



# B.K. BIRLA CENTRE FOR EDUCATION

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

TERM-1 EXAMINATION, 2025-26

FINANCIAL MARKET MANAGEMENT (805)

CLASS: XI  
DATE: 3/09/2025  
NAME:

DURATION: 3 Hrs.  
MAX. MARKS: 50  
EXAM NO: -----

## INSTRUCTIONS:

1. The question paper consists of four sections (A, B, C, and D) with 22 questions in total.
2. All questions are compulsory.
3. Question numbers 1-10 are multiple-choice questions of one mark each.
4. Question numbers 11-18 are of 3 marks each. Answers to these questions should not exceed 50-60 words each.
5. Question numbers 19-20 are of 4 marks each case based questions.
6. Question numbers 21-22 are of 4 marks each. Answer to these questions should not exceed 80 – 120 words.

## SECTION-A 1X10=10

Q1. Which of the following is NOT a function of the primary market?

- a) Issuing new shares to the public
- b) Facilitating trading of existing securities
- c) Underwriting of securities
- d) Pricing of securities

Q2. The secondary market is also known as:

- a) New Issue Market
- b) Over-the-Counter Market
- c) Stock Exchange
- d) Primary Market

Q3. Which instrument represents ownership in a company?

- a) Debenture
- b) Bond
- c) Equity Share
- d) Treasury Bill

Q4. In which market are securities first offered to the public?

- a) Derivatives Market
- b) Primary Market
- c) Secondary Market
- d) Commodity Market

Q5. Which of the following is NOT a type of security?

- a) Government Bond
- b) Equity Share
- c) Mutual Fund Unit
- d) Fixed Deposit in Bank

Q6. **Assertion (A):** Equity shareholders are the real owners of a company.

**Reason (R):** They receive fixed interest from the company.

- a) Both A and R are true, and R is the correct explanation of A
- b) Both A and R are true, but R is not the correct explanation of A
- c) A is true, but R is false
- d) A is false, but R is true

Q7. Which of the following is NOT a financial market?

- a) Capital Market
- b) Money Market
- c) Commodity Market
- d) Shopping Mall

Q8. Assertion (A): Financial markets act as a link between savers and investors.

Reason (R): They facilitate the flow of funds from surplus units to deficit units.

- a) Both A and R are true, and R is the correct explanation of A.
- b) Both A and R are true, but R is not the correct explanation of A.
- c) A is true, but R is false.
- d) A is false, but R is true.

Q9. Assertion (A): Securities are tradable financial assets that can represent ownership or debt.

Reason (R): Equity shares and debentures are examples of securities.

- a) Both A and R are true, and R is the correct explanation of A.
- b) Both A and R are true, but R is not the correct explanation of A.
- c) A is true, but R is false.
- d) A is false, but R is true.

Q10. Assertion (A): The secondary market is also called the new issue market.

Reason (R): It deals with securities that are already issued and listed for trading.

- a) Both A and R are true, and R is the correct explanation of A.
- b) Both A and R are true, but R is not the correct explanation of A.
- c) A is true, but R is false.
- d) A is false, but R is true.

### **SECTION-B 3X8=24**

Q11. Explain any three differences between the primary market and the secondary market.

Q12. What is meant by securities? Give two examples.

Q13. Define IPO and mention two features of it.

Q14. State any three functions of a secondary market.

Q15. Define the term financial market and write its main functions.

Q16. As an investor, how would you apply the golden rule to make smart financial decisions and minimize risks?

Q17. Which factors determine the interest rate?

Q18. Ravi has recently started earning a salary of 30,000 per month. After meeting his monthly expenses, he is left with 8,000 as savings. He is confused about whether to keep the money in a

savings account or invest it in financial instruments. His friend advises him to invest for better returns and future security. Based on the above situation, explain why there is a need for investment.

**SECTION-C 4X2=08**

Q19. Read the passage given below carefully and answer the questions that follow:

XYZ Ltd. needs 50 lakh for expansion and decides to issue shares to the public for long-term funding. Meanwhile, the company also wants to invest its surplus cash for 3 months to earn some short-term returns with safety.

**Questions:**

1. Which market will XYZ Ltd. approach for raising long-term funds? 1
2. Which market will it approach for investing surplus cash for 3 months? 1
3. Name one suitable instrument for short-term investment in that market. 1
4. State any one difference between the two markets mentioned above. 1

Q20. Read the passage given below carefully and answer the questions that follow:

ABC Ltd. is planning to raise ₹ 100 crores for expansion. The company decides to issue new shares to the public through an online platform. Once the shares are sold, they will be listed on the National Stock Exchange (NSE) so that investors can buy and sell them freely.

**Questions:**

1. Which market is ABC Ltd. approaching to issue shares for the first time? 1
2. Name the process of issuing shares to the public for the first time. 1
3. Once listed, in which market will the trading take place? 1
4. Mention any two functions of that market. 1

**SECTION-D 4X2=8**

Q21. An investor must take care of certain aspects before investing. Mention these precautions.

Q22. How would you use different instruments to control markets and finance in order to maintain economic stability? Explain their roles with examples.

\*\*\*\*\*ALL THE BEST\*\*\*\*\*