



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 [25 Marks]

Microfinance institutions are likely to intervene in credit markets.

- a) List and explain the credit market failures [15 Marks]
- b) Discuss the microfinance providers' challenges when intervening in credit markets [5 Markets]
- c) Why should microfinance institutions introduce savings products? Explain [5 Marks]

QUESTION #2 [25 Marks]

- a) Development experts argue that microfinance is a social and poverty alleviation tool. How do you measure microfinance impacts on poor households? [15 Marks]
- b) Explain the microfinance institution manager's twin objectives. [10 Marks]

QUESTION #3 [25 Marks]

Consider the following Mduzuzi Farm (Pty) Ltd transactions:

Accounts payable	E 1500
Notes payable	750
Cash and equivalents	900
Other current liabilities	1200
Inventories	1500
Long-term debt	3000
Accounts receivable	2100
Net plant and equipment	9000
Common stock	1500
Retaining earnings	5550

- a) Prepare the Balance Sheet, as on November 30, 2014. (Numbers are in E 000) [15 Marks]
- b) Calculate and interpret the Acid Test Ratio and Debt / Asset Ratio [10 Marks]

QUESTION #4 [25 Marks]

- a) Your credit union offers you a loan and asks that you choose one of the following options:
 - 1 E 2500 today
 - 2 E 2775 one year from today
 What do you do? Explain [10 Marks]
- b) Define the following terms:
 - 1 Loan sharks [5 Marks]
 - 2 Safe clients [5 Marks]
 - 3 Active poor [5 Marks]