



Department: Agricultural Economics & Management (AEM).

Program: Agricultural Economics & Agribusiness Management

Level: Two (2)

Course Name: Microfinance

Course Code: AEM 205

Number of Questions: Four (4)

Marks per question: 25 marks

Time allowed: Two (2) hours

Instruction: Answer all questions. Marks allocated to each indicate extent of detail expected. Total grade is 100.

Question 1

As an expert in Agricultural Development, help explain to the members of parliament what the objective of Microfinance is, its target population and the impact it can bring in small business financing for the development objective.

1. Objective of Microfinance. **[5marks]**
2. Target clients/population for microfinance. **[5 marks]**
3. Microfinance impact on the development objective. **[10marks]**
4. What has necessitated /sparked the sudden global interest in Microfinance? **[5marks]**

Total = 25 marks

Question 2

1. Why is sustainability of a microfinance important for rural development? **[5 marks]**
2. How does MFI ensure its sustainability as a service provider? **[5 marks]**
3. Define three sources of finding for MFI. **[5 marks]**
4. Define portfolio quality and how it can be measured in an MFI. **[10marks]**

Total = 25 marks

Question 3

1. Discuss the difference between and microfinance and microcredit? **[5 marks]**
2. Define five (5) financing needs for the rural poor community in a country? **[10 marks]**
3. Define fungibility in the use of loan funds by credit users? **[5 marks]**
4. What is outreach in Microfinance Institute evaluation? **[5 marks]**

Total = 25 marks

Question 4

1. Discuss the meaning of delinquency and its implications on loan portfolio quality? **[8 marks]**
2. How can loan officers in an MFI help in avoiding delinquency of loan users? **[5 marks]**
3. Some literatures have argued that delinquency on loan can help the loan users. Explain how this is attainable/beneficial for loan users? **[6 marks]**
4. Define the types of payments are used in financial service provision. **[6 marks]**

Total = 25 marks