

SYBFM sem III Reg & A.T.K.T. Exam Oct 2019.

SUB: DEBT MARKET - I

Course: SYBFM SEM III 75 marks

03/10/19.

Duration: 2.5 hrs

Note: (1) All questions are compulsory.

(2) Figures to the right indicate full Marks.



1A Fill in the blanks : (Any 8)

(8)

1. Investing in Government securities requires _____ Account.
(SGL / Demat)
2. The _____ is both debt manager and regulator in India.
(SEBI / RBI)
3. _____ rate bonds have fluctuating interest rate.
(Fixed / Floating)
4. India's first credit rating agency is _____
(CARE / CRISIL)
5. _____ are single payment debt securities with no coupon payments.
(Zero coupon bonds / Capital Indexed bonds)
6. The FIMMDA represents market participants and aids the development of the bond, money and _____ markets.(Derivatives/Commodities)
7. In yield based auctions, bids which are higher than the cut off yield are _____
(Accepted / Rejected)
8. _____ Market is the market for new issues of financial instruments.
(Primary / Secondary)
9. _____ provide refinance support to banks extending credit for agriculture
(NHB / NABARD)
10. Bond Price and yield has _____ relationship.
(Inverse / Direct)

1B. True or False (Any 7)

(7)

1. Mortgage market is part of money market.
2. Money market is long term market.
3. Organised market is not planned market.
4. Debt Market is less secure than money market
5. Primary market offered by various exchange
6. Indian capital markets are regulated by NSE
7. Expansionary Monetary policy is difficult policy
8. Contractionary Monetary policy is easy policy
9. STC stimulates domestic trade.
10. Municipal bonds provides higher yields



- 2A) What are the fundamental features of Debt instruments (08)
2B) Discuss the role of Debt Market in Indian Economy. (07)

OR

2. c) What is Money Market? Explain different instruments of Money Market. (15)
3. a) What is Open Market Operations? Explain its features. (08)
b) Who are Primary Dealers? Explain eligibility conditions for Primary Dealers. (07)

OR

- 3 c) What are the different debt instruments available in the debt market? (15)
4. a) A debenture of Rs. 1000 issued by a company matures in 5 years. The interest payable by the company on the debenture is 7% p.a., the appropriate capitalization rate is 5%. Calculate the present value of the debenture. (08)

Years	1	2	3	4	5
Present Value factor @5%	0.952	0.907	0.864	0.823	0.784
Present Value Annuity factor @5%	0.952	1.859	2.723	3.546	4.329

- b) Explain the Liquidity Preference theory of term structure of interest rates. (07)

OR

- 4.c) What are the functions of credit rating agency? (08)
d) Explain the factors affecting bond prices. (07)
5) a) Explain Market structure of Debt Market (08)
b) What is the role of Securities Trading Corporation of India Limited (STC) in the fixed income Market in India? (07)

OR

5. Short Notes: (Any 3) (15)

- a) Corporate Bond Market
b) Price Based Auction of Government Securities
c) Primary Debt Market
d) Rating Symbols
e) Origin of Government Securities