

COURSE: B.COM. (H.)

SEMESTER - VI

PAPER: FUNDAMENTALS OF INVESTMENT

ASSIGNMENT

1. What do you understand by financial intermediaries? Discuss their role in the shift of savings and investments in the country.
2. What do you understand by security market? Discuss the different factors influencing behaviour of securities markets.
3. Briefly discuss the various equity valuation approaches. Which do you think is more practical application for investors?
4. What is meant by Bonds? Discuss the different methods of valuation of bonds.
5. What is meant by Fundamental Analysis? Explain the various economic factors to be considered in economic analysis for analysing stock market movements.

CLASS TEST

1. Discuss the various different avenues available to an investor for making investment.
2. What do you understand by risk? Discuss the different types of risk which affect the individual stock return.
3. " Chart patterns are helpful in predicting the stock price movement ". Comment.
4. Write short notes on the following
 - (i) Difference between Investment and Speculation.
 - (ii) Differentiate between Financial Assets and Real Assets
 - (iii) Types of Shares.
 - (iv) Difference between primary market and secondary market.
 - (v) Present value of share.

5. What do you understand by economic analysis? State the economic factors which should be considered for this analysis.

MCQ

1. Equity cult is spreading very fast in India due to

- a) high propensity to save among the Indians
- b) tax concession on divided income in India
- c) tax concession on capital gain in India
- d) all of these

2. Market where issuers sell new shares is called

- a) Secondary market
- b) primary market
- c) stock market
- d) None of these

3) Private placement is preferred by companies ,because it is

- a) cost effective
- b) time effective
- c) access effective
- d) all of these

4) Grey market is an

- a) official market
- b) unofficial market
- c) regulated market
- d) none of these

5) The latest stock market to come up in India is

- a) NSE
- b) BSE
- c) MCX – stock exchange
- d) none of these

6. Saving is for

- (a) Funding happy retirement
- (b) hedging inflation
- (c) materializing the dream
- (d) all of these

7. Financial goals of an individual may be

- (a) funding retirement
- (b) marriage of daughter
- (c) buying a premium segment car
- (d) all of these

8. Investment is the

- (a) person's commitment to buy a flat or house
- (b) employment of funds on goods and services that are used in production process
- (c) employment of funds on assets to earn returns
- (d) none of these

9. Investment is done with the following objective

- (a) stability of income ,capital growth
- (b) quick returns and short term profit

(c) not for collateral value (d) not for tax benefits

10.. Economic well being of a person depends on

(a) how much you save (b) how much you invest

(c) how wisely you invest (d) none of these

11.) Investor must be very cautious when he is buying shares belong to

a) A group b) S group c) Z group d) none of these

12.) Bear market means

a) price of stocks continuously move up b) confidence of the investor increases

c) prices keep falling continuously d) none of these

13.) For trading in the stock exchange

a) Bank account is a must b) PAN card is a must

c) demat account is a must d) all of these

14.) Dematerialization eliminates the risk of

a) fake certificate b) theft of share certificate

c) delay in the transfer of shares d) all of these

15.) Merchant banking involves

a) Advisory services b) issue management

c) market operations d) all of these

16. Inflation will

(a) escalate the cost (b) reduce the purchasing power

(c) reduce the saving (d) all of these

17. India follows

(a) Unified regulatory system (b) Sectorial regulatory system

(c) Single regulatory system (d) None of these

18. Investment environment constitutes

(a) Financial instruments (b) Financial markets

(c) Financial intermediaries (d) all of these

19. Stock exchange is

(a) Primary market (b) Secondary market

(c) Money market (d) None of these

20. Financial planning is

- (a) Smart investment and smart spending (b) Good investment and lesser spending
(c) Less investment and lesser spending (d) None of these

21. None marketable financial assets include

- (a) fixed deposits in banks (b) fixed deposits in NBFCs
(c) postal deposits (d) all of these

22. Which of the following is outside the purview of investment class?

- (a) Fixed deposits (b) Recurring deposits
(c) Savings bank deposits (d) Current account deposits

23. Real estate investment means

- (a) Investment in houses (b) Investment in flats
(c) Investment in bungalows (d) all of these

24. Money market instruments are

- (a) Treasury bills (b) Certificate of deposit
(c) Commercial paper (d) all of these

25. Speculation involves

- (a) Investing for a long period (b) Action for a short period based on scientific lines
(c) Illegal contract (d) all of these

26. Which of the following are not money market instruments?

- (a) Treasury bills (b) Commercial Paper
(c) Certificate of deposit (d) Fixed deposit receipt

27. Real estate investment does not include

- (a) Agricultural land (b) A second house
(c) Commercial Property (d) Equity shares

28. Which of the following is not a mutual fund scheme?

- (a) Equity schemes (b) Debt schemes
(c) Balanced schemes (d) Mutual benefit schemes

29. Stock exchange is a place where

- (a) Shares are bought and sold (b) Debentures are bought and sold
(c) Both shares and debentures are bought and sold (d) None of these

30. Bull and bear operators are

- (a) Speculators (b) Investors

(c) Gamblers (d) Regulators

Answers

- 1.d) all of these
- 2 .b) primary market
- 3.d) all of these
4. b) un official market
- 5.c) MCX – stock exchange
- 6.d) all of these
- 7.(d) all of these
8. (c) employment of funds on assets to earn returns
9. (a) stability of income ,capital growth
10. (c) how wisely you invest
- 11.c) Z group
- 12..c)prices keep falling continuously
- 13..d)all of these
- 14..d)all of these
- 15..d)all of these
16. (d) all of these
17. (b) Sectorial regulatory system
18. (d) all of these
- 19 (b). Secondary market
20. (a) Smart investment and smart spending
21. (d) all of these
- 22.(d) Current account deposits
23. (d) all of these
24. (d) all of these
25. (b) action for a short period based on scientific lines
26. (d) Fixed deposit receipt
27. (d) Equity shares

28.(d) Mutual benefit schemes

29. (d) None of these

30. (a) Speculators