

B.C.M.SCHOOL, BASANT AVENUE, DUGRI ROAD LUDHIANA

IX IFM ANS.KEY OF JAN.ASSIGNMENT

1 Ans. Investment means employment of funds in financial or real assets with an element of risk involved in respect of return and the principle amount with the hope of deriving future benefits.

2 Ans. Systematic Investment Plan is the investment of a fixed amount in any of the financial assets at regular interval. It is the simple and timely investment strategy for accumulating wealth and capital appreciation.

Salient features of SIP

IT ALLOWS THE INVESTOR TO BUY UNITS ON A GIVEN DATE EVERY MONTH OR EVERY QUARTER.

THE INVESTOR IS FREE TO DECIDE THE AMOUNT TO BE INVESTED.

SMALL AMOUNTS CAN ALSO BE INVESTED.

TAX BENEFITS ARE AVAILABLE FOR SPECIFIED SIP SCHEMES.

3 Ans. To get return on investment in the form of dividend, interest, capital gain and capital appreciation.

To earn above inflation.

To safeguard the funds from various theft.

To get tax advantages like deductions and exemptions from income.

To create collateral security for future needs.

4 Ans. $(\text{Sale value of the price} - \text{Purchase price}) + \text{cash received} / \text{Purchase price} * 100$

5 Ans. Time value of money is a concept that addresses the way the value of money changes over a period of time. A fixed sum of money given now and given after a period of time has different values for example if you are given an option to receive rupees 1000 today and after 5 years you want to receive it today because any product you want to purchase today for rupees 1000 may not be sold or made available for the same amount after 5 years.

6 Ans-equity Equity shares are long term financing sources of a company these. These shareholders have the right to vote, share the profits and claim the assets of a company.

ETF's pool the financial resources of several people and use it to purchase various shares, bonds etc. it is an attractive option for investors with limited knowledge of stock market. These funds track indexes Nifty sensex etc.

Mutual funds company collects money from many people to make investments in stocks, bonds etc when you invest you are buying units of a mutual fund and when you withdraw money from a mutual fund you are selling units. People who choose good quality Mutual funds make a lot of money over a long term.

7 Ans. Discretionary expense is an expensive where we can have better control and non discretionary is an expense which cannot be controlled by us.

One example of non discretionary expense is a medical emergency.

8 Ques: The household budget offers many advantages as follows:

Through household budgeting you can exercise control over money otherwise money will exercise control over you

Budgeting helps you to prevent a reckless spending

Above all it helps you to have piece of mind without financial worries.

9 Ans: for one month write down all your expenditure

If you are able to avoid any unnecessary it will help you to save money

Avoiding loan unless there is a actual requirement

Save electricity by switching of all electrical appliances at your home when not in use

Involve all family members for analysis and compromises

Make budgeting a participative affair.

Live your life and don't attempt to copy others.

Do not try to be rigid

