



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: December 12, 2019

**Agriculture Finance
JAIBP (Specialization)**

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No. or Roll no. etc anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the question paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

SECTION B: SUBJECTIVE

All the questions from Section B are compulsory.

(55 Marks)

- Q1.** As per SBP Prudential Regulations for Agriculture Financing, explain guarantees issued by the banks/ DFIs as mentioned in Regulation – 10. **(05 Marks)**
- Q2.** Define the following terms specifically as per the State Bank of Pakistan's Prudential Regulations for Agriculture Financing: **(10 Marks)**
- A. Subordinate Loan
 - B. Forced Sale Value (FSV)
 - C. Equity of the Bank/ DFI
 - D. Government Securities
 - E. Farm Credit
- Q3.**
- A. Agricultural financing is influenced by a variety of factors such as the economic growth, government policies, credit to private sector, inflation, yields, climate change etc.

Required:

Explain, how the following factors influence the agricultural financing?

1. Low yields and depressed prices;
 2. Climate change and traditional cropping patterns;
 3. Average Farm size and number of farming households with subsistence landholding. **(06 Marks)**
- B.** In the light of SBP's Prudential Regulations on Agriculture Financing, specify the entities to which agricultural financing can be extended. **(04 Marks)**
- Q4.** Differentiate between crop production finance and development loan. Explain with example. **(05 Marks)**



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Q5.

- A.** Describe responsibilities of growers in Agriculture Value Chains, based on their activities and influence on the management of the chains. **(06 Marks)**
- B.** State advantages of using value chain in agriculture financing. **(04 Marks)**

Q6.

- A.** Explain the process of conducting cash flows analysis for determining the repayment capacity of Agri – borrower (crop cultivator or livestock farmer). **(05 Marks)**
- B.** Identify measures to mitigate risks in Agriculture Financing. **(05 Marks)**

Q7.

- According to the SBP Prudential Regulations for Agriculture financing, explain the requirement of Regulation R – 20 regarding copy of audited accounts where exposure limits exceeds Rs. 10 million. **(05 Marks)**

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