

+2 COMM I Mid Term Test – July 2024 Madurai (Dt)

1. A 1988
2. A Bull
3. A Commercial Banks
4. B Less
5. B Controlling
6. D Multiple Times
7. A Short Term Funds
8. C Debentures
9. C MBO
10. A A and R correct and R is the correct explanation for A

Answer any 5 Questions: 5 x 2 = 10

11. **Stock Exchange:** Stock Exchange (also called Stock Market or Share Market) is one of the important constituents of Capital market.
12. **Government: securities market** A market whereby the Government or gilt-edged securities can be bought and sold is called 'Government Securities Market'
13. **Management tools:** Tools of management have been developed such as, accounting, business law, psychology, statistics, econometrics, data processing, etc. These branches of management profession have enhanced the practical utility of the science of management
14. **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.
15. **Spot market:** Cash/Spot Market is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately
16. **Two objectives of SEBI:**1. Regulation of Stock Exchanges, 2. Protection to the Investors

17. Jobbers

Answer any five questions: 5 x 3 = 15

18. **Dematerialisation :**Dematerialization is the process by which physical share certificates of an investor are taken back by the company/registrars 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. 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.

20. Treasury Bills incorporate the following general features: 1. Issuer 2. Finance Bills 3. Liquidity 4. Vital Source 5. Monetary Management

21. Main Functions Of Management: 1. Planning 2. Organising 3. Staffing 4. Directing 5. Motivation 6. Controlling

22.1. Features of MBO: 1. Tries to combine the long run goals of organization with short run goals. 2. Management tries to relate the organization goals with society goals. 3. MBO's emphasis is not only on goals but also on effective performance.

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

24. Financial market .

Answer all the questions: 2 x 5 = 10

25 A). Principles of modern management

1. Division of Work:
2. Authority and Responsibility:
3. Discipline:
4. Unity of Command
5. Unity of Direction:
6. Subordination of Individual Interest to Mutual Interest:
7. Remuneration:
8. The Degree of Centralization:
9. Line of Authority/Scalar Chain:
10. Order:
11. Equity:
12. Stability of Tenure of Personnel:
13. Initiative:
14. Esprit de Corps/Team Spirit:

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. It takes care of the complaints received from investors. Additionally, it issues notices and booklets for the information, assistance and protection of small investors.

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. This function is carried out for organized working of stock exchanges and intermediaries.

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. It conducts research and publishes information beneficial to all market players (i.e. all buyers and sellers).

viii. SEBI regulates mergers and acquisitions as a way to protect the interest of investors. For this, SEBI has released appropriate guidelines with the intention that such mergers and takeovers won't be at the expense of small 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. The aim is to maintain effective supervision and avoid any unfair and antiinvestor actions. x. Promoting self-regulatory organization of intermediaries. It has extensive legal powers. Having said that, self-regulation is preferable to external regulation. The function of SEBI is to

motivate financial intermediaries to create their professional associations and manage harmful actions of their members. It can also make use of its powers when needed for protection of investors.

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.

26 A). Distinguish between money market and capital market?

Sl. No			
1.	Duration of Funds It is a market for short	term loanable funds for a period of not exceeding one year. It is a market for long	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	Each single capital market instrument is of small amount.

		treasury bill is of minimum for `25000. Each certificate of deposits or commercial paper is for minimum of `5 lakhs.	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
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
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

9.	Claims	Financial claims, assets and securities are dealt in the Money Market	Bonds and shares are dealt in the Capital Marke
10.	Risk	Low credit and market risk.	High credit and market ris
11.	Liquidity	High liquidity in Money Market	Low liquidity in Capital Market
12.	Price Discovery	No price discovery mechanism and exists in this Market.	Price discovery mechanism exists in Capital Market
13.	Regulator	Central Bank is the Regulator of Money Marke	Besides Central Bank, Special regulatory authority like SEBI, etc.,
14.	Underwriting	Underwriting is not a primary function	It is a primary function
15.	Dominant Institutions	Commercial Banks are the dominant institutions	Non-banking financial companies and special financial institutions.

26 B). Functions of stock exchange

1. Ready and Continuous Market
2. Correct Evaluation of Securities
3. Protection to Investors
4. Proper Chanalisation of Capital
5. Aid to Capital Formation
6. Facilities for Speculation
7. Seasoning of Securities
8. Clearing House of Business Information