



# **EMBU UNIVERSITY COLLEGE**

**(A Constituent College of the University of Nairobi)**

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**2015/2016 ACADEMIC YEAR**

**SECOND SEMESTER EXAMINATION**

**SECOND YEAR EXAMINATION FOR THE DEGREES OF BACHELOR OF  
SCIENCE (AGRIBUSINESS MANAGEMENT)**

**AEB 208: AGRICULTURAL FINANCE**

**DATE: APRIL 13, 2016**

**TIME: 02:00-04:00**

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**INSTRUCTIONS:**

**Answer Question ONE and ANY Other TWO Questions**

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**QUESTION ONE**

- a) Define the following terms as used in agricultural finance
  - i) Saving (3 Marks)
  - ii) Rural finance (3 Marks)
  - iii) Microfinance (3 Marks)
  - iv) Discuss debt as used in agricultural finance (3 Marks)
- b) Write short notes cost of borrowing as used in agricultural finance. (3 Marks)
- c) Discuss how capacity is used in credit analysis. (3 Marks)
- d) Discuss the three things you can do in regards to risk. (6 Marks)
- e) Explain the term capital as used in agricultural finance. (6 Marks)

**QUESTION TWO**

- a) Explain how the following risks affect credit availability. (10 Marks)
  - i) Sovereign Risk
  - ii) Market Risk
  - iii) Liquidity Risk
  - iv) Settlement Risk

v) Capital Risk

b) Explain the various sources of capital for agricultural purposes. (10 Marks)

**QUESTION THREE**

a) Using your own examples, explain the various sources of borrowed capital. (12 Marks)

b) Discuss any four C's of credit analysis. (8 Marks)

**QUESTION FOUR**

a) Discuss any five problems of agricultural credit. (10 Marks)

b) Explain the P's of credit analysis. (10 Marks)

**QUESTION FIVE**

a) Explain the three main time periods of agricultural finance development. (12 Marks)

b) Discuss the sources of borrowed capital. (8 Marks)

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