



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
SIXTH TRIMESTER (Batch 2020-22)
ENDTERM EXAMINATION, April 2022

Course Name	Micro Finance	Course Code	FIN 602
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS

- 1) Answer should be precise and to the point
- 2) All questions are compulsory
- 3) There is no negative marking
- 4) Use of calculator is allowed
- 5) Question paper contain two parts and both are compulsory
- 6) This is an open book exam and answers to the questions will be plagiarism checked on assignment basis in moodle with limit of 10%. Every additional 10% shall attract penalty of 5 marks
- 7) Please submit the answers of both part in MS word

PART - A (Marks 25)

Please read the case and answer the questions:

Qs No. 1 (Marks – 7)

“In August 2010 SKS Microfinance announced its Initial Public offer (IPO), which was oversubscribed 14 times. SKS became the first listed microfinance entity in Asia. The shares were issued at an offer price of Rs. 985 per share for Institutional and Non-Institutional Investors (HNI) and at Rs. 935 per share to Retail Individual Investors

The legend Prof. Muhammad Yunus expressed concern that SKS going public would put the demands of shareholders ahead of the poor. He added further, "If they do it, I cannot stop them, but I would encourage genuine Microcredit programs”.

Are you convinced with the statement of Prof. Muhammad Yunus ? Justify

Qs No. 2 (Marks- 6)

“Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players”.

Describe the various GOI’s initiative in this respect.

Qs No. 3 (Marks-6)

As a field officer in a “for the profit” MFI, your job is to collect the information about the potential customers. Explain the process and various information required to be gathered by interacting with the customers

Qs No. 4 (Marks-6)

A MFI is facing liquidity crunch and found acute shortage of funds to meet its repayment obligations as well as future growth. As a consultant identify the area of concern and suggest few suggestions to overcome this problem

Part - B (Marks—15)**Qs No. 1 (Marks-3)**

M/s XYZi Micro-finance Ltd. published the following financial parameters in its annual report 2020-21 :-

- a) Yield on loan portfolio= 27%
- b) Cost of funds = 15 %
- c) Cost of loan losses = 2 %
- d) Variable operating cost = 2 %
- e) Fixed operating expenses= Rs.10,00,000/-

Using CVP analysis, compute the average portfolio of this company to achieve the Break-Even in operation

Qs No.2 (Marks-5)

In Qs no. 1 above, perform the stress test by

Reducing yield on loan portfolio by 2 % &

Increasing cost of loan losses & Cost of funds by 1% each

Then determine the percentage change in operating break even.

Qs No.3 (Marks-7)

The following numbers are arrived at from the annual results of NBFC-MFIs

- 1) Tier I Capital = Rs. 10,70 cr.
- 2) Tier II Capital = Rs, 3.30 cr
- 3) Total assets of the company are Rs.90.30 cr. out of which
 - a) 0 % risk weighted assets are Rs.8.75 cr.
 - b) 20% risk weighted assets are Rs. 5.45 cr
 - c) Remaining assets are carrying 100% risk weight

Compute Capital Adequacy ratio of the company and compare it with regulatory requirement. Comment on the comparison.

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