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**BRAINWARE UNIVERSITY**

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Term End Examination 2024-2025**Programme – B.Com.(AFB)-Hons]-2023/B.Com.(AFB)-Hons]-2024****Course Name – Capital Market & Trading/Capital Market and Trading****Course Code - BBF20002****(Semester II)****Full Marks : 60****Time : 2:30 Hours**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) State that, _____ is the organisations, institutions that provide long term funds.
- | | |
|-------------------|---------------------|
| a) Capital market | b) Money market |
| c) Primary market | d) Secondary market |
- (ii) Identify the primary function of financial markets.
- | | |
|---|-----------------------------|
| a) Only mobilization of funds | b) Only price determination |
| c) Both mobilization of funds and price determination | d) Only ensuring liquidity |
- (iii) Define equity security in financial markets.
- | | |
|--|---------------------------------|
| a) A tradable instrument that represents ownership | b) A short-term debt instrument |
| c) A government-issued bond | d) A form of financial contract |
- (iv) Recognize the key difference between equity and debt securities.
- | | |
|---|---|
| a) Equity provides ownership, debt does not | b) Debt securities do not pay interest |
| c) Equity securities must be repaid | d) Debt securities do not provide capital |
- (v) State the role of the Reserve Bank of India in the money market.
- | | |
|--------------------------------|------------------------------|
| a) Regulating short-term funds | b) Issuing commercial papers |
| c) Providing fixed deposits | d) Offering dividends |
- (vi) Classify the financial market into its primary categories.
- | | |
|----------------------------------|--------------------------------------|
| a) Equity Market and Bond Market | b) Capital Market and Money Market |
| c) Stock Market and Forex Market | d) Commodity Market and Forex Market |
- (vii) Express the primary reason why corporations issue commercial papers.

- a) To raise long-term funds
c) To provide dividends to shareholders
- b) To finance immediate working capital needs
d) To regulate financial institutions
- (viii) Cite the regulatory authority for capital markets in India.
- a) RBI
c) IRDAI
- b) SEBI
d) NABARD
- (ix) Interpret the role of the SEBI Chairman in its organizational structure.
- a) Handles only legal cases
c) Supervises NSDL and CDSL operations
- b) Leads SEBI and oversees all its functions
d) Manages foreign investments exclusively
- (x) Predict the consequence if SEBI had not imposed strict regulations post-1992.
- a) Stock markets would remain transparent
c) Foreign investment would increase
- b) Insider trading and market manipulation would persist
d) Paper share certificates would reduce fraud
- (xi) Cite an example of a price-weighted index.
- a) Sensex
c) Dow Jones Industrial Average
- b) Nifty 50
d) S&P 500
- (xii) Determine why stags apply for IPOs.
- a) Long-term investment
c) Quick listing gains
- b) Tax savings
d) Dividend income
- (xiii) Predict the consequence of failing to meet margin requirements.
- a) Free trading allowed
c) Extra shares allotted
- b) Account blocked or order rejected
d) SEBI rewards the trader
- (xiv) Write the key reason why NSE overtook BSE in trading volume.
- a) Location advantage
c) Faster, automated, screen-based trading
- b) Manual systems
d) Lower brokerage
- (xv) Determine which type of underwriting shares responsibility among multiple underwriters.
- a) Firm commitment
c) Best efforts
- b) Standby
d) Syndicate underwriting

Group-B

(Short Answer Type Questions)

3 x 5=15

2. State the features of Debentures. (3)
3. Describe the key guidelines and disclosure rules companies must follow to prevent insider trading and ensure compliance in the securities market. (3)
4. Illustrate the Eligibility Criteria for IPO Listing. (3)
5. Differentiate between stock exchange and commodity exchange. (3)
6. Give examples of any three major commodity exchanges in India along with their specialization. (3)

OR

- Illustrate the step-by-step process a company follows to issue an IPO in the primary market. (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Illustrate the overall working of Financial Sector through a Diagram. (5)
8. Discuss the concept of the Capital Market, highlighting its key features and the financial instruments commonly used within it. (5)

9. Explain the concept of a pump and dump scheme and describe how it works, using a relevant example. (5)
10. Explain the composition of the SEBI Board and the roles played by its Chairman and members. (5)
11. Summarize the book building process by describing its key steps. (5)
12. Differentiate between the primary market and secondary market. (5)

OR

Explain how does SEBI contribute to investor protection, and what measures does it implement. (5)

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