

FM

FIRST MID TERM TEST - 2023

12 - STD

COMMERCE

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Time : 1.30 Hrs

Marks : 45

**I Answer All the Questions:****(10x1=10)**

- The headquarters of SEBI is \_\_\_\_\_  
a) Calcutta b) Bombay c) Chennai d) Delhi
- An optimistic speculator is  
a) Bull b) Bear c) Stage d) Lame duck
- A major player in the money market is the \_\_\_\_\_  
a) Commercial Bank b) RBI c) SBI d) Central Bank
- With the wider span, there will be \_\_\_ hierarchical levels.  
a) More b) Less c) Multiple d) Additional
- Which of the following is verification function?  
a) Planning b) Controlling c) Staffing d) Organising
- How many times a security can be sold in a secondary market?  
a) Only one time b) Two times c) Three times d) Multiple times
- Capital market do not provide  
a) Short term funds b) Debenture funds c) Equity funds d) Long term funds
- Find odd one out;  
a) Bull b) Bear c) Jobbers d) Stag
- \_\_\_ keeps Management Alert to Opportunities and Threats by Identifying Critical Problems.  
a) MBA b) MBE c) MBM d) MBO
- Assertion (A):** Financial market leads to overall economic development of the country  
**Reason (R):** Firms obtain both short-term and long-term financing through the financial market.  
a) A and R are correct and R is the correct explanation for A  
b) A and R are correct and R is a false explanation for A  
c) A is correct but R is false d) A is false but R is correct

**II Note: Answer any five questions in which Question No.17 is compulsory**

- What is Stock Exchange? (5x2=10)
- What is Government Securities Market?
- List out the Management tools
- What is known as KRA?
- What is Spot Market?
- Who are the participants in a Capital Market?
- Is it management or administration to make policies in the organization?

**III Note: Answer any five questions in which Question No.24 is compulsory.**

- What is meant by Dematerialization? (5x3=15)
- Explain Bull and Bear.
- Who are the participants of Money Market?
- What is Motivation?
- List out any three process of MBO
- Write a note on Secondary Market
- Mention the names of financial institutions and commercial banks engaged in mutual fund business

**IV Note: Answer all the questions.****(2x5=10)**

- Describe the functions of SEBI. (OR)  
Describe the functions of stock exchange.
- Differentiate between money market and capital market. (OR)  
Describe the principles modern management.

FM 12 - வணிகவியல் (EM) ஒரு பக்கம்

**Madurai Dist. KEY - 12- COMMERCE****I – MID TERM TEST – Aug 2023****SECTION - I (10 x 1 = 10)**

1. b) Bombay
2. a) Bull
3. a) Commercial Bill
4. b) Less
5. b) Controlling
6. d) Multiple Times
7. a) Short Term Funds
8. c) Jobbers
9. b) MBE
10. a) A and R are correct and R is the correct explanation for A

**SECTION – II (5 x 2 = 10)**

11. **Stock exchange** is an organized market for buying and selling corporate and other securities.  
 12. A market whereby the Government or gilt-edged securities can be bought and sold is called '**Government Securities Market**'.

13. **The management tools** are Accounting, Business law, Psychology, Statistics, Econometrics, Data processing.

14. **KRA** stands for Key Responsibility Areas. KRA indicates the strength of an organization.

15. **Spot market** is a market where the delivery of the financial instrument and payment of cash occurs immediately.

16. **The participants in a Capital Market** are Corporations, institutions, investment banks, and public accounting firms.

**17. ADMINISTRATION****SECTION – III (5 x 3 = 15)**

18. 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. **BULL:** A Bull or **Tejiwala** is an operator who expects a rise in prices of securities in the future. He is an **optimistic** speculator. **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. A bear is a **pessimistic** speculator.

**20. The participants of Money Market are**

1) Government of different countries 2) Central Banks 3) Private & Public Banks 4) Mutual Funds 5) Insurance Companies 6) Non-banking financial institutions.

**21. Motivation** includes increasing the speed of performance of a work and developing a willingness on the part of workers. This is done by a resourceful leader.

**22. Process of MBO :**1. Defining Organizational Objectives.2. Goals of Each Section.3. Fixing Key Result Areas.

**23. Secondary Market** is the market for securities that are already issued. Stock Exchange is an important institution in the secondary market.

**24.LIC, UTI, SBI, and Canara Bank.****SECTION – IV (2 x 5 = 10)****25(a). Functions of SEBI :**

- i.) Safeguarding the interests of investors by means of adequate education and guidance.
- ii.) Regulating and controlling the business on stock markets.
- iii.) Barring insider trading in securities.
- iv.) SEBI issues Guidelines and Instructions to businesses concerning capital issues.
- v.) SEBI regulates mergers and acquisitions as a way to protect the interest of investors

**(or)****25(b). functions of Stock Exchange.****1. Ready and Continuous Market**

Stock Exchange is, in fact, a market for existing securities. If an investor wants to sell his securities, he can easily and quickly dispose them off on a stock exchange.

**2. Correct Evaluation of Securities**

The prices at which securities are bought and sold are recorded and made public. These prices are called "market quotations". One can easily evaluate the worth of one's securities on the basis of these quotations.

**3. Protection to Investors**

All dealings in a stock exchange are in accordance with well-defined rules and regulations. stock exchange provides reasonable measure of safety and fair dealing in buying and selling of securities.

**4. Proper Canalization of Capital**

People like to invest in the shares of such companies which yield good profits. The savings of individuals are directed towards promising companies which declare good dividends over a period of time.

**5. Aid to Capital Formation**

The publicity which the stock exchange gives to various industrial securities and their prices and the facilities provided by it for their purchase and sale induce people to save and invest.

**3. Discipline:** It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.

**4. Unity of Command:** This principle states that each subordinate should receive orders and be accountable to one and only one superior.

**5. Unity of Direction:** All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.

**26(a). The difference between the Money Market and Capital Market.**

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Features	Money Market	Capital Market
<b>Availability of Instruments</b>	Money Market instruments generally do not have secondary market	Capital market instruments generally have secondary markets
<b>Subdivision</b>	In money market there is no such subdivision	In capital market there is a division of primary market and secondary market.
<b>Place of Transaction</b>	Transactions mostly take place over the phone and there is no formal place	Transactions take place at a formal place. Eg. stock exchange
<b>Claims</b>	Financial claims, assets and securities are dealt in the Money Market.	Bonds and shares are dealt in the Capital Market
<b>Risk</b>	Low credit and market risk.	High credit and market risk

(or)

**26(b). Principles of modern management:**

**1. Division of Work:** According to this principle the whole work is divided into small tasks.

**2. Authority and Responsibility:** Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.