FINANCIAL MARKETS MANAGEMENT (SUBJECT CODE: 805)
TERM-1 EXAMINATION (2026-2027)

Class: XII	**SET-2**	**Time: 3Hrs.**
Date: 4.09.2026	**MARKING SCHEME**	**Max Marks: 60**
Admission no:		**Roll no:**

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. 1	**Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks)**	
i.	___________is defined as one that helps bring about and maintain transition to environmentally sustainable forms of production and consumption. a. White collar job b. **Green Job** c. Black Card Job d.Un-Employability	1
ii.	Which of the following is not a Characteristic of entrepreneurship? a. It is an economic activity done to create, develop and maintain a profit-oriented organisation. b. It begins with identifying an opportunity as a potential to sell and make profit in the market. c. It deals with optimization in utilization of resources	1

	d. **It is the inability of an enterprise and an entrepreneur to take risks.**	
iii.	In the spreadsheet, you can see a worksheet with cells placed in ______but not _________. a. Row , column b. Column , Row c. **Row Horizontal , column vertical** d. Row , column horizontal	1
iv.	What is incorrect in SMART Goal? a. Specific b. Measurable c. Action-oriented d. **Readable Time**	1
v.	It arises because of incentives or external rewards. a. Intrinsic motivation b. **Extrinsic motivation** c. Realistic Motivation d. Unrealistic Motivation	1
vi.	Which of the following is not a stage of active listening? a.Receiving b.Understanding c.**Non-responding** d. Evaluating	1

Q. 2	**Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)**	
i.	Neat system supports an order driven market, wherein orders 1 match on the basis of ---&--- priority a) Size, bid **b) price, Time** c) Quality, quantity d) Bid, lot size	1
ii.	The odd lot market facility is used for ---- a) Normal market b) Retail debt market **c) Odd lot market** d) Auction market	1
iii.	The branch manager receives end of day reports for all the --- under that branch **a) Dealers** b) Corporate manager	1

	c) Clients d) NCFM certificate holders.	
iv.	The corporate manager is a term assigned to a user placed at the a) Lowest level **b) Highest level** c) Middle level d) Junior level	1
v.	After login to the NEAT system & before the market opens for trading; a trading member can set up ----& ----- **a) Market watch, viewing inquiry screen** b) Security descriptor, Market by price c) Previous trade, outstanding orders d) Activity log, order status	1
vi.	Who among the following is the principal regulator in the 1 securities market **a) SEBI** b) RBI c) MCA d) DEA	1
vii.	Capital market has many types of markets? a) 5 markets b) 4 markets c) 2 markets **d) 3 markets**	1

Q. 3	**Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)**	
i.	When in derivative the exchange is fixed at the future time it is called **a) Forward commitment** b) Future commitment c) Contingent claim	1

	d) Option and swaps	
ii.	A person who agrees to buy an asset at a future date has gone 1 **a) Long**. b) Short. c) Back. d) Ahead	1
iii.	Which information not displayed on Market Watch Window a) Best buy order b) Best sell order c) Last trade price **d) Auction is over**	1
iv.	WAP stands for **a) Wireless Application protocol** b) Wireless Application Password c) Wireless Authorised password d) None of the above	1
v.	Who can view and perform order and trade realted activities 1 only for oneself? a) Broker **b) Dealer** c) Branch manager d) None of above	1
vi.	If the corporate manager forgets his password then he is 1 required to in writing with respect to reset the password a) Inform the client b) Inform the SEBI **c) Inform the Exchange** d) Inform the NSDL	1
vii.	Who receive end of the report for all the branches of the Trading member a) Dealer b) Branch manager	1

	c) Broker **d) Corporate manager**	

Q. 4	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**	
i.	Swaps and options are comes under ---- a) Future contract b) Forward contract **c) Contingent claim** d) None of the above	1
ii.	In case of contingent claim if event not happens the contact will be ---- a) Matured b) Null and void c) Expired **d) Both b and c**	1
iii.	If derivative contract is based on interest rate the underlying 1asset will be a) Fixed asset **b) Debt instrument** c) Any commodity d) All of the above	1
iv.	Usually forward and some type of options are traded in ---- a) Any exchange **b) OTC market** c) Both a and b d) None of the above	1
v.	What is Derivative? A Derivative is a financial contract whose value is derived from the value of an underlying asset**.** The underlying asset may be shares, bonds, commodities, currencies, interest rates, or market indices.	1
vi.	Explain Future contract. A Futures Contract is a standardized agreement between two parties to buy or sell an underlying asset at a predetermined price on a specified future date. These contracts are traded on recognized stock exchanges.	1

Q. 5	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**	

i.	Shareholders fund is also called as ---- a) Load fund **b) Net worth** c) Investor fund d) Mutual fund	1
ii.	---- report is annually issued early by a corporate a) Profit and loss report b) Balance sheet report **c) Annual report** d) Income and expenditure report	1
iii.	For financial analysis we need to understand a) Balance sheet of the company b) Profit and loss of the company c) Growth plans current operations **d) Both a and b**	1
iv.	---- will be coming under corporate analysis a) Earning per share b) P/E ratio **c) Managerial capabilities** d) Either a or b	1
v.	Companies producing similar products are subset of ---- **a) Industry analysis** b) Corporate analysis c) Financial analysis d) Any of the above	1
vi.	Present value of single is sum of the ---- of all cash inflows of his annuity **a) Present value** b) Monthly cash flow c) Quarterly cash flow d) Ether a or b	1

Q. 6	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	What is the present value of 20000 received after 2 years at the discount rate of 10% under continuous discounting a) 16374.615 b) 22000 c) 1637.4615 **d) 2200.4615**	1
ii.	Find the compound interest on 1000 @18%p.a for the period of 18 years when interest is compounded half yearly **a) 331** b) 1331 c) 320 d) 325	1
iii.	OECLOB Stands for ---- **a) Open Electronic consolidated limit order book** b) Open Electronic considered limit order book c) Offer electronic consolidated order limit d) None of the above	1
iv.	Define Neat screen. The NEAT (National Exchange for Automated Trading) Screen is the electronic trading screen used by the National Stock Exchange (NSE) for buying and selling securities. It displays real-time market information and enables investors and brokers to place, modify, and cancel orders efficiently.	1
v.	---- market the warrants are issued a) Currency derivative market **b) Future and option market** c) Wholesale debt market d) Retail debt market	1
vi.	Define Turnover ratio. A Turnover Ratio is a financial ratio that measures how efficiently a company uses its assets or resources to generate sales or revenue.	1

SECTION B: SUBJECTIVE TYPE QUESTIONS

Answer any 3 out of the given 5 questions on Employability Skills (2 x 3 = 6 marks)
Answer each question in 20 – 30 words.

Q. 7	Suggest any two techniques that can help us to maintain a positive outlook in the long run. 1. **Practice Gratitude:** Regularly appreciating the good things in life helps develop a positive mindset and reduces negative thinking. 2. **Positive Self-talk:** Replacing negative thoughts with encouraging and optimistic statements builds confidence and helps maintain a positive attitude. **(Any other relevant techniques such as meditation, regular exercise, setting realistic goals, or surrounding yourself with positive people may also be accepted.)**	2
Q. 8	There are five parameters that describe an individual's personality. These five dimensions are also called the 'Big Five Factors' and the model are referred to as the 'Five Factor Model', Name them and define any one. 1. **Openness to Experience** – Being creative, curious, and open to new ideas and experiences. 2. **Conscientiousness** – Being organized, responsible, disciplined, and dependable. 3. **Extraversion** – Being outgoing, energetic, sociable, and talkative. 4. **Agreeableness** – Being kind, cooperative, helpful, and compassionate towards others. 5. **Neuroticism** – The tendency to experience emotions such as anxiety, stress, moodiness, and emotional instability. **Conscientiousness:** It is the personality trait of being **organized, responsible, self-disciplined, and dependable**. People with high conscientiousness plan their work carefully, meet deadlines, and complete tasks efficiently.	2

Q. 9	Write the procedure of Inserting clipart and images in presentation.
	• Open the presentation and select the slide where you want to insert the image or clipart.
	• Click the **Insert** tab on the menu bar.
	• To insert an image:
	
	  • Click **Pictures/Image**.
	  • Browse and select the desired image from your computer.
	  • Click **Open** or **Insert**.
	
	• To insert clipart:
	
	  • Click **Clip Art** (or **Gallery** in LibreOffice Impress).
	  • Search or choose the required clipart.
	  • Click on the clipart to insert it into the slide.
		2

Q. 10	When a family or an individual runs a business successfully and passes it on to the next generation, then such an entrepreneur is, generally, termed as family business entrepreneur. Elaborate it.	2

	A **Family Business Entrepreneur** is an entrepreneur who starts, manages, and successfully runs a business, and later passes it on to the next generation of the family. The ownership, management, and control of the business remain within the family, ensuring continuity across generations. Family business entrepreneurs work to maintain the growth, reputation, and values of the business while preparing their successors to take over. Examples include many well-known business families that continue to manage their enterprises over several generations. **Examples:** Tata Group, Birla Group, Reliance Industries, and Godrej Group.	
Q. 11	A startup is a company that is in the first stage of its operations. How do you describe it? **Key features of a startup:** • Newly established business. • Based on an innovative idea or solution. • Operates with limited resources in the beginning. • Aims for rapid growth and scalability. • Takes calculated risks to achieve business success.	2

Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)

Q. 12	**Explain the Free Market Capitalisation Weighted method.** 1. Based on free-float shares available for trading. 2. Excludes promoter and locked-in holdings. 3. Reflects true market liquidity and investor participation.	2
Q. 13	**What is internet broking?** It is an online platform for trading securities. Investors can buy and sell shares through the internet.	2
Q. 14	**What are circuit breakers?** Circuit breakers halt trading during extreme price movements. They help control volatility and prevent panic.	2
Q. 15	**Difference between Primary and Secondary Market.** The primary market deals with the issue of new securities by companies, while the secondary market deals with trading of already issued securities among investors through stock exchanges.	2
Q. 16	**Who can become a member of NSE?** Individuals, companies, and financial institutions fulfilling eligibility criteria such as capital adequacy, infrastructure, and regulatory approval can become members of National Stock Exchange of India.	2

Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)

Q. 17	What are the reasons for the popularity of index derivatives? 1. Provide diversification across many stocks. 2. Lower cost compared to individual securities. 3. High liquidity and easy trading. 4. Reduce unsystematic risk.	3
Q. 18	What are the economic functions of the derivative market? 1. Helps in price discovery of assets. 2. Provides risk management tools. 3. Improves market liquidity. 4. Ensures efficient allocation of resources.	3
Q. 19	**What is the difference between industry and corporate analysis?** Industry analysis studies the performance and trends of an entire industry. Corporate analysis focuses on a particular company's performance and management. Industry analysis provides a broad view, while corporate analysis gives company-specific insights.	3

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

Q. 20	**Explain the Time Value of Money with a suitable example.** The Time Value of Money means money today is worth more than the same amount in the future. Present money can be invested to earn interest. Therefore, its value increases over time. For example, Rs10,000 invested at 10% interest becomes Rs11,000 after one year. Hence, receiving money today is more beneficial than receiving the same amount later.	4
Q. 21	**If the performance of an industry as well as the company seems good, then to check the earning price of the share which analysis will be quite helpful? Justify your answer.** Financial Statement Analysis is most useful in this situation. It helps evaluate the company's profitability and financial health. Ratios such as Earnings Per Share (EPS) indicate earning capacity. The Price-Earnings (P/E) Ratio helps assess whether the share price is reasonable. Therefore, financial analysis helps investors make informed investment decisions.	4
Q. 22	**What are outstanding orders? Explain features.** 1. Outstanding orders are pending orders not yet executed. 2. They remain in the order book. 3. They can be modified or cancelled before execution. 4. They expire if not executed within validity period.	4
Q. 23	**What is regular lot matching?** 1. It is matching of buy and sell orders in standard lot sizes. 2. Takes place during normal trading session. 3. Follows price priority first. Then follows time priority for matching orders.	4

Q. 24	**What are the conditions prescribed by SEBI for granting a certificate of registration to a stock broker?** SEBI grants the certificate to stock broker based on the following conditions a) Holds the membership of any stock exchange; b) Should abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which he is a member; c) Should obtain prior permission of SEBI to continue to buy, sell or deal in securities in any d) Stock exchange in case of any change in the status and constitution; e) Should pay the amount of fees for registration in the prescribed manner.	4

ALL THE BEST