

2nd SEM. 2014/2015



Page 1 of 3

UNIVERSITY OF SWAZILAND

SUPPLEMENTARY EXAMINATION PAPER

PROGRAMME: BSc. in Agricultural Economics and Agribusiness
Management Year III

COURSE CODE: AEM 308

TITLE OF PAPER: AGRICULTURAL FINANCE

TIME ALLOWED: 2:00 HOURS

INSTRUCTION: ANSWER ANY FOUR QUESTIONS

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Question 1 [25 marks]

Using *illuminating* examples, discuss the five Cs of credit.

Question 2 [25 marks]

Define the following key terms:

- a) Hypothecated loans (5)
- b) Credit (5)
- c) Returns from investment (5)
- d) Repayment capacity (5)
- e) Risk bearing ability (5)

Question 3 [25 marks]

- a) Discuss the concept of agricultural insurance. (9 marks)
- b) What are the challenges of weather insurance? Discuss. (16 marks)

Question 4 [25 marks]

- a) Discuss the significance of agricultural finance to a farmer. (16 marks).
- b) Outline the causes of poor repayment capacity amongst farmers in developing countries. (9 marks).

130

2nd SEM. 2014/2015

Page 3 of 3

Question 5 [25 marks]

- a) State the procedure for processing a loan application.(20 marks)
- b) Derive the formula for an annual installment on an amortized even repayment. (5 marks).

END OF PAPER