



UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER

PROGRAMME: BACHELOR OF SCIENCE IN
AGRICULTURAL ECONOMICS AND
AGRIBUSINESS MANAGEMENT

COURSE CODE: AEM 202

TITLE OF PAPER: MICROFINANCE

TIME ALLOWED: TWO HOURS

INSTRUCTION: ANSWER ALL FOUR (4) QUESTIONS

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GRANTED BY THE CHIEF INVIGILATOR**

QUESTION #1 [30 Marks]

- a) Microfinance institutions are arguing that credit markets are inefficient towards the poor clients. Discuss this statement. [10Marks]
- b) Examine critically the microfinance institutions' practice of social collateral in dealing with their clients. [10 Marks]
- c) Why should governments intervene in microfinance? [10 Marks]

QUESTION #2 [20 Marks]

- a) Do microfinance loans and small rural farmers fit in terms of interest rates and the rates of return? Explain [8 Marks]
- b) Describe the advantages and disadvantages of the Rotating Savings and Credit Associations (ROSCAs). [12 Marks]

QUESTION #3 [30 Marks]

Consider the following Dlamini Farm (Pty) Ltd Transactions	E
Accounts receivable	2100
Notes payable	750
Equipment	9000
Inventories	1500
Retaining earnings	5550
Account payable	1500
Cash account	900
Other current liabilities	1200
Long-term debt	3000
Common stock	1500

- a) Prepare the Balance Sheet, as on December 30, 2011. [20 Marks]
- b) Calculate and interpret the Debt / Asset ratio [10 Marks]

QUESTION #4 [20 Marks]

- a) You plan to purchase a vehicle for E30000 in 5 years. How much you need to deposit into your credit union account today when the institution promises to pay you 6.5% per year? [10 Marks]
- b) Explain the microfinance revolution. [10 Marks]

END OF PAPER