

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

**GUJARAT TECHNOLOGICAL UNIVERSITY****MBA – SEMESTER 3 – EXAMINATION – SUMMER 2018****Subject Code: 2830010****Date: 02/05/2018****Subject Name: Financial Planning****Time: 02:30PM TO 05:30PM****Total Marks: 70****Instructions:**

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

Q.1(a) Multiple Choice Questions:

06

1. The final step in the financial planning process is to
  - a. Create a financial plan of action.
  - b. Develop financial goals.
  - c. Evaluate and revise your actions.
  - d. Implement your financial plan.
2. Financial strategies refer to
  - a. The process of predicting your future financial situation.
  - b. Courses of action to achieve financial goals.
  - c. Resources an individual has available for investing.
  - d. Ideas or principles that are considered correct, desirable, or important.
3. A(n) \_\_\_\_\_ interview is designed to judge the potential of final candidates for a job position.
  - a. Selection
  - b. Informational
  - c. Screening
  - d. Initiative
4. Definite financial obligations are referred to as
  - a. Variable expenses.
  - b. Fixed expenses.
  - c. Equity.
  - d. Investment assets.
5. An example of tax-exempt income is
  - a. Gambling winnings.
  - b. Pension funds.
  - c. Rental income.
  - d. Interest from municipal bonds.
6. When stocks are traded between investors, they are traded in the \_\_\_\_\_ market.
  - a. Investment banking
  - b. Primary
  - c. Secondary
  - d. Efficient.

- Q.1(b) Define the following terms: 04
1. Tax Credit
  2. Term Insurance
  3. Liquid Funds
  4. ELSS
- Q.1(c) Write a short note on Life insurance v/s General insurance. 04
- Q.2(a) Elucidate “Financial Planning is necessary for every human being.” 07
- Q.2(b) Explain the various factors that have an impact on career Opportunities. 07
- OR
- (b) Explain the Five C’s of Consumer Credit. 07
- Q.3(a) Explain the term Health Insurance? Also discuss the various features of Health insurance. 07
- (b) Mrs. Patel wants to insure herself with a life insurance company. What are the factors that will affect the choice of insurance plan? 07
- OR
- Q.3(a) What do you mean by Financial Planning? Explain its process in brief. 07
- (b) What are the various risks covered under a Motor Vehicle Insurance? 07
- Q.4(a) What do you mean by Mutual Fund? Explain the various schemes of mutual fund in detail. 07
- (b) Explain the concept of Time Value of Money in the context of your investment plan. 07
- OR
- Q.4(a) Explain the various types of financial services. 07
- (b) Define Tax Planning? What is its importance in life? Also explain any 2 tax saving options u/s 80 series. 07

### Q.5 Case Study

How does the use of credit affect your financial plan? What types of credit are available to you? How do you obtain credit? What factors do lenders consider before extending credit? How do you improve your chances of obtaining the credit you need?

A young woman faces the above questions. She is tempted to buy clothing that she really likes but knows she can’t afford. However, when she makes the decision to use her credit card, she suddenly goes on a shopping spree. She joins most consumers who have a limited understanding of consumer credit and the pros and cons of using it.

Credit is not free money. In addition to repaying the amount she charged, she must pay an additional expense in interest until the full balance is repaid.

When used responsibly, credit is a valuable financial tool. When used excessively, credit can destroy financial plans.

**Questions:**

- a. According to the above case, what do you think are the pros and cons of using credit card? 07
- b. What suggestions might you offer the young woman regarding the use of her credit card? 07

OR

**Q.5 Case Study**

Life is starting to settle down for the Marcottes. It feels good to know that they are starting to put their financial affairs in order, especially now that they know they have made some wise decisions on insurance policies. Some other changes have been positive as well, Mr. Marcotte just received an \$8000 raise, and Luz got hired three months ago as a full-time psychologist at the State Mental Health facility. Since the Marcottes were surviving on one income for the last year or so, they have become savvy about cutting many unnecessary expenses as well.

Since the Marcottes have been able to save a sizable amount for their emergency funds, they now want to dabble in some sort of an investment plan. They have some broad goals in mind they want to achieve from their investments; they are quite overwhelmed by the investment choices. At this point in their lives, they are risk averse, because being financially comfortable is a recent phenomenon. Moreover, Martin has been with his company slightly over a year. It is possible if the financial successes continue they may be able to tolerate risk somewhat better.

The Marcottes are hoping that Paloma, and Joel (their kids) will be above average students and secure scholarships when applying to colleges. However they would like to invest prudently for the next 10 years when the kids will be ready to attend college. They would also like to retire comfortably in their late 60's so that they can enjoy retirement, and also leave some assets for their children's inheritance.

**Questions:**

- a. Before the Marcottes engage in any kind of investment plan, list some of the factors they need to consider in order to perform a financial checkup. 07
- b. Keeping in mind the Marcottes' investment goals in order of priority, suggest some possible investment instruments? 07

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