

CBSE | DEPARTMENT OF SKILL EDUCATION

INTRODUCTION TO FINANCIAL MARKET (SUBJECT CODE: 405)

Marking scheme for Sample Question Paper Class X (Session 2020-2021)

Max. Time: 2 Hours

Max. Marks: 50

General Instructions:

1. Please read the instructions carefully.
2. This Question Paper consists of **21 questions** in two sections: Section A & Section B.
3. Section A has Objective type questions whereas Section B contains Subjective type questions.
4. **Out of the given (5 + 16 =) 21 questions, a candidate has to answer (5 + 10 =) 15 questions in the allotted (maximum) time of 2 hours.**
5. All questions of a particular section must be attempted in the correct order.
6. **SECTION A - OBJECTIVE TYPE QUESTIONS (24 MARKS):**
 - i. This section has 05 questions.
 - ii. Marks allotted are mentioned against each question/part.
 - iii. There is no negative marking.
 - iv. Do as per the instructions given.
7. **SECTION B – SUBJECTIVE TYPE QUESTIONS (26 MARKS):**
 - i. This section has 16 questions.
 - ii. A candidate has to do 10 questions.
 - iii. Do as per the instructions given.
 - iv. Marks allotted are mentioned against each question/part.

SECTION A: OBJECTIVE TYPE QUESTIONS

Q. 1	Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks)	
i.	Communication	1
ii.	Self-control (Option b)	1
iii.	: (Any Two) <ul style="list-style-type: none"> • Think of anything that you are always successful at. • Think about what others like in you. • Take out time and think about what you do well. 	1
iv.	: (Any Two) <ul style="list-style-type: none"> • DOS (Disk Operating System) • Windows. • Linux 	1
v.	: (Any two) <ul style="list-style-type: none"> • Coordinating role • Innovator's Role • Imitating role • Risk assumption role 	1
vi.	Green Environment" relates to the concerns for environmental conservation and improved health of the environment.	1

Q. 2	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	National Stock Exchange	1
ii.	Liquid Funds are a specialized form of mutual funds that invest in extremely short-term fixed income instruments.	1
iii.	Securities and Exchange Board of India.	1
iv.	Securities Markets.	1
v.	Initial Public Offering	1
vi.	National Exchange for Automated Trading (NEAT)	1

Q. 3	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	An equity share, commonly referred to as ordinary share, represents the form of fractional ownership in a business venture.	1
ii.	Option (c) 3 days	1
iii.	Commodity	1
iv.	NAV or Net Asset Value of the fund is the cumulative market value of the assets of the fund net of its liabilities.	1
v.	Two sources of funds are <ul style="list-style-type: none"> • Shareholder's funds. • Loan funds 	1
vi.	relative contributions of creditors and owners	1

Q. 4	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	Interest is an amount charged to the borrower for the privilege of using the lender's money.	1
ii.	Securities Contract (Regulation) Act, 1956	1
iii.	Market capitalization is the aggregate valuation of the company based on its current share price and the total number of outstanding stocks. It is calculated by multiplying the current market price of the company's share with the total outstanding shares of the company.	1
iv.	Liabilities are obligations of the company; they are amounts owed to creditors for a past transaction and they usually have the word "payable" in their account title.	1
v.	Option (a) Global Depository Receipts.	1
vi.	As per the BSE & NSE bye Laws, a broker cannot charge more than 2.5% brokerage from his clients.	1

Q. 5	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	A type of preference shares on which dividend accumulates if remained unpaid. All arrears of preference dividend have to be paid out before paying dividend on equity shares.	1
ii.	Option (a) International Securities Identification Number	1
iii.	National Stock Exchange fifty Index, which was introduced by the National Stock Exchange for actively traded 50 stocks.	1
iv.	'Lock-in' indicates a freeze on the sale of shares for a certain period of time.	1
v.	Segments in the Debt Market in India: (Any Two) (1) Government Securities, (2) Public Sector Units (PSU) bonds, and (3) Corporate securities.	1
vi.	Simple Interest is based on the principal amount of a loan or deposit. In contrast, Compound Interest is based on the principal amount and the interest that accumulates on it in every period.	1

SECTION B: SUBJECTIVE TYPE QUESTIONS

Answer any 3 out of the given 5 questions on Employability Skills (2 x 3 = 6 marks)

Answer each question in 20 – 30 words.

Q. 6	(Any Four) <ul style="list-style-type: none">• Vague and imprecise• Continuous• Multi-channel• Culture-bound• Long conversations are not possible• Body language	2
Q. 7	Stress Management refers to focusing human efforts for maintaining a healthy body and mind capable of better withstanding stressful situations. A Stress well managed can help one view events and situations as challenges and contributes in the growth of individual	2
Q. 8	Files and folders deleted by the user are stored in the Recycle Bin. From Recycle Bin, you can retrieve files or folders deleted by mistake. Yes, but before clearing the recycle bin. Once the files are cleared from it then it will be deleted permanently and cannot be restored.	2
Q. 9	The qualities for being a good Entrepreneur are: <ul style="list-style-type: none">• Hard working• Optimistic• Independent• Energetic• Self-confident• Perseverant	2
Q. 10	Ecological Imbalance is caused when natural or a man-made disturbance disrupts the natural balance of an ecosystem.	2

Answer any 4 out of the given 6 questions in 20 – 30 words each (2 x 4 = 8 marks)

Q. 11	'Stock Exchange' as anybody of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities.	2
Q. 12	Dematerialization is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited to the investor's account with his Depository Participant (DP).	2
Q. 13	A depository is an entity which helps an investor to buy or sell securities such as stocks and bonds in a paper-less manner. Securities in depository accounts are similar to funds in bank accounts. There are two depositories in India which provide dematerialization of securities. The National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).	2

Q. 14	<p>The ISIN is a number assigned to a security that is universally recognizable. ISINs are used for numerous reasons including clearing and settlement. The numbers ensure a consistent format so that holdings of institutional investors can be tracked consistent across markets worldwide.</p> <p>features of ISIN:</p> <ul style="list-style-type: none"> • Twelve-character numbering. • Computer-generated code to protect against counterfeiting. • Governed by the International Organization for Standardization. 	2
Q. 15	<p>Dividend yield gives the relationship between the current price of a stock and the dividend paid by its' issuing company during the last 12 months. It is calculated by aggregating past year's dividend and dividing it by the current stock price</p>	2
Q. 16	<p>Arbitration is an alternative dispute resolution mechanism provided by a stock exchange for resolving disputes between the trading members and their clients in respect of trades done on the exchange.</p>	2

Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)

Q. 17	<p>Prospectus- A prospectus is basically a formal and legal document issued by a body corporate which acts for inviting offers from the public for subscription or purchase of any securities. Every public company is entitled to issue the prospectus for its shares or debentures.</p> <p>Contents of a prospectus:</p> <ol style="list-style-type: none"> 1. Address of the registered office of the company. 2. Name and address of company secretary, auditors, bankers, underwriters etc. 3. Dates of the opening and closing of the issue. 4. Declaration about the issue of allotment letters and refunds within the prescribed time. 5. A statement by the board of directors about the separate bank account where all monies received out of shares issued are to be transferred. 6. Details about underwriting of the issue. 7. Consent of directors, auditors, bankers to the issue, expert's opinion if any. 8. The authority for the issue and the details of the resolution passed therefore. 9. Procedure and time schedule for allotment and issue of securities. 10. Capital structure of the company. 11. Main objects and present business of the company and its location. 12. Main object of public offer and terms of the present issue. 	4
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<p>Q. 18</p>	<p>Global Depository Receipt (GDR) is an instrument in which a company located in domestic country issues one or more of its shares or convertibles bonds outside the domestic country.</p> <p><u>Advantages of Global depository receipts are :</u></p> <ul style="list-style-type: none"> • GDR provides access to foreign capital markets. • A company can get itself registered on an overseas stock exchange or over the counter and its shares can be traded in more than one currency. • GDR expands the global presence of the company which helps in getting international attention and coverage. • GDR are liquid in nature as they are based on demand and supply which can be regulated. • The valuation of shares in the domestic market increase, on listing in the international market. • GDR can be freely transferred. 	<p>4</p>
<p>Q. 19</p>	<p>following precautions are to be taken while investing in the market</p> <ul style="list-style-type: none"> • Make sure your broker is registered with SEBI and the exchanges and do not deal with unregistered intermediaries. • Ensure that you receive contract notes for all your transactions from your broker within one working day of execution of the trades. • All investments carry risk of some kind. Investors should always know the risk that they are taking and invest in a manner that matches their risk tolerance. • Take informed decisions by studying the fundamentals of the company. • Investing in very low priced stocks or what are known as penny stocks does not guarantee high returns. • Do not be attracted by announcements of fantastic results/news reports, about a company. Do your own research before investing in any stock. • Be cautious about stocks which show a sudden spurt in price or trading activity. 	<p>4</p>
<p>Q. 20</p>	<p>Debt market refers to the financial market where investors buy and sell debt securities, mostly in the form of bonds</p> <p>There are three main segments in the debt markets in India, viz.,</p> <p>(1) Government Securities,</p> <p>(2) Public Sector Units (PSU) bonds, and</p> <p>(3) Corporate securities.</p> <p>The market for Government Securities comprises the Centre, State and State-sponsored securities. In the recent past, local bodies such as municipalities have also begun to tap the debt markets for funds. Some of the PSU bonds are tax free, while most bonds including government securities are not tax-free. Corporate bond markets comprise of commercial paper and bonds. These bonds typically are structured to suit the requirements of investors and the issuing corporate, and include a variety of tailor-made features with respect to interest payments and redemption.</p>	<p>4</p>

Q. 21	<p>Capital structure refers to the degree of long term financing of a business concern as in the form of debentures, preference share capital and equity share capital including reserves and surplus. There should be a proper mix between debt capital and equity capital. Capital structure is otherwise called as leverage.</p> <p>The followings ratios are calculated to analyze the capital structure of the business concern:</p> <ul style="list-style-type: none">• Debt-Equity Ratio• Debt-Asset Ratio• Interest Coverage Ratio• Debt Service Coverage Ratio	4
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