

Answer All The Questions:

10x1=10

1. B) Taylor
2. C) Planning
3. B) George Odiorne
4. B) Bear
5. C) New Issue Market
6. B) 1992
7. C) Commercial Bill Market
8. C) Shares
9. B) 24
10. A) A and R are correct and R is the correct explanation for A

Answer any Five Questions in which Question No.17 is compulsory: 5 x 2 = 10

11. **Management:** Management is goal oriented and it is an art of getting things done with and through others.
12. **Motivation** Motivation includes increasing the speed of performance of a work and developing a willingness on the part of workers.
13. **KRA:** Key result areas are fixed on the basis of organizational objectives premises. Key Result Areas (KRA) are arranged on a priority basis. KRA indicates the strength of an organization. The examples of KRA are profitability, market standing, innovation etc.
14. **Price Decided in a Secondary Market:** Fluctuates, depends on the demand and supply force
15. **Remisier:** He acts as an agent of a member of a stock exchange. He obtains business for his principal i.e., the member and gets a commission for that service.
16. **Objectives of SEBI:** 1. Regulation of Stock Exchange  
2. Protection to the Investors

## 17. DALAL STREET

Answer any five questions in which Question No.24 is compulsory: 5 x 3 = 15

18. **Dematerialisation** : Dematerialization is the process by which physical share certificates of an investor are taken back by the company/registrar and destroyed. Then an equivalent number of securities in the electronic form are

credited to the investors account with his Depository Participant.

19. BASIS	MANAGEMENT	ADMINISTRATION
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Key person	Manager	Administrator
Represents	Employees	Owners

20. **Treasury Bills features:** 1. Issuer 2. Finance Bills 3. Liquidity 4. Vital Source 5. Monetary Management

21. **Process of MBO:** 1. Appraisal of activities 2. Reappraisal of objectives 3. Matching resources with objectives 4. Setting subordinates objectives

22. **Bull:** A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future. In anticipation of price rise he makes purchases of shares at present and other securities with the intention to sell at higher prices in future

**Bear:** A bear or Mandiwala speculator expects prices to fall in future and sells securities at present with a view to purchase them at lower prices in future.

23. **Financial Market:** The financial market provides financial assistance to individuals, agricultural sectors, industrial sectors, service sectors, financial institutions like banks, insurance sectors, provident funds and the government as a whole. Through the financial market the institutions get their short term as well as long term financial assistance. It leads to the overall economic development.

## 24. OTCEL.

Answer all the questions: 2 x 5 = 10

### 25 ). Concept of Management

**Body of Knowledge:** Management has now developed into a specialised body of management theory and philosophy.

**Management Tools:** Tools of management have been developed such as, accounting, business law, psychology, statistics, econometrics, data processing, etc.

**Separate Discipline:** Management studies in many universities and institutions of higher learning are recognised as a separate discipline.

**Specialisation:** There is a growing tendency to select and appoint highly qualified, trained and experienced persons to manage the business in each functional areas of management.

**Code of Conduct:** No longer ‘buyer beware’ is ruling the exchange relations in the market. At present ‘seller beware’ is in place of ‘buyer beware’ influencing market practices.

## 25.B) Functions of SEBI

- i. Safeguarding the interests of investors by means of adequate education and guidance. SEBI makes rules and regulation that must be followed by the financial intermediaries like portfolio exchanges, underwriters and merchant bankers, etc.
- ii. Regulating and controlling the business on stock markets. Registration of brokers and subbrokers is made mandatory and they have to abide by certain regulations and rules.
- iii. Conduct inspection and inquiries of stock exchanges, intermediaries and self-regulating organizations and to take appropriate measures wherever required.
- iv. Barring insider trading in securities.
- v. Prohibiting deceptive and unfair methods used by financial intermediaries operating in securities markets.
- vi. Registering and controlling the functioning of stock brokers, sub-brokers, share transfer agents, bankers, trustees, registrars, merchant bankers, underwriters, portfolio managers, investment advisers and various other intermediaries who might be linked to securities markets in any manner.
- vii. SEBI issues Guidelines and Instructions to businesses concerning capital issues. Separate guidelines are provided for initial public issue made by listed companies, etc.
- viii. SEBI regulates mergers and acquisitions as a way to protect the interest of investors.
- ix. Registering and controlling the functioning of collective investment schemes such as mutual funds. SEBI has created regulations and guidelines that should be followed by mutual funds.
- x. Promoting self-regulatory organization of intermediaries. It has extensive legal powers. Having said that, self-regulation is preferable to external regulation.
- xi. Carrying out steps in order to develop the capital markets by having an accommodating approach.
- xii. Provide appropriate training to financial intermediaries. This function is great for healthy environment in the stock markets and also for the protection of investors.
- xiii. Levying fee or any other type of charges to carry out the purpose of the Act.

xiv. Performing functions that may be assigned to it by the Central Government of India.

26A) Sl. No	Features	Money Market	Capital Market
1.	Duration of Funds It is a market for short	term loanable funds for a period of not exceeding one year.	term funds exceeding period of one year
2.	Supply of Funds	This market supplies funds for financing current business operations working capital requirements of industries and short period requirements of the government	This market supplies funds for financing the fixed capital requirements of trade and commerce as well as the long-term requirements of the government.
3.	Deals with Instruments	It deals with instruments like commercial bills (bill of exchange treasury bill commercial papers etc.).	It deals with instruments like shares
4.	Money Value	Each single money market instrument is of large amount. A treasury bill is of minimum for ₹25000. Each certificate of deposits or commercial paper is for minimum of ₹5 lakhs.	Each single capital market instrument is of small amount. Each share value is ₹10. Each debenture value is ₹100.
5.	Role of Major Institution	The central bank and commercial banks are the major institutions in the money market	Development banks and Insurance companies play a dominant role in the capital market

6.	Place of Transaction	Transactions mostly take place over the phone and there is no formal place	Transactions take place at a formal place. Eg. stock exchange	13.	Regulator	Central Bank is the Regulator of Money Market	Besides Central Bank, Special regulatory authority like SEBI, etc.,
7.	Participants	Transactions have to be conducted without the help of brokers i.e., Bankers, RBI and Government.	Transactions have to be conducted only through authorized dealers i.e., Brokers, Investors, Merchant Bankers, Underwriters and Commercial Bank	14.	Underwriting	Underwriting is not a primary function	It is a primary function
8.	Number of Instruments Dealt	The number of instruments dealt in money market are include 1) Inter-bank call money 2) Notice money upto 14 days 3) Short-term deposits upto 3months 4) 91 days Treasury bill 5) 182 days Treasury bill 6) Commercial papers etc.,	The number of instruments in capital market is very few namely, shares and debentures	15.	Dominant Institutions	Commercial Banks are the dominant institutions	Non-banking financial companies and special financial institutions.
9.	Claims	Financial claims, assets and securities are dealt in the Money Market	Bonds and shares are dealt in the Capital Market	<p><b>26.B). Different Types of Financial Markets</b></p> <p><b>On the Basis of Type of Financial Claim</b></p> <p><b>(i) Debt Market</b> is the financial market for trading in Debt Instrument</p> <p><b>(ii) Equity Market</b> is the financial market for trading in Equity Shares of Companies.</p> <p><b>On the Basis of Maturity of Financial Claim</b></p> <p><b>(i) Money Market</b> is the market for short term financial claim (usually one year or less) E.g. Treasury Bills, Commercial Paper, Certificates of Deposit</p> <p><b>(ii) Capital Market</b> is the market for long term financial claim more than a year E.g. Shares, Debenture</p> <p><b>C.On the Basis of Time of Issue of Financial Claim:</b></p> <p><b>Primary Market</b> is a term used to include all the institutions that are involved in the sale of securities for the first time by the issuers (companies).</p> <p><b>Secondary Market</b> is the market for securities that are already issued.</p> <p><b>On the Basis of Timing of Delivery of Financial Claim:</b></p> <p><b>Cash/Spot Market</b> is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately</p> <p><b>Forward or Futures Market</b> is a market where the delivery of asset and payment of cash takes place at a pre-determined time frame in future.</p> <p><b>E.On the Basis of the Organizational Structure of the Financial Market:</b></p> <p><b>Exchange Traded Market</b> is a centralized organization (stock exchange) with standardized procedures.</p> <p><b>Over-the-Counter Market</b> is a decentralized market (outside the stockexchange) with customized procedures.</p>			
10.	Risk	Low credit and market risk.	High credit and market risk				
11.	Liquidity	High liquidity in Money Market	Low liquidity in Capital Market				
12.	Price Discovery	No price discovery mechanism exists in this Market.	Price discovery mechanism exists in Capital Market				