

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – WINTER 2018**Subject Code: 2830010****Date: 06/12/2018****Subject Name: Financial Planning****Time: 10:30 AM to 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.**Q.1 (a)**

Choose the correct option.

6

You have a balance in your savings account of \$1000. You keep your money in that account for 182 days & earn \$28 in interest. What is the annual percentage yield on this account?

1. A. 2.80% B. 5.69%
C. 1.39% D. 8.25%

A bank that is looking at your past payment records on your loans by examining your credit report is most likely examining which aspect of 5 C's of lending?

2. A. Character B. Capacity
C. Collateral D. Capital

An example of a personal opportunity cost would be:

3. A. The time it takes you to drive to work. B. Sleeping only four hours a night.
C. The time spent shopping that reduces the time available for studying. D. All of the above.

You are in the 31% tax bracket & as part of a new job have received \$ 450 in tax-exempt benefits. What is the tax-equivalent value of these benefits?

4. A. \$450 B. \$ 139.50
C. \$ 1451.61 D. \$ 652.17

Which of the following is not part of money management activities?

5. A. Storing your personal belongings at a mini-warehouse. B. Storing & maintaining your personal financial records in a home file.
C. Creating personal statements & a budget. D. All of the above.

According to the "Rule of 72", if the interest rate you earn is 16% your money will double in value in:

6. A. 4.5 years. B. 6.0 years.
C. 12 years. D. 16 years.

Q.1(b) Explain Following:**04**

- 1) APR 2) ATM 3) IRDA 4) SEC

Q.1(c) Explain the rule of 78s.**04****Q.2(a)** Explain strategies for achieving personal financial goals for different life situations.**07**

OR

- (b) Write a note on CIBIL. 07
- Q.3(a)** Explain the factors which are used to evaluate different savings plans. 07
- (b) How is “Time value of money” useful in Personal Financial Planning? 07
Explain with the help of Examples.

OR

- Q.3(a)** Define Health Insurance & Disability Income Insurance & Explain their importance in Financial Planning. 07
- (b) What is the impact of Demonetisation on Real Estate Sector of India? 07
- Q.4(a)** Write a note on Home & Property Insurance. 07
- (b) Compare & Contrast Equity, Mutual Fund & Insurance as Investment Avenues. 07

OR

- Q.4(a)** How does bankruptcy affect your job & future credit? 07
- (b) Critically Evaluate Direct Taxes announced in Union budget 2017-18. 07
- Q.5** Ravi asks 14

Hi! I am 21 years old. I have joined work in the IT sector six months back and earn Rs.25,000 per month salary (i.e., about Rs.12,000 take-home after deductions). Last six months that I received my salary, I almost spent everything—treating friends, buying gifts for my near and dear ones, buying myself some feel good stuff etc But my father, a bank manager, wants me to cut down on the spending and start saving. Save for what? My life looks cool now and I want to enjoy it fully.

Does he set right goal/goals for his life?

OR

- Q.5** Rama calls for help 14

She & her husband both are doctors, working for a private hospital. They get a net pay of about Rs.30,000 and Rs.24,000 in their individual salary accounts. Though this seems to be a good amount of money, by the end of the month there is hardly anything left in any of the accounts. They are a family of 5—themselves, their 2-year-old son and her parents-in-law. Her in-laws manage the household. She & her husband are so busy that they hardly get any time to look after their household and finances. The problem is that for last three months, they have been having a payment overdue on their credit card and no money in any of accounts to pay the bills. She started to worry, how they are going to manage further. With their son growing up, the expenses are also increasing. Suggest them a simple and less time-consuming process to save.
