



Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3of UGC Act 1956, Category A by MHRD [now MoE]

Re-accredited with an A++ Grade by NAAC CGPA 3.65/4, Category I by UGC

Coimbatore - 641043, Tamil Nadu, India

Continuous Internal Assessment II – October 2025

III Semester

Class : II UG
Major : B. Com

Time : 2 Hours
Max. Marks : 60

23BCOCSE1A Financial Arithmetic and Basics of Microfinance and Lending

Course Outcomes:

- CO1: Understanding the Basics of Financial Arithmetic.
CO2: Analyse the structure and need of Microfinance in the market.
CO3: Obtain the knowledge on concepts, types and ideology behind microfinance.
CO4: Acquire knowledge on different loan products.
CO5: Appreciate the role of regulatory authorities of MFIs.

Part A

6 x 1 = 6

Choose the Correct Answer

- RBI requires NBFC-MFIs to keep at least ___% of assets in qualifying assets
a) 50% b) 75% c) 85% d) 100% CO3K1
- The main regulatory authority for MFIs in India is
a) SEBI b) RBI c) Ministry of Corporate Affairs d) SIDBI CO3K2
- Which of the following is a major constraint to the growth of MFIs?
a) Strong MIS systems b) Political interference and over-indebtedness
c) Access to rural clients d) Support from NABARD CO4K1
- Which of the following is a value-added service of MFIs?
a) Gold loans b) Insurance and financial literacy
c) Fixed deposits d) Credit cards CO4K2
- Which risk is managed through SHG/JLG lending models?
a) Market risk b) Credit risk c) Operational risk d) Liquidity risk CO5K2
- Which of the following is not a collateral security?
a) Gold ornaments b) Land and building c) Salary income d) Personal guarantees CO5K3

Part B

3 x 6 = 18

Answer ALL questions

Each answer should not exceed 400 words or two pages

- a. Explain the different revenue models of microfinance. CO3K1
(or)
- b. Write a short note on value-added services provided by MFIs. CO3K2
- a. Discuss different types of collateral security in lending. CO4K1
(or)
- b. Differentiate between secured and unsecured loans with examples. CO4K2
- a. Explain in detail the fund structure of MFIs. CO5K2
(or)
- b. What are the key social and performance metrics for evaluating MFIs? CO5K3

Part C

3 x 12 = 36

Answer ALL questions

Each answer should not exceed 800 words or four pages

- a. Discuss risk management in MFIs and explain how credit risk is mitigated. CO3K1
(or)
- b. Write a short note on developmental services provided by MFIs. CO3K2
- a. Explain the concepts of Interest Rate, LTV, and EMI in detail with examples. CO4K2
(or)
- b. Differentiate the loan products of banks and microfinance institutions, highlighting their unique features. CO4K3
- a. Discuss the structure of the microfinance institutions in India citing an example and explain the major constraints faced by MFIs in their growth. CO5K2
(or)