TOPIC: DIVISIONS OF COMMERCE



 TRADE

 What is Trade? Trade is the buying and selling of goods and services. Without trade, there will be no exchange. Companies produce goods wof trade.

Types of trade

 There are two types of trade namely, home trade and foreign trade.

HOME TRADE:

 Home Trade is buying and selling of goods and services within a country. When goods are produced in Nigeria and sold here in Nigeria, it is home trade. Local currencies are used to facilitate home trade, e.g Naira and Kobe are used as a means of trade in Nigeria.

Channels Of Home Trade

1. Manufacturer: The manufacturer is the person who produces goods using raw materials. The goods produced may be finished or capital goods.
2. Wholesaler: The wholesaler breaks the bulk. This means that he buys goods in large quantities from the manufacturer and sells in small quantities to the retailer.
3. Retailer: The retailer buys goods in small quantities from the wholesaler and sells in bits to the final consumer.

In Nigeria, there are two types of retail business- large retailer and small retailer. Large retailers can afford to buy directly from the manufacturers. They have the facilities and resources to buy and store variety of goods to meet their customer's demands. Large retailers include Shoprite, Park&Shop, Domino Shops, e.t.c.

Small retailers buy limited quantities of goods. Some of them sell petty items such as biscuits, sweets, soft drinks. Small retailers include kiosk owners, hawkers, stall owners, e.t.c.

 4. Consumer: Consumer is the last link in the channel of home trade. The consumer buys goods for consumption and not for sale.

Advantages Of Home Trade

1. Buyers and sellers are close to each other.
2. It creates more personal contact as buyers and sellers know the state of the market.
3. Local currencies are used in home trade thereby limiting the problem of currency faced in foreign trade.
4. Problems of foreign trade such as language, custom duties are not in home trade.
5. Traders move from one part of the country to another without visas.

Products Of Home Trade

1. Foodstuffs such as garri, rice, vegetables, fruits, beans.
2. Stationery.
3. Building materials.
4. Provisions.
5. Various kinds of drinks.
6. Home furnishing items.
7. Clothing materials e.g Nigerian Wax.

FOREIGN TRADE

 Foreign trade is a trade between two or more countries. It is the exchange of goods and services which involve other countries. When a business man in Nigeria travels to other countries with the intention of buying goods for sale, it is foreign trade.

Channels Of Foreign Trade

1. Import: Import Trade is bringing in goods from other countries into Nigeria. When individuals, government or companies go to other countries to buy goods for sale, it is import trade. Those who are engaged in this type are called importers. Nigeria imports goods such as cars, electronics, drugs, chemicals, e.t.c.
2. Export: Export trade is sending goods produced in Nigeria to other countries for sale. Years back, Nigeria used to be a major exporter of palm produce, groundnut, rubber, e.t.c. Nigeria earned a lot of foreign exchange from exporting these products. Currently, Nigeria exports crude oil to Britain and other countries. Those who engage in export trade are called exporters.
3. Entrepot: Entrepot is the re-exporting of goods already imported into a country without adding any value to it. E.g an organisation may import automobile parts into Nigeria, instead of selling them in Nigeria, it sends them to Cameroon for sale. This process is called entrepot.

Products Of Foreign Trade

Motor vehicles, electronics, jewelries, machine- washing machines, computers, generators, home appliances, mobile phones, clothes, shoes.

Assignment

1. Name four divisions of Commerce
2. What is Trade?
3. Apart from the examples of products of home trade given above, write down other products sold in Nigeria that are locally made.
4. Study the diagram of divisions of trade from your textbook