**ECONOMICS SS1**

**TOPIC: DEMAND.**

DEFINITION: Demand can be defined as the quantity of a commodity or goods and services which a consumer is willing to buy at a particular price at a particular time.

**EFFECTIVE DEMAND:** This can be defined as a desire back –up by ability and willingness to pay for specific quantity of a commodity at alternative price and within a period of time.

**LAW OF DEMAND.**

The law of demand states that all things being equal, the higher the price, the lower the quantity of goods that will be demand or the lower the price the higher the quantity of goods that will be demanded.

**DEMAND SHEDULE:**

Demand schedule can be defined as a table showing the relationship between prices and the quantity of the commodity demanded.

**TYPES OF DEMAND SHEDULE.**

1. Individual Demand Schedule.
2. Market Demand Schedule.

**Factors that affect demand.**

1. **Price**: The higher the price of any commodity, the lower the quantity that will be demanded.
2. **Population**: Increase in population in an area will lead to high demand for commodities.
3. **Advertisement:** A good advertisement for a commodity can lead to an increase in demand for it.
4. **Change in fashion:** As fashion changes, people’s demand for the reigning fashion also changes.
5. **The price of other commodities:** This applies to commodities that have close substitutes. If the price of such a commodity is high the consumer may demand for the close substitute.
6. Period of festival: it is well known that people demand more of specific commodities during certain festival.

**TYPES OF DEMAND.**

1. Joint or complementary demand
2. Derived demand .
3. Competitive demand.
4. Composite demand.

**DEMAND FUNCTION**

The demand function of a commodity is given as Qd = 21 - 3p.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| price | 1 | 3 | 4 | 5 | 6 |
| Qty dd | 18 | 12 | 9 | 6 | 3 |

Complete the dd schedule.

Qd= 21-3(1) =21-3; = 19

Qd= 21-3(3=21-9, =12

Qd=21-3(4) = 21-12, =9

Qd=21-3(5) =21-15, =6

Qd=21-3 (6) =21-18=3

**TOPIC:** **SUPPLY**

**DEFINITION**; Supply is the quantity of a commodity which a producer is willing and able to offer for sale at a particular price and at a particular period of time.

**LAW OF SUPPLY**

**FIRST LAW of supply states** that, all things being equal, the higher the price ,the higher the quantity of a commodity that will be supplied or the lower the price, the lower the quantity of that will be supplied

**SECOND LAW of demand and supply** states when the price of a commodity is high in the market, more quantity of it will be supplied by the producer.

**TYPES OF SUPPLY**

1. Joint or complementary supply: this occurs when two or more commodities are supplied and supplied and produced from one source. e.g petroleum and kerosene, palm oil and kernel.
2. Composite supply: composite supply occurs when a certain commodity can serve two or more purpose. For instance, the composite supply of flour, sugar and yeast are needed to make bread.
3. Competitive supply: This occurs when many commodities are supplied for the satisfaction of a particular wants .e.g portion of land for farming purpose in preference to building purpose.

**FACTORS THAT AFFECTS/DETERMINE SUPPLY**

1. The price of the commodity: all things being equal, the higher the price of any commodity, the greater the quantity supplied and the lower the price, the lower the quantity supplied.
2. Cost of production: if the cost of production increases, the producer tends to produce less of a commodity.
3. Weather: if the weather of a particular area is favorable at a particular period, more agricultural products will be produced and their supply to the market will increase.
4. Number of producers: if the number of producers of a commodity increases, there will be a corresponding increase in quantity supplied.
5. Price of other commodity: The supply of a commodity will be affected if the prices of other commodities rise .if the price of a substitute like maize increases, the quantity of rice produce will fall.
6. Natural disaster: A plague of insect, flood war will negatively affect the supply of a commodity.

**TOPIC: PRODUTION**

**DEFINITION :production** can be defined as any human activity which involves the creation of goods and provision of services for satisfaction of human wants..

Production is said to be completed when the goods and services produced reached to the final users or consumer.

**TYPES OF PRODUCTION**.

1. Primary production
2. Secondary production
3. Tertiary production.

Primary production: this refers to the extraction of raw materials provided by nature .e.g agriculture, mining, and fishing.

Secondary production: This involves the transformation of basic raw materials or semi finished goods in to final forms of manufacturing and construction. e.g food, houses ,roads etc.

Tertiary production :These is concerned with the provision of commercial and professional services to the people .The goods so produced at the primary and secondary production levels are distributed to the people for production .Those in commercial service are wholesalers ,retailers etc.

Those in professional services are lawyers, Doctors, police etc

**FACTORS OF PRODCTION.**

There are four factors of production: they includes

1. Land
2. Labour
3. Capital
4. Entrepreneur

**LAND**: land as factors of production is a free gift of nature and is free. It is the oldest factor of production in the sense that it has been an earth before man started working on it.

**FEATURES /CHARACTERISTICS OF LAND**

1. Land is a free gift of nature here land is said to have no cost of production.
2. Land is geographical immobile: it cannot be moved from one place to another (ie is fixed in its location).
3. The reward for land is rent.
4. Land is heterogeneous: this means that not two or more different pieces of land are the same in fertility.

**IMPORTANCE OF LAND**

1. Farming purpose.
2. Livestock purpose.
3. Construction purpose
4. Fishery purpose

**LABOUR**

**LABOUR: This is all human effort, mental, skilled or unskilled scientific or artistic used in the production** of goods and services .its reward is wages and salaries.

**Labour** may be defined as both physical and mental efforts of man directed to production.

**FEATURES /CHARACTERISTICS OF LABOUR**

1. It is requires skills through education and training.
2. It comprises skill, unskilled and semi-skilled categories
3. Labour cannot be stored as capital
4. It is mobile that is it can move from one place to another, this is called geographical mobility of labour while the movement of labour from one occupation to another is called occupational mobility of labour.

**Types of labour**

1. **Unskilled labour:** this type of labour requires little or no formal education. They do not use mental effort rather they make use of physical effort or energy in production, their jobs are popularly referred to as brown collar jobs. E.g. cleaners, gateman, labourers, e.t.c.
2. **Skilled labours:** is a type of labour which has undergone a relatively long and specialized training. e.g teachers, doctors lawyers, e.t.c.
3. **Semi-skilled labour:** this is type of labour which has undergone some form of training but the training is as specialized as that of skilled labour. e.g tailoring, ,carpenters,mechanics.etc.

**IMPORTANCE OF LABOUR**

1. Labour provides the necessary man power required for the production of goods and services.
2. It is an active factors of production and without the human effort provided by labour ,land and capital would be idle.
3. Labour is required in industries to operate machine and carries out the various production process.

**CAPITAL**

**CAPITAL** is defined as any man made tool that aid production of goods and services. In other words, capital may be defined as wealth reserved or set aside for the production of further wealth. Capital means different things to people, to a farmer’s, hoes, machets, etc

**CHARATERISTICS OF CAPITAL**

1. Capital is man- made factors of production
2. It is the bases of entrepreneur activities.
3. The reward for capital is interest.
4. Capital takes different formss like building ,motor etc

**IMPORTANCE OF CAPITAL.**

1. It increases standard of living.
2. It facilitates production of quality products.
3. Determination of location of industry.
4. Capital boost efficiency: availability of capital to a big enterprise boosts efficiency because more machines are used in production rather than by manual labour.

**TYPES OF CAPITALS**

1. Fixed capital
2. Circulating /working capital
3. Current capital
4. Social capital.

**FIXED CAPITAL**: These are those durable assests of a business or productive unit that can last for a verg long time.e.g building,machinery etc.

**CIRCULATING /WORKING CAPITAL**: This refers to those materials that change their form in the process of production. e.g raw materials.

**CURRENT /SOLID CAPITAL**: This refers to those things need for day to day running of the business. e.g money used to buy raw materials.

**SOCIAL CAPITAL**: This includes those forms of capital provided by the government that aid production.sss

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