

Case – Anamika Sengupta

Today is 31st January 2009. Anamika Sengupta, aged 42 years, has been working as a lecturer in a private college of Ajmer since 1st April 1995. From 1st April 2009 she may be promoted as Principal of this college and may get a hike of 30% in her current take home pay along with official residence. Anamika divorced recently on 1st November 2008 and got the custody of her two children; daughter Anaida aged 13 years and son Animesh aged 11 years. Her ex-husband Akhilesh is a businessman in the same city. As part of her divorce settlement both children shall get Rs. 2,500 each p.m. till their completed age of 15 years and thereafter Rs. 4,000 each p.m. till their completed age of 21 years on 1st of every month starting from 1st of Feb 2009. All these payments will be made to Anamika directly. At present Animesh is studying in Standard VI while Anaida is studying in standard IX and their total school fee is Rs. 3,900 p.m. which increases 12% year-on-year. Apart from this, Anamika has also got a lump sum settlement amount of Rs. 10 lakh at the time of divorce.

After divorce Anamika moved to her own house which was earlier let out on rent @Rs. 11,000 p.m. (Payable in advance with 2 months' rent as security deposit) since purchase of this house on 1st January 2007. This house was purchased for Rs. 25 lakh out of which Rs. 20 lakh were financed by a housing loan @9% p. a. for a term of 15 years. She pays the EMI on the last date of every month. Fair rental value of this house is Rs. 1.50 lakh p.a. After getting her official residence, Anamika will put this house on rent again as the same tenant is ready to take this house at the same rent.

Anamika is the only child of her parents who also reside in Ajmer. Her father Ashvijay Sugathan, aged 68 years, expected life 72 years, had been in a PSU job and took VRS from his job in 1995. Anamika's mother Ashvini Sugathan, aged 61 years, expected life 75 years, is a house wife. From the settlement amount which Ashvijay got from his job at the time of VRS, he used half the sum for purchasing his current residential house and reserved the balance for his retirement income stream. Current market value of this house is Rs. 20 lakh. Unfortunately, Ashvijay's estimates of his retirement expenditure went wrong. He was short of funds in the middle of 2007. Then for funding his retirement needs, Ashvijay availed of reverse mortgage scheme from a nationalized bank on 1st December 2007. Ashvijay has already prepared a Will, in which he has named Anamika as the sole beneficiary of his Estate.

For FY 2008-09, Anamika's take home pay is Rs. 39,000 per month after TDS of Rs. 3,000 per month which is the only deduction from her salary. In April 2008 Anamika got a 40% hike in her CTC w.e.f. 1st October 2007. Due to this salary hike, taxable portion of her salary has increased to 87% of total CTC in the current year while in the last FY it was at 76%. You have ascertained that apart from children's school fee and EMI on housing loan, her household expenses shall remain at Rs. 9,000 per month for one year and thereafter will be increasing in line with inflation.

Assets of Anamika

Residential House	: Rs. 28.00 lakh present market Value
Corporate Debentures	: Rs. 5.00 lakh paying 8.75% p.a. interest on every 31 st March ¹
Gold Ornaments	: Rs. 6.50 lakh present market Value
Car	: Rs. 2.50 lakh present market Value
Saving Account Balance	: Rs. 11.13 lakh as of today (Interest FY 08-09 Rs. 19,570) ²
PPF Account	: Rs. 6.89 lakh present value
Unit Linked Pension Policy	: Rs. 1.80 lakh value as of today (Contribution Rs. 2,000 p.m. on 1 st of every month)
Life Insurance Policy	: Rs. 2.50 lakh Investment amount as of 31 st March 2003 ³
Equity Shares of XYZ Ltd	: Rs. 80,000 present market Value

¹These debentures were transferred to Anamika by Akhilesh on 1st June 2008 without any consideration, on the advice of one of his friends from tax planning perspective

² Out of this amount Anamika will be investing in a bank FDR of Rs. 10 lakh on 1st April 2009 for a period of 12 months @10% per annum (compounding quarterly).

³This policy is a single premium endowment policy on the life of Akhilesh

Assumptions

Anamika's expected age	: 75 years
Anamika's retirement age	: 60 years
Rate of inflation	: 6% per annum
Risk free rate of return	: 7.50% per annum
Real Estate Appreciation	: 6% per annum
Gold Appreciation	: 10% per annum
Equity return	: 14% per annum
Debt return	: 9% per annum

Questions

- 1) You have advised Anamika to do Estate Planning. According to you what should be the most preferred way for her Estate Planning?
- A) She should devolve all of her personal properties to her personal HUF.
 - B) She should prepare a Will naming her children as the sole beneficiaries in the same.
 - C) She should prepare a Will naming her children as the sole beneficiaries as well as designate one or more guardians with their prior consent.
 - D) She should transfer all of her existing properties in the names of her children and nominate her both children equally in all her legal documents.
- 2) One alternative to receiving monthly payments from her ex-husband as committed for the upbringing of her children is to negotiate a lump-sum payment today. Assuming such lump-sum payment is invested in a risk free investment, Anamika wants to know such approximate amount today in lieu of the said monthly payments. The same is _____. (Please ignore any Tax and Charges if applicable)
- A) Rs. 5,35,593
 - B) Rs. 5,18,018
 - C) Rs. 5,38,830
 - D) Rs. 4,96,870
- 3) Anamika wants to invest in the name of both children Rs. 5 lakh each in a bank FDR. She wants to know in hand maturity amount of each of these FDRs after one year. The same is _____.
- A) Rs. 5,46,381 each
 - B) Rs. 5,51,250 each
 - C) Rs. 5,51,906 each
 - D) Rs. 5,40,488 each
- 4) Anamika has told you that before divorce Akhilesh had bought a single premium life insurance policy on his own life and expressed on the face of it to be for the benefit of his wife and children as per Section 6 of Married Women's Property Act, 1874. Now, Akhilesh wants to change the beneficiary of the said policy. Anamika asks you whether it is possible.
- A) Yes, by making an amendment in the trust deed.
 - B) No, alteration is not permitted.
 - C) Yes, but with written consent of Anamika only.
 - D) Yes, but only by writing a registered Will.
- 5) Anamika wants to know how the amount of Rs. 20,000 invested by cheque in her PPF account by Akhilesh from his own income in May 2008 would be treated while computing her Income Tax liability.
- A) Rs. 20,000 now and interest thereon will be tax free in her hands; she would not get benefit of Rs. 20,000 u/s 80C.
 - B) Rs. 20,000 now and interest thereon will be tax free in her hands and she would also get benefit of Rs. 20,000 u/s 80C.
 - C) Rs. 20,000 and the interest thereon would be tax free in her hands and she would get benefits u/s 80C only if she reimburses Rs. 20,000 to Akhilesh on maturity.
 - D) Rs. 20,000 will be taxable in her hands now, but the same amount along with the accumulated interest thereon will be tax free in her hands and she would get benefit of Rs. 20,000 u/s 80C.

- 6) Anamika wants to invest Rs. 15,000 in a Mutual Fund which charges an entry load of 2.25%. Management and other fees is 1.1% p.a. (assumed to be charged at the end of the year). Ignoring taxes and other costs, what annual returns would the fund have to produce to equal the value that the investment would have earned in PO NSC?
- A) 9.77% p.a.
 B) 9.67% p.a.
 C) 9.62% p.a.
 D) 9.51% p.a.
- 7) Anamika wants to invest monthly for Anaida's wedding when she completes 24 years of age. The estimated cost of wedding then is Rs. 10 lakh. She would utilize the monthly amount received from Akhilesh for Anaida. You have advised her to invest monthly in Debt MF and Equity MF in the ratio of 30 : 70 till Anaida completes 19 years of age. Thereafter, further investments are made in Debt MF and Equity MF in the ratio of 60 : 40. Anamika wants to know how much additional amount she will require approximately to fulfill the commitment of Anaida's marriage then? (Please ignore charges and taxes if applicable)
- A) Rs. 2.05 lakh
 B) Rs. 0.85 lakh
 C) Rs. 1.72 lakh
 D) Rs. 2.78 lakh
- 8) Anamika wants to assess the volatility of the stock XYZ Ltd in the market. You measure the same relative to the Nifty Index. You have found out the relevant parameters of the stock XYZ Ltd and Nifty Index as follows:
- i) Standard Deviation of XYZ Ltd: 2.2
 ii) Standard Deviation of Nifty Index : 1.90
 iii) Correlation Co-efficient of XYZ Ltd with Nifty Index : 0.90
 You find the volatility of stock XYZ Ltd. relative to Nifty Index to be _____.
- A) 4.62
 B) 1.04
 C) 0.78
 D) 1.29
- 9) Anamika saw your name with CFP Marks; she wants to know different ways in which the CFP Marks in India can be written.
- i) CERTIFIED FINANCIAL PLANNER^{CM}
 ii) CFP^{CM}
 iii) CFP^{cm}
 iv) C.F.P.
 v) CFPCM
 vi) C F P
 vii) Certified Financial Planner^{CM}
- A) i) & ii)
 B) ii), iii), vi) & vii)
 C) iv), v) & vii)
 D) ii), v) & vi)

- 10) Anamika would retire at age 60 years. She wants to accumulate a fund exclusively for her retirement. She wants to get an inflation adjusted monthly income to the extent of 60% of her present take home salary and would not leave any estate in the end. You have advised her to invest monthly in Debt MF and Equity MF in the ratio of 30 : 70 till she completes 55 years. You have further advised her to rebalance the portfolio from the beginning of 56 years in the ratio of 60 : 40 along with further monthly investment to be in the said revised ratio till she retires. The accumulated funds at the time of retirement would be invested in a risk free investment. How much amount should she invest monthly starting from 1st Feb 2009?
- A) Rs. 15,143
 B) Rs. 15,438
 C) Rs. 14,986
 D) Rs. 15,258
- 11) You have advised Anamika to buy a Householders Insurance policy. She wants to know how the value of house and its contents are assessed by the insurance company.
- A) The value of House and that of various belongings in the house are assessed as per their individual market value.
 B) House's value is assessed as per its re-instatement value and the value of the various belongings in the house is assessed as per their individual market value.
 C) The value of House and that of various belongings in the house are assessed as per their re-instatement value.
 D) The value of House is assessed as per its market value and the value of the various belongings in the house is assessed as per their individual re-instatement value.
- 12) The Fully Convertible Debentures of XYZ Ltd which Anamika bought in the year 2003-04 was fully converted into Equity Shares in July 2008. She wants to know the tax treatment if she sells such equity shares in a recognized stock exchange today.
- A) It will be taxed as Long Term Capital Gains.
 B) It will be taxed as Short Term Capital Gains.
 C) Not chargeable to Tax.
 D) The transaction would be considered as Income from other sources.
- 13) You have advised Anamika to invest Rs. 10,000 every year starting from 1st Feb 2009 till the year of retirement in FD in a three-year block format as follows:
 The investment in the 1st, 2nd and 3rd years are to be for terms of 3 years, 2 years and 1 year, respectively. The maturity of these individual FDs at the end of first three-year block is reinvested in the fourth year for 3 years along with Rs. 10,000 fresh investment. In the two following years, the fresh investments of Rs. 10,000 are again invested for 2 years and 1 year, respectively. The exercise of 2nd three-year block is repeated for subsequent blocks of three years each until her retirement. She wants to know how much would be the balance at the time of her retirement. (Please ignore charges & taxes take rate of FD at 10% p.a. compounded quarterly for the full period)
- A) Rs. 4,73,663
 B) Rs. 5,22,835
 C) Rs. 5,88,150
 D) Rs. 5,32,835
- 14) You have advised Anamika to buy a Householders Insurance policy, she wants to know whether burglary by domestic staff is also covered.

- A) It would be covered under the burglary option of Householders Insurance policy.
- B) If any domestic staff, whether currently employed or engaged in the past, is involved in burglary at the house, the insurance company is not liable to pay for any losses or damages.
- C) If any present domestic staff is directly involved in burglary at the house, the insurance company is not liable to pay for any losses or damages.
- D) If any domestic staff is involved in burglary at the house, the insurance company is liable to pay for any losses or damages if proved that it has been deliberate and violent.
- 15) While preparing Anamika's Financial Plan, in all your oral or written recommendations, you have taken reasonable steps to place Anamika in a position to comprehend the recommendations and the basis thereof. You have also taken due care to explain the nature of the investment risks involved in terms she is likely to understand. You have complied with the Rules that relate to the Code of Ethic of _____.
- A) Professionalism
- B) Diligence
- C) Fairness
- D) Competence
- 16) Anamika wants to invest monthly for Animesh's Higher education when he completes 21 years of age. She would utilize the monthly amount received from Akhilesh for the same. Present cost of higher education is Rs. 5 lakh which is expected to escalate at the rate of 12% p.a. You have advised her to invest monthly in Debt MF and Equity MF in the ratio of 30 : 70 till Animesh completes 17 years of age. Thereafter, further investments are made in Debt MF and Equity MF in the ratio of 60 : 40. Anamika wants to know, how much additional amount does she need to invest monthly, starting from 1st of Feb 2009 till Animesh completes 21 years of age considering Akhilesh fulfills his commitments? (Please ignore charges and taxes if applicable)
- A) Rs. 3,650
- B) Rs. 3,575
- C) Rs. 3,500
- D) Rs. 3,425

Case - Eklovyva

Today is 1st April 2009. Eklovyva Khandelwal, aged 32 years, is working for a Legal Firm in Delhi. His wife Shikha Khandelwal, aged 31 years, is working in a Legal Process Outsourcing firm. Eklovyva switched to his present job in July, 2008. He got his present job at a CTC of Rs. 8.4 lakh p.a. He received from his present job net of TDS salary amounting to Rs. 5.85 lakh till March, 2009. Shikha is earning Rs. 50,000 p.m. They have two daughters Simran, aged 5 years and Nishita, aged 3 years. His father Mr. Gulshan, aged 67 years, is retired and his mother Pooja, aged 65, is a housewife. Eklovyva's parents are financially dependent on him. Eklovyva is residing in his own flat in Delhi for which he has taken a housing loan.

Following are the family's monthly cash flow:

Cash Inflow	Amount (In Rs.)
Income(In Hand)	1,10,000
Out Flow	
Basic amenities: Food, clothing, shelter, Housing EMI	65,100
Power, Telecom, Fuel	6,750
Transport and EMI – car loan	5,850
Recreation	2,000
Services	1,500
Miscellaneous	1,000
Net Cash Flow	27,800

He has also taken a car loan of Rs. 1.5 lakh on 01-04-2007 for 3 years @ 9% p.a. He took a Housing Loan from a Bank for Rs. 50 lakh @7.5% p.a. on 01-04-2004 with EMI due on the first day of every month for tenure of 15 years. House is in the joint name of Eklovyva and Shikha with 50% ownership of each. Eklovyva has a term insurance of Rs. 15 lakh.

Following are the investments and savings of Eklovyva and Shikha as on 01-04-2009:

- Cash in Hand : Rs. 50,000 (Eklovyva)
- Bank balance : Rs. 2,40,000 (Eklovyva); Rs.1,25,000 (Shikha)
- Jewellery : Rs. 1,50,000 (Shikha)
- Car present market value: Rs. 80,000 and House present market value: Rs. 90,00,000
- Money Market Mutual Fund present market value: Rs. 3,00,000 (Eklovyva)
- Shares-Company-A: 200 shares bought at Rs.187 per share, Company-B: 90 shares bought at Rs. 1,700 per shares, Company-C: 350 shares bought at Rs. 190 share. All shares were bought as on 01-08-2005.
- Equity oriented Mutual Funds present market value: Rs. 2,00,000
- ELSS present market value: Rs. 3,00,000 (Eklovyva)
- PPF A/c. of Eklovyva: Balance Rs. 5,35,697 as on 31st March, 2009; A/c. matures 1st April 2013
- PPF A/c. of Shikha: Balance Rs. 4,34,068 as on 31st March, 2009; A/c. matures 1st April 2016
- Eklovyva has a Flat at Gurgaon also. He inherited this flat in June 2008. The present market value of the flat is Rs. 15 lakh which he has given on rent for Rs. 8,000 p.m. since June 2008.

Eklovyva bought a floater health insurance policy in June 2008 for his family for a total cover of Rs. 10 lakh at a premium of Rs. 17,000. He also paid the renewal premium of his parents' health insurance policy in June 2008 for a combined cover of Rs. 5 lakh by paying a premium of Rs. 20,000. His father owns a flat the present market value of which is Rs. 40 lakh, he has taken a reverse mortgage loan from a bank and is receiving approximately Rs. 15,000 p.m.

Eklovyva has following goals:

- He will need Rs. 10 lakh for Simran when she completes 18 years of age for her higher education and Rs. 15 lakh for Nishita when she completes 21 years of age. The amounts are at present cost.
- He will need Rs. 30 lakh and Rs. 32.50 lakh (both at then prices) for the marriages of their daughters Simran and Nishita, respectively when they complete 24 years of their respective age. He wishes to

link his own PPF A/c maturity and that of his wife's with the marriages of Simran and Nishita, respectively, given that both PPF Accounts are extended by one block of 5 years with further contributions.

3. Eklova wants to start investing immediately for his retirement at age 60 years. He wants to liquidate their combined investments and invest in a pension fund, apart from regularly contributing to this fund till he retires.
4. He also wants to pay off his housing loan in the next seven years.

Assumptions:

- | | | |
|---------------------------------------|---|----------|
| 1. Risk free rate | : | 6% p.a. |
| 2. Inflation rate | : | 5% p.a. |
| 3. Return on Equity/Equity based MF | : | 12% p.a. |
| 4. Return on Money Market Mutual Fund | : | 6% p.a. |
| 5. Real Estate appreciation | : | 12% p.a. |

Questions:

- 17) In the present downtrend in the equity markets Eklovyva wants to invest more in the shares of Company-A as he believes it has potential to grow in future. The Company has a Return on Equity of 18% with a Dividend Payout Ratio of 20%. Eklovyva desires 15% returns from the shares of Company-A. The dividend expected in the next payout is Rs. 0.80. He wants to know the price of shares of Company – A up to which it would be advisable to accumulate the stock.
- A) Rs. 133
B) Rs. 27
C) Rs. 22
D) Rs. 67
- 18) Eklovyva wants to know the maximum amount of deduction which he can avail under section 80 D of Income Tax Act, 1961. As per you, the same is _____.
- A) Rs. 35,000
B) Rs. 30,000
C) Rs. 32,000
D) Rs. 37,000
- 19) Eklovyva has not filed his return for the financial year 2007-08 till date. His net tax liability for the year 2007-08 was Rs. 4,944. He wants to know if he files his returns after a week, what would be his total tax liability.
- A) Rs. 5,390 and Rs. 5,000 as penalty.
B) Rs. 5,540 and Rs. 5,000 as penalty.
C) Rs. 5,590 and with no penalty.
D) Rs. 4,945 and Rs. 5,000 as penalty.
- 20) Eklovyva has a knack of tracking trends in stocks and often does intra-day trading. He has made a profit of Rs. 10 lakh through intra-day trading in stocks. You suggest him to use the post-tax amount of his trading profit to partly repay his outstanding housing loan and restructure his EMI so as to repay the housing loan in the next 7 years as per his financial goal. Eklovyva wants to know the approximate reduction in the total interest payable towards housing loan in the revised scenario. The same is _____.
- A) Rs. 7,21,500
B) Rs. 8,07,000
C) Rs. 11,11,000
D) Rs. 4,51,000
- 21) Eklovyva informed you that he invested Rs. 50,000 each on 14th April, 2008, 27th June, 2008 and 18th September, 2008 and Rs. 1,40,000 on 8th January, 2009 in the Money Market Mutual Fund Scheme (Growth option). Eklovyva wants to know the actual post-tax rate of return he would receive if he wishes to liquidate the investment today. The same is _____.
(Assume his taxable income in the year 2009-2010 exceeds Rs. 10 lakh)
- A) 4.59%
B) 6.98%
C) 5.21%
D) 5.39%
- 22) Eklovyva's friend Dinesh used to take advice on his investments from a Financial Planner certified by FPSB India who co-mingled the money of Dinesh with his own money. However, the Financial Planner

maintained good records to segregate both cash flows. Which of the following Principles has his Financial Planner violated?

1. Integrity
2. Objectivity
3. Fairness
4. Professionalism

- A) 1 only
- B) 1, 2 and 4
- C) 1,2 and 3
- D) 1,2, 3 and 4

23) Eklovyia expects his post-tax salary to rise every year by 5% p.a. After deducting housing loan EMIs as per original loan schedule from this post-tax salary, he expects to save 10% p.a. of the balance up to his retirement, and invest the same at the end of every year from this year onwards in a pension fund yielding 7.5% p.a. His other investments (except PPF A/c) after liquidation and cash amounting to Rs. 16 lakh are invested in the same pension fund today itself. You estimate that Eklovyia would require Rs. 1,25,000 in the month immediately after his retirement and such amount adjusted for inflation would continue till he is alive. On his demise, the inflows stop and the balance outstanding refunded to his survivors. Eklovyia's life expectancy is 75 years. The rate of return, in the distribution phase post-retirement, is adjusted downwards by 1%. Eklovyia wishes to know what approximate funds his survivors might receive considering his expected life?

- A) Rs. 66 lakh
- B) Rs. 41 lakh
- C) Rs. 24 lakh
- D) Rs. 9 lakh

24) Eklovyia renewed his car insurance which was due for renewal on 18th March, 2009 by sending out a premium cheque on 14th March, 2009 to the insurer for Rs. 4,500 towards a sum assured of Rs. 1 lakh. He received a cover note subject to realization of cheque. Eklovyia's car met with an accident on 27th March, 2009. He enquired from the insurer about his insurance policy for the car and was shocked to learn that the same was not renewed due to dishonor of his cheque. He seeks your advice regarding admissibility of insurance claim on the basis of cover note received. You advise that _____.

- A) Eklovyia is not entitled to the claim amount as the renewal premium cheque was not honored.
- B) Eklovyia is entitled to the claim as he got a cover note as a proof of his having renewed the policy.
- C) Eklovyia is entitled to get full sum assured because the company didn't inform him about the cancellation of the contract because of dishonoring of his cheque.
- D) Eklovyia has to get approval from Insurance ombudsman for clearance of his claim from the insurer.

25) Eklovyia owns a house in Gurgaon which he had insured along with its contents for Rs. 20 Lakh according to its current market value. The market value of the house along with its contents was derived at Rs. 25 Lakh at the time of loss. Assuming that the flat along with its contents is partially destroyed by fire and the loss assessed is of Rs. 8 lakh. What is the amount of money insurance company would pay as claim reimbursement to Eklovyia?

- A) Rs. 8,00,000
- B) Rs. 10,66,666
- C) Rs. 6,00,000
- D) Rs. 15,00,000

- 26) Eklovyia has many clients who repose faith in him for his skills, knowledge and ethical dealing. One of his clients, Mrs. Usha Mehta who is 70 years of age, has a will in which she leaves her entire estate to her two children, who live separately and never take care of her in any way whatsoever. Eklovyia helped her a lot in her medical care during her last days. Before she died, Mrs. Usha Mehta had changed her will to add a Rs.10 lakh gift to Eklovyia. She hired a different attorney to add the codicil to the will. Upon Mrs. Usha Mehta's death her children denied to give the gift to Eklovyia stating it was invalid because of undue influence. In the light of the facts cited above which of the following statements is correct?
- A) The gift to Eklovyia is invalid because he used undue influence to induce Mrs. Usha Mehta to change her will.
- B) The gift to Eklovyia is valid because there was no undue influence, a different attorney added codicil, and her act of adding codicil was with her free consent.
- C) The gift to Eklovyia is invalid because he knew Mrs. Usha Mehta was on her last days so he set the circumstances and obtained the gift.
- D) The gift to Eklovyia is valid because the gift was with her consent though he took the advantage of her loneliness and induced her make a favor.
- 27) Eklovyia and Dinesh are good friends and take keen interest in the stock market. Eklovyia by nature is very speculative while Dinesh is a conservative in his approach. They both are bullish on the market and expect the market to go up. Eklovyia therefore took a long position on April Nifty futures at 3,400 while Dinesh bought one lot of April Nifty call option at 3,400 at a premium of Rs. 100 per unit. The lot size is 50. Assuming the Nifty closes on the settlement day at 3200, which of the following is a correct statement?
- A) Eklovyia will incur a loss of Rs. 10,000 and Dinesh will incur a loss of Rs. 5,000.
- B) Eklovyia will incur a loss of Rs. 10,000 and Dinesh has an obligation to deliver the share on the settlement date.
- C) Eklovyia will incur a loss of Rs. 10,000 and Dinesh will incur a loss of Rs. 10,000.
- D) Eklovyia will gain Rs. 10,000 and Dinesh will incur a loss of Rs. 5,000.
- 28) Eklovyia and Shikha plan to invest separately in their respective PPF Accounts sums of Rs. 15,000 each in the beginning of April and October every year with immediate effect. This is continued till extended block of 5 years for both their accounts. Eklovyia chooses his extended PPF account maturity for Simran's marriage and Shikha chooses her extended PPF account maturity for Nishita's marriage. The extended PPF account maturity amounts when received are invested separately in an appropriate mutual fund scheme for a further period till the respective amounts are required for the intended purpose. You estimate the approximate rate of return required from such mutual fund scheme so as to meet the target amount for the marriage of each daughter. The same is _____.
- A) 7.50%
- B) 6.70%
- C) 9.20%
- D) 6.00%
- 29) For the higher education of their daughters, Eklovyia wants to know how much monthly amounts may be invested in separate accounts of an equity oriented mutual fund scheme for each daughter, so that the required funds could be attained at the desired time. You make a fair assumption for the escalation in the cost of higher education to be 7% p.a.
- A) Rs. 2,795 for Simran and Rs. 2,108 for Nishita.
- B) Rs. 6,735 for Simran and Rs. 4,749 for Nishita.
- C) Rs. 6,735 for Simran and Rs. 7,123 for Nishita.
- D) Rs. 2,795 for Simran and Rs. 1,405 for Nishita.

- 30) Eklovya working in a Legal Firm as Legal Advisor is always under an apprehension that his profile of giving legal advice to clients is full of risk. He plans to take Professional Indemnity Insurance to minimize his professional risk but he is not sure that what is the scope of the policy? He has approached you for your advice. You advise that the Professional Indemnity Insurance has the following scope:
- A) Any error and/or omission on his/her part committed whilst rendering professional service.
 - B) Any liability arising out of any criminal act or act committed in violation of any law or ordinance is not covered.
 - C) Legal cost and expenses incurred in defense of the case.
 - D) All of the above.

- 31) Eklovya's portfolio has following expected returns:

Portfolio	Probability	Expected Return (%)
Company-A	0.40	15
Company-B	0.30	8
Company-C	0.30	12

Find the expected return of the portfolio and the Post tax returns of Eklovya assuming he falls in the maximum marginal bracket for the said purposes.

- A) 15% and 11.22%
- B) 12% and 7.92%
- C) 15% and 9.90%
- D) 17% and 11.90%