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BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – B.Com.(AFB)-Hons]-2023/B.Com.(AFB)-Hons]-2024/B.Com.(AFB)-Hons]-2025
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) Select correct answer: Stock exchange is known as __________ market for securities.
a) Primary market
b) Secondary market
c) Capital market
d) None of the above

(ii) ____________ is also called zero coupon bond.
a) Trade bills
b) Call money
c) Debentures providing no interest
d) Commercial papers

(iii) Choose which of the following statements is not true with regard to Commercial paper -
a) Is a long-term unsecured promissory note with a fixed maturity period
b) It usually has a maturity period of 15 days to one year
c) It is sold at a discount and redeemed at par
d) Companies use this instrument for bridge financing

(iv) Write who issues a treasury bill -
a) Any nationalised bank
b) Any private sector bank
c) Reserve Bank of India
d) All of the above

(v) Write the constituents of the Indian financial market.
a) Money Market, Capital Market, Forex Market
b) Stock Market, Commodity Market, Bond Market
c) Equity Market, Derivatives Market, Mutual Funds
d) Real Estate Market, Insurance Market, Pension Market

(vi) Write the significance of global financial markets in promoting international trade.
a) Facilitate currency exchange
b) Provide capital for infrastructure projects
c) Mitigate financial risks
d) Enhance regional cooperation

(vii) Discover the primary purpose of issuing debentures by corporations.
a) Raise long-term capital
b) Provide short-term financing

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c) Acquire tangible assets d) Manage day-to-day expenses

(viii) Show the relationship between preference shares and dividend payments.

a) Prioritize dividend distribution b) Offer variable interest rates
c) Provide voting rights d) Determine stock prices

(ix) Choose which of the following is NOT a type of financial market -

a) Money market b) Bond market
c) Commodities market d) Real estate market

(x) Choose what type of financial instrument represents ownership in a corporation -

a) Bond b) Option
c) Stock d) Certificate of deposit (CD)

(xi) State the primary function of a stock exchange.

a) To issue new securities b) To facilitate the trading of existing securities
c) To regulate the financial markets d) To manage investment portfolios

(xii) Identify three factors that can affect the price of a stock.

a) Company performance, market sentiment, and economic conditions b) Company size, industry sector, and government regulations
c) Investor demand, supply of shares, and dividends paid d) All of the above

(xiii) Select the type of investor that typically participates in the secondary market.

a) Issuing companies b) Investment banks
c) Retail investors d) All of these

(xiv) Compare public issue and private placement.

a) Public issue is faster b) Private placement involves public advertisement
c) Public issue is offered to all; private placement to select investors d) Private placement has higher disclosure norms

(xv) Determine the potential outcome if an investor holds an equity mutual fund in a growing market.

a) Low return with high safety b) Moderate return with fixed income
c) High return potential due to capital appreciation d) Guaranteed income irrespective of market

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Explain the instruments of Money Market. (3)
3. Explain the concept of exchange-traded fund (ETF). (3)
4. Evaluate the importance of market regulators in financial market. (3)
5. Define insider trading. (3)
6. Compare between stocks and bonds. (3)

OR

Differentiate between NIFTY and SENSEX. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Describe about the major elements/components of the capital market. (5)
8. Describe the concept of Mutual Funds and demonstrate its application with a suitable example. (5)
9. Analyze the key measures taken by SEBI to protect investors and explain how each measure contributes to ensuring transparency, fairness, and investor confidence in the Indian capital market. (5)
10. Describe the various powers and functions of the SEBI. (5)

11. Give a comparative view of various types of preference shares prevalent in the market. (5)
12. Explain the main differences between the Over The Counter Exchange of India (OTCEI) and other stock exchanges, and explain how do these differences impact the efficiency and accessibility of the market for smaller companies. (5)

OR

Explain the process of book building in the context of an Initial Public Offering (IPO) and its advantages over traditional fixed-price offerings. (5)

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