


Name:			
Enrolment No:			
<div><div>UPES</div><div>End Semester Examination, May 2025</div></div>			
Course: Rural Finance		Semester: VI	
Program: INT BBA-MBA		Time: 3 hrs.	
Course Code: FINC3056		Max. Marks: 100	
Instructions: Kindly read all the questions carefully.			
<div>SECTION A</div> <div>10Qx2M=20Marks</div>			
S. No.		Marks	CO
	Statement of question		CO1
Q 1.1	Which of the following is a major cause of credit market imperfections in developing countries? a. High interest rates only b. Lack of credit demand c. Information asymmetry d. Excessive saving by rural households	2	CO1
Q 1.2	Which of the following is NOT a commonly used method for measuring poverty? a. Headcount Ratio (HCR) b. Poverty Gap Index (PGI) c. Human Development Index (HDI) d. Lorenz Curve	2	CO1
Q 1.3	Which of the following is NOT a dimension of the Multidimensional Poverty Index (MPI)? a. Health b. Education c. Income inequality d. Standard of living	2	CO1
Q 1.4	Which of the following is a major poverty alleviation program launched by the Indian government? a. MGNREGA b. Ayushman Bharat c. Digital India d. Make in India	2	CO1

Q 1.5	Which of the following is NOT a reason why formal lenders hesitate to provide credit to the poor? a. Lack of collateral b. High risk of default c. Low profitability from small loans d. Excess government subsidies for poor borrowers	2	CO1
Q 1.6	Which of the following is NOT a typical consequence of imperfect credit markets? a. Credit rationing b. Uniform interest rates across all borrowers c. Dependence on informal lenders d. Inefficient investment decisions	2	CO1
Q 1.7	Which of the following sectors is NOT included under Priority Sector Lending (PSL) as per RBI guidelines? a. Agriculture b. Education c. Renewable Energy d. Luxury Housing	2	CO1
Q 1.8	Why do credit constraints exist in developing countries? a. High levels of wealth inequality b. Lack of credit demand c. Oversupply of formal loans d. Lack of government intervention	2	CO1
Q 1.9	Adverse selection in credit markets occurs due to: a. Borrowers taking loans for unproductive purposes b. Lenders failing to differentiate between high-risk and low-risk borrowers c. Government intervention in interest rates d. High repayment rates in microfinance institutions	2	CO1
Q 1.10	A collateral requirement in credit markets helps to mitigate: a. Moral hazard b. Adverse selection c. Market demand d. Interest rate ceilings	2	CO1

SECTION B
4Qx5M= 20 Marks

Q	Statement of question		
2	Capacity curve	5	CO2
3	Risk Neutral Behaviour	5	CO2

4	Unified Reference Period	5	CO2
5	Idiosyncratic Shocks	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q	Statement of question		
6	Explain the objectives and rationale behind Priority Sector Lending (PSL) in India. Critically evaluate whether PSL mandates help in achieving inclusive growth.	10	CO3
7	Explain the concept of a poverty trap. What are the key conditions that lead to its emergence, and how does it perpetuate poverty across generations?	10	CO3
8	Why informal lenders in rural areas charge high interest rate?	10	CO3
SECTION-D 2Qx15M= 30 Marks			
Q	Statement of question		
9	Critically evaluate the Rangarajan Committee's methodology for poverty measurement in India. How does it improve upon the Tendulkar Committee's approach? Do you think the Committee missed a chance to bring about a paradigm shift in poverty estimation? Substantiate your answer with relevant arguments.	15	CO4
10	<p>Discuss the two dominant models of microfinance delivery in India- the Self-Help Group (SHG)-Bank Linkage Model and the Microfinance Institution (MFI) Model. Compare their features, strengths, and limitations. In your opinion, can a hybrid approach offer a more effective pathway to financial inclusion? Justify your answer.</p> <p>Or,</p> <p>Discuss the role of Bandhan Bank in advancing financial inclusion in India. How did its transition from a microfinance institution to a commercial bank impact its ability to serve underserved communities? What challenges did it face, and how did it overcome them?</p>	15	CO4