



Lambal

Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD)
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination – November 2024
III Semester

Class : II UG
Major : B.Com

Time: 3 Hours
Max. Marks: 100

23BCOSE1A Banking and Microfinance
Financial Arithmetic and Basics of Microfinance and Lending

Course Outcomes:

- CO1:** Understanding the basics of financial arithmetic.
- CO2:** Analyze 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

10 x 1 = 10

Choose the Correct Answer

1. How much money must be put into a bank account yielding 6.42% (Compound annually) in order to have Rs. 1,671 at the end of 11 Years (round to nearest Rs. 1)? CO1 K1
a. Rs. 843 b. Rs. 921
c. Rs. 798 d. Rs. 886
2. You are scheduled to receive Rs. 10,000 in one year. An increase in the interest rate will have what effect on the present value of this cash flow? CO1 K2
a. It will have no effect on the present value b. It will cause the present value to fall
c. It will cause the present value to rise. d. The effect cannot be determined with the information provided
3. Self Help Group involves CO2 K1
a. Group of 5 to 20 people b. Regular saving habits
c. Inter-lending within the group members d. All of above
4. In India, which organizations take care of the agriculture and rural development credits CO2 K1
a. IDBI b. NABARD
c. ICAR d. FCI
5. How many payments banks have actually started operations since RBI has granted the in-principle approval? CO3 K2
a. 11 b. 10
c. 9 d. 6
6. The development of a start-up based on an inventor's work often requires CO3 K1
a. Expertise of an entrepreneur b. Heavy investment from financiers
c. Skilled human resources d. Highly educated staff
7. Which microfinance institution is known as the Universal Bank? CO4 K1
a. Bandhan Financial Services Private Ltd b. Arohan Financial Services Private Ltd
c. Disha Microfinance Private Ltd d. SKS Microfinance Private Ltd
8. As per the latest RBI rules, what is the debt-income ratio cap for microfinance institutions (MFIs)? CO4 K1
a. 40% b. 50%
c. 60% d. 70%
9. What is NOT a mechanism that contributes to the success of micro-credits? CO5 K1
a. Collateral b. Dynamic incentives
c. Peer monitoring d. Regular repayment schedules
10. Lending money to a borrower, at high rate of interest, when the money market is tight renders the agreement of loan: CO5 K1
a. Void b. Valid
c. Voidable d. Illegal

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- 11.a. You would like to buy a house that is currently on the market at Rs. 85,000, but you cannot afford it right now. However, you think that you would be able to buy it after 4 years. If the expected inflation rate as applied to the price of this house is 6% per year, what is its expected price after four years? CO1 K3
(or)
- 11.b. Find the compound interest on Rs. 12,600 for 2 Years at 10% per annum compounded annually. CO1 K2
- 12.a. Explain the importance of microfinance. CO2 K3
(or)
- 12.b. Explain the concept of credit union. CO2 K3
- 13.a. Discuss the risk management in microfinance operations. CO3 K3
(or)
- 13.b. Explain the operational aspects of microfinance operations. CO3 K3
- 14.a. List out the value added services in Microfinance Institutions. CO4 K2
(or)
- 14.b. Examine the partnership model. CO4 K4
- 15.a. Difference between secured loan and unsecured loan. CO5 K3
(or)
- 15.b. Explain the concept of lending. CO5 K2

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

- 16.a. Calculate Return on Investment (ROI) from the following details: Net Profit after Tax Rs. 6,50,000; Rate of Income Tax 50%; 10% Debentures of Rs. 100 each Rs. 10, 00,000; Fixed Assets at cost Rs. 22,50,000; Accumulated Depreciation on Fixed Assets up to date Rs. 2,50,000; Current Assets Rs.12,00,000; Current Liabilities Rs. 4,00,000. CO1 K4
(or)
- 16.b. Explain the basics of financial and economic concepts. CO1 K3
- 17.a. Distinguish between microfinance and microcredit. CO2 K3
(or)
- 17.b. Explain SIDBI Model and SGSY Model. CO2 K3
- 18.a. Discuss the financial products and services in microfinance operations. CO3 K3
(or)
- 18.b. Explain the revenue model of microfinance. CO4 K3
- 19.a. Describe the structure of Microfinance Industry and Constraints of MFI growth. CO4 K3
(or)
- 19.b. Examine the financial viability and sustainability in Microfinance Institution in India. CO4 K4
- 20.a. Explain different loan products of banks and microfinance institutions. CO5 K3
(or)
- 20.b. Examine different types of collateral security. CO5 K4