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CLASS X · INTRODUCTION TO FINANCIAL MARKETS (405) · SKILL SUBJECT · CBSE BOARD EXAMINATION 2027

PART B · UNIT 8

Miscellaneous

Unit Booklet · Short Notes · Board-Pattern Questions · Model Answers

Part B · 6 of 40 theory marks | 28 questions with model answers | Manish Mathur Sir

Taught: Fri 27 Nov (with Unit 7)

INSIDE THIS BOOKLET

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STUDENT DETAILS

NAME _____

CLASS & SECTION _____

ROLL NO. _____

UNIT FINISHED ON _____

OBJECTIVE SELF-CHECK ____ / 15

1

READ THIS FIRST · SHORT NOTES

Unit Notes

Corporate actions (dividend, bonus, rights, stock split, buyback) with dividend-yield and split sums, stock market indices, clearing and settlement and how the clearing corporation removes counterparty risk, post-market terms such as record date and ex-date, and how investor complaints are settled.

THIS UNIT IN THE BOARD PAPER

6 / 40

Unit 8 carries **6 marks**. In the CBSE sample paper it gave **2 one-mark items** (face value, pay-out day), a **2-mark** question on the Nifty 50 and a **4-mark** question on why companies split their shares.

SYLLABUS 2026–27 · WHAT CBSE LISTS FOR THIS UNIT

- Corporate actions: meaning and types; dividend yield
- Stock split and buyback of shares
- Index; Nifty 50
- Clearing, settlement and redressal; role of the clearing corporation
- Post-market terms: ex-dividend, no-delivery period, book closure, record date, ex-date; investor grievance cell

HOW THE CBSE SKILL-SUBJECT PAPER IS SET (THEORY 50 MARKS · 2 HOURS)

1 mark
Objective: MCQ, assertion–reason, fill in the blank, true/false, match. Q1 is Part A; Q2–Q5 (answer 5 of 6 in each) are Part B.

2 marks
Short answer in **20–30 words**: two clear points. Part B: answer any 4 of 6 (Q11–Q16).

4 marks
Long answer in **50–80 words**: four points, or 2 + 2. Answer any 3 of 5 (Q17–Q21); often case-based.

Part B = 40
Objective 20 + short 8 + long 12. Part A (Employability Skills) = 10. Practical = 50.

Write in points, start each point with the key word, and stay inside the word limit. Objective answers: write the option letter **and** the answer.

1 Corporate actions

Corporate action: an event started by a company that changes its securities or gives benefits to its shareholders.

Action	Meaning
Dividend	Share of profit paid to shareholders, declared as a % of **face value**
Bonus issue	**Free** extra shares from reserves, e.g. 1:1 = one new share for each share held
Rights issue	New shares offered to **existing** shareholders, often at a lower price
Stock split	One share divided into more shares of **lower face value**
Buyback	Company **buys back** its own shares from shareholders

2 Dividend and dividend yield

- Dividend per share = dividend % × face value. 50% on a ₹10 share = **₹5**.
- **Dividend yield** = dividend per share ÷ **market price** × 100. It shows the cash return at today's price.

WORKED EXAMPLE

Face value ₹10, dividend 50% = ₹5. Market price ₹250. **Dividend yield = 5 ÷ 250 × 100 = 2%.**

3 Stock split

- Face value is cut and the number of shares rises in the same ratio; the **market value of the company stays the same**.
- **Why companies split:** (1) a lower price makes shares **affordable** to small investors; (2) more shares and more buyers raise **liquidity**.

WORKED EXAMPLE

50,00,000 shares, face value ₹10, price ₹400 → market value ₹200 crore. After a split to face value ₹5: 1,00,00,000 shares at about ₹200 = still ₹200 crore.

Bonus vs split: bonus keeps face value the same and uses reserves; split lowers face value.

4 Buyback of shares

- Company uses its cash to buy its own shares, through the stock exchange or a tender offer; bought shares are cancelled.
- **Reasons:** return surplus cash; raise **earnings per share** (fewer shares); support a falling price; show confidence that the share is undervalued; increase promoters' holding.

5 Stock market index

> **Index:** a single number that shows the overall rise or fall of a group of shares; it works as a **barometer** of the market.

Index	Exchange	Shares
Nifty 50	NSE	50 large, frequently traded companies from many sectors
Sensex	BSE	30 large companies; India's oldest index (base 1978–79 = 100)

The Nifty 50 is managed by NSE Indices Ltd (earlier IISL), an NSE group company. Index funds and ETFs copy these indices.

6 Clearing and settlement

- **Clearing:** working out what each broker must **pay or deliver** after the day's trades.
- **Settlement:** the actual transfer – buyers get shares, sellers get money. India follows **T + 1** settlement.
- **Pay-in day:** brokers give funds and securities to the clearing corporation. **Pay-out day:** the clearing corporation gives them to the receiving brokers.
- **Clearing corporation:** NSE Clearing Ltd (earlier NSCCL) for NSE; ICCL for BSE.

How it removes counterparty risk: it becomes the **buyer to every seller and the seller to every buyer** (novation) and **guarantees** settlement, backed by margins collected from brokers and a **settlement guarantee fund**.

7 Post-market terms

Term	Meaning
Record date	Date on which the company checks its records to decide who gets a dividend, bonus or rights
Ex-date	From this date the share trades **without** the benefit; under T + 1 it is the same day as the record date
Ex-dividend	Share bought on or after the ex-date does **not** get the declared dividend
Book closure	Period when the company closes its register of members to fix who is entitled to benefits
No-delivery period	Days around book closure when trades are allowed but delivery is not made, so entitlement stays clear

8 Investor grievances and redressal

- First complain to the **broker, DP or company**.
- If not solved, complain to the stock exchange's **Investor Grievance / Investor Service Cell**.
- Complain online to SEBI through **SCORES**.
- Disputes with brokers can go to **arbitration** or online dispute resolution, where an independent arbitrator decides.

Key terms

16 terms

- **Corporate action:** company event affecting its shares
- **Face value:** printed value of a share
- **Dividend:** share of profit paid out
- **Dividend yield:** dividend ÷ market price × 100
- **Bonus issue:** free extra shares
- **Rights issue:** new shares for existing holders
- **Stock split:** share divided; lower face value
- **Buyback:** company buys its own shares
- **Index:** barometer of share prices
- **Nifty 50:** NSE index of 50 shares
- **Sensex:** BSE index of 30 shares
- **Clearing:** working out who owes what
- **Settlement:** delivery of shares and money
- **Pay-out day:** clearing corporation pays and delivers to brokers
- **Record date:** date to fix who gets benefits
- **Ex-date:** share trades without the benefit

Common mistakes and exam tips

AVOID THESE

- Dividend % is on **face value**; dividend yield is on **market price**.
- After a split, the company's total market value does **not** change.
- Nifty 50 = **NSE, 50** shares; Sensex = **BSE, 30** shares.
- Clearing = calculating; settlement = actually paying and delivering.
- Buy **before** the ex-date to get the dividend.

A

PART A · 1 MARK EACH

Objective Questions

15 questions: MCQs, assertion–reason, fill in the blanks and true/false, like Q2–Q5 of the board paper. Answers in Part E.

ASSERTION–REASON: HOW TO ANSWER

(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.

A1. A company declares a 40% dividend on shares of face value ₹10. Dividend per share is: [1]

(a) ₹40
(b) ₹4
(c) ₹0.40
(d) ₹14

A2. Dividend ₹6 per share; market price ₹300. Dividend yield is: [1]

(a) 6%
(b) 2%
(c) 3%
(d) 50%

A3. Free shares given to existing shareholders from reserves are called: [1]

(a) Rights shares
(b) Bonus shares
(c) Sweat equity
(d) Preference shares

A4. In a stock split, the face value of a share: [1]

(a) Increases
(b) Decreases
(c) Stays the same
(d) Becomes zero

A5. The Nifty 50 is an index of: [1]

(a) BSE
(b) NSE
(c) RBI
(d) SEBI

A6. The day the clearing corporation delivers shares and funds to receiving brokers is the: [1]

(a) Pay-in day
(b) Pay-out day
(c) Record date
(d) Trade day

A7. A company buying back its own shares: [1]

(a) Increases the number of shares
(b) Reduces the number of shares
(c) Issues bonus shares
(d) Splits its shares

A8. The clearing corporation removes counterparty risk by: [1]

(a) Fixing share prices
(b) Acting as buyer to every seller and seller to every buyer
(c) Issuing new shares
(d) Paying dividends

A9. Shares bought on or after the ex-date: [1]

(a) Get the dividend
(b) Do not get the declared dividend
(c) Get double dividend
(d) Are cancelled

A10. ASSERTION–REASON [1]

Assertion (A): A stock split does not change the market value of the company.

Reason (R): The number of shares rises in the same ratio as the price falls.

(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.

A11. ASSERTION–REASON [1]

Assertion (A): Sensex is an index of 50 shares on NSE.

Reason (R): An index shows the overall movement of the market.

(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.

A12. FILL IN THE BLANK [1]

SEBI's online system for investor complaints is called _____.

A13. FILL IN THE BLANK [1]

India follows a T + _____ settlement cycle for shares.

A14. TRUE OR FALSE [1]

The date on which a company decides who will get a dividend is the record date.

A15. TRUE OR FALSE [1]

In a bonus issue, shareholders must pay for the new shares.

B — Short Answer Questions

PART B · 2 MARKS EACH

Answer in 20–30 words: two clear points. Model answers in Part E.

B1. What is the Nifty 50? MUST DO [2]

B2. Differentiate between a bonus issue and a stock split. [2]

B3. Face value ₹10, dividend 30%, market price ₹150. Find dividend per share and dividend yield. MUST DO [2]

B4. Differentiate between clearing and settlement. [2]

B5. What is meant by record date and ex-date? [2]

B6. Give two reasons for a buyback of shares. [2]

C — Long Answer Questions

PART C · 4 MARKS EACH

Answer in 50–80 words: four points, or two points with an example each. Model answers in Part E.

C1. Why do companies split their shares? Explain with an example. MUST DO [4]

C2. Explain any four types of corporate actions. [4]

C3. How does the clearing corporation make trading safe? MUST DO [4]

C4. Describe the steps an investor can take to get a complaint solved. [4]

C5. Explain four post-market terms. [4]

PART D · CASE AND COMPETENCY BASED

D Case-Based Questions

Read the situation, then answer from it and from the unit. These are the 4-mark board questions that test application.

D1. Case-Based · Dividend or not? [4]

A company with shares of face value ₹10 declares a 60% dividend. The record date is Friday. Rahul buys 200 shares on Wednesday at ₹400 each; his friend Sana buys on Friday, the ex-date.

(i) Find the dividend per share and Rahul's total dividend. [1]

(ii) Find the dividend yield at ₹400. [1]

(iii) Will Sana get the dividend? Explain with the meaning of ex-date. [2]

D2. Competency-Based · The expensive share [4]

Shares of a popular company trade at ₹4,000 each (face value ₹10). Many small investors say they cannot afford even one share. The board decides to split each share into ten shares of face value ₹1.

(i) What will be the approximate price after the split? [1]

(ii) Will the market value of an investor's holding change? Why? [1]

(iii) Give two benefits of the split. [2]

E

PART E · ANSWERS IN CBSE MARKING-SCHEME STYLE

Answers

Objective key with a reason, then model answers: numbered value points, key word first, the mark for each point in orange, and the word count under each answer. Any other correct, relevant point also earns the mark.

Objective questions – answer key

Part A

Write the option letter **and** the answer, as the marking scheme does.

Q	Answer	Why (one line)
A1	**(b) ₹4**	40% of ₹10.
A2	**(b) 2%**	6 ÷ 300 × 100.
A3	**(b) Bonus shares**	No payment needed.
A4	**(b) Decreases**	₹10 → ₹5 in a 1 : 2 split.
A5	**(b) NSE**	50 shares on NSE.
A6	**(b) Pay-out day**	Pay-out.
A7	**(b) Reduces the number of shares**	Bought shares are cancelled.
A8	**(b) Acting as buyer to every seller and seller to every buyer**	Novation.
A9	**(b) Do not get the declared dividend**	Trades without the benefit.
A10	**(a) Both true; R explains A**	R explains A.
A11	**(d) A false, R true**	A false (30 shares, BSE); R true.
A12	**SCORES**	SEBI Complaints Redress System.
A13	**1**	Settled the next working day.
A14	**True**	Checks its records.
A15	**False**	Correct: bonus shares are free; rights shares are paid for.

Short answers

Part B · 2 marks

B1. What is the Nifty 50? **[2]**

1. **Meaning:** NSE index of 50 large, frequently traded shares from many sectors. 1
2. **Use:** barometer of the market; managed by NSE Indices Ltd. 1

22 words · CBSE asks 20–30 words | Marking: 1 + 1 = 2 | 1 + 1 | MUST DO

B2. Differentiate between a bonus issue and a stock split. **[2]**

1. **Bonus:** free shares from reserves; face value same. 1
2. **Split:** one share divided; face value lowered. 1

15 words · CBSE asks 20–30 words | Marking: 1 + 1 = 2 | 1 + 1

B3. Face value ₹10, dividend 30%, market price ₹150. Find dividend per share and dividend yield. [2]

1. **Dividend:** 30% of ₹10 = ₹3. 1
2. **Yield:** 3 ÷ 150 × 100 = 2%. 1

14 words · CBSE asks 20–30 words | Marking: 1 + 1 = 2 | 1 + 1 | MUST DO

B4. Differentiate between clearing and settlement. [2]

1. **Clearing:** working out what each broker must pay or deliver. 1
2. **Settlement:** actual transfer of shares and money, on T + 1. 1

21 words · CBSE asks 20–30 words | Marking: 1 + 1 = 2 | 1 + 1

B5. What is meant by record date and ex-date? [2]

1. **Record date:** date the company fixes who gets the benefit. 1
2. **Ex-date:** from this date the share trades without the benefit. 1

20 words · CBSE asks 20–30 words | Marking: 1 + 1 = 2 | 1 + 1

B6. Give two reasons for a buyback of shares. [2]

1. **Surplus cash:** returns extra cash to shareholders. 1
2. **EPS and confidence:** fewer shares raise EPS; shows share is undervalued. 1

18 words · CBSE asks 20–30 words | Marking: 1 + 1 = 2 | 1 + 1

Long answers

Part C · 4 marks

C1. Why do companies split their shares? Explain with an example. [4]

1. **Affordability:** lower price lets small investors buy. 1
2. **Liquidity:** more shares and buyers; more trading. 1
3. **Example:** 1,00,000 shares of ₹10 at ₹600 become 2,00,000 shares of ₹5 at about ₹300. 1
4. **Value:** market value stays ₹6 crore. 1

35 words · CBSE asks 50–80 words | Marking: 1 + 1 + 1 + 1 = 4 | 2 (reasons) + 2 (example) | MUST DO

C2. Explain any four types of corporate actions. [4]

1. **Dividend:** share of profit, as % of face value. 1
2. **Bonus:** free extra shares from reserves. 1
3. **Rights:** new shares offered to existing holders. 1
4. **Split or buyback:** share divided, or company buys back shares. 1

32 words · CBSE asks 50–80 words | Marking: 1 + 1 + 1 + 1 = 4 | 1 mark each

C3. How does the clearing corporation make trading safe? [4]

1. **Novation:** becomes buyer to every seller and seller to every buyer. 1
2. **Guarantee:** guarantees settlement even if a broker defaults. 1
3. **Margins:** collects margins from brokers. 1
4. **Fund:** keeps a settlement guarantee fund. 1

30 words · CBSE asks 50–80 words | Marking: 1 + 1 + 1 + 1 = 4 | 1 mark each | MUST DO

C4. Describe the steps an investor can take to get a complaint solved. [4]

1. **Intermediary:** complain first to broker, DP or company. 1
2. **Exchange:** approach the exchange's investor grievance cell. 1
3. **SEBI:** file online on SCORES. 1
4. **Arbitration:** dispute with broker decided by an arbitrator. 1

28 words · CBSE asks 50–80 words | Marking: 1 + 1 + 1 + 1 = 4 | 1 mark each

C5. Explain four post-market terms. [4]

1. **Record date:** fixes who gets benefits. 1
2. **Ex-date:** share trades without the benefit. 1
3. **Book closure:** register closed to fix entitlement. 1
4. **No-delivery period:** trades allowed but no delivery around book closure. 1

29 words · CBSE asks 50–80 words | Marking: 1 + 1 + 1 + 1 = 4 | 1 mark each

Case-based answers

Part D

D1. Case-Based · Dividend or not? (passage printed in Part D) [4]

(i) Find the dividend per share and Rahul's total dividend. [1]

60% of ₹10 = **₹6** a share; 200 × 6 = **₹1,200**.

(ii) Find the dividend yield at ₹400. [1]

6 ÷ 400 × 100 = **1.5%**.

(iii) Will Sana get the dividend? Explain with the meaning of ex-date. [2]

No. Shares bought **on or after the ex-date** trade without the benefit, so the dividend goes to the seller who held them before.

Marking: 1 + 1 + 2 = 4 | 1 + 1 + 2

D2. Competency-Based · The expensive share (passage printed in Part D) [4]

(i) What will be the approximate price after the split? [1]

4,000 ÷ 10 = about **₹400**.

(ii) Will the market value of an investor's holding change? Why? [1]

No – each share becomes ten shares worth one-tenth each.

(iii) Give two benefits of the split. [2]

(1) Shares become **affordable** to small investors. (2) More shares and buyers increase **liquidity**.

Marking: 1 + 1 + 2 = 4 | 1 + 1 + 2