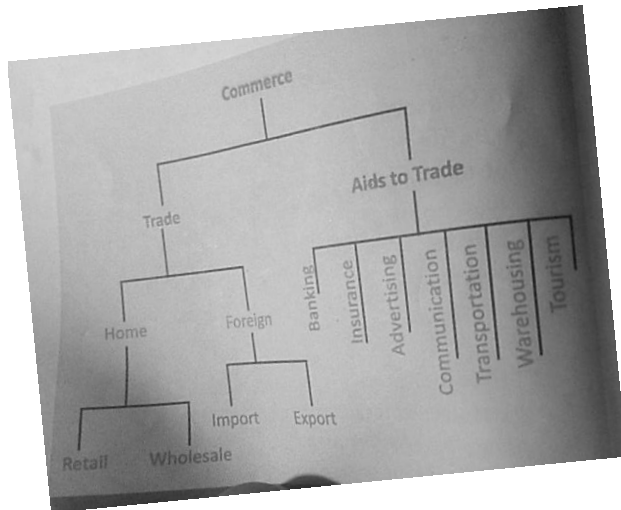


Subject: Business studies

Class: JSS 1

Week: 7

Topic: Divisions of Commerce



Divisions of Commerce: Commerce can be divided or classified into two, namely:

- 1) Trade
- 2) Aids to Trade

Trade: This is the act of buying and selling of goods and services to satisfy human want. Trade is divided into two (2) Home Trade and Foreign Trade.

HOME TRADE: This is the buying and selling of goods and services within a particular country. The money which can be officially used to transact business is the Naira. There are many channels which facilitates home trade:

- 1) **Manufacturer:** The manufacturer makes goods from raw materials provided by nature. Manufacturers can be found in any part of the country both in big and small cities.
- 2) **Wholesaler:** The wholesaler is a trader who buys in large quantities from the manufacturer and sells to the retailer. The wholesaler maintains warehouses and transports large quantities of goods bought from the manufacturer to places where they are needed by people. The small traders who cannot afford to buy from the manufacturer.
- 3) **Retailer:** A retailer is a trader who buys goods from the wholesaler in small quantities for resale to consumers. In other words, the retailer is the final link between the manufacturer, and the consumer.
- 4) **Consumer:** The consumer is the final link in the distribution chain. The manufacturer makes goods and distributed them through either the wholesaler or the retailer. They are called the

final consumer because the product he or she buys is consumed as food or as a means of living. E.g. Banana is bought and consumed as fruits while automobile is used as a means of earning a living.

Note: There are two types of Retail Traders in Nigeria. They are:

i) Large Retailer: They buy variety of goods from several manufactures. These products are sold to consumers to meet their needs. E.g. Shoprite, market square etc.

ii) Small Retailer: They buy in limited quantities. Variety of product is usually limited. Eg. The kiosk owner, Garri seller in the market, the market stall owner etc.

Products in Home Trade: These are goods produced in a country and sold in various markets across the country. They are,

Clothing materials: Ankara, aso-oke.

Food items Garri, rice, maize, ginger, etc,

Furniture: tables, chairs, etc.

Building materials: roofing sheets, planks, cement

Books and stationery: inks, printing materials

FOREIGN TRADE: This is the buying and selling which involves other countries. When business men in Nigeria buy goods from or sell goods to other countries, such as America, trade has taken place. When buying and selling takes place between countries, foreign trade has taken place. There are three mean distributions of foreign trade:

- a) **Export trade:** This is the selling of goods and services produced in Nigeria, to other countries that need them to satisfy the needs of their citizens. In 1960s, Nigeria was known as a major exporter of groundnut, palm produce, rubber etc. Industries in America, also buys crude oil to be refined into gasoline.
- b) **Import trade:** This is when businessmen in Nigeria buy goods from foreign countries, for the purpose of selling them within the country. When goods are bought from overseas by individual, government and school, import trade has taken place.
- c) **Entrepot Trade:** This is the re-selling and re-exporting of imported goods by one country to another without working or transforming the goods. Entrepot refers to the re-exporting of goods already brought into Nigeria from another country as import. This re-exporting should be done without adding value.

Products in Foreign Trade: Examples are as follows: clothes, electronics, drugs, chemicals, transport equipment, machinery, mobile phones, refined petroleum oil, paper for printing etc.

Advantages of Home Trade

- 1) Buyers and sellers are near each other
- 2) Buyers and sellers know the condition of the market
- 3) Buyers and sellers are familiar with the laws and rules binding the market structure.
- 4) Currency for payment is the same.

Differences between Home Trade and Foreign Trade

Home Trade	Foreign Trade
1. It involves the use of local currency	It involves the use of two or more currencies
2. It takes place within a country	It involves two or more countries
3. Capital for investment is small	Capital for investment is huge
4. The goods are locally made	The goods and services involved are imported
5. There is no language barrier	It involves the use of two or more languages

Aids to Trade: These are the things or an activity that enhances, encourages, helps, facilitates buying and selling of goods and services. They are:

1. Banking
2. Insurance
3. Advertising
4. Communication
5. Transportation
6. Warehousing
7. Tourism

Assignment:

1. Draw a chart showing the divisions of commerce