CBSE CLASS X

Introduction to Financial Markets (405)

QUESTION PAPER

From previous CBSE Board Exam questions

Code: HRCAX3 **Questions: 17** **Maximum Marks: 25** **Generated: 2026-06-15 13:05**

SELECTIONS USED

Source	Previous-year board
Subject	Financial Market Management
Lessons	Primary Market
Year	2023-2026
Questions selected	17

Composition — Types: 9 MCQ · 6 Short · 1 Case-based · 1 Very short · 1 Long

Q1. § Which are the securities one can invest in? § Unit Code: 3 — Unit Title: Primary Market **[1]**

Companies may issue shares to their shareholders without charge, proportionate to the number of shares owned by each shareholder. Identify the share.

(A) Equity share
(B) Rights issue
(C) Preference share
(D) Bonus share

Previously asked in: 2026 92 Q4 (iii)

◆ **Securities** 3.1 Issue Of Shares

Q2. § 3.1 Issue of Shares **[1]**

__________ is a mechanism, where during the period of which the IPO is open, bids are collected from investors at various prices, which are above or equal to the floor price.

(A) Fixed Price
(B) Listing Price
(C) Book Building
(D) Delisting Price

Previously asked in: 2025 92 Q2 (iii)

◆ **Primary Market** Book Building Process

Q3. **[1]**

Minimum number of days for which a bid remains open during book building.

(a) Three days
(b) Five days
(c) Seven days
(d) Nine days

Previously asked in: 2023 92 Q2 (iii)

◆ **Primary Market** Book Building Process - Minimum Bid Open Period

Q4. **[1]**

Define the following terms : Abridged Prospectus

Previously asked in: 2026 92 Q17 (c)

◆ **Primary Market** Abridged Prospectus

Q5. § 3.1 Issue of Shares **[1]**

Define the following terms : Public Issue

Previously asked in: 2026 92 Q17 (d)

◆ **Primary Market** 3.1 Issue Of Shares

Q6. § 3.1 Issue of Shares **[1]**

"It accompanies the application form of public issues."

(a) Income Statement
(b) Annual Report
(c) Prospectus
(d) Financial Report

Previously asked in: 2023 92 Q4 (ii)

◆ **Primary Market** Prospectus / Application Form in Public Issues

Q7. § PRIMARY MARKET – Introduction § 3.1 Issue of Shares **[1]**

In a book building issue, the issuer is required to indicate either the price band or a floor price in the prospectus. The actual discovered issue price can be any price in the price band or any price above the floor price. This issue price is referred to :

(A) Floor Price
(B) Price Band
(C) Cut-off Price
(D) Market Price

Previously asked in: 2025 92 Q4 (ii)

◆ **Primary Market** 3.1 Issue Of Shares

Q8. § 3.1 Issue of Shares **[4]**

> Indian primary market ushered in an era of free pricing in 1992. Following this, the guidelines have provided that the issuer in consultation with Merchant Banker shall decide the price. There is no price formula stipulated by SEBI. SEBI does not play any role in price fixation. The company and merchant banker are however required to give full disclosures of the parameters which they had considered while deciding the issue price. There are two types of issues, one where company and Lead Merchant Banker fix a price, called fixed price and other, where the company and the Lead Manager (LM) stipulate a floor price or a price band and leave it to market forces to determine the final price.

Read the given passage and answer the questions that follow. (Part of: Answer any 3 out of given 5 questions in 50-80 words each.)

- **(a)** Explain the role of merchant banker in an issue.
- **(b)** Does SEBI play role in fixation of price in issue?
- **(c)** Mention two types of issues.
- **(d)** Who decides the final prices of issues?

Previously asked in: 2023 92 Q17

◆ **Primary Market** | Free Pricing and Price Fixation in Primary Market | Role of Merchant Banker in an Issue | SEBI's Role in Price Fixation | Types of Issues in the Primary Market

Q9. § 3.1 Issue of Shares **[1]**

The draft offer Document is available on the SEBI website for public comments for a period of _________ from the filling of draft offer document with SEBI.

(A) 15 days
(B) 21 Days
(C) 30 Days
(D) 7 Days

Previously asked in: 2025 92 Q5 (ii)

◆ **Primary Market** | Draft Offer Document & SEBI Public Comment Period

Q10. § 3.1 Issue of Shares **[1]**

Jaykant Shikre owns one hundred shares of a company. He has been given a special offer to subscribe to a new issue of shares from the same company at a ratio 2 : 1 based on the number of shares he currently holds. What method of flotation is being described in this case ?

(A) Initial public offer
(B) Offer for sale
(C) Rights issue
(D) Private placement

Previously asked in: 2026 92 Q2 (iii)

◆ **Primary Market** | 3.1 Issue Of Shares

Q11. § 3.1 Issue of Shares **[2]**

Most companies are usually started privately by their promoter(s). The promoters' capital / and the borrowings from banks and financial institutions may not be sufficient for setting up or running the business over a long-term. In context of this statement, explain why do companies require to issue shares to the public ?

Previously asked in: 2025 92 Q11

◆ **Primary Market** | 3.1 Issue Of Shares

Q12. § PRIMARY MARKET – Introduction § 3.1 Issue of Shares **[1]**

In a book building issue, the issuer must specify either a price band or a floor price in the prospectus. The actual issue price can be any price within the specified price band or any price above the floor price. This determined issue price is known as

(A) Cut-off price
(B) Floor price
(C) Ceiling price
(D) Fixed price

Previously asked in: 2026 92 Q5 (ii)

◆ **Primary Market** 3.1 Issue Of Shares

Q13. § 3.1 Issue of Shares **[2]**

Identify and outline two key advantages of the book-building processes within NSE IPO system.

Previously asked in: 2026 92 Q11

◆ **Primary Market** Book Building Process in IPO

Q14. **[1]**

Define the following terms : Lock-in

Previously asked in: 2026 92 Q17 (b)

◆ **Primary Market** Lock-in Period (IPO/Promoter Shares)

Q15. § 3.2 Foreign Capital Issuance **[1]**

What do you understand by 'Global Depository Receipts'?

Previously asked in: 2023 92 Q5 (ii)

◆ **Primary Market** 3.2 Foreign Capital Issuance

Q16. **[1]**

Which of the following is not an advantage of Book Building through NSE ?

(A) It offers a nation wide bidding facility in securities.
(B) It provides a fair, efficient and transparent method for collecting bids using the latest electronic trading system.
(C) Costs involved in the issue are far less than those in a normal IPO.
(D) The system increases the time taken for completion of the issue process.

Previously asked in: 2025 92 Q3 (iii)

◆ **Primary Market** Book Building through NSE – Advantages and Limitations

Q17. § 3.2 Foreign Capital Issuance **[4]**

Foreign capital issuance is the process by which a foreign entity raises capital through the issuances of securities in a foreign market. This can be done through a variety of securities, including stocks, bonds and other financial instruments. Indian companies are permitted to raise foreign currency resources through two main sources : (a) Issue of foreign currency convertible bonds more commonly known as 'Euro' issues; and (b) Issue of ordinary shares through depositories receipts namely Global Depository Receipts (GDRs), American Depository Receipts (ADRs), to foreign investors i.e. to the institutional investors or individual investors. In the context of this para, what are foreign currency convertible bonds, Global Depository Receipts (GDRs) and American Depository Receipts ?

Previously asked in: 2025 92 Q17

◆ **Primary Market** 3.2 Foreign Capital Issuance

Q18. § PRIMARY MARKET – Introduction § 3.2 Foreign Capital Issuance **[1]**

Define the following terms : Foreign Currency Convertible Bonds (FCCB)

Previously asked in: 2026 92 Q17 (a)

◆ **Primary Market** 3.2 Foreign Capital Issuance

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