

Stocks and Shares Questions and Answers Pdf

1. Find the income on $7\frac{1}{2}\%$ stock of Rs. 20000 purchased at Rs.120.
- a. Rs. 1550
 - b. Rs. 1450
 - c. Rs. 1500
 - d. Rs. 1600

Ans: C

(c) Face value of the stock = ₹20000

$$\text{Income on ₹100 stock} = ₹7\frac{1}{2}$$

$$\text{Income on ₹1 stock} = ₹\left(\frac{15/2}{100}\right) = ₹\left(\frac{15}{200}\right)$$

$$\begin{aligned}\text{Income on ₹20000 stock} &= ₹\left(\frac{15}{200} \times 20000\right) \\ &= ₹1500.\end{aligned}$$

2. Jatin invested Rs.27260 in buying Rs.100 shares of a company at Rs.116 each. If the company paid 16% dividend at the end of the year, find his income from the dividend.

- a. Rs. 3560
- b. Rs. 2760
- c. Rs. 3760
- d. Rs. 3660

Ans: C

(c) Number of shares purchased by Jatin

$$= \frac{27260}{116} = 235.$$

Face value of 235 shares

$$= ₹(235 \times 100) = ₹23500.$$

Annual income from 235 shares

$$= 16\% \text{ of } ₹23500$$

$$= ₹\left(\frac{16}{100} \times 23500\right) = ₹3760.$$

3. A company issued 50000 shares of par value of Rs. 100 each. If the total dividend declared by the company is Rs.125000, out of which Rs.50000 have been kept in reserve fund and the remaining is distributed as dividend. Find out the rate of dividend paid by the company.

(a) $2\frac{3}{4}\%$

(b) $1\frac{1}{2}\%$

(c) $1\frac{1}{4}\%$

(d) 2%

Ans: B

(b) Total dividend declared = ₹125000

Amount kept in reserve fund = ₹50000

Net amount paid as dividend to the shareholders

$$= ₹(125000 - 50000) = ₹75000$$

Number of shares of par value ₹100 each = 50000

Total par value of 50000 shares

$$= ₹(50000 \times 100) = ₹5000000$$

Rate of dividend paid by the company

$$= \left(\frac{75000}{5000000} \times 100\right)\% = \frac{3}{2}\% = 1\frac{1}{2}\%.$$

4. Mac buys 200 shares of par value of Rs. 10 each, of a company, which pays an annual dividend of 8% at such a price that he gets 10% on his investment. Find the market value of share.

- a. Rs. 8
- b. Rs. 10
- c. Rs. 6
- d. Rs. 12

Ans: A

(a) Par value of 200 shares = ₹(200 × 10) = ₹2000

$$\begin{aligned}\text{Dividend received by Mac} &= ₹\left(\frac{8}{100} \times 2000\right) \\ &= ₹160\end{aligned}$$

Let, the market value of 200 shares be ₹x.

We have to find x such that 10% of x = 160

$$\Rightarrow \frac{10}{100} \times x = 160 \Rightarrow x = 160 \times 10 = 1600$$

i.e., Market value of 200 shares = ₹1600.

Hence, the market value of one share

$$= ₹\left(\frac{1600}{200}\right) = ₹8.$$

5. Shyam purchased 12000 shares of a company, of par value of Rs.10 each, paying an annual dividend of 15% at such a price that she gets 10% on her investment. Find the market value of a share.

- a. Rs. 25
- b. Rs. 15
- c. Rs. 20
- d. Rs. 14

Ans: B

$$\begin{aligned}\text{(b) Par value of 12000 shares} &= ₹(12000 \times 10) \\ &= ₹120000\end{aligned}$$

$$\begin{aligned}\text{Dividend received by Shyam} &= ₹\left(\frac{15}{100} \times 120000\right) \\ &= ₹18000\end{aligned}$$

Let, the market value of 12000 shares be ₹ x .

We have to find x such that 10% of $x = 18000$

$$\Rightarrow \frac{10}{100} \times x = 18000 \Rightarrow x = 18000 \times 10 = 180000$$

i.e., Market value of 12000 shares = ₹180000.

Hence, the market value of one share

$$= ₹\left(\frac{180000}{12000}\right) = ₹15.$$

6. Find out the income percent of a buyer on 5% debentures of face value Rs. 95 and available in the market for Rs. 125.

- a. 4.8%
- b. 5.8%
- c. 3.8%
- d. 2.8%

Ans: C

(c) The market value of a debenture = ₹125

∴ Income on ₹125 is ₹5.

∴ Income on ₹95 is ₹ $\left(\frac{5}{125} \times 95\right) = ₹\frac{19}{5}$.

∴ Per cent income on the debentures is 3.8%

7. A person has deposited Rs.13200 in a bank which pays 14% interest. He withdraws the money and invests in Rs.100 stock at Rs.110 which pays a dividend of 15%. How much does he gain or lose.

- a. Loses Rs. 48
- b. Gains Rs.48
- c. Loses Rs. 132
- d. Gains Rs. 132

Ans: A

Income from bank = 14% of ₹ 13200 = ₹ 1848.

Number of shares purchased = ₹ $\left(\frac{13200}{110}\right)$ = ₹ 120.

Income from stock

= (15% of ₹ 100) × 120 = ₹ (15 × 120) = ₹ 1800.

∴ Loss = ₹ (1848 – 1800) = ₹ 48.

8. A wants to secure an annual income of Rs.1500 by investing in 15% debentures of face value of Rs.100 each and available for Rs.104 each. If the brokerage is 1% then the sum of money he should invest is

- a. Rs. 10504
- b. Rs. 10784
- c. Rs. 15000
- d. Rs. 19642

Ans: A

Income on each debenture = 15% of ₹ 100 = ₹ 15.

Number of debentures required = ₹ $\left(\frac{1500}{15}\right)$ = ₹ 100.

Cost of each debenture

= ₹ (104 + 1% of 104) = (104 + 1.04) = ₹ 105.04.

∴ Total investment = ₹ (105.04 × 100) = ₹ 10504.

9. A company declared a semiannual dividend of 7½%. Find out the annual dividend of Chetan, owning 1250 shares of the company having a par value of Rs.10 each.

- A. Rs. 1875
- b. Rs. 1757
- c. Rs. 1680
- d. Rs. 1575

Ans: A

(a) Annual dividend on one share = $\left(2 \times 7\frac{1}{2}\right)\%$

i.e., 15% of ₹10

$$= \left(\frac{15}{100} \times 10\right) = ₹1.50$$

∴ Annual dividend on 1250 shares

$$= ₹(1250 \times 1.50) = ₹1875.$$

10. A medicine company issued 125000 shares of par value of Rs.20 each. If the total dividend declared by the company is Rs. 375000, find out the rate of dividend paid by the company.

a. Rs. 15%

b. Rs. 13%

c. Rs. 10%

d. Rs. 14%

Ans: A

(a) Number of shares = 125000

Par value of a share = ₹20

∴ Total par value of 125000 shares

$$= ₹(125000 \times 20) = ₹2500000$$

Total dividend = ₹375000

∴ Rate of dividend paid by the company

$$= \left(\frac{375000}{2500000} \times 100\right)\% = 15\%.$$