** account.
9. In **RD accounts**, the account holder is required to deposit a specified sum of money every month. Saving account is opened
10. **Current deposits** accounts provide facility to business persons to deposit or withdraw money

Evaluate yourself.

- 1) Explain the concept of business support services
- 2) What are the functions of commercial bank and what are the different types of bank
- 3) State the importance and types of insurance
- 4) What is the meaning , mode and importance of Transportation.
- 5) Explain the concept of communication and various means of communication.
- 6) Warehousing meaning, Importance and function.

Maximize your marks

- Learn the key words
- Get into the little details of the above mentioned important points.
- Answer all the question to evaluate yourself and to maximize your marks.