

M.COM DEGREE (CSS) EXAMINATION
FOURTH SEMESTER - FACULTY OF COMMERCE (Private Registration)
MULTIPLE CHOICE QUESTIONS
CM800402- PERSONAL INVESTMENT AND BEHAVIOURAL FINANCE
(Finance & Taxation)

1. MTP stands for _____
 - a. Money, Transfer, Process
 - b. Mutual, Time, Process
 - c. Money, Time, Probability
 - d. Machine, Technique, Product
2. Debiasing can be defined as a?
 - a. Process
 - b. Procedure
 - c. Technique
 - d. Method
3. Retrospective means?
 - a. Looking forward
 - b. Looking back
 - c. Looking future
 - d. None of these
4. _____ are the short-term unsecured promissory notes issued by a company to raise short term cash.
 - a. CD
 - b. CP
 - c. Treasury bills
 - d. Bonds
5. _____ income should be carefully estimated before it is included in a personal budget.
 - a. Mortgage
 - b. Wage
 - c. Variable
 - d. Fixed
6. Unbiased means?
 - a. Deviations are equal
 - b. Deviations are alternative
 - c. Deviations are random
 - d. Deviations in opposite direction
7. Auto-correlation test is also known as?
 - a. Filter test
 - b. Serial correlation test
 - c. Run test
 - d. None of these
8. Who are rational investors?
 - a. All investors
 - b. Portfolio investors
 - c. Both a and b
 - d. None of them

9. Who suggest that phases of decision making?
 - a. Hebert A Simon
 - b. Henry Fayol
 - c. Modigliani & Miller
 - d. Peter F Drucker
10. BFMI Stands for?
 - a. Behavioural Finance Micro
 - b. Behavioural Finance Micro Investment
 - c. Behavioural Finance Macro Investment
 - d. Behavioural Finance Management Information
11. Rational investors take decisions on the basis of _____?
 - a. Expressive benefits
 - b. Emotional benefits
 - c. Utilitarian benefits
 - d. Regular benefits
12. _____ is an investment feature available with mutual funds through which investors can withdraw from their existing investments in the form of fixed amount at regular interval
 - a. Systematic withdrawal plans
 - b. Systematic investment plans
 - c. Systematic portfolio plans
 - d. None of these
13. DRIP stands for
 - a. Dividend Re-infrastructure plan
 - b. Dividend Re-investment plan
 - c. Debt Re-infrastructure plan
 - d. Dividend Return Investment Plan
14. Dividend distribution tax is also called
 - a. Short term capital gain tax
 - b. Long term capital gain tax
 - c. Income tax
 - d. Corporate tax
15. Savings ratio =
 - a. $\text{Saving}/\text{Monthly income} * 100$
 - b. $\text{Savings} - \text{Expense} * 100$
 - c. $(\text{Savings} - \text{Expenses})/\text{Monthly income} * 100$
 - d. None of these
16. EUT Stands for
 - a. Expected Utility Theory
 - b. Expected Uncertainty Theory
 - c. Expense Utility Theory
 - d. Expected utilization Theory
17. Decision making may be defined as a _____
 - a. Cognitive and complex process
 - b. Continuous process
 - c. Dynamic process
 - d. Simple process

18. Choose any example from liquidity ratio?
 - a. Saving ratio
 - b. Current ratio
 - c. Leverage ratio
 - d. Investment ratio
19. What is the value of the firm usually based on?
 - a. The value of debt and equity.
 - b. The value of equity.
 - c. The value of debt.
 - d. The value of assets plus liabilities.
20. _____ means all known information is discounted by the market participants and is fully reflected in stock prices in the unbiased way?
 - a. Market price
 - b. Market Anomalies
 - c. Market portfolios
 - d. Market efficiency
21. _____ occur when members of group reach a consensus of opinion without considering alternative solution.
 - a. Statistical bias
 - b. Groupthink bias
 - c. House money effect
 - d. Personal bias
22. Is the situation where the parties have unequal access to information required to engage in a transaction
 - a. Asymmetric Information
 - b. Market Signalling
 - c. Egocentricity
 - d. Symmetric information
23. Hazard is an example of.....
 - a. Market Signalling
 - b. Heuristics
 - c. Symmetric information
 - d. Asymmetric Information
24. Choose any example for Egocentricity
 - a. Overconfidence
 - b. Self-Referential
 - c. A and B
 - d. Neither A nor B
25. Behavioural Finance Theory is also called
 - a. Random Walk Theory
 - b. Irrational Behaviour Theory
 - c. Heuristics
 - d. Rational Behaviour Theory
26. Heuristics may be classified into
 - a. 3 Heuristics
 - b. 4 Heuristics
 - c. 2 Heuristics
 - d. None of these

27. Bias may be defined as a mental process in which differential weights are placed on the value of an asset
- Endowment Bias
 - Emotional Bias
 - Disposition Effect
 - Personal bias
28. Bias may be defined as where people do not act in their best long term interest or they consume today at the expense of saving for tomorrow
- Cognitive Bias
 - Self-control Bias
 - Familiarity Bias
 - Emotional Bias
29. Is when people have financial obligations, but they put those commitments keep aside on a continuous basis
- Superstition
 - Procrastination
 - A and B
 - Neither A nor B
30. Markowitz Mean Variance Model has been discussed in..... Stages
- 4 stages
 - 3 stages
 - 5 stages
 - None of these
31. Adverse selection is also called
- Pre contractual Asymmetry
 - Post contractual Asymmetry
 - Information Asymmetry
 - Information Symmetry
32. ETF stands for _____
- Exchange Traded Funds
 - Exchange Transfer Funds
 - Equity Traded Funds
 - Equity Transfer funds
33. If retail investors apply for shares worth more than Rs.200000 in an IPO , they are considered as _____
- Retail individual investor
 - High net worth individual
 - Institutional investors
 - Portfolio investors
34. If the principal and terminal value of an investment is known with certainty , such investment avenues are known as _____
- Variable principal securities
 - Terminal principal securities
 - Floating Principal securities
 - Fixed Principal securities

35. ELSS schemes have a mandatory lock in period of _____years
- 5
 - 10
 - 3
 - 2
36. SIP stands for_____
- Secured Investment Plan
 - Systematic Investment Plan
 - Security Investment Portfolio
 - Systematic Investment Portfolio
37. A closed -ended fund has a fixed maturity period which normally ranges from_____
- 3-15 years
 - 5- 10 years
 - 2- 5 years
 - 1-2 years
38. Interval schemes is the combination of _____
- Tax schemes and index schemes
 - Balanced schemes and imbalanced schemes
 - Open -ended schemes and close- ended schemes
 - All of the above
39. Which of the following is not a post office savings scheme?
- Post Office Savings Account
 - Systematic withdrawal Plan
 - National Savings Time Deposit Account
 - Systematic Savings Plan
40. Which of the following types of pension plan?
- EPF
 - KVP
 - SSY
 - PPF
41. Crypto currencies are decentralized networks based on_____
- Hybrid technology
 - Block chain technology
 - Hash graph technology
 - composite technology
42. BCH stands for_____
- Bit Coin Currency
 - Block Chain Currency
 - Bit Coin Cash
 - Block chain cash
43. Peer -to- peer lending is also known as_____
- Reward crowd funding
 - Donation crowd funding
 - Debt crowd funding
 - a or b

44. Which of the following is an unsecured promissory note?
- Treasury Bills
 - Commercial paper
 - Certificate of deposit
 - Coupons or bonds
45. What does the price/earnings (PE) ratio measure?
- The multiple that the stock market places on a company's earnings
 - The number of times that dividends paid are covered by profits
 - The return received by way of dividends as a percentage of current share price
 - The amount of profits available to ordinary shareholders
46. The excess of disposable income over the personal consumer expenditure is called_____
- Income
 - Saving
 - Profit
 - Final expenditure
47. How is the P/E ratio calculated?
- Market value/quick ratio
 - Earnings per share/market capitalization
 - Market value per share/earnings per share
 - None of the above
48. PDC stands for_____
- Pre- dated cheques
 - Post-dated cheques
 - Pre- dated cash
 - None of the above
49. Debt service ratio =
- Monthly debt payments/ Monthly income
 - Monthly income/Monthly debt payments
 - Monthly Expenditure /Monthly income
 - Monthly debt payments/monthly expenditure
50. In POSA , an interest amount up to INR 10000 is exempted from tax under ection_____
- 80U
 - 80TTA
 - 80H
 - 80D
51. is a branch of finance which integrate cognitive human psychology and behavior with the decision making process and studies the influence of psychology and sociology on the behavior of investors and financial practitioners and their effect on stock market.
- Traditional finance
 - Behavioural finance
 - a &b
 - Neither a nor b
52. According to People will not make a fair bet or will not play the game in an uncertain situation.
- Blaise Pascal's contribution
 - Expected utility theory
 - St. Petersburg Paradox
 - None of the above

- 53 . Making gifts of money, goods, or time to help non-profit organizations, groups or individuals is:
- Corporate social marketing
 - Cause marketing
 - Cause-related marketing
 - Corporate philanthropy
54. TPB stands for
- Theory of Planned behavior
 - Theory of Psychology of Behaviour
 - Theory of planned budgeting
 - None of these
55. Which one is correct hierarchical model developed by Becheriraz and Thalmann
- Perception→ Behaviour→ Emotion→ Actions
 - Perception→ Emotion→ Behaviour→ Actions
 - Perception→ Emotion→ Action→ Behaviour
 - None
56.is defined as a Behavioural trait or aspect of any choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives
- Nudge theory
 - Prospect theory
 - Hyperbolic discounting
 - Group theory
57. Which is the building block of behavioural finance
- Cognitive psychology
 - Limits to arbitrage
 - A or B
 - A&B
58. Is defined as the awareness of the elements in the environment through physical sensation
- Behaviour
 - Perception
 - Emotions
 - Attitude
59.is the tendency of people to increasingly choose a smaller sooner reward over a larger later reward as the delay occurs sooner rather than later in time
- Hyperbolic discounting
 - Exponential discounting
 - Both a and b
 - None of these
60. When newly acquired information conflicts with pre-existing knowledge, people often experience mental discomfort or tension is known as
- Self- presentation theory
 - Cognitive dissonance theory
 - Self- perception theory
 - Self-analysis theory

61. Expand SSY
- Sukanya Samriddhi Yojana
 - Samridhi Sukanya Yojana
 - Sundara Samridhi Yojana
 - Sukanya Sahaya Yojana
62. According to SEBI Retail Individual Investor is investing less than
- 200000
 - 500000
 - 100000
 - no limit
63. Employment of funds with the aim of achieving additional income is known as_____
- Investment
 - Speculation
 - Gambling
 - saving
64. _____ is based on tips, rumors and hunches, unplanned and without knowledge of the exact nature of risk.
- Investment
 - Speculation
 - Gambling
 - saving
65. Which of the following valuation methods is based on "Going concern concept"
- Market value method
 - Book value method
 - Liquidation method
 - Salvage value method
66. Rising of prices and falling of standard of living arises at the time of _____
- Inflation
 - Boom period
 - Normal period
 - deflation
67. _____ Risks cover the risk of market, interest rate risk and purchasing power risk.
- Systematic
 - Unsystematic risk
 - Financial
 - Total risk
68. Risk due to internal environment of a firm or those affecting particular industry are referred to as _____
- Unsystematic risk
 - Systematic risk
 - Normal risk
 - Total risk
69. Who is called a father of fundamental analysis_____?
- Benjamin Graham
 - Tinbergen
 - William
 - Franklin

70. The main objective of portfolio is to reduce _____ by diversification.
- Return
 - Risk
 - Uncertainty
 - Security
71. A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as _____
- Portfolio
 - Investment
 - Speculation
 - Expenditure
72. IPO stands for:
- Internal Public Office
 - Initial Public Office
 - Initial Public Offer
 - internal Portfolio Offer
73. ___ Are financial investments that have no intrinsic value but drive their value from something else.
- Bonds
 - Commercial Bills
 - portfolio
 - Derivatives
74. ___ Are organized markets for buying & selling securities which include stock, bonds, options, futures.
- Derivatives
 - Sensex
 - Stock Exchange
 - market index
75. The securing pattern of session & recovery is called the ___
- Expansion
 - Contraction Cycle
 - Business Cycle
 - growth
76. ___ Risk can be measured by be using data.
- Specific
 - Technical
 - Systematic
 - factual
77. The regulatory agency which oversees the functioning of stock markets, which is located in Mumbai is:
- NSE
 - BSE
 - SEBI
 - CSE
78. “Not putting all your eggs in one basket” means.
- Investment
 - Financing
 - Diversification
 - None of these

79. The value of the financial asset derives from and depends on ____.
- Fundamental asset
 - Underlying real asset
 - Risk
 - combination
80. ____ represent long-term debt instruments.
- Bonds
 - B.Shares
 - C.Preferance shares
 - debentruces
81. The investment period of the PPF scheme is ____.
- 15 years
 - 20 years
 - 10 years
 - 5 years
82. Expand ULIP
- Unit line Indian plan
 - Unit Linked Insurance Plan
 - Unit linked Indian Plan
 - none of the above
83. Which of the following is not a common risk factor?
- Market Risk
 - Promotional Risk
 - Interest Rate Risk
 - Credit Risk
84. . _____ are examples of financial intermediaries.
- Commercial banks
 - Insurance companies
 - NBFC
 - All of the above
85. Diversification reduces
- Interest rate risk
 - Market risk
 - Unique risk
 - credit risk
86. The material wealth of a society is equal to the sum of _____.
- all financial assets.
 - all real assets.
 - partly financial and real assets.
 - all financial and real assets.
87. Market risk is best measured by the _____.
- Alpha.
 - Beta.
 - Standard deviation.
 - Lamda

88. Company-specific risk is also known as _____
- Market risk.
 - Systematic risk.
 - Non-diversifiable risk.
 - Unsystematic risk
89. Unsystematic risk may arise due to the following reason.
- Change in interest rate
 - Increase in population
 - change in the market value
 - Employee strike in the company
- 90.. Total risk includes-----
- Systematic risk only
 - Unsystematic risk only
 - Both a and b above
 - neither a nor b
91. -----is the amount left over after individual consumption.
- Investment
 - Savings
 - Surplus
 - profit
92. The largest single institutional owner of common stocks is_____.
- Mutual funds.
 - Insurance companies.
 - Pension funds.
 - investment plans
93. Treasury bills are traded in the _____
- Money market.
 - Capital market
 - Government market.
 - all of the above
94. A model for optimizing the selection of securities is the _____ model.
- Miller-Orr.
 - Black-Sholes.
 - Markowitz.
 - Sharpes
95. The value of bond depends on _____.
- The coupon rate.
 - Years to maturity.
 - All the above.
 - none of the above
- 95 .In fundamental analysis, industry analysis is the:
- First step.
 - Second step.
 - Third step
 - Last step

96. Which of the following chart gives more details than a regular line chart?
- Line
 - Histogram
 - Curve
 - Bar
97. Technical analysis reflects the idea that stock prices:
- Move upward over time.
 - Move inversely over time.
 - Move along with time
 - Move in trends
98. Beta is the slope of
- The security market line
 - The capital market line
 - a characteristic line
 - None of these
99. ----- ia a state of being where in a person can fully meet current and on going financial obligations, can feel secure in their financial future
- Financial well being
 - financial Literacy
 - financial management
 - financial assistance
100. _____ is a financial asset
- Currency
 - building
 - live stock
 - all above

ANSWERS

- | | | | | | | | | | | | | | |
|-----|---|------|---|-----|---|-----|---|-----|---|-----|---|-----|---|
| 1. | c | 2. | a | 3. | b | 4. | b | 5. | c | 6. | b | 7. | b |
| 8. | a | 9. | a | 10. | a | 11. | c | 12. | a | 13. | b | 14. | d |
| 15. | a | 16. | a | 17. | a | 18. | b | 19. | b | 20. | d | 21. | b |
| 22. | a | 23. | d | 24. | a | 25. | b | 26. | a | 27. | a | 28. | b |
| 29. | b | 30. | a | 31. | a | 32. | a | 33. | b | 34. | d | 35. | c |
| 36. | b | 37. | a | 38. | c | 39. | b | 40. | a | 41. | b | 42. | c |
| 43. | c | 44. | b | 45. | a | 46. | b | 47. | c | 48. | b | 49. | a |
| 50. | b | 51. | b | 52. | c | 53. | d | 54. | a | 55. | b | 56. | a |
| 57. | d | 58. | b | 59. | a | 60. | b | 61. | a | 62. | a | 63. | a |
| 64. | c | 65. | b | 66. | a | 67. | a | 68. | a | 69. | a | 70. | c |
| 71. | a | 72. | c | 73. | d | 74. | c | 75. | c | 76. | c | 77. | c |
| 78. | c | 79. | b | 80. | a | 81. | a | 82. | b | 83. | b | 84. | d |
| 85. | b | 86. | d | 87. | b | 88. | b | 89. | d | 90. | c | 91. | b |
| 92. | a | 93. | a | 94. | c | 95. | b | 96. | d | 97. | d | 98. | c |
| 99. | a | 100. | a | | | | | | | | | | |