



## INDIAN SCHOOLAL WADI AL KABIR

<b>Class: XII</b>	<b>Department: Commerce</b>
<b>Chapter 10 - OTQ &amp; DTQ Objective &amp; Descriptive Type Questions</b>	<b>Topic: Financial Markets</b>

<b>Q.No.</b>	<b><u>OBJECTIVE TYPE QUESTIONS</u></b>
<b>1</b>	Assertion (A) Market is a meeting place of both buyer and seller for exchange of goods and service. Reason (R) It provides the buyer to choose and procure its desired products from alternative options available at a single place.
<b>2</b>	Which of the following is not the function of SEBI? (a) Registration of brokers and sub-brokers (b) Undertaking measures to develop financial markets. (c) Prohibition of insider Holding the securities in electronic form trading. (d) Holding the securities in electronic form.
<b>3</b>	One of the functions of financial market is _____providing liquidity to financial assets. (a) Capital Market (b) Money Market (c) Primary Market (d) Secondary Market
<b>4</b>	The document prepared in the process of online trading of securities that is legally enforceable and helps to settle disputes / claims between the investor and the broker:  (a) Broker-client agreement (b) Trade confirmation slip (c) Contract Note (d) Demat Account
<b>5</b>	The settlement Cycle in NSE is: (a) T+3 (b) T+2 (c) T+5 (d) T+1
<b>6</b>	National Security Depository Ltd is an: (a) Depository (b) Beneficial owner (c) Depository Participant. (d) Issuer
<b>7</b>	Sika Ltd., a reputed industrial machines manufacturer, needs Rupees twenty crores as additional capital to expand the business. Mr. Amit Joshi, the Chief Executive Officer (CEO) of the company wants to raise funds through equity. The Finance Manager, Mr. Narinder Singh, suggested that the shares may be sold to investing public through intermediaries, as the same will be less expensive.

	Name the method through which the company decided to raise additional capital.								
<b>8</b>	Assertion (A) Marketing is regarded as a mechanism deals in exchange of goods and services for money or money 's worth. Reason (R) Such exchange is considered as the essence of marketing								
<b>9</b>	Match the following: <table border="1"> <tr> <td>(a) Beneficiary Owner Account</td><td>(i) Pay-in day</td></tr> <tr> <td>(b) Mandatory detail provided to broker</td><td>(ii) Pay-out day</td></tr> <tr> <td>(c) When the exchange will deliver the share or make payment to the other broker.</td><td>(iii) PAN number</td></tr> <tr> <td>(d) When the broker shall make payment of delivery of shares to the exchange.</td><td>(iv) Demat Account</td></tr> </table>	(a) Beneficiary Owner Account	(i) Pay-in day	(b) Mandatory detail provided to broker	(ii) Pay-out day	(c) When the exchange will deliver the share or make payment to the other broker.	(iii) PAN number	(d) When the broker shall make payment of delivery of shares to the exchange.	(iv) Demat Account
(a) Beneficiary Owner Account	(i) Pay-in day								
(b) Mandatory detail provided to broker	(ii) Pay-out day								
(c) When the exchange will deliver the share or make payment to the other broker.	(iii) PAN number								
(d) When the broker shall make payment of delivery of shares to the exchange.	(iv) Demat Account								
<b>10</b>	Match the following: <table border="1"> <tr> <td>(a) The most popular method of raising funds by public companies in the primary market.</td><td>(i) Right issue</td></tr> <tr> <td>(b) A company sells securities in-block at an agreed price to brokers who, in turn, resell them to the investing public.</td><td>(ii) Offer through prospectus</td></tr> <tr> <td>(c) Allotment of securities by a company to institutional investors and some selected individuals.</td><td>(iii) Offer for sale</td></tr> <tr> <td>(d) The shareholders are offered a privilege to buy new shares in proportion to the number of shares the already possess.</td><td>(iv) Private placement</td></tr> </table>	(a) The most popular method of raising funds by public companies in the primary market.	(i) Right issue	(b) A company sells securities in-block at an agreed price to brokers who, in turn, resell them to the investing public.	(ii) Offer through prospectus	(c) Allotment of securities by a company to institutional investors and some selected individuals.	(iii) Offer for sale	(d) The shareholders are offered a privilege to buy new shares in proportion to the number of shares the already possess.	(iv) Private placement
(a) The most popular method of raising funds by public companies in the primary market.	(i) Right issue								
(b) A company sells securities in-block at an agreed price to brokers who, in turn, resell them to the investing public.	(ii) Offer through prospectus								
(c) Allotment of securities by a company to institutional investors and some selected individuals.	(iii) Offer for sale								
(d) The shareholders are offered a privilege to buy new shares in proportion to the number of shares the already possess.	(iv) Private placement								
<b>Q. No.</b>	<b><u>CASE BASED QUESTIONS</u></b>								
<b>1</b>	Supriya's grandmother who was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather. As no trading is now done in physical form, Supriya wants to know the process by adopting which she is in a portion to deal with these certificates. (a) Identify and state the process. (b) Also, give two reasons to Supriya why dealing with shares in physical form had been stooped.								
<b>2</b>	Charu is a chartered accountant in Prakash Ltd. During the course of meeting with directors she came to know that as against the previous years, this year company is going to declare handsome dividend offer. It is observed that when such new becomes public then the share market jumps up. Considering it, Charu purchases large number of company's share before this news reached the public. 1. Identify the type of malpractice used by Charu. 2. Name the authority which regulate such behaviours. Write any three other								

	functions of this authority.
<b>3</b>	<p>These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this there is another market in which unsecured and short-term debt instruments are actively traded everyday. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.</p> <ol style="list-style-type: none"> <li>1. Name the function being performed by the market in the above case.</li> <li>2. Also, explain briefly three other functions performed by this market.</li> </ol>
<b>4</b>	<p>A developmental financial institute issues a money market instrument. It is issued by the financial institute during the time of tight liquidity. This helps the firm to mobilize large amount of funds in a short period of time.</p> <p>Which money market instrument is highlighted in the above case?</p> <p>What are the characteristics of a money market instrument?</p> <p>Which other type of body can issue this money market instrument? When?</p>
<b>5</b>	<p>i) Reshu's father has gifted her the shares of a large cement company with which he had been working. The securities were in physical form. She already has a bank account and does not possess any other forms of securities. She wished to sell the shares and approached a registered broker for the purpose. Mention one mandatory detail which she will have to provide with the broker.</p> <p>ii) Give the meaning of 'Capital Market'. Differentiate between 'Capital Market' and 'Money Market'</p> <p>iii) State any three 'Regulatory functions' of Securities and Exchange Board of India.</p>
<b>6</b>	<p>Squib Ltd. is a large creditworthy company operating in the Kashmir Valley. It is an export- oriented unit, dealing in exclusive embroidered shawls. The floods in the Valley have created many problems for the company. Many craftsmen and workers have been dislocated and raw material has been destroyed. The firm is therefore, unable to get an uninterrupted supply of raw materials and the duration of the production cycle has also increased. To add to the problems of the organisation, the suppliers of raw materials who were earlier selling on credit are asking the company for advance payment or cash payment on delivery. The company is facing a liquidity crisis. The CEO of the company feels that taking a bank loan is the only option with the company to meet its short-term shortage of cash.</p> <p>As a finance manager of the company, name and explain the alternative to bank borrowings that the company can use to resolve the crisis.</p>
<b>7</b>	<p>Incorporated in 1990, Raju Dairy Ltd., is one of the leading manufacturers and marketers of dairy-based branded foods in India. In the initial years, its operations were restricted only to collection and distribution of milk. But, over the years it has gained a reasonable market share by offering a diverse range of dairy based products including fresh milk, flavoured yogurt, ice creams, butter milk, cheese, ghee, milk powders etc. In order to raise capital to finance its expansion plans, Raju Dairy Ltd. has decided to approach capital market through a mix of Offer for sale of Rs. 4 crore shares and a public issue of Rs. 2 crore shares. In context of the above case:</p> <p>Name and explain the segment of capital market being approached by the company.</p> <p>Identify the two methods of floatation used by the company to raise the required capital. Give one difference between them.</p>
<b>8</b>	<p>Supriya's grandmother who was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled shares certificates inside. Her grandmother told her that they had been left behind by her late grandfather. As no trading is now done in physical form, Supriya want to know the process by adopting which she is in a position to deal with these certificates.</p> <p>(a) Identify and state the process.</p> <p>(b) Also, give two reasons to Supriya why dealing with shares in physical form had been stopped.</p>

9	<p>Make Good Technologies Ltd. is one of the top suppliers of security software products and solutions in India with a market share of over 20% in the retail segment. Its customers includes people all sections of the society i.e. both households and corporates. Its unique threat detection system works to detect security threats including virus attacks in real time to protect users' IT assets across varied platforms and devices. The company has an established track record of growth and financial performance. At present the company operates only through its website. The company now intends to launch a range of computer accessories and plans to market it by opening its own retail outlets. So, the board of directors of the company have decided to only raise capital for the first time through an issue of shares, but at the same time they do not wish to get into the hassles of launching a public issue of shares.</p> <p>In context of the above case:</p> <p>Name and explain the way through which the company can raise finance by allotting securities to selective individuals and institutions only.</p> <p>Can the company also raise capital through a right issue? Why or why not? Give a reason to justify your answer.</p>
10	<p>After doing a course in online trading, Arsh started an online portal for stock trading under the name 'Investment Guru'. He met his school friend Ajay after a long time in a bank where Ajay had come to open a D-Mat account. Arsh urged Ajay to invest in the forthcoming IPO of a blue-chip companies whereas Ajay was inclined to buy existing securities of the other companies to build his investment portfolio.</p> <p>In context of the above case:</p> <p>i) Identify the two different types of capital market being referred to by quoting lines from the para.</p> <p>ii) State any four differences between the two different types of capital markets as identified in part (1).</p>