

AGRICULTURE IN STOCK EXCHANGE

Stock refers to a reserve of a resource kept for future use. However in financial terms, stocks primarily refer to company shares and they are financial instrument also known as securities. Stock is also referred to as the store of goods available for sale, distribution or use. Exchange is the action of giving goods and services of equal value in return for another.

Shares are units of ownership in companies. Bonds are interest-bearing certificates sold by companies and governments to raise money for capital and expansion projects. An option is a right to sell a particular asset at a specified price usually within a period of time. Assets may be stock holdings, real-estate, agricultural products, manufactured goods, oil, gas, currencies, services etc. Futures as a financial instrument is an agreement to sell a commodity at a future date at a specific price. All these instrument are sold and bought on the stock market by investors in order to generate financial gate.

In essence, stock exchange is the organised market for buying and selling these securities. It is also an act whereby stocks and shares are publicly bought and sold. Agriculture in stock exchange can therefore be expressed as the action of giving available agricultural produce/products (stock) in return for other items of equal value to the produce/products.

Presently, the Nigerian Stock Exchange is headquartered in Lagos, but it has branches in Abuja, Kano, and Ibadan. The regulatory body for the Nigerian Stock Exchange market is the Securities and Exchange Commission (SEC), which was established in 1979.

PEOPLE INVOLVED IN STOCK EXCHANGE

Different people are involved in stock exchange. These are buyers of goods and services, sellers, buyers and sellers, and representative.

- **BUYER:** The buyer is the person who is to choose and buy the stock of interest.

- **SELLER:** The seller is the person who is ready to sell available shares and stocks in the stock exchange market. They equally own stocks, bonds and financial instrument which they wish to dispose of through sale. Sale is conducted at a current price dictated by the stock exchange market. The price may change rapidly, sometimes hourly or at least daily.

•**BUYERS AND SELLERS:** In stock exchange, both buyers and sellers must be present. The sellers have stocks and shares to be sold and the buyers come to buy the stocks and shares which take place in the stock market.

•**REPRESENTATIVES:** In stock exchange, the actual seller and buyer of stocks and shares may not be present at the stock exchange market. A representative each can stand for the buyer and the seller of the stock and shares which are to be bought and sold in the market. Hence, representatives are those who stand for the buyers or sellers of available stocks and shares in the stock exchange market.

- **BUYERS AND SELLERS:** In stock exchange, both buyers and sellers must be present. The sellers have stocks and shares to be sold and the buyers come to buy the stocks and shares which take place in the stock market.

- **REPRESENTATIVES:** In stock exchange, the actual seller and buyer of stocks and shares may not be present at the stock exchange market. A representative each can stand for the buyer and the seller of the stock and shares which are to be bought and sold in the market. Hence, representatives are those who stand for the buyers or sellers of available stocks and shares in the stock exchange market.

FUNCTIONS OF THE STOCK EXCHANGE

- The stock exchange encourages investment by providing a place for buyers and sellers of securities, or their agents to meet and trade. It encourages a flow of capital into the capital market.
- It influences the level of economic activity in the economy where it operates
- It is an important avenue through which public companies generate significant capital to finance expansion plans, information communication technology (ICT), and other projects.
- The stock market also provides a platform where the government can generate income by selling its bonds as well as stock holdings in various companies to raise cash to finance activities of government.
- It also grants some measures of liquidity to share capital, bonds as well as unredeemable and long term government stocks. The assurance that these financial instruments can be converted to cash reasonably readily on the stock market makes people continue to invest in them.

IMPORTANCE OF STOCK EXCHANGE IN AGRICULTURE

- ENCOURAGES INVESTMENT IN AGRICULTURE: Interested buyers can invest in agriculture by buying shares, investment in agriculture would lead to increase in agricultural output.
- ENCOURAGES CONTRACT FARMING : Interested investors can invest in agriculture by contracting farming with farmers who have the capacity to do so. This will encourage the farmers to produce more products.
- FOOD SECURITY IS ENSURED : Adequate investment in agriculture encourages the farmers to produce more for the nation thereby eliminating food scarcity.
- PROVISION OF EMPLOYMENT OPPORTUNITIES : As more investors invest in agriculture, more hands will be required in agricultural production so as to increase their output and meet public demand.

- ECONOMIC GROWTH AND DEVELOPMENT OF THE NATION : The agricultural sector is the largest sector in any economy of developing nations. As more investors invest in the sector, more and more areas of the sector will be exploited thereby leading to increase in production. Excess produce/product would be exported to other countries to earn foreign exchange. Continuation of this process would automatically lead to economic growth and development of the nation.
 - INCREASE IN THE STANDARD OF LIVING : Investment opportunities in agriculture will lead to more income, which will improve consumption. Improved and better consumption leads to increase in standard of living of the people in the country.
-

EXPORT PROMOTION IN AGRICULTURE

To export means to transfer goods from one country to other country for sale. Export promotion is the encouragement of sales of Nigerian produce in other countries. Many of the electronics, vehicles, equipment and machines in Nigeria were imported from other countries. The more a country exports, the more money it earns. If this money is brought back to the country to be spent judiciously, the better it is for the economy of the country. Exporting goods is the primary way through which any country can earn income from outside its shores. Exportation is conducted through the international market.

EXAMPLES OF NIGERIAN EXPORT PRODUCE

The abundant of fertile land all over Nigeria and the culture of our people encouraged the cultivation of cocoa, palm produce, hides and skin, cassava crop, groundnut, pepper and cotton. Cocoa which is a perennial crop was widely cultivated by farmers in Oyo, Osun, Ogun, Edo, Ekiti, Ondo states and the seeds exported to European countries. The nation made money from cocoa which is used to prepare beverages and other drinks. Nigeria is still a leading producer of cocoa.

Palm produce is another perennial crop grown in South Western, South Eastern and North Central states of Nigeria. Palm produce can be located in states, like Imo, Anambra, Ebonyi, Abia, Cross River, Enugu, Kogi, Kwara, Ondo, Ekiti, Edo, Delta, Niger and Benue. Palm produce like kernels and oils were exported to generate income for farmers and the nation. Production can still be improved to generate more income by promoting its exportation. Exported palm produce mainly include palm oil and palm kernels. Kernels are exported to European countries where they are used in soap making.

Hides and skin, cotton and pepper are produced greatly in the Northern part of Nigeria. Hides and skin are produced greatly by the Fulanis, Borno, Sokoto, Kebbi and Katsina states. Cotton is also produced by the Hausas and Fulanis. There were groundnut pyramids in the North in those days before the oil boom. Pepper was also produced in large quantities by the Hausa states. They are exported to European and Asian countries where they are tanned into leather and made into shoes, bags and other leather products.

Cassava which is a root crop is fast gaining much acceptance in the world of which Nigeria is a great producer.

Groundnut is also an important crop grown in Nigeria locally consumed as food. It is exported to European countries where it is converted to peanut butter. It may also be processed for its edible oil which is an important agricultural produce on the international market.

Pepper is an important spice which is traded on international markets especially in West Africa. Also exported to European countries where it is processed into dried or spiced pepper under various brand names.

COOPERATIVES SOCIETIES IN AGRICULTURE

Cooperative society can be described as a voluntary association of people with similar survival problems who come together under one umbrella to find solution to their common problems. It can also be defined as a voluntary business organisation in which a group of individuals with common interest pool their resources together to promote the socio-economic life of their members in production and consumption of goods and services.

Hence agricultural cooperative society is the voluntary association of groups of farmers who have come together with the purpose of assisting one another in their farming activities.

OBJECTIVES OF AGRICULTURAL COOPERATIVE SOCIETIES

The following are the objectives of agricultural societies.

- To arrange for the sale of members' produce
- To encourage members to produce crops of high quality
- To provide loans and savings facilities for its members
- To promote the spirit of production among members
- To open membership to all adult farmers.
- Providing social security to members

TYPES OF AGRICULTURAL COOPERATIVE SOCIETIES

Cooperatives are of various types. Some are single purpose while others are multipurpose cooperatives. Some are activity-based cooperative while others are commodity-based cooperative. Common are types under these categories are the following, and all are found in the field of agriculture.

- Producers cooperative: Examples found in agriculture include oil palm, cocoa, cotton cooperatives etc.
- Consumers' cooperative: Examples in agriculture are the buyers' cooperatives which are also the counterparts of the sellers' cooperative. Members purchase the produce from farmers and process them.
- Marketing cooperative: Examples found in agriculture include grain seller, cowpea, meat, plantain cooperative etc.

Credit and thrift cooperative: This involves farmers and non- farmers alike. Members are not compelled to be involved in agriculture. Anybody who chooses to be involved in farming is not discouraged.

Farmers' cooperative: The typically involves all farmers regardless of the type of produce, size of farm and farming system used.

Agricultural multipurpose cooperative society: This involves farmers and non-farmers who however play productive roles in agriculture such as sellers of agricultural inputs such as tools, seeds, herbicides, pesticides and others are also accepted as members.

IMPORTANCE OF COOPERATIVE SOCIETIES

Some of the benefits that can be obtained by members of one form of cooperative society or the other include the following:

- Members will be able to receive farm inputs from their group, which they cannot afford to buy themselves. Such inputs are improved seeds, fertilizers, plant protection chemicals, simple farm tools and equipments.
- They would possess the ability to obtain loan for their farming operations.
- Assist members in marketing their produce/products, this ensures fair prices for the products.
- Members can operate large scale farms with the group using sophisticated and large equipment such as bulldozer, tractors and their implements with a token amount of money which non-cooperative members can not enjoy.
- Cooperative societies usually buy goods in bulk at cheaper prices and this enables members to get these goods at lower prices.
- They train their members in the areas of production, distribution, buying and selling of goods and services.

FORMATION OF COOPERATIVES

- **Interested individuals come together:** Cooperative societies are formed when two or more individuals of similar interest come together with the aim of providing solutions to their common problems. However, there is no stipulated maximum number of persons.
- **Identification of Goals/interests:** Individuals coming together to form a group should be able to state clearly their aims and objectives, that is their purpose of forming the group
- **Agreement to form the society:** As a result of the peculiar conditions in the communities, cooperatives societies are formed to solve financial and welfare problems in particular. They are owned by people with common interest who after agreeing, form the society. This then makes membership to be restricted because some conditions must be met before one can become a member.

MANAGEMENT OF AGRICULTURAL COOPERATIVE SOCIETIES

- **Constituting a management committee:** The control and management of the society is vested on elected committee and it has to be members of the society. They are elected at the general meeting constituted in odd numbers 7,9,11 etc. The reason is due to fact that decisions are taken by votes and by simple majority to ensure that the society is pursuing its set objectives.
- **Developing constitution/bye laws for members:** This is the fundamental tenets of defence of human dignity through the preservation of the rights of individuals. This is to check the excesses of members.
- Opening a bank account
- Registering the cooperative
- Involving members in the activities of the cooperatives. It must democratic in nature.

QUALITIES OF A GOOD COOPERATIVE MEMBER

- Having a team spirit
- Showing dedication to the course of the group
- Must be a team player
- Must show selfless attitude (concern about other members' problems)
- Honesty

INTERNATIONAL TRADE

International trade may be defined as the buying, selling and exchange of goods and services between two or more countries. It is also called external trade which takes place between two or more countries. It follows that before there can be an international trade, there must be an exchange, buying and selling of goods and services across the national boundaries of two or more countries. The sale of goods and services by a given country say Nigeria to other countries like Germany and South Africa is called export sales; while the purchase of foreign products by Nigeria for example cars from China or electronics from Japan is called import sales. Hence the transaction of exports and imports of a given country constitutes her external trade activities.

DIFFERENCES BETWEEN INTERNATIONAL AND DOMESTIC TRADE

International trade or external involves trade activities between two or more countries. Internal trade which is also known as **domestic trade** is the exchange, buying and selling of goods and services within the country. For instance, while exchange, buying and selling of goods and services between Nigeria and Ghana is an external trade; exchange, buying and selling of goods and services between Lagos State and Ijegawa State is an internal trade.

Some of the main differences between international trade and domestic trade are the following:

- While international trade involves the use of two or more currencies, in internal trade, only one currency is used.
- International trade involves two or more countries while one country is involved in internal trade.
- In the case of external trade, goods and services move across different national boundaries while internal trade, goods and services do not cross the boundary.
- In international trade there is a mixture of locally produced goods and foreign goods. In internal trade majority of goods and services involved are locally made.
- While governments of different countries place restrictions on international trade for various reasons, no such restriction exists in domestic trade.

BASIS FOR INTERNATIONAL TRADE

The basis of international trade comprises exchange and specialisation.

•*Exchange*

Countries differ in terms of availability of natural resources such as land, water, raw materials and other factors of production. These differences in availability of factors of production lead to differences in international production costs and the prices of goods. Exchange takes place when countries supply commodities they produce relatively cheaply to rest of the world and demand from the rest of the world the goods that are made relatively cheap elsewhere.

Differences in availability of factors of production can be as a result of any of the under listed reasons

- Inequitable distribution of natural resources.
- Differences in climatic conditions.
- Differences in the quantity and quality of labour.
- Differences in skills and technical know-how.
- The need to expand the local markets.
- Differences in cost of production.

• ***Specialisation***

The second basis of international trade, which is specialisation, can best be understood through the law of comparative advantage. The law of comparative advantage states that countries specialise in producing and exporting the goods that they produce at a lower relative cost than other countries. The law of comparative advantage is based on certain assumptions some of which are the following:

- There are only two countries involved in the transaction for the exchange of goods.
- There are only two commodities for the exchange to take place.
- Both countries have equal available labour.
- Both countries have equal efficiency of labour.
- There is free transport between the two countries.
- The cost of production in the two countries is constant.

EMPLOYMENT OPPORTUNITIES IN AGRICULTURE

A major importance of agriculture all over the world is the provision of employment opportunities. Employment opportunities in agriculture are the areas where people are engaged in doing a particular work and earning some money to live. These employment opportunities are to make us self-reliant hence studying agriculture does not mean that everybody must be a farmer. There is a wide range of opportunities which are as follows:

- SELF – EMPLOYMENT IN MARKETING

Marketing is simply buying and selling. It is also the promotion and selling of goods and services. Agricultural marketing is all about promoting and selling of agricultural goods and services. There are several goods and services in agriculture e.g. Meat, milk, eggs, chicken, tomatoes, chairs, etc. Marketing also involves the supply of agricultural raw materials to the agro - based industries. Also, marketing determines the farmers success or failure. This is because whatever is produced needs to get to the consumers, where will be exchanged for money. The marketers can be wholesalers or retailers. Agricultural marketers can be sel-sufficient since they make profits from the sales of agricultural produce and bye-products.

- SELF- EMPLOYMENT IN FARMING

Farming is the production of crops and rearing of animals. It is the primary area of agriculture.

Farmers engage themselves in the cultivation of land to produce crops and rear animals such as cattle, sheep, goat, pig, rabbit, poultry, snails, fish etc. Some farmers combine crop production with animal rearing while others specialize in the production of a particular animal e.g. Cassava farmer, cocoa farmer, fish farmer, cattle farmer etc.

Profits are made out of their agricultural products/produce. Therefore, farming as an employment opportunity is a profitable venture.

- SELF – EMPLOYMENT IN PROCESSING OF AGRICULTURAL PRODUCE

Processing is the transformation of agricultural produce into other by-products. The by-products can only be obtained after a careful process of activities. For example, the transformation of groundnut to groundnut oil requires a series of activities. Also, the processing of Garri, Starch or Tapioca from cassava tubers requires some processing activities.

Processing is a specialized area of employment in agriculture. It requires training in the area of interest. This is because processing of cocoa into chocolate is different from processing of cassava into starch.

- PAID EMPLOYMENT AS A TEACHER OF AGRICULTURE

Agriculture is not just farming. Since agriculture involves the science and art of farming, it requires the actions of specialists to pass the knowledge, skills and attitudes needed in agricultural practices.

- ‘ Teachers of agriculture are those that have been trained in schools of agriculture, colleges of education and universities. These people pass agricultural information to student and the would be farmers.

The teachers of agriculture are paid and can sustain themselves through the salary they earn.

