



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURAL AND FOOD SCIENCES
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN
AGRIBUSINESS MANAGEMENT
2ND YEAR 2ND SEMESTER 2024/2025 ACADEMIC YEAR
SIAYA CAMPUS

COURSE CODE: AEB 1206

COURSE TITLE: AGRICULTURAL FINANCE

DATE:

TIME:

TIME: 2 HOURS

Instructions

- 1. Answer ALL questions in Section A (compulsory) and ANY TWO questions in Section B**
- 2. Candidates are advised not to write on the question paper**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

SECTION A: 30 Marks (Answer all the questions in this section)

1. Describe the key components of Agricultural finance. (6 marks)
2. Differentiate the following terms;
 - i. Personal security and collateral security (2 marks)
 - ii. Repayment capacity and risk bearing ability (2 marks)
 - iii. Contract farming and warehouse receipt system (2 marks)
 - iv. Debt and Equity (2 marks)
 - v. Institutional credit and non-institutional credit (2 marks)
3. State **four** roles of agricultural finance. (4 marks)
4. Outline **two** objectives of crop insurance. (2 marks)
5. Enumerate and define the 5 Cs of credit assessment. (5 marks)
6. State **three** roles of financial institutions. (3 marks)

SECTION B: 40 Marks (Answer any two questions in this section)

7. A smallholder farmer has a good reputation in their community, is a member of a local cooperative, and has access to a reliable market through a government purchase program. The farmer however lack formal land ownership documents and has limited savings. Additionally, the region is prone to unpredictable weather patterns. Using the 5Cs of credit assessment framework, analyze the creditworthiness of the smallholder farmer seeking a loan to expand their maize farming operations. (20 marks)
8. How can a maize farmer in Kenya effectively manage production, market, financial, and technological risks to enhance productivity and profitability? In your response, provide specific examples of strategies under each risk category and discuss how they can be

implemented in the context of smallholder farming. (20 marks)

9. Farm finance follows structured principles to ensure efficient allocation, utilization, and repayment of financial resources. Explain the 7 principles of farm finance. (20 marks)

10. a) Giving examples, describe the principles of insurance. (10 marks)

b) Discuss the various types of crop insurances that exist. (10 marks)