

Duration: 2 $\frac{1}{2}$ Hours

Marks: 75

Q-1) a) State whether following statements are True or False: (Any 8) (8)

- 1) Primary Dealers (PDs) are market intermediaries appointed by RBI.
- 2) Debt instruments can be secured or unsecured.
- 3) A debt market is also called as a Flexible Income market.
- 4) Open Market Operations are conducted by SEBI.
- 5) Government Bonds are issued by Central Government.
- 6) In Zero coupon bonds, coupons are not paid.
- 7) Debt security rating is provided by government agencies.
- 8) Junk Bonds are issued by financially stable companies.
- 9) G- Sec serves as a benchmark for pricing in other debt markets.
- 10) Cash Management Bills are issued to meet the temporary mismatches in the cashflows of government.

b) Multiple choice questions: (Any 7) (7)

- 1) _____ is the market where fixed income securities are issued and traded.
(Debt, Equity)
- 2) _____ regulates the government securities market.
(RBI, SEBI)
- 3) _____ refers to a bond through which Indian entities can raise money from foreign markets in rupee, and not in foreign currency.
(Capital Indexed Bonds, Masala Bonds)
- 4) Market Stabilisation Scheme was introduced in _____.
(April 2004, April 2006)
- 5) _____ represents overnight and term money between banks and institutions.
(Call money market, Repo)
- 6) _____ act as a market maker of a government securities.
(Brokers, Primary Dealers)
- 7) _____ are the largest investors in the debt market.
(Banks, Corporates)
- 8) If the bond has a _____ feature, the issuer is allowed to redeem the bonds before its maturity date.
(Call, Put)
- 9) _____ Bonds are not backed by any collateral.
(Secured, Unsecured)
- 10) _____ banks means a bank included in the second schedule to the RBI act, 1934.
(Scheduled, Private)

- Q-2) a) How debt market is better than equity market? (8)
b) What kind of risks are involved in Debt Market? (7)

OR

- a) What are the characteristics of Open Market Operations? (8)
b) What is the basic classification of Debt securities? (7)

- Q-3) a) Which investment options are available for investors in debt market? (8)
b) What guidelines RBI has given to develop Bond Market? (7)

OR

- a) State the major functions of Clearing Corporation of India Ltd. (8)
b) Describe basic characteristics of Bond instrument. (7)

- Q-4) a) Explain nature of Bond Rating. (8)
b) Describe the Functions of FIMMDA. (7)

OR

- a) Which factors affects bond rating of the company? (8)
b) A government Bond of Rs. 100 has a coupon rate of 8% p.a. and maturity is 10 years. If the current market price is 110 find the YTM. (7)

- Q-5) a) Which types of yield curves are available to compare the yields of different securities? (8)
b) Write Functions of Credit rating agencies. (7)

OR

- a) Write short notes on: (Any 3) (15)
1) Evolution of Indian Debt market
2) Primary Dealers Association of India
3) Rating Symbols and Meaning
4) Factors affecting Bond Price
5) Interest Rate Risk