

UGANDA MARTYRS



UNIVERSITY

NGETTA CAMPUS
FACULTY OF AGRICULTURE

BACHELOR OF AGRICULTURAL ECONOMICS AND AGRIBUSINESS
MANAGEMENT

COURSE CODE; ACC3102 MICROFINANCE

FINAL ASSESSMENT

ACADEMIC YEAR 2023/2024 SEMESTER ONE

BAEM III

DATE: 5TH/DEC/2023

TIME ALLOWED: 3 HOURS (9:00AM-12:00PM)

INSTRUCTIONS:

- *Attempt **four (4)** questions*
 - *Start every question on a **new** page*
 - *Do not write anything on the question paper*
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1a. Explain the following as used in microfinance **(10marks)**

- i. Commercial microfinance
- ii. Cooperatives
- iii. Interest
- iv. Interest rate
- v. Microfinance

b. The cooperative principles create guidelines for co-operatives to follow and allow co-operatives to put their values into action. Explain the above principles. **(15marks)**

2a. Explain the effects of financial stress to the health of the stressed households **(10marks)**

b. Explain the ways community in your district today cope up with the financial stress as a way to shape their thoughts and feelings about life **(15marks)**

3a. Differentiate between micro-finance and formal banking by their characteristics **(10marks)**

b. Describe the salient features of microfinance in Uganda today **(10marks)**

c. Explain the key reasons why there is need for rendering credit facilities to the small and unstable income earners in your community **(5marks)**

- 4a.** Define with examples credit lending models used by microfinance institutions **(5marks)**
- b.** Describe explain with formulas any two types of interest used in microfinance **(6marks)**
- c.** The class of BAEM III invested a sum of shs. 10,000 in the bank where their amount gets compounded quarterly at 5% annual interest. Calculate the total value with compound interest BAEM class gets after 10 years. **(4marks)**
- d.** Explain the relevance of microfinance institutions in the surrounding communities **(10marks)**
- 5a.** Differentiate between Effective Annual Interest Rate and Nominal Interest Rate **(5marks)**
- b.** Assume an effective yearly rate is quoted at 36% per year, the compounding period is monthly. Calculate the effective monthly rate? **(4marks)**
- c.** Mr. right was given the real interest rate 10%, inflation rate 8%. Calculate the nominal interest rate **(8marks)**
- d.** Explain the importance of interests to business owners **(12marks)**
- 6a.** Microfinance sustainability is the ability of microfinance institutions to cover all its costs through interest and other income paid by its clients, discuss some of the strategic issues faced by microfinance that hinders the institution development. **(15marks)**
- b.** How would the above problem be solved with the expertise you have in microfinance **(10marks)**
- 7a.** Discuss with examples the various models of microfinance used to save the economic situation in Uganda today **(12marks)**
- b.** What measures are being taken by the government to improve the performance of microfinance institutions in Uganda **(13marks)**
- 8a.** In Uganda today, we have various financial institutions offering financial services at different units of production and living, Discuss the services offered **(15marks)**
- b.** What changes have taken place with the existence of various microfinance institutions in Uganda **(10marks)**

GOOD LUCK & MERRY X-MASS