

**COURSE OUTLINE**

**Fall 2020**

Course Title: **Agricultural Finance**

Course Code: **AE-405**

Credit Hours: **3(3-0)**

Instructor: **Ms. Qurat ul Ain**

Email: **qurattullainn@gmail.com**

**DESCRIPTION AND OBJECTIVES**

This course will cover a broad range of finance topics and applications. In addition to a broad overview of finance, it will also cover in some detail several fundamental concepts of finance, including the nature of financial markets, financial instruments and techniques that are critical in financial decision-making. The objectives of the class may be summarized as 1. Introduce students to agricultural finance and highlight the importance of finance in real-world decision-making and the uniqueness of finance related to agriculture. 2. Introduce the fundamental concepts and techniques that are at the heart of financial decision-making. This course will cover various topics including the time value of money, financial statement analysis, capital budgeting and structure, investment decisions, farmland valuations, credit, banking, agricultural lending, risk management and financial markets.

**INTENDED LEARNING OUTCOMES**

At the end of the course students will have a general overview of the fundamentals of finance and its application in agriculture and agribusiness.

**COURSE CONTENTS**

Nature and scope of agricultural finance; Sources and types of financial instruments and intermediaries in Pakistan's perspective. Credit assessment and decision criteria, Agricultural credit markets; Agricultural credit policies and their problems, Role of central bank and other financial institutions in agricultural financing; Classification of loans; insurance in agricultural sector, Micro-credit and role of NGO's in agricultural lending and development. Nature and scope of financial management, time value of money, capital budgeting, capital and its cost, financial analyses, capital structure, liquidity and lender-borrower relationship and credit evaluation, risk management, financial markets.

**READINGS**

**TEXT BOOKS:**

1. Reddy, S. S., & Ram, P. Raghu.(1996). Agricultural Finance and Management, Oxford & IBH publisher Co.

**SUGGESTED READINGS:**

1. Barry, P. J., Ellinger, P. N., Hopkin, J.A., & Baker, C. B. (2000). Financial Management in Agriculture. 6th Edition. Prentice Hall.
2. Pandey, U.K. (1990). An Introduction to Agricultural Finance. New Delhi: Kalyani Publishers,
3. Downey, W.D. & Enieson, S.P. (2002). Agribusiness Management, Singapore: McGraw Hill.

**COURSE SCHEDULE**

<b>Week</b>	<b>Topics and Readings</b>	<b>Books with Page No.</b>
	Nature and scope of agricultural finance Importance	Book: Agricultural Finance and cooperation and Self Compiled Notes (1)

	Difference among farm and non-farm financing	from FAO, UN and State Bank of Pakistan
	Credit worthiness Credit needs in Agriculture Classification of credit	Book: Agricultural Finance and cooperation and Self Compiled Notes (1) from FAO, UN and State Bank of Pakistan
	Agricultural credit markets Credit Analysis Formal and informal sources of agricultural credit	Book: Agricultural Finance and cooperation and Self Compiled Notes (1) from FAO, UN and State Bank of Pakistan
	Supervised Agricultural Credit 3 Rs of return 5 Rs of Credit	Book: Agricultural Finance and cooperation and Self Compiled Notes (1) from FAO, UN and State Bank of Pakistan
	7 Ps of credit Agricultural credit policies and their problems	Book: Agricultural Finance and cooperation and Self Compiled Notes (1) from FAO, UN and State Bank of Pakistan
	Role of central banks Organized and no formal credit institutions	Book: Agricultural Finance and cooperation and Self Compiled Notes (2) from FAO, UN and State Bank of Pakistan
	Risk analysis and management;	Book: Agricultural Finance and cooperation and Self Compiled Notes (4) from FAO, UN and State Bank of Pakistan
	Micro credit and role of NGO's in agricultural lending and development Agri. credit in rural areas of Pakistan	Book: (Published article) and Self Compiled Notes from

		FAO, UN and State Bank of Pakistan
	Capital budgeting, Future values, present values, DCF, NDCF, IRR, PI	Book: Agricultural Finance and cooperation and Self Compiled Notes (3) from FAO, UN and State Bank of Pakistan
	Role of central bank and other financial institute in agricultural financing FAQs on Agri-Financing in Pakistan	Book: Agricultural Finance and cooperation and Self Compiled Notes (2) from FAO, UN and State Bank of Pakistan
	Insurance in agricultural sector Financing Farmers in Value chain	Book: Agricultural Finance and cooperation and Self Compiled Notes (4) from FAO, UN and State Bank of Pakistan
	Insurance in agricultural sector TVCF, LVCF	Book: Agricultural Finance and cooperation and Self Compiled Notes (4) from FAO, UN and State Bank of Pakistan
	Insurance in agricultural sector Production Risk Insurance	Book: Agricultural Finance and cooperation and Self Compiled Notes (4) from FAO, UN and State Bank of Pakistan
	Insurance in agricultural sector Commodity price risk management	Book: Agricultural Finance and cooperation and Self Compiled Notes (4) from FAO, UN and State Bank of Pakistan
	Capital budgeting, Future values, present values, DCF, NDCF, IRR, PI	Book: Agricultural Finance and cooperation and Self Compiled Notes (3) from FAO, UN and

		State Bank of Pakistan
	<b>PRESENTATIONS</b> Review of the course, Overall discussion	

### **RESEARCH PROJECT/PRACTICAL/LABS/ASSIGNMENTS**

- Evaluation of Micro credit institution and their performance in Pakistan.  
Power point presentations and submission of printed slides along with soft copies  
7 Groups comprising of 2 students each.

### **ASSESSMENT CRITERIA**

Sessional: 12 (Class Attendance:2, Presentation: 4, Assignments: 6)  
Mid Term Test: 18  
Final Term Test: 30