



EMBU UNIVERSITY COLLEGE
(A CONSTITUENT COLLEGE OF THE UNIVERSITY OF NAIROBI)

TRIMESTER EXAMINATIONS 2013/2014

SECOND YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE
IN AGRIBUSINESS MANAGEMENT

AEB 208: AGRICULTURAL FINANCE

DATE: AUGUST 13, 2014

TIME: 2.00 – 4.00PM

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

QUESTION ONE

- a) Distinguish between agricultural finance and agricultural credit (4 marks)
- b) Explain any three conditions for issuance of loans to farmers by the Agricultural Finance Corporation of Kenya (6 marks)
- c) Briefly explain any five Ps of credit (5 marks)
- d) If you were asked to evaluate whether an informal money-market source, such as a money lender, was exploiting its borrowers, what five factors would you consider in making this evaluation? (5 marks)

- e) Using relevant examples, briefly explain any five repayment plans available to agribusinesses in Kenya (5 marks)
- f) Briefly explain any five factors considered when identifying and choosing a viable agricultural investment for financing (5 marks)

QUESTION TWO

- a) The financial sector is increasingly becoming a leading contributor to the development of the agricultural sector in Kenya. Discuss the role played by i) any one micro and ii) any one macro agricultural finance actor (12 marks)
- b) Using appropriate examples, critically evaluate any two risks of agricultural financing in Kenya (8 marks)

QUESTION THREE

- a) Outline any six requirements that have to be met by a cooperative society before a loan can be granted to them by the Agricultural Finance Corporation (6 marks)
- b) You have recently been hired as an agribusiness officer in a commercial Bank in Narok. Using relevant examples, critically evaluate the procedures you would use to sanction a loan to a farmer who is seeking credit to produce wheat on his 50 acre farm (14 marks)

QUESTION FOUR

- a) Using relevant examples discuss any five criteria of classifying credit (15 marks)
- b) Briefly explain the scope of agricultural investment and financing (5 marks)

QUESTION FIVE

- a) Discuss any five factors that contributed to the remarkable 'success' of the Grameen Bank of Bangladesh model employed by Yunus (15 marks)
- b) Explain any five challenges that are associated with Grameen Bank's model of micro finance (5 marks)

---END---