



## Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Colombatore - 641043, Tamil Nadu, India

### Bachelor's Degree Examination – November 2025 III Semester

Class : II UG  
Major : All Majors

Time : 3 Hours  
Max. Marks : 100

#### 23BCOGE3 Introduction to Personal Finance

##### Course Outcomes

- CO1: Analyse the various source of borrowing and payment systems available to the clients  
CO2: Create a plan for Debt Management and Financial Portfolio  
CO3: Compute marginal and Average Tax Brackets  
CO4: Analyse the Risk Management Techniques  
CO5: Ability to calculate Retirement Funding

##### Part A

10 x 1 = 10

##### Choose the Correct Answer

1. Financial planning primarily aims to CO1K1
  - a. Minimize taxes only
  - b. Maximize returns irrespective of risk
  - c. Achieve personal financial goals systematically
  - d. Avoid borrowing completely
2. Diversification in investments helps to: CO1K1
  - a. Increase only equity exposure
  - b. Reduce risk by spreading across asset classes
  - c. Guarantee profits
  - d. Avoid market fluctuations completely
3. In investing, what does the term 'diversification' mean? CO2K1
  - a. Investing all your money in a single, high-performing stock.
  - b. Only investing in companies within a single industry.
  - c. Spreading your investments across various asset classes to reduce risk.
  - d. Cashing out your investments frequently to take profits.
4. The relationship between risk and return is generally: CO2K1
  - a. Inverse
  - b. Direct
  - c. Unrelated
  - d. Fixed
5. What is the maximum amount deductible under Section 80D for medical insurance premiums paid for parents (if parents are senior citizens)? CO3K1
  - a. Rs. 25,000
  - b. Rs. 30,000
  - c. Rs. 50,000
  - d. Rs. 75,000
6. Systematic Investment Plan (SIP) is related to: CO3K1
  - a. Fixed deposits
  - b. Mutual funds
  - c. Insurance policies
  - d. Bonds issued by the government only
7. Which policy combines insurance protection with investment? CO4K1
  - a. Term plan
  - b. Whole life policy
  - c. ULIP (Unit Linked Insurance Plan)
  - d. Fire insurance
8. A child plan usually combines: CO4K1
  - a. Term insurance and pension
  - b. Insurance and investment for child's future
  - c. Health cover and accidental cover
  - d. Group and personal accident cover
9. Retirement benefit plan is primarily designed to provide: CO5K1
  - a. Life insurance only
  - b. Regular income after retirement
  - c. Emergency medical cover
  - d. Education expenses for children
10. The New Pension System was introduced by the Government of India in: CO5K1

**Part B**

**5 x 6 = 30**

**Answer ALL questions**

**Each answer should not exceed 400 words or two pages**

- 11.a. Differentiate between **short-term**, **medium-term**, and **long-term** financial goals with two examples of each. CO1K2  
(or)  
11.b. Explain the difference between phishing and vishing. CO1K2
- 12.a. What are the main factors that determine an investor's risk tolerance? CO2K2  
(or)  
12.b. Explain the difference between growth option and dividend option in a mutual fund. CO2K2
- 13.a. Discuss the main types of international investment options available to individuals in India. CO3K2  
(or)  
13.b. Write a note role of life insurance policies and health insurance in reducing tax liability. CO3K2
- 14.a. Differentiate between life insurance and general insurance with suitable examples. CO4K2  
(or)  
14.b List the key factors to consider when determining the required life cover amount. CO4K2
- 15.a. What are the tax benefits available for contributions to pension plans under the Income Tax Act, 1961? CO5K2  
(or)  
15.b. Briefly explain the key features of: CO5K2  
i. National Pension System (NPS)  
ii. Atal Pension Yojana (APY)  
iii. Employees' Pension Scheme (EPS).

**Part C**

**5 x 12 = 60**

**Answer ALL questions**

**Each answer should not exceed 800 words or four pages**

- 16.a. Elucidate the influence of life stages on financial goals and risk tolerance. CO1K3  
(or)  
16.b. Explain how UPI has changed the merchant payments ecosystem in India. CO1K4
- 17.a. Assess the risks and opportunities in real estate investment during economic downturn. CO2K3  
(or)  
17.b. Discuss the benefits of SIP for long-term wealth creation. CO2K3
- 18.a. "Aggressive tax planning can blur the line between avoidance and evasion." Discuss with suitable examples. CO3K3  
(or)  
18.b. Assess the impact of tax incentives in promoting national goals such as renewable energy, housing, and retirement savings. CO3K3
- 19.a. Explain the financial consequences of health risks. How does health insurances provided protection? CO4K2  
(or)  
19.b. Critically. Elucidate on how pandemic experiences(COVID-19) have permanently changed health and life insurance demand. CO4K4
- 20.a. As per your knowledge do the exemptions under the Income-tax Act encourage savings and investment. CO5K3  
(or)  
20.b. Explain the role of government-backed schemes (EPF, NPS, SCSS) in improving retirement Security. CO5K5