



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]

- a) Microfinance institutions are arguing that credit markets are inefficient towards the poor clients. List and explain at least three common credit market failures. [15 Marks]
- b) Why should governments intervene in microfinance? [10 Marks]

QUESTION #2 [25 Marks]

- a) Discuss the advantages and disadvantages of the Rotating Savings and Credit Associations (ROSCAs). [15 Marks]
- b) Poverty in the developing world has been seen as a rural problem. Some development specialists believe that microfinance may be a vicious cycle of indebtedness among the poor. Analyze this statement [10 Marks]

QUESTION #3 [25 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 November 30, 2015. [15 Marks]
- b) Calculate and interpret the Debt / Asset ratio [10 Marks]

QUESTION #4 [25 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? Show your calculation [10 Marks]
- b) Define the following terms:
 - 1 microfinance revolution [5 Marks]
 - 2 cheap credit [5 Marks]
 - 3 financial ratio [5 Marks]