# Krutch Lexicon of Economics

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# KRUTCH LEXICON OF ECONOMICS

**FOR LEARNERS**

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## Foreword

**Krutch Lexicon of Economics is a piece of work carefully put together to assist learners in understanding basic terms used in the subject of Economics by providing quick and simple meanings to them in 'real time'. The terms are arranged alphabetically for ease of reference and diagrams are used to enhance clarity. It contains about 947 terms and 110 figures. It is recommended for all learners of Economics.**

**Users of this work should consult other resource materials such as textbooks, the internet, and e.t.c for in-depth knowledge of the subject.**

**This work could make the subject-Economics more interesting to learners. It is also available in softcopy.**

**I am grateful to my family & friends for the inspiration, support and love they gave me during the making of this work. Many thanks to Mr Akinloye who helped me to check the work. Enquiries and comments are welcome and could be made to the author by e-mail to krutchlexicon@yahoo.com, krutchlexicon@gmail.com or phone call to +2348035311799.**

**Yours in Education,**

**Olajide-Alabi, Tosin**

## Aa

1. Abnormal Demand: A kind of demand that is contrary to the conventional Law of demand:(the higher the price, the lower the quantity demanded and the lower the price, the higher the quantity demanded). Abnormal demand is associated with rare or luxury goods, basic and inferior goods. Its curve does not slope downwards from left to right like the normal demand curve. Otherwise referred to as exceptional demand. See FIG A1,A2.
2. Abnormal Profit : The surplus or excess gain made by a firm over a period of time. is **any** profit achieved in excess of normal profit - also known as supernormal profit. When firms are making abnormal profits, there is an incentive for other producers to enter the market to try to acquire some of this profit. Abnormal profit persists in the long run in imperfectly competitive markets such as oligopoly **and** monopoly where firms can successfully block the entry of new firms. Profits are maximised when Marginal Revenue equals Marginal Costs. But once marginal cost is greater than marginal revenue, total profits are falling.

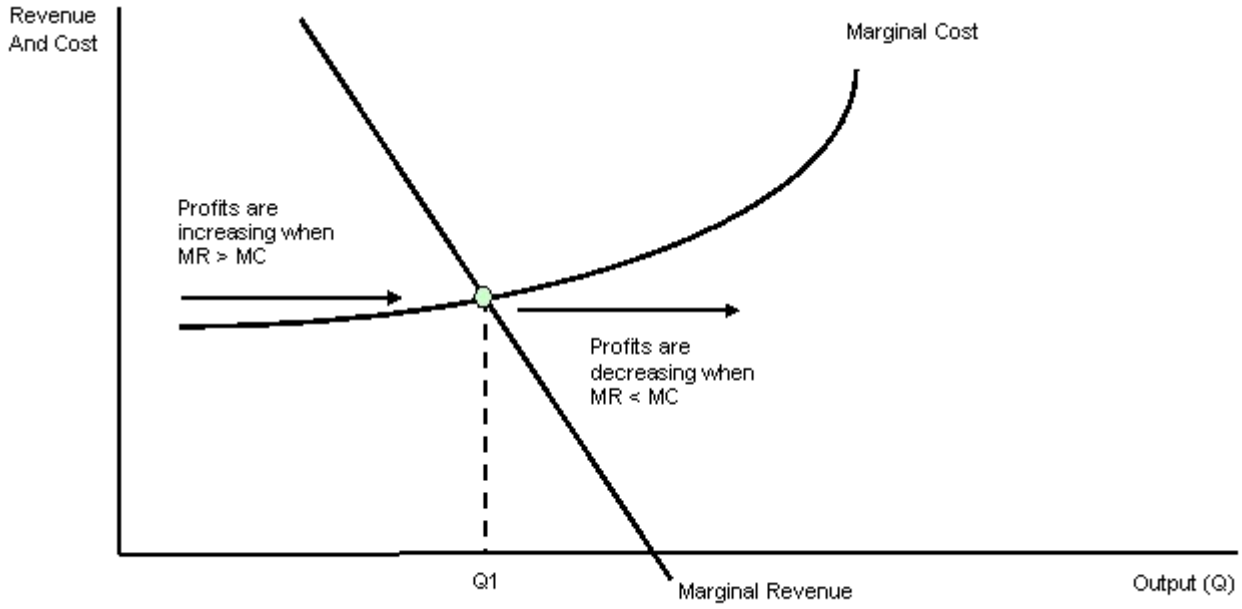



FIG A3 - profit graph

3. Abnormal Supply: A kind of supply that contradicts the conventional Law of supply:(the higher the price, the higher the quantity supplied and the lower the price, the lower the quantity supplied).An example of abnormal supply is the supply of labour- workers work for longer hours to earn more money when wages are low and shorter hours to have time for leisure when wages are high. Abnormal Supply curve does not slope upwards from left to right like the normal supply curve. Otherwise called exceptional supply. See FIG A4
4. Absolute Advantage: A principle developed by Adams Smith which stipulates that countries with superior endowments in the resources for making certain goods and services should specialize in their production and exchange them for other goods and services in which they are less efficient.
5. Absorption: A situation whereby an organization is bought by another organization. Otherwise called acquisition or takeover.
6. Accelerator Principle: The acceleration principle deals with the relationship which exists between the increase in income and investment of the country. It gives a numerical measure of the increase in investment caused by the increase in income. According to this principle a rise in the level of income will lead to a greater rise in the investment .
7. Acceptance House: A financial institution that approves and endorses trade bills to facilitate credit trade transactions.

8. Account: (i) A record of the movements of money in and out of a business. (ii) An arrangement whereby a person keeps money with a bank. There are 3 types of accounts

a. Savings account: See savings account

b. Fixed Deposit Account : See fixed deposit

c. Current Account: See current account

9. Accountant's Cost: The accountants' definition of cost. Its the monetary value of resources that are used for a production activity. Otherwise known as money cost or explicit cost.

10. Accounting rate of return (ARR): See average rate of return.

11. Accreditation: An official approval for goods and services that have met required standards.

12. Acquisition: See absorption.

13. Active Partner: A partner who is involved in the forming, financing and day-to-day running of a business.

14. Actuary: A trained person who works out premiums, insurance risks and probabilities.

15. Acute Angle: see angle

16. Administration: A network activities of planning, organizing, managing and controlling the affairs of a business.

17. Advalorem Tax: A method of charging tax on goods and services according to their values.

18. Advance: A part of the total payment that is made by a buyer before goods and services are delivered.

19. Advertisement: The creation of public awareness for goods and services through means like television, radio, journals, newspaper, magazine, catalogues, bill boards, flyers, exhibitions, pricelists, internet, etc.

20. African Development Bank (ADB): A bank established in 1964 to promote investment and socio-economic development in Africa. It has its headquarter in Abdijan, cote d'ivore.

21. African Union-(AU):-Formerly known as~~See~~ Organization for -African Unity. It's a - union consisting of 54 African states. It was established on 9 July 2002. The only all-African state not in the AU is Morocco. Its aims are as follows ;

- to accelerate the political and socio-economic integration among member states ;
- to promote and defend African common positions on issues of interest to the continent and its peoples;
- to achieve peace and security in Africa; and
- to promote democratic institutions, good governance and human rights.

The member countries of the African Union are listed below :

Algeria · Angola · Benin · Botswana · Burkina Faso · Burundi · Cameroon · Cape Verde · Chad · Central African Republic · Comoros · Democratic Republic of the Congo · Republic of the Congo · Côte d'Ivoire · Djibouti · Egypt · Equatorial Guinea · Eritrea · Ethiopia · Gabon · The Gambia · Ghana · Guinea · Guinea-Bissau · Kenya · Lesotho · Liberia · Libya · Madagascar · Malawi · Mali · Mauritania · Mauritius · Mozambique · Namibia · Niger · Nigeria · Rwanda · Sahrawi Arab Democratic Republic · São Tomé and Príncipe · Senegal · Seychelles · Sierra Leone · Somalia · South Africa · South Sudan · Sudan · Swaziland · Tanzania · Togo · Tunisia · Uganda · Zambia · Zimbabwe

22. Age Distribution: The use of age groupings to classify a population i.e young age group, working age group, and old age group. The young and old age groups constitute the dependent population while the working group is referred to as the labour force or independent population.
23. Ageing Population: A population whereby the number of old people increases faster than that of ones and the labour force. This situation is usually caused by war and high infant mortality rate. Otherwise known as declining population.
24. Agent: A person who sells goods and services on behalf of another person (Principal) for which he earns commission. Also known as broker.
25. Aggregate Demand: The total amount of goods and services bought by all individuals in an economy at a given period. Also known as market demand.
26. Aggregate Income: The total earnings of all the factors of production in an economy at a given period.
27. Aggregate Supply: The total amount of goods and services offered for sale by all firms in an economy at a given period. Also known as market supply.
28. Agriculture: The activity of cultivation of crops and rearing of animals e.g. farming, forestry, poultry livestock rearing, fishery, etc.
29. Agricultural Economics: The branch of economics that is concerned with the application of economic principles and theories to the production of crops and rearing of livestock in order to yield maximum output while maintaining a good ecosystem.
30. Agricultural Sector: A part of the economy that is concerned with the production, sales and promotion of agricultural products.
31. Aid: The assistance given to a group of people in need such as money, goods and services.
32. Aids-to-trade: A number of activities that facilitates the buying, selling or exchange of goods and services e.g banking, transportation, tourism, communication, insurance, warehouse, security, etc.
33. Algebra: A kind of mathematics in which letters and symbol are used to represent values.

34. Alternative Forgone: A commodity that is neglected or sacrificed in order to buy another commodity.
35. Amalgamation: The integration of formerly independent firms to form one larger united and financially strong firm. Alternatively, it is referred to as merger.
36. Amenities: Facilities that makes living more pleasant, conducive and comfortable e.g transportation network, banking services, communication network, etc.
37. Analysis: A methodical study of data and systematic presentation of its results.
38. Angle: The gap between two lines that join, which is measured in degrees. There are 4 types of angles. See FIG A5,A6,A7,A8

39. Annual General Meeting (AGM): A yearly forum for shareholders to discuss their company's affairs, elect officers and examine accounts.
40. Annual Percentage Rate: A measurement for charging yearly percentage interest on the initial value of a loan.
41. Apex Bank: See Central Bank
42. Apiori: The use of established economic theories to predict the reaction, response or effect of a variable.
43. Arc Elasticity of Demand: A method of measuring average price elasticity over a period of time.

Arc elasticity of demand = $\frac{q_2 - q_1}{p_2 - p1} \times \frac{p2 + p_1}{q_2 + q_1}$

Where q1 and p1 Previous quantity and price
q2 and p2 Current quantity and price.

44. Arithmetic Mean (Ẍ): The centre or average of the values of an observation:

$\ddot{X} = \frac{\Sigma x}{n}$ (ungrouped data)
or
$\ddot{X} = \frac{\Sigma fx}{\Sigma f}$ (grouped data)

Where x = Values
Σ = Sum
n = Number of values
f = Frequency

Otherwise known as average.

45. Arithmetic Progression: A consecutive arrangement of numbers to which a constant is added or subtracted e.g 12, 10, 8, 6, 4, 2, 0, -2, -4, . . . . . .
46. Arrears: Money that is owed and has not been paid.
47. Articles of Association: Documents that contains the methods of internal operations and regulations of a company such as powers, duties and

rights of shareholders, profit sharing formular, election procedures, appointment of directors etc.

48. Artificial Scarcity: A deliberate effort to keep goods and services away from the market, thereby making buyers pay more to obtain them.
49. Asset: A valuable commodity which could either be used for production activities or sold to pay debts. There are 2 types of assets;
    (i) Current Asset: See current asset
    (ii) Fixed Asset: see Fixed Asset
50. Assignment of Insurance Policy: The absolute transfer of the totality of interest under a contract of insurance to a third party. It must be written and the insurer must be duly notified.
51. Assurance: A contract whereby a party undertakes to pay a sum of money to another party after a certain period or to his family in the event of death, provided all its conditions are fully met.
52. Auction: A type of sales whereby goods are sold to the highest bidder.
53. Audit: An official examination conducted to establish the accuracy of the financial records of a company.
54. Autarky: See closed economy
55. Authorized Capital: The maximum amount of money a company is permitted to raise through the issue of shares to the public. Otherwise known as nominal capital or registered capital.
56. Autocorrelation: The relationship between the successive values of a variable e.g $p_1$, $p_2$, $p_3$, $p_4$. Otherwise called serial correlation.
57. Automated Teller Machine (ATM): A machine from which account holders operate their account with the use of plastic cards. It is a computerized device that provides the customers of a financial institution with access to financial transactions in a public space without the need for a human clerk or bank teller. The ATM card is a magnetic strip ~~card with a sharp~~ that contains a unique card number and some information such as expiry date, accountholder's name, Banker's name, etc. Security is provided by the use of a personal identification number (PIN). Alternatively, it is called cash dispenser or cash machine.
58. Autonomous Variable: A variable whose value is not determined by any of the variables in a function or model e.g

    C=a+bY (Consumption function)…… (i)

    where C = Consumption

    a = autonomous consumption

    Y = Income

    b = marginal propensity to consume (MPC)

    Interpretation: Consumption ( C) is determined by the level of income (Y) but autonomous consumption (a) occurs whether or not income is earned.

Otherwise known as constant. I~~i~~t is often represented with letters with subscript zero e.g $b_o$, $t_o$, etc. Therefore equation (i) can be re-written as $C = b_o + b_1Y$ (consumption function)

59. Average: See arithmetic mean

60. Average Cost: (AC): The ~~total~~ cost of producing a unit of output. Otherwise known as average total cost (ATC) -

$$AC \text{ or } ATC = \frac{\text{Total Cost}}{\text{Total Output}}$$

Or AC or ATC = Average fixed cost (AFC) + Average Variable Cost (AVC). See FIG A9

61. Average Fixed Cost (AFC): The total fixed cost of producing one~~a~~ unit of output. It is expressed as

$$AFC = \frac{\text{Total fixed cost}}{\text{Total output}}$$

Or AFC = Average Total Cost (ATC) − Average Variable Cost (AVC).
See FIG A10

62. Average Product (AP): The ~~tot~~
63. ~~al~~ output produced by each Variable Input (Labour). Otherwise known as Average Variable Product (AVP).

$$AP = \frac{\text{Total output/product}}{\text{Number of workers}}$$

See FIG A11

64. Average Propensity to Consume (APC): A method for measuring the fraction of the National income that is spent on consumption.

$$APC = \frac{\text{Consumption (C)}}{\text{National Income (Y)}} \quad \text{or}$$

$APC = 1 - APS$

where APS = Average Propensity to Save

65. Average Rate of Return (ARR): A measurement ,usually expressed as a percentage term, for determining the profit performance of a project for a given period:

$$ARR = \frac{\text{Average Profit for the period}}{\text{Average Book value of the project}} \times 100\%$$

where Average profit for the period = $\frac{\Sigma P_t}{N}$

Given that $\Sigma$ = Sum
$P_t$ =Profit for each year

N = Number of years

Average book value of the project = $\frac{Iv - Rv}{2}$

Given that Iv = Initial Value

Rv = Residual value

Otherwise known as accounting rate of return (ARR)

66. Average Revenue (AR): The ~~total~~ amount of money obtained from the sales of one~~a~~ unit of goods or services:

AR = $\frac{\text{Total Revenue}}{\text{Total Quantity Sold}}$

Otherwise referred to as average income. ~~-~~

~~———~~See FIG A13, A14

67. Average total Cost: See average cost

68. Average Utility (AU): The ~~total~~ utility derived from the consumption of one~~a~~ unit of a commodity;

AU= $\frac{\text{T~~t~~otal utility}}{\text{Units of the commodity consumed.}}$

See FIG A14

69. Average Variable cost (AVC): The ~~total~~ variable cost of producing a unit of output.

AVC = $\frac{\text{Total variable cost}}{\text{Total output}}$

See FIG A15

# Bb

1. Backward Vertical Merger: The integration of two firms whereby one of them is engaged in the preceding stage of production of the other.
2. Balanced Budget: A situation in which the estimated revenue is equal to the proposed expenditure.
3. Balanced Growth Strategy: A simultaneous investment of resources in all the sectors of economy to achieve expansion in the volume of their outputs.
4. Balance of- Payment: A statement of a country's receipts from exports and payments for imports for a given period.
5. Balance of Payment Deficit: A situation in which a country's imports exceed its exports for a period. Otherwise called unfavourable balance of payment.
6. Balance of Payment Surplus: A situation in which a country's exports exceeds its imports for a period. Also referred to as favourable balance of payment.
7. Balanced scorecard : a management tool - a semi-standard structured report supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by staff within their control and monitor the consequences arising from these actions.
8. Bank: A financial institution that keeps money deposits or valuables and renders other specialized services to its customers.
9. Bank Bill: See bill of exchange
10. Ban: An official effort to prevent the production, distribution or importation of specific goods and services.
11. Bank Card: A plastic card with which account holders make withdrawals from automated teller machines/cash ~~machines~~ machines.
12. Bank Deposit: Money and valuables (e.g certificates, wills, gold etc) that are kept with a bank.
13. Bank draft: A cheque drawn by one bank against funds deposited into its account at another bank, authorizing the second bank to make payment to the individual named in the draft..
14. Banker's Bank: The Central Bank of a country with which other banks have accounts.
15. Bank Money: The money kept with a bank.
16. Bank Note: A piece of paper money.
17. Bank Order: An instruction given to a bank by a current account holder to pay a certain amount of money to a named individual or organization at a given time. Otherwise known as standing order.
18. Bank Rate: An expression of the commission charged by the central bank for discounting bills of exchange.

19. Bank Statement: A written report sent by a bank to a customer listing his deposits, withdrawals, interests, commission charges, balances, etc. over a period.
20. Bar Chart: A kind of graph in which bars of various heights are used to show the relationships or interactions between two variables. Otherwise known as bar graph. See FIG B1,B2. There are four types of bar charts :
    I. Simple bar chart: A kind of bar chart is used to ~~–re~~present an uncomplicated/simple data
    II. Component bar chart: see component bar chart
    III. Multiple bar chart: see multiple bar chart
    IV. Histogram: see histogram.

21. Barter: An ancient economic system that existed before the introduction of money whereby goods and services were exchanged for goods and services. Otherwise called trade by barter.
22. Basic Preference share: A kind of preference share which receives a fixed rate of dividend.
23. Bear: A speculator in the stock exchange who sells off securities and buys them later at lower prices.
24. Bearer Cheque: A cheque that is payable to whoever presents it at the bank.-
25. 'Bear Market' : A term used to describe a downward trend in the stock market over a period of time.
26. Behavioural Equation: A kind of— equation that describes the relationship between its variables. Otherwise known as a function.
    An example of a behavioural equation is $X_t = b_o + b_1 L_t + b_2 K_t$
    Where $X_t$ = output for period t
    $L_t$ = Labour input for period t
    $K_t$ = Capital input for period t
    $b_1$, $b_2$ = parameters/constants
27. Benchmarking : a process of comparing the organisation's standard of performance in one or more key aspects of strategy or operations with that of competitors or comparable organization.
28. Bilateral Monopoly : a market where there is only one seller and one buyer of a commodity.
29. Bilateral Trade: The exchange or~~f~~ buying and selling of goods and services between two countries.
30. Bill of Exchange: A written order to pay a named person or a firm a certain sum of money within 91 days from the day of issue through a financial institution. Alternatively, it is called bank bill or commercial bill.
31. Binary Choice Model: A kind of model which assumes that only two alternatives are available to an individual.

32. Birth Rate: The number of births per thousand of a population in a year.
33. Black Market: The interaction of buyers and sellers of scarce or banned goods and services.
34. Bond: A document that carries a stated amount of money and payable interest issued by an institution to the public which is redeemable at a later date.
35. Bonded Warehouse: A place where government keeps imported goods on which custom duties have not been paid.
36. Bounced Cheque: A cheque that a bank refuses to pay cash on presentation due to irregular signature, insufficient funds, alteration or a case of frozen account otherwise known as dishonored cheque.
37. Bourgeois: A person who owns the means of production and distribution in the capitalist economic system.
38. Brand: A feature or characteristics that can be used to identify or distinguish a product or service among others. Branding is an effort to make a firm's products unique and easily identifiable. See FIG B3
39. Break Even: A state whereby a firm can maximize its profits and minimize its costs in order to remain in business.
40. Broker: (i) see agent
    (ii) A person who buys and sells securities in the stock exchange. Otherwise known as stock broker or jobber. There are 2 types of stock brokers;
    (iii) Bear: see bear
    (iv) Bull: see bull
41. Budget: A statement of purpose, estimated revenues and proposed expenditures for a given period of time.
42. Budget Deficit: A situation whereby the proposed expenditure exceeds the estimated revenue. This excess expenditure is usually financed by borrowing or by the issue of bank notes (i.e deficit financing).
43. Budget Line: A line that traces all the possible combinations of goods and services a consumer can afford to buy with a given level of income. See FIG B4. With N300 income level, the consumer could buy 10 units of commodity X (N10 per unit) and N200 worth of others goods at point k, 15 units of commodity X (N10 per unit) and N150 worth of other goods at point r, 20 units of commodity X (N10 per unit) and N100 worth of other goods at point m.
44. Budget Surplus: A situation whereby the estimated revenue exceeds the proposed expenditure.
45. Building Society: see mortgage bank.
46. Bull: A speculator in the stock exchange who buys securities with the aim of selling them later at higher prices. Otherwise called stag.

47. ‘Bull Market’ : : A term used to describe an upward trend in the stock market over a period of time.
48. Bursary: A type of transfer payment made to a student to facilitate his education.
49. Business: An activity in which resources are used for the production and distribution of goods and services with the motive of making profits.
50. Business Economics: see managerial economics
51. Business Resources: Factors used for production i.e land, labour, and capital.
52. By-Product: A commodity that is produced in the course of producing another commodity. e.g kerosene is a by-product of the production process of petrol.

## Cc

1. Canons of Taxation: These refers to the qualities/features of a tax which are certainty, convenience, economical, equity, e.t.c.
2. Capital: A stock of assets and resources set aside for production activities.
3. Capital Account: A financial statement that shows the flow of international investments made and loans obtained by a country.

4. Capital Assets: See capital goods
5. Capital Consumption: The loss of value of commodity due to passage of time. Also known as depreciation.
6. Capital Expenditure: The amount of money spent to acquire permanent goods i.e goods that are used for the production of other goods and services e.g buildings, bridges, vehicles, plants, securities, etc.
7. Capital Gain: The profit made from the sales of permanent goods i.e goods that are used for the production of other goods and services.
8. Capital Gain Tax: A levy that is charged on the profit made from sales of permanent goods i.e goods that are used for the production of other goods and services.
9. Capital Goods: Permanent goods that can not be easily transformed into cash. They are used for the production of other goods and services. Examples of capital goods are building, plants, machinery, vehicles, roads, e.t.c.
10. Capital Intensive: A term used to describe an activity in which a greater amount of resources is spent on capital when compared to that which is spent on other factors of production especially labour .
11. Capitalist Economic System: A system whereby private individuals own the means of production and distribution with a minimal amount of government interferences. Otherwise called the free economy.
12. Capital Market: The interaction of buyers and sellers of medium-term and long term securities(i.e debt instrument and equity ).In Nigeria, the capital market is divided into two; primary capital market for debt(organized by the Security and Exchange Commission) and secondary capital market for equity(organized by the Nigerian Stock Exchange).Debt instruments are financial claims with an obligation by the issuer to pay interest at specified intervals and to redeem issue at future dates while equity capital refers to the ownership of the firms. The operators of the capital market are the central bank, stock exchange, insurance companies, pension funds, mortgage banks, investment trusts, merchant banks, unit trusts, public limited companies and the government.
13. Capital Output Ratio: A kind of mathematical expression used to represent the quantity of capital goods and services produced as a relative of the quantity of capital goods used e.g If N27,000 worth of capital goods is used for producing goods worth N18,000 the capital output ratio is $\frac{27,000}{18,000} = \frac{3}{2} = 3:2$
14. Cardinal Utility Theory: A theory which stipulates the assignment of numerical values to the satisfaction derived from the consumption of each unit of a commodity or service.

15. Cartel: A situation whereby firms that produce similar goods and services come together to take total control over the market supply and price.
16. Cash: Money that is a used for business transactions i.e note and coins.
17. Cash and Carry: A kind of sale whereby goods are sold at low prices to buyers that can pay and take them away immediately.
18. Cash Book: A document used for recording the movement of money in and out of a business.
19. Cash Card: see Bank Card
20. Cash Crop: A plant that is grown for trade purposes rather than consumption by the farmer e.g vegetable, cotton, cocoa, tobacco, etc.
21. Cash Flow: The movement of money in and out of a business ;
    (i) Cash inflow-money coming into a business
    (ii) Cash Outflow: money going out of a business.
22. Cash Inflow: See cash flow
23. Cash Machine: See automated teller machine
24. Cash Ratio: The proportion of total deposit that can be held as cash by a bank to cater for withdrawals demands. Otherwise known as cash reserve.
25. Cash Sales: The process of selling goods and services for which immediate payment is made.
26. Cash Outflow: See cash flow
27. Cash Purchases: The process of buying goods and services for which immediate payment is made.
28. Caveat Emptor: A Latin word which means 'let the buyer beware'
29. Caveat Venditor: A Latin word which means 'let the sellers beware'
30. Cedis: The kind of money used in Ghana.
31. Census: The activity of counting and collecting relevant information about the people living in an area for various policy making purposes.
32. Centigram ( cg ): A unit for measuring weight: 100cg make 1gram
33. Centilitre (cl): A unit for measuring liquids: 100cl make 1litre
34. Centimetre (cm): A unit for measuring length: 100cm make 1metre
35. Central Bank: The highest financial institution of a country that prints money, supervises the operations of other financial institutions, regulates international trade, keeps governments bank account and performs other vital functions. Otherwise known as the Apex Bank.
36. Certificate of Incorporation: A document issued by the Registrar of companies to confer a legal status on a company.
37. Certificate of Trading: A document issued by the registrar of companies to enable a public limited company commence business and exercise borrowing powers.
38. Certificate of Origin: A document that state the country from where goods are imported.

39. Ceteris Parisbus: A Latin word which means ‘all things being equal”
40. Chain of Production and Distribution: A chart that shows how goods move from the producer to the final consumer. See FIG C1
41. Change in Demand: An increase or decrease in the demand for a commodity or services as a result of changes in factors such as price of other goods, taste and income of the consumer while its price is held constant. See FIG C2: Hence, the demand curve shifts to new position; a rightward shift (d2 d3) signifies an increase in demand while a leftward shift (d2 d1) signifies a decrease in demand.
42. Change in Quantity Demanded: An increase or decrease in the demand for a commodity or services as a result of changes in its price while other factors such as price of other goods, taste and income of the consumer is held constant. See FIG C3: Hence, movements in the quantity demanded (extension of demand) while an upward movement(er) signifies a decrease in quantity demanded (contraction of demand).
43. Change in Quantity Supplied: An increase or decrease in the supply of a commodity or services as a result of changes in its price while other factors such as cost of production, price of other goods, level of technology, weather condition, government policies. (e.g taxation) are held constant. See FIG C4: Hence, movement occur along the supply curve: a downward movement (e k) signifies a decrease in quantity supplied (contraction of supply) while an upward movement (e m) signifies an increase in quantity supplied (extension of supply).
44. Change in Supply: An increase or decrease in the supply of a commodity or service as a result of changes in factors like cost of production, output level of the industry, level of technology, weather condition, government policy (e.g taxation) while its price is held constant. See FIG C5 Hence, the supply curves shift to a new position, a rightward shift (S2 S3) indicates an increase in supply.
45. Chart: A diagram, list of figures of sketch that is used for presenting data. e.g bar chart, pie chart, flow chart etc.
46. Cheque: A written instruction~~s~~ given by a current account holder to a bank to pay a certain amount of money to a named person on a specific date. See FIG C6
47. Choice: A concept in economics that is concerned with the decision of a consumer to use his resources to obtain some commodities and neglecting the others.
48. Circular Flow of Income: A chart that shows the movements of the earnings of households, firms and government in an economy.
    I. The circular flow of income: For a closed economy that is devoid of income financial institution is presented in. fig. C7.

II. The circular flow of income for an open economy that is characterized injections, government interference, foreign trade and financial institution is presented in fig C8.

49. Circulating Capital: A type of capital that is used to run the day-to-day activities of an organization. It is comprised of stock of raw materials, cash, overdrafts, loans funds raised through share issue, etc. Otherwise called working capital or current assets.

50. Class: One of the groups into which a large data is divided.
e.g 1,1,6,7,8,2,2,3,4,5,6,7,8,1,2,3,5,6,1,2,1,
2,4,11,12,11,11,11,15,19,12,18,18,11,19,20,11,9,10,2.
See FIG C9

51. Class Boundary: A value that stands between the end of a class and the beginning of another class. It is derived by adding up the upper class limit and the lower class limit of the next class divided by two.
See Fig. C9

52. Class Frequency : The number of times a class 'member' occurs in a data.See Fig C9

53. Classical Unemployment : Classical or real-wage unemployment occurs when real wages(minimum wage) for a job are set above the market clearing level, causing the number of job-seekers to exceed the number of vacancies.

54.

55. ~~Class~~Class–Interval: The difference between the lower limit and the upper limit a class. See. Fig. C9.

56.

57.

58. Class Limit: The number which begins and ends a class. e.g. class 1-5: 1 is the lower class limit while 5 is the upper class limit.

59.

60. Class Mark: The average of the lower limit and the upper limit of a class. e.g. For class 1-5,the class mark → $\frac{1+5}{2} = \frac{6}{2} = 3$

Otherwise known as midpoint.

61. Clearing House: A place where financial institutions settle the debt owed to one another.

62. Close Substitutes: Different goods that can serve similar purpose. They are usually different brands of a commodity. Otherwise referred to as competitive goods or perfect substitutes. See Fig B3.

63. Coefficient: see parameter

64. Coin: A metal piece with a definite amount issued as money by the central bank of a country.


FIG C 10a- A Two Naira Coin

65. Collateral Security: The property of a borrower which the lender holds hold against his failure to repay a loan.
66. Column: One of the vertical sections into which an arranged data is divided.


Fig 10b-Column (Calendar- Day view)
Monday has dates 4,11,18,25

67. Command Economy: see socialist economic system
68. Commercial Agriculture: The growing of food and rearing of animals with a motive of selling them.
69. Commercial Bank: A financial institution that accepts money and other valuables from its customers gives loans and overdrafts, discount commercial/trade bills, makes profits for its shareholders and renders other specialized services. Examples of commercial bank in Nigeria: Zenith Bank, Oceanic Bank, United Bank of Africa, etc.

70. Commercialization Bill: see bill of exchange.
71. Commercialization: The process by which public enterprises explore all-available avenues to make profits.
72. Commercial Rent: The technical term used to describe the reward of land in a production activity.
73. Commission: The earnings of an agent.
74. Commodity: An item that can satisfy human wants and be bought or sold at a price.
75. Common Market: A type of custom union which allows free nobility of labour and Capital among members e.g European Economic Community (EEC).
76. Common Wealth: An organization that comprise the United Kingdom (UK) and most of the countries that were formerly part of the British Empire.
77. Communism: An idealistic system whereby the means of production and distribution is owned by the community and all members partake in the work and reward.
78. Comparative Advantage: A theory propounded by David Richardo that encourages countries to specialize in goods and services that are cheaper to produce and exchange them for the more costly ones.
79. Company: A legal entity that is distinct from its owners and established to achieve specific goals. There are 2 kinds of companies (1) Limited Liability Company. See Joint Stock Company (2) Unlimited Liability Company. See Unlimited Company.
80. Company Tax: A levy that is charged on the earning of a company.
81. Competitive Demand: An inverse relationship among different goods that can serve similar purpose. A rise in the price of one leads to an increase in the demand for the other (other) and a fall in the price of one leads to a decrease in the demand for the others e.g Joy soap and Lux soap. See FIG C11,C12
82. Competitive Goods: see Close Substitutes
83. Competitive Market: See Perfect Market.

84. Competitive Supply: An inverse relationship among different goods that can be produced from the same source e.g with a given supply of cows, an increase in the quantity supplied of beef will lead to a decrease in the quantity supplied of cow milk and vice versa. Bread and cake is another example. See FIG C13, C14
85. Complementary Angle: Each of two angles whose sum equals $90^{o}$. See FIG C15
86. Complementary Goods: Different commodities that are combined to achieve a complete level of satisfaction e.g gas and gas cooker, vehicles and fuel, handsets, simcards and recharge cards etc.

87. Complementary Demand: A direct relationship among goods and services that are bought together to give consumers a complete level of satisfaction. A rise in the price of one leads to a fall in the demand for the other (others) and Vice Versa e.g gas and gas cooker other known as joint demand. See FIG C16,C17

88. Complementary Supply: A direct relationship between a commodity or service and other commodities that are by-products of its production. An increase in the quantity supplied of such commodity leads to increase in the quantity supplied of the by-products and vice versa. Eg.
    (a) Palm kernel and palm oil, brooms, palm wine etc.
    (b) Petrol and kerosene etc.
    (c) Beef and hides

Alternatively it is referred to as joint supply. See FIG C18,C19

89. Composite Demand: The quality of a commodity that can serve different purposes for various classes of consumers e.g palm oil is used for soap production by firms and cooking by households.

90. Composite Supply: The production of different goods or services which could be combined as competent of a single commodity e.g blocks, cements, iron, water, etc. for the building of a house.

91. Component Bar Chart: A kind of bar chart whereby each bar is used to capture the members of individual groups accordingly. The values in such data are at times expressed as a percentage of the total on a percentage components bar chart. See FIG C20,C21

92. Compound Interest: A kind of interest that is caculated as a percentage on the amount of money borrowed and its accumulated interest over a period of time. Its expressed as $CI = P(1+R)^n - P$
    Where P = Principal
    R = Rate of Interest
    n = Years

93. Computer: An electronic machine that processes, organizes and stores data.

94. Conglomerate Merger: See diversifying merger

95. Constant: A variable whose value does not change in an equation or model.

96. Constant Costs: see <u>constant returns to scale</u>

97. Constant Returns to Scale: A situation whereby total output expands by exactly the same proportion as the amount of additional inputs in a production activity. Otherwise called constant costs.

98. Constitution: A document which contain all the rules and regulations that governs the operation of an organization.

99. Construction Industry: A group of firms that produce vehicles, roads, bridges, building etc.

100. Consumer: A person or that buys and uses goods and services.

101. Consumer Behaviour: The attitude of consumers to various economic circumstances e. inflation, deflation, tax hike etc.
102. Consumer Cooperative: An arrangement whereby a group of consumers who pool their resources together to buy goods and services from the producer.
103. Consumer Durables: See consumer goods.
104. Consumer Equilibrium: A point at a consumer obtains maximum satisfaction from the consumption of goods and services. See Utility Maximization for further illustrations.
105. Consumer Goods: Commodities that are bought by a consumer to satisfy his personal wants. There are two categories of consumer goods.
    (a) Consumer Durables: Goods that can last for a relatively long time e.g Cars, Television, Chairs, Clothes, etc.
    (b) Consumer Non-durables: Goods that can be used up immediately e.g food items, toiletries etc.
106. Consumer Non-durables: See consumer goods
107. Consumer Price Index: The measurement of the changes in the price of goods and services bought by consumers over a period of time.
    Consumer price index: $\frac{\text{Current year price}}{\text{Base year price}} \times 100$
    The percentage change in the price could be obtained by
    $\frac{\text{Current year price} - \text{base year price}}{\text{Base year price}} \times 100\%$
    Note: The parallel line indicates that the negative sign of values should be ignored.
108. Consumer Theory: A set of principles and assumptions that explains the behaviour of indifferent situations.
109. Consumption (C): The act of making use of goods and services or the amount of money spent to buy them.
    C = Yd – S where C = Consumption
    Yd = Deposable Income
    S = Savings
110. Consumption Function: An equation which shows that consumption is influenced and determined factors such as income, level of interest rates, liquid assets, etc.
    C = f (Y, I, L)
    Where C = Consumption
    Y = Income
    I = Interest rate
    L = Liquid Assets
111. Consumption Tax: see expenditure tax.
112. Contra-band: Banned goods that find their way into and out of a country through illegal means.

113. Control Account: An account which contains all the entries of different separate accounts. This account could be used as a check or reference.
114. Controlling : the management and correction of performance to encure that biusiness objectives are accomplished.
115. Cooperative Society: A group of individuals who come together to promote their common interest and provide benefits for themselves.
116. Copyright: The legal right given to a person or firm to broad cast perform or publish a piece of work.
117. Correlation: The relationship between two or more variables or successive values of the same variable.
118. Cost: The amount of money used for the production of goods and services. In Economics the cost of a given commodity is the cost of the other commodity that is neglected (i.e alternative forgone).
119. Cost Benefit Analysis: The study of the relationship between the amounts of money invested on a project and its output.
120. Cost Curves: A graphical illustration of the relationship that exists among the various costs of production i.e marginal cost (MC) average variable cost (AVC), average cost (AC) and Average fixed cost (AFC). See FIG C22
121. Cost function: See Production Function
122. Cost of Living: The retail price of consumer goods in an economy. It is inversely related with the standard of living i.e the higher the cost of living the lower the standard of living and vice versa.
123. Cost of Living Index: See Retail Price Index.
124. Cost of Production: The amount of money used to obtain all the factors employed in a production activity.
125. Cost-Pus Production Inflation: A persistent rise in the prices of goods and services as a result of the increase in the cost of production.
126. Counter Trade: The exchange of goods and services for goods and services between two or more countries whereby money only serves as measure of value and not as medium of exchange.
127. Courier: A firm that carries packages and documents for its customers.
128. Creeping Inflation: A term to describe on inflation in which price rise slowly as result of the inability of supply keep place with expanding demand.
129. Credit: (i) A system of buying or selling goods and services for which payment is made later. (ii) A term used to describe money that is borrowed.
130. Credit and Thrift Cooperative: An organization whose members save their money together in order to lend any member who needs it. Otherwise called credit union.

131. Credit Card: A payment card (usually plastic) that assures a seller that the person using it has a satisfactory credit rating and that the issuer will see to it that the seller receives payment for the merchandise delivered.
132. Credit Creation: The process by which a commercial bank give out loan to a customer by opening a current account in his name to enable him make withdrawals by cheque. This process enhances the supply of money in the economy. Otherwise known as creation of money:
CC = D (1/RR) or D (1 / 1-LR)
Where CC = Credit Creation
RR = Reserve Ratio
D = Deposit
LR = Liquidity Ratio
133. Credit Note: A document issued by a supplier/seller to a customer/buyer to signify his acceptance of indebtedness for the value of goods returned by the customer/buyer.
134. Creditor: A person or firm that is owed money.
135. Credit Union: See Credit and Thrift Cooperative
136. Crossed Cheque: A cheque that can only be paid into the payer's current account. I cannot be the cashed on the counter of the bank.
137. Cross Elasticity of Demand: The degree of change in the demand for a commodity to changes in the price of another commodity. It's associated with competitive goods and complementary goods.
Cross Elasticity of Demand is represented as

$$\frac{\text{Percentage Change in Quaintly Demand of Commodity X}}{\text{Percentage Change in Quantity Demand of Commodity Y}}$$

Otherwise referred to as elasticity of substitution.
138. Cross Sectional Data: A type of data whose values are collected from selected units of a population.
139. Cumulative Frequency: The frequency of a class added to the sum of the frequencies of the proceeding classes.
140. Cumulative Frequency Curve: A line graph that is drawn by plotting the upper class limits of each class against their cumulative frequencies. Otherwise known as ogive.
141. Cumulative Preference Share: A kind of preference share whose dividend for a certain year in which no profits were made is carried over to the next year.
142. Currency: The system of money used in a country e.g Nigeria – Naira, Japan – Yen, Ghana – Cedi.
The currency of a country could under certain conditions as explained below-

- Currency Appreciation – A rise in a currency's market price due to market forces.Hence it buys more foreign exchange in the foreign exchange market ;
- Currency Depreciation – A fall in a currency's market price due to market forces. Hence it buys less foreign exchange in the foreign exchange market ;
- Currency Depreciation – A reduction in the value of a currency by government fiat decisions.
- Currency Revaluation – A deliberate increase in the value of a currency in relation to other foreign currency by government administrative decisions

143. Current Account: (i) A kind of account which is operated with the use of cheque and charged commission by the bank. (ii) An account that shows the payments for goods and services and transfer payments in international trade.
144. Current Asset: See circulating capital
145. Current Expenditure: Money spent to cater for the day to day needs of individuals, households or firms e.g payment for food items, water bills, security bills etc.
146. Current Liability: Unpaid expenses which were incurred in the course of running the day-to-day activities of an organization.
147. Curve: A bent or straight line that is drawn to join various points of identified relationship between two variables on a graph. See FIG C23
148. Customer: A person who buys goods and services from a firm
149. Custom Duty: A levy charged on goods that move into or out of a country. There are 2 types of custom duties (i) Import duty: See Import duty
(ii) Export Duty: See export duty
150. Cyclical Unemployment: This kind of unemployment varies with business cycle. It rises during recession and falls in economic boom. Also known as Keynesian unemployment.
151. Custom Union: An economic integration whereby members adopt a common trade policy with non-members and allow free trade among members.

# Dd

1. Damage: An occurrence that reduces the value of a commodity.
2. Data: Raw facts that are systematically collected and could be processed into a meaningful information. It could either be classified
   (i) according to the method of collection:
   (a) Cross sectional data: see cross sectional data
   (b) Time series data: See time series data
   (c) Panel Data: see Panel Data
   **or**
   (ii) according to the method of recording:
   (a) Grouped data: See Grouped data
   (b) Ungrouped Data: See ungrouped data

3. Death Duty: See estate duty
4. Death Rate: The number of deaths per thousand of a population in a year.
5. Dead Weight Loss: a term that is used to describe a deficiency caused by an inefficient allocation of resources. Taxation can create dead weight loss by making the market price of a commodity higher than the equilibrium price thereby preventing buyers from making purchases. Price ceilings (such as price control, rent control) can create dead weight loss by discouraging the volume of production and supply below market demand. Price floors (such as minimum wage, living wage laws) can create dead weight loss by causing employers to overpay some workers and preventing low-skilled workers from securing jobs.
6. Debenture: A long term loan with a fixed interest rate obtained by a limited company from the public through the issue of certificate.
7. Debit Card: A plastic card that provides an alternative payment method to cash when making purchases. It is an electronic cheque used to withdraw directly from one's bank account or the remaining balance on the card.
8. Debit Note: A document issued by a customer/buyer to a supplier/seller along with goods that are returned to indicate the indebtedness of the supplier/seller for the value of the returned goods .
9. Debt: An amount of money that is owed.
10. Debtor: A person or organization that owes money.
11. Debt Service: The payment of interest on a loan whose principal (the original amount borrowed) is yet to be paid.
12. Decilitre: A unit for measuring liquids: 10 decilitres make 1 litre.
13. Decimal: A fraction that is written with a point among figures. 0.2, 13.14, 2.15 e.t.c.
14. Decimetre: A unit of measuring length: 10 decimetre make 1 metre.

15. Declining Population: See ageing population
16. Decision Tree : a tree-like model of the sequence of condition and consequence of steps in a problem. Decision Trees are excellent tools for helping to choose between several courses of action. They provide a highly effective structure within which one can lay out options and investigate the possible outcomes of choosing those options. They also help to form a balanced picture of the risks and rewards associated with each possible course of action.
17. Decreasing Costs: See increasing returns to scale.
18. Decreasing Returns To Scale: A situation where total output expands by a smaller proportion than the amount of the additional inputs used in a production activity. Otherwise called increasing cost. See fig D~~0~~3
19. Deed of Partnership: A document which contains the powers, rights, privileges, limitations, profit sharing ratio etc of each partner.
20. Defacto Population Census: A kind of census whereby only those people that are physically present are counted.
21. Deferred Payment: The process of buying goods and services for which payment is made later.
22. Deficit Budget: See budget deficit.
23. Deficit Demand: A term used to describe a situation whereby the quantity of goods and services demanded by consumers is less than the quantity supplied to the market (excess supply).
24. Deficit Financing: A process whereby government funds its excess expenditure either by borrowing or the issue of bank notes.
25. Deficit Supply: A term used to describe a situation whereby the quantity of goods and services supplied to the market is less than the quantity demanded by consumers (excess demand).
26. Deflation: A persistent fall in the prices of goods and services coupled with the inability of aggregate demand to meet up with the aggregate supply.
27. Deflationary Gap: The amount by which planned aggregate output exceeds planned aggregate demand at full employment.
28. D~~d~~elegated Authority: The assigning of some of the work of a superior officer to his subordinates.
29. Dejure Population Census: A kind of census whereby persons that are regular residents of a place are counted whether or not they are present.
30. Demand: The amount of goods and services that a consumer is willing and able to buy at a given price over a period of time.
31. Demand Curve: A line that traces the relationship between the quantity demanded of a commodity at different prices on a graph. It slopes downwards from left to right to show the increase in quantity demanded as price falls. See FIG D1

32. Demand for Money: The desire to hold money by individuals. John Keynes developed a theory which assumes 3 motives for holding money.
    (i) Speculative Motive: The desire to hold money in order to buy securities when prices are low and resell them when prices are high for profit making.
    (ii) Precautionary Motive: The desire to hold to cater for unexpected occurrences e.g illness, natural disasters, entertainment of unexpected visitors etc.
    (iii) Transactionary Motive: The desire to hold money to buy goods and services e.g food, clothes, transportation etc. Alternatively, it is referred to as liquidity preference theory.
33. Demand Function: An equation which shows that the quantity demanded of a given commodity is influenced and determined by factors such as its price, prices of other commodities, government policy (e.g taxation), population, consumer's incomes and tastes:
    Dm = f (Pm, Po, Y, T, P, G)
    Where Dm = demand for Commodity M,
    Pm = Prices of commodity M
    Y = Consumer's Incomes
    T = Consumer's tastes
    P = Population
    G = Government Policy (e.g. taxation).

34. Demand Schedule: A table that shows various quantities demanded of a commodity as its price changes. See FIG D2
35. Demand Pull Inflation: A persistent rise in the prices of goods and services as a result of an increase in their demand.
36. Demography: The study of changes in the number of birth, deaths, sex and other features of a given population over a period.
37. Demographic Transition Theory: A theory that was formulated by Warren Thompson to explain the steady decline in population. He divided population cycle into three stages;
    I. The Pre-industrial Stage: The stage where birth rate and death rate as high.
    II. The transitional Stage: The stage where birth rate fell steadily and death rate fell to a very low level.
    III. The post transitional Stage: The Stage where birth rate and death rate fell to a very low level.

38. Department Store: A form of retail business that has different sections where different goods and services are sold in the same building.

39. Dependent Population: A fraction of the population that is comprised of the young and old ones who relies on the labour force for a living.
40. Dependent Variable: A Variable whose value or response is determined or influenced by the behaviour of another variable(independent variable) in an equation or model e.g TR = F (Q, P)
Where TR = Total Revenue
Q = Quantity of output
P = Price
This statement implies that the value of Total Revenue is dependent on the quantity of output and price.
41. Depreciation: See capital consumption
42. Deregulation: The process by which the monopoly enjoyed by certain firms are removed and new firms are allowed to enter the industry in order to improve the quality, increase the supply and reduce the prices of goods and services.
43. Derived Demand: The demand that is caused by the demand for other products. It is usually associated with the demand for factors of production which is caused by the demand for goods and services.
44. Dutch Mark: The type of money used in Germany.
45. Devaluation: The deliberate reduction of the worth of a country currency in relation to another currency or gold in order to achieve specific economics objectives.
46. Developing Economy: An economy that is yet to attain full employment, high level of economic activity and high level of technology. Otherwise known as under-developed economy.
47. Development Bank: A financial institution that is established to facilitate the improvement and expansion of a particular sector of the economy e.g In Nigeria, Nigerian Agricultural Research and Development Bank, Federal Mortgage Bank, etc.
48. Development Economics: A branch of economics that studies policies and practices that can be implemented to achieve rapid improvements in the standard of living and economic growth in an economy.
49. Development Plan: A deliberate attempt to initiate , monitor and regulate certain economic programmes according to established priorities in an attempt to achieve specific objectives within a stipulated time.
50. Diminishing Marginal Utility: A situation in which total utility at first increases as a result of consuming extra units of a commodity and then gradually decreases. See FIG D3
51. Diminishing Marginal Returns: A situation in which total product at first increases as a result of adding extra units of variable inputs and then gradually decreases. Otherwise known as law of variable proportion. See FIG D4

52. Dinar: The type of money used in Bahrain, Bosnia, Tunisia & Yugoslavia
53. Direct Cost: See variable cost
54. Direct Investment: The use of a firm's resources to establish other firms in foreign countries.
55. Direct Tax: A kind of tax whose burden is fully borne by the payer e.g estate duty, personal income tax, capital gains tax and stamp duty.
56. Direct Production: The process of making goods and services on a small scale in other to satisfy the producer's immediate wants.
57. Direct Relationship: The way two (or more) variables behave towards one another whereby an increase in one leads to an increase in the other (or others). Otherwise called positive correlation. See FIG D5
58. Dirham: The kind of money used in Morocco and United Arab Emirate.
59. Discount: (i) The reduction in the prices of goods and services to encourage the customers to buy more (ii) A kind of issue in which shares are sold below their nominal value.
60. Discount House: A financial institution that gather funds from organizations through the issue of shares and channel them go organizations in need of them.
61. Discriminating Monopoly: A situation whereby the single producer of a commodity or service sells at different prices to different classes of consumers.
62. Diseconomies of Scale: The combination of increased costs and other disadvantages a firm experiences as a result of its expansion, production techniques and relationships with other firms. There are 2 types of diseconomies of scale :
    (i) External Diseconomies: See External diseconomies
    (ii) Internal diseconomies: See internal diseconomies
63. Disequilibrium: A state of inequality between two observations that ought to be equal.
64. Dishououred Cheque: See bounced cheque
65. Disinflation: A decrease or slowdown in the rate of inflation per unit of time.
66. Disposable Income (y): The amount that is available for spending after the deduction of tax.
    $Yd = Y - T$
    Where Yd = Disposable Income
    Y = Original income
    T = Income Tax

67. Distributed Logged Model: The use of lagged values of an independent variables to explain its distributed influence on the dependent variables over a period

$Ct = a + bYd_t + bYd_{t-1} + bYd_{t-2} \ldots\ldots\ldots\ldots bYd_{tn}$

Where t = time / year

a = Autonomous consumption

b = Marginal propensity to consumer

Y = Disposable Income for year t

C = Consumption for year t

68. Distribution: A series of activities concerned with moving goods and services from the place of production to the place of final consumption e.g warehousing, packaging, bulk breaking, transportation etc.
69. Disturbance Term: A variable which is used to capture or represent factors that can not be adequately accounted for in an econometric model. Otherwise known as error term or stochastic term.
70. Divestment: See privatization
71. Diversifying Merger: An integration of firms whose products are out rightly unrelated e.g a textile company and a bakery.
72. Dividend: The reward for investing in shares.
73. Division of Labour: The breaking up of a production process into separate operations which is performed by different group of workers.
74. Dollar ($): The kind of money used in the United States of America, Canada, Australia, Hongkong, New Zealand, Singapore, Taiwan Zimbabwe and some other countries.


**FIG D7 - a US DOLLAR**

75. Domestic Debt: The amount of money owed to persons, organizations, or governments within a country. Alternatively, it is referred to as internal debt.
76. Domestic Trade: The exchange or buying and selling of goods and services within a country. Otherwise known as home trade or internal trade.
77. Dormant Partner: A person who only contributes capital but does not participate in the day-to-day activities of the organization. Otherwise known as sleeping partner.

78. Double Coincidence of Wants: A term that is used to describe the interaction of two persons whereby each of them is in need of what the other has to offer in the trade by barter system.
79. Double Counting: The unnecessary inclusion of a variable for more than once during data processing which normally leads to inaccuracy of data results.
80. Drachma: The kind of money used in Greece.
81. Drawee: A bank where a cheque is presented and cashed.
82. Drawer: The current account holder who writes a cheque.
83. Dummy Variable: A specially constructed parameter that can take on two or more distinct values to capture certain qualitative and quantitative effects in a model: $Y_t = \beta_1 + \beta x_t + e_t$

    Where $Y_t$ = output

    $x_t$ = a dummy variable to represent labour input and it could either be 0 or 1

    $x_t$ = 0(zero) when labour is comprised of professionals

    $x_t$ = 1 (one) when labour is comprised is of amateurs.

    $e_t$ = Error term

    $_t$ = Period/Time
84. Dumping: The selling of goods abroad below their prices in the home market and cost of production.
85. Duopoly: A market situation whereby only two firms determine the price and quantity supplied of a commodity. A duopolist considers the action of its rival and reactions of consumers in making decision.
86. Duopsony: A market in which there are only two buyers of the product of an industry. Duopsonists are capable of determining the market price and quantity of the product.
87. Durable Goods: See consumer goods.

# Ee

1. e-banking : Electronic banking is also known as online banking or internet banking. It is an innovation that allows customers to conduct financial transactions (such as fund transfer, payment of bills, applying for loan,etc) on a secure website operated by their banks or financial institutions. ~~retail or virtual bank, credit union or building society~~..
2. e-payment: Electronic payment: also known as electronic funds transfer. It's a system of payment that does not involve physical cash. It is the use of computer based systems to perform financial transactions.
3. Earning: see income
4. Econometrics: The combination of economics, mathematics, statistics and computer science to provide numerical values for economic relationships and verify economic theories.
5. Economic Commission for Africa (ECA): An organ of the United Nations (UN) established in 1958 to promote social, technological, economic and manpower development in Africa with its headquarters in Addis Ababa, Ethopia.
6. Economic Community of West Africa States (ECOWAS): An institution established in 1975 to promote cooperation, progress and development of the economics of the West Africa States. Its member states are:

| | | | |
|---|---|---|---|
| Benin | Liberia | Cape Verde | Gambia |
| Burkina F~~f~~aso | Mali | Cote d'ivore | Ghana |
| Guinea | Mauritania | Nigeria | Senegal |
| Guinea Bissau | Niger | Sierra leone | Togo |

Its headquarters is in Abuja, Nigeria.

7. Economics Cycle: A chain of occurrences that is peculiar to an economy over a period such as period of boom (full employment) and depression (high unemployment).
8. Economics Development: The positive transformation of production techniques and the socio-political structures of an economy.
9. Economics Goods: A quality of goods and services in that they yield utility and command prices.
10. Economics Growth: An increase or expansion in the volume of production in an economy.
11. Economic Integration: A merger of the economic policies of different countries e.g ECOWAS, EFFA, etc.
12. Economic Policy: A plan of action that regulates and monitors an economic policy in order to achieve the desired objectives within a given time.

13. Economics Problem: The difficulty encountered when making decisions on what, how and for whom to produce. These issues could be addressed with the use of economic principles, laws and theories.
14. Economic Rent: A payment that is above what is necessary to keep a factor employed in its present production activity.
15. Economic System: The pattern for making decision on allocation of resources, production and distribution of goods services in an economy. There are 3 popular economic system that are practiced most countries.
    (i) Capitalist economic system: see capitalist economic system
    (ii) Socialist economic system: see socialist economic system
    (iii) Mixed economic system: see mixed economic system

16. Economic Sector : The division of the economy
    (i) either according to production activities i.e
    (a) primary sector: see primary production
    (b) secondary sector :see secondary production
    (c) tertiary sector : see tertiary production
    II. OR according to means of business ownership
    (a) private sector : see private sector
    (b) public sector : see public sector

17. Economics Theory: A set of principles and assumptions formulated to explain the characteristics, relationships, interactions, effects and influence of economic variables.
18. Economic Union: A kind of economic integration whereby all members states remove all trade restriction among themselves, harmonize their different economic and financial policies, adopt a common currency and establish a common trade restriction against non-members.
19. Economics: (i) Professor Lord Lionel Robbins (1952) defined Economics as a science which studies human behaviour as a relationship between end and scarce means which have alternative uses".
    (ii) Professor Aluko (1999) defined Economics as "the application of household rules to ordinary everyday living".
    (iii) Adams Smith (1776) defined Economics as "an inquiry into the nature and causes of wealth of Nations".
20. Economies of Scale: The benefits a firm enjoys as a result of its expansion, production techniques and relationships with other firms. There are 2 types of economics of scale.
    (iii) Internal Economics of Scale: See Internal Economics
    (iv) External Economics of Scale: See External Economics
21. Economy: The organized interaction of production, distribution, money supply and trade in a country.

22. Efficiency of Labour: The quality of the output of a production in which labour is an input.
23. Elastic Demand: A situation whereby a certain change in the price of a commodity leads to a greater change in the quantity demanded. The numerical value of elasticity is greater than one (Ed>1) and less than infinity (Ed<00). Otherwise known as fairly elastic demand. See FIG E1
24. Elasticity of Demand: The degree of responsiveness of the demand for a commodity to changes in its price, prices of other goods and income of the consumer. There are 3 types of elasticity.
    (i) Price elasticity of demand: see price elasticity of demand
    (ii) Cross elasticity of demand: see cross elasticity of demand
    (iii) Income elasticity of demand: see income elasticity of demand
25. Elasticity of Substitution: see cross elasticity of demand
26. Elasticity of Supply: The degree of responsiveness of the supply of a commodity to a change in its price. Otherwise known as price elasticity of supply.

    $$\text{Price elasticity of supply} = \frac{\text{percentage change in quantity supplied}}{\text{Percentage change in price}}$$

27. Elastic Supply: A situation whereby a certain change in the price of a commodity leads to a greater direct change in the quantity supplied. The numerical value of elasticity is greater than one (Es >1) and less than infinity (Es < 00). Otherwise known as fairly elastic supply. See FIG E2
28. Emigration: The movement of people out of a country.
29. Employee: Someone that is paid to work for another person or firm. Otherwise known as labour.
30. Employer: A person or a firm that recruits and pays people to work for him.
31. Employment: A situation whereby jobs are available for those who are willing, able and legally permitted to work.
32. Endogenous Variable: A variable that is determined within the economy and could be manipulated to achieve desired results in a model e.g tax subsidy, expenditure, exchange rate, e.tc.
33. Engel Curve: A curve developed by Ernest Engel (1821-1986) from the income consumption curve to show the points of relationships between the quantity consumed of a commodity and the income of the consumer. See FIG E3
34. Entrepreneur: A person who uses his resources to employ factors and combine them in different quantities for a production activity.
35. Entertainment Tax: An indirect tax that is paid by people who attend theatres, shows, exhibitions.
36. Equation (=): A sign which indicate that the variables in both sides have a similar values e.g

TR = P x Q
Where TR = Total Revenue
P = Price
Q = Quantity of Output

37. Equilibrium: A state of equality between two observation: see point e in FIG E4 ~~(e) in fig E4~~
38. Equilibrium of the Consumer: See Utility Maximization
39. Equilibrium of the Firm: A point at which the firm is either ensuring maximum profits or minimizing losses. The two conditions for the equilibrium of the firm are (i) MC=MR & (ii) MC curve must cut MR from below. See optimal input combination
40. Equilibrium Price: The price at which demand equals supply see (Pe) in fig. E4
41. Equilibrium Quantity: The quantity at which demand equals supply. see (qe) in fig. E4
42. Equilibrium Share: A type of share whose holders are owners of the business otherwise known as ordinary share.
43. Error Term: see disturbance term.
44. Escudo: The kind of money used in Portugal
45. Estate Duty: A levy that is charged on the asset of a deceased person if its value is above the specified amount. Otherwise known as death duty, inheritance tax or capital transfer tax.
46. Euro: The type of money used by some countries of the European union.
47. European Economic Commodity (EEC): A common market established in 1957 by six European Countries; France, West Germany, Northern lands Italy, Luxembourg, Belgium, to eliminate trade barriers among themselves, adopt a common external tariff against non members and allow free mobility of labour and capital among members. Britain Denmark and Ireland joined in 1973.
48. European Free Trade Area (EFTA): An organization established in 1959 to abolish trade restrictions among members and allow independent trade policies with non members. It is comprised of Finland, Austria, Switzerland, United Kingdom, Denmark, Iceland, Portugal, Sweden, Norway.
49. Exceptional Demand: See abnormal demand
50. Exceptional Supply: See abnormal supply
51. Excess Demand: A situation whereby the quantity of goods and services demanded by consumer is greater than the quantity supplied to the market See (m) in fig. E4.
52. Excess Supply: A situation whereby the quantity of goods and services supplied to the market is greater than the quantity demanded by consumers See (r) in Fig. E4.
53. Exchange Rate: See foreign exchange rate

54. Excise Duty: A levy charged on goods and services that are produced within a country.

55. Exogenous Variable: A variable that is given from outside the economy in a model e.g weather, natural disaster, foreign grants and aids etc.

56. Expenditure: The amount of money spent to buy goods and services. Alternatively, it is called expenses. There are 2 types of expenditure

(i) Private Expenditure: The amount of money spent by a household or firm to obtain goods and services. There are 2 types of private expenditure (a) Capital Expenditure: see capital expenditure
(b) Current Expenditure: see current expenditure

(ii) Public Expenditure: The amount of money spent by a government to carry out its activities. It is otherwise referred to as government expenditure. There are two types of public expenditure :
(a) Capital Expenditure: see capital expenditure
(b) Recurrent Expenditure: See recurrent expenditure

57. Expenditure Method: A method for measuring the national income by adding up the total amount of money spent on consumption and investment purposes during a year.

$Y = C+I+G + (x-m)$ (Open economy) or

$Y = \lceil 1/(1-mpc) + (1/mpi) \rfloor \times \Delta I$

$Y = C + I + G$ (Closed economy)

Where C = Consumption
I = Investment Expenditure
G = Government Expenditure
X = export
m = Import
Y = Income
mpc = marginal propensity to consume
mpi = marginal propensity to import

58. Expenditure Tax: A kind of tax whose burden can be shifted from the initial payer to the buyers of goods and services. There are various types of expenditure tax.

(i) Custom Duty: see custom duty
(ii) Excise Duty: see excise duty
(iii) Sales Tax: see sales tax
(iv) Entertainment Tax: see entertainment tax
(v) Purchase Tax: see purchase tax etc.

Expenditure tax is otherwise referred to as indirect tax. It is often charged on two basis.

(i) Advalorem Tax: see advalorem tax
(ii) Value added tax: see value added tax

59. Expenses: see expenses
60. Explanatory Variable: A variable that can influence or determine the response or value of another variable in a function or model.
    C = bo + biY
    Where C = consumption
        bo = autonomous consumption
        bi = marginal propensity to consume (mpc)
        Y = income
    bo, bi, Y are explanatory variables. Otherwise referred to as independent variable.
61. Explicit Cost: see accountant's cost
62. Export: Commodities or services that are taken to another country for sale or exchange.
63. Export Drive: A term used to describe a set of activities, policies and plans that are carried out to encourage and promote the production of goods and services for sale or exchange in another country.
64. Export Duty: A levy charged on goods and services that are taken to another country.
65. External Diseconomies: The increased costs and other disadvantages that a firm experiences during expansion as a result of its relationship with other firms and the level of socio-economic development.
66. External Economics: The reduced costs and other benefits a firm experiences during expansion as a result of its relationship with others firms and the level of socio economic development.
67. External Debt: The amount of money owed, to person, organizations or government of other countries that is repayable in foreign currency or by goods and services. Otherwise known as foreign debt.
68. External Trade: The exchange or buying and selling of goods and services between two or more countries. Otherwise known as foreign trade or international trade.

## Ff

1. Factor: (i) A kind of agent that has the right to sell in his own name the products of another person (principal). (ii) see factors of production
2. Factor efficiency: The quality of the output of a production process as a result of the impact of a certain factor (input) used.
3. Factor income: see reward
4. Factor market: The interaction between the buyers and sellers of factors of production (i.e land, labour and capital).
5. Factors of production: The inputs that are combined to carry out production activities. These inputs are land, labour and capital Otherwise known as business resources or production inputs.
6. Factory: A place where goods and services are produced. Otherwise known as firm or workplace.
7. Fairly Elastic Demand: see elastic demand
8. Fairly Elastic Supply: see elastic supply
9. Fairly Inelastic Demand: see inelastic demand
10. fairly Inelastic Supply: see inelastic supply
11. Favourable Balance of Payment: see balance of payment surplus.
12. Favourable Balance of Trade: A situation where a country's total visible exports exceeds its total visible imports.
13. Favourable Terms of Trade: A situation whereby the price at which a country's exports exchange for her imports is higher.
14. Fee: The amount of money paid to obtain a professional service.
15. Feudal Economic System: A primitive system whereby the land owners (feudal lords) controlled the means of production and distribution while the labourers (serfs) worked for them. ~~**Fiat money** is money that has value only because of government regulation or law. The term derives from the Latin ***fiat***, meaning "let it be done", as such money is established by government decree. Where **fiat** money is used as currency, the term **fiat currency** is used~~
16. Fiat money:The term fiat is of latin origin meaning 'let it be done'. Fiat money is money that has value only because of government regulation or law. Its value as a commodity is less its face value (as money)
17. Fiduciary Issue: A currency issue that was carried out by the Bank of England in the 19th century which was not backed by gold.
18. Finance: A network of activities concerned with the raising and spending of money.
19. Financial Institution: An organization that manages the movement of money according to established regulations.
20. Financial Policy: A plan of actions or guidelines that regulates the raising and spending of money to achieve desired objectives within a given time.
21. Fine: A pecuniary penalty, compensation or forfeiture that is paid for breaking a rule or law.
22. Firms: See factory

23. Fiscal Policy: A set of tools used by the government to influence the regulate certain economic activities e.g taxation, subsidy, budget, etc.
24. Fixed Assets: see capital goods See FIG F1
25. Fixed Capital: The monetary value of capital/fixed assets.
26. Fixed Cost (FC): The amount of money spent to employ factors that does not change with output level in a production process e.g the rent paid on land, interest paid on capital, salaries paid to permanent workers, prices or plants and machinery etc.
    FC = TC where TC = Total cost
    VC = Variable Cost

Otherwise known as indirect cost or total fixed cost.

27. Fixed Deposit: A kind of account in which money is lodged and withdrawn after a specific time otherwise known as time deposit.
28. Fixed Exchange Rate: see gold standard.
29. Fixed Factor: A production resource whose size does not change with the level of output in the short run.
30. Flexible Exchange Rate: A system whereby the amount at which a currency is traded for another is measured or determined by its demand and supply.
31. Foreign Exchange Control: A number of instruments used by government to monitor and restrict the buying and selling of its currency.
32. Foreign Exchange Rate: The Measurement of the worth of a currency in relation to another. There are 2 types of foreign exchange rate:
    (i) Flexible exchange rate: see flexible exchange rate
    (ii) Gold standard: see gold standard

Usually referred to as exchange rate.

33. Foreign Exchange Market: The interaction of the buyers and sellers of currencies.
34. Foreign Debt: see external debt
35. Foreign Trade: see external trade
36. Forestry : The practical application of economic, scientific and social principles of planting and management of a huge number of trees in a large area
37. Forint: The kind of money used in Hungary.
38. Form Utility: The ability of a commodity to give satisfaction as a result of the transformation it acquired during production.
39. Forward Vertical Integration: The merging of two firms whereby one of them is involved in the next stage of production of the other e.g a textile firm and a cloth designing firm.
40. Franc: The type of money used in France, Belgium, Luxembourg, Switzerland and some other countries.

41. Franchise: The legal right given to a firm to produce, distribute, package or market a commodity or service.
42. Free Economy: see Capital economic system
43. Free Trade: A situation in which there is no barrier as regards quantities, levies or otherwise in the buying and selling of exchange of goods and services between two or more countries.
44. Free Trade Area: An economic integration whereby a group of countries remove all trade barriers among themselves and pursue separate trade policies with other countries.
45. Frequency Curve: A line that traces the points of interaction between classmarks (midpoints) and their corresponding frequencies on a histogram See FIG F2.
46. Frequency Distribution: A set of values that occur for a given number of times.
47. Frequency Table: A kind of table for presenting values against the number of times they occur in a data.
48. Frequency Polygon: The line graph of a frequency distribution.
49. Frictional Unemployment: The temporary inability to find another job experience by a worker who leaves his job. Also known as voluntary unemployment
50. Full Employment: A situation in which jobs are available for majority of the people who are willing, able and legally permitted to work in country.
51. Function: A table, graph or an equation which shows that the value of one of its variable is determined and influenced by the others.

# Gg

1. Gains: The benefits obtained or profits made by a firm from its activities for a period.
2. Galloping Inflation: A speedy rise in the prices of goods and services within a short period. Otherwise known as hyper inflation or run-away inflation.
3. General Agreement on Tariffs and Trade (GATT): An institution established in 1947 to secure the reduction of import duties and eliminate quantitative restrictions in international trade. It has been replaced by World Trade Organization (WTO).
4. Geographical Distribution of Population: The classification of a population according to its settlements in different parts of a place, region or country e.g North, South, E~~T~~ast, West, South South , North Central, North East etc.
5. Geographical Mobility of Labour: The ability of a worker to move around different parts of a country either to pursue the same occupation or another.
6. Geometric Progression: The consecutive arrangement of numbers that are multiplied or divided by a constant e.g 2,4,8,16,32,64,128,256……...
7. Giffen Goods: Commodities whose demand falls as income rises and vice versa e.g. when income rises, a consumer would prefer to buy butter instead of the usual margarine. This exceptional demand was named after Sir Robert Giffen who made the discovery. Otherwise knows as inferior goods. See fig A1.
8. Gold Standard: A system by which the value of a currency is measured and fixed in terms of gold. Otherwise known as fixed exchange rate.
9. Goods: Commodities that can satisfy human wants and be bought or sold at a given price.
10. Goodwill: The reputation a company earns for having a cordial relationship with its customers and the general public over time.
11. Government Debts: See National debts
12. Government Expenditure: see expenditure
13. Government Revenue: see Revenue
14. Gradient: See slope
15. Grants: The money given to a person or an organization to finance a certain project.
16. Gratuity: A lump sum of money that is paid at once to the retired workers of an organization.
17. Graph: A diagram that is constructed to show the various relationships that exists between two or more variables. There are 4 types of graph.
    (i) Line graph: See line graph
    (ii) Bar graph: see bar graph

(iii) Pictograph: see pictogram
(iv) Pie graph: see pie chart

18. Gross Domestic Product (GDP): The monetary value of all the goods and services produced within a country.
19. Gross Loss: The excess of the total cost (TC) over the total revenue (TR) of a population activity before the inclusion of tax costs.
20. Gross National Product (GNP): The monetary value of all the goods and services produced in a country plus the net income from investment abroad: GNP = GDP + NIA

Where GNP = Gross National Product
GDP = Gross Domestic Product
NIA = Net Income from Abroad

Alternatively, it is referred to as gross national income (GNI) or National Income (NI). The Normal GNP is usually valued at the current market price while the REAL GNP is usually valued at prices prevailing in previous years or base year.

$$\text{REAL GNP}_t = \frac{\text{Nominal GNP of year}_t}{\text{Price Index of year}_t} \chi\ 100$$

$$\text{Per Capita REAL GNP} = \frac{\text{REAL GNP}_t}{\text{Population}_t}$$

21. Gross Profit: The excess of the total revenue (TR) over the total cost (TC) of a production activity before the deduction of tax.
22. Grouped Data: A kind of data in which ~~the~~ the ~~-~~b~~e~~a~~h~~a~~e~~vio~~u~~u~~r of closely related variables (or values) are recorded together.
23. Guarani: The kind of money used in Paraguay.
24. Guilder: The kind of money used in Netherlands.

## Hh

1. Haggling: The argument between buyers and sellers in order to reach a consensus on the selling price and quantity of goods and services.
2. Hire Purchase: A kind of sale whereby the ownership of goods and services is transferred to the buyer after the required regular payments have been completed.
3. Histogram: A type of bar chart whose bars are constructed such that there is no space between them. See FIG H1
4. Hoarding: The storing away of goods and services from the market in order to create artificial scarcity and hike up their prices.
5. Holding Company: A firm that uses its capital to acquire controlling shares in other firms e.g UAC of Nigeria.
6. Home Made Goods: see Domestic goods
7. Home Trade: see Domestic trade
8. Homogenous goods: similar goods
9. Horizontal Equity: The quality/characteristics of a tax system whereby the same amount is charged on payers with similar income sizes.
10. Horizontal Merger: An integration of different firms that are engaged in the same stage of production of a commodity or service e.g the merger of 3 bakeries.
11. Household: A term in Economics used to to describe an individual who buys goods & services to satisfy his needs and engage in production activities to earn a living.
12. Hyper Inflation: see galloping inflation.

# Ii

1. Immigration: The movement of people into a country.
2. Imperfect Market: A kind of market with the following features:
   i. Few buyers and sellers
   ii. No freedom of entry and exit of firms
   iii. Individual firms dictate the price and quantity supplied of their products.
   iv. Differentiated products
   v. Preferential treatment for some customers e.t.c

Example of imperfect market: duopoly, duopsony, oligopoly, monopoly, monopolistic, monopsony etc otherwise known as imperfect competition.

3. Implicit Cost: A technical term used when referring to the price of the other project into which a given resource could have been invested instead of the chosen one. Otherwise known as opportunity cost, imputed cost, implied cost ,….
4. Import: Commodities or services that are brought into a country for sale or exchange.
5. Import Duty: A levy charged on goods and services that are brought into country. Otherwise known as tariff.
6. Imprest: A sum of money entrusted with an employee to meet expenditures that are peculiar to his task for given period.
7. Incentive: A strategy employed to encourage the implementation, success and continuity of a policy.
8. Incidence of Tax: The impact of a tax on the payer and the resultant effects on the economy.
9. Income: The amount of money earned by factors of production, households, firms from their respective economic activities.
10. Income Consumption Curve (ICC): A locus of points showing the relationship between equilibrum quantity purchased of a commodity and the consumers' income level. See FIG I1
11. Income Elasticity of Demand: The degree of responsiveness of demand to changes in consumers' income.

$$\text{Income elasticity of demand} = \frac{\text{percentage change in quantity demanded}}{\text{Percentage change in income}}$$

12. Income Injections: Factors that increase the earnings of households, firms and the government in an economy for a period e.g government expenditure loans overdraft, receipts, from export, grants, aids, etc.
13. Income Leakages: Factors that reduce the earnings of households, firms and the government in an economy of a period of time e.g taxes, savings, payment for imports, debts service etc.

14. Income Method: A method of measuring National Income (Y) by calculating the earnings of all the factors of production, firms, households, and the government for a given period.

Y = W+P+I+R( closed economy )

Y = W+P+I+R+N-T (open economy )

Where W = wages and salaries

P = profits on firms

I = interest on capital

R = rent on land

N = Net income from abroad

T = transfer payments

15. Income Tax: A levy that is charged on the earnings of households and firms. There are two forms of income tax.

(i) Personal Income Tax: see Personal Income Tax

(ii) Company tax: see Company tax

16. Increasing Cost: see decreasing returns to trade

17. Increasing Returns to Scale: A situation where total output rises by a larger proportion than the amount of additional inputs employed in a production activity. Otherwise known as decreasing costs. See fig 03

18. Independent Population: A fraction of the population that is comprised of the working population (labour force)

19. Independent Variable: see explanatory variables

20. Indifference Curve: A line that traces the various combinations of two commodities that could yield equal utility to the consumer. it has a negative slope; it does not touch either axis ; it is convex to the origin. See FIG I2

21. Indifference Map: A diagram of different indifference curves that is used to illustrate utility. They do not intersect; a higher indifference curve means a higher level of satisfaction. See FIG I3

22. Indifference Schedule: A table that shows different combinations of two commodities that could give a consumer a certain amount of utility. Indigenisation Policy: A plan directed at increasing the participation of the citizens of a country in the ownership, control and management of the economy. See FIG I4

23. Indirect Tax: see expenditure

24. Indirect Production: The creation of goods and services for the purpose of selling them to earn income.

25. Indirect tax: see expenditure tax.

26. Industrialisation: The establishment of different industries in order to increase the volume of production, level of technology, level of economic development and enhance full employment.

27. Industry: A group of firms involved in the production of similar goods.

28. Inelastic Demand: A situation whereby a given change in price leads to a lesser inverse change in the quantity demanded of a commodity . The numerical value of elasticity is less than one i.e Ed< 1. Otherwise called fairly inelastic demand. See FIG I5
29. Inelastic Supply: A situation where a given change in price leads to lesser direct change in the quantity supplied of commodity. The numerical value of elasticity is less than one i.e ES < 1. Otherwise known as fairly inelastic supply. See FIG I6
30. Infant Industry: A number of newly established firms. In some economies they enjoy tax holidays, tarrif protection among others to enhance their efficiency, growth and ability to withstand local and foreign competition.
31. Infant Mortality Rate: A component of death rate which measures the deaths of children (before the age of one) per thousand.
32. Inferior Goods: See giffen goods
33. Infinite Elasticity of Demand: An idealistic in which consumers will buy all the goods supplied to the market at given price level and nothing when there's a slight increase in price level. The numerical value of elasticity is infinity i.e ed=00. Otherwise known as perfectly elastic demand. See FIG I7
34. Infinite Elasticity of Supply: An idealistic situation in which suppliers will supply as much as possible to the market at a given price and nothing when there is a slight fall in price. The numerical value of elasticity is infinite i.e Es=00. Otherwise called perfectly elastic supply. See FIG I8
35. Inflation: A persistent rise in the price of goods and services coupled with a fall in the value of money and the inability of aggregate supply to meet up with aggregate demand.
36. Inflationary Gap: The amount by which aggregate demand exceeds aggregate supply at full employment level of income.
37. Information: The end result of data processing that is presented in a meaningful way for decision making.
38. Infrastructure: Basic services and structure that are needed by household, firms and the government e.g roads, hospital, communication network etc.
39. Inputs: see factors of production.
40. Insurance: A contract in which one party undertakes to compensate another party in the event of a specific incident provided its terms and conditions are fully met.

41. Intercept: (i) The points at which the curve cuts the axis of a graph.

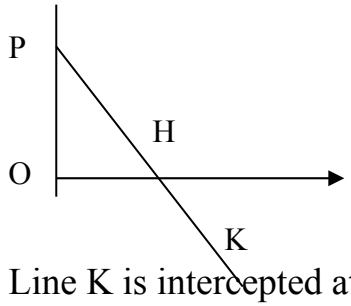



Fig. 1.9. Intercept

Line K is intercepted at points P and H.

42. Interest: (i) The amount of money paid to capital as a factor of production. (ii) The amount of money that is charged on a loan.
43. Interest Rate: A percentage measurement by which an amount of money is charged for a loan.
44. Intermediate Goods: Commodities that has been processed but not up to the final stage. Otherwise known as unfinished goods.
45. Internal Debt: See domestic debt.
46. Internal Diseconomies: The increased cost and other disadvantages that a firm experiences during expansion as a result of its operations and production techniques.
47. Internal Economies: The reduced cost and other benefits that a firm experiences during expansion as a result of its operation and production techniques.
48. Internal Rate of Return (IRR): A percentage measurement by which the present value of cash inflows equals that of the cash outflows of a project. $IRR = r_1 + \frac{[NPV + (r_2 - r_1)]}{NPV_1 - NPV_2}$

    Where $NPV_1$ = Net present value at a lower discount rate
    $NPV_2$ = Net present value at a higher discount rate
    $r_1$ = lower discount rate
    $r_2$ = higher discount rate

49. Internal Trade: see domestic trade
50. International Bank of Reconstruction and Development (IBRD): An organ of the United Nations (UN) established in 1944 to provide development funds in form of loans and technical assistance to developing nations at low interest rates. Its headquarter is in Washington D.C United States. Otherwise known as World Bank.
51. International Economics: The application of theories of Economics to trade policies and relationship among countries.
52. International Monetary Fund (IMF): An institution established in 1944 to promote international trade among independent countries.
53. Internal Trade: see external trade

54. Inverse Relationship: The way two (or more) variables behave towards one another whereby an increase in one leads to a decrease in the other (or others). Otherwise referred to as negative correlation.
55. Investment: The pooling of resources into a certain production activity. Otherwise called project.
56. Investment Trust: A limited liability company that uses its capital to buy shares in other companies or organization in order to make profits for its shareholders.
57. Invisible Export: Services that are taken to another country for sale or exchange e.g legal services, financial services etc.
58. Invisible Imports: Services that are brought into a country for sale or exchange e.g legal services, financial services, etc.
59. Invoice: A document that contains the details of the commodities and services sold by a seller to the buyer.
60. Isocost Curve: Aline that traces the cost of the labour ($R/P_L$) and capital ($R/P_C$) employed by a firm to produce a given outlay of output (R) . Its slope is the negative of the input price. Otherwise called production Isocost. See FIG I10
61. Isoquant Curve: A curve that traces the possible efficient combination of quantities of labour and capital that could be used to produce a given level of output. Its slope is the negative of the marginal rate of technical substitution (MRTS). Otherwise known as production Isoquant. See FIG I11
62. Issued Capital: The portion of a company's share capital that is offered to the public for subscription.

# Jj

1. Jobber: see broker
2. Joint Demand: see complementary demand
3. Joint Stock Company: A kind of company whose profits or losses are shared according to each shareholder's contributions. Otherwise known as limited liability company. There are 2 types of joint stock companies.
   (i) Private limited company: see private limited company
   (ii) Public limited company: see public limited company.
4. Joint Supply: see complementary supply

# Kk

1. Keynesian Unemployment : See Cyclical Unemployment
2. Kilogram (kg): A unit for measuring weight: 1000g=1kg
3. Kilometre (km): A unit for measuring length: 1000m = 1km
4. Kina: The kind of money used in Papua
5. Kobo (k): A monetary unitthat is equal to a hundredth of the Nigerian Naira (₦) .100k = ₦1
6. Koruna: The kind of money used in the Czech Republic.
7. Krona: The kind of money used in Sweden, Iceland, and Norway.
8. Krone: The kind of money used in Denmark.

# Ll

1. Labour: The human factor that is employed in a production activity.
2. Labour Force: The people who are engaged in economic activities in a given place . Otherwise known as working population or work force.
3. Labour Intensive: A term used to describe a production process that requires a large amount of resources to be spent on labour when compared to other factors of production such as capital.
4. Labour Market: The interaction of buyers and sellers of labour to negotiate and determine certain issues like conditions of service, required skills, educational qualification, wages, job specifications etc.
5. Labour Union: A group of workers who come together to negotiate for better conditions of service and promote their collective interest at workplace. Otherwise called as trade union.
6. Land: Non-human resources that are located anywhere on the earth. It includes land surface, mineral resources, chemicals, water, plants etc Also referred to as natural resources.
7. Large Scale Production: The use of a big amount of resources to make goods and services.
8. Lat: The kind of money used in Latuia.
9. Lateral Merger: An integration of firms that produce certain related goods and services which does not compete directly with one another. e.g bakery and a biscuit-making firm.
10. Law of Absolute Advantage: see absolute advantage
11. Law of Comparative Advantage : see comparative advantage
12. Law of Demand: "The higher the price, the lower the quantity demanded and the lower the price, the higher quantity demanded"
13. Law of Diminishing Marginal Utility: "The satisfaction a consumer derives from consuming extra units of a commodity or service will increase at first and then decrease gradually.
14. Law of Diminishing Returns: "An increase in some variable inputs relative to certain fixed inputs will at first increase the level of total output and then gradually decrease it''.
15. Law of Supply: "The higher the price, the higher the quantity supplied and the lower the price, the lower the quantity supplied".
16. Law of Variable Proportion: see law of diminishing returns
17. Legal Monopoly: A firm that is permitted by law to single-handedly supply certain goods and services in a country e.g Nigeria, Power Holding Company of Nigeria. Otherwise referred to as statutory monopoly.
18. Legal Tender: The official money that serves as a means of exchange in an economy e.g In Nigeria-Naira (₦) and Kobo (k) are legal tender.

19. Leu: The kind of money used in Romania.
20. Lev. The kind of money used in Bulgaria
21. Levy: An amount of money that is charged for a given purpose.
22. Liability: The amount of money that is owed.
23. License: The authority or official permission to produce and distribute certain commodities and services.
24. Limited Liability Company: See Joint stock company.
25. Limited Partner: A partner whose share of profit or loss is restricted to the extent of his contribution to the partnership.
26. Line Graph: A type of graph where lines are used to trace and show the relationships between two variables. It has the following features:
    i Horizontal Axis: Used to represent the dependent variables. Otherwise known as X axis
    ii. Vertical Axis: Used to represent the independent variables. Often referred to as Y axis.
    iii. A Zero Origin: The point at which the horizontal axis and vertical axis join. See FIG L1

27. Liquid Assets: Cash and other valuables that can be easily converted into money such as cheques, etc. otherwise referred to as near money or liquid capital.
28. Liquid Capital: see Liquid Assets
29. Liquidation: The process of closing down a firm and selling off its assets to settle its debts. It is the exchange of a 'less liquid asset' with a 'more liquid asset'.
30. Liquidity : This is a business' ability to meet up with its payment obligations by possessing sufficient liquid assets.
31. Liquidity Preference/Money Supply Equilibrium (LM): It is the equilibrium of the demand to hold money and the supply of money by banks. It is defined as M=L (r,Y)
    Where M = Money supply
    L = Demand for money
    r= rate of interest
    Y = income
    The LM curve is upward sloping
    The IS/LM model was developed by John Hicks and Hansen Alvin. The IS (Investment / Savings equilibrium) is the equilibrium of the total spending and the total output of an economy. It is defined as
    Y = {C + I + G + (x – m) }; where Y = income ,I = Interest rate ,
    X = Export, G = Government spending ,C = Consumption spending
    See FIG L2~~The IS/LM model is represented as~~

32. Liquidity Preference Theory: see demand for money

33. Liquidity Ratio : The amount of cash held by a bank to meet its customer's needs and repayable short term loans in relation to its total assets.
L = C + S
Where L = Liquidity ratio
C = Cash reserve
S = Repayable short term loans

34. Lira: The kind of money used in Turkey and Italy.
35. Litas: The kind of money used in Lithuania
36. Litre (L): The unit for measuring liquids
37. Loan: Money that is lent out.
38. Loanable Fund Theory: A theory that explains the inverse relationship between the rate of interest and demand for loans (investment funds): i.e the higher the rate of interest the lower the demand for investment funds and the lower the rate of interest the higher the demand for investment funds. It further explains the direct relationship between the rate of interest and the supply of investment funds i.e the higher the rate of interest, the higher the supply of investment funds and the lower the rate of interest, the lower the supply of investment funds.
39. Localisation Of Industries: The concentration of many industries in a particular area for economic, social political, cultural or religious reasons e.g industrial estates.
40. Location of Industry: The establishment of an industry in a particular area for reasons such as nearness to market, access to raw materials, availability of required labour, conduciveness of the political climate etc.
41. Loss (L): The negative difference between the total cost (TC) of production and the total revenue (TR)
Loss (L) = Total cost > total revenue
There are 2 classes of loss
    i. Gross Loss: See Gross Loss
    ii. Net Loss: see Net Loss

## Mm

1. Macro-economics: A study of the broad aggregates or interactions among various economics units e.g unemployment, market demand market supply etc.
2. Malthusian Theory of Population: A theory formulated by Rev. Thomas Robert Malthus (1776-1834) to explain the economic effects of the increasing population of Great Britain He observed that population grew at a geometric progression while food supply grew at an arithmetic progression. He suggested measures such as late marriages, sex abstinence, and birth control to curb the growth trend due to consequences are famine, poverty, overpopulation etc.
3. Management: The activity of combining, co-ordinating and supervising, the factors of production in order to achieve specific objectives.
4. Managerial Economics: It is an application of theories and concepts of economics to business decisions given the firm's objectives and other constraints imposed by scarcity of resources i.e risk analysis, production analysis, pricing capital budgeting, profit analysis etc. Also referred to as business economics
5. Manufacturer: A person or firm who combines factors in different quantities for a production activity. Otherwise known as producer or enterprenour.
6. Manufacturers Cooperative: A group of producers who market goods and services together and pursue other goals of collective interest. Otherwise regarded as trade association.
7. Marginal Cost (MC): The extra expense incurred as a result of producing extra unit of output.

   $$\text{Marginal Cost (MC)} = \frac{\text{Change in total cost}}{\text{Change in units of output produced}}$$

   See FIG M1
8. Marginal Product (MP): The extra units of output produced as a result of the addition of extra units of variable inputs. Marginal product (MP) =

   $$\frac{\text{Change in total product}}{\text{Change in variable inputs}}$$

   See FIG M2
9. Marginal Productivity Theory: A theory which states that additional units of labour would be employed as long as the resultant output is more than or equal to the extra cost of production.
10. Marginal Propensity to Consume (MPC): A proportion of the increase in income that is spent on consumption.

    $$\text{Marginal propensity to consume: (MPC)} = \frac{\text{Change in consumption}}{\text{Change in income}}$$
11. Marginal Propensity to Save (MPS): A proportion of the increase in income that is saved.

Marginal propensity to save = $\frac{\text{change in savings}}{\text{Change in income}}$

12. Marginal Rate of Substitution in Consumption (MRSC): A measurement of the amount of a commodity or service that a consumer is willing to sacrifice to get an extra unit of another commodity while the level of satisfaction is held constant. Its negative value is the slope of the indifference curve.
13. Marginal Rate of Substitution in Exchange (MRSE): A measurement of the amount of a commodity or service that a consumer is able to sacrifice to get an extra unit of another commodity while the level of satisfaction is held constant. Its negative value is the slope of the budget line.
14. Marginal Rate of Technical Substitution (MRTS): A measurement of the amount of a given input that is sacrificed for an additional unit of another input while the output level is held constant. Its negative is the slope of the production isoquant.
15. Marginal Revenue (MR): The extra income earned form the sale of additional units of goods and services. See FIG M3,M4
    Marginal Revenue (MR): = $\frac{\text{change in total revenue}}{\text{change in the units of goods sold.}}$

16. Marginal Utility (MU): The extra satisfaction derived from the consumption of additional units of a commodity or service. See FIG M5
    Marginal utility = $\frac{\text{change in total utility}}{\text{change in units of goods consumed}}$

17. Mark: The kind of money used in Germany. Also known as deutschmark
18. Marka: The kind of money used in Finland
19. Market: An interaction of buyers and sellers of goods and services.
20. Marketing: A set of activities aimed at advertising and selling the products of a firm to the public.
21. Marketing Board: An institution established to buy, grade, pack and distribute certain goods and services, ensure their price stability and conduct various research to improve them.
22. Market Liquidity : the degree to which an asset can be sold without causing a significant change in its price. An asset is said to be less liquid if there is a rise in the transaction cost.
23. Mark Up: an increase in the price of product by a seller. The sale price is caculated as the original cost plus the mark up.If the mark up is given as a percentage , the faster way to caculate the sales price is to make the

original cost equal to 100%.e.g if the original cost of a pen is N20 and the mark up is 50%, the sales price will be 150% i.e (100 + 50)% of the original cost N20. {150/100}%×N20=N30. Also known as profit or margin.

24. Mathematics: A science of numbers and quantities.
25. Matrix Structure : a combination of both product and functional structure for grouping employees
26. Maximum Price Control: The statutory fixing of prices below the equilibrium to protect consumers from exploitation. It usually stimulates demand by consumers on the one hand and hoarding of goods by sellers on the other hand. Otherwise referred to as price ceiling. See FIG M6
27. Measure of Central Tendency: A method that is used for finding the centre or average of values in a data e.g mode, mean, median.
28. Measure of Dispersion: A method that is used for finding the extent to which values spread around the average or centre e.g mean deviation, variance, standard deviation and range. Otherwise referred to as measure of variation.
29. Mean: see arithmetic mean
30. Mean Deviation (MD): A method used for measuring the average of absolute dispersion of values from the mean;

$$MD = \frac{\sum /X - \ddot{X} /}{n}$$

where X = value
n = number of values
$\sum$= sum
$\ddot{X}$ = Mean

The Parallel lines / / indicates that the negative sign of values should be ignored.

31. Median (M): A certain value that is located at the centre when al the values of a data are arranged in the order to magnitude:

$$M = \frac{(n+1)}{2}^{th}$$

where n = number of values

Example: 1,3,7,8,11,13,14

$$M = \frac{(n+1)}{2}^{th} = \frac{(7 + 1)^{th}}{2} = \frac{(8)th}{2} = 4^{th}$$

The above that falls in the $4^{th}$ position in the above data is 8

:. Median = 8

Example (ii) 1,3,4,8,12,17,20,22

$$M = \frac{(n+1)}{2}^{th} = \frac{(8 + 1)^{th}}{2} = \frac{(9)^{th}}{2} = 4.5^{th}$$

The value that falls in the $4.5^{th}$ position in the above data is between 8 and 12. therefore the median is their average i.e

$$M = \frac{8 + 12}{2} = \frac{20}{2} = 10$$

Median = 10

32. Merchant Bank: A financial institution that provides short and long term loans, accept large deposits and deals in stocks, securities or shares.
33. Merger: See amalgamation
34. Memorandum of Association: A document which outlines how the company is presented to the outside world. Its items includes the name, location and objectives of the company.
35. Micro Economics: A study of the behaviour of individual economic units such as households & firms
36. Middlemen: Wholesalers and retailers who stand between the producers and final consumers.
37. Migration: The movement of people in and out of a country.
38. Minimum Price Control: The statutory control that prohibits prices below certain minimum e.g minimum wage law.Also known as price floors. See FIG M7
39. Mixed Economic System: A system whereby the government and private individuals jointly participate in the production and distribution of goods and services.
40. Mobility of Labour: The movement of workers from one job to another or from one place to another. There are 2 classes of mobility of labour:
    (i) Geographical mobility: see Geographical mobility of labour
    (ii) Occupational mobility: see Occupational mobility of labour
41. Mode: A value that appear more regularly than others in a data.
42. Model: The simplification, manipulation and analysis of certain economic circumstances that exists in the real world to explain the phenomenon they represent.
43. Monetary Policy: A set of economics tools employed by government to control the supply of money e.g open market operation (OMO), bank rate policy, government expenditure etc.
44. Monetisation Policy: An economic strategy aimed at translating the benefits of public and political officers into their monetary equivalents.
45. Money: A commodity that is generally acceptable for trade payments and the settlement of debts. It serves as a medium of exchange, unit of account and standard of value, store of wealth and standard of deferred payment in trade. A commodity that is used as money should be generally acceptable, portable, durable, relatively scarce, uniform and divisible.
46. Money Cost: see accountant's cost
47. Money Income: The original amount of money that is earned at a point in time. otherwise referred to as nominal income.
48. Money Market: The interaction of the lenders and borrowers of short term loans. Its is comprised of commercial banks, discount houses

acceptance houses, merchant houses, public limited companies and the government.

49. Monopolistic Competition: A market whereby there are many firms that make different brands of a commodity or service an each determines the prices and quantity supplied of its own product. These different brands are called close substitutes.
50. Monopoly: A certain firm which single handedly produces and determines its price and supply of a commodity that has no close substitute.
51. Monopoly Rent: The excess or abnormal profits made by a monopolist.
52. Monoproduct Economy: An economy that depends on the production of a single product for its revenue generation.
53. Monopsony: A market whereby there is only a single consumer or buyer of the products of an industry thereby enabling him to influence their prices and supply in the market.
54. Mortgage Bank: A financial institution established to provide long term loans for people to build houses. Otherwise called building society.
55. Multilateral Trade: The buying and selling or exchange of goods and services among three or more countries.
56. Multi-national Corporation: A large company that operates in many countries.
57. Multiple Bar Chart: A kind of bar chart which uses different bars that are joined together to represent each member of a group and the jointed bars on individuals groups are separate from one another. See FIG M8,M9
58. Multiple Store: A business unit that has branches in many places.
59. Multiplier: A method for measuring the influence of an initial change in economic variables such as investment, savings, consumption and tax to induce a bigger change in equilibrum level of National Income.

# Nn

1. Naira (₦): The kind of money used in Nigeria.


FIG N1 - a Five Naira Note

2. National Debt: Money owed by a country. There are two types of national debt:
   (i) Domestic Debt: see domestic debt
   (ii) External debt: see External debt

Alternatively, it is referred to as government debt or public debt.

3. National Income: The monetary value of the economic activities of a country plus the net income from abroad for a given year. Otherwise known as gross national product (GNP) or gross national income(GNI).

4. National Income Accounting: The method of calculating the national income. It is of three types:
   i. Expenditure method: see Expenditure method
   ii. Income method : see Income method
   iii. Output method: see Output method

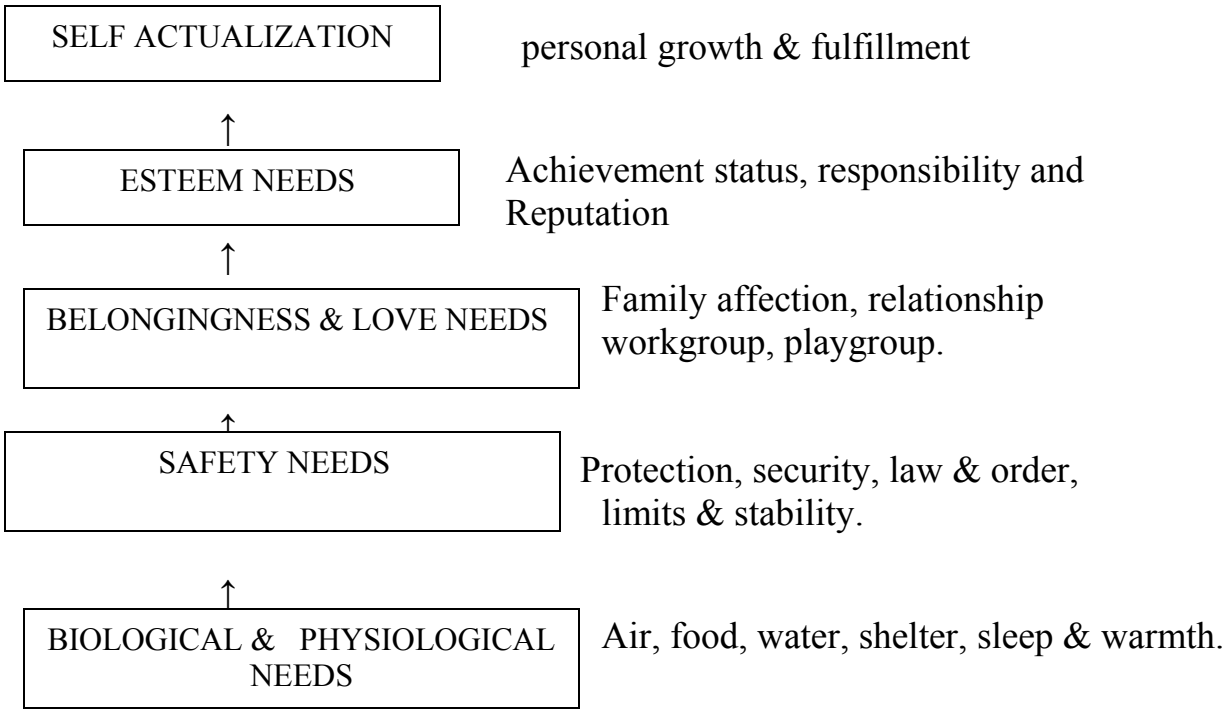
5. Nationalisation: The process of bringing an industry under partial or exclusive state ownership.
6. Natural Growth Rate: The speed at which a population increases. Otherwise known as population growth rate.
   Natural growth rate = Birth rate – Death rate

7. Natural Monopoly: A kind of monopoly that arises as a result of the ownership of some natural resources.
8. Natural Resources: see Land

9. Near Money: see liquid assets

10. Needs: Goods and services that are essential or required by an individuals to make a living. Various theories of needs exist. e.g. Abraham Maslow's Hierarchy of Needs. It was developed between 1940-1950 in the USA and its useful for understanding human motivation, management training and personal development.

**MASLOW's HIERACHY OF NEEDS FIG N2**




11. Negative Linear Correlation: See inverse relationship
12. Net Asset: The difference between total assets and total liabilities.
13. Net Loss: The negative difference between gross profit added to other incomes and expenses.
14. Net Migration: The difference between the number of people moving in and out of a country.
15. Net National Income: The difference between the gross national product (GNP) and capital depreciation for a period. Otherwise called net national product(NNP).
16. Net Profit: The positive difference between the gross profit added to other incomes and expenses.
17. Net Present Value (NPV) : The difference between the worth of the total cash inflow and that of total cash outflow of a point in time.

    $NPV = \Sigma \{x (1 + r)^{1+t}\} - \Sigma \{y (1 + r)^{1+t}\}$

    Where $\Sigma$ = sum

    X = cash inflow

    Y = cash outflow

r = discount rate/cost of capital

t = year

example: Find the Net Present Value of a project with an initial capital outlay of N600,000 and a sense of cash inflows of N100,000, N145,000 **N105**,000, N150,000 for 4 consecutive years.

NPV: $\Sigma X (1 + r)^{1+t}\} - \Sigma Y \{(1 + r)^{1+t}\}$

$\Sigma \{X (1 + r)^{1+t}\} =$

$\Sigma\{N100,000(1+0.1)^{1+1} + N145,000(1+0.1)^{1+2} + N105,000(1+0.1)^{1+3} + N150,000 (1+0.1)^{1+4}\}$

$= \Sigma \{ N100,000 (1.21) + N145,000 (1.331) + N105,000 (1.464) + N150,000 (1.611) \}$

$= \Sigma \{ N121,000 + N192,995 + N153,720 + N241,650 \}$

= N709,365

$\Sigma Y \{(1 + r)^{1+t}\} =$

$= \Sigma \{ N600,000 (1+0.1)^{1+0} \}$Note: year is 0 is conventionally used to represent the year of the capital outlay.

$= N600,000(1.1)^{1}$

= N660,000

: . NPV = N709,365 – N660,000

**= N49,365**

18. Nigerian Agricultural Cooperative and Rural development Bank Ltd (NACRDB): A Federal government owned banking institution that gives loans to small scale business owners especially agriculturalists in rural areas.
19. Nominal Capital: See authorized capital
20. Nominal Income: see money income
21. Nominal Partners: A partner whose name is only used on the documents of a partnership due to his influential societal status. Otherwise known as quasi partner or passive partner.
22. Nominal Value: see Par value
23. Normal Goods: A commodity whose demand increases as the consumers income increases.
24. Note: A paper with a specific amount issued by the central bank to serve as money in a country. Otherwise called paper money.

# Oo

1. Obtuse Angle: see angle
2. Occupational Distribution of Population: The classification of a population according to its various productive activities. It has 3 main broad groupings.
   i. Primary Production: agriculture, mining etc.
   ii. Secondary Production: manufacturing, construction etc.
   iii. Tertiary Production: insurance, transportation etc.

3. Occupational Mobility of Labour: The ability of a worker to change from one job to another.
4. Ogive: See cumulative frequency curve
5. Oligopoly: A market whereby there are few firms who produce certain goods or services on a large scale, posses patent rights and take complete control over the raw materials as a way to keep new firms out of the industry.
6. Oligopsony: A market whereby there are few buyers of the output of an industry.
7. Open Cheque: A cheque that can be cashed on presentation by the payee or paid into his current account.
8. Open Market Operation (OMO): A method by which the central bank buys or sells government securities and bonds at the stock exchange in order to control the supply of money in the economy at a point in time.
9. Opportunity Cost: The cost of the commodity that is neglected or sacrificed to buy another commodity. Otherwise known as real cost or implicity cost.
10. Optimal Input Combination: It is otherwise referred to as the equilibrium of the firm. See FIG 01
    i. It is the point at which the isoquant curve is tangent to the cost curve of the firm.

Equilibrum of the firm is reached when the slope of the isocost (-pl/pc) is equal to that of the isoquant (-MRTS)

$$-pl\backslash pc = -MRTS \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots(1)$$

It could be rewritten as

$$pl\backslash pc = MRTS \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

Since $MRTS = MP_L \backslash MP_C$

Equilibrum will be achieved where

$$pl\backslash pc = MP_L \backslash MP_C$$

ii. It is a situation whereby the marginal Product (MP) of any one input is equal to that of any other input i.e

$$MP_L / P_L = MP_C \backslash P_C = \ldots\ldots\ldots\ldots\ldots = MP_N \backslash P_N$$

11. Optimum Population : the population that could generate the greatest output when combined with available resources and existing level of technology. See FIG 02
12. Optimum Size of a firm : the point at which the cost per unit of production is at a minimum. See FIG 03
13. Order Cheque : a cheque that is only payable to the person whose name is written on it.
14. Ordinal Utility Theory : a theory which stipulate that utility can be measured by arranging goods and services consumed in the order of preference.
15. Ordinary Share : a type of share whose holder is one of the owners of the company and is paid dividend only after all other types of shareholders have been settled. Also known as risk share.
16. Ordinary Warehouse : a place where a wholesaler keeps and stores goods
17. Organisation : a group of people who pool their resouces together to achieve a common goal.
18. Organisation Culture : "the specific collection of values and norms that are shared by people and groups in an organization which control the way they interact with each other and with stakeholders outside the organization''
19. Organisation of Petroleum Exporting Countries (OPEC) : a body established in 1960 to protect the mutual interest of oil producing countries through price and quantity supply control. OPEC is comprised of Iran, Kuwait, Saudi Arabia, Venezuela , Qatar, Indonesia, Libya, Nigeria, Gabon, United Arab Emirate, Ecuador and Nigeria.
20.. Output : the amount of goods and services produced by a firm at a given period .
21. Output Method : the measurement of National Income (Y) by adding up the monetary value of goods and sevices produced by all the sectors of the economy.Also Known as Product Method
22. Overdraft : a bank service that allows a current account holder to withdraw in excess of his deposit up to an agreed limit for which a commission is charged.
23. Overpopulation : a population whose size is greater than the available resources.

## Pp

1. Packaging: The activity of putting goods into containers or wrappers for storage, protection and easy handling.
2. Paid-Up Capital: The portion of the issued capital for which full payments been made.
3. Panel Data: A type of data whose values are periodically collected from selected units of a given population.
4. Paper Money: See note
5. Participating Preference Share: A kind of preference share whose holder plays active roles in the running of the company.
6. Parameter: A fixed quantity that defines the pattern of behaviour or response of a variable in a model or equation. $Q_t = b_0 + b_1L_t + b_2 K_t$
   Where b1 and b2 are parameters for $l_t$ and $k_t$ respectively.
   $Q_t$ = quantity of output for period t
   $L_t$ = labour input for period t
   $K_t$ = capital input for period t
   Otherwise called co-efficient or constant.
7. Par Value: The original worth of a share.Otherwise known as nominal value.
8. Partner: One of the persons who contribute their resources to establish a business.
9. Partnership: A business unit established and owned by two or more persons who contribute their resources in order to achieve some common goals.
10. Partnership Deed: A document which spells out the rights and powers of partners plus other regulations that guide their operations.
11. Passbook: A document used by an account holder to record his deposits and withdrawals.
12. Passive Partner: See nominal partner.
13. Patent: A legal protection right given to a firm to single-handedly produce and distribute certain goods and services.
14. Pay As You Earn (PAYE): A system whereby tax is deducted from a worker's income by the employer and paid directly to the government.
15. Pay-Back Period: The time by which the total cash outflow is repayable by a series of cash inflow. There are 2 methods of obtaining the pay-back period.
    (a) Annuity Method: This method is applied in situation where the values of the cash inflow is constant during the period the

payback period is derived from the division of the total cash outflow by a single value of cash inflow.

$$\text{Pay-Back Period} = \frac{\text{Total Cash Outflow}}{\text{A single Value of Cash inflow}}$$

Calculate the pay-back period for a project with an initial capital outlay of N96,000 and an annuity cash inflow of N20,000 for six consecutive years.

Solution:

$$\text{Payback Period} = \frac{\text{Total Cash Outflow}}{\text{A single value of cash inflow}}$$

$$= \frac{96{,}000}{20{,}000}$$

4.8 years = 4 years 10 months.

(b) Cumulative method: This method is applied in a situation whereby the cash inflow varies (i.e not constant). The pay-back period falls in the period whereby the total cash period whereby the total cash outflow is completely subtracted from the values of the cash inflow.

Example (ii): Calculate the payback period for a project with an initial capital outlay of N96,000 and the following cash inflows: N13,000, N25,000, N38,000, N40,000, N45,000, and N49,000 for six consecutive years.

**Solution:**

| YEAR | VALUE OF CASH INFLOW | CUMULATIVE VALUE (N) |
|---|---|---|
| 0 | 96,000 | --- |
| 1 | 13,000 | -83,000 |
| 2 | 25,000 | -58,000 |
| 3 | 38,000 | -20,000 |
| 4 | 40,000 | 20,000 |
| 5 | 45,000 | 65,000 |
| 6 | 49,000 | 114,000 |

Note: Year 0 is conventionally used to represent the year of the capital outlay. The payback period falls within the 4th year.

16. Payee: The person who present a cheque for payment in the bank or whose name is written on it.
17. PAYE: See Pay as you earn
18. Pension: The amount of money paid regularly to retired workers of an organization.

19. Pension Scheme: A plan whereby both the employee and employer make regular monetary contribution that is made available for periodic payments to the former after his retirement.
20. Per Capita REAL GNP : See Gross NATIONAL Product
21. Per Capita Income: The average income per person in a country for a period.

Per Capital Income: $\frac{\text{National Income (GNP)}}{\text{Total Population}}$

22. Percentage Component Bar Chart: see component bar chart
23. Percentile: The division of a distribution into 100 equal parts in order to identify the range within which its values occur.
24. Perfect Competition: An ideal market that has the underlisted features:
    - Many buyers and sellers
    - Free entry and exit of firms
    - Similar and undifferentiated products
    - Perfect mobility of factors.
    - Perfect market knowledge by all buyers and sellers.

    Otherwise known as perfect market

25. Perfectly Elastic Demand: See infinite elasticity of demand
26. Perfectly Elastic Supply: see infinite elasticity of supply
27. Perfectly Inelastic Demand: see zero elasticity of demand
28. Perfectly Inelastic Supply: see zero elasticity of supply
29. Perfect Market: See perfect competition
30. Perfect Substitute: See close substitute
31. Personal Income Tax: A levy that is charged in the earnings of an individual by the government.
32. Peseta: The kind of money used in Spain.
33. Peso: The kind of money used in Columbia, Mexico, Philippines, Chile
34. Philips Curve: A curve developed by Economists A.S Philips to show the inverse relationship between unemployment rate and wage rate i.e the higher the unemployment rate, the lower the wage rate and the vice versa. See FIG P2
34. Picketing: A labour union protest whereby workers stand at the firm's entrance to boycott business activities.
35. Pictogram: A type of graph in which pictures and drawings of specific sizes are used to present a data. Otherwise referred to as pictograph.

| Department | Number of students | = 100 |
|---|---|---|
| i. | 300 | |
| ii. | 500 | |
| iii | 400 | |
| iv | 2000 | |

See FIG P3 for a pictogram showing the information above.

36. Pictograph: see pictogram
37. Piece Rate: A method of paying a worker according to the quantity of goods and services he produces.
38. Pie Chart: A circle of $360^0$ that is divided into different parts according to the sizes of its values. These values could also be further expressed in percentage terms. Otherwise known as pie graph. See FIG P4
39. Pie graph: see pie chart
40. Place Utility: The ability of a commodity or service to give satisfaction to the consumer as a result of its movements through the chain of production and distribution.
41. Planned Economy: see socialist economic system
42. Ploughed-back profit: A profit that is reinvested into the business.
43. Point Elasticity of Demand: A method developed by Alfred Marshall to measure price elasticity of demand along its curve. See FIG P5

    Point elasticity of demand = $\frac{\text{Lower segment}}{\text{Upper segment}}$

    (a) At point a, PED = $\frac{ar}{ak} = \frac{2}{4} = \frac{1}{2} = 0.5$

    PED < 1

    :. PED is fairly inelastic.

    (b) At point b, PED = $\frac{br}{bk} = \frac{3}{3} = 1$

    PED = 1 i.e unity elasticity.

    (c) At point c, PED = $\frac{cr}{ck} = \frac{4}{2} = 2$

    PED > 1

    PED is fairly elastic.

    (d) At point r, PED = $\frac{rr}{rk} = \frac{0}{5} =$

    PED =

    :. PED is perfectly inelastic.

    (e) At point k, PED = $\frac{kr}{kk} = \frac{5}{0} = 0$

    PED = 0 i.e zero elasticity / perfectly inelasticity

44. Poll Tax: A levy of uniform rate that is charged on all the persons in a country by the government. See regressive tax
45. Population: The people living in a particular area or their total number.

46. Population Census: A series of activities of counting people and collecting relevant facts about them.
47. Population Density: The number of people per unit area of land.
Population Density = $\frac{\text{Total Population}}{\text{Total Land Mass (km}^2\text{)}}$
48. Population Distribution: The use of sex, age, geography and occupation to classify a population.
See * Sex Distribution of population
* Age Distribution of population
* Geographical Distribution of population
* Occupational Distribution of population
49. Population Growth Rate: see natural growth rate.
50. Portfolio Investment: The act of buying securities of organization in other countries.
51. Positive Linear Correlation: See direct relationship
52. Pound Sterling ($): The kind of money used in the United kingdom, Egypt and some other countries.


A British Pound FIG P1

53. Precautionary Motive: See demand of money
54. Preference Share: A kind of share with a lesser investment risk whose dividend is paid before that of the ordinary share. There are 3 types of preference share:
(i) Basic preference share: See basic preference share

(ii) Cumulative Preference Share: see cumulative preference share

(iii) Participating Preference Share: see Participating Preference Share

55. Premium: (i) The money that is regularly paid for an insurance cover (ii) A kind of issue in which shares are sold above their nominal (original) value.

56. Price: The amount of money for which goods and services are bought or sold.

57. Price Ceiling: see maximum price control

58. Price Consumption Curve(PCC): A line that traces the changes in the quantity consumed of a commodity as its price falls while the money income of the consumer and the price of another commodity is held constant. See FIG P6


**Figure 4.4** EFFECTS OF CHANGES IN THE PRICE OF GOOD X ON CONSUMER EQUILIBRIUM



FIG P6 – Price Consumption Curve

59. Price Control: The fixing of prices of goods and services by government. There are 2 types of price control.

(i) Maximum Price Control: See Maximum Price Control

(ii) Minimum Price Control: see Minimum Price Control

60. Price Discrimination: The practice of selling a commodity at different prices to different consumers.

61. Price Elasticity of Demand: The degree of responsiveness of demand to a change in price of goods and services.

$$\text{Price Elasticity of demand} = \frac{\text{percentage change in demand}}{\text{Percentage change in price}}$$

62. Price Elasticity of Supply: see elasticity of supply

63. Price floors: see minimum price control

64. Price Fluctuation: frequent changes in the prices of goods and services.

65. Price Index A method for measuring changes in the price of goods and services as a relationship of a given economic activity e.g consumer price index, retail price index, wholesale price index, GNP index, import index, export index etc.

$$\text{Price Index} = \frac{\text{Current Year Price}}{\text{Base Year Price}} \times 100$$

The percentage change in price is derived by:

$$\left\| \frac{\text{Current year price} - \text{base year price}}{\text{Base year price}} \right\| \times 100\%$$

Note: The parallel lines indicate that any negative sign within should be ignored.

66. Price Mechanism: The workings and interaction of demand and supply to determine the amount of money for which goods and services bought and sold. Also known as price system.

67. Price System: See Price Mechanism

68. Primary Goods: Commodities that are extracted from land, water and air. Also known as raw materials.

69. Primary Production: The extraction of raw materials from land, water, and air e.g mining, fishing, e.t.c Primary production activities is carried out by the primary sector of the economy .

70. Primary Sector : See Primary Production

71. Principal: (i) The owner of a business on whose behalf another person (an agent) acts. (ii) An amount of money that is invested to yield interest.

72. Principle of Acceleration: see accelerator theory

73. Private Expenditure: see expenditure

74. Private Finance: A study of how individuals and firms raise and spend money.

75. Private Limited Company: A profit oriented business whose shares cannot be offered for public subscription and the liability of its few shareholders (owners) is restricted to their contributions.It is formed by two to seven people.

76. Private Sector: A part of the economy that is exclusively controlled by individuals and firms.
77. Privatisation: The process of tranfering the ownership and control of government owned companies to private individuals.
78. Probability: The likelihood of a given outcome or reaction of variables.
79. Producer: See manufacturer
80. Producer Association: see trade association
81. Producer Goods: see capital goods
82. Products: Goods and services.
83. Product Differentiation: A system whereby each firm makes its products district from its rivals through branding and packaging.
84. Production: The creation of goods and services.
85. Production Function :An equation that shows the technological relationship between quantities of various inputs used and the maximum output of a firm per unit of time. A typical production function can be expressed as Q = F(L,K) where L= labour (Variable input), C= Capital (Fixed Input). But it should be noted that in the longrun period, all inputs are variable. Also referred to as Cost function.
86. Production Schedule: A list of data or table that shows series of a firm's input and output per unit of time.
87. Production Input: see factors of production
88. Production Isocost: see Isocost
89. Production Isoquant: see isoquant
90. Production Possibility Curve (PPC): A line that traces various reasonable combination of two goods and services that could be produced with the existing level of technology in an economy.

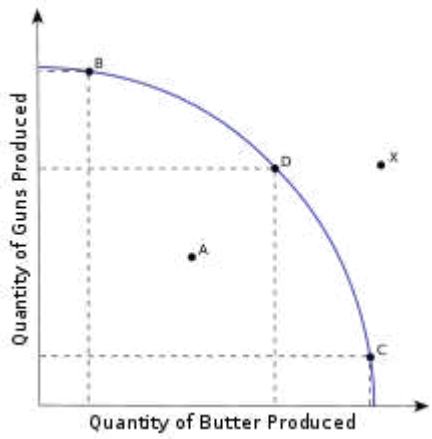



FIG P7 – Production Possibility Curve

91. Productivity Rate: The measurement of the percentage changes in the output of production activities over period:
Productivity Rate = ‖Current total product – previous total product‖

Previous total product

Note: The parallel lines indicates that the negative sign of the values within should be ignored.

92. Production Squint: see isoquant
93. Product Method: See output method
94. Profit ($\pi$): The positive difference between a firms total cost of production and its total revenue.
    Profit ($\pi$)= Total revenue > total cost. There are 2 classes of profit.
    (i) Gross Profit: see gross profit
    (ii) Net Profit: see net profit
95. Profitability: An expression of the relationship between the value of the factors of production used and the value of the goods and services (output) produced in a given production activity.
96. progressive Tax: A kind of tax rate whereby the amount of money charged is directly related to the income size i.e the higher the income, the higher the tax and the lower the income the lower the tax.See FIG P8
97. Project: The pooling of resources for the purpose of achieving certain goals and objectives otherwise known as investment or business.
98. Project Evaluation: techniques for measuring the performance of a business in relation to the present objectives and correcting the deviations if any.
99. Promissory Note: A document that spells out a specific amount of money which a person agrees to pay before or on a given date.
100. Proportional Tax: A kind of rate whereby all individuals pay similar proportion of their respective income. See FIG P9
101. Prospectus: A document of notice, invitation and advertisement to the public to subscribe for the shares or debentures of a public limited company.
102. Public Corporation: A non profit oriented business that is established to provide basic commodities or services. Otherwise called public enterprises.
103. Public Debts: see national debts
104. Public Enterprises: See public corporation
105. Public Expenditure: See expenditure
106. Public Finance: A study of the raising and spending of government funds.
107. Public Limited Company: A profit oriented business whose shares can be offered to the public for subscription and the liability of its numerous shareholders is restricted to their contributions. It is formed by at least seven people.
108. Public Revenue: see Revenue
109. Public Sector: A part of the economy that is exclusively controlled by the government.

110. Public Goods: Essential goods and services that are provided for free or at reduced prices by the government or voluntary organizations.
111. Purchase Tax: An indirect tax that is levied on all the goods and services that are bought within a country.
112. Pure Competition: A situation whereby firms buy their factors of production form an imperfect market and sell their output in a perfect market.

# Qq

1. Quality Control: The process of checking goods produced and services rendered to make sure that they meet required standards.
2. Quantity Index: A method of measuring the changes in the total outputs of all the sectors in an economy over a period of time. Otherwise known as volume index.

   $$\text{Quantity Index} = \frac{\text{Total output in current year}}{\text{Total output in base year}} \times 100$$

   The percentage change in output can be derived by:

   $$\frac{\|\text{Total output current year} - \text{Total output in base year}\|}{\text{Total output in base year}} \times 100$$

   Note: (i) The parallel lines indicates that the negative signs of values within should be ignored (ii) Base year = previous year.
3. Quantity Theory of Money: A theory developed by Prof. Fisher to describe the positive relationship between the supply of money and general price level while the quantity of goods and services produced is held constant i.e the higher the supply of money, the higher the general price level and the lower the supply of money, the lower the general price level.

   $$P = \frac{MV}{T}$$

   Therefore MV = PT where M = Money supply
   V = Velocity of circulation
   T = Number of transaction
   P = Price level.
4. Quartile: The division of a distribution into four equal parts in order to identify the range within which its values occur.
5. Quasi money or near money : these are assets which serves as a store of value but do not fulfil the medium of exchange function e.g time and savings deposits,stocks,postal and money order,treasury bill, treasury certificates , etc
6. Quasi Partner: See nominal partner
7. Quasi Rent: A surplus payment made to any factor of production that is temporarily fixed in supply such payments usually cease as there is an increase in the supply of the factor. Otherwise known as temporary rent.
8. Quota: The quantity of a given product that is officially permitted to be supplied, imported or exported at a point in time.

## Rr

1. Rand: The type of money used in South Africa.
2. Random Variable: A variable that takes on a certain value on every real number in a distribution.
3. Range: A measure of dispersion that is used to obtain the difference between the highest value and lowest in a distribution.
   Example 1: Find the range of the scores of 25 students in a Maths test 1,2,8,7,7,8,1,1,2,2,4,4,5,8,9,10,1,2,6,6,5,2,1,1,1
   Solution: Range = Highest value – lowest value
   = 10 – 9 = 9
4. Rate: A fixed amount of money pad for a certain service.
5. Rate of Turnover: The number of times the average stock is sold in a trading period.
   $$\text{Rate of Turnover} = \frac{\text{Sales}}{\text{Average Stock}}$$
6. Rationality: The ability of a consumer to be reasonable when making economic choices.
7. Rationalisation: The process of reorganizing a production activity to achieve a specific output level.
8. Raw Materials: See primary goods
9. real: The kind of money used in Brazil
10. Real Cost: see opportunity cost
11. Real Income: The purchasing power of the money that is earned. Otherwise known as real wage.
12. Real Wages: The purchasing power of the money paid to labour.
13. Receipt: A document that acknowledges payments.
14. Recurrent Expenditure: See expenditure
15. Reflex Angle: see angle
16. Regional Unemployment: The unavailability of jobs in area which prompts the movement of labour to other areas of economic activities.
17. Registered Capital: See authorized capital
18. Regression Analysis: The explanation of the influence of a change in the value of the independent variable (regressor) on the dependent variable (regressand) in a model.
19. Regressive Tax: A kind of tax rate whereby an equal amount of tax is charged on all payers irrespective of their income levels. Its impact is greater on low income earners than on high income earners. Otherwise known as poll tax. See FIG R1
20. Rent: (i) see commercial rent, economic rent, monopoly rent and quasi rent. (ii) regular payments made for the use of a property.
21. Reserve Ratio: see cash reserve

22. Resource Allocation: The distribution of available factors of production among various economic activities.
23. Resource Control: The management of factors of production in a specific way to achieve desired outcomes.
24. Retailer: A middleman who buys goods in small quantities from the producer or wholesaler and sell in smaller units to the final consumer. See FIG C1.
25. Retail Price Index: The measurement of the changes in retail prices of goods and services over a period.

    $$\text{Retail Price Index} = \frac{\text{Current year price}}{\text{Base year Price}} \times 100$$

    The percentage change in retail price is obtained by

    $$\left\| \frac{\text{Current year price-base year price}}{\text{Base year price}} \right\| \times 100\%$$

    Note: The parallel lines indicates that the negative sign of the values within should be ignored. Otherwise known as cost of living index.
26. Returns: The total amount of profits or losses made for a given period.
27. Revenue: The money an organization receives from its various activities. There are 2 types of revenue.
    (i) Private Revenue: The amount of money received by firms and private individuals e.g sale of shares, loan, overdrafts, profits, dividends.
    (ii) Public Revenue: The amount of money received by government e.g. taxes, royalties, grants, profits, sale of securities, loans, rents etc.
28. Reward: A general term used to describe the earnings of factors of production.
    - Labour: wages and salaries
    - Land: rent (commercial)
    - Capital: Interest

    Otherwise referred to as factor income.
29. Rial: The kind of money used in Saudi Arabia.
30. Right Angle: see angle
31. Ringgit: The kind of money used in Malaysia.
32. Risk Taking: The practice of entrepreneurs to invest their resources in a business which may or may not yield profits.
33. Risk Share: see ordinary share
34. Rouble: The kind of money used in Russia.
35. Row: One of the horizontal sections into which an arranged data is divided.


Fig R2 – Row (Calendar-week view)
Week 7 has dates 10-16

36. Royalty: Money received by government or land owners from mining firms.
37. Run-away Inflation: See galloping inflation
38. Rupee: The kind of money used in India and Pakistan.
39. Rupial: The kind of money used in Indonesia.
40. Rural Urban Migration: The movement of people form villages to cities to seek improved living conditions.

## Ss

1. Salary: A monthly reward given to labour for participating in a production activity.
2. Sales: The acitivity of selling goods and services at a price.
3. sales Tax: A kind of indirect tax that is charged on all the goods and services sold in a country.
4. saving(S): A fraction of the income that is not spend to buy goods and services but set aside for investment purposes S = Y – C where Y = Income = Consumption
5. Savings Account: A type of account in which money that is saved, yields interest and it is operated with the use of a passbook.
6. Scale of Preference: A list of wants in order of their relative importance which useful in making rational choices.
7. Scarcity: A situation whereby a given resource is insufficient and difficult to obtain.
8. Schilling: The kind of money used in Austria.
9. Seasonal Unemployment: A kind of aftermath unemployed experienced by those who do periodic jobs such farmers, festivity workers, contractors etc.
10. Secondary Production: The transformation or processing of raw materials into semi-finished goods or finished goods.
11. Security: A written statement of the monetary value of a share and the proof of its ownerships. Otherwise known as stock.
12. Service: An economic activity that does not involve the production of goods and could be bought and sold at a price.
13. Sex Distribution: The classification of a population according to its genders i.e male and female.
14. Share: A unit of the capital of a company with a specific value on which a certain amount of dividend is paid.
15. Shekel: The kind of money in Israel.
16. Shilling: The kind of money used in Kenya, Uganda, Tanzania and Somalia.
17. Shortrun: A period of time in which some factors of production are fixed.
18. SHUT Down Point :A point where a firm covers its total variable cost.
19. Skilled Labour: A worker that has either undergone certain professional training or possess the special ability required to do a specific job.
20. Sleeping Partner: See dormant partner.
21. Slope: The numerical expression of the response of the vertical movement of a curve to changes in its horizontal movements.

    $$\text{Slope} = \frac{\text{Changes in Y}}{\text{Changes in X}}$$

22. Socialist Economic System: An economic system whereby the means of production and distribution is exclusively owned by the government. Otherwise known as planned economy or command economy.
23. Social Capital: All government investments in physical goods and services for the benefits of the people in a country e.g. school, hospitals, roads, etc.
24. Social Cost: The price paid by the society during a production activity e.g. pollution.
25. Sol: The kind of money used in Peru.
26. Sole Proprietorship: A firm of business that is established by one person with the aim of making profits. Otherwise known as one ma business.
27. Special Deposit: An instruction by the central bank to commercial banks to keep a certain amount of money other than the statutory requirement in order to curtail their credit facilities.
28. Special Drawing Rights : A supplementary asset created and maintained by the IMF(International Monetary Fund) to help member countries in the settlement of their external debts.
29. Specialization: The concentration of efforts and resources in production activities.
30. Specific Tax: A system of charging tax on each unit of goods and services.
31. Stag: see <u>bull</u>
32. Stagflation: A general rise in prices coupled with economic depression, unemployment and low or no output.
33. Stamp Duty: A levy that is charged on certain documents on which the mandatory use of postage stamp is required.
34. Standard Deviation (ð): A method that measures the square root of the average of dispersion of values from the mean in a distribution.

$$\sqrt{\frac{\Sigma (X - \ddot{X})^2}{N}}$$

Where Σ = sum
N = Number of values
$\ddot{X}$ = mean
X = value
It's the square root of the variance.

35. Standard of Living: The extent to which individuals are able to satisfy their wants in an economy. It is inversely related with the cost of living. i.e the higher the standard of living, the lower the cost of living and vice versa.
36. Standard Order: See <u>bank order</u>
37. State Warehouse: A place where government keeps seized contraband goods.

38. Statutory Monopoly: see legal monopoly.
39. Stochastic Term: see disturbance term.
40. Stock: See security.
41. Stock Exchange: An institution at the centre of the capital market where securities and bonds are bought and sold.
42. Structural Unemployment: A kind of unemployment that occurs during an prolonged economic recession whereby there is a permanent decline in the demand for the goods of an industry.Hence, workers are forced out of work.
43. Subscription: An application to buy the shares, debentures or bonds of an organization.
44. Subsidiary Company: A company whose majority shares are owned by another company.
45. Subsidy: Any form of intervention that is aimed at reducing the production cost of certain goods and services so that consumers can get them at affordable price.
46. Subsistence Agriculture: The growing of plants and rearing of animals for immediate consumption. Otherwise called peasant farming.
47. Super Tax: See sur tax.
48. Supply: The amount of goods and services which a producer is willing and able to offer for sale at a given price at a period of time.
49. Supply Curve: A line that traces the quantity supplied of a commodity at different prices on a graph. It slopes upward from left to right. See FIG S1
50. Supply Function: An equation which shows that the quantity supplied of a commodity is influenced and determined by certain factors such as its price, prices of other commodities, number of producers, level of technology, cost of production and government policy (e.g taxation).
    $S_M = f(P_M, P_o, T, N, C, G)$
    Where $S_M$ = supply of commodity M
    $P_M$ = price of commodity M
    $P_o$ = Price of other commodities.
    T = Level of technology
    N = number of producers
    C = Cost of production
    G = Government policy (e.g. taxation)
51. Supply of Labour: The number of people that are willing able and legally permitted to work at a particular time.
52. Supply of Money: The quantity money in an economy at a given period.
53. Supply Schedule: A table or list of data that shows quantity of goods and services offered for sale at different price at a particular time. See FIG S2
54. Surplus Budget: See budget surplus

55. Surtax: A levy that is charged on incomes that are above a particular amount. Also known as super tax.

## Tt

1. Table: A list of values that is arranged in rows and columns. See FIG T1 for a table showing the quantity of goods sold by a firm during a weekend promo.
2. Tariff: see import duty.
3. Takeover: See absorption.
4. Takeover Bid: An attempt or offer to buy a company at a certain price.
5. Tangent: A curve that only touches another curve and goes not cut through it. See FIG T2
6. Taste: The consumption pattern of a consumer at a point in times.
7. Tax: A compulsory levy charged on all individuals, firms, products and properties by the government of a country. A tax could be classified according to properties of its burden or rate;
   Classification according to burden:
   (a) Direct Tax: See Direct Tax
   (b) Indirect Tax: see Indirect Tax
   Classification according to rate:
   (a) Progressive Tax: see Progressive Tax
   (b) Regressive Tax: see Regressive Tax
   (c) Proportional Tax: see Proportional Tax
8. Taxation: An analysis of the features of collection and incidence of a tax plus the pattern of the utilization of its revenue by government.
9. Tax Concession: The exemption of some firms form the payment of tax in order to encourage them to stay in business. Otherwise as tax holiday.
10. Tax Avoidance: A deliberate attempt to pay little out of the total tax liability for a given period.
11. Tax Evasion: A deliberate attempt to avoid payment of tax.
12. Tax Holiday: See tax concession.
13. Technological Monopoly: A situation whereby only a single firm possesses the scientific know how required certain goods and services.
14. Technological Unemployment: A situation of a change in the methods of production which results in the replacement of labour with machines.
15. Technology: In economics, it is the scientific knowledge that is required to carry out activities of production and distribution.
16. Terms of Trade: The rate of which a country's exports is exchange for its imports.

$$\text{Terms of trade} = \frac{\text{Price Index of Export}}{\text{Price Index of Import}} \times 100$$

17. Tertiary Production: A group of activities that facilitate production processes and the movements of goods and services to the final

consumer e.g. transportation, warehousing, advertisement, banking and finance etc.

18. Time Deposit: See fixed deposit account.
19. Time Rate: A method of paying labour according to the minutes or hours spent on a production activity.
20. Time Series Data: A type of data that is made up of the observed values of a variable over a period.
21. Time Utility: The ability of goods and services to satisfy consumer's wants at a period.
22. Token Money: A term used to describe money whose face value(value as money) is greater than its value as a commodity
23. Total Cost (TC): The amount of money spent to employ all the factors that are used for a production activity. See FIG T3
    Total Cost = Fixed Cost (FC) + Variable Cost (VC)
24. Total Fixed Cost: See fixed cost.
25. Total Product (TP): The amount of all the goods and services produced with the use of given combinations of factors. Otherwise known as total output or total quantity.
    Total Product(TP) = F (V, F)
    Where F = Function of
    V = Variable Factors
    F = Fixed Factors
26. Total Revenue (TR): The amount of money obtained from the sales of all the goods and services supplied at a given time.
    Total Revenue (TR) = Price X Total Product
27. Total Utility: The overall amount of satisfaction a buyer derives from consuming units of a commodity or service at a particular time.
    See FIG T5,T6
28. Total Variable Cost: see Variable Cost
29. Trade: The exchange, buying and selling of goods and services.
30. Trade Association: A group of people in the same line of business that come together to pursue their common interest. Alternatively, it is referred to as producer's association.
31. Trade Bill: see bill of exchange
32. Trade by Barter: see barter
33. Trade Cycle: A chain of concurrences that is peculiar to an industry over a period e.g period of boom (high level of activity) and period of depression (high level of inactivity).
34. Trade Mark: A symbol, design or name which a firm uses to differentiate its products from others in the market.
35. Trade Union: See labour union.
36. Transaction: The process of buying and selling goods.
37. Transactive Motive: see demand for money.

38. Transfer Earnings: The minimum level of wages for which labour is ready to work (when its supply is perfectly elastic) but leaves the job for another alternative if offered less.
39. Transfer Payment: Money paid to individual for which he neither produce goods nor render services in return e.g. bursary, retirement benefits, scholarship award, welfare payments unemployment benefits, etc.
40. Transport: The movement of commodities, services and people from one place to another.
41. Treasury Bill: A type of exchange where in government promises to pay the stated sum of money to the holder after 91 days from the day of issue.

## Uu

1. Unbalanced Growth Strategy: A consecutive concentration of resources in some selected sectors to order to bring about specified improvements.
2. Under-developed Economy: See developing economy.
3. Under Population: A situation where the available resources is greater than the number of people in a country. See fig O1.
4. Underemployment: A situation where a worker's potential and skills are not fully utilized and rewarded in his present job.
5. Unemployment: A situation where the people who are willing, able and legally permitted to work find no jobs to do.
6. Unfavourable Balance of Payment: Check Balance of payment deficit.
7. Unfavourable Balance of Trade: A situation where a country's visible imports exceeds her visible export.
8. Unfavourable Terms of Trade: A situation where the price at which a country's imports exchange for her exports is greater.
9. Ungrouped Data: A kind of data in which the behaviour of each variable is recorded separately.
10. Unissued Share: A portion of the authorized capital that has been offered to the public for subscription nor allotted to shareholders.
11. United Nation (UN): An organization established on the 24th October, 1945 to promote peaceful coexistence growth and development among the countries of the world.
12. United Nations Children's Fund (UNICEF): A body established to assist in catering for the health and education of children all over the world.
13. United Nations Conference on Trade and Development (UNCTAD): A body established in 1964 to promote international trade and economic development in developing nations all over the world.
14. Unit Trust: A small firm that helps people to invest their money in the securities of various organizations.
15. Unity Elasticity of Demand: A situation where a change in price leads to an equal change in demand. here, the numerical value of elasticity is equal to one i.e Ed = 1 See FIG U1
16. Unity Elasticity of Supply: A situation whereby a change in price leads to an equal change in supply. Here, the numerical value of elasticity is equal to one i.e Ed = 1.
17. Unlimited Liability: A case whereby owners lose their investment and sometimes, personal belongings to the settlement of business debts in the event of bankruptcy.
18. Unskilled Labour: A worker that has neither undergone and educational training nor possess relevant knowledge, experience and ability required to do a professional job.
19. Utilisation: The act of making the use of a resource.

20. Utility: (i) A commodity or service. (ii) The ability of a commodity or service to give satisfaction to a consumer.

21. Utility Maximisation: A point whereby the consumer is able to derive the highest satisfaction from the consumption of goods and services. In FIG U3,when:

(a) the budget line is tangent to the indifference curve: the consumer derives less satisfaction an ICI.

* At Point E where his indifference curve IC2 is tangent to budget line KR,he is maximizing his utility.

* The consumer can not attain IC3 and IC4 except his income rises or the price of food falls.

(b) The marginal utility (MU) derived from consuming each commodity or services is equal even if his consumption pattern changes.

$$\frac{\text{Marginal utility of food}}{\text{Price of food}} = \frac{\text{marginal utility of clothes}}{\text{price of clothes}} = \frac{\text{marginal utility of books}}{\text{price of books}}$$

(c) The marginal utility (MU) derived from the consumption of a commodity is equal to its price(p).

(d) The MRSc = MRSe

Otherwise referred to as consumer equilibrium.

## Vv

1. Value Added Tax (VAT): A method of charging tax on commodities at every stage of production.
2. Value Index (VI): A method used for measuring the price and quantity demanded of a commodity or service over time.
   Value Index for = Pm Qm at current year X 100
   Commodity M Pm Qm at base year
   Where Pm = price of commodity M
   Qm = quantity demanded of commodity M
3. Value of Money: The purchasing power of money i.e the quantity of goods and services it can buy at a particular time.
4. Variable: A unit whose value is subject to change in tables, graphs equation and models.
5. Variable Cost (VC): The amount of money spent to employ factors that change with the level of output in a production activity e.g raw materials, wages of direct labour, price of fuel for lightings and machines. Etc. otherwise referred to as direct cost . See fig v1
6. Variable Factor: A production resource whose size changes with the level of output in the short-run-alternatively, it is referred to as variable input.
7. Variable Input: see <u>Variable Factor</u>
8. Variance (ð): A measure of dispersion that is used to find the average of the squared deviation of the values of a distribution from the mean.
   Variance ($ð^2$) or) $S^2$ =
   Variance($ð^2$) $= \sqrt{\frac{\sum(X-\ddot{X})^2}{N}}$ (For a grouped data)

   Or $\sqrt{\frac{\sum f(X-\ddot{X})^2}{N}}$ (for an ungrouped data)

   Variance is the square of the standard deviation $(S)^2$
9. Vice Versa: A term which is used to explain that the opposite of the preceding statement is applicable to the concept in question e.g cost of living is inversely related to the standard of living, the higher the cost of living the lower the standard of living and vice versa. This simply means that the lower the cost of living, the higher the standard of living.
10. Visible Exports: Commodities that are taken to another country for sale or exchange.
11. Visible Imports: Commodities that are brought into a country for sale or exchange.
12. Vertical Merger: An integration of two companies that are engaged in different stages of the production of a commodity.

13. Volume Index: see quantity index
14. Vote: The amount of money which a department is authorized to spend on specific expenditure for a period.

## Ww

1. Wages: Daily payment made to labour for taking part in a production activity.
2. Wants: Goods and services that an individual needs or desire to have.
3. Warehouse: A place where goods are stored. It is of 3 types.
   (a) Bonded Warehouse: see bonded warehouse
   (b) Ordinary Warehouse: See ordinary Warehouse
   (c) State Warehouse: See state Warehouse
4. Welfare: The provision of free basic services for people.
5. West African Clearing House (WACH): An organization established in June 1975 with its headquarters in Freetown, Sirrealeone to promote the use of currencies of member states for transaction within the sub-region. It is made up of the central bank of Nigeria, Liberia, Ghana, Gambia Mali Guinea, Guinea Bissau, Mauritania, Sirrea Leone and BCEAO (The central bank that serves the Franco phone countries: Niger, Togo, Senegal, Benin, Burina Faso, (Cote diivore).
6. Wholesaler: A middleman who buys goods in large quantities from the producer and sells in smaller quantities to the retailer. See fig C1.
7. Won: The kind of money used in Korea.
8. Working Capital: see circulating capital.
9. Workforce: (i) See labour force (ii) The people who are willing, able and legally permitted to work whether or not they have jobs to do or their number.
10. Work Place: see factory.
11. Working Capital: see Circulating Capital.
12. Working Population: see labour force
13. Work-to-Rule: A kind of protest in which workers refuse to do any work outside their contracts.
14. World Bank: see International Bank for Reconstruction and Development.
15. World Health Organization (WHO): An organ of the Nation Established in 1948 to monitor and supervise the attainment of the highest possible level of health.
16. World Trade Organization: A body that was established in 1st January 1995 to replace the General Agreement on Tariff and Trade. It deals with rules of trade between Nations and help producers, exporters and importers to conduct their transaction properly.

## Xx

1. $\ddot{X}$ : A symbol used to represent the arithmetic mean of a distribution. It pronounced as “X bar”.
2. X – axis: The horizontal line of a graph which usually represents the independent variable. See FIG X1

## Yy

1. Y = A symbol that is used to represent income.
2. Yard: A unit of measuring length: 36 inches makes 1 yard.
3. Y-Axis: The vertical line of a graph which usually represents the dependent variable. See Fig X1
4. Yd: A symbol that is use to represent disposable income.
5. Yen: The kind of money used is Japan.
6. Yield: The ability of an economic activity to produce certain results.
7. Yuan: The kind of money used in China.

# Zz

1. Zero (0): (a) A number that equal nothing
   (b) A point where there is no interaction between the variable plotted on a graph. See fig X1
2. Zero Correlation: A situation where there is no form of relationship between to or more variable. Zero Correlation between Y and Z is illustrated in FIG Z1
3. Zero Elasticity of Demand: A situation whereby the quantity demanded of a commodity or service remains unchanged as its price changes. The numerical value of elasticity is zero i.e Ed = 0 FIG Z2
4. Zero Elasticity of Supply: A situation whereby the quantity supplied of a commodity or service remains unchanged as its price changes. Here, the numeric value of elasticity is zero. i.e ES = 0. Otherwise known as perfectly inelastic supply. FIG Z3
5. Zero Rated: Goods on which value added tax is not changed.
6. Ziot: The kind of money used in Poland.

## SYMBOLS

**∑ - sum**
**ð - sigma - standard deviation**
**≠ - not equal to**
**= - equal to**
**≥ - greater than or equal to**
**≤ - less than or equal to**
**π – profit**
**< - less than**
**> -greater than**
**Ẍ- mean**
**≈ - approximately equal to**
**$ð^2$- variance**
**º - degree**
**% - percentage**