

CBSE | DEPARTMENT OF SKILL EDUCATION

INTRODUCTION TO FINANCIAL MARKETS (SUBJECT CODE - 405)

MARKING SCHEME FOR CLASS X (SESSION 2023-2024)

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. 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 (26 MARKS):**
 - i. This section contains 16 questions.
 - ii. A candidate has to do 10 questions.
 - iii. Do as per+
 - iv. the instructions given.
 - v. 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.	a) Mental stress (1m)	CBSE Study Material	2	Pg no 17	1
ii.	b. Recycle Bin (1m)	CBSE Study Material	3	Pg no 25	1
iii	d) Yoga (1m)	CBSE Study Material	2	Pg no 18	1
iv	a) by bringing unique and new products and services (1m)	CBSE Study Material	4	Pg no 52	1
v	(c) Ctrl + V (1m)	CBSE Study Material	3	Pg no 30	1
vi	Managerial functions, Commercial Functions, Entrepreneurial Functions Promotional Functions (Any one point) (1m)	CBSE Study Material	4	Pg no 48	1
Q. 2	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)				
i.	a. Real Estate (1m)	CBSE Study Material	1	Pg no 3	1

ii.	c. Private Placement (1m)	CBSE Study Material	3	Pg no 11	1
iii.	a. Forward contract (1m)	CBSE Study Material	5	Pg no 31	1
iv.	Screen Based Trading System(1m)	CBSE Study Material	4	Pg no 21	1
v.	a. the Investor Grievances Cell (IGC)	CBSE Study Material	8	Pg no 48	1
vi.	<p>BANK</p> <ul style="list-style-type: none"> • Holds funds in an account. • Transfers funds between accounts on the instruction of the account holder. • Facilitates transfers without having to handle money. • Facilitates safekeeping of money. <p>DEPOSITORY</p> <ul style="list-style-type: none"> • Hold securities in an account • Transfers securities between accounts on the instruction of the account holder. • Facilitates transfers of ownership without having to handle securities. • Facilitates safekeeping of shares. <p>(Any one point) (1m)</p>	CBSE Study Material	6	Pg no 34	1
Q. 3	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)				
i.	b. Public Sector (1m)	CBSE Study Material	4	Pg no 29	1
ii.	term deposits (1m)	CBSE Study Material	1	Pg no 4	1
iii.	<ul style="list-style-type: none"> • Department of Economic Affairs (DEA), • Department of Company Affairs (DCA), Reserve Bank of India (RBI) and • Securities and Exchange Board of India (SEBI). <p>(any one) (1m)</p>	CBSE Study Material	2	Pg no 8	1
iv.	Q. 4 Application of Funds(1m)	CBSE Study Material	9	Pg no 58	1
v.	b. Premium (1m)	CBSE Study Material	3	Pg no 11	1
vi.	d. CARE (1m)	CBSE Study Material	6	Pg no 35	1

Q. 4		Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)			
i.	b. American Depository Receipt (1m)	CBSE Study Material	3	Pg no 17	1
ii.	It can be an agricultural commodity like wheat, soybeans, rapeseed, cotton, etc or precious metals like gold, silver, etc. (Any two and 0.5 for each correct answer)	CBSE Study Material	5	Pg no 32	1
iii.	A bond is generally a <u>promise to repay the principal along with a fixed rate of interest</u> on a specified date, called <i>the Maturity Date</i> . (1m)	CBSE Study Material	1	Pg no 4	1
iv.	b. Debt-Equity Ratio reflects relative contributions of creditors and owners to finance the business. (1m)	CBSE Study Material	10	Pg no 67	1
v.	d. Nifty (1m)	CBSE Study Material	8	Pg no 46	1
vi.	d. INB (1m)	CBSE Study Material	4	Pg no 22	1
Q. 5		Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)			
i.	b. Rs 12.50 (1m)	CBSE Study Material	4	Pg no 22	1
ii.	d. 'Depreciation' (1m)	CBSE Study Material	9	Pg no 61	1
iii.	National Exchange Automated Trading (1m)	CBSE Study Material	3	Pg no 21	1
iv.	An investor with limited funds might be able to invest in only one or two stocks/bonds, thus increasing his or her risk. (1m)	CBSE Study Material	7	Pg no 37	1
v.	Liquid Funds (explanation :Liquid Funds as all others are long term financial options) (1m)	CBSE Study Material	1	Pg no 4	1
vi.	c. "The securities market has two interdependent segments: the primary (new issues) market and the Secondary market." (1m)	CBSE Study Material	2	Pg no 9	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.6	<p>The <u>two</u> qualities of entrepreneurship are :</p> <ul style="list-style-type: none"> • Hard work: • Optimism • Independence energetic • Self-confident • Perseverant <p>(any 2 or any other valid point & one mark for each point)</p>	CBSE Study Material	4	Pg no 48	2
Q.7	<p>Following benefits of working independently advocate its importance.</p> <ul style="list-style-type: none"> • Ensures greater learning. • Individuals feel more empowered and responsible. • It provides flexibility to choose and define working hours and working mechanisms. • Failure and success of the task assigned are accounted by individuals. • Individuals become assets to organizations, groups and nations at large. • It ensures creativity and satisfaction amongst individuals. <p>(any 2 or any other valid point & one mark for each point)</p>	CBSE Study Material	1	Pg no 19 (5.1)	2
Q.8	<p>Recreational activities like watching movies, attending concerts, playing games, involving in adventure sports, singing, dancing or even sketching can help individuals transcend to a Happier mental state and help manage stress. (any 2 or any other valid point) (any 2 or any other valid point & one mark for each point)</p>	CBSE Study Material	2	Pg no 19(4.4)	2

<p>Q.9</p>	<p>The different types of operating systems are as follows:</p> <p>a. Interactive (GUI-based) :A graphical user interface is a user-friendly operating system in which commands can be entered by clicking/double-clicking/right-clicking a mouse. Windows operating system is an example of an interactive operating system.</p> <p>b. Single-user , single-task operating system -This type of operating system allows only one user to do a task on the computer and one thing at a time.</p> <p>c. Single-user, multi-task operating system- This type of operating system is used on Desktop computers, laptops, where a single user can operate on several programs at the same time. For example, Windows, Apple MacOS are examples of single-user multi task operating system.</p> <p>d. Multi-user -A multi-user operating system enables multiple users to work on the same computer at different times or simultaneously.</p> <p>e. Real Time- A real time operating system is used to control machinery, scientific instruments, like robots, in complex animations and computer controlled automated machines. A real-time operating system is a computing environment that reacts to input within a specific period of time. It manages the resources of the computer so that any particular operation is executed in the same amount of time every time it is executed. Windows CE and Lynx OS are examples of real-time operating systems</p> <p>f. Distributed -A distributed operating system runs on a set of computers that are interconnected by a network. It combines the different computers in the network into a single integrated computer and storage location. Windows, UNIX, and LINUX are examples of distributed operating systems</p> <p>(any 2 or any other valid point & one mark for each point)</p>	<p>CBSE Study Material</p>	<p>3</p>	<p>Pg no 22& 23</p>	<p>2</p>
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Q.10	<p>a. Women Entrepreneurship entrepreneurial activity (1 mark)</p> <p>b.: An entrepreneur builds the</p> <ul style="list-style-type: none"> • organization by taking various steps such as hiring employees, • organizing the factors of production, • Sourcing finance etc. <p>(any 1 or any other valid point & one mark for each point)</p>	CBSE Study Material	4	<p>i.Pg no 46</p> <p>ii. Pg no 48</p>	2
Answer any 4 out of the given 6 questions in 20 – 30 words each (2 x 4 = 8 marks)					
Q.11	<p>1. An Initial Public Offer (IPO) is the selling of securities to the public in the primary market. (1m)</p> <p>2. It is when an unlisted company makes either a fresh issue of securities or an offer for sale of its existing securities or both for the first time to the public. (1m)</p>	CBSE Study Material	3	Pg no 13	2
Q.12	<p>EPS measures the profit available to the equity shareholders per share, that is, the amount that they can get on every share held. (1m)</p> <p>It is calculated by dividing the profits available to the shareholders by number of outstanding shares. (1m)</p>	CBSE Study Material	10	Pg no 68	2
Q.13	<p>The National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).(1+1)</p>	CBSE Study Material	6	Pg no 34	2
Q.14	<p>a. Authorized capital is <u>the maximum capital that a company is authorized to raise.</u></p> <p>B. Issued capital is that part of the authorized capital which is <u>offered by the company for being subscribed by members</u> of the public or anybody.</p> <p>c. Subscribed capital is that part of the issued capital which <u>is subscribed (accepted) by the public.</u></p> <p>(any 2 & one mark for each term)</p>	CBSE Study Material	9	Pg no 60	2

<p>Q.15</p>	<p>1.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. (1m) 2. It is calculated by aggregating past year's dividend and dividing it by the current stock price.. (1m)</p>	<p>CBSE Study Material</p>	<p>8</p>	<p>Pg no 44</p>	<p>2</p>
<p>Q.16</p>	<p>a. The 'Bid' is the buyer's price. It is this price that you need to know when you have to sell a stock.Bid is the rate/price at which there is a ready buyer for the stock, which you intend to sell. (1m) b. The 'Ask' (or offer) is what you need to know when you're buying i.e. <u>this is the rate/ price at which there is seller ready to sell his stock.</u> The seller will sell his stock if he gets the quoted "Ask' price. (1m)</p>	<p>CBSE Study Material</p>	<p>4</p>	<p>Pg no 27</p>	<p>2</p>

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

<p>Q.17</p>	<p>Some of the Risk to which Mutual Funds are exposed to is given below: Market risk If the overall stock or <u>bond markets fall on account of overall economic factors</u>, the value of stock or bond holdings in the fund's portfolio can drop, thereby impacting the fund performance. (1m) Non-market risk <u>Bad news about an individual company can pull down its stock price, which can negatively affect fund holdings.</u> This risk can be reduced by having a diversified portfolio that consists of a wide variety of stocks drawn from different industries.(1m) Interest rate risk <u>Bond prices and interest rates move in opposite directions.</u> When interest rates rise, bond prices fall and this decline in underlying securities affects the fund negatively. (1m)</p>	<p>CBSE Study Material</p>	<p>7</p>	<p>Pg no 38</p>	<p>4</p>
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	<p>Credit risk Bonds are debt obligations. So when the funds invest in corporate bonds, they <u>run the risk of the corporate defaulting on their interest and principal payment obligations</u> and when that risk crystallizes, it leads to a fall in the value of the bond causing the NAV of the fund to take a beating. (1m)</p>				
Q.18	<p>Ans: a. A Clearing Corporation is a part of an exchange or a separate entity and performs three functions, namely, it clears and settles all transactions, i.e. completes the process of receiving and delivering shares/funds to the buyers and sellers in the market, it provides financial guarantee for all transactions executed on the exchange and provides risk management functions. (1m) ii. National Securities Clearing Corporation Limited (NSCCL), a 100% subsidiary of NSE, performs the role of a Clearing Corporation for transactions executed on the NSE. (1m) b. Pay-in day is the day when the securities sold are delivered to the exchange by the sellers and funds for the securities purchased are made available to the exchange by the buyers. (1m) ii. Pay-out day is the day the securities purchased are delivered to the buyers and the funds for the securities sold are given to the sellers by the exchange. (1m)</p>	CBSE Study Material	8	Pg no 46 Pg no 47	4
Q.19	<p>(1) Growth stock -Companies whose potential for growth in sales and earnings are excellent, are growing faster than other companies in the market or other stocks in the same industry are called the Growth Stocks. These companies usually pay little or no dividends and instead prefer to reinvest their profits in their</p>	CBSE Study Material	4	Pg no 26 Pg no 27	4

	<p>business for further expansions. (2 m)</p> <p>2.Value Stock -The task here is to look for stocks that have been overlooked by other investors and which may have a 'hidden value'. These companies may have been beaten down in price because of some bad event, or may be in an industry that's not fancied by most investors. However, even a company that has seen its stock price decline still has assets to its name - buildings, real estate, inventories, subsidiaries, and so on.</p> <p>The value investors tend to purchase a company's stock usually based on relationships between the current market price of the company and certain business fundamentals. They like P/E ratio being below a certain absolute limit; dividend yields above a certain absolute limit; Total sales at a certain level relative to the company's market capitalization, or market value etc.</p> <p>(2m)</p>				
Q.20	<p>1. The primary market provides the <u>channel for sale of new securities</u> (1m)</p> <p>2. Primary market provides <u>opportunity to issuers of securities; Government as well as corporates</u>, to raise resources to meet their requirements of investment and/or discharge some obligation. (1m)</p> <p>3. They may issue the securities at face value, or at a discount/premium and these securities may take a variety of forms such as equity, debt etc. (1m)</p> <p>4. They may issue the securities in <u>domestic market and/or international market</u>. (1m)</p>	CBSE Study Material	3	Pg no 11	4
Q.21	<p>a. The Profit and Loss account (Income Statement), shows the <u>financial performance of the</u></p>	CBSE Study Material	9	a.Pg no 58 b. Pg no	4

	<p><u>company/firm over a period of time . (1m)</u></p> <p>b. 1. Industry Analysis: Companies <u>producing similar products</u> are subset (form a part) of an Industry/Sector. For example, National Hydroelectric Power Company (NHPC) Ltd., National Thermal Power Company (NTPC) Ltd., Tata Power Company (TPC) Ltd. etc. <u>belong to the Power Sector/Industry of India.</u> Specifics like effect of Government policy, future demand of its products etc. need to be checked. (1m)</p> <p>2. Corporate Analysis: Seeking information on <u>company's current operations, managerial capabilities, growth plans, its past performance vis-a-vis its competitors etc.</u> This is known as Corporate Analysis. (1m)</p> <p>3. Financial Analysis: If performance of an industry as well as of the company seems good, then check if at the current price, the share is a good buy. For this look at the financial performance of the company and certain <u>key financial parameters like Earnings Per Share (EPS), P/E ratio, current size of equity etc.</u> for arriving at the estimated future price. This is termed as Financial Analysis. (1m)</p>			56	
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