

S-Y. BFM - SEM III - A.T.K.T. - Feb'20

Debt-Mkt

13.2.20



**SUB: DEBT MARKET - I**

**Course: SYBFM SEM III 75 marks**

**Duration: 2.5 hrs**

Note: (1) All questions are compulsory.

(2) Figures to the right indicate full Marks.

**1) Fill in the blanks (Any 8) (8)**

1. In Debt Market investment is done in form of \_\_\_\_\_  
(Shares / Bonds)
2. \_\_\_\_\_ regulates the Government Securities Market.  
(RBI . SEBI)
3. Bonds with no maturity dates are called \_\_\_\_\_  
(Perpetual bonds / Municipal bonds)
4. Certificate of Deposits are issued by \_\_\_\_\_  
(Banks / Companies)
5. ICRA Credit rating agency was incorporated in \_\_\_\_\_  
(1991 / 1997)
6. Government Bonds are \_\_\_\_\_ instrument.  
(Secured / Unsecured)
7. T-Bills are issued at \_\_\_\_\_  
(Discount / Face value)
8. An open Market Operation is an instrument of \_\_\_\_\_ policy  
(Monetary / Fiscal)
9. \_\_\_\_\_ is a bond's annual returns based on its annual coupon payments and current price.  
(Current Yield / Yields of maturity)
10. \_\_\_\_\_ is the risks that the issuer will not pay the coupon income and / or the maturity amount on the specified dates.  
(Liquidity risk / Credit Risk)

**B. True or False (Any 7)**

(7)

1. Insurance market redistributes the risk.
2. Bond market is larger Market than stock market.
3. The fixed return on bond known as interest value
4. Face value is par value.
5. SEBI protect the investors.
6. RBI responsible for monetary policy
7. Hybrid securities has features of equity & debt
8. T-bond has long range of maturity.
9. Bond is debt security
10. Mortgage bond is backed by real estate

2. A. Define Bonds? What are the features of bonds? Explain different types of bonds. (15)

OR

B. Who are the participants in Indian Debt Market? (8)

C. Explain the role of RBI in Debt Market? (7)

3. A. Describe the reasons for reforms in Government Securities Market? (8)

B. What are Treasury Bills? Explain in Characteristics. (7)

OR

3 C. Who are Primary Dealers? Explain their role in debt markets. (8)

D. What is the function performed by Clearing Corporation of India Limited (CCIL)? (7)

4. A. A bond whose par value is Rs. 1,000 bears a coupon rate of 12% and has a maturity period of 3 years. The required rate of return on the bond is 10%.

What is the Present Value of this bond

Years	1	2	3
Present Value factor @ 10%	0.909	0.826	0.751
Present Value Annuity factor @10%	0.909	1.736	2.487



B. Define Yield Curve. Explain the types of yield curves.

(7)

OR

4 C. What is Bond Rating? Explain the benefits of bond rating. Describe the credit rating process of CRISIL

(15)

5. A. What is Open Market Operations? Explain its features.

(8)

B. Explain the steps taken by RBI to develop the bond market in India

(7)

OR

**5. Short Notes: (Any 2)**

(15)

1. Risk factors in Debt Market

2. Money Market in India

3. Securities Trading Corporation of India Limited (STCI)

4. Importance of Debt Market in Indian Economy

5. Separate Trading of Registered Interest and Principal of Securities (STRIPS)

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