



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ENVIRONMENTAL STUDIES (RESOURCE CONSERVATION)

ECD 424 ENVIRONMENT MICROFINANCE AND FINANCIAL INCLUSION

DATE: 12/8/2021

TIME: 11.00-1.00 PM

INSTRUCTIONS:

Answer question ONE and any other TWO questions

QUESTIONS ONE (COMPULSORY) (30 MARKS)

- a) Briefly explain the following terms:
- i. Microfinance (2 marks)
 - ii. Microcredit (2 marks)
 - iii. Financial inclusion (2 marks)
 - iv. Financial exclusion (2 marks)
- b) Why was Mohammad Yunus given Nobel Prize in the year 2006? (4 marks)
- c) Explain the role of microfinance in your community (8 marks)
- d) Describe the characteristics of microfinance clientele (10 marks)

QUESTION TWO (20 MARKS)

Ramba is a large and remote village in a given county. The population of the village is about 3500 people with a 52:42 male female ratios. The main economy of the village is agriculture. Most of the people are poor. An NGO and some Self Help Groups are there in the village. Economically and socially the village is poor with some basic problems like stray animals such as monkeys menace and lack of irrigation facilities.

You have recently joined as a Branch Manager in Regional Rural Bank branch in the village. Your controlling authority enjoins you upon to initiate microfinance programme in a big way in the village. In the light of the above, you are required to to answer the following questions:

- a) Name the major financial services you would like to introduce in the village for increasing microfinance (4 marks)
- b) What are the facilitating factors and hindering factors prevailing in the village for development? (8 marks)
- c) Suggest some activities you would finance in the village (4 marks)
- d) What socio-economic changes you intend to bring in the village (4 marks)

QUESTION THREE (20 MARKS)

“Microfinance Institutions are governed under certain Key Principles endorsed by the G8 Sea Land Summit 2004.” Discuss any ten of these principles(20marks)

QUESTION FOUR (20 MARKS)

- a) State and explain FOUR financial products provided by microfinance institutions (8 marks)
- b) Who are those excluded in your society and why are they excluded (12 marks)

QUESTION FIVE (20 MARKS)

- a) In your own words show how microcredit reduces poverty in your community (8 marks)
- b) Briefly discuss the historical development of microfinance (12 marks)