

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI-86
(For candidates admitted during the academic year 2019 – 2020 and thereafter)

B.Voc. DEGREE EXAMINATION, NOVEMBER 2023
BANKING, FINANCIAL SERVICES AND INSURANCE
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : MICRO FINANCE
SUBJECT CODE : 19VB/VM/MF36
TIME : 3 HOURS **MAX.MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS **(10 x 2 = 20)**

1. State the meaning of Micro Finance.
2. Name two microfinance institutions in India.
3. What is creative Micro Finance Model?
4. State the importance of Micro Finance Models.
5. Write a note on micro finance products.
6. What are the different types of Micro Finance services rendered?
7. Give the meaning of Micro Finance credit.
8. What is the credit limit for Micro Finance?
9. List out the recent development in the regulatory framework.
10. Who is eligible for micro finance loan?

SECTION – B

ANSWER ANY FIVE QUESTIONS **(5 x 4 = 20)**

11. Discuss the importance of Micro Finance.
12. Explain the legal forms of Micro Finance Models.
13. Explain the impact of Micro Finance Products on Revenue.
14. Discuss the credit delivery methodology.
15. Briefly explain the Micro Finance Act, 2012.
16. Explain the organization structure of Micro Finance.
17. What are the stages in Loan Disbursement?

SECTION – C

ANSWER TWO QUESTIONS **(2 x 15 = 30)**

18. Discuss the various types of Micro Finance Institutions in India.
19. Explain the different types of Micro Finance Products.
20. Discuss the Challenges and the Developments in Micro Finance in India.

Practical**Marks: 30****21. Case Study/ Application based Questions**

Sun Microfinance Institution operates in a remote village where the majority of the population relies on agriculture for their livelihoods. Traditional banks are inaccessible, and the community faces financial exclusion. It provides small loans to local farmers and entrepreneurs, enabling them to invest in agricultural activities, start small businesses, and improve their overall living conditions. The institution also offers financial literacy programs to educate clients about managing money, saving, and investing.

Microloans have allowed farmers to purchase high-quality seeds and fertilizers, resulting in increased agricultural productivity and income. Small businesses, such as local shops and tailoring services, have flourished due to microfinance support, creating employment opportunities within the community.

Women, who traditionally had limited financial independence, have become active participants in the local economy. Microloans have enabled them to start their businesses, leading to enhanced social status and gender equality. Improved financial stability has positively influenced education and healthcare, with families being able to afford school fees and medical expenses.

Microfinance initiatives have fostered a sense of community cooperation. Borrowers often form self-help groups, supporting each other in business ventures and repayment of loans. The overall infrastructure of the village has improved as profits from businesses have been reinvested in community projects such as roads, schools, and sanitation facilities.

High-interest rates charged by MFIs can be a burden for borrowers. Striking a balance between sustainability and affordability is a challenge. Ensuring the long-term viability of microfinance programs in the face of economic fluctuations and changing market conditions.

Despite financial literacy programs, some community members struggle with managing their finances effectively, leading to potential loan defaults. Continuous efforts are needed to enhance financial education and ensure clients fully understand the terms and responsibilities associated with microloans.

Microfinance, as demonstrated by Sun Microfinance Institution plays a pivotal role in alleviating poverty, promoting economic growth, and empowering marginalized communities. However, addressing challenges related to interest rates and financial literacy is crucial for sustaining the positive impact of microfinance initiatives.

Questions:

- a. Define Microfinance and explain its significance in promoting financial inclusion.
- b. Describe the interventions implemented by Sun Microfinance Institution and their impact on the local community.
- c. Discuss the social and economic transformations observed due to microfinance, with a focus on gender equality and community development.
- d. Identify and explain two challenges faced by microfinance institutions like Sun MFI. Suggest possible solutions for each challenge.
- e. Reflect on the overall role of microfinance in empowering marginalized communities and its potential for sustainable development.
