

COURSE: B.COM (PROG.)
SEMESTER: IV
PAPER: INVESTING IN STOCK MARKETS
QUESTION BANK

1. Risk is defined as the unexpected variability or volatility of returns on an investment. What are the main types of risk that you need to understand and manage as an investor advisor?
2. Describe the steps involved for an investor to start trading in stock market
3. Explain market order with the help of an example.
4. Illustrate the process of matching of orders in online trading
5. Explain the procedure of placing an order and execution of a transaction.
6. Write Short Notes on-
 - a) Systematic and Unsystematic risk
 - b) Capital market and Money market
 - c) Private Placement
 - d) Book Building
7. Define Market Intermediaries. Discuss their role in primary and secondary markets.
8. Write the procedure for transacting in depository system in brief and mention its advantages to the company.
9. What is Security Market Index? Outline the importance of Security Market Index?
10. Briefly describe various sources of financial information. What precautions an investor should take while using such information?
11. Write Short Notes on-
 - a) Bombay Stock Exchange
 - b) SENSEX
 - c) Derivative Market
12. Distinguish between call option and put option contract. Explain with examples as to how an investor should use them to minimise the risk and maximise the return.
13. State the meaning, rationale and limitations of the fundamental analysis.
14. What do you mean by company analysis? Explain the main factors necessary to analyse the overall performance of a company.
15. Write Short Notes on-
 - a) Candle stick chart
 - b) Simple moving averages
 - c) PEG ratio
16. What is support and resistance level in technical analysis? Explain its importance in stock selection process.
17. Write Short Notes on-
 - a) Growth and Balanced funds
 - b) NAV
 - c) Systematic Investment Plan
 - d) Mutual funds
18. What is CRISIL mutual fund ranking? Discuss various parameters considered for ranking along with suitable example.
19. The return (%) on Securities X and Y under different situations are as follows:

Find expected returns and risk associated with both the securities. Which security should an investor choose and why?

20. A Mutual Fund accumulated Rs. 30,00,000 by issuing 50,000 units in the beginning of a financial year. It has invested Rs. 28,00,000 in the corporate securities. The present price of these securities and the price at which the Mutual fund invested in these securities are given below-

Investment	Value at the Beginning	Value at the end	Income
Equity	10,00,000	12,00,000	1,50,000
Debentures	12,00,000	11,00,000	1,44,000

mutual fund incurred an expense of Rs. 50,000 during the year. Find the NAV of the mutual fund at the end of the year.

21. A) What is Beta? How does it impact the investment decision of an investor?
B) Calculate EPS and PE Ratio:

Particulars	Amount
Sales Revenue	1,20,00,000
Net Profit after Tax	30,00,000
Equity share capital into shares of Rs. 10 each	60,00,000
Current market price	90