Seat No.:	Enrolment No
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Subject Code: 2830010

## GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER-III • EXAMINATION - SUMMER • 2014

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 07 taking such credit? What do you understand by alternative investments? State any 4 examples and 0.2 07 explain 4 differences between alternative investments and traditional investment options. **(b)** What is insurance? State and explain the basic principles of insurance. 07 (b) If you want to create a successful budget, what factors would you keep in mind 07 while preparing it? 0.3 What is a savings plan? How would you evaluate a savings plan? 07 Evaluate equity shares as investment option from the point of view of individual 07 investor. What are the risks covered under motor insurance contracts? 07 Q.3What is tax planning? Explain any 3 tax saving investment options u/s 80 series. 07 Explain the benefits of investing in mutual funds as against direct equity **Q.4** (a) **07** investment. **(b)** What are the sources of employment opportunities? Explain any 7 briefly. 07 OR 0.4 07 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? 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 What factors should one keep in mind while investing in real estate? Explain. 07 State and explain the general features of mediclaim policy. 07 **(b)** (a) What factors should be considered while selecting a financial institution for 07 Q.5 receiving financial services? Why do investors purchase corporate bonds? Briefly explain any 6 types of 07 **(b)** corporate bonds.

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