



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN EXAMINATION

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

SECOND YEAR FIRST SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF SCIENCE IN ECONOMICS/ BACHELOR OF
MATHEMATICS AND ECONOMICS**

COURSE CODE: ECO 206

COURSE TITLE: ECONOMICS OF MICROFINANCE

DATE: THURSDAY 22/12/2022 TIME: 3:00 -5:00

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION **ONE** AND ANY OTHER **TWO**

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over.

QUESTION ONE

- a) Concisely explain why, relative to men, women may be better clients from the standpoint of a micro lender (4 marks)
- b) Distinguish between deposit taking SACCOs and non-deposit taking SACCOs (4 marks)
- c) Precisely explain the concept of Grameen Solidarity Group model as a microfinance intervention (7 marks)
- d) The idea of the Rotating Savings and Credit Association (ROSCA) is beautifully simple but not flexible. Elaborate (8 marks)
- e) Explain why many microfinance programmes in Africa do not reach the very poor (7 marks)

QUESTION TWO

Discuss the major challenges of the microfinance industry in a developing country like Kenya. Suggest remedial measures (20 marks)

QUESTION THREE

- a) Explain the principles of financially viable lending to poor entrepreneurs (10 marks)
- b) Discuss the attributes of a good microfinance institution (10 marks)

QUESTION FOUR

Discuss the hallmarks of microfinance (20 marks)

QUESTION FIVE

Discuss the dilemmas and problems encountered in microfinance that have led to more failures than successes (20 marks)