DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

Advanced Diploma in Financial Services & Legislations

PG Diploma in Financial Services & Legislations

Academic Year: 2023-2023

First Semester - End Semester Examination (January, 2023)

Paper I - 1.1.1. Financial Markets & Institutions

Duration of the Examination: 2 ½ hours **Total Marks : 70 marks**

INSTRUCTIONS TO CANDIDATES

a) **Read the instructions carefully and adhere to the same.**
b) **Please mention your DDE ID No., date of the exam, name of the programme & subject on the Answer Sheet and the Additional Answer Sheets, if any.**
c) **The questions to be interpreted as given and no clarification can be sought from the Invigilator.**
d) **Clearly indicate the question numbers while answering them. Answers without question numbers / wrong question numbers will not be evaluated.**
e) **Write the answers clearly and neatly. Answers in illegible handwriting will not be taken into consideration.**
f) **Candidates are prohibited to carry phones or any other electronic devices, books, material etc. in the Examination Hall.**
g) **Copying is strictly prohibited and is considered as a serious academic mis-conduct and the University will take action as it deems fit.**

Part-A

Instructions

- Answer all the questions given below.
- Each question carry 10 marks.
- All questions are very straightforward and hence no clarification can be sought.

(5 x 10 marks = 50 marks)

Q1) When the commercial and development banks are already in operation in India, What is the need for Non-Banking Financial companies? Present a detailed analysis by highlighting their need, contribution made and the challenges they are facing.

Q2) If you have 5 lakh rupees of cash with you, how do you plan your investments? Do you take the help of a financial planner or plan everything by yourself. Present at least 5 reasons behind your choice with a brief explanation of each of the reason

Q3) Considering the existing economic state of India, how is Reserve bank of India going to act in terms of India's monetary policy. Analyse the impact of those actions on Banks and Money markets?

Q4) Tax saving Mutual Funds Vs Tax Saving Fixed Deposits Vs Public Provident Fund. Which instrument you choose for tax planning, if given a chance? Justify your stance by give atleast five reasons and a brief explanation of each reason

Q5) Amidst recession fears, do you think that the capital will be moving from equity capital markets to debt markets in future? If Yes or No, how are the credit rating agencies going to get impacted and perform in future on account of the same? Present a detailed analysis.

Part-B

- Read the following case study and answer all the questions that follow.
- Each question carry 5 marks. **(4 x 5 marks = 20 marks)**

Suppose an elderly woman in her fifties (50 years) was faced with the recent passing of her husband. He had been the primary bread winner with an annual income of Rs. 10,00,000/- while she was self-employed part time with an annual income of Rs. 4,00,000/-. With two female children out of graduation college (UG), but yet to get their job and one still in high school, concerns were having enough assets to continue to support herself, maintain their home and contribute to the youngest male child's college education in a reputed engineering college which costs Rs. 4,00,000/- per year. She needed guidance on her investments and how to protect the proceeds from the life insurance policy of her husband (Rs. 25,00,000/-), his retirement accounts (Rs. 30,00,000/-) and a partnership payout from his employer (Rs. 25,00,000/-). In addition to providing for current needs, she was concerned about being able to retire comfortably and needed to understand her options for collecting social security through self-contributed pension plans. She expects to have a monthly income of Rs. 75,000/- after retirement and is planning to retire at 60 years. She and her children doesn't have a life insurance or a health insurance policy on their name as her husband's office was supporting their family with medical expenses till her husband's death. The husband didn't leave any Loans on his name. The house they are staying is their own ancestral home with no other heirs apart from these 4 family members.

Answer the following questions based on the above case. You can make logical assumptions wherever you feel that data is missing and mention those assumptions in the answer.

A) If she is planning to get both her daughters married in next 5 years time and each marriage costs 15 lakhs with decent expenditure, help her with a plan of conducting their marriages by taking other constraints mentioned in the case. You have to showcase how she can arrange 30 lakhs through a proper financial planning.

B) If she has to plan for a retirement corpus so that she can get a monthly fixed income of 75,000 how do you advise her to invest her money? Present the case in detail.

C) Should she invest in mutual funds or unit linked insurance plans to manage her insurance needs? Present your stance and support it with valid reasoning.

D) When should she consider making investments in money markets? Will it be a good strategy for her to get into money markets? Analyze.