

## Time Value of Money

- 1) What is the value of Rs.100000 fixed deposit at the end of 5 years, given the investment is to earn 9% rate of return, in the following cases?
  - Annual Compounding
  - Semi Annual Compounding
  - Quarterly Compounding
- 2) What would you prefer Rs.100000 today or Rs. 500000 in 20 years from now, provided inflation is,
  - 5%
  - 8%
  - 12%
- 3) If Sanket wants to buy a house worth 1cr. when he is 40 years old. Today his age is 25 then how much he should save per annum to buy that house assuming his investments fetch him following returns?
  - 12%
  - 8%
  - 4%
- 4) Rajesh plans to retire at the age of 60 & he wants 5 lac Rs. as a cash flow every year after that, How much he should save from the age of 30 every year, so that he can meet his financial goal? If rate of interest is 10% on his investment? Rate of inflation once he is 60 will be 8% per year average.
- 5) As a winner of a competition, you can choose one of the following prizes,
  - Rs.500000 Now
  - Rs. 1000000 at the end of 6 years
  - Rs. 60000 a year forever
  - Rs. 100000 per year for 10 years which one will you choose provided rate of inflation in economy & prevailing interest rate both are at 10%?
- 6) If Sachita wants to buy a Car worth Rs. 25 Lacs. When she is 35 years old. Today her age is 23 then how much she should save per annum to buy that house assuming his investments fetch him following returns?
  - 15%
  - 10%
  - 5%
- 7) Neha plans to retire at the age of 55 & she wants 7 lac Rs. as a cash flow every year after that, How much she should save from the age of 22 every year, so that he can meet his financial goal? If rate of interest is 8% on her investment? Rate of inflation once she is 55 will be 8% per year average.