

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER-III • EXAMINATION – SUMMER • 2014

Subject Code: 2830010**Date: 27-05-2014****Subject Name: Financial Planning (FP)****Time: 14:30 pm – 17:30 pm****Total Marks: 70****Instructions:**

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

- Q.1 (a)** Using the concept of time value of money calculate the following. **07**
- a. The future value of Rs.550 six years from now at 7 percent.
 - b. The future value of Rs. 900 saved each year for 10 years at 8 percent.
 - c. The amount that a person would have to deposit today (present value) at a 6 percent interest rate in order to have Rs. 1,500 five years from now.
 - d. The amount that a person would have to deposit today in order to be able to take out Rs. 550 a year for 10 years from an account earning 8 percent.
- (b)** What is consumer credit? What factors should an individual keep in mind before taking such credit? **07**
- Q.2 (a)** What do you understand by alternative investments? State any 4 examples and explain 4 differences between alternative investments and traditional investment options. **07**
- (b)** What is insurance? State and explain the basic principles of insurance. **07**
- OR**
- (b)** If you want to create a successful budget, what factors would you keep in mind while preparing it? **07**
- Q.3 (a)** What is a savings plan? How would you evaluate a savings plan? **07**
- (b)** Evaluate equity shares as investment option from the point of view of individual investor. **07**
- OR**
- Q.3 (a)** What are the risks covered under motor insurance contracts? **07**
- (b)** What is tax planning? Explain any 3 tax saving investment options u/s 80 series. **07**
- Q.4 (a)** Explain the benefits of investing in mutual funds as against direct equity investment. **07**
- (b)** What are the sources of employment opportunities? Explain any 7 briefly. **07**
- OR**
- Q.4 (a)** i). What would be the annual percentage yield for a savings account that earned Rs.56 in interest on Rs.800 over the past 365 days? **07**
- ii). What is the annual opportunity cost of a checking account that requires a Rs.350 minimum balance to avoid service charges? Assume an interest rate of 6.5 percent.
- (b)** Differentiate traditional insurance plans and ULIPS. **07**
- Q.5 (a)** What factors should one keep in mind while investing in real estate? Explain. **07**
- (b)** State and explain the general features of mediclaim policy. **07**
- OR**
- Q.5 (a)** What factors should be considered while selecting a financial institution for receiving financial services? **07**
- (b)** Why do investors purchase corporate bonds? Briefly explain any 6 types of corporate bonds. **07**
