

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA- SEMESTER - IV-EXAMINATION- SUMMER-2023

Subject Code: 4549284**Date: 23/06/2023****Subject Name: Financial Planning and Taxation****Time: 10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make Suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1. Explain the following terms. 14**
- a Bond
 - b Income Fund
 - c Present Value
 - d Tax Deducted at Source (TDS)
 - e Capital Gain
 - f Human life value
 - g Term Plan of Insurance
- Q.2 (a) One should change the approach to financial planning as he or she progresses through different stages of life. Do you agree with the statement? Justify with systematic explanation. 7**
- Q.2 (b) Do you think that the concept of time value of money will have any implication on your financial plan? Explain the reasons along with various techniques of time value of money. 7**
- OR**
- Q.2 (b) Imagine that you are a personal financial advisor and an investor needs your assistance to decide the investment options. According to you, which factors should be considered by any investor before investing money? 7**
- Q.3 (a) Describe and explain the major categories in a personal financial statement. 7**
- Q.3 (b) A person with low risk appetite wants to invest money through Public Provident Fund (PPF). Is this a right decision? Discuss various features and eligibility for PPF account. 7**
- OR**
- Q.3 (a) Mr. Abhinav is working in a private limited company and wants to invest in National Pension Scheme (NPS). Is it possible for him or only government employees are eligible for this scheme? Explain. Also discuss the investment options in NPS. 7**
- Q.3 (b) Mr. Anurag has completed seven years of continuous service at ABC Ltd and now joining some other organization. Is he eligible for the benefit of Gratuity? Discuss various features of this scheme. 7**
- Q.4 (a) Tax rates keep increasing with the increase in the income of the tax payer. Is this correct? Justify with the help of various income tax slabs for individuals applicable at present as per New tax regime. 7**
- Q.4 (b) Is there any difference between Form 16 and Form 26AS? If yes, explain the same. 7**
- OR**
- Q.4 (a) One of the most popular section among the investors is section 80C. Briefly explain this section. 7**
- Q.4 (b) Explain the steps involved in filing the Income Tax Return (ITR). 7**

Q.5 Mr. Pathak is aged 65 years and retired before five years from a government job. His wife is a home maker. He has two daughters and both are married. He does not have any financial responsibility towards his daughters. He lives in his own house (Rs. 80,00,000) and owns a car (Rs. 5,00,000). He is paying EMI on this car loan worth Rs. 5000. When he retired, he got a lump sum amount of Rs. 10,00,000 as gratuity which he invested in RBI Bonds at that time. At present, these bonds are giving a return at the rate of 5% per annum. He is receiving pension of Rs. 30,000 per month. He has a savings of Rs. 5,00,000 in his bank account which earns return of 3% p.a.

His life style is very expensive. His monthly expenses excluding EMI is Rs. 25,000. He believes in spending rather saving and goes on tours twice a year in India. Sometimes, he borrows from bank to enjoy the vacation trips. He is diabetic and had undergone heart surgery while he was working. He still does not believe in taking medi-claim policy. He considers this to be an unnecessary expenditure every year.

- (a) Based on the above information, identify the sources of his income, expenses, assets and liabilities. (It is not necessary to calculate the amount). 7
- (b) Do you agree with the investment choices of Mr. Pathak? Justify. As a financial advisor, critically review the existing investment plan and give your comments. 7

OR

Q.5 Dr. Dharmik and Dr. Nikita are young gynecologists in Surat and have two daughters, younger one is in 10th standard and the elder one is in 12th standard. The doctor couple has a very good medical practice and both together are earning Rs. 7,00,000 per month. They have bought a 4 BHK flat in the upcoming area of Surat city and are paying EMI of Rs. 1,00,000 on this housing loan. They have taken a loan for their hospital as well for which they are paying an EMI of Rs. 1,50,000. After paying all the liabilities, they are able to save Rs. 1,00,000 per month.

Both of them are financially not much literate. They are earning well but have no idea about where to invest their savings. They follow their parents' footstep in making investment and therefore investing in traditional investment options such as fixed deposits, post office saving schemes, bonds and insurance.

The doctor couple has a strong desire that their daughters should also pursue medical career in future. The family goes for travelling every year within the country. They also have plans to buy a big SUV car in near future. After few years, they also want to invest in their existing hospital for expansion. As their income will rise in future, they also want to buy a bungalow after few years.

Dr. Dharmik is thinking to take the help of financial advisor plan his investment.

- (a) Identify the financial goals of the doctor couple and classify them in to short and long terms. Mention the approximate budget for each of them and arrange them in the priority. You may make necessary assumptions to arrive at the budget. 7
- (b) As a financial advisor, do you agree with the investment approach of the doctor couple? Please advise them how they should they invest so that they can realize their goals as listed above. 7
