



INDIAN SCHOOL DARSAIT
DEPARTMENT OF COMMERCE



SUB: Business Studies	FIANANCIAL MARKETS	Date of Worksheet: 06/09/2017
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Class and Div.: XII C & D		Roll Number:

Q.NO	QUESTIONS	MARKS
1.	State anyone protective function of SEBI.	1
2.	“ SEBI conducts research and publishes information useful to various capital market participants.” Name the function of SEBI which is highlighted by this statement.	1
3.	Which money market instrument is issued by RBI on behalf of Government of India?	1
4.	What is meaning of Money Market?	1
5.	What are the components of Capital Market?	1
6.	What is meant by ‘Financial Assets’?	1
7.	<p>With a view to encouraging its employees, “Shruti Fashion Designers Ltd”. Launched a scheme. It was like this: Any employee of the company whose work performance reaches up to a given mark will get free 10 equity shares of the company. On the other hand, that the employee of the company whose work performance is not up to a given mark, will get 10 equity shares of the company at face value. The scheme was accepted by the employees gladly. They felt very happy as they were now participant in the ownership of the company. They displayed better performance than before. Not only that, many employees began to take interest in buying and selling of shares of other companies. The market, where in they used to buy and sell shares, was doing the job of creating liquidity in the shares. The attribute of creating liquidity by this market was very liked by the employees.</p> <p>i) Name the market that interested the employees.</p> <p>ii) How does the market, identified vide point (i) above, create liquidity</p>	3

	in the shares?	
8.	<p>Few years back, people were not in the habit of saving. Its main reason was lack of good opportunities for investment. Lack of saving and investment habit of the people had direct effect on the economic development of the country. As a result, pace of economic development of the country remained quite slow. When the country was grappling with the problem, a kind of market emerged that helped in establishing industries and at the same time made good opportunities for investment available. With the setting – up of such a market, people acquired the habit of affecting saving. These savings were invested. Gradually, economic development proceeded ahead. It is a kind of market that can be called as barometer of a country’s economic development. It has its own rules and by – laws which help in its operations and also in safeguarding the interests of the investors. Moreover, it has to comply with the guidance issued by SEBI. This market operates under the supervision of a management committee.</p> <p>i) Identify the market mentioned in the above paragraph.</p> <p>ii) Explain two characteristics of the market as identified vide point (i) above.</p> <p>iii) Identify any two values that this market provides to the society.</p>	4
9.	<p>Shreya is a student of plus2(Commerce). Her two friends Sugandha and Sakshi are plus2(Non-Medical). Shreya has full knowledge of capital market. Both her friends are interest in it, but they do not have been an iota of knowledge about it. Shreya gives them the knowledge about capital market in the following manner:</p> <p>“In order to meet its financial requirements, company issue shares. Shares are issued in capital market. The company issues a prospectus and invites the general public to invest in shares. It is called Initial Public Offer - (IPO). It is not the case that by investing once the investors are entrapped. If they so desire, they can sell their shares, at the current market price, to other investors and thus can withdraw their own capital. Another importance features is that market in which the company issue shares has no particular place. However, the market wherein the shareholders sell shares does have a particular place, called stock</p>	5

	<p>exchange.</p> <p>a) In the above paragraph two types of capital market have been mentioned. Identify them.</p> <p>b) Of the identified type of capital market give two characteristics each by way of quotation.</p>	
10.	<p>“Manvi Global Limited” a company that publishes books. Company wants to expand its business. Along with publication, company wants to do printing job as well. Company requires Rs. 50 crore for this purpose. It has decided to mobilize this amount through capital market. Company undertook intensive study of the capital market.in the meanwhile, it observed that market was passing through boom period, and in this situation inventors give priority to invest in equity shares so as to earn large profits. Company, therefore, considered it proper to issue equity shares. To invite the general public, prospectus was prepared and other procedures regarding floatation of capital initiated. Besides company realized that, on the one hand, share flotation costs are likely to rise very much and on the other hand, its cash flow position is not favorable. He also apprehends that this situation with continue for about 6 months. Thus for the next six months some additional funds will have to be collected. In order to mobilize these funds, company deemed it proper to depend on money market instruments.</p> <p>i) Identify the method of floatation of capital as mentioned in the above paragraph.</p> <p>ii) Besides above share issue method, mention two other methods.</p> <p>iii) Use of what kind of instrument will be appropriate for the money market. Clarify.</p>	6
