



**UNIVERSITY OF COLOMBO, SRI LANKA**

**FACULTY OF MANAGEMENT AND FINANCE**

**Bachelor of Business Administration (Level II – Semester VII)  
Examination - July 2018**

**BEC 2208 – Microfinance**

**Two (02) Hours**

**Answer Any Four (04) Questions**

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1. i. Briefly explain problems and myths with respect to microfinance.  
(13 Marks)
- ii. Compare and contrast the 'Minimalist' and 'Integrated' approaches to microfinance.  
(12 Marks)
- (Total 25 marks)
2. "Microfinance sector is overheating and all large players must discuss a way forward on long-term sustainability of the sector and not only on short term profitability (13 September 2017, DailyFT)".
  - i. Identify the internal and external challenges faced by the microfinance industry at present.  
(15 Marks)
  - ii. a. What do you mean by 'multiple borrowing'? Briefly explain.  
(04 Marks)
  - b. What are the possible solutions that you can suggest to mitigate the issue of multiple borrowing?  
(06 Marks)
- (Total 25 marks)

3. i. "Outreach increases the access of the poor and micro-entrepreneurs to financial services".

Do you agree with this statement? Support your answer with four (04) dimensions of outreach in Micro Finance Institutions (MFIs).

(15 Marks)

- ii. Identify the salient features of two types of ROSCAs operating in Sri Lanka.

(06 Marks)

- iii. What are the characteristics of direct moneylenders? Identify the disadvantages of obtaining credit from such a source.

(04 Marks)

**(Total 25 marks)**

4. i. "Commercialization of microfinance is nothing but shifting *Poverty lending approach* to *Financial system approach*".

Do you agree with this statement? Justify your answer.

(12 Marks)

- ii. Identify the dimension of poverty and explain how microfinance helps mitigate it.

(13 Marks)

**(Total 25 marks)**

5. i. Distinguish between high-frequency and low-frequency saving in microfinance.

(07 Marks)

- ii. "Microinsurance would be a wise solution to adverse selection"

a. Define the terms 'microinsurance' and 'adverse selection'.

(05 Marks)

b. Do you agree with the above (ii) statement? Justify your answer.

(07 Marks)

c. What are the advantages and disadvantages of involving in life insurance schemes provided by MFIs?

(06 Marks)

**(Total 25 marks)**