

Enrollment No.....



Faculty of Commerce
End Sem (Odd) Examination Dec-2022
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.

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|-----|------|---|----------|
| Q.1 | i. | Employment of funds with the aim of achieving additional income is known as _____. | 1 |
| | | (a) Investment (b) Speculation
(c) Gambling (d) Biting | |
| | ii. | Investment environment constitutes - | 1 |
| | | (a) Financial instruments
(b) Financial markets
(c) Financial intermediaries
(d) All of these | |
| | iii. | A set of securities held by an individual investor is called _____.
(a) Portfolio (b) Group (c) Collection (d) Bundle | 1 |
| | iv. | What is the name of an online platform designed to help investors to lodge their complaints by SEBI?
(a) Jano To Mano (b) SCORES
(c) SEBICOM (d) e-Complaints | 1 |
| | v. | Who controls the capital market in India?
(a) SEBI (b) RBI (c) IRDA (d) NABARD | 1 |
| | vi. | Investing in different asset and securities of many companies in an attempt to reduce the overall investment risk is known as _____.
(a) Portfolio selection (b) Portfolio revision
(c) Portfolio diversification (d) None of these | 1 |
| | vii. | _____ risks cover the risk of market, interest rate risk and purchasing power risk.
(a) Systematic (b) Unsystematic risk
(c) Financial (d) Business | 1 |

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- viii. Risk due to internal environment of a firm or those affecting particular industry are referred to as _____. **1**
 (a) Unsystematic risk (b) Systematic risk
 (c) Normal risk (d) Abnormal risk
- ix. The process of addition of more assets in an existing portfolio or changing the ratio of funds invested is called as _____. **1**
 (a) Portfolio selection (b) Portfolio Revision
 (c) Portfolio diversification (d) None of these
- 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. Explain the steps involved in the investment decision process. How does they help investors in making investment decision? **8**
- OR iii. "Investment is well grounded and carefully planned speculation". **8**
 Explain the difference between investment and speculation in the light of the above statement.
- Q.3 i. What is the need of investor awareness? **2**
 ii. Discuss the common grievances of investors in Indian securities market. **8**
- OR iii. "An educated investor is a protected investor". Explain the investor awareness and activism in the light of the above statement. **8**
- Q.4 i. What are securities market indices? **2**
 ii. Discuss the process of trading in securities. **8**
- OR iii. Explain the investment companies which are classified under the Investment Company Act of 1940. **8**
- Q.5 i. How do we measure risk in case of securities? **4**
 ii. Explain the relevance of measuring risk and return of securities. **6**
- OR iii. Write short notes on the following **6**
 (a) Systematic risk (b) Purchasing power risk
 (c) Unsystematic risk

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- Q.6 Attempt any two: **5**
- i. Describe the objectives of portfolio management. **5**
- ii. Explain the process of portfolio management. **5**
- iii. Write short notes on the following: **5**
 (a) Portfolio analysis (b) Selection of securities

Marking Scheme
CM3EB01 Fundamentals of Investment

Q.1	i.	Employment of funds with the aim of achieving additional income is known as _____.	1
		(a) Investment	
	ii.	Investment environment constitutes -	1
		(d) All of these	
	iii.	A set of securities held by an individual investor is called ____.	1
		(a) Portfolio	
	iv.	What is the name of an online platform designed to help investors to lodge their complaints by SEBI?	1
		(b) SCORES	
	v.	Who controls the capital market in India?	1
		(a) SEBI	
	vi.	Investing in different asset and securities of many companies in an attempt to reduce the overall investment risk is known as ____.	1
		(c) Portfolio diversification	
	vii.	_____ risks cover the risk of market, interest rate risk and purchasing power risk.	1
		(a) Systematic	
	viii.	Risk due to internal environment of a firm or those affecting particular industry are referred to as _____.	1
		(a) Unsystematic risk	
	ix.	The process of addition of more assets in an existing portfolio or changing the ratio of funds invested is called as _____.	1
		(b) Portfolio Revision	
	x.	The main objective of portfolio is to reduce ____ by diversification.	1
		(b) Risk	
Q.2	i.	Definition of 'investment'.	2
	ii.	Explain the steps involved in the investment decision process.	8
OR	As per the explanation		
	iii.	Difference between investment and speculation	5 marks
		Explanation	3 marks
Q.3	i.	Need of investor awareness	2
	ii.	Common grievances of investors in Indian securities market.	8

OR	As per explanation		
	iii.	"An educated investor is a protected investor". Explain the investor awareness and activism in the light of the above statement.	8
	As per the explanation		
Q.4	i.	What are securities market indices?	2
	ii.	Process of trading in securities.	8
OR	4 marks for each process (4 marks * 2)		
	iii.	Investment companies which are classified under the Investment Company Act of 1940.	8
	As per the explanation		
Q.5	i.	Measure risk in case of securities	4
	ii.	Relevance of measuring risk and return of securities.	6
OR	Write short notes on the following		6
	2 marks for each (2 marks *3)		
	(a)	Systematic risk	
	(b)	Purchasing power risk	
	(c)	Unsystematic risk	
Q.6	Attempt any two:		
	i.	Objectives of portfolio management.	5
	1 mark for each (1 mark *5)		
	ii.	Process of portfolio management.	5
	1 mark for each point (1 mark * 5)		
	iii.	Write short notes on the following:	5
	(a)	Portfolio analysis	2.5 marks
	(b)	Selection of securities	2.5 marks
