CBSE | DEPARTMENT OF SKILL EDUCATION

FINANCIAL MARKETS MANAGEMENT (SUBJECT CODE: 805)

MARKING SCHEME FOR CLASS XI (SESSION 2022-2023)

Max. Time: 3 Hours **Max. Marks: 60**

General Instructions:

1. Please read the instructions carefully.
2. This Question Paper consists of **24 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 (6 + 18 =) 24 questions, a candidate has to answer (6 + 11 =) 17 questions in the allotted (maximum) time of 3 hours.**
5. All questions of a particular section must be attempted in the correct order.
6. **SECTION A - OBJECTIVE TYPE QUESTIONS (30 MARKS):**
   - **i.** This section has 06 questions.
   - **ii.** There is no negative marking.
   - **iii.** Do as per the instructions given.
   - **iv.** Marks allotted are mentioned against each question/part.
7. **SECTION B – SUBJECTIVE TYPE QUESTIONS (30 MARKS):**
   - **i.** This section contains 18 questions.
   - **ii.** A candidate has to do 11 questions.
   - **iii.** Do as per the instructions given.
   - **iv.** Marks allotted are mentioned against each question/part.

SECTION A: OBJECTIVE TYPE QUESTIONS

Q. No.	QUESTION	Source Material (NCERT/PSSCIVE/ CBSE Study Material)	Unit/ Chap. No.	Page no. of source material	Marks
Q. 1	**Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks)**				
i.	Grooming is the process of making yourself look neat, tidy and clean.	**NCERT**	**2**	**77**	**1**
ii.	**a. Personal hygiene**	**NCERT**	**2**	**80**	**1**
iii.	**b. Bottom**	**NCERT**	**3**	**110**	**1**
iv.	Bold: Ctrl+B	**NCERT**	**3**	**119**	**1**
v.	**d. An Entrepreneur**	**NCERT**	**4**	**138**	**1**
vi.	**c. Trading Business**	**NCERT**	**4**	**140**	**1**
Q. 2	**Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)**				
i.	**b. Level of investors borrowings**	CBSE	1	2	**1**
ii.	**d. Money Market or Liquid Funds**	CBSE	1	3	**1**
iii.	Shares, Bonds and Debentures, Government Securities, Units of mutual funds and derivative products.	CBSE	1	7	**1**
iv.	The Securities & Exchange Board of India is the regulatory Authority established under section 3 of SEBI Act 1992.	CBSE	1	7	**1**
v.	**a. Above the face value**	CBSE	2	12	**1**
vi.	**d. Initial Public Offering (IPO)**	CBSE	2	13	**1**
vii.	**b. Book Building**	CBSE	2	14	**1**

Q. 3	**Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)**				
i.	**a. Floor price is the minimum price at which bids can be made.**	CBSE	2	14	**1**
ii.	**b. Abridged**	CBSE	2	16	**1**
iii.	a. **ADR(American Depositary Receipt**)	CBSE	2	18	**1**
iv.	a. National Securities Depository Limited (NSDL) b. Central Depository Services (India) Limited (CDSL)	CBSE	2	20	**1**
v.	NSE is the first exchange in the world to use satellite communication technology for trading. Its trading system, called NEAT is a state of-the-art client server-based application.	CBSE	2	21	**1**
vi.	**d. Mutual Fund**	CBSE	3	39	**1**
vii.	**a. Sponsor , Trust and AMC**	CBSE	3	41	**1**
Q. 4	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**				
i.	**b. Asset Management Company (AMC)**	CBSE	3	42	**1**
ii.	**a. Index Funds**	CBSE	3	48	**1**
iii.	Funds which invest simultaneously in the cash and the derivatives market and take advantage of the price differential of a stock in the cash and derivative segment by taking opposite positions in the two markets.	CBSE	3	50	**1**
iv.	**c. Index**	CBSE	4	63	**1**
V.	SGBs are issued by RBI on behalf of the Government of India and distributed through Agents like banks, designated post offices and Stock Holding Corp.	CBSE	4	67	**1**
vi.	**a. Debt funds**	CBSE	4	72	**1**
Q. 5	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**				
i.	A Fixed Maturity Plan is a close ended debt fund for a specified period.	CBSE	5	87	**1**
ii.	**a. Indexation**	CBSE	5	87	**1**
iii.	**c. industry association for the mutual fund**	CBSE	5	89	**1**
iv.	SWP stands for Systematic Withdrawal Plan. Here the investor invests a lump sum amount and withdraws some money regularly over a period of time.	CBSE	5	92	**1**
V.	**a. Growth Plan**	CBSE	5	93	**1**
vi.	**a. XIRR**	CBSE	6	99	**1**
Q. 6	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**				
i.	**c. Standard deviation**	CBSE	6	102	**1**
ii.	**b. Company**	CBSE	6	103	**1**
iii.	**b. Standard deviation**	CBSE	6	105	**1**
iv.	Sharpe Ratio can be used for debt schemes as well as equity schemes.	CBSE	6	107	**1**
V.	**d. Jensen's Alpha**	CBSE	6	107	**1**
vi.	a. **Better risk adjusted returns**.	CBSE	6	108	**1**

SECTION B: SUBJECTIVE TYPE QUESTIONS

Q. No.	QUESTION	Source Material (NCERT/PSSCIVE/ CBSE Study Material)	Unit/ Chap. No.	Page no. of source material	Marks
Answer any 3 out of the given 5 questions on Employability Skills in 20 – 30 words each (2 x 3 = 6 marks)					
Q. 7	A team is a group of people working together towards achieving a common goal. Every team has a set of goals to achieve. The process of working together in a group is TEAM WORK.	**NCERT**	**2**	**85**	**2**
Q. 8	Listening with attention shows that you respect and value what the other person is saying. (1) Asking thoughtful questions shows that you are interested in the opinion of the other person and it helps to build trust in a relationship. **(1)**	**NCERT**	**2**	**89**	**2**
Q. 9	Header is the top part of a page while the footer appears at the bottom of the page. They contain information that is available on every page at the same place, for example, if we want the title of the document at the top of each page and the page number at the bottom of each page, we can use a header (for title) or a footer (for page number).	**NCERT**	**3**	**130**	**2**
Q. 10	An entrepreneur is responsible to overcome these failures, learn from them and keep going, no matter what happens. The entrepreneur has to stay positive and motivated when things get difficult.	**NCERT**	**4**	**144**	**2**
Q. 11	Critical thinking to understand a situation or problem by asking oneself questions (why, what, when, how) and researching about reasons for the situation or a problem. An entrepreneur has to always think critically when faced with a problem. They just cannot get worried about the problem.	**NCERT**	**4**	**153**	**2**
Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)					
Q. 12	Physical assets like real estate, gold, commodities etc. Financial assets such as fixed deposits with banks, small saving instruments with post offices, insurance/provident/pension fund etc. or securities market related instruments like shares, bonds, debentures, mutual funds, etc.	CBSE	**1**	**2**	**2**
Q. 13	A contract Note is a confirmation of trades done on a particular day on behalf of the client by a trading member. It imposes a legally enforceable relationship between the client and the trading member with respect to purchase/sale and settlement of trades.	CBSE	**2**	**22**	**2**

Q. 14	Tracking Error is the variance between the daily returns of the underlying index and the NAV of the scheme over any given period. Tracking Error is the Standard Deviation of the difference between daily returns of the index and the NAV of the scheme (index fund).	CBSE	**3**	**48**	**2**
Q. 15	**Short-term capital gains** on equity mutual funds; you will be taxed at 15% plus cess and surcharge. (1) **long-term gains** over Rs 1 lakh will be taxed at the rate of 10% plus cess and surcharges (1)	CBSE	**5**	**86**	**2**
Q. 16	This can be easily calculated using the Spreadsheet function 'STDEV' A high standard deviation would mean that the scheme deviates more from its past standard i.e it is more risky.	CBSE	**6**	**102,103**	**2**
Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)					
Q. 17	**Maturity**: Maturity of a bond refers to the date, on which the bond matures, which is the date on which the borrower has agreed to repay the principal. Term-to-Maturity refers to the number of years remaining for the bond to mature. (1) **Coupon**: Coupon refers to the periodic interest payments that are made by the borrower (who is also the issuer of the bond) to the lender (the subscriber of the bond). (1) **Principal:** Principal is the amount that has been borrowed, and is also called the par value or face value of the bond. The coupon is the product of the principal and the coupon rate. (1)	CBSE	**2**	**29**	**3**
Q. 18	**There is a Sponsor (the First tier),** who thinks of starting a mutual fund. The Sponsor approaches the Securities & Exchange Board of India (SEBI), which is the market regulator and also the regulator for mutual funds. (1) Once approved by SEBI, the sponsor creates a Public **Trust (the Second tier)** as per the Indian Trusts Act, 1882. Trustees are the people authorized to act on behalf of the Trust. Contracts are entered into in the name of the Trustees. (1) **Asset Management Company (the Third tier).** Trustees appoint the Asset Management Company (AMC), to manage investor's money. The AMC in return charges a fee for the services provided and this fee is borne by the investors as it is deducted from the money collected from them. (1)	CBSE	**3**	**41,42**	**3**
Q. 19	The Gold which the AP deposits for buying the bundled ETF units is known as Portfolio Deposit. This Portfolio Deposit has to be deposited with the	CBSE	**4**	**66**	**3**

	Custodian. (1) The custodian has to keep record of all the Gold that has been deposited/ withdrawn under the G-ETF. An account is maintained for this purpose, which is known as Allocated Account. (1) The money which the AP deposits for buying the bundled ETF units is known as Cash Component. This Cash Component is paid to the AMC. (1)				
Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)					
Q. 20	• Make sure your broker is registered with SEBI and the exchanges and do not deal with unregistered intermediaries. (1) • Ensure that you receive contract notes for all your transactions from your broker within one working day of execution of the trades. (1) • 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. (1) • Do not be misled by market rumors, wrong advertisement or hot tips of the day. (1) (Four points only)	CBSE	**2**	**23,24**	**4**
Q. 21	**Index Fund** (Low Risk)will invest in stocks comprising the Nifty 50 and in the same proportion as in the index‘. The fund manager will not indulge in research and stock selection, but passively invest in the Nifty 50 scrips only. **Large cap funds (Moderate Risk)** restrict their stock selection to the large cap stocks It is generally perceived that large cap stocks are those which have sound businesses, strong management, globally competitive products and are quick to respond to market dynamics. **Midcap funds (High Risk)** invest in stocks belonging to the mid cap segment of the market. Many of these midcaps are said to be the emerging blue chips or tomorrow‘s large caps. **Sectoral funds** (**Riskiest**) are funds that invest in stocks from a single sector or related sectors. Examples of such funds are Banking Funds, IT Funds, Pharma Funds, Infrastructure Funds, etc.	CBSE	**3**	**47-79**	**4**

					
Q. 22	G-ETFs can be said to be a new age product, designed to suit our traditional requirements. GETFs score over all these disadvantages, while at the same time retaining the inherent advantages of Gold investing. In case of Gold ETFs, investors buy Units, which are backed by Gold. Thus, every time an investor buys 1 unit of G-ETFs, it is similar to an equivalent quantity of Gold being earmarked for him some w here. Thus his units are as good as Gold. The investor need not worry about theft, locker charges, and quality of Gold or changes in fashion as he would be holding Gold in paper form. As and when the investor needs the Gold, he may sell the Units in the market and realize an amount equivalent to his holdings at the then prevailing rate of Gold ETF. The investor will not have to pay any wealth tax on his holdings. There may be other taxes, expenses to be borne from time to time, which the investor needs to bear in mind while buying / selling G-ETFs	CBSE	**4**	**65,66**	**4**
Q. 23	**Growth option** is for those investors who are looking for capital appreciation. Say an investor aged 25 invests Rs.1 lakh in an equity scheme. He would not be requiring a regular income from his investment as his salary can be used for meeting his monthly expenses. He would instead want his money to grow and this can happen only if he remains invested for a long period of time. Such an investor should go for Growth option. In case an investor chooses a **Dividend Payout option**, This results in a cash outflow from the scheme. The impact of this would be that the NAV would Here he will not get any more number of units but only dividend will be paid. In case of Dividend Payout option the investor will lose out on the power of compounding from the second year onwards. In case of **Dividend Reinvestment option**, the investor chooses to reinvest the dividend in the	CBSE	**5**	**93,94**	**4**

	scheme. The number of units will be increased but the cash flow would be same. For youngsters the growth option would be the better option for the capital appreciation for the longer period of time.				
Q. 24	There are four parameters to take a combined view of the Risk and Return for better investment decisions. The suitable statements are given below : 1) **Sharpe Ratio**: In a comparison of two schemes of the same type, the one with the higher Sharpe Ratio is considered to have delivered superior risk-adjusted returns. 2) **Sortino Ratio**:-Standard deviation is calculated on the basis that both positive and negative moves are a risk. The scheme with the higher Sortino Ratio is viewed as offering a better risk-adjusted return. 3) **Treynor Ratio:-** a higher Treynor Ratio is indicative of better risk-adjusted return. However, this ratio should ideally be used only for diversified equity portfolios. 4) **Jensen's Alpha**:- Alpha is a measure of the fund manager's performance. In the process of managing a non-index scheme, the fund manager may take a risk that is different from the market risk	CBSE	**6**	**106,107**	**4**