

**CHUKA**



**UNIVERSITY**

## **UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE  
AND BACHELOR OF ENTREPRENEURSHIP AND ENTERPRISE MANAGEMENT**

**BCOM 339: MICROFINANCE FOR DEVELOPMENT**

**STREAMS:BCOM, BEEM**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 17/04/2018**

**2.30 P.M – 4.30 P.M**

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**INSTRUCTION:**

- **Answer question one and any other two questions**
1. (a) Micro finance was started as an initiative to provide finances to the poor and low income households. In view of this explain the development of the first institution created to provide microfinance services. [7marks]
  - (b) Describe the various participants of micro finances services in Kenya. [8marks]
  - (c) Describe the challenges faced with rotating savings and credit association. [4marks]
  - (d) Describe the contribution of non- governmental organizations in lending to the poor. [5marks]
  - (e) Explain the nature of microfinance. [6marks]
  2. (a) Outline the advantages of microcredit provided by micro finances institutions. [8marks]
  - (b) Describe the features of micro credit provided by any micro finance institutions. [8marks]
  - (c) The micro finance Act of 2006 gives central bank of Kenya the mandate to regulate the operations of microfinance institutions. Discuss the areas that are regulated. [8marks]

3. (a) Explain the different mechanisms used by micro finance institutions in ensuring premium payment. [5marks]
- (b) Describe some of the challenges microfinance institutions face because of lending to the poor. [6marks]
- (c) Describe the alternatives used by micro finance institutions to ensure that they recover the amount lent to clients in the event of default. [6marks]
- (d) Describe community banking model. [3marks]
4. (a) Describe the contribution of micro finance to economic, political and social development. [12marks]
- (b) Describe some of the failures of microfinance institutions. [8marks]
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