

## SEMESTER-III

### COURSE- B.Com(H)

### SUBJECT-Investing in stock market

### All Hons, Generic Elective

#### ASSIGNMENT QUESTIONS

##### Assignment 1

Q1. Differentiate between Primary Market and Secondary Market. Is their role complementary or competitive to each other

Q2. Stock exchange plays an indispensable role in Indian economy: Comment.

##### Assignment 2

Q1. What do you mean by Trend Analysis? How resistance and support level are useful for an investor's decision making?

Q2. The return on securities X and Y under situations are given below:

Security X		Security Y	
Returns(%)	Probability	Returns(%)	Probability
40	0.30	50	0.10
20	0.40	60	0.40
0	0.20	10	0.30
-20	0.10	-10	0.20

Find out the expected return and risk(standard deviation) for both the securities. Which security should be preferred.

Q3. Write short notes on the following:

- i) Money Market
- ii) Systematic Investment Plan

## CLASS TEST QUESTIONS

Q1. Write short notes on the following:

- i NSE
- ii. Investment vs Speculation
- iii. Systematic Risk
- iv. Open ended mutual funds

Q2. Following information is available in respect of a Mutual Fund:

Particulars	Amount (In Rupees)
6% Debentures	10,00,000
9% Government Bonds	9,00,000
Equity Capital (50,000 equity shares of 100 each)	50,00,000
Total	69,00,000

During the year, the mutual fund received dividends of 10,00,000 on equity shares, interest on debentures and bonds were received. Operating expenses incurred during the year were 6,00,000, What would be the NAV of the mutual fund?

### MULTIPLE CHOICE QUESTIONS (MCQ'S)

1. Who controls the capital market in India?

- (A) SEBI
- (B) RBI
- (C) IRDA
- (D) NABARD

**Answer A**

**Explanation:** Capital market in India is an important part of the financial system. The Indian Securities and Exchange Board (SEBI) regulates the capital market in India.

2 Which of the following reasons is not responsible for the ups and downs in the Sensex?

- (A) Rain

- (B) Monetary policy
- (C) Political instability
- (D) None of the following**

**Answer D**

**Explanation:** None of the following because every factor given in the option is attributed for ups and downs in the SENSEX.

3. How many companies are included in the SENSEX of India?

- (A) 30**
- (B) 50
- (C) 111
- (D) 25

**Answer A**

**Explanation:** The index of the Bombay Stock Exchange counts the fluctuation in the share prices of 30 companies.

4 Which of the following is not a credit rating agency?

- (A) CRISIL
- (B) ICRA
- (C) NIKKEI**
- (D) CARE

**Answer C**

**Explanation:** NIKKEI is stock exchange of Japan.

5. Which of the following TERM does not belong to the stock exchange?

- (A) NAV

(B) NSE

(C) IPO

**(D) KPO**

**Answer D**

**Explanation:** The KPO's full form is Knowledge Process Outsourcing. There is no direct link to the stock market.

6 Which of the following might be a reason for a stock market to lose value suddenly?

A big company going bankrupt

Fear of a global recession

A terrorist attack

**All of these**

**Answer D**

7 Which term most accurately describes selling shares at a higher price than the price at which they were bought?

A Loss

**B Profit**

C Asset

D Dividend

**Answer B**

8. Which of the following are you unlikely to find traded officially on world stock markets?

A Foreign Currency

**B Insults**

C Company stock/shares

D Gold

Answer B

9. How many companies are included in the SENSEX?

**A 50**

B 111

C 30

D None

**Answer A**

10 A contract between a buyer and a seller entered into today regarding a transaction to be fulfilled at a future point in time is called

A Fixed contract

**B Derivative contract**

C Forward contract

D Future contract

**Answer B**

11. Over the life of the derivative contract, the value of the derivative

**A fluctuates with the price of the so-called “underlying” of the contract**

B decreases

C increases

D None of these

**Answer A**

12. In India, NIFTY and SENSEX are calculated on the basis of

A. Market Capitalization

B. Paid up Capital

**C.Free-float Capitalization**

D.Authorized Share Capital

**Answer C**

13. The first computerised online stock exchange in India was

A.NSE

B.OTCEI

C.BSE

D.MCX

**Answer A**

14. Which of the following derivative is not traded on Indian Stock Market?

A.Index Options

B.Stock Futures

C.Index Futures

**D.Forward Rate Agreements**

**Answer D**

15. Spot exchange rate is the rate of exchange between two currencies

**A.for immediate delivery**

B.for future delivery

C.for delivery at a particular spot in future

D.None of the above

**Answer A**

16. Break-even of a Put option occurs when spot price is equal to

A.Strike price + Premium

**B.Strike Price - Premium**

- C.Premium
- D.None of the above

**Answer B**

17. Before expiry date, the time value of a call option is

- A.Strike Price - Spot Price
- B.Spot Price - Strike Price

**C.Market Premium - Intrinsic Value**

- D.Intrinsic Value

**Answer C**

18. If Strike price is more than the spot price of the asset, the call option is known as

- A.American Option
- B.European Option

**C.Out of Money Option**

- D.In the Money Option

**Answer C**

19. Which of the following is not available in India?

- A.Index Options
- B.Index Futures

**C.Commodity Options**

- D.Commodity Futures

**Answer C**

20. Mr. X has to pay Rs 5,00,000 in three months time for the imports made by him. Correct hedging policy for him would be to

**A. Buy a Rs Call Option**

B. Sell a Rs Call Option

C. Buy a Rs Put Option

D. Sell a Rs Put Option

**Answer A**

21. Which of the following is true for mutual funds in India?

A. Exit load is not allowed

B. Entry load is allowed

C. Entry load is not allowed

**D. Exit load allowed in some cases**

**Answer D**

22. Forward exchange rate is the rate of exchange between two currencies

**A. prevailing today for future delivery**

B. would prevail at a future date

C. prevailing today for immediate delivery

D. None of the above

**Answer A**

23. Which of the following is the benefit of Depositories?

A. Reduction in the share transfer time to the buyer

B. Reduced Risk of stolen, fake, forged shares

C. No Stamp duty on transfer of shares in dematerialized form



**D.All of the above**

**Answer D**

24. Which of the following is working as demutualized stock exchange since from beginning?

**A.NSE**

B.BSE

C.DSE

D.All of the above

**Answer A**

25. In primary markets, the property of shares which made it easy to sell newly issued security is considered as

**A. increased liquidity**

B. decreased liquidity

C. money flow

D. large funds

**Answer A**

26. The money market where debt and stocks are traded and maturity period is more than a year is classified as

A. shorter term markets

**B. capital markets**

C. counter markets

D. long-term markets

**Answer B**

27. The type of market in which securities with less than one year maturity are traded, is classified as

**A. money market**

B. capital market

C. transaction market

D. global market

**Answer A**

28. The markets in which transactions are done through computers and telephone without any specific location are classified as

A. past counter market

B. future counter market

**C. over the counter markets**

D. capital counter market

**Answer C**

29. The markets in which new securities are issued by the corporations to raise funds are called

**A. primary markets**

B. secondary markets

C. Gross markets

D. proceeds markets

**Answer A**

30. The Securities and Exchange Board of India was not entrusted with the function of

A. Investor protection

B. Ensuring fair practices by companies

C.Promotion of efficient services by brokers

**D.Improving the earning of equity holders**

**Answer D**