

SERIES: A

QP CODE: 24900059

SERIES: A



Reg No:.....

Name:.....

MAHATMA GANDHI UNIVERSITY, KOTTAYAM
FIRST SEMESTER MGU-UGP (HONOURS) REGULAR
EXAMINATION NOVEMBER 2024

First Semester

**Multi-Disciplinary Course - MG1MDCCOM101 - PERSONAL FINANCE AND
PLANNING**

(2024 ADMISSION ONWARDS)

Duration: 1 Hours

Maximum Marks: 50

**Remember (K), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C), Interest (I),
Appreciation (Ap), and Skill (S)**

*Students should attempt atleast one question from each course outcome to enhance their overall
outcome attainability.*

[Learning Domain][CO No(s)]

Part A

Multiple Choice Questions

Answer any 30 questions.

Each question carries 1 mark

- | | | |
|---|---|---------|
| 1 | What is the relationship between money and finance? | [U] [1] |
| | a) Money is a tool for finance b) Finance is a tool for money | |
| | c) Money and finance are separate d) Money and finance are interchangeable | |
| 2 | What is the primary goal of social finance? | [U] [1] |
| | a) Maximize profits b) Achieve financial stability | |
| | c) Reduce poverty d) Increase economic growth | |
| 3 | Financial discipline is important because it leads to _____ | [U] [1] |
| | a) Spending more than earning b) Financial stability | |
| | c) Saving less d) Reducing income | |
| 4 | What is a benefit of regularly reviewing your budget? | [U] [1] |
| | a) Increased expenses b) Improved financial management | |
| | c) Reduced savings d) Higher debt | |

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- 5 Which of the following is a benefit of investment? [U] [1]
- a) Guaranteed returns b) Liquidity
c) Potential for high returns d) Reduced risk
- 6 Demand-Pull Inflation means _____ [U] [1]
- a) Inflation caused by increases in production costs b) Inflation caused by aggregate demand exceeding available supply
c) Inflation caused by external shocks d) Inflation caused by monetary policy
- 7 During inflation, the interest rate _____ [U] [1]
- a) Decreases b) Increases
c) Remains stable d) Fluctuates
- 8 A credit score is _____ [K] [1]
- a) Measure of creditworthiness b) Measure of income
c) Measure of expenses d) Measure of savings
- 9 Which among the following are not a feature of crypto currency ? [U] [2]
- a) High volatility b) Decentralization
c) Centralization d) 24/7 Market
- 10 NFTs stands for _____ [K] [2]
- a) Non-Financial Tokens b) Non-Fungible Tokens
c) Network- Functional Tokens d) Non-Financial Technology
- 11 What is the return range for debentures? [U] [2]
- a) 2%-4% b) 5%-7%
c) 7%-12% d) 10%-15%
- 12 Which of the following is not a benefit of portfolio diversification? [A] [2]
- a) Reducing unsystematic risk b) Enhancing long term return potential
c) Eliminating systematic risk d) Smoothing volatility of return
- 13 Demat account is used to hold _____ [U] [2]
- a) Real estate b) Mutual fund, Stocks and bonds
c) Cash savings d) Foreign Currency
- 14 Sovereign Gold Bonds are sold through _____ [U] [2]
- a) Stock Exchanges b) Fintech Platforms
c) RBI d) Physical market
- 15 The value of one unit of investment in mutual fund is called _____ [U] [2]
- a) Net Asset Value b) Issue Value
c) Market Value d) Gross Asset Value
- 16 A bond that is initially priced at a discount from its face value is called as _____ [U] [2]
- a) Treasury Bill b) Zero-Coupon Bond
c) Municipal d) Floating Rate
- 17 Risk Mitigation is _____ [U] [3]
- a) Ignoring the risk b) Reducing the severity of a risk

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- 18 c) Avoiding all risks d) Increasing the impact of risks
What might happen if a homeowner doesn't have insurance and their house is damaged in a fire? [An] [3]
a) The homeowner may have to pay for repairs out of their own pocket b) The government will pay for the repairs
c) The damage will not need to be repaired d) The bank will cover all costs
- 19 The document which lays down the terms of the insurance contract is called _____ [U] [3]
a) Policy b) Premium
c) Risk d) Contract
- 20 What is the typical duration of a health insurance policy? [U] [3]
a) One month b) One year, with the option to renew
c) Lifetime d) Five years
- 21 What is the key objective of financial planning for retirement? [U] [4]
a) To reduce tax liabilities b) To create wealth for emergencies
c) To invest in high-risk options d) To ensure that retirement income meets or exceeds retirement expenses
- 22 Which of the following pension plans offers a guaranteed pension to individuals after retirement? [U] [4]
a) Unit-Linked Insurance Plans (ULIPs) b) Annuity Plans
c) Term Insurance Plans d) Health Insurance Plans
- 23 In a retirement calculator spreadsheet, which of the following is typically needed to calculate the estimated retirement corpus? [U] [4]
a) Current age and retirement age b) Expected rate of return
c) Monthly contribution amount d) All of the above
- 24 The concept of Personal Finance implies _____ [U] [1]
a) Managing business funds b) Managing individual funds
c) Managing government funds d) Managing nonprofit funds
- 25 Regularly reviewing finances is extremely important. The reason can be cited as _____ [U] [1]
a) To reduce expenses b) To increase savings
c) To ensure financial progress d) To improve credit score
- 26 The primary goal of investing is _____ [U] [1]
a) To generate regular income b) To reduce taxes

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- c) To grow wealth over time d) To finance luxury purchases
- 27 In most cases, a current account is opened by _____ [U] [2]
- a) An individual person b) Employee
- c) Student d) Businessman
- 28 KYC means _____ [K] [2]
- a) Know your customer b) Know your company
- c) Keep your credit d) Know your capital
- 29 NSE is regulated by _____ [U] [2]
- a) SEBI b) RBI
- c) IRDA d) Central Government
- 30 Which government body regulates LIC? [U] [3]
- a) RBI b) IRDAI
- c) SEBI d) TRAI
- 31 What is the key feature of the Atal Pension Yojana (APY)? [U] [4]
- a) Offers a fixed return on investment b) Provides a guaranteed pension after the age of 60
- c) It is a health insurance scheme d) Offers only lump-sum benefits
- 32 NPS was introduced by _____ [U] [4]
- a) Central Government b) State Government
- c) RBI d) SBI

(30 × 1 = 30)

Part B

Multiple Choice Questions
Answer any 10 questions.
Each question carries 2 marks

- 33 The primary purpose of insurance in financial planning is _____ [U] [1]
- a) Investment b) Savings
- c) Risk management d) Tax planning
- 34 Which financial mistake can lead to huge debt? [U] [1]

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- a) Investing in real estate b) Accumulating high-interest debt
- c) Creating a budget d) Saving for emergencies
- 35 Match the following terms with their definitions: [U] [1]
Term Definition
i. Savings a. High-risk, high-return
ii. Investment b. Low-risk, liquid
iii. Emergency fund c. Long-term wealth creation
a) i- b, ii -b, iii -a b) i-b, ii-c, iii - b
c) i-a, ii-b, iii-a d) i-a, ii-c, iii-b
- 36 If Mr X earns Rs 5,00,000 per year and the inflation rate is 8%, to maintain [U] [1]
his purchasing power , to what amount his salary should increase?
a) Rs.5,10,000 b) Rs.5,40,000
c) Rs.5,20,000 d) Rs.4,90,000
- 37 Assertion: Equity Shares provide fixed Dividend [A] [2]
Reason:Equity shares are owners of the company
a) Both assertion and reason are true b) Assertion is True but Reason is false
c) Assertion is False But Reason is True d) Both assertion and reason are false
- 38 _____ is the type of account allows overdraft facility. [U] [2]
a) Savings Account b) Current Account
c) Fixed deposit account d) Recurring deposit account
- 39 Assertion (A) : Digital gold allows investors to buy and sell gold online. [U] [2]
Reasoning (R) Digital gold requires physical storage
a) Both A and R are true b) A is true, but R is false
c) A is false but R is true d) both A and R are false
- 40 Assertion(A):Government Securities are called as gilt edged securities. [A] [2]
Reasoning (R) They are backed by government gurantee
a) Both A and R are true and R is the correct explanation of A b) Both A and R are true ,but R is not the correct explanation of A
c) A is true, but R is false d) A is false but R is true
- 41 Which of the following are true statements regarding risk? [U] [3]
i) Risk is always avoidable.
Ii) Risk can be minimized but not eliminated.
Iii) Risk management is the process of identifying and assessing risks.
a) Only statement i is true b) Statements i and ii are true

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- c) Statements ii and iii are true d) All statements are true
- 42 Match the life insurance products with their features: [U] [3]
Life Insurance Product Feature
i) Term Insurance 1) Provides coverage for the insured's lifetime
ii) Whole Life Insurance 2) Offers a lump sum payment only if insured dies during the policy term
iii) Endowment Policy 3) Combines life coverage with savings
iv) ULIP 4) Includes an investment component
a) i-2, ii-1, iii-3, iv-4 b) i-1, ii-2, iii-4, iv-3
c) i-2, ii-3, iii-1, iv-4 d) i-2, ii-1, iii-4, iv-3
- 43 Match the following [A] [4]
i. National Pension System (NPS) a. Designed for low-income earners in the unorganized sector
ii. Atal Pension Yojana (APY) b. Allows individuals to invest in a mix of assets like equity and debt
iii. Employee Provident Fund (EPF) c. Mandatory contributions from both employer and employee
a) i-b, ii-a, iii-c b) i-c, ii-b, iii-a
c) i-b, ii-c, iii-a d) i-c, ii-a, iii-b
- 44 Under which section of the Income Tax Act are contributions to the National Pension System (NPS) eligible for tax deductions? [K] [4]
a) Section 80C b) Section 80D
c) Section 80CCD d) Section 24

(10 × 2 = 20)

END OF THE QUESTION PAPER

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a) Section 24 b) Section 80CCD
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35 The primary purpose of insurance in financial planning is [U] [1]

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b) i-c, ii-b, iii-a
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c) Creating a budget
d) Accumulating high-interest debt

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