B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

INDIAN PUBLIC SCHOOLS' CONFERENCE

TERM 1 EXAMINATION - 2026-27
FINANCIAL MARKETS MANAGEMENT
SET-1

Class: XI | **Time: 3hrs**
Date: 9.09.2026 | **Max Marks: 60**
Admission no: | **Roll no:**

INSTRUCTION:

I. Question paper comprises four Sections–A, B, C and D.

II. There are 34 questions in the question paper.

III. Section A –Question 1 to 20 are MCQs of 1 mark each.

IV. Section B–Question no.21 to 25 is Very Short Answer Type Questions, carrying 2 marks each. Answer to each question should not exceed 20-40 words.

V. Section C-Question no.26 to 31 are Short Answer Type Questions, carrying 3marks each. Answer to each question should not exceed 40-60 words.

VI. Section D–Question no.32 to 34 are Long Type Questions, carrying 4 marks each. Answer to each question should not exceed 80-100 words.

SECTION-A

1. Equity shareholders are the: [1]
(a) Creditors (b) Owners of the company
(c) Debenture holders (d) Preference shareholders

2. Which institution regulates the securities market in India? [1]
(a) RBI (b) IRDAI
(c) NABARD (d) SEBI

3. **Assertion (A):** Financial markets help in mobilising savings. [1]
Reason (R): Financial markets channel savings into productive investments.
(a) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).
(b) Both Assertion (A) and Reason (R) are true, but (R) is NOT the correct explanation of (A).
(c) Assertion (A) is true, but Reason (R) is false.
(d) Assertion (A) is false, but Reason (R) is true.

4. Which of the following pairs is correctly matched? [1]
(a) Money Market – Long-term securities
(b) Capital Market – Instruments with maturity below one year
(c) Money Market – Short-term borrowing and lending
(d) Capital Market – Treasury Bills

5. Riya invested Rs 5 lakh in purchasing a commercial shop, while Aryan invested the same amount in corporate bonds. Which statement correctly distinguishes their investments? [1]
(a) Both are financial assets.
(b) Riya owns a physical asset, whereas Aryan owns a financial asset.
(c) Aryan owns a physical asset, whereas Riya owns a financial asset.
(d) Both are real assets.

6. Which of the following best describes a financial market? [1]
(a) A place where only shares are bought and sold
(b) A marketplace for trading goods and services
(c) A mechanism that facilitates the transfer of funds between investors and users of funds

(d) A government department that regulates banks

7. Which market deals with the issue of new securities for the first time? [1]
. (a) Secondary Market (b) Primary Market
(c) Money Market (d) Derivatives Market

8. Which of the following is **not** a method of issuing securities in the primary market? [1]
(a)Public Issue (b) Rights Issue
(c) Stock Exchange Trading (d) Private Placement

9. An Initial Public Offering (IPO) refers to: [1]
(a) Sale of existing shares between investors
(b) Purchase of government securities
(c) Sale of bonds only
(d) First sale of securities by a company to the public

10.Which of the following is the main function of the secondary market? [1]
(a) Creation of new securities (b) Trading of existing securities

(c) Lending money to companies (d) Issuing debentures

11.In the secondary market, the transaction takes place between: [1]
(a) Company and Investors (b) Government and Investors
(c) Investors and Investors (d) Company and Government

12. Normally, issues are made at [1]
(a) Face Value (b) Premium
(c) Discount (d) Depends upon the market

13.Price discovery in the secondary market is mainly based on: [1]
(a) Demand and Supply (b) Company profits only
(c) Government orders (d) RBI guidelines

14.Which of the following provides liquidity to investors? [1]
(a) Insurance Market (b) Commodity Market
(c) Primary Market (d) Secondary Market
15.Which type of mutual fund primarily invests in equity shares? [1]
(a) Debt Fund (b) Equity Fund
(c) Liquid Fund (d) Chit Fund

16.Which of the following is the main objective of a debt mutual fund? [1]
(a) Capital appreciation
(b) Wealth creation through equities
(c) Regular income with relatively lower risk
(d) Investing only in foreign securities

17.A mutual fund that invests in both equity and debt instruments is known as: [1]
(a) Index Fund (b) Liquid Fund
(c) Sectoral Fund (d) Hybrid Fund

18.The Net Asset Value (NAV) of a mutual fund is calculated: [1]
(a) Once every month (b) Once every quarter
(c) At the end of every trading day (d) Every financial year

19. **Assertion (A):** Systematic Investment Plans (SIPs) help investors invest a fixed amount at regular intervals. [1]
Reason (R): SIPs guarantee higher returns than all other modes of investment.

(a) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).
(b) Both Assertion (A) and Reason (R) are true, but (R) is NOT the correct explanation of (A).
(c) Assertion (A) is true, but Reason (R) is false.
(d) Assertion (A) is false, but Reason (R) is true.

20.Which of the following statements is **correct**? [1]
(a) A New Fund Offer is issued every trading day.
(b) Mutual funds completely eliminate investment risk.
(c) Fund managers make investment decisions according to the scheme objectives.
(d) Debt funds always provide higher returns than equity funds.

SECTION –B

21. Differentiate between the money market and the capital market. [2]

22. State any two functions of financial markets. [2]

23. What is a Demat account? Why is it necessary? [2]

24. Define a mutual fund. How does it benefit small investors? [2]

25. Why is diversification considered an important feature of mutual funds? [2]

SECTION-C

26. Explain any three types of financial instruments. [3]

27. Explain any three objectives of financial markets. [3]

28. Explain any three features of the Secondary Market. [3]

29. Explain the importance of a Prospectus in a public issue. [3]

30. Explain any three features of a Debt Mutual Fund. [3]

31. Explain any three advantages of Systematic Investment Plan (SIP). [3]

SECTION-D

32. Explain the importance of financial markets in the development of an economy. [4]

33. Explain the different methods through which companies can raise funds in the primary market. [4]

34. Explain the advantages of investing in mutual funds. . [4]

ALL THE BEST