JAIPURIA
INSTITUTE OF MANAGEMENT
LUCKNOW NOIDA JAIPUR INDORE

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FIFTH TRIMESTER (Batch 2016-18)
Re - END TERM EXAMINATIONS, JANUARY 2018

Course Name	**Financial Planning**	Course Code	**FIN 503**
Max. Time	**2 hours**	Max. Marks	**40 MM**

INSTRUCTIONS: Attempt all Questions. Use scientific calculator for calculating time value of money factor.

Qs.1 (12 marks)

Mr Sharma, aged 30 years, works as a mechanical engineer in a private company and earns Rs. 20 lakh per annum. His wife Swati is a house wife aged 27 years. They have one son Rohan aged 3 years. The family has a house worth Rs. 30 lakh and a mortgage of Rs. 15 lakh. They have a personal loan of Rs. 5 lakh. The family's living expenses, after accounting for inflation, were estimated at Rs. 60,000 per month. Mr Kumar wants to provide the best education to his son. The average annual cost of education is estimated at Rs. 6,00,000. The life expectancy of his wife is 75 years. It is expected that when Rohan start earning at the age of 25, their living expenses will reduce by Rs.10000 per month.
Estimate the total life insurance coverage for Mr. Sharma

Qs. 2 (7 + 5 marks)

(a) Mr Kumar, 32 years, wants to invest in equity and debt in the proportion as calculated based on age. He plans for SIP in diversified equity fund and debt fund. The expected returns from equity and debt fund are 15% and 7% respectively. How much will be his corpus at the age of 60 years if he has Rs 3 lakh p.a. to save.

(b) How much to invest in a balanced fund to get Rs 5 crore after 30 years. The fund is expected to generate 10% p.a.

Qs. 3 (5 + 5 marks)

(a) Assume Jyoti's son just turned five. She plans to save for his college education by making semi-annual deposits in an investment earning 8 percent compounded semiannual return. After her son turns 18, for the next four years Jyoti expects to finance his four-year college education by spending Rs 50,000 per year. Jyoti wants to know that starting from today how much money she would need to save every six months until her son turns 18 to reach her education funding goal.

(b) You purchased a residential property in the month of April 2005 for Rs 40 lakhs. You spent Rs 20 lakhs in June 2007 to add a floor to the house. You sold the house in June 2017 for Rs 1 crore. Cost of inflation index for the year 2005-06, 2007-18 and 2017-18 are 117, 129 and 272 respectively. Calculate capital gain tax.

Qs 4 (6 marks)

An exchange traded fund scores over an index fund on a number of grounds. Comment.