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UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme - 2000 Level

Second Semester End Examination (March / April 2019)

Academic Year 2018/2019

ENT 2221 -MICROFINANCE

Duration : Three hours

The Question Paper contains 05 questions.

Answer all questions.

01.

- I. Briefly explain the products and services offered by Microfinance institutions using integrated approach. (06 marks)
- II. "Micro Finance is a powerful instrument for the poor, in the form of financial services directed specifically towards poverty reduction."

Do you agree with this statement? Justify your answer.

(08 marks)

(Total 14 marks)

02.

- I. "Financial inclusion empowers the poor to manage their finance and reduce their vulnerability to financial distress, debt and poverty."

Briefly explain the role of government in financial inclusion.

(06 marks)

- II. "The challenges faced by the Microfinance sector in Sri Lanka are many and they exist at all levels, macro, meso and micro."

Discuss this statement with relevant examples.

(08 marks)

(Total 14 marks)

03.

- I. Briefly explain the impact levels of Microfinance.

(06 marks)

- II. "Access to credit via microfinance generates income and livelihood options for women and giving more bargaining power within the household and contributes to family well-being."

Discuss this statement.

(08 marks)

(Total 14 marks)

04.

- I. Briefly explain the importance of social performance measurement of Microfinance institutions.

(04 marks)

- II. Following information of year 2018 has been extracted from the "Lak" micro finance institution established in year 2010.

Item	Amount Rs.
Outstanding, balance on arrears over 30 days (PaR 30)	29,167
Total outstanding loan portfolio	390,000
Write offs	2,916
Average gross loan portfolio	361,000
Impairment expenses	9,683
Impairment reserve	33,600

Operating expenses	36,167
Financial expenses on funding liabilities	22,408
Average funding liabilities	303,920
Total liabilities	371,000
Total equity	60,315
Net income	11,900
Average assets	414,170
Financial revenue from loan portfolio	86,625

(08 marks)
(Total 14 marks)

(06 marks)
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(08 marks)
(Total 14 marks)

Other details

- Average number of active borrowers 2392
- Total number of active borrowers 2432
- Total number of personnel 24
- Total loan officers 21

of Microfinance
 (04 marks)

You are required to calculate the following;

- a. Portfolio at risk
- b. Risk coverage ratio
- c. Cost of funds ratio
- d. Cost per borrower ratio
- e. Operating expense ratio
- f. Personnel productivity ratio
- g. Return on assets
- h. Debt to equity ratio
- i. Portfolio yield
- j. Social efficiency index

(1×10=10 marks)
(Total 14 marks)

05. Write short notes on the following.

- a. Key principles of Microfinance.
- b. Asymmetric information in Microfinance.
- c. Microfinance delivery methods.

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The Question I

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