

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT
FINAL ASSESSMENT EXAMINATION
BA MICROFINANCE II (RUBAGA EVENING) MAY 2018
MICROFINANCE, RURAL FINANCE AND FINANCIAL MARKETS

INSTRUCTIONS

- a. **Attempt 4 Questions in total**
- b. **QUESTION No. 1 is Compulsory and carries 40 marks.**
- c. **All other questions carry 20 marks.**

QUESTION 1 (COMPULSORY 40marks)

- a) With support of relevant examples and illustrations, explain the following terms and phrases?
 - i. Rural Finance? (4marks)
 - ii. Agriculture Finance? (4marks)
 - iii. Agribusiness? (4marks)
 - iv. The Agriculture Commodity Value chain? (4marks)
 - v. Market Push marketing system? (6marks)
 - vi. Market Pull marketing system? (6marks)
 - vii. Tight Agriculture commodity value chain? (6marks)
 - viii. Loose Agriculture commodity value chain? (6marks)

QUESTION 2 (20 MARKS)

- a) State the areas of priority in Uganda's Rural Development Strategy? (8marks)
- b) What are the bottlenecks in implementation of Uganda's Rural Development Strategy? (12marks)

QUESTION 3 (20 MARKS)

- a) Explain the achievements of Rural Finance in East Africa? (8marks)
- b) What needs to be done to improve financial inclusion in the rural areas of Uganda? (12marks)

QUESTION 4 (20 MARKS)

- a) Many farmers in Uganda today are demoralised by the poor markets for their commodities. Suggest ways in which the problem of markets for Agriculture commodities can be addressed by the stake holders? (12marks)
- b) Assuming you are a product manager in a leading Microfinance Institution, suggest 4 products you would recommend or design for small holder farmers and how these would benefit the communities? (8marks)

QUESTION 5 (20 MARKS)

- a) Explain the difference between Microfinance and Rural Finance? (6 marks)
- b) We have seen in the past the Uganda Government coming up with rural finance interventions such as the Entandikwa scheme, Youth Entrepreneurship scheme and the Rural Farmers scheme. However many of these programs have not been effective in transformation of livelihoods. Explain why such programs have not been effective? (14marks)

QUESTION 6 (20 MARKS)

- a) Explain why Agriculture lending continues to be perceived as highly risky amongst most financial institutions in Uganda? (8marks)
- b) For the financial institutions that have embraced Agriculture lending, what specific measures have they put in place to mitigate this high risk? (12marks)