



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2020\_1 EXAMINATION**

**COURSE CODE: CRD303**

**CREDIT UNIT: 3**

**COURSE TITLE: RURAL FINANCE**

**TIME ALLOWED: 3 HOURS**

**Instruction: 1. Attempt question number one (1) and any other three (3)**

**2. Question number one (1) is compulsory and attracts 25 marks, while any other three questions attract 15 marks each**

**3. Present your answers any points in a clearly and orderly manner**

**Question 1: a).** Finance is the raising and using of funds by individual, cooperative enterprises, firms and governmental organizations for the day to day running and management of their business undertaking. As such, Finance is very vital for the optimum performance of Cooperative enterprise. In this regard, explain why Finance is very vital in Cooperative enterprise? *[5 Marks]*

**b).** The effectiveness of the rural finance greatly depends on the approaches adopted for its service delivery to the rural dwellers. And there is considerable interest in using innovative models and approaches to reach the remote rural poor and to provide financial services required by farmers and rural households in general. As such, Co-Financing Organizations (CFOs) deployed three (3) main distinguished methods. Give detailed account of these three (3) methods/approaches to rural finance deployed by the CFOs. *[15 Marks]*

**c).** A cooperative bank is a cooperative society carrying on the business of other banks but in such a manner that they fill the financial gaps created by the conservative financing practices of other commercial banks. Therefore, distinguish cooperative bank from conventional banks based on its characteristics *[5 Marks]*

**Question 2:** National Poverty Eradication Programme (NAPEP) was established in 2001 as a central coordination point for all anti- poverty efforts from the local government level to the national level by which the schemes was executed with the sole purpose of eradicating absolute poverty. This programme (NAPEP) was structured into four (4) different schemes by the Federal Government. Thus, identify and discuss these sub programs (Schemes) of NAPEP. *[15 Marks]*

**Question 3: Write short note on the following concepts in Rural Finance**

- i. User-Benefit Principle *[4 marks]*
- ii. Share Capital *[4 marks]*
- iii. Schulze DeLitzsch Philosophy *[4 marks]*
- iv. Group-based lending *[3 marks]*

**QUESTION 4a:** Microfinance Institutions have some important roles within every economy, specifically the rural economy. Briefly discuss the important Roles of Microfinance Institutions in Rural Economy Credit *[8 Marks]*

**b.** What are the ways to Stimulate Rural Savings and Capital Formation? *[7 Marks]*

**QUESTION 5:** Sources for the financing of the cooperatives can be put together as internal financing and external financing. Briefly state and discuss means which internal financing of cooperative society can be sourced *[15 Marks]*

**QUESTION 6:** what are the Principles of Microfinance? *[15 Marks]*