

UNIVERSITY OF CALICUT**SCHOOL OF DISTANCE EDUCATION****(2011 Admn. onwards)*****VI Semester*****B.Com****(FINANCE SPECIALISATION)****FUNDAMENTALS OF INVESTMENT****QUESTION BANK & ANSWER KEY**

Choose the correct Answer from the bracket.

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
- 31) Issue management means
- a) instrument designing b) underwriting support
c) Allotment of shares d) all of these
- 32) Stock exchange is a
- a) Primary market b) secondary market
c) Money market d) none of these
- 33) Bull and bear operators are
- a) speculators b) investors
c) gamblers d) none of these
- 34) NSE nifty has
- a) 20 stocks b) 50stocks
c) 30 stocks d) 25 stocks
- 35) Name the first stock market index in India
- a) dow jones b) dollex 30
c) nifty d) sensex
- 36) sensex has base figure of-----
- a) 100 b) 200
c) 500 d) 1000
- 37) NSE nifty base period is –
- a) 1992 b) 1995
c) 1993 d) 1994

38) Merchant banking functions does not include

- a) Issue management
- b) portfolio management services
- c) market operations
- d) accepting deposits and lending money

39) Find the odd one out

- a) IPO
- b) FPO
- c) right issue
- d) bonus issue

40. Find the odd one out

- a) Bull operator
- b) bear operator
- c) market maker
- d) Investor

41. Financial assets include

- a) Bank deposits
- (b) Investment in debentures/bonds
- c) Investment in equity shares
- d) all of these

42. Mutual funds invest in

- (a) Stocks only
- (b) Bonds only
- (c) Stock and bonds
- (d) Stock, bonds and cash instruments

43. Which of the following is not a money market security?

- (a) Treasury bills
- (b) National savings certificate
- (c) Certificate of deposit
- (d) Commercial paper

44. The Sensex has

- (a) 25 stocks
- (b) 30 stocks
- (c) 50 stocks
- (d) 20 stocks

45. Speculator is a person

- (a) Who evaluates the performance of the company
- (b) Who uses his own funds only
- (c) Who is willing to take moderate risk only
- (d) Who considers hearsays, rumours and market behaviour

46. NSE Nifty has

- (a) 20 stocks
- (b) 50 stocks
- (c) 30 stocks
- (d) 25 stocks

47. Name the institution which introduced mutual funds in India.

- (a) LIC
- (b) RBI
- (c) UTI
- (d) SBI

48. The NSE – Nifty's base period is

- (a) 1992
- (b) 1995
- (c) 1993
- (d) 1994

49. Name the first stock market index in India.

- (a) Dow Jones
- (b) Dollex30
- (c) Nifty
- (d) Sensex

50. Which of the following is an unsecured instrument?

- (a) Deposits with NBFCs (b) Postal deposit receipt
(c) Provident fund deposit receipt (d) None of these

51) Which of the following is not a component of capital market?

- a) long term loan market b) industrial securities market
c) Short term loan market d) government securities market

52) The market regulator of Indian capital market is?

- a) DFHI b) RBI c) CCI d) SEBI

53) The depository set up by Bombay stock exchange is

- a) NSDL b) CDSL c) SHCIL d) CCIL

54) Which of the following was set up mainly for providing finance to private sector?

- a) IDBI b) IFCI c) ICICI d) all of these

55. NABARD was set up in the year

- a) 1991 b) 1881 c) 1982 d) 1972

56. _____ is financial assets

- a) Bonds b) Machines c) Stocks d) both A and c

57. _____ financial asset(s).

- a) Buildings are b) Land is A c) Derivatives are
d) U. S. Agency bonds are e) C and D

58. An example of a derivative security is _____.

- a) a common share of General Motors b) a call option on Mobil stock
c) a commodity futures contract d) B and C

59. Interest rate in the money market funds are

- a) Determined by the RBI b) determined by the SBI
c) Determined by the market forces d) none of these

60. Money market include

- a) Only organized players b) only unorganized players c) both organized and unorganized players d) none of these

61. $\text{Income} - \text{Expenses} = \text{-----}$.

- a) Savings b) investment
c) money d) none of these

62. ----- is postponement of current consumption

- a) money b) savings c) investments d) all of these

63. -----means a number of securities/assets put together.
- a) Investment b) portfolio c) savings d) none of these
64. SEC is a regulator of -----.
- a) India b) Britain c) USA d) none of these
65. Fixed deposits mobilized by NBFCs are regulated by -----.
- a) SEBI b) RBI c) IRDA d) Finance Ministry
66. Debenture trading is ----- in India.
- a) popular b) not popular c) prohibited d) none of these
67. Debt instruments which have a maturity of less than one year called -----.
- a) Secondary market instruments b) money market instruments
c) capital market instruments d) none of these
68. ----- is a vehicle to get entry into the asset classes.
- a) Capital market b) Mutual fund c) Debt market d) all of these
69. ----- creates high risk and is illegal.
- a) Speculation b) Gambling c) Investment d) all of these
70. ----- is a measure to tame inflation.
- a) SEBI b) Money measure
c) Finance minister decisions d) all of these
71. The pivotal position in the Indian money market is adorned by
- a) Commercial bank b) non banking financial companies
c) RBI d) none of these
72. The rate at which RBI lends short term funds to bank is
- a) Reverse repo rate b) repo rate
c) interest rate d) none of these
73. The proportion of deposits that banks have to keep with RBI is
- a) CRR b) SLR
c) PLR d) none of these
74. for issuing commercial papers
- a) Prior approval of RBI is not required b) Prior approval of RBI is required
c) Prior approval of SEBI is required d) None of these
75. For issuing commercial papers,
- a) Credit rating is a must b) credit rating is optional

- c) underwriting is a must
d) None of these
76. Money market instruments have a maturity of
(a) Less than one year
(b) Less than six months
(c) More than one year
(d) None of these
77. Debt market instruments have a maturity of
(a) Less than one year
(b) Less than six months
(c) More than one year
(d) None of these
78. Irredeemable bond is also known as
(a) Fully convertible bond
(b) Perpetual bond
(c) Partially convertible bond
(d) None of these
79. Floating rate bonds carry
(a) Fixed rate of interest
(b) Varying rate of interest
(c) Zero rate of interest
(d) None of these
80. Zero coupon bonds mean
(a) Fixed rate of interest
(b) Zero rate of interest
(c) Higher rate of interest
(d) None of these
81. Callable bonds mean
(a) Subscriber has the right to demand money before the time
(b) Issue has the right to redeem before the time
(c) Investor can request for redemption any time
(d) None of these
82. If the credit quality of the issuer deteriorates, market expects
(a) Lesser rate of interest
(b) Higher rate of interest
(c) Zero rate of interest
(d) None of these
83. When the risk perception is high, investor prefers to get the bond at
(a) Higher rate
(b) Reduced rate
(c) Par rate
(d) None of these
84. If the maturity period of bond is more, investor prefers
(a) Lesser return
(b) Higher return
(c) Zero return
(d) None of these
85. Par value means
(a) Value of the instrument traded in the market
(b) Value of the instrument at the time of issue
(c) Intrinsic value of the instrument
(d) None of these

86. Risk that a borrower may not pay interest/principal timely is
 (a) Call risk (b) Liquidity risk (c) Default risk (d) None of these
87. Foreign currency appreciation will result in rupee receipts
 (a) Lower (b) Higher (c) Unchanged (d) None of these
88. CRISIL was established in
 (a) 1987 (b) 1991 (c) 1994 (d) None of these
89. AAA rating stands for
 (a) Highest safety (b) High safety (c) Moderate safety (d) None of these
90. BBB rating indicates
 (a) Adequate safety (b) Reasonable safety
 (c) Moderate safety (d) None of these
91. The tenure of commercial paper instrument is
 a) Minimum one year b) minimum five yare
 c) Minimum 15 days and maximum one year d) none of these
92. Certificate of deposits are issued by
 a) RBI b) commercial banks c) SBI only d) none of these
93. Inter bank participation certificate is a
 a) money market instrument b) very popular instrument
 c) Instrument used by companies d) None of these
- 94.-----is a market where money is brought and sold
 a) Money market b) capital market
 c) share market d) none of these
95. Interest rate on money market funds are -----
 a) Individual determined b) market determined
 c) RBI determined d) all of these
- 96.-----occupies the pivotal position in the Indian money market
 a) RBI b) SEBI
 c) SBI d) none of these
- 97.---control s the money supply in a country
 a) RBI or central bank b) SEBI
 c) government d) all of these

c) public securities d) none of these

109. Bonds which are issued at a discount and repaid at a face value are called -----.

- (a) bond , b) debenture ,
c) Deep discount bonds d) Zero coupon bonds

110. Interest rate that every bond/debenture carries on its face value and is fixed at the time of issue is called-----.

- (a) bank rate , b) repo rate c) Coupon rate d) all of these

111. YTM stands for-----.

- (a) Yield to maturity b) Yield to majority c) none of these

112.G. securities are issued by the ----- on the behalf of the Government of India.

- (a) central government b) RBI c) state government d) SEBI

113. Gilt securities are issued by ----- .

- a) central government b) RBI c) state government d) SEBI

114.----- instruments are those instruments, which have a maturity period of less than one year .

- (a) capital market b) Money market c) local market d) all of these

115. Dow theory is associated with

- (a) Market analysis (b) Technical analysis
(c) Fundamental analysis (d) all of these

116.Estimating the return and risk for individual securities is known as

- (a) Market analysis (b) Securities analysis
(c) Environment analysis (d) None of these

117.Financial literacy / awareness programmes are conducted by

- (a) SEBI (b) Brokers (c) Stock exchange (d) All of these

118. Value investing means, buying the stock

- (a) after the growth cycle begins (b) before the growth cycle begins
(c) after the results are out (d) none of these

119.Value investing is investing in

- (a) Companies with low P / E (b) Companies with low P / BV
(c) Companies with high dividend yield (d) All of above

120. In fundamental analysis

- (a) Buy the security if $IV > MP$ (b) Buy the security if $IV = MP$
(c) Buy the security if $IV < MP$ (d) none of these

121. Opening up of the Indian economy means
- (a) Indian markets and global markets are linked
 - (b) Indian markets and global markets separated
 - (c) Indian markets and global markets are like watertight compartments
 - (d) None of these
122. Boom period means
- (a) High demand for products and services
 - (b) Demand for products steady
 - (c) Demand for services okay
 - (d) None of these
123. Depression means
- (a) Presence of hyper inflation
 - (b) Interest rate shooting up
 - (c) Companies reducing production
 - (d) all of these
124. Repo rate means
- (a) rate at which Govt. Borrows money
 - (b) rate at which RBI lends to banks
 - (c) rate at which RBI borrows money
 - (d) none of these
125. ----- combines economic, industry and company analysis to forecast future stock price.
- (a) Technical analysis
 - (b) Random walk theory
 - (c) Fundamental analysis
 - (d) None of these
126. Stock valuation method that uses financial data to predict price movements.
- (a) Fundamental analysis
 - (b) Technical analysis
 - (c) Company analysis
 - (d) None of these
127. An example for a sunrise industry is
- (a) IT business
 - (b) Animation industry
 - (c) FMCG (Fast moving consumer goods)
 - (d) None of these
128. Growth industry means
- (a) growth rate of industry exceeds the average growth of economy
 - (b) growth rate of industry equal the growth of the economy
 - (c) growth rate of industry less than the growth of the economy
 - (d) None of these
129. Which of the following is a defensive industry?
- (a) Steel industry
 - (b) Pharmaceuticals
 - (c) Cement industry
 - (d) None of these

130. Technical analysis study

- (a) Financial figures of the companies
- (b) Behaviour of stock prices
- (c) Data about the industry
- (d) None of these

131. When rupee in the ventilator, dollar in the escalator,

- (a) IT companies will shine
- (b) FMCG companies will shine
- (c) Petroleum marketing companies will shine
- (d) None of these

132. Level that the technical analyst believes that a stock price will not fall below.

- (a) Support level
- (b) Resistance level
- (c) Maximum level
- (d) None of these

133. Level that the technical analyst believes a stock price will not exceed.

- (a) Support level
- (b) Resistance level
- (c) Maximum level
- (d) None of these

134. White candlestick represents

- (a) Bullish trend
- (b) Bearish trend
- (c) Neutral trend
- (d) None of these

135. Black candlestick represents

- (a) Bullish trend
- (b) Bearish trend
- (c) Neutral trend
- (d) None of these

136. Flat trend in technical analysis means

- (a) prices move upwards
- (b) prices move downwards
- (c) prices move within a narrow range
- (d) none of these

137. GDP indicates

- (a) Inflation or deflation
- (b) the status of the economy
- (c) the condition of the stock market
- (d) none of these

138. The fall in the interest rate is good to the stock market because

- (a) money may flow from bond market to stock market
- (b) corporate houses can borrow at easy terms
- (c) investors can invest with borrowed funds
- (d) all of these

139. The price earnings ratio of a stock reflects

- (a) the growth of the company
- (b) the market mood for the company's stock

(c) the earnings retained and invested in the company.

(d) none of these

140. This fund is one that is available for subscription all through the year.

- a) Open ended fund b) closed ended fund c) growth fund d) income fund

141. This fund is open for subscription only during a specified period

- a) Open ended fund b) closed ended fund c) growth fund d) income fund

142. These funds are stocks funds that invest in stocks with the potential for long term capital appreciation

- a) Open ended fund b) closed ended fund c) growth fund d) income fund

143. The aim of this fund is to provide regular and steady income to investor.

- a) Open ended fund b) closed ended fund c) growth fund d) income fund

144. Stock mutual funds also sometimes called

- a) Open ended fund b) closed ended fund c) growth fund d) equity fund

145. Mutual funds are

- a) Open ended fund b) closed ended fund c) both a and b d) none of the above

146. uti-64 is a

- a) Open ended fund b) closed ended fund c) both a and b d) none of the above

147. Credit rating is mandatory

- a) Equity shares b) preference shares c) debentures d) all of the above

148. Systematic risk is also known as

- a) Unavoidable risk b) unique risk c) avoidable risk d) financial risk

149. Unsystematic risk is also known as

- a) Unavoidable risk b) unique risk c) avoidable risk d) both b and c

150. Investor can build a risk free portfolio, when two assets have -----correlation

- a) Perfect positive b) zero c) perfect negative d) partial correlation

151. A set of securities held by an individual investor is called -----

- a) Portfolio b) group c) collection d) bundle

152. Which of the following helps in reduction of risk in portfolio management?

- a) Derivation b) dispersion c) distribution d) diversification

153. The risk in portfolio is measured through the

- a) Weighted average of standard deviations b) Weighted average of variance
c) Variance co-variance matrix d) correlation

154. If an investment assures a fixed return in the future, then the standard deviation of return will be

- a) 0 b) 1 c) greater than one d) less than one

155. The securities contract act was passed in

- a) 1949 b) 1956 c) 1954 d) 1962

156. In secondary market

- a) Second hand securities are traded b) new securities are traded
c) Right issues are traded d) none of the above

157. The first stock exchange was set up in

- a) Kolkata b) Mumbai c) Chennai d) Delhi

158. Over the counter market is for

- a) selling the share through banker b) buying /selling of unlisted securities
c) Buying /selling of listed securities d) selling the securities to the financial institutions

159. Over the counter market is a part of

- a) Primary market b) secondary market
c) money market d) none of the above

160. Which speculator expect fall in prices in future

- a) bull b) bear c) stag d) lame duck

161. Which speculator expects a rise in price in future?

- a) Bull b) bear c) stag d) lame duck

162. When a right to purchase a security is given it is called

- a) Put option b) call option
c) put and call option d) none of the above

163. OTCEI deals in

- a) money market b) industrial securities
c) giving long term loans d) factoring services

164. The first stock exchange which was fully computerized was

- a) BSE b) NSE
c) OTCEI d) DSE

165. Interest rate risk is associated with

- a) Inflation b) taxation
c) business cycle d) bank rate

166. Volatile stock has beta value

- a) Greater than one
- b) equal to one
- c) less than one
- d) none of the above

167. Total risk in a security usually measured by

- a) Range
- b) standard deviation
- c) beta
- d) co efficient of variation

168. Systematic risk is measured with

- a) Range
- b) standard deviation
- c) beta
- d) co efficient of variation

169. The term beta is synonymous with

- a) systematic risk
- b) unsystematic risk
- c) portfolio risk
- d) all of the above

170. SEBI has made it mandatory for the companies to disclose

- a) The yearly annual report
- b) monthly report and annual report
- c) Quarterly report and annual report
- d) monthly review and annual report

171. The minimum number of shares applied for is

- a) 100
- b) 200
- c) 300
- d) 500

172. For every RS 1 lakh of fresh issue of capital there should be at least

- a) 5 share holders
- b) 10share holders
- c) 15 share holders
- d) 20 share holders

173. Marketability risk of bond is

- a) The market risk which affect all the bonds
- b) variation in return caused by difficulty in selling stocks
- c) The failure to pay the agreed value of the bond by the user
- d) A & B

174. Default risk is lower in

- a) Treasury bills
- b) government bonds
- c) ICICI bonds
- d) IDBI bonds

175. The value of the bond depends on

- a) The coupon rate
- b) years to monthly
- c) expected yield to maturity
- d) all of the above

176. The bond yield remains constant over its life and the discount or premium amount will decrease

- a) at an decreasing rate as its life gets shorter
- b) at an decreasing rate as its life gets longer
- c) at an increasing rate as its life gets shorter
- d) at an increasing rate as its life gets longer

177. Yield to maturity is the single factor that makes

- a) The future value of the present cash flows from a bond equal to bond value
- b) The future value of the present cash flows from a bond equal to the future price of the bond

- c) Present value of the future cash flows of the bond equal to the current price of the bond
- d) The future value of the bond equal to the present price

178. The term structure of the bond is the relationship between the

- a) interest rate and bond's maturity period
- b) interest rate of the bond and market rate of interest
- c) interest rate and the price of bond
- d) yield and time taken to mature

179. The problem with Markowitz's model is that a number of covariance have to be estimated. for example for a portfolio of 30 stocks, the covariance that to be estimated are

- a) 300
- b) 350
- c) 435
- d) 450

180. For portfolio of 40 stocks to adopt Sharpe index model, the bit of information needed are

- a) 80
- b) 100
- c) 120
- d) 122

181. The risk explained in the index is equal to

- a) Beta value of the stock
- b) variance of the security return
- c) $a^2 \times$ variance of market index return
- d) $a^2 \times$ variance of security return

182. The unsystematic risk is explained by

- a) Variance of the index
- b) unexplained variance of index
- c) Explained variance of the index
- d) none of the above

183. For securities X,Y,Z,,T are selected for analysis. The returns of the securities are 10 %, 12%,13% and 16% the risk free rate of interest rate is 6%.the standard deviation of the return of the securities are 4,7,5 and 10 which security yield highest return for the risk undertaken?

- a) X
- b)Y
- c)T
- d) Z

184. the X company has the beta of 1.5 .the expected return is 15% the risk free rate of interest is 5 %.which is the market return.

- a) 6.67%
- b) 10.33%
- c)15.66%
- d) 12.33%

185. The X stocks return relationship with the stock index is given by its correlation co efficient being 0.8.what is the percentage of variation explained by the index ?

- a) 80%
- b) 60%
- c) 64%
- d) 20%

186. The broker shall have to furnish SEBI a copy of audited balance sheet and profit and loss account within

- a) one month of each accounting year
- b) two month of each accounting year
- c) three months of each accounting year
- d) six month of each accounting year

187. Mutual fund can make investment

- a) in any company listed or unlisted
- b) in privately place d securities of associated company
- c) up to 40 % of the listed or unlisted securities of group of companies
- d) Should not exceed 10% of the funds in securities of a single company

188.FII'S are permitted

- a) to invest in the listed company only
- b) to invest in the listed and unlisted company
- c) not to invest in the debentures
- d) to invest in the shares of list, unlisted companies and debentures

189. The finance minster in 2000 Feb announced the aggregate investment limit of FII/NRI/OCB IN A company as

- A) 35 % b) 30% c) 40% d) 35%

190. Which of the following statement defines the efficient market?

- a) Information is fully reflected on the stock price b) the stock exchange is fully automated
- c) The market is monitored by the regulation authorities
- d) free entry and exit of investors

191. In the weakly efficient market, the stock price reflects

- a) the company financial performance b) the price of the scrip
- c) the demand for the scrip d) the past price and traded volumes

192. If the markets are efficient, the security price provides

- a) Inadequate return for taking up risk b) normal return for the level of risk taken
- c) high return for the level of risk taken d) B and C

193. According to efficient market theorist the stock price

- a) moves in trend
- b) each successive change depends on the previous one
- c) each successive change does not depend on the previous one
- d) price movements crate patterns

194. In the strong form of efficient market

- a) all available information is reflected on the price
- b) all published information is reflected on the price

195. The stock price in the stock market

- a) movers around the support level or resistance level

- b) moves between the same support and resistance level
- c) move between the changing support and resistance level
- d) a and b

196. Technical indicators help

- a) to find out the present state of the stock market
- b) to estimate the growth of stock market
- c) to indicate the economic activity
- d) to show the direction of the overall market

197. In a bullish market, a bearish signal is given when

- a) advance decline line sloped down
- b) BSE sensex is falling
- c) fall in the trade volumes
- d) A/D lines slopes downward while BSE sensex is raising

198. Oscillators show the share price movement

- a) over a reference period
- b) below a reference point
- c) through a reference point
- d) b and c

199. The chartist believe that the charts

- a) Spot the current trend for buying and selling
- b) indicates the future action to be taken
- c) Shows the past historic movements
- d) all of the above

200. The market value of the scrip is determined by

- a) The dividend declared by the company
- b) The present status of the stock market
- c) The number of floating shares
- d) The interaction of demand and supply

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
- 31.d)all of these
- 32.b)secondary market
- 33.a)speculators
- 34.b)50stocks
- 35.d) sensdex
- 36.a) 100
- 37.b)1995
- 38.d)accepting deposits and lending money
- 39.d)bonus issue
- 40.d)investor
41. (d) all of these
42. (d) stock, bonds and cash instruments
43. (b) National savings certificate
44. (b) 30 stocks
- 45.(d) who considers hearsays, rumours and market behaviour
46. (b) 50 stocks
47. (c) UTI
48. (b) 1995
- 49.(d) Sensex
50. (a) Deposits with NBFC
- 51.c) short term loan market
- 52.d) SEBI
- 53.b) CDSL
- 54.c) ICICI
- 55.c) 1982
- 56.d) both A and C
- 57.e) C and D

- 58.d) B and C
- 59.c) determined by the market forces
- 60.c) both organized and unorganized players
- 61: savings
62. savings
63. portfolio
64. USA
65. RBI
66. not popular
67. money market instruments
68. Mutual fund
69. Gambling
- 70.Monetary measure
- 71.c) RBI
- 72.b)repo rate
- 73.a)CRR
- 74.a) prior approval of RBI is not required
- 75.a)credit rating is a must
76. (a) less than one year
77. (c) more than one year
78. (b) Perpetual bond
- 79.(b) varying rate of interest
80. (b) zero rate of interest
81. (b) Issue has the right to redeem before the time
82. (b) higher rate of interest
83. (b) reduced rate
- 84.(b) higher return
85. (b) value of the instrument at the time of issue
86. (c) default risk
87. (b) higher
88. (a) 1987
89. (a) highest safety
90. (c) Moderate safety
- 91.c) Minimum 15 days and maximum one year
92. b)commercial banks
- 93.a)money market instrument
94. a)money market
95. b) market determined
96. a)RBI
97. a)RBI or central bank
98. a)reverse repo rate
99. a)monetary policy
100. a)repo rate
- 101.a)commercial paper
- 102.a)good credit rating
- 103.c)share market
- 104.b)for a period of up to one year
- 105.c) commercial bank
106. c) Deep discount bonds
- 107.b) Creditor
- 108.a) Central Govt. Securities
- 109.d) Zero coupon bonds
- 110.c)Coupon rate
- 111.a)Yield to maturity
- 112.b) RBI
- 113.b). RBI
- 114.b) Money market.
115. (b) Technical analysis
116. (b) Securities analysis
117. (d) All of these
118. (b) before the growth cycle begins
119. (d) All of above
120. (a) Buy the security if $IV > MP$

- 121.(a) Indian markets and global markets are linked
122. (a) High demand for products and services
- 123.(d) all of these
124. (b) rate at which RBI lends to banks
125. (c) Fundamental analysis
- 126.(a) Fundamental analysis
127. (b) Animation industry
128. (a) growth rate of industry exceeds the average growth of economy
129. (b) Pharmaceuticals
130. (b)Behaviour of stock prices
131. (a) IT companies will shine
- 132.(a) Support level
133. (b) Resistance level
134. (a) Bullish trend
135. (b) Bearish trend
136. (c) prices move within a narrow range
137. (b) the status of the economy
138. (d) all of these
139. (b) the market mood for the company's stock
140. a) open ended fund
141. b)closed ended fund
142. c)growth fund
143. d)income fund
144. d)equity fund
145. c) both a and b
146. a) open ended fund
147. c) debentures
148. a) unavoidable risk
149. d) both b and c
150. c) perfect negative
151. a) portfolio
152. d)diversification
153. c) Variance co-variance matrix
154. a) 0
155. b)1956
156. a)second hand securities are traded
157. b)Mumbai
158. b)buying /selling of unlisted securities
159. b)secondary market
160. b) bear
- 161.a) Bull
162. b)call option
163. b)industrial securities
164. c)OTCEI
165. d)bank rate
166. a) greater than one
167. b)standard deviation
168. c) beta
169. a)systematic risk
- 170.c) quarterly report and annual report
- 171.b) 200
- 172.a) 5 share holders
- 173.b) variation in return caused by difficulty in selling stocks
- 174.a)treasury bills
- 175.d) all of the above
- 176.c) at an increasing rate as its life gets shorter
- 177.c) Present value of the future cash flows of the bond equal to the current price of the bond
- 178.d) yield and time taken to mature
179. c) 435
180. d)122

181. c) σ^2 variance of market index return
182. b) unexplained variance of index
183. a) X
184. a) 6.67%
185. c) 64%
186. d) six month of each accounting year
187. d) should not exceed 10% of the funds in securities of a single company
188. d) to invest in the shares of list, unlisted companies and debentures
189. c) 40%
190. a) Information is fully reflected on the stock price
191. d) the past price and traded volumes
192. b) normal return for the level of risk taken
193. c) each successive change does not depend on the previous one
194. a) all available information is reflected on the price
195. c) move between the changing support and resistance level
196. d) to show the direction of the overall market
197. d) A/D lines slopes downward while BSE sensex is raising
198. c) through a reference point
199. d) all of the above
200. d) the interaction of demand and supply

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