



LANDMARK UNIVERSITY, OMU-ARAN

COURSE COMPACT TEMPLATE

COLLEGE: College of Agricultural Sciences

DEPARTMENT: Department of Agriculture

PROGRAMME: Agricultural Economics and Extension Programme

COURSE COMPACT for: Alpha Semester 2016/2017 Session

Course

Course code: AEC 211

Course title: Principles of Agricultural Economics I

Credit unit: 2

Course status: Compulsory

Lecturer's Data

Names of the lecturers: Bamiro O. M and Adeyonu A. G

Qualifications obtained: B.Agric, MSc PhD Agricultural Economics

Department: Agriculture

College: College of Agricultural Sciences

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Office Location: A015 and A005

Consultation Hours: Mondays to Fridays 4-5 p.m

INTRODUCTION TO THE COURSE

Course Description: *AEC 211 is an introductory course to microeconomic theory. It discusses the tools and methods of economic analysis and how the prices of agricultural products are determined. It analyses the theory of consumer behaviour both in terms of utility analysis and the indifference curves approach along with the concept of elasticity of demand and supply. It also throws light on how the goods and services produced are distributed among the various people for consumption through market mechanism.*

Course Justification: *The principal aim of this course is to get students acquainted with basic microeconomics (microeconomic theory) and the application of economic principles in day-to-day life and in agricultural production activities. The course is also intended to serve as a solid foundation for higher level courses in the department. Topics to be covered will include definition of economics economic problems, economic models, differences between microeconomics and macroeconomics, utility theory, theory of demand and supply, concept of elasticity, production and production function, concepts of costs and market structure.*

Course Objectives: At the end of this course:

- (i) Students will be able to identify and explain economic concepts and theories related to the behaviour of economic agents, markets, industry and firm structures, legal institutions and government policies.
- (ii) They will be able to integrate theoretical knowledge with quantitative and qualitative evidence in order to explain past economic events and to formulate predictions on future ones.
- (iii) The course will also enable the students to identify the basic features of alternative representations of human behaviour in economics.

Course Content: Application of Basic Economic Principles in Agriculture; Theory of Consumption; Supply and demand; Price Determination and Elasticities; Formulation of Models; Factor-Product; Factor-factor, and Product-Product and their optimum Conditions; Linear Programming; Agricultural Linkages; Vertical/Horizontal Integration.

Course Expectations:

S/N	GRADING	SCORE(%)
1.	Continuous Assessments	
	• C.AI	7%
	• C.AII (Mid-Semester Test)	15%
	• C.AIII	8%
2.	Final Examination	70%
3.	Total	100

Course Delivery Strategies:

Powerpoint presentation and the use of white marker board for the drawing of diagrams, charts and graphs.

LECTURE CONTENT

Break into module and modules into weeks, indicating objectives, description, study question and other information as posted below.

Module 1

- **Week 1:**
- **Topic: Basic Economic Principles**

Objectives

The students at the end of the lecture should be able to:

- i) State growth and welfare definitions, scarcity and growth oriented economic definitions of economics.
- ii) Understand the various functions performed by agents involved in the movement of goods from producers to the final consumers.
- iii) Apply simple economic models to solve basic economic behaviours.

Description:

First hour: Giving the various definitions of economics such as growth, welfare, scarcity definitions among others

Second hour: The economic problems faced by producers and consumers

concerning what to produce, how to produce, where to produce as well as how to distribute the goods. It examines how to apply economic theory in solving economic problems through the use of economic models.

Study Questions:

1. Distinguish between the growth and welfare definitions of Economics
2. What are the processes involved in the movement of goods from producers to the final consumers?

WEEK 2 Basic Economic Concepts

Objectives

The students at the end of the week should be able to:

- (i) Distinguish between economic and non-economic goods
- (ii) Differentiate between consumers goods and producers goods
- (iii) Understand the concept of wealth, value, price, stock and flows

Description

First hour: Discussion of goods in ordinary language and in economic terms
Classification of goods into tangible and non-tangible goods. Division of material goods into economic and non-economic goods. Distinction between consumers' goods and producers' goods

Second hour: Discussion of the concept of value, wealth, price, stock and flows.
Examples of value goods. Characteristics a good must possess in order to be of value.

Study Question

1. Define goods. Distinguish between economic and non-economic goods, and intermediate and final goods.
2. What are non-material goods? Give five examples
3. Write short notes on (i) value and price (ii) stock and flows

WEEK 3 Utility theory

Objectives

At the end of the week, the students should:

- i) Define utility and distinguish between total and marginal utility
- ii) Distinguish between Cardinal and Ordinal Utility
- iii) Understand the theory of consumer preference
- iv) Construct indifference curves and maps

Description

First hour: Discussion of total and marginal utility. Assumptions of utility analysis. Distinction between marginal and ordinal utility

Second hour: Discussion of consumer preferences. Construction of consumer's indifference schedule

Study Questions

1. Distinguish between total and marginal utilities
2. State the assumptions of cardinal utility
3. What are the defects of utility analysis?

WEEK 4 Indifference Curve Theory

Objectives

The students at the end of this week are expected to:

- i) Understand the concepts and characteristics of indifference curves, Marginal Rate of Substitution
- ii) Determine the optimal choice of the consumer in the face of budget constraint
- iii) Determine the consumer's equilibrium and producers surplus

Description

First hour: Explanation and characteristics of indifference curves. Marginal rate of substitution

Second hour: Discussion on determination of optimal choice of the consumer in the face of budget constraint. Determination of the consumer's equilibrium. Producers surplus.

Study Questions

1. Distinguish between indifference curves and indifference schedule
2. How will the consumer determine his optimal choice in the face of budget constraint?
3. What is producers surplus?

WEEK 5 Theory of Demand

Objectives

Students at the end of the week are expected to:

- i) Understand the concept of demand and demand schedule
- ii) Derive demand curves from demand schedules
- iii) Distinguish between normal goods, inferior goods and superior goods
- iv) State the law and determinants of demand

Description:

First hour: Explanation of the concept of demand and demand schedule. How to derive demand curves from demand schedules. Individual and market demand schedules.

Second hour: Discussion and distinction between normal goods, inferior goods and superior goods. Law of demand. Determinants of demand

Study Questions

1. Distinguish between movement along a demand curve and a shift in the demand curve
2. Distinguish between inferior and normal goods
3. Explain how the demand for a commodity is affected by change in the price of other commodity and change in the income of the consumer

WEEK 6 Theory of Demand**Objectives**

At the end of the week, the students should be able to:

- i) Identify the different types of demand
- ii) Carry out the indifference curve analysis of demand

Description

First hour: Explanation of the different types of demand: joint demand, derive composite, competitive demand etc

Second hour: Discussion of the relationship between indifference curve and law of demand. Derivation of demand curve for goods using the indifference curve analysis

Study Questions

1. Mention and explain three types of demand
2. Derive the demand curve for a Giffen good using the indifference curve analysis

WEEK 7 Theory of Supply**Objectives**

Students at the end of the week are expected to:

- i) Define and derive supply schedules
- ii) State the law and the determinants of supply
- iii) Derive supply curves from supply schedules

Description

First hour: Definition and explanation of the law of supply. Factors influencing the supply of goods.

Second hour: How to derive supply curves from supply schedule. Derivation of the supply function

Study Questions

1. State and explain the law of supply.
2. Explain the conditions under which the supply curve slopes backward
3. What are those factors that influence supply of goods?

WEEK 8 MARRIAGE OF DEMAND AND SUPPLY**Objectives**

At the end of the week, the students should be able to

- i) Determine the equilibrium price and quantities of goods supplied

- and demanded for in the market
- ii) Carry out calculations involving equilibrium
- iii) Determine price floor and price ceiling
- iv) Distinguish between subsidies and quotas

Description

First hour: Discussion of the relationship between quantity of goods supplied and demanded. Equilibrium price and quantity.

Second hour: Calculations involving equilibrium prices and quantities.

Determination of price ceilings and price floors, taxes, subsidies and quotas.

Study Questions

1. How will you explain equilibrium price and quantity of goods?
2. Distinguish between price floor and price ceiling.
3. **Distinguish between subsidies and quotas**

WEEK 9 Elasticity of Demand and Supply

Objectives

Students are expected to

- i) Understand the meaning of elasticity
- ii) Carry out simple calculations on price elasticity of demand
- iii) Determine Income elasticity of demand and cross-price elasticity of demand
- iv) State the importance of elasticity of demand and supply

Description

First hour: Meaning of elasticity. Discussion of price elasticity of demand, cross and income elasticities of demand.

Second hour: Discussion of the factors affecting price elasticity of demand.

Importance of the concept of elasticity.

Study Questions

1. Explain the concept of price elasticity of demand and examine the various methods of its measurement
2. Define cross elasticity of demand. How will you measure it?
3. "The concept of elasticity is a versatile tool of economic analysis."

Discuss the validity of this statement with appropriate instances.

WEEK 10 Theory of Production

Objectives

At the end of this week, students should be able to:

- i) Understand the meaning and identify the factors of production
- ii) Examine those factors affecting the productivity of each factor

Description

First hour: Explanation of production. Discussion of the meaning of each factor employed in production. Characteristics and importance of each of the factors

Second hour: Discussion of factors affecting the productivity of land extensive and intensive land cultivation. Division of labour and machinery.

Capital. Capital formation, process of capital formation

Study Questions:

1. Give a broad classification of the factors of production
2. Discuss the importance of factors of production in economic analysis.

WEEK 11 Theory of Production

Objectives

- i) At the end of the week, the students should distinguish between Production and Production Function
- ii) Derive Production Possibility Curves
- iii) Understand the various costs involved in production processes and derive cost curves

Description

First hour: Discussion of production function as a functional relationship between quantities of inputs and outputs. How production function can be expressed as algebraically and in tabular form. Meaning of scale of production.

Second hour: Explanation of production possibility curve. Cost and cost curves.

Study Questions

1. Distinguish between the concepts of production and production function
2. What is Production Possibility Curve?
3. Distinguish between opportunity cost and cost function

Week 12

Revision

Week 13

Examinations

Recommended Books

Berkely Hill (1990) An Introduction to Economics for Students of Agriculture 2/ed
Pergamon Press, U.S.A

Dewett K. K. (2005) Modern Economic Theory 22/ed Chand and Company Limited,
New Delhi, India

TEACHING OUTLINE

TEACHING WEEKS	COURSE TOPIC	LECTURERS IN CHARGE
WEEK 1	INTRODUCTION 1.1 Definition and scope of Economics 1.2 Economic function and problems, economic theory, economic activity, economic models, economic decision and policy 1.3 Distinction between microeconomics and macroeconomics	Dr (Mrs) Adeyonu A.G.
WEEK 2	BASIC ECONOMIC CONCEPTS 2.1 Goods: Types of goods, classification of goods 2.2 value, value and price, wealth, stock and flows	Dr (Mrs) Adeyonu A.G.
WEEK 3	CONSUMPTION THEORY 3.1 Definition of utility: Total utility, marginal utility 3.2 Cardinal and ordinal utility theory 3.3 Consumers preferences	Dr (Mrs) Adeyonu A.G.
WEEK 4	4.1 Indifference curve and budget constraint 4.2 Consumer equilibrium 4.3 Consumer and Producer surplus	Dr (Mrs) Adeyonu A.G.
WEEK 5	THEORY OF DEMAND 5.1 Meaning of demand and demand schedule 5.2 Determinants of demand, demand curves, law of demand 5.3 Change in demand versus change in quantity demanded	

WEEK 6	6.1 Types of demand (Joint, derive composite, competitive) 6.2 Indifference curve analysis of demand	Dr. (Mrs) A. G Adeyonu
WEEK 7	THEORY OF SUPPLY 7.1 Definition of supply and supply schedules 7.2 Determinants of supply, supply curves, law of supply 7.3 Change in supply versus change in quantity supply 7.4 Types of supply	Prof. Bamiro O.M
WEEK 8	MARRIAGE OF DEMAND AND SUPPLY 8.1 Equilibrium price and quantity 8.2 Calculations involving equilibrium 8.3 Price ceiling and price floor, taxes, subsidies and quotas	Prof. Bamiro O.M
WEEK 9	ELASTICITY OF DEMAND AND SUPPLY 9.1 Meaning of elasticity 9.2 Definition of Price elasticity of demand and calculations 9.3 Determinants of elasticity of demand 9.4 Income elasticity of demand and cross-price elasticity of demand 9.5 Importance of elasticity of demand	Prof. Bamiro O.M
WEEK 10	THEORY OF PRODUCTION 10.1 Meaning of production 10.2 Factors of production	Prof. Bamiro O. M

WEEK 11	THEORY OF PRODUCTION 11.1 Production function 11.2 Scale of production 11.3 Production Possibility Curve 11.4 Cost and cost curves	Prof. Bamiro O.M
WEEK 12	Revision/AOB	

HOD's COMMENTS:

Name: Prof. O.M. Bamiro

Signature

Date: