

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**THIRD YEAR SECOND SEMESTER EXAMINATION IN BBA, SPECIALIZATION IN**  
**HRM, SPECIALIZATION IN MKT- 2013/2014**  
**(Sept/October 2016)**

**MOC 3072 – MICRO FINANCE**

***Answer all Questions***

***Time: 02 Hours***

**Question No I**

“Microfinance refers to the provision of financial services to poor and low- income households. These financial services include loans, deposits, payment services, money transfers and insurance to people who are unable to access commercial banks and lacking of banking practices.”

Answer the following questions.

- a. What is the core service of Micro finance?
- b. Why do some people unable to access commercial banks for their financial needs?
- c. What do you understand from the term “Micro-deposit”?
- d. What is meant by “Loan sharks”?
- e. Give some examples for the Micro-Borrowers.
- f. Why Prof.Yunus and the Grameen bank were awarded the Nobel peace prize in 2006?
- g. Micro finance institutions can be formal, semi-formal or informal service providers. What is meant by “Informal service providers”?
- h. List out some measures which are used to evaluate micro finance institutions to measure the impact of microfinance on beneficiaries.
- i. Recent survey in Sri Lanka says that majority of micro credit loans were concentrated among females. Explain with reasons.
- j. “The main reason for the incapability of the poor to raise fund is income volatility”. Explain with Examples.

(Total 10 x 4 = 40 Marks)

**Question No 02**

- a) Micro-credit benefits the poor. Justify (04 marks)
  - b) "Most MFIs require outside funding". Explain (08 marks)
  - c) Explain the main features of top tier MFIs. Indicate the advantages of becoming regulated MFIs? (08 Marks)
- (Total 20 Marks)

**Question No 03**

- a) Can the government solve the poverty problem through the progressive income and wealth taxes? Explain. (04 marks)
  - b) Describe the results of various impact assessment studies made on the impacts of the microfinance on poverty reduction. (08 Marks)
  - c) Why do the poorest of the poor voluntarily exclude themselves from the microfinance program? (04 marks)
  - d) Briefly indicate some political and legal obstacles which are faced by women in various levels in micro finance. (04 marks)
- (Total 20 Marks)

**Question No 04**

- a. Identify the basic reasons for the absence of microfinance activities in commercial banks in the past. (08 Marks)
  - b. List out some factors which have been identified by the experts for the success of commercial banks involvement in micro finance activities. (08 Marks)
  - c. Indicate some well-known commercial banks and development banks involved in microfinance of Sri Lanka. (04 Marks)
- (Total 20 Marks)