



Gambard

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 (now MoE)

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

Coimbatore - 641043, Tamil Nadu, India

Bachelor's Degree Examination - November 2025

III Semester

Class : II UG

Major : B.Com

Time : 3 Hours

Max. Marks : 100

23BCOSE1A 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. Which of the following is a financial concept?
a. Gross Domestic Product
b. Compound Interest
c. Political stability
d. Social welfare
CO1K1
2. The Present Value of future money is calculated by
a. Discounting
b. Compounding
c. Adding
d. Averaging
CO1K1
3. Which institution pioneered the SHG-Bank linkage program in India?
a. NABARD
b. SIDBI
c. RBI
d. SEBI
CO2K1
4. The main objective of microfinance is
a. To provide large industrial loans
b. To fund government projects
c. To provide financial services to low-income groups
d. To regulate stock markets
CO2K1
5. Revenue models of microfinance institutions include
a. Stock trading
b. Loan interest and service fees
c. Import and export duties
d. Government subsidies only
CO3K1
6. Compliance in microfinance operations mainly refers to
a. Marketing of products
b. Following legal and regulatory guidelines
c. Recruiting employees
d. Maximizing profits
CO3K1
7. Which of the following is a value-added service provided by MFIs?
a. Short-term loans only
b. Social and financial literacy programs
c. Stock exchange trading
d. Tax collection
CO4K1
8. The sustainability of MFIs depends largely on
a. Political campaigns
b. Financial viability and repayment rates
c. Import-export trade
d. Currency exchange rates
CO4K1
9. EMI stands for
a. Easy Monthly Investment
b. Effective Money Index
c. Equal Monthly Instalment
d. Equated Market Interest
CO5K1

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- 11.a. Explain the concept of compound interest. CO1K2
(or)
- 11.b. Distinguish between discounting and compounding. CO1K2
- 12.a. List any three features of microfinance institutions. CO2K3
(or)
- 12.b. Explain the role of Self-Help Groups (SHGs) in rural development. CO2K3
- 13.a. Describe the process of micro-lending in simple steps CO3K2
(or)
- 13.b. Discuss any two risks faced by microfinance operations. CO3K2
- 14.a. Explain the concept of micro finance institution (MFI). CO4K3
(or)
- 14.b. List and explain any three services provided by MFIs. CO4K3
- 15.a. Explain the concept of unsecured loan. CO5K2
(or)
- 15.b. Discuss the advantages of taking a secured loan. CO5K2

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

- 16.a. Explain the concept of annuity with suitable examples. CO1K2
(or)
- 16.b. Discuss the advantages of compound interest over simple interest. CO1K2
- 17.a. Explain the role of NABARD in promoting microfinance. CO2K3
(or)
- 17.b. Determine the importance of microfinance in reducing poverty. CO2K3
- 18.a. Evaluate the operational challenges faced by MFIs in rural areas. CO3K4
(or)
- 18.b. Explain the benefits and limitations of microfinance as a business model. CO3K4
- 19.a. Discuss in detail the contribution of MFIs to poverty reduction in India. CO4K2
(or)
- 19.b. Explain the role of MFIs in empowering women. CO4K2
- 20.a. List and explain the role of credit appraisal in loan sanctioning process. CO5K3
(or)
- 20.b. Explain the advantages and disadvantages of secured loans and unsecured loans. CO5K3
