

[Time:2.30 Hrs.]

[ Marks:75]

Please check whether you have got the right question paper.

- N.B:**
1. All question are compulsory.
  2. Figures to the right indicate full marks.
  3. Working note should form part of main answer
  4. Use of simple calculators is allowed

Q. 1. A. An individual plans to invest ₹10,000 annually at the end of each year in a recurring deposit scheme for 10 years. The bank offers an interest rate of 9% per annum, compounded annually. 08

Calculate the future value (FV) of the investment at the end of 10 years.

Q. 1. B. Distinguish Between Life insurance V/s Non-Life Insurance. 07

**OR**

Q. 1. C. Mrs. Usha, a retired teacher, is offered an investment plan requiring Rs. 75,000 upfront, with the following promised returns: 08

Year	1	2	3
Cash Inflows (Rs.)	20,000	28,000	35,000

Comparable low-risk instruments offer a 9% annual return.

Should Mrs. Usha invest in this scheme? Justify with calculations.

Q. 1. D. List down some strategies for risk analysis and insurance planning with respect to a life insurance policy. 07

Q. 2. A. Mr. Bharat is working in Sheena Ltd. and has provided with the details of his income for the A.Y. 2024-25. You are required to compute his gross salary from the details given below: 08

Particulars	Amount(₹)
Basic Salary	15,000 p.m.
D.A. (50% is for retirement benefits)	10,000 p.m.
Commission as a percentage of turnover	0.1%
Turnover during the year	80,00,000
Bonus	60,000
Gratuity	50,000
Employee's contribution in the RPF	25,000
Employer's contribution to RPF	20% of his basic salary
Interest accrued in the RPF @ 13% p.a	13,000

Q. 2. B. Explain the benefits of Pubic Provident Fund. 07

**OR**

Q. 2. C. Mr. Ravi retired on 15.06.2023 after completion of 26 years 8 months of service and 08

received gratuity of ₹ 9,00,000. At the time of retirement, his salary was:

- Basic Salary: ₹ 50,000 p.m.
- Dearness Allowance: ₹ 20,000 p.m.
- (60% of which is for retirement benefits)
- Commission: 1% of turnover
- (turnover in the last 12 months was ₹ 10,00,000)
- Bonus: ₹ 12,000 p.a.

Compute his taxable gratuity assuming:

1. He is private sector employee and covered by the Payment of Gratuity Act 1972.
2. He is private sector employee and not covered by Payment of Gratuity Act 1972.

He is a Government employee..

Q. 2. D. Explain the needs for Retirement planning. 07

Q. 3. A. What are the advantages and disadvantages of Investments in stock? 08

Q. 3. B. What are the features of Mutual Funds ? 07

**OR**

Q. 3. C. Explain Asset Allocation and the different assets allocation strategies 08

Q. 3. D. What is portfolio construction and explain the process of portfolio construction.. 07

Q. 4. A. Choose the most appropriate alternative 08

1. Saving account has \_\_\_\_\_ interest rates than the checking accounts.

- |           |              |
|-----------|--------------|
| a) Lower  | b) Equal     |
| c) Higher | d) Very less |

2. \_\_\_\_\_ is not covered under motor insurance.

- |                           |   |
|---------------------------|---|
| a) Loss by fire           | b) Theft                                  |
| c) Health claim of driver | d) Loss caused to another car in accident |

3. \_\_\_\_\_ is today's value of future cash flows, discounted at particular discount rate.

- |                  |                  |
|------------------|------------------|
| a) Present value | b) Current value |
| c) Future value  | d) Fast value    |

4. \_\_\_\_\_ is the form of investment.
  - a) Pension                                      b) Stock
  - c) Credit card payment    d) saving A/C
5. \_\_\_\_\_ is the first step in risk management process.
  - a) Analysis the loss exposures    b) Identifying loss exposures
  - c) Treating loss exposures        d) Treating profits
6. \_\_\_\_\_ is the first phase of portfolio management.
  - a) Security analysis                      b) Portfolio analysis
  - c) Portfolio Selection                    d) Portfolio evaluation
7. \_\_\_\_\_ portfolios with an equal emphasis on growth and income assets.
  - a) Conservative                          b) High growth
  - c) Balanced                                d) Growth
8. \_\_\_\_\_ is the combination of insurance and saving.
  - a) ULIP                                        b) Term Insurance
  - c) Endowment plans                      d) Whole life plan

Q. 4. B. State whether the following statements are true or false.

07

1. An individual can preserve and increase his wealth with proper tax planning.
2. Endowment plans are a type of life insurance policy that provides a combination of insurance and savings
3. Withdrawal from RPF is not taxable.
4. Mutual funds are not easily bought and sold, so they are not a relatively liquid investment.
5. Risk rating models involve assigning a numerical score or rating to various risks based on their severity, probability, or other factors.
6. Insurance decisions in personal financial planning do not involve considering affordability and budget constraints when selecting coverage options.
7. Medical insurance only covers hospitalization, surgery, and other medical expenses; it does not provide access to quality medical care.

Q. 5. Short Notes: **Attempt (Any Three out of Five)**

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1. Objectives of tax planning
2. Disadvantages of Consumer Loans
3. Superannuation Fund
4. Steps involved in Risk Return Analysis
5. Steps involved in Risk Return Analysis

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