

SURA'S COMMERCE

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Sura's Model question paper is given with answers based on the reduced syllabus.

* Removed as per the reduced syllabus for 2021 - 22.

UNIT I

MANAGEMENT PROCESS

CHAPTER

1

PRINCIPLES OF MANAGEMENT

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Management is what a _____ does?
[PTA-1; QY-2019]
(a) Manager (b) Subordinate
(c) Supervisor (d) Superior
[Ans. (a) Manager]
2. Management is an _____
[Govt. MQP-2019; PTA-1]
(a) Art (b) Science
(c) Art and Science (d) Art or Science
[Ans. (c) Art and Science]
3. Scientific management is developed by
[PTA-2; QY-2019]
(a) Fayol (b) Taylor
(c) Mayo (d) Jacob
[Ans. (b) Taylor]
4. Dividing the work into small tasks is known as
(a) Discipline (b) Unity [Sep-2020]
(c) Division of work (d) Equity
[Ans. (c) Division of work]
5. With a wider span, there will be _____
hierarchical levels. [PTA-6]
(a) More (b) Less
(c) Multiple (d) Additional
[Ans. (b) Less]

II. VERY SHORT ANSWER QUESTIONS.

1. What is Management? [PTA-1; QY-2019]
Ans. Management is the process of giving direction and controlling the various activities of the people to achieve the objectives of an organisation.
2. List out the management tools.
[HY-2019; Mar-2020]
Ans. Tools of managements have been developed such as accounting, business law, psychology, statistics, econometrics, data processing, etc.
3. State the meaning of Authority. [Sep-2020]
Ans. Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.
4. What do you mean by Span of management?
[PTA-2]
Ans. (i) The span of management refers to the number of subordinates who can be managed efficiently by a superior.
(ii) Simply, the manager having the group of subordinates who report him directly is called as the span of management.

III. SHORT ANSWER QUESTIONS.

1. Define the term management. [PTA-1]
Ans. According to Koontz and Weihrich, "Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims".

(OR)

According Henry Fayol, "To manage is to forecast, to plan, to organise, to command, to co-ordinate and to control".

2. Differentiate management from Administration. (any 3)

[Govt. MQP-2019; PTA-2; HY-2019]

Ans.

	Basis	Management	Administration
1.	Meaning	An organised way of managing people and things of a business is called management	The process of administering an organisation by a group of people is known as the administration
2.	Authority	Middle and lower level	Top level
3.	Concerned with	Policy implementation	Policy formulation
4.	Role	Executive	Decisive
5.	Area of operation	It works under administration	It has full control over the activities of the organisation.

3. What are the principles of Taylor?

[QY-2019; Sep-2020]

Ans. Taylor propounded the principles of scientific management. They are :

- (i) Science, Not Rule of Thumb
- (ii) Harmony, Not Discord
- (iii) Mental Revolution
- (iv) Co-operation, Not individualism
- (v) Development of each and every person to his or her greatest efficiency and prosperity.

4. What determines the span of management?

Ans. Each manager or superior may have different ability and capacity in respect of such factors as leadership, communication, decision making, control affecting management of subordinates. Further, the attitudes and personality factors of the manager also determine his span of management.

The span of managements can be determined on the basis of a number of relationship that a manager can manage. These are :

- (i) Capacity of superior
- (ii) Capacity of subordinates
- (iii) Nature of work
- (iv) Degree of decentralization
- (v) Planning
- (vi) Use of staff assistance
- (vii) Supervision from others
- (viii) Communication technique

IV. LONG ANSWER QUESTIONS.

1. Explain the concept of management. (any 5)

Ans. The management concept can be understood from its profound characteristic features as follows:

- (i) **Body of Knowledge** : Management has now developed into a specialised body of management theory and philosophy. Management literature is growing in all countries.
- (ii) **Management Tools** : Tools of management have been developed such as, accounting, business law, psychology, statistics, econometrics, data processing, etc.
- (iii) **Separate Discipline** : Management studies in many universities and institutions of higher learning are recognised as a separate discipline.
- (iv) **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.

(v) **Code of Conduct :** Enlightened businessmen have recognised that business management is a social institution and it has social responsibilities to be fulfilled – towards customers, employees, and the public or community.

2. **Explain the principles of modern management.**
(any 5) [Govt. MQP-2019; PTA-2; QY-2019]

Ans. Henry Fayol is the father of modern management. The following are the major principles of modern management are,

(i) **Division of work :** According to this principle the whole work is divided into small tasks. The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labour force and therefore increasing productivity.

(ii) **Authority and Responsibility :**

Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.

(iii) **Discipline :**

It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organisations.

(iv) **Unity of command :**

This principle states that each subordinate should receive orders and be accountable to one and only one superior.

(v) **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.

PTA QUESTIONS AND ANSWERS

I. SHORT ANSWER QUESTIONS.

3 MARKS

1. **Is management an Art or Science?**

[PTA-2]

Ans. Is Management a Science :

Management is an in-exact science, because in pure science, the principles are put into test in a laboratory and they are either proved or disproved exactly and precisely.

Is Management an Art:

- (i) Everyone believes that management is an art.
- (ii) Because, the concept of art denotes the learning of skills and practicing them in the day to day life like a mason or carpenter or mechanic or a musician being able to perform their respective art they learnt by way of skill display before anybody under any circumstances.

Management is both - Science and an art:

- (i) Management is neither a science nor an art, but a combination of both.
- (ii) Management is a science, because it contains general principles.
- (iii) It is also an art because, it requires certain personal skills to achieve desired results.

II. LONG ANSWER QUESTIONS.

5 MARKS

1. **Describe the principles of scientific management.**

[PTA-1]

Ans. Principles of scientific management propounded by Taylor are explained in brief as follows :

Science, Not Rule of Thumb :

- (i) Rule of Thumb means decisions taken by manager as per their personal judgements.
- (ii) A small production activity like loading iron sheets into box cars can be scientifically planned.
- (iii) Decision should be based on scientific enquire with cause and effect relationships.

2. **Harmony, Not Discord :**

- (i) Taylor emphasised that there should be complete harmony between the workers and the management.
- (ii) Since if there is any conflict between the two, it will not be beneficial either for the workers or the management.
- (iii) Both the management and the workers should realise the importance of each other.

3. Mental Revolution :

- (i) The technique of mental revolution involves a change in the attitude of workers and management towards each other.
- (ii) Thus, mental revolution requires a complete change in the outlook of both management and workers.

4. Co-operation, Not Individualism :

- (i) This principle is an extension of principle of 'Harmony – not discord'.

- (ii) Co-operation, mutual confidence, sense of goodwill should prevail among both, managers, as well as workers.

5. Development of each and every person to his or her greatest efficiency and prosperity:

- (i) Efficiency of any organisation also depends on the skills and capabilities of its employees to a great extent.
- (ii) Employees should be scientifically selected.
- (iii) This ultimately helps to attain efficiency and prosperity for both organisation and the employees.

GOVERNMENT EXAM QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS. 1 MARK

1. Who is the 'Father of Modern Management'?
- (a) Mr. F.W. Taylor [HY-2019]
 - (b) Mr. Henry Fayol
 - (c) Mr. Peter F. Drucker
 - (d) Mr. Louis A. Allen

[Ans. (b) Mr. Henry Fayol]

2. "Management is a multipurpose organ that manages a business and manages Manager, and manages worker and work." Who said these words? [Mar-2020]
- (a) George Odiorne
 - (b) Henry Fayol
 - (c) Peter F. Drucker
 - (d) F.W. Taylor

[Ans. (C) Peter F. Drucker]

3. Assertion (A) : Management knowledge is the best passport to enter into the world of employment.

Reason (R) : Management literature is growing in all countries. [Sep-2020]

- (a) (A) and (R) are correct and (R) is the correct explanation of (A).
- (b) (A) and (R) are correct and (R) is the incorrect explanation of (A).
- (c) (A) is incorrect but (R) is correct.
- (d) (A) is correct but (R) is incorrect.

[Ans. (b) (A) and (R) are correct and (R) is the incorrect explanation of (A)]

II. SHORT ANSWER QUESTIONS. 3 MARKS

1. Define the term management according to Peter F. Drucker. [HY-2019]

Ans. According to Peter F. Drucker, "Management is a multipurpose organ that manages a business and manages manager, and manages worker and work".

III. LONG ANSWER QUESTIONS. 5 MARKS

1. Write about the contribution of Drucker to management. [QY-2019]

Ans. "Management is a multipurpose organ that manages a business and manages manager, and manages worker and work." - Peter F. Drucker : The Practice of Management.

Drucker stresses three jobs of management :

- (i) Managing a business
- (ii) Managing manager; and
- (iii) Managing workers and work.

Even if one is omitted, it would not have management anymore and it also would not have a business enterprise or an industrial society. According to P. Drucker, the manager has to balance and integrate three major jobs of a business enterprise as mentioned above.

Hence, a manager is a dynamic and life-giving element in every business. Without efficient management it cannot be possible to secure the best allocation and utilisation of human, material and financial resources.



CHAPTER

2

FUNCTIONS OF MANAGEMENT

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

- Which is the primary function of management?
(a) Innovating [PTA-3; Mar.2020]
(b) Controlling
(c) Planning
(d) Decision-making
[Ans. (c) Planning]
- Which of the following is not a main function?
[QY-2019]
(a) Decision-making (b) Planning
(c) Organising (d) Staffing
[Ans. (a) Decision-making]
- _____ is included in every managerial function.
(a) Co-ordinating (b) Controlling
(c) Staffing (d) Organising
[Ans. (a) Co-ordinating]
- Which of the following is verification function? [Govt. MQP-2019; PTA-4; HY-2019]
(a) Planning (b) Organising
(c) Staffing (d) Controlling
[Ans. (d) Controlling]
- The goals are achieved with the help of _____.
(a) Motivation (b) Controlling
(c) Planning (d) Staffing
[Ans. (a) Motivation]

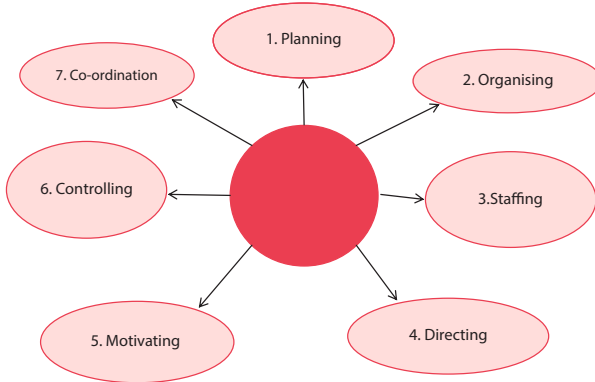
II. VERY SHORT ANSWER QUESTIONS.

- Write a short note about Planning.
[PTA-3; QY-2019]
Ans. Planning is the primary function of management. Nothing can be performed without planning. Planning should take place before doing. In short planning refers to deciding in advance.
- What is meant by Motivation?
Ans. The goals are achieved with the help of motivation. Motivation includes increasing the speed of performance of a work and developing a willingness on the part of the workers.
- List the subsidiary functions of management.
Ans. (i) Innovation
(ii) Representation
(iii) Decision - making
(iv) Communication
- What is the Traditional Proverb used in planning?
Ans. Think Before you Act' or 'Look Before you Leap' are some of the usual traditional proverbs; which provide a basis or logic for planning.

III. SHORT ANSWER QUESTIONS.

- List out the main functions of management.
[QY-2019]
Ans. The main functions of management are :
(i) Planning
(ii) Organising
(iii) Staffing

- (iv) Directing
- (v) Motivating
- (vi) Controlling
- (vii) Co-ordination



2. State the importance of staffing.

- Ans. (i)** Staffing function comprises the activities of selection and placement of competent personnel.
- (ii)** In other words, Staffing refers to placement of right persons in the right jobs.
- (iii)** Staffing includes selection of right persons, training to those needy persons, promotion of best persons, retirement of old persons, performance appraisal of all the personnel, and adequate remuneration of personnel.
- (iv)** The success of any enterprise depends upon the successful performance of staffing function.

3. How the employees are informed about important matters in a company?

Ans. Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism etc., in order to enable the employees to accomplish the organizational goals.

IV. LONG ANSWER QUESTIONS.

1. Explain the various functions of management. (any 5) [PTA-4; Sep.2020]

Ans. Functions of management can be classified into two categories.

- A. Main functions; and
- B. Subsidiary functions.

A. Main functions :

(i) Planning :

- (a) Planning is the primary function of management.

- (b) Planning is a constructive reviewing of future needs so that present actions can be adjusted in view of the established goal.
- (c) E.g. Writing a book starts with planning.

(ii) Organising :

- (a) Organising is the process of establishing harmonious relationship among the members of an organisation.
- (b) Organising function work is assigned to employees who are given authority to carry out the work assigned and made accountable for it.

(iii) Staffing :

- (a) Staffing function comprises the activities of selection and placement of competent personnel.
- (b) Staffing refers to placement of right persons in the right jobs.

(iv) Directing : [QY-2019]

- (a) Directing denotes motivating, leading, guiding and communicating with subordinates.
- (b) Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism, etc.

B. Subsidiary functions :

(i) Innovation :

- (a) Innovation refers to the preparation of personnel and organisation to face the changes made in the business world.
- (b) Innovation includes developing new material, new products, new techniques in production, new package, new design of a product and cost reduction.

(ii) Representation :

- (a) A manager has to act as representative of a company.
- (b) Manager has dealings with customers, suppliers, government officials, banks, financial institutions, trade unions, etc.
- (c) It is the duty of every manager to have good relation with others.

(iii) **Decision – making :**

- (a) Every employee of an organisation has to take a number of decisions every day.
- (b) Decision – making helps in the smooth functioning of an organisation.

(iv) **Communication :**

- (a) Communication is the transmission of human thoughts, views or opinions from one person to another person.
- (b) Workers are informed about what should be done, where it is to be done, how it is to be done and when it is to be done.

PTA QUESTIONS AND ANSWERS

I. SHORT ANSWER QUESTIONS.

3 MARKS

1. What are the main duties of a manager?

[PTA-4]

Ans. (i) A manager has to act as representative of a company.

(ii) Manager has dealings with customers suppliers, government officials, banks, financial institutions, trade unions, etc.

(iii) It is the duty of every manager to have good relations with others.

2. What is meant by Controlling?

[PTA-4]

Ans. Controlling is performed to evaluate the performance of employees and deciding increments and promotion decisions. It is the control function which facilitates synchronization of actual performance with predetermined standards.

GOVERNMENT EXAM QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS.

1 MARK

1. Which one is non correct?

[QY-2019]

- (a) The process of placing the right man on the right job is called placement.
- (b) A manager has to act as representative of a company.
- (c) The goals are achieved with the help of motivation.
- (d) Can do anything without planning

[Ans. (d) Can do anything without planning]



UNIT II

CHAPTER

4

FINANCIAL MARKETS – I

INTRODUCTION TO FINANCIAL MARKETS

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

- Financial market facilitates business firms**
(a) To rise funds [PTA-3]
(b) To recruit workers
(c) To make more sales
(d) To minimize fund requirement
[Ans. (a) To rise funds]
- Capital market is a market for** [Sep-2020]
[Govt. MQP-2019; PTA-4; QY-2019]
(a) Short Term Finance
(b) Medium Term Finance
(c) Long Term Finance
(d) Both Short Term and Medium Term Finance
[Ans. (c) Long Term Finance]
- Primary market is also called as** [PTA-5]
(a) Secondary market (b) Money market
(c) New Issue Market (d) Indirect Market
[Ans. (c) New Issue Market]
- Spot Market is a market where the delivery of the financial instrument and payment of cash occurs** [PTA-1]
(a) Immediately (b) In the future
(c) Uncertain (d) After one month
[Ans. (a) Immediately]

- How many times a security can be sold in a secondary market?** [PTA-6]
(a) Only one time (b) Two time
(c) Three times (d) Multiple times
[Ans. (d) Multiple times]

II. VERY SHORT ANSWER QUESTIONS.

- What are the components of organized sectors?**
Ans. Organised sector consist of Regulators, Financial Institutions, Financial markets and Financial services.
- What is Spot Market?**
Ans. Spot Market is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately.
- What is Debt Market?**
Ans. Debt Market is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds).
- How is price decided in a Secondary Market?**
Ans. Secondary markets allow for the determination of the price of the traded financial asset through the interaction of buyers and sellers. They provide a signal for the allocation of funds in the economy, based on the demand and supply, though the mechanism called price discovery processes.

III. SHORT ANSWER QUESTIONS.

1. Give the meaning of Financial Market.

Ans. Meaning : A market wherein financial instruments such as financial claims, assets and securities are traded is known as a 'financial market'. In another words, financial markets may be channels through which flow loanable funds directed from a supplier who has an excess of assets toward a demander who experiences a deficit of funds.

2. Write a note on Secondary Market.

[PTA-2; QY-2019]

Ans. (i) Secondary market may be defined as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here.

(ii) The trading takes place between investors who follow the original issue in the primary market.

(iii) It covers both stock exchange and over the counter market.

3. Bring out the scope of Financial Market in India.

Ans. (i) 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.

(ii) With the help of the financial market all the above stated individuals, institutions and the Government can get their required funds in time.

(iii) Through the financial market the institutions get their short term as well as long term financial assistance.

(iv) It leads to the overall economic development.

IV. LONG ANSWER QUESTIONS.

1. Distinguish between New Issue Market and Secondary Market. (any 5)

Ans. [Govt. MQP-2019; PTA-1; Sep-2020]

S. No	Basis of Comparison	New Issue Market	Secondary Market
1.	Meaning	The market place for new shares is called primary market. (Initial Issues Market)	The place where formerly issued securities are traded is known as Secondary market. (Resale Market)
2.	Buying	Direct	Indirect
3.	Financing	It supplies funds to budding enterprises and also to existing companies for expansion and diversification.	It does not provide funding to companies.
4.	Buying and selling between	Company and Investors	Investors
5.	Gained person	Company	Investors
6.	Intermediary	Underwriters	Brokers
7.	Price	Fixed price	Fluctuates, depends on the demand and supply force.

2. Enumerate the different types of Financial Markets. (any 5) [PTA-2; QY-2019]

Ans. Financial markets can be classified in different ways. They are as follows :

(i) On the Basis of Type of Financial Claim :

(a) Debt Market : Debt market is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, corporate Debentures or Bonds).

(b) Equity Market : Equity market is the financial market for trading in Equity Shares of Companies.

(ii) **On the Basis of Maturity of Financial Claim:**

- (a) **Money Market :** Money market is the market for short term financial claim (usually one year or less) Example : Treasury Bills, Commercial Paper, Certificates of Deposit
- (b) **Capital Market :** Capital market is the market for long term financial claim more than a year Example : Shares and Debentures

(iii) **On the Basis of Time of Issue of Financial Claim:**

- (a) **Primary Market :** Primary market 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). Here the money from investors goes directly to the issuers.
- (b) **Secondary Market :** Secondary market is the market for securities that are already issued. Stock Exchange is an important institution in the secondary market.

(iv) **On the Basis of Timing of Delivery of Financial Claim**

- (a) **Cash/Spot Market :** Cash or Sport market is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately.
- (b) **Forward or Futures Market :** Forward or futures market is a market where the delivery of asset and payment of cash takes place at a pre-determined time in future.

(v) **On the Basis of the Organizational Structure of the Financial Market :**

- (a) **Exchange Traded Market :** Exchange traded market is a centralized organization (stock exchange) with standardized procedures.

- (b) **Over-the-Counter Market :** Over – the – counter market is a decentralized market (outside the stock exchange) with customized procedures.

3. **Discuss the role of Financial Market.**

[Mar-2020]

Ans. One of the important requisites for the accelerated development of an economy is the existence of a dynamic and a resilient financial market. A financial market is of great use for a country as it helps the economy in the following manner.

(i) **Savings Mobilization :**

Obtaining funds from the savers or surplus units such as household individuals, business firms, public sector units, government is an important role played by financial markets.

(ii) **Investment :**

Financial market plays a key role in arranging the investment of funds thus collected, in those units which are in need of the same.

(iii) **National Growth :**

Financial markets contribute to a nation's growth by ensuring an unfettered flow of surplus funds to deficit units. Flow of funds for productive purposes is also made possible. It leads to overall economic growth.

(iv) **Entrepreneurship Growth :**

Financial markets contribute to the development of the entrepreneurial class by making available the necessary financial resources.

(v) **Industrial Development :**

The different components of financial markets help an accelerated growth of industrial and economic development of a country and thus contributing to raising the standard of living and the society's well-being.

PTA QUESTIONS AND ANSWERS

I. VERY SHORT ANSWER QUESTIONS. 2 MARKS

1. **Write a note on Financial Market.**

[PTA-1; QY-2019]

Ans. A market wherein financial instruments such as financial claims, assets and securities are traded is known as a 'financial market'.

II. SHORT ANSWER QUESTIONS. 3 MARKS

1. **Write a note on Financial Market.**

[PTA-1; QY-2019]

Ans. A market wherein financial instruments such as financial claims, assets and securities are traded is known as a 'financial market'.

2. Differentiate Spot Market from Future Market. [PTA-1]

S. No	Spot Market	Future Market
1.	Spot market is a market where the delivery of the financial instrument and payment of cash occurs immediately i.e. settlement is completed immediately.	Future market is a market where the delivery of assets and payment of cash takes place at a pre-determined time in future.
2.	Spot market is also known as cash market.	Future market is also known as Forward market.

III. LONG ANSWER QUESTIONS. 5 MARKS

1. What are the functions of Financial Markets?

Ans. The financial market two functions : [PTA-3]

- I. Intermediary Functions
- II. Financial Functions

- I. Intermediary Functions :** The intermediary functions of a financial market include the following
- (i) **Transfer of resources :** Financial markets facilitate the transfer of real economic resource from lenders to ultimate borrowers.
 - (ii) **Enhancing Income :** Financial markets allow lenders earn interest / dividend on their surplus investible funds and thus

contributing to the enhancement of the individual and the national income.

- (iii) **Productive Usage :** Financial markets allow for the productive use of the funds borrowed and thus enhancing the income and the gross national production.
 - (iv) **Capital Formation :** Financial markets provide a channel through which new savings flow to aid capital formation of a country.
 - (v) **Sale Mechanism :** Financial market provides a mechanism for selling of a financial asset by an investor so as to offer the benefits of marketability and liquidity of such assets.
 - (vi) **Information :** The activities of the participants in the financial market result in the generation and the consequent dissemination of information to the various segments of the markets, so as to reduce the cost of transaction of financial assets.
- II. Financial Functions :** The financial functions of a financial market include the following :
- (i) Providing the borrowers with funds so as to enable them to carry out their investment plans.
 - (ii) Providing the lenders with earning assets so as to enable them to earn wealth by deploying the assets in productive ventures.
 - (iii) Providing liquidity in the market so as to facilitate trading of funds.

GOVERNMENT EXAM QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS.

1 MARK

1. Which one is non marketable assets? [QY-2019]

- (a) Government securities
- (b) Bonds of Public sector undertakings
- (c) National Savings Certificates
- (d) Shares of listed companies

[Ans. (c) National Savings Certificates]

2. Which of the following is not a correct pair?

[Mar-2020]

- (a) Forward Market - Future Market
- (b) Debt Market - Government Bonds
- (c) Money Market - Commercial Papers
- (d) Equity Market - Debentures

[Ans. (d) Equity Market - Debentures]

