

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**THIRD YEAR SECOND SEMESTER EXAMINATION IN BBA/**  
**SPECIALIZATION IN HRM /MKT MGT (2017/2018)**  
**(January-2020) Proper/Repeat**

**MOC 3072 – MICRO FINANCE**

*Answer All Questions*

*Time-02 Hours*

**Q1. Select and write the appropriate answer to the following questions.**

- i. Rotating Savings and Credit Associations (ROSCAs) also known as
  - a. Gemidiriya
  - b. Self Help Groups
  - c. Credit union
  - d. Seettu
  
- ii. Which of the following group follow a minimalist “credit” only approach?
  - a. Lak Jaya, Ceylinco Grameen and BRAC
  - b. Ceylinco Grameen, Samurdhi and Berendina
  - c. SEEDS, Samurdhi and BRAC
  - d. SEEDS, Lak Jaya and Berendina
  
- iii. A group of individuals who come together and make regular cyclical contributions to a common fund, which is then given as a lump sum to one member in each cycle. This approach known as,
  - a. Rotating Savings and Credit Associations
  - b. Credit Unions
  - c. Self Help Groups
  - d. Cooperatives
  
- iv. What is the difference between cooperatives and village banking?
  - a. A membership is open to all who belong to the group
  - b. Clients can be non-members also in addition to the type of legal structure within which they are registered
  - c. Both credit systems start with savings
  - d. Ownership of the cooperative may only be with the clients
  
- v. When was first credit union formed in Sri Lanka?
  - a. 1910
  - b. 1911
  - c. 1913
  - d. 1915

- vi. Which of the following is a major outcome of credit unions?
- Ceylinco Grameen
  - Lak Jaya
  - Sanasa
  - Berendina
- vii. The segment of cooperative banks formed under Multipurpose Co-operative Societies being the most popular in the country. They are called as
- Cooperative Banks
  - Cooperative Rural Banks
  - Rotating Savings and Credit Associations
  - Co-operative Credit Societies
- viii. Which of the following is not a characteristic of a credit union?
- Its' members having a vote in the election of directors and committee representatives
  - It is organized by and comprises of members of a particular group who agree to save their money together
  - It is a self-governing union
  - It is for profit financial cooperative
- ix. Thrift and Credit Co-operative Societies (TCCSS) under the Co-operative Societies Ordinance introduced by .....
- the British colonial administration
  - the government of Sri Lanka
  - the central bank of Sri Lanka
  - the Grameen bank
- x. Which of the following institutions are not microfinance providers.
- Regional Development Banks and other licensed specialized banks
  - Co-operative Rural Banks and other co-operatives
  - Thrift and Credit Co-operative Societies
  - not all of the above

**(Total 10\*2.5 = 25 Marks)**

**Q2.**

- a) Define the terms 'microcredit' and 'microfinance'.  
(04 Marks)
- b) Identify reasons as to why Group-lending may be better than an individual-lending.  
(06 Marks)
- c) Identify the product features of individual lending of micro finance service.  
(07 Marks)
- d) What are the principles being essential to a microfinance institution in order to become financially self-sufficient and reach large numbers of clients? Briefly explain.

(08 Marks)

**(Total 25 Marks)**

**Q3.**

- a) List out the reasons as to why microfinance institutions focus on lending to women.  
(05 Marks)
- b) Classify the effect of adverse selection on group lending, and indicate how the effect can be reduced.  
(05 Marks)
- c) Identify the effect of adverse selection and moral hazard in the micro insurance service.  
(05 Marks)
- d) How might microfinance help to promote women's social-empowerment?  
(05 Marks)
- e) Identify causes which are influenced on women to being poor.  
(05 Marks)

**(Total 25 Marks)**

Q4.

a) Differentiate between absolute poverty and income inequality.

(03 Mark

b) Briefly explain the key measurements of income inequality.

(05 Mark

c) What are the negative consequences of micro finance on poor?

(05 Mark

d) How would you differentiate the Self Help - Groups and individual lending model in Sri Lanka?

(05 Mark

e) 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
1200	1450	1800	2200
Assumed poverty line: 1700			

(07 Mark

(Total 25 mark