

Enrollment No.....



Faculty of Commerce
End Sem Examination Dec-2023

CM3EB01 Fundamentals of Investment

Programme: B.Com.(Hons.) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- Q.1 i. Investment means: **1**
 (a) Commitment of funds for future income.
 (b) Net additions to economy capital stock.
 (c) Short-term commitment of funds.
 (d) Capital gain
- ii. A gambler is one who makes planned investment- **1**
 (a) Believes in low risk
 (b) Considers high risk and high profits
 (c) Expects other people to plan his resources in one best security
 (d) Buying government securities with safety of return.
- iii. When was SEBI constituted? **1**
 (a) April, 1988 (b) March, 1982 (c) July, 1992 (d) Dec. 1974
- iv. Who controls the capital market in India? **1**
 (a) SEBI (b) RBI (c) IRDA (d) NABARD
- v. ROI denotes _____. **1**
 (a) Return on Investment (b) Return on Interest
 (c) Return on Income (d) Risk on Investment
- vi. Which of the following securities have potentially the highest risk level, and also have the highest potential return? **1**
 (a) Bonds (b) Preferred stocks
 (c) Derivative securities (d) Stocks
- vii. Risk that a borrower may not pay interest/principal timely is- **1**
 (a) Call risk (b) Liquidity risk (c) Default risk (d) None of these
- viii. Systematic Risk is- **1**
 (a) Uncontrollable (b) Controllable
 (c) Avoidable (d) Voidable

- [2]
- ix. A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as _____. **1**
 (a) Portfolio (b) Investment (c) Speculation (d) Gambling
- x. The main objective of portfolio is to reduce _____ by diversification. **1**
 (a) Return (b) Risk (c) Uncertainty (d) Percentage

- Q.2 i. Define the term 'investment'. **2**
 ii. What is the usefulness of a sound investment plan? **3**
 iii. Explain the steps involved in the investment decision process. How does they help in making good investment decision? **5**
- OR iv. "Investment is well grounded and carefully planned speculation". **5**
 Explain the difference between investment and speculation in the light of the above statement.
- Q.3 i. What is the need of investor protection? **2**
 ii. Discuss the steps taken by SEBI towards investor protection. **8**
- OR iii. What is meant by SEBI Ombudsman? How does it help in resolving investor grievances? **8**
- Q.4 i. Explain the structure of Indian security market. **3**
 ii. Define the concept of an investment company and explain the primary types of investment companies available in the financial market. **7**
- OR iii. Discuss the process of trading in securities. **7**
- Q.5 i. How do we measure return when securities are held for long period of time? **4**
 ii. What do you understand by the term 'Return' in the context of securities investment? How it is measured? **6**
- OR iii. What do you understand by the term 'Risk' in the context of securities investment? What are different kind of risk? **6**
- Q.6 Attempt any two: **5**
 i. Define the term portfolio management and explain the portfolio management process. **5**
 ii. Explain main and subsidiary objectives of portfolio. **5**
 iii. Explain in detail the selection of securities. **5**

Scheme of Marking



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Note: The Paper Setter should provide the answer wise splitting of the marks in the scheme below.

Q.1	i)	Investment means:	1
		Ans (A)	
	ii)	A gambler is one who makes planned investment	1
		Ans (B)	
	iii)	When was SEBI constituted?	1
		Ans (A)	
	iv)	Who controls the capital market in India?	1
		Ans (A)	
	v)	ROI denotes _____	1
		Ans (A)	
	vi)	Which of the following securities have potentially the highest risk level, and also have the highest potential return?	1
		Ans (D)	
	vii)	Risk that a borrower may not pay interest/principal timely is	1
		Ans (C)	
	viii)	Systematic Risk is -.....	1
		Ans (A)	
	ix)	A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as	1
		Ans (A) _____	
	x)	The main objective of portfolio is to reduce _____ by diversification.	1
		Ans (B)	
Q.2	i.	Define the term 'investment'.	2
	ii.	What is the usefulness of a sound investment plan?	3
		As per Explanation	
	iii.	Explain the steps involved in the investment decision process?	5
		3 marks	
		How does they help in making good investment decision.	
		2 marks	

OR	iv.	"Investment is well grounded and carefully planned speculation". Explain the difference between investment and speculation in the light of the above statement.	5
		As per Explanation	
Q.3	i.	What is the need of Investor Protection?	2
	ii.	Discuss the steps taken by SEBI towards investor protection?	8
		As per Explanation	
OR	iii.	What is meant by SEBI Ombudsman? 02 marks	8
		How does it help in resolving investor grievances? 06 marks	
Q.4	i.	Explain the Structure of Indian Security Market.	3
		As per Explanation	
	ii.	Define the concept of an investment company 02 marks	7
		explain the primary types of investment companies available in the financial market. 05 marks	
OR	iii.	Discuss the process of Trading in securities? As per Explanation	7
Q.5	i.	How do we measure return when securities are held for long period of time? As per Explanation	4
	ii.	What do you understand by the term 'return' in the context of securities investment? 03 marks	6
		How it is measured. 03 marks	
OR	iii.	What do you understand by the term 'risk' in the context of securities investment. 02 marks	6
		What are different kind of risk? 04 marks	
Q.6		Attempt any two:	
	i.	Define the term Portfolio Management 02 marks	5
		explain the Portfolio Management Process. 03 marks	
	ii.	Explain main and subsidiary objectives of portfolio. (2.5 marks for each)	5
	iii.	Explain in detail the selection of securities.	5
		As per Explanation	
