

**GUJARAT TECHNOLOGICAL UNIVERSITY****MBA SEMESTER-4- EXAMINATION – SUMMER 2020****Subject Code: 4549284****Date:07/11/2020****Subject Name: Financial Planning and Taxation (FPT)****Time: 10:30 AM TO 1.30 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** Definitions / terms / explanations / short questions based on concepts of theory/practical **14**
- (a) Define Financial Planning.
  - (b) What is Gratuity? Who is eligible to receive Gratuity?
  - (c) What is Capital Gains Tax?
  - (d) What are Derivatives?
  - (e) What is Estate Planning?
  - (f) Explain the concept of Time Value of Money (TVM).
  - (g) What do you mean by Net Worth of an Individual?

- Q.2** (a) Explain Financial Planning Process and steps involved in it. **07**
- (b) Financial Planning is essential for everyone, irrespective of age, educational background, employment position, and marital status. Effective Financial Planning can lead to one's financial well-being and security in life. Express your opinion on this. **07**

**OR**

- (b) You are a young MBA recently passed out and have also secured your first job from your campus with an annual salary package of Rs. 3 lakh. You have decided to secure your financials by making a financial plan. **07**

Set different SMART financial goals for yourself for different stages of your life i.e. short, medium and long term. Also specify the amount in today's cost required to fulfill each goal, the target dates of the goals, as well as give low, medium or high priority to each goal

- Q.3** (a) Classify briefly different types of Real and Financial investments avenues that one can use for investments. **07**
- (b) Discuss different types of Non-Life (General) insurances that you would like to include in you financial plan stating the type of risk covered by each. **07**

**OR**

- Q.3** (a) What are Mutual Fund? Broadly describe the types of Mutual funds. State the benefits of investing in mutual funds. **07**
- (b) As an investor which are the factors that you will consider before choosing a particular investments. **07**

- Q.4 (a)** Explain Public Provident Fund (PPF) and how it works. **07**
- (b)** What is the Income Tax Slab for individuals for the Financial Year 2019-20? Over and above the tax computed, what are the rates of additional components such as Surcharge and Health & Education Cess? **07**

**OR**

- Q.4 (a)** Explain Reverse Mortgage Loan as a tool for senior citizens to live independently in old age. What are the eligibility criteria for Reverse Mortgage Loan in India? **07**
- (b)** What is Form – 16? Explain its structure and inclusions. **07**

**Q.5 CASE STUDY:**

Neel a 35 year old successful MBA was recently promoted as CFO in very large Pan India company. His salary is Rs. 15 lakh per annum plus substantial bonus to the tune of Rs. 3 lakh per annum. His wife Nileshwari was earlier a consultant but now she is a full time mom of one year old daughter Nancy. They are devoted towards their family and live well within their means. Thus they have accumulated a substantial balance to the tune of Rs 20 lakh in their checking account. They have a strong desire that Nancy should take up a B. Tech degree from IIT and a MBA. As a family they enjoy every year exploring different locations within the country. Now he is also thinking of buying a big SUV to replace his small car.

For long Neel was considering to make a Personal Financial Plan for his family. His friend who is a Certified Financial Planner insisted that he should have a plan and also should have insurance cover for his life as well as health cover for his family. More over his should start accumulating a corpus for his retirement. At present Neel was not able to take the full benefit of Tax deductions as he had not done Tax planning.

- (a)** Make a list of Short and Long term goals for Neel which are SMART goals, Approx. current cost, with target dates as well as Priority. **07**
- (b)** Should Neel have life cover and health insurance for his family? According to his current income and age, how much Insurance cover he should take by thumb rule? How much amount of health insurance premium he should pay for his family so he can take maximum advantage in Income tax deduction? **07**
- Under which sections should he claim deductions for Life Insurance premium paid as well as Healthcare Insurance premium paid?

**OR**

- Q.5 (a)** Right now Neel has only invested in his Saving Bank account. Suggest some good Investment options to him so as to take advantage of tax deductions as well as getting a good decent return so as to meet his future goal of buying a SUV as well as higher education for Nancy. **07**
- (b)** Suggest some Good Retirement Planning options that he should take so that he can secure his old age. Also state how much maximum tax deductions he can plan for under different sections. **07**

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