

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
THIRD YEAR SECOND SEMESTER EXAMINATION IN BBA/
SPECIALIZATION IN HRM /MKT MGT (2016/2017)
(July-2019) Proper/Repeat

MOC 3072 – MICRO FINANCE

Answer All Questions

Time-02 Hours

Q1. Select the appropriate answer to the following questions

- i. How many members are included in the village banking model in Sri Lanka?
 - a. 30 -50 members
 - b. 25 -50 members
 - c. 10 -20 members
 - d. 10 -25 members

- ii. Following the approaches, which one is focused on Commercial, financial intermediation and the emphasis is given to institutional self-sufficiency.
 - a. Poverty lending approach
 - b. Financial system approach
 - c. Credit model approach
 - d. Minimalist approach

- iii. Why the headcount index is an imperfect measure of poverty.
 - a. The headcount index does not take the intensity of poverty into account.
 - b. The headcount index does not indicate how poor the poor are.
 - c. The poverty estimates should be calculated for individuals and not households.
 - d. All the above

- iv. "Berendina has a very creative model of issuing coupons to all borrowers", which of the following model is utilized by Berendina.
 - a. BDS (Berendina Development Services) coupons with the saving.
 - b. BDS coupons
 - c. BDS coupons with the loan.
 - d. BDS coupons with the insurance

- v. How many months the group is observed to see if the members are con-
to the rules of the bank in the Grameen type group collateral lending
- a. Two months
 - b. Three months
 - c. One month
 - d. Four months
- vi. A group of individuals who come together and make regular cyclical
contributions to a common fund, which is then given as a lump sum
member in each cycle. This approach is known as,
- a. Rotating Savings and Credit Associations
 - b. Credit Unions
 - c. Self Help Groups
 - d. Cooperatives
- vii. Which of the following model is an adaptation of the Attraction-Sele-
Attrition (ASA) model?
- a. Credit Unions
 - b. Cooperatives
 - c. Self Help Groups
 - d. Individual lending using a group as a focal point
- viii. Why is Self-Help Groups (SHG's) not popular in Sri Lanka?
- a. Individual group members directly linked to the village bank
 - b. The inefficiency of collateral method
 - c. There are no bank credit providers to SHG's
 - d. Higher rates of interest
- ix. Which is not a special characteristic of the Village banks?
- a. Village banks usually start with savings
 - b. They choose their members and elect their own officers
 - c. They establish their own bylaws, distribute loans to individuals
 - d. The group doesn't stand behind each individual loan

- x. What are the elements included in the price of the individual loan?
- a. Interest and fees
 - b. Interest, fees and cost of inflation
 - c. Interest
 - d. Interest and cost of inflation

(Total 10*2.5 = 25 Marks)

2.

- a) Differentiate between microcredit and microfinance. (04 Marks)
 - b) Identify the special features of Islamic credit. (05 Marks)
 - c) Explain the effect of adverse selection and moral hazard on group lending. (08 Marks)
 - d) How should donors can promote the development of micro finance institution to develop as a sustainable financial institution? (08 Marks)
- (Total 25 Marks)**

Q3.

- a) "Microfinance Institutions focus on lending to women" why? Explain. (06 Marks)
- b) How does microfinance provide affordable and reliable credit without collateral? (06 Marks)
- c) Briefly explain the key measurements of absolute poverty. (06 Marks)

- d) Using the consumption expenditure of each individual given in the below calculate the poverty gap index and the squared poverty gap index.

Expenditure of each individual			
A	B	C	D
1100	1250	1700	1800
Assumed poverty line: 1400			

(Total 25)

Q4.

- Explain the special characteristics of Individual Lending in Sri Lanka.
- List out the microfinance providers in Sri Lanka's microfinance sector.
- How would you differentiate the Self Help Groups and ROSCA's (Seettu).
- Briefly explain the positive impact of microfinance on poor people.

(Total 10)