**UNIT-1**

**PART-A**

**1.Investment:**

In an economic sense, an investment Is the purchase of goods that are not consumed today but are used in the future to creat wealth in finanace an investment is a monitors assets purchased with the idea that the asset will provide income in the future or will later be said at a higher price for a profit.

**2.Defination of investment**

Investment is using money to purchase assets in the hope that the asset will generate income over time or appreciel over time.

**3.Three Types of Investment:**

* Growth investment
* Shares
* Property
* Definsive Investment

**4.Speculation:**

Speculation involves trading a financial instrument involving high risk, in expectation of significiant returns.the motive is to take maximum advandages from fluctuations in the market.

**5.Speculation’s are:**

Speculators are people who engage in speculative investment in other words a speculator is a person who buy assets, financial instruments, commodities or currencies with the hope of selling them at profit on a future data.

**6.Two types of Speculators:**

* Bullish speculator
* Bearish speculator

**7.Three Advandages of Speculators:**

* Welfare of the Economy
* Market Liquidity
* Risk Bearing

**8.Speculation Stock Market:**

Stock that are considered highly risky in the stock market are known as speculative stocks speculative stock offers potential high returns to compensate for the high risk associate with them.

**9.Speculation Commodity Market:**

In the Commodity markets, speculation is to control the price volatility of commodities because without speculators there would be only a very limited number of market participants.

**10.Speculation currency Market:**

The foreign currency exchange (forex) market is popular with speculators because of the fact there are constant fluctuations in the exchange rates between currencies, both on an intraday and long-term basis.

**PART-B (5 Marks)**

**1.The Objectives Of Investment:**

* Main Objectives
* Other objectives
* Main Objectives:
* Increasing the rate of return
* Reducing the risk
* Other Objectives:
* Liquidity
* Hedge against inflation
* Safety
* Tax planning

**2.The different Investment method:**

* Dobts investments(loans)
* Equity Investments (company ownership)
* Hybrid (convertible securities mezzanine capital)
* Preferred Shares

**3.The Importance of Investing:**

* Investment time Horizon
* Short-term Investment goals
* Mid -term investment goals
* Long-term investment goals

**4.The Nature of Investment:**

* To understand various investment decision rules
* To know what are the good investment decision rules
* To know the category of investment decision rules
* You can take investment decision only after analyzing entire process of investment that starts with funds contribution and ends with getting expectation fulfilled.

**5.The use of sound investment plan:**

* Think long term
* Compounding
* Use professionals who know about asset allocate.

**PART-C (10 Marks)**

**1.The classification of investment:**

* Financial investment
* Economic investment
* Speculation.

**2.The factors favoring investment:**

* Legal protection
* Well organized monetary system
* Role of financial institution
* Form of business organization

**3.Investors should follow make an investment:**

* Get your finance in order
* Learn the basics
* Set a goal
* Determine your risk to learners
* Final your investing style
* Learn the cost
* Find a brokers or advisor
* Choose investment
* Keep emotions at bay
* Review and adjust.

**UNIT-2**

**PART-A**

**1.Risk:**

The dictionary meaning of risk is the possibility of loss or injury the degree of probability of such loss.the concept of risk may be defined as the possibilities that the actual return may not be same a expected.

**2.Short note on cause of risk:**

Risk consist of the element that cause variation in the return of income. The factor causing risks in investments are price and interest. More are risk is also influenced by internal and external forces.

**3.Meaning of interest rate of risk:**

Interest rate risk is determined by the uncertainity of market in future and due to functuations in interest rates a change in interest rates is a major source of risk to the holders of the bond debentures.

**4.Unsystematic Risk:**

Unsystematic risk arises out of the uncertainity surrounding a particular firm or industry due to facor such as strikes lock of out consumer preferences and management policies.

* Business risk
* Financial risk
* Default or insolvency risk respectively .

**5.The elements of in return:**

Return on an investment consist of two components. The basic component is the periodic cash receipt on the investment. It may take the form of interest or dividend. The component is change in the price of the asset which otherwise called capital gain or loss.

**6.Financial Risk:**

Financial risk is related to way a company handles its financial activities. Financial can be curtained by carefully studying the capital structure of found.

**7.Return an Important consideration for investment:**

* Draw a personal financial road map
* Evaluate comfort zone in taking an risk.
* Consider an appropriate of investment.
* Pay off high interest credit debt.

**8.Risk is:**

Risk was promoted by leading financial institution such as HDFC , UTI , and ICICI in 1987. Ris means credit rating and information services of india Ltd.

**9.Four internal Risk:**

* Fluctuation in sales.
* Research and development.
* Personal management.
* Fixed cost.

**10. External Buisness Risk:**

External business risks are associated with circumstances beyond a firms control.

**PART-B(5 Marks)**

**1.The importance of Internal Risk:**

* Fluctuation in sales
* Research and development
* Fixed cost
* Production of single product

**2.Enumerate function of Credit rating:**

* Source of superior information
* Low cost information source
* Basic for a risk and return trade off
* Healthy discipline on corporate borrowers
* Legal insurance
* Aiding public policy formulation

**3.The various method of measuring risk:**

* Probability distribution
* Measurement of risk, standard deviation
* Co-efficient of variation as a relative measurement of risk.

**4.The factors Determining the return in investment:**

* Price of stock
* Types of the stock
* Issue price of the stock
* Reserve for dividend
* Feature projects of the company
* Good will of the company
* Government rules and policies.

**5.Return an investment is maximixed :**

* Protection against market risk
* Protection against interest sale risk
* Protection against business and financial risks.

**PART-C (10 Marks)**

**1.The classifications of Risk:**

* 1. Systematic risk
* Market risk
* Interest risk
* Purchasing risk
  1. Unsystematic risk
* Business risk
  + 1. Internal business risk
    2. External business risk
* Financial risk
* Defaultor risk
  1. Other risk
* Political risk
* Marketability risk
* Management risk

**2.Determine the return on investment:**

* Price of stock
* Types of the stock
* Issue price of the stock
* Reserve for dividend
* Future project of the company
* Good will of the company
* Government rules and the policies

**3.Various method of measuring risk:**

* Traditional method

1. Estimate yeild
2. Earning yeild
3. Actual yeild

* Modern methods

1. Holding period
2. Statistical method
3. Measure of central tendancy
4. Measure of dispersion

**UNIT-3**

**PART-A**

**1.short note titular investment:**

Titular investment come with merely a title to investor of certificate deposit, receipt, promissory note etc.. issue by the competent authority of borrower.

**2.Bank deposit:**

* Saving deposit
* Fixed deposit
* Current deposit

**3.Post office Scheme:**

Generally post office schemes are also the commercial bank scheme originally institutions called trustee saving bank.

**4.point out any two types of mutual fund:**

* On the basic of execution & operation
* On the basic of yeild & investment patten

**5.Goverment Recurities:**

The government recurities or guilt edge method on the other government securities promissory note stock certificate.

**6.The two types of Government securities:**

* Issuing authority
* Purpose of issue of government securities
* Government securities and commercial bank
* Rate of interest
* Tax concession
* Under writing

**7.Life insurance scheme:**

* Whole life assurance plan
* Jeevan mitra
* Money bank policy
* Jeevan nidhi plan

**8.The bank Deposit:**

Bank deposit consist of money placed into banking institution for safekeeping. These deposit are made to deposit accounts such as savings accounts , checking accounts and money marked accounts.

**9.Placing Money in Bank deposit:**

Bank deposit consist of money placed into banking institution for safekeeping.

**10.Capital & money market:**

Capital markets are financial market for the buying and selling of long term debt or equit backed financial asset that can be turned over quickly at a low cost.

**PART-B**

**1.The importance of mutual funds:**

* Mobilizing the savings among the investors and channelizing them
* Offering better yeild
* Providing experts in investment
* Respect of corporate securities
* Facilitating the development of capital market
* Promoting industry development

**2.The main Feature of equity shares:**

* They are permanent in nature
* Equity share are the actual owners of the company and they bear the highest risk
* Dividend payable to equity share holders is an appropriate of profit
* Equity share holders do not get fixed rate of dividend
* Equity share holders have the right to control the affairs of the company

**3.The advantages of equity shares:**

**Advantages from the share holder’s point of view**

* + Equity shares are very liquid and can be easily sold in the capital market
  + In case of high profit they yet dividend at higher rate

**Advantages from the company’s point of view**

* They are a permanent source of capital and such do not involve any repayment of the not involve any repayment ability.

**4.Benefits of Life Insurance:**

* Risk Coverage
* Difference plans for different uses
* Permanent savings helps in wealth
* Guaranteed income
* Loan facilities
* Tax beefits

**5.The differences between debt 1 Equit Investment:**

* Debt instruments
* Equit instruments
* Legal differences
* Investment goals and risk

**PART-C (10 Marks)**

**1.The classification of equity shares:**

* Authorized share capital
* Issued share capital
* Subscribed share capital’
* Paid up capital
* Right shares
* Bonus shares
* Sweat equity shares

**2.The various prices of equity shares:**

* Par or face value
* Issue price
* Share at discount and share security premium
* Book value
* Market value
* Fundamental value
* Disclaimer

**3.The classification of bank deposit:**

* Banking deposit
* Recurring deposit
* Current deposit
* Fixed deposit

**4.The types of mutual funds:**

* Money market funds
* Fixes income funds
* Balanced funds
* Index funds
* Specially funds
* Fund-of-funds

**5.The advantages of the post office investment saving schemes in india:**

* Easy to invest
* Simple procedure to enroll
* Investment for long term
* Tax exemption
* Risk-free & competent interest rates
* Different buckets of products.