

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

THIRD YEAR SECOND SEMESTER EXAMINATION IN BBA 2015/2016

BBA / SPECIALIZATION IN HRM. / SPECIALIZATION IN MKT.

(July-2018) Proper/Repeat

MOC 3072 - MICROFINANCE

Answer All Questions

Time-02 Hours

Q1.

- a) "Group-lending strategy may be better than an individual-lending strategy". Explain.

(04 Marks)

- b) Identify the key features of individual lending.

(06 Marks)

- c) Distinguish between the effect of adverse selection and the effect of moral hazard on group lending.

(07 Marks)

- d) "Successful microfinance institutions must reach large numbers of clients and become financially self-sufficient". What are the principles being essential to adapt in order to obtain the aforementioned role of microfinance? Briefly explain.

(08 Marks)

(Total 25 Marks)

Q2.

- a) Differentiate between absolute poverty and income inequality.

(04 Marks)

- b) How would you define the headcount index and indicate why it is an imperfect measure of poverty.

(06 Marks)

- c) Briefly explain the key measurements of income inequality.

(07 Marks)

- d) The following table shows the expenditure of each individual in a country. Using the data, compute the poverty gap index and squared poverty gap index.

Expenditure of each individual			
A	B	C	D
1100	1250	1700	2000
Assumed poverty line: 1500			

(08 Mark

(Total 25 Mark

Q3.

a) List out the major poverty groups.

(04 Mark

b) Identify the causes which are influenced women to be poor.

(06 Mark

c) Briefly explain the reasons as to why microfinance institutions focus on lending to women.

(07 Mark

d) How does microfinance support to empower women? Briefly describe.

(08 Mark

(Total 25 mark

Q4.

a) List out the challenges that are being faced by microfinance institutions.

(06 Mark

b) What are the difficulties faced by borrowers when they obtaining microcredit from microfinance institutions? what remedial actions would you suggest?

(07 Mark

c) Briefly describe the following microfinance models.

- a. Individual lending using the group as a focal point
- b. Grameen type group collateral lending
- c. Self-help groups

(12 Mark

(Total 25 Mark