

(A-3) SARDAR PATEL UNIVERSITY  
BBA (ISM) V SEMESTER (CBCS)  
Tuesday, 24 March 2015  
Subject Code: UM05CBBS05  
Subject Title: Personal Finance

Time: 10:30 am to 12:30 pm

Total Marks: 60

Que.1 a) What do you mean by Personal Finance? Explain goals of personal finance in detail (08)

b) Discuss Process of Personal Financial Planning and Budgeting in detail. (07)

Or

Que. 1 Mr. king is a manager with queen ltd. On 1-4-13 he has a cash and bank balance of rs. 90000. During the year 2013-14, he plans to purchase a duplex of rs. 800000 by paying rs. 120000 cash in the month of june 2013 and balance amount by availing housing loan from HDFC for which monthly installment of rs. 5000 is payable from the salary receivable in the month of November 2013 onwards. His salary is 22000 per month in the first half of the year and with effect from the month of October 2013 there will be an increment of rs. 2000 per month. Salary is receivable on the last day of each month. (15)

**He further plans following transactions:**

1. Interest income of rs. 10000 in may 2013 and 20000 in February 2014.
2. NSC will mature in june 2013 of rs. 20000 and in January 2014 amounting to rs. 30000.
3. Household expenditure is of rs. 12000 per month and education expense of children rs. 25000 per annum payable in the month of june, October and February in the ratio of 4:4:2.
4. Purchase of scooter costing rs. 50000 on credit in april 2013 with monthly installment of rs. 2000.
5. P.F contribution and income tax (tds) of rs. 800 and 1000 respectively will be deducted from the monthly salary.
6. Insurance premium payable rs. 5000 in august 2013 and rs.12000 in December 2013.
7. Loan of rs.24000 is given to a friend who will return the same in the month of july 2013 without any interest.

You are required to prepare cash budget of mr. king for the year 2007-08.

Que. 2 a) Write a note on following investment alternatives: (08)

1. ADRs and GDRs
2. Recurring deposits

b) Define the terms 'Saving' and 'Investment'. Explain need for a diversified Investment Portfolio in detail. (07)

Or

**Que. 2 a)** Write a note on following investment alternatives: (08)

1. National Saving Certificate
2. Fixed Deposits

**b)** What is bond? Explain deep discount bond, zero coupon bond and double option bond in detail. (07)

**Que. 3** Define mutual fund. Explain types of mutual fund in detail. (15)

**Or**

**Que. 3** Discuss pros and cons of investment in mutual fund. (15)

**Que. 4 a)** Discuss any two of the following: (08)

1. Medical insurance
2. Vehicle Insurance
3. Whole life insurance policy

**b).** Write a note on IRDA (07)

**Or**

**Que. 4 a)** Explain basic features of endowment assurance plan and money back plan schemes. (08)

**b)** ICICI Life Insurance has provided you following information about the mortality rate (07)

Age	Mortality Rate
20	0.00100
30	0.00117
40	0.00205
50	0.00524
60	0.01307

Calculate risk premium of life insurance for the sum assured of rs.500000 for the ages 20, 30, 40, 50, and 60.

— x —