Difference between Bond and Stocks

<1> Randomness of dividend payments ⟶ Absence of guarenteed nominal values.
In case of Bond there is guarented nominal after the maturity of the bond but in case of Stock there is no guarented nominal.

<2> In-principle the stock does not expire.
In-principle basically means that unlike bonds which have a fixed maturity and we get that promised money upon maturity, stocks don't expire unless the company goes bankrupt or somthing seriously goes wrong with the functioning of the company resulting in company being no longer in the position to run their business. So basically in bankrupcy or such situation the company has to be liquidited and the shareholders may get or may not get their invested money depending on the circumtances.
In-priciple ⟹ company may go out of the business.

<3> Stockholder can sell the stock to another person.
→ Bonds ⟶ No risk of default in case of government bond (Exactly the promised amount to be received at maturity). (Risk free)
→ Stocks ⟶ In case of stocks there is no such possibilities exists.
The reason being that we actually do not know how much divident are we going to get and secondly also it can not be predicted at the begining of investment, also the way the company is going to perform their business which is esentually going to effect the price of the stock. (Risky assets).

Because of this reason, the bond is called Risk free assets provided government bond and Stocks are Risky assets.

Gain OR Loss from A Stock

Suppose today I have brought a Stock and we will sale it later on any future date.

I will get profit or loss.

Profit ⟹ positive Return.

Loss ⟶ Negative Return.

Two Sources of Return From A Stock.

Dividend Gain.

(is received during the ownership of the stock is called Dividend Return OR Divident Income)

Return (Capital Gain).

= (the price the stock ~~was~~ is sold ~~and~~ — the price at which the stock was purchased)

= Suppose One stock was purchased in 100 Rs. and is sold in 120 Rs.

So, Return is 20 rupees

So, Dividend that is paid this is what is known as dividend gains.

and the one that we get as a return after selling the stock is called Capital Gains

* Once any person sold the stock then he / she is no longer to entitled to get dividend and the dividend or any subsequent dividend will be passed ~~on~~ to the new owner of the stock.