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NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
2021_2 EXAMINATION

Course Code: BFN737 **Credit Unit: 2.**
Course Title: MICRO AND SMALL BUSINESS FINANCING
Time Allowed: 2 HOURS
Instructions:

1. **Attempt Question 1 and any other two (2) Questions.**
2. **Question 1 is compulsory and carries 30 marks while the other 2 Questions carry 20 marks each.**
3. **Present all your points in a coherent and orderly manner.**

Question ONE

a. Nigeria has followed the global trend in developing informal financial institutions which prompted the Central Bank of Nigeria to formulate National Microfinance policies. in line with this, discuss the main objectives of the policy.
b. State and discuss five sources of short-term financing for businesses. (30 marks)

Question TWO

a. High rate of unemployment in Nigeria has consistently posed a problem of unemployment which led to the introduction of the 500-billion-naira fund in 2010 to address this challenge. Explain the types of facilities under the fund.
b. Sate the criteria for eligible borrowers to this fund. **(20 marks**)

Question THREE

a. Small Scale business has been attracting increased attention from the Nigerian Economists, management consultants; the government and other finance experts due to their economic relevance. Enumerate the contribution of these businesses to economic growth of the country. (**10 marks).**
b. Small businesses normally obtain funding through Equity financing or Debt financing to fulfil their long term and short-term financial obligations. Differentiate between these two types of financing. (**10 marks).**

Question FOUR

(a) According to the provision of the guideline on the N200 billion intervention fund for restructuring/refinancing of banks' loan to Nigeria SMEs, there are certain procedures for accessing the loan by banks. Outline these guidelines. (15 marks)
(b) Highlight five **(5)** advantages of preference shares (5 marks)