

Question Bank

Paper Details: Investing in Stock Markets for both SEC - B.Com II yr and GE - B.com(H) I yr

MCQ

1. Which is the oldest stock exchange in Asia?
 - a. BSE
 - b. NSE
 - c. MSXI
 - d. NASDAQ.

2. Which of the following is called ownership capital?
 - a. Bonds
 - b. Equity
 - c. Derivatives
 - d. Mutual Funds

3. Stock markets in which already issued stocks are resold & re-bought are classified as:
 - a. Red herring stock market
 - b. Preemptive stock market
 - C. Primary stock market
 - D. Secondary stock market.

4. Orders that are transacted at best available price are classified as:
 - A. Post order
 - B. Transacted order
 - C. Market order
 - D. Available order.

5. NSE was established in:
 - a. 1985
 - B. 1992
 - C. 1875
 - D. 1998

6. Bonds that does not pay any interest rate are considered as :
 - A. Interest free bond
 - B. Zero coupon bond.
 - C. Price less coupon bond.
 - D. Unsecured bond.

7. If risk of financial security decreases and supply curve shifts to right and downwards then impact on equilibrium of interest rates must
 - A. Positive
 - B. Negative
 - C. Decrease

D. Increase

8. Type of institutions that write securities, engage in brokerage and security trading are considered as :

- A. Trading institutions
- B. Activity institutions
- C. Investment banks.
- D. Mortgage banks.

9. What does the NSDL stand for?

- A. National securities development limited
- B. National securities depositories limited
- C. National safety development limited
- D. National safety deployment limited.

10. With what aspect of commerce are "Bulls and Bears" associated?

- A. International Trade
- B. Stock Exchange market
- C. Banking
- D. Infrastructure.

11. Which of the following statement is true:

- 1. BSE established in 1875
- 2. BOLT is the trading system of BSE
- 3. Sensex consists of 30 actively traded companies.

- A. 1, 2&3
- B. 2&3
- C. 1&3
- D. 1&2

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

- A. Big company going bankrupt
- B. Fear of recession
- C. A terrorist attack
- D. All of these

13. A sub section of London stock exchange is called "AIM". What does this acronym stand for?

A. Amalgamated investment material.

B. Alternative issue medium

C. Associated investment managers

D. Alternative Investment market.

14. Why might an investor “short” a particular share?

A. In the belief that price will fall

B. In the belief that price will rise

C. In expectation of good news from company.

D. In the hope that company will be taken over.

15. An investment company that will repurchase units at any time is called _____ fund?

A. close-end

B. Open-end

C. Public

D. exchange traded.

16. The value of mutual fund assets less liabilities, divided by number of shares outstanding is called:

A. Net asset value

B. Offering price

C. open-end value

D. close-end value

17. Centralized market place where agents are efficient and quick in transactions is called :

A. Secondary market

B. Central market

C. Traded market

D. Agents market

18. Issuers that are not directly involved in funds transferring are called:

A. Individual issuers

B. Corporate issuers

C. Local issuers

D. Global issuers

19. Reduction of risk by holding large number of securities is called

- A. Diversification
- B. selling ability
- C. Reduction ability
- D. Director ability

20. Instruments issued by government to obtain short term funds is called:

- A. money market instruments
- B. capital market instruments
- C. Counter instruments
- D. Long term instruments

21. What does the Bull and Bear stand for?

- A. The bear means stocks are falling and bull means stocks are going up
- B. They are the signs that the stock market is opened and closed
- C. The bear means stocks are rising and bull means stocks are falling
- D. The bull means primary markets and bull means secondary markets.

22. Accounts in which shares of a company are traded in an electronic form are called:

- A. Demat account
- B. Current account
- C. Saving account
- D. RD account

23. Right of stockholders of firm that new shares must be offered to existing stockholders first rather than new stockholders is classified as:

- A. non offered rights
- B. preemptive rights
- C. existing rights
- D. securitize rights

24. Price at which stocks is sold to investors by investment banks is called

- A. Gross proceeds
- B. Cumulative proceeds
- C. Non-cumulative proceeds

D. net proceeds

25. An investment strategy that requires no outlay of an investor's own money to generate riskless positive profits is called

A. Arbitrage

B. risk seeking

C. beta adjusting

D. Minimum variance

26. The value of a derivative contract is determined by

A. Value of an underlying asset

B. securities regulation

C. Bank of Canada

D. risk free rate of return

27. Financial derivatives include:

A. stocks

B. bonds

C. futures

D. none of the above

28. Situation in which large portion of majority is borrowed from broker is classified as:

A. future investment

B. forward investment

C. leveraged investment

D. non leveraged investment

29. Type of contract which involves future exchange of assets at specified price is called

A. future contract

B. present contract

C. spot contract

D. forward contract

30. Type of unit that settles all buying and selling transactions made by the traders is called

A. Trading house

B. Settlement house

C. Clearing house

D. Professional house

Short Questions

Paper Details: Investing in Stock Markets for both SEC - B.Com II yr and GE - B.com(H) I yr

1. What are the two important attributes of Investment?
2. What are commodity derivative markets?
3. What is Margin Money?
4. Differentiate between "Business risk" and "Financial risk"?
5. What do you understand by "Load" in mutual funds?
6. Explain the features of future contracts?
7. What do you understand by 'beta' in securities market?
8. Define systematic risk?
9. Explain 'Net Asset Value' of Mutual fund?
10. What are the different types of Bonds?

Long Questions

1. "Online trading system has removed many problems of earlier physical trading ". Elaborate this statement?
2. Differentiate between investment and speculation?
3. Discuss the main features of National stock Exchange?
4. How does Fundamental analysis differ from Technical analysis?
5. What are the factors affecting choice of Mutual funds?
6. Write a short note on "CRISIL Mutual fund ranking"?
7. Differentiate between 'Futures' and 'Option' contract?
8. What are Currency derivatives?
9. Discuss the quantitative and qualitative factors considered by investor for analyzing companies for Investment?
10. Discuss the role & functions of stock exchange?