

MURANG'A UNIVERSITY COLLEGE (MRUC)

(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

MURANG'A UNIVERSITY COLLEGE

MAIN EXAM

CERTIFICATE IN BUSINESS MANAGEMENT

COURSE CODE: CIB0110

COURSE TITLE:

MICROFINANCE

TIME ALLOWED 2 HOURS
QUESTIONS IN SECTION B

ANSWER QUESTION ONE AND ANY OTHER TWO

question 4

i) Does microfinance really help solve poverty? (10 marks)

ii) What are some of the ways that people use their microfinance?

QUESTION 1)

- i) What are revolving funds? (4 marks)
- ii) what are the reasons for government intervention in microfinance (6 marks)
- iii) **Why Doesn't Capital Naturally Flow to the Poor?(20 marks)**
One of the first lessons in introductory economics

Question 2:

- I) Microfinance and microcredit are often used interchangeably elucidate the functional differences between the two? (10 marks)

- II) . How does the marginal return to capital help determine the maximum interest rate that a microlender can charge its customers? (10 marks)

question 3:

- I) **Why don't poor people just use traditional banks? (10 mark)**

ii) Why are microcredit interests so high? (10 marks)

question 4

- II) Does microfinance really help solve poverty? (10 marks)

ii) What are some of the ways that pe0ple use their microfinance?

