



2nd SEM. 2009/2010

page 1 of 2

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: B.Sc II in Agricultural Economics and Agribusiness Management

COURSE CODE: AEM 202

TITLE OF PAPER: MICROFINANCE

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1. ANSWER ALL QUESTIONS
2. EACH QUESTION CARRIES TWENTY FIVE (25) MARKS

DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY THE CHIEF INVIGILATOR

Question 1

- (a) What is agricultural microfinance and how is it different from macrofinance? **10 MARKS**
- (b) State and discuss the reasons for time value of money? **15 MARKS**

Question 2

- (a) You are the loan officer of a microfinance lending institution, what is the equal amount of money you will require a farmer to pay annually if she obtains a loan of E30,000 at interest rate of 10% p.a. for 4 years? **10 MARKS**
- (b) Your father offers to deposit for you in a commercial bank either at the beginning or end of each year the sum E10000, E15000 and E20000 in the first, second and third years, respectively; at the interest rate of 10% per annum if beginning of the year, and 12% per annum if end of the year. Which offer will you take and why? **15 MARKS**

Question 3

Discuss the different methods of project evaluation, the drawback of each and the one you will recommend for your organisation and why? **25 MARKS**

Question 4

(4) Sandile Farms Limited has the opportunity of investing in two projects A and B but no enough capital to execute both, if the cashflows of the two projects are as indicated in Table 1 and the required rate of return is 10%, use Internal Rate of Return project evaluation technique to advise the company on which one to execute. **25 MARKS**

Table 1

Time (t)		0	1	2	3	4	5
Net Cashflows	P	-35000	5000	10000	15000	22500	30000
	Q	-35000	25000	20000	10000	5000	5000