Third Term SS1 Note For Economics

Scheme Of Work

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| WEEK | Topic | Content |
| 1 | Agriculture | 1. Activities of Marketing Board in Nigeria. 2. Teachers should highlight some Agricultural Reform programs such as OFN, GRP, RBDA, etc. |
| 2 | Mining | 1. Components of the Nigerian mining industry. 2. Minerals, types, uses and locations |
| 3 | Meaning of Financial Institution | 1. Meaning and segments of Financial system. 2. Features of Banking and non-banking financial institutions. 3. Functions of each institution its importance |
| 4 | Meaning of Financial Institution | 1. Money and capital market 2. Benefits of capital market |
| 5 | Money | 1. Definition of Money 2. Historical Development of money 3. Functions of money |
| 6 | Money | 1. Types of money(Including Credit card, verve card and other ICT aided Payment) 2. Qualities of a good money |
| 7 | Channel of Distribution | 1. Channels and process of Distribution 2. Roles of wholesaler 3. Roles of retailer |
| 8 | Channel of Distribution | 1. Roles of cooperatives 2. Roles of government agencies in product Distribution. 3. Problems of Distribution and ways of improvement. |
| 9 | Channel of Distribution | 1. Sources of funds for businesses 2. Basic instruments for business Financing ( Shares, Debentures, Bonds) |
| 10 | Instrument of business Finance | Meaning and types of Shares, debentures and other securities. |
| 11 | Instrument of business Finance | Problems of business Financing in Nigeria |
| 12 | Revision |  |
| 13 | Examination |  |

WEEK 1

A Marketing Board is a statutory body established by the government to regulate the procurement, GRADING and sale of some specific agricultural commodities, both locally and globally.

Examples are; cocoa marketing board which was set up in 1947, groundnut, Cotton and palm produce marketing boards, all were set up in 1949.

Historical development of Marketing Boards in Nigeria

Marketing Boards evolved from the Colonial development Act of 1929, they were set in place to remedy the effect of drastic fall in Agricultural commodity prices (during and after the great depression of Oct 24, 1929-1930s), and stimulate agricultural activities in colonies.

Functions of Marketing Board

1.To stabilize prices for producers.

2.To finance research and improve marketing facilities

3. Evacuation of Product

4. To market export crops

5. Improved quality of produce

6. To promote Economic development.

Problems of Nigerian agricultural marketing board.

1. Finance: Marketing boards at times found it difficult to finance their project due to lack of funds.

2. Illiteracy Of The Farmers: There is a high illiteracy level among farmers in Nigeria hence constituting a big challenge for the marketing boards.

3. Political Problem: As a government owned public enterprise, the marketing boards were subjected to bureaucracy and tribalism in the appointment of board of directors.

4 Problem Of Over-production: Marketing boards at times found it difficult to purchase all produce due to over-production by farmers.

5. Pricing Problem: Due to fluctuation of prices in the market, marketing boards some times found it difficult to market their products.

Meaning of Agricultural Reform program

Agricultural Reforms are actions taken by government to improve the agricultural sector. Or They are projects set in place by government to improve agricultural sector. They are initiatives of the government overtime to improve the agricultural sector.

Operation Feed The Nation. (OFN)

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| Date | Objectives/Functions | Failure |
| 20th May 1976 By Gen.Olusegun Obasanjo | 1. Mobilize the nation towards self sufficiency and self reliance in food production. 2. To encourage general pride in Agriculture   3. To boost and promote balanced nutrition  4. To eradicate poverty by making available to all, food which is one of the basic necessities of life5. To facilitate agricultural development in all parts of Nigeria. | 1. Lack of sustenance of agricultural policies.  2. Inadequate Provision of fertilizers to Farmers.  3. Over centralization of implementation. |

RIVER BASIN DEVELOPMENT AUTHORITY ( RBDA)

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| DATE | Objectives/Functions |
| 1976 By Gen.  Olusegun Obasanjo. | 1.Provide water for irrigation.  2. Provide of water for domestic use.  3. To improve hydro electric power generation.  4. To foster fishery projects.  5. To encourage or make room for large  plantation farming.  6. To generate employment.  7. To Seek to upgrade and establish aquatic  recreational facilities.  8. encourage establishment of industrial complex that will harness raw materials gotten from established plantation. N.B: There are currently 12 River Basin Authorities in Nigeria. N.B: Hydropower is fueled by falling water. |

GREEN REVOLUTION PROGRAM(GRP)

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| DATE | Objectives | Criticisms |
| April 1980 by President Shehu Shagari | 1. To introduce modern input i.e. high yielding variety of seeds, fertilizers and tractors into agricultural sector for large scale farming 2. To improve rice and fish production 3. To produce abundant food crops for local consumption. 4. 4.To produce cash crops for export. | 1.it was opposed severely by the opposition parties.  2. The policy was widely viewed as a program that favored the wealthy.  3. The land decree at that time was seen as an incentive for wealthy farmers and not all farmers. |

WEEK 2

Meaning of Mining

Mining is the process of extracting useful minerals and metals from the surface of the earth, including the seas  
Examples are crude oil, gold, gravel, iron ore, diamond, coal, limestone, copper etc .

MEANING OF MINING SECTOR

Mining sector is made of all industries dedicated to finding the location of mining site, and extraction of valuable metal and mineral reserves from the earth for commercial purpose. E.g: Ocf Petroleum Mine & Golden Company Ltd, Abuja

Components of mining sector

1. Exploration And Mining(upstream): This sector of the economy is made up of the activities of mining and exploration companies. It is the process of finding mineral deposits in commercial viable quantity.
2. Processing and beneficiation (midstream): this sector comprises of activities that transform minerals from their natural form into finished or semi-finished goods. Example; the activities of cement companies that transform limestone into cement, the activities of gold company that changes the raw gold to gold cup or gold watch.
3. Marketing and transportation: this comprises of activities of wholesalers, retailers, agents, and sales personnel who ensure that outputs from mining activities get to the consumer/ end user.

Categories of minerals in Nigeria.

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| Category | Mineral | Location |
| Industrial | Barite  Kaolinite  Limestone  Gypsum | Benue, plateau, Cross River.Imo, Enugu, Ondo, Edo.Sokoto, Bauchi, Gombe, Benue.Imo, Kogi, Adamawa, Bayelsa. |
| Energy | Coal  Lignite  Uranium | Enugu, Anambra,Venue, Delta.  Enugu, Delta.  Cross River, Akwa ibom, Bayelsa. |
| Metallic Ore | Gold  Diamond  Copper and silver  Iron ore  Lead-Zinc | Osun, Abuja, Niger, Kebbi.  Kastina.  Kano, Gombe, Abia, Nasarwa, Taraba.  Kogi, Abia, Plateau, Kwara.  Ebonyi, Akwa Ibom. |
| Special Stones (Gemstone) | Sapphire  Emerald  Tourmaline  Garnet | Yobe, plateau, Taraba, Bauchi, Kaduna.  Kogi, Taraba, Bauchi, Osu  Plateau, (Jos), Oyo.  Oyo, Osun, Bauchi. |
| Construction | Gravel.  Granite.  Bitumen. | Calabar, Uyo,Niger , Abia, plateau  Enugu, Ebonyi, Kogi, Plateau, Ogun, Oyo, Osun, Nasarawa and Ekiti  Ogun, Ondo, Edo, Lagos |

Mining products and their uses

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| Product | Uses |
| GOLD.  DIAMOND  SILVER.  COAL | Medals, Statue and Jewellery, watches, trophy.  Cutting, drilling, engrave names, jewellery. Silverware, jewellery, coins. Cooking, electricity . |
| GYPSUM  GRANITE  KAOLINITE.  EMERALD  SAPPHIRE | Wallboard, cement, p.o.p. etc.  It is used in building, bridges, tiles. etc.  Paper, cement ,rubber, ceramics.  Gemstones are used to make jewelry, relieving stress, increase mental alertness, connection, vision, strengthen the immune system. |

Positive Effects of Mining

Revenue Generation: taxes, royalties, licenses on mining activities are sources of revenue generation to the government.

Raw materials for industries: raw materials like limestone is used by cement industries, granite and gravel for construction companies.

Improvement of standard of living: money earned from minerals is used to provide social and basic amenities which improve the well-being of the people.

Foreign exchange earning: the export of minerals like petroleum, coal, tin etc, provides foreign exchange for the country as well as a favourable balance of payment.

N.B: balance of payment is a financial statement or record showing the relationship between a country’s total payments to other countries and its receipts from them in a year.

Employment opportunities: mining provides jobs for different components of the sector.

Negative Effects of Mining

Deforestation

Mining often leads to the deforestation of large areas. In order to meet the worldwide demand for resources, mining companies have to expand their territories which means turning forest land into land that can be mined.

Effects through the food chain

The adverse effects of mining on animals and plants get human beings affected since we are likely to consume them in later stages of the food cycle. For example, when we consume fish that is contaminated with hard chemicals, we can also suffer diseases since we get contaminated by these hard chemicals or heavy metals as well.

Air pollution

Mining also leads to air pollution. For mining purposes, big machines are often used in order to make the mining process more effective and to reduce the physical work for miners. However, these machines emit large amounts of harmful gases that are injurious to human health.

Erosion

Since mining often includes the extraction of metals and other resources deep under the earth surface, it can lead to serious erosions. These erosions may in turn lead to a state where the eroded land is no longer suitable for human use like housing or farming since the soil is too instable and poses too many dangers of further erosion.

Hearing issues

Hearing damages are another quite common effect when it comes to working in mines. Some machines that are used for mining purposes can be quite loud. If the workers are not properly protected, they can suffer from severe hearing losses.

Solutions to negative Effects of Mining

Government regulations

One important measure against the potential adverse effects of mining on our environment are government regulations and restrictions. Authorities have to make sure that mining is done in a responsible manner. This includes the protection of workers and also the protection of the local wildlife and plants.

Reduce consumption

Our excessive consumption levels also contribute to the problems caused by mining. In our daily life and in our society in general, everyone wants to have the newest smartphone, the hippest clothes and so on. However, this also encourages the manufacturers of phone to increase their production capacity.

Education

Education is another crucial measure against mining and its adverse effects on the environmental system. We have to show people how harmful mining can be to our planet. This education should start at a quite young age. By educating school children,. they are likely to also convince their parents and so also parents are likely to pay more attention to this issue and act accordingly.

Proper waste disposal

Correct waste disposal is vital to curbing the environmental impact of mines, as some mining companies do not dispose of their waste according to guidelines. Companies can invest in equipment that helps in turning waste into reusable material, as well as adopting policies that allow for a more eco-friendly waste disposal routine.

Improving the efficiency of manufacturing processes:

By closely monitoring the standard mining supply chain, mining sector will be forced to confront the ways in which a company can improve its efficiency by seeing exactly where the organisation is lacking in terms of sustainability and mining initiative, thus reducing the hazardous effects of mining sites on the environment.

WEEK 3  
Meaning of financial system

A financial system refers to a system which enables the transfer of money between investors and borrowers.

A financial system is a network of financial institutions, financial markets, financial instruments and financial services to facilitate the transfer of funds. The system consists of savers, intermediaries, instruments and the ultimate user of funds. The level of economic growth largely depends upon and is facilitated by the state of financial system prevailing in the economy.

Functions of financial system

Pooling of Funds: In a financial system, the Savings of people are transferred from households to business organizations. With this, production increases and better goods are manufactured, which increases the standard of living of people.

Capital Formation: Business require finance. These are made available through banks, households and different financial institutions. They mobilize savings which leads to Capital Formation.

Facilitates Payment: The financial system offers convenient modes of payment for goods and services. New methods of payments like credit cards, debit cards, cheques, etc. facilitates quick and easy transactions.

Provides Liquidity: In financial system, liquidity means the ability to convert into cash. The financial market provides the investors the opportunity to liquidate their investments, which are in instruments like shares, debentures, bonds, etc.Short and Long Term NeedsThe financial market takes into account the various needs of different individuals and organizations. This facilitates optimum use of finances for productive purposes.

Components of financial system

1. Financial Institutions

Financial institutions (commercial banks, investment banks, brokerage firms, insurance companies, and asset management funds.) facilitate smooth working of the financial system by making investors and borrowers meet. They mobilize the savings of investors either directly or indirectly via financial markets, by making use of different financial instruments

1. Financial Markets

A financial market (Stock market, bond market) is the place where financial assets are created or transferred. It can be broadly categorized into money markets and capital markets. Money market handles short-term financial assets (less than a year) whereas capital markets take care of those financial assets that have maturity period of more than a year.

1. Financial Instruments

This is an important component of financial system. The products which are traded in a financial market are financial assets, securities or other types of financial instruments. There is a wide range of securities in the markets since the needs of investors and credit seekers are different.

Equity shares, debentures, bonds, etc are some examples.

1. Money:

Money considered as anything which accepted for payment of products and services or for repayment of the loan. Above all, It is a medium of exchange and acts as a reservoir of value.

1. Financial services:

These include services provided by Asset Management and Liability Management Companies. They help in obtaining the necessary funds and also ensure that they deployed efficiently. They help in borrowing, selling and purchasing securities, lending and investing, making payments and settlements and caring for risks in the financial markets.

Types of financial institution

1. BANKING FINANCIAL INSTITUTION
2. NON-BANKING FINANCIAL INSTITUTION

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| Banking Financial Institution | Non-banking financial institution |
| Banking financial institutions are notable for accepting deposits and giving out loans. They deal with short and medium term loans. Examples include; central bank, commercial bank, merchant bank, development bank, mortgage bank, microfinance bank. | Non-banking financial institutions are institutions that are not allowed to accept or take deposit directly from the Public but mobilize Public savings indirectly from rendering other financial services , such as: investment, insurance, administration of pension funds, buying and selling of currencies, discounting of commercial papers and treasury bills. Examples; bureau de change, insurance companies, discount houses, finance companies, pension fund administrators. |

Meaning of Central Bank

A central bank is a national financial institution that leads a country’s banking system, controls and supervises the monetary and financial system of a country, makingthem comply with the monetary policy of the government

Features of a Central Bank

They are non-profit oriented.

There is only one central bank in a country.

It is the highest financial institution/apex bank in a country.

It does not transact with private individuals.

It is established by an act of parliament.

Functions of Central Bank of Nigeria.

It is a banker and financial adviser to the government.

It is a banker to all financial institutions.

It overseas the issuance and control of country’s currency.

It maintains a country’s external reserve.

It manages national debt.

It is responsible for the monetary policy of the government.

Meaning of Commercial bank

Commercial banks are profit-seeking financial institutions that accept deposits from customers at a lower rate of interest and make business loans at a higher interest rate. In addition, they also sell various investment products and banking services that augment their profits. Examples of commercial banks are First bank plc, Access bank plc, UBA, Union Bank Plc, Zenith Bank Plc, Guarantee Trust Bank(GTb) etc

Or Commercial banks are financial institutions which accept deposits and other valuables from the public for safe keeping, with the sole aim of making profit.

Features of commercial bank

Commercial banks are profit- oriented.

They are joint stock companies.

They accept valuable deposit.

They enable customers to pay by cheque.

They are members of the money market.

They are owned by shareholders.

Functions of Central Bank

Acceptance of deposit: commercial banks accept deposits from the public for safe keeping. This is the oldest function of commercial banks, which helps in taking care people’s money.

Lending of money: this is perhaps the most profitable function of commercial banks. Deposits from different customers are pooled together and given out as loans and overdraft with interest to people and firms for profitable investment.

Provision of financial advice: commercial banks encourage and advice businessmen on the type of projects they should invest their money in.

Facilitate international trade: commercial banks provide credits to exporters, and this facilitates payment in foreign trade.

Safe keeping of valuables: one of the functions of commercial banks is to keep customers’ valuables such as jewelry, certificates, will, etc.

Meaning of Mortgage Bank

Mortgage banks are financial institutions that specialize in granting loans to individuals and corporate bodies for building purposes.

Features of Mortgage Bank

They are joint stock companies.

They accept deposits from investing public at a rate of interest

They provide medium and long term loans for people, organisations who want to build /acquire properties.

They are profit making institutions.

They are owned by individuals or group of individuals.

Functions of mortgage bank

Acceptance of deposit: Mortgage banks accept deposit from customers in order to encourage savings towards owning a house.

Provision of long-term loans : they provide long-term loans to people or to estate developers to build houses.

Give advice on housing matters: they advise and assist the government on housing matters.

Provision of houses: Mortgage banks are also involved in the construction of houses and offer them for sales to the people.

Development of Mortgage institutions: they supervise and encourage the development of Mortgage institutions.

Meaning of Development Bank

Development banks are institutions established by government to provide long-term finance for development projects. They also provide loans for projects in the area of agriculture, commerce and industry.

Examples of development banks in Nigeria are Nigeria Industrial Development Bank (N.I.D.B), Nigerian Bank for commerce and industry (N.B.C.I) and Nigerian Agricultural and co-operative bank (N.A.C.B).

Features of Development Bank

They are owned by the government.

They offer loan for capital projects.

They provide medium and long-term loans.

They do not accept deposit from members of the public.

They do not issue their own cheque and passbook like commercial banks.

Functions of Development Bank

Provision of fund for capital projects: development banks provide long-term loans for capital projects in specific areas.

Implementation of government policies: development banks also help to implement government policies on Industrial, commercial and agricultural development.

Supervision of development projects: they help industrialists and other investors to supervise development projects in order to ensure their success.

Manpower development: they contribute to manpower development by making funds available to manpower training institutes.

Render special advice: development banks also advise the industrialist on the surest or best way to invest.

Definition of merchant Bank

A merchant bank is historically a bank dealing in commercial loans and investment.

A merchant bank is a financial institution that engages in underwriting and business loans, catering primarily to the needs of large enterprises and high net worth individuals.

N.B: Underwriting is the process through which an individual or institution takes on financial risk for a fee.

Features of merchant Bank

It’s a joint stock company.

They engage in trade funding.

They engage in wholesale banking such that their deposits are usually in large sum of money, like #10,000,000.

They offer specialized services on issues like merger, acquisition, tax matters. Etc.

Functions of merchant Bank

Discounting bill of exchange: Merchant banks accept and discount bill of exchange.

N.B: A bill of exchange is a written order once used primarily in international trade that binds one party to pay a fixed sum of money to another party on demand or at a predetermined date.

Loan to foreign traders: merchant banks arrange loans at the request of foreign traders.

Advisers to companies: they act as company advisers by way of telling them possible areas to invest.

Management of merger bid: they manage take over and merger bids.

Provision of long-term loans: they issue long-term loan to the government and companies abroad for development projects.

NON-BANKING FINANCIAL INSTITUTION

Insurance company

Insurance companies are non-banking financial institutions that guarantee the insured against risk of loss or harm. They deal on risk management.

Features of insurance company

They are usually joint stock companies.

They accept premium as prerequisite for insuring anything.

They don’t accept deposit from individuals.

They often compensate those covered by their policy in case of loss or damage.

Functions of insurance company

It leads to risk reduction: Insurance helps to reduce or control loss or liabilities of a businessman.

Provision of security: Insurance provides security to commercial activities. Some small enterprises would have collapsed as a result of major losses,but insurance always takes care of such uncertainty.

Provides a means of savings: Insurance companies provide a means of saving regularly, which will help to provide for the future.

Motivation of workers: through insurance policy, the workers are fully aware of a secured future; hence they will work harder, which will bring about higher productivity.

Provision for old age and disability: life assurance can used as a way of providing for old age and to make provision for permanent disability.

Meaning of Bureau De Change

A bureau de change is a company that is licensed to provide small scale foreign exchange services in Nigeria. Functions of bureau de change includes: dealing in bank notes and coins, buying and selling of travelers cheque, etc.

Definition of Discount Houses

A discount house is a money lender that participates in the buying and discounting of bill of exchange and other financial products such as money market securities, treasury bills, commercial bills , certain bonds etc..

Functions of discount houses

They provide short term finance for industry and trade by discounting bill of exchange.

They provide short-term finance to the government through the acquisition of treasury bill.

They help central bank act as lender of last resort for the government.

Finance company

Finance companies carryout the business of providing financial services for consumers(Industrial, Agricultural and commercial enterprises) despite the fact that they don’t accept deposits. Such services include fund management, equipment leasing, hire purchase, debt and project financing, consultancy and export financing, etc.

Functions of finance company

Disbursement of Personal or individual loans

Equipment leasing

Fund management

Hire purchase services

Debt management

Project financing or consultancy

Export financing.

WEEK 4

Meaning of Money Market

Money market can be defined as a market for short term loan . The market consist of institutions or individuals who either have money to lend or wish to borrow on a short term basis.

Instruments used in the money market

Treasury Bill : treasury bill is normally issued by the central bank of a country which assists the government to borrow money from the money market on short term basis.

Call money funds: the call money fund is any type of short-term, interest-earning financial loan that the borrower has to pay back immediately whenever the lender demands it. Call money allows banks to earn interest, known as the call loan rate, on their surplus funds. Call money is typically used by brokerage firms for short-term funding needs.

Bill of exchange: bill exchange refers to a promissory note which shows the acknowledgement of indebtedness by a debtor to his creditor and his intention to pay the debt on demand or at an agreed time in future, normally ( 90days)

Liquidity adjustment facility is a form of monetary policy tool that allows banks to borrow money from the central bank.

Institutions involved in the money market

Central Bank.

Commercial banks.

Acceptance houses

Finance houses.

Discount houses

Insurance companies.

Importance of money market

Provision of finance : money market enables entrepreneurs and investors to raise enough finance through borrowing to run their businesses.

Creation of extra income: the money invested in money market is capable of yielding extra income in form of interest.

Promotion of economic development: Economic growth and development is enhanced through borrowing from money market.

It enhances savings: money market provides opportunity for those having surplus fund to invest thereby enhancing savings.

Meaning of Capital Market

Capital Market is a market for medium-term and long-term loans. The capital market serves the needs of Industry and the commercial sector. It comprises all the institutions which are concerned with either the supply of or demand for long-term capital..

Instruments used in capital market

Instruments used in capital market are mainly stocks and shares. Stocks and shares are securities purchased by individuals, which are evidence of contributing part of the total capital used in running an existing industry.

At the end of a normal business year, stock and share holders receive dividend as a reward for contributing the money used in running the business.

Institutions involved in the capital market

Insurance companies.

Issuing houses

Development banks

Building societies

National provident fund(NPF)

Stock exchange

Importance of capital market

Provision of long-term loans: capital market provides long-term loans to the private and public sectors for investments.

Mobilization of savings: savings are mobilized in the capital market through the transfer of security.

Growth of merchant banks: the existence of capital market helps the growth and development of merchant banks.General running of the economy: the existence of capital market encourages the general public to participate in the running of the economy of the country.

Differences Between Money Market and Capital Market

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| Basis | Money Market | Capital Market |
| Period of Finance | Money market is a market for short term fund. The maturity of Instruments ranges from 1-12 months. | Capital market is a market for medium/long term fund. The maturity of capital market instrument takes minimum of one year. |
| Link | Money market is a link between borrowers and lenders for short term needs. | Capital market is a link between investors and borrowers for long term needs |
| Risk | Instruments of money market are safe and less risky. | Capital market instruments are riskier than investment in money market. |
| Use of fund | Fund mobilized through money market are used for financing current business operation, working capital requirement, short term required funds by government. | Supplies fund for financing capital requirements of corporate entities and long term requirements of government. |

WEEK 5

Definition of Money

Money is any object that is generally accepted as payment for goods and services and repayment of debts in a given country or socio-economic context.

Or Money is anything that is generally acceptable as a medium of exchange and in the settlement of debts. Or anything that is backed by law as a medium of exchange.

Historical Development of money

Money originated as a result of the various problems that arose from trade by barter, like double coincidence of wants, indivisibility of goods, bulkiness of some goods. Etc.

Commodities like cowries, cattle, beads etc, served as money in the olden days. Precious metals like gold and silver were also later used.

The use of paper money originated from the use of receipts issued by goldsmiths in exchange for deposits of precious metals. The receipts became bank notes and the goldsmiths became bankers.

Qualities of Money.

General acceptability: money must be generally acceptable by all in the society or country as a means of exchange. This shows the confidence people have in money.

Relatively scarcity: money must not be too many so as not to lose its value.

Recognisability: money must be easily recognised and identified by the totality of the people in the society.

Portability of money: the object that serves as money must be something that can easily be carried about from one place to another.

Homogeneity: each unit of money must be same in size, colour and quality and be the same Nationwide.

Durability: money must be able to last long, and not be a perishable commodity.

**Similarities between money and other commodities**

There is fluctuation in the values of money and other commodities.

Both are demanded by people.

Money and other commodities are used for exchange.

The prices of both are determined by the forces of demand and supply.

Differences Between Money and other commodities

Money is generally acceptable while other commodities are not.

Money is homogeneous while other commodities are not.

Money is durable while other commodities are not.

Money is divisible into small units while other commodities are not.

Money is relatively scare while other commodities are not.

**Functions of money**

Medium of exchange: money can serve as a medium through which people can exchange goods and services.

Store of value: money is a good store of value because wealth can be stored for future use. When there is no inflation,money stored or saved retains its value for many years.

Standard of deferred payment: since money can be stored, it can be accumulated to pay debts that are fixed in terms of money.

As a measure of value: the value of goods and services are expressed by prices , therefore money is used as a yardstick to measure and compare the worth of goods and services as well as occupation.

**Types of money**

Credit card: A credit card is a thin rectangular piece of plastic or metal issued by a bank or financial services company, that allows cardholders to borrow funds with which to pay for goods and services with merchants that accept cards for payment

Debit card: debit card is a payment card that deducts money directly from a consumer’s checking account when it is used. Also called “check cards” or “bank cards,” they can be used to buy goods or services; or to get cash from an automated teller machine or a merchant who’ll let you add an extra amount onto a purchase

Coins: coins are precious metals made of silver, which have a defined amount of metallic content. Commodity money is money whose value comes from a commodity of which it is made.

Bank notes: these are slips of paper or currency issued by the central bank.

Token money is a money where the face value of notes or coins is unrelated to the value of the material of which they are composed. The face value is more than the metal value.

Near money or quasi-money consists of highly liquid assets which are not cash but can easily be converted into cash. Examples are drafts, bonds, treasury bills, cheques and promissory notes.

Deposit money: this is a form of money kept in the accounts of the bank. A deposit is a financial term that means money held at a bank.

WEEK 7

**Meaning of Distribution**

Distribution is defined as the transfer of goods and services from the producers to the consumers. Among many activities in distribution system are purchasing, assembling, packaging, warehousing, inventory management, transportation and marketing.

**Channel of Distribution**

This is also known as chain of distribution. It is the various stages or channels through which finished goods are moved from the manufacturers or producers to the final consumers. It consists of the wholesaler and retailer. They are called the middlemen.

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| Manufacturer/Producer | Wholesaler | Retailer | Consumer |

**Process of Distribution**

The process of distribution of goods involves all human and physical means which aid the smooth transfer of such goods from the manufacturer to the final consumers. It involves the middlemen, transportation, advertisement and warehousing.

**Middlemen**

The middlemen are the wholesalers and retailers who specialise in performing activities relating to the purchase and sale of goods in the process of their flow from manufacturer to final consumers or buyers

**The Wholesaler**

A wholesaler is a trader who buys in bulk directly from producers and sells in relatively small quantity to retailers. Wholesalers are the middlemen between the producer and the retailer.

N.B: Producers/manufacturers are the ones who create products by combining the factors of production to satisfy human wants.

**Functions of wholesalers**

Bulk breaking: the wholesaler purchases goods in bulk or large quantity from the manufacturer and sells in small quantities to the retailers.

Financing production: they finance production by ensuring prompt payment to the manufacturer and this will facilitate production processes.

Information dissemination: they provide the necessary information to the manufacturer regarding the retailers’ and consumers’ views about the products. Maybe change in taste, fashion..etc.

Warehousing: the wholesaler provides warehousing facilities to get rid of stockpiling at the production point. Goods are stored here until they are bought, hence it encourages the manufacturers to keep on producing.

Advertising: the wholesaler helps in carrying out product advertising and sales promotions and by so doing creates awareness for the products.

**The Retailer**

A retailer maybe defined as a trader who buys goods in small quantities from the wholesaler and sells in bits or units to the final consumers. There are two major types of retailer; the large scale retailers like variety chain stores, multiple stores, department stores, supermarkets and cooperative stores. The small retailers include; street hawkers, street vendors, kiosk traders, small shop owners , operators of mobile shops

**Functions of a Retailer**

He sells in small quantities to consumers: the retailer purchases in small quantities from the wholesaler and breaks the goods down into units for the customers.

He provides after-sales services: he provides after-sales services like installation, repairs and servicing to the consumer.

He grants credit facilities to the consumers: the retailer can grant credit facilities to the consumers so as to enable them enjoy goods without payment immediately.

He sells at convenient locations and hours: the retailers sell goods to the consumers at any time of the day and at convenient places.He gives advice to the consumers: he can advise the consumer on the quanlity, uses, specifications and performance of products.

WEEK 8

**The Roles of cooperative in distributive trade**

A cooperative society is defined as a voluntary and business organisation in which a group of individuals with common interest pool their resources together to promote the economic welfare of their members in production, distribution and consumption of goods and services.

Sell in small quantity to members: the cooperative societies buy in reasonable quantity from wholesaler and sell in bits to the members.

Grant credit facilities to members: the cooperative societies can grant credit facilities to members so as to enable them enjoy goods without payment immediately.

Fight hoarding: they fight against hoarding by wholesalers and retailers by ensuring that they stock lots of the products for use by members (consumers)

Stabilise prices: they also help in stabilising the prices of goods by selling them at affordable prices to members.

Elimination of middlemen: they can eliminate the activities of middlemen by buying their goods directly from manufacturers and selling them directly to the consumers(members).

**The Roles of Government Agencies in distributive trade**

Provision of transport system: this helps to move products from where they are produced to where they are needed either by road, rail , air and water.

Provision of storage facilities: Government also provides storage facilities to store certain products when they are in excess.

Control of prices: Government agencies purchase goods in large quantities and sell them to the consumers directly at controlled prices.

Price stabilisation: the agencies through the distributive activities are able to stabilise prices in order to check inflation.

Prevention of artificial scarcity: when the agencies discover that some middlemen are hoarding some commodities, they release the products from strategic reserves thereby preventing artificial scarcity.

**Problems of Distribution of commodities in Nigeria**

Inadequate infrastructural facilities: facilities like telephone and electricity which can help to facilitate processing and marketing of goods are not adequate.

Indequate storage: this especially affects perishable products which come seasonally. During harvest, there is excess supply of these products; but there is scarcity as soon as the excess is over.

Hoarding and speculation: the traders can create artificial scarcity for some commodities especially during festive periods such as Christmas and Ramadan, or change in government policies.

Insecurity on our roads: distribution is affected as a result of the activities of armed bandits on the roads.

Long chain of distribution: there are so many middlemen. The numerous links along the chain of distribution make the price of commodities to increase considerably.

**Ways of improving distribution in Nigeria.**

Construction of roads: this will help to move harvested products from the rural areas to urban centres.

Establishment of more market places: the establishment of more market places in rural areas will make commodities easily available for purchase.

Improvement in communication system: the communication system should be improved in order to provide adequate information about the market situations to buyers and sellers.

Reduction in the number of middlemen: reducing the number of middlemen will go a long way toward reducing the prices of commodities.Provision of storage facilities: provision of adequate storage facilities is necessary to prevent wastage and ensure that goods produced are not taken to the market at once.

WEEK 9

**Sources of funds for business**

Credit: this refers to a situation where certain institutions like banks give loan to customers for business purposes.

Grants: local or foreign organisations and government can give grants to business setup for service or product delivery to the people.

Savings: business setup can equally get fund through personal savings or company profits either for reinvestments or expansion.

Tax revenue: revenue generated from taxes can be extended to potential investors for the provision of essential goods and services for the people.

Subsidies: Government or other organisations may give subsidies to company. These are materials given in kind or at reduced price to enable investors have access to the fund for production of goods and services.

WEEK 10

**Instrument of business Finance**

Instrument of business finance also called financial instrument is a physical or electronic document that has intrinsic monetary value or transfer value. Examples are cash, loans, insurance policies, shares, stock, debenture, bond, etc.

**Meaning of Share**

Share is evidence of ownership of a company.

It maybe defined as the individual portion of the company’s capital owned by shareholders.

**Types of Shares**

Preference shares: these are shares in which the owners receive fixed rate of interest per annum provided that profits are made in that year. If profits are not made that year, there would be no dividend. There are three types of preference shares;

Cummulative preference shares: in cummulative preference shares, profits not paid in one year accumulates and will be paid in the next year in which profits are made.

Participating preference shares: this type of share allows shareholders to receive a sum of the profit made in addition to their fixed dividend after other shareholders have received their dividend.Redeemable preference shares: they are those preference shares that the company can buy back.

**Ordinary/Equity Share**

The ordinary shareholders are the real owners of the business. The holders are the risk bearers and they receive their dividends after all other shares have been paid. They can vote and be voted for. They have no fixed rate of dividend. There are two types of ordinary share. They are deferred and preferred ordinary shares.

**Deferred or founders ordinary shares** are entitled to the remainder of profit after all other shares have been paid. They are issued to the founders or promoters of the business.

**Preferred ordinary shares** receive dividend after the preference shares have been paid. They have preference over other classes of ordinary shares.

Stock: stocks can be defined as the bundle of shares or mass of capital which can be transferred in fractional amounts.

Or it is a collection of shares into a bundle.

Stocks are not issued but converted from shares issued. They are fully paid.

Bonds: bonds are securities issued by the government as a way of raising funds from the stock exchange market.

**Debenture**

A debenture is an acknowledgement of debt and written promise by a company to repay a loan collected by the company according to the terms laid down in the document. It’s called a certificate of indebtedness. They are creditors of a company and as such have no claim of ownership of the company. They are not concerned with the profit or loss of the business but get a fixed rate of interest.

**Types of debenture**

Ordinary/Simple/Naked Debentures: These kind of debentures are issued without security. The owner of these debentures are considered unsecured creditors at the time of winding up.

Mortgage/Secured/debentures: these kind of debentures are secured against the property of the company. The holder of the debentures has the lawful right to sell the property and recover the credit if the company does not repay its debt at the agreed date.

Redeemable debentures: on these debentures, actual interest is paid from time to time. It is repayable at a date which has been fixed.

Irredeemable/perpetual debenture: These type of debentures is not refundable during the life time of the issuing company. They are only to be paid either at the time of any failure to pay interest or on the winding up of the company.

WEEK 11

**Problems of business Finance in Nigeria**

Interest rates: high interest rate discourages borrowing while low interest rate encourages borrowing.

Collateral security: most borrowers do not have collateral security (landed property, building), and therefore, cannot borrow money.

Lack of awareness: some businesses are usually not aware of the existence of loan facilities in banks.Bureaucracy(red tapism): Bureaucracy which is involved in the procurement of loan does lead to non-disbursement of loans to business owners as at when needed.