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Roll No. ....

**BCH-207**

**B. COM. (H) (SECOND SEMESTER)**

**END SEMESTER**

**EXAMINATION, June, 2023**

**FINANCIAL AWARENESS**

**Time : Three Hours**

**Maximum Marks : 100**

**Note :** (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among  
(a), (b) and (c) in each main question.

(iii) Total marks in each main question are  
**twenty.**

(iv) Each sub-question carries 10 marks.

1. (a) Explain the concept of diversification and  
how alternative investments can contribute  
to a diversified portfolio. (CO1)

(b) Describe the relationship between  
financial awareness and financial stability.  
(CO1)

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(2)

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- (c) Explain the purpose of creating a monthly budget in personal finance management.

(CO1)

2. (a) List the key factors to consider when selecting an insurance policy. (CO2)
- (b) Describe the concept of risk tolerance and its significance in financial decision making. (CO2)
- (c) Mention the key factors that influence the time value of money. (CO2)
3. (a) Evaluate the potential consequences of lacking financial awareness on an individual's financial well-being. (CO3)
- (b) A company intends to invest in a machine that will provide it with annual cash flow of ₹ 38,500 for the next ten years. The device will cost ₹ 250,000 to purchase, and after its useful life has expired, the company will be able to sell it for ₹ 1,40,000. Calculate the Net present value of the future payments and based upon the results explain whether the company should purchase the machine or not. (CO3)
- (c) Elaborate with examples the principle of Insurance. (CO3)

(3)

4. (a) Assess the effectiveness of different risk management techniques in mitigating specific types risks. (CO4)
- (b) Evaluate the potential impact of missing or inaccurate financial information on the effectiveness of a financial plan. (CO4)
- (c) Assess the advantages and disadvantages of investing in stocks compared to bonds. (CO4)
5. (a) Develop a framework or questionnaire for collecting financial information from clients or individuals. (CO5)
- (b) Devise a risk management strategy for a specific financial goal, such as retirement planning or purchasing a home. (CO5)
- (c) Develop an investment proposal for a specific alternative investment, such as real estate or crypto currencies, and justify its potential benefits and risks. (CO5)

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