14/10/19

SYFM Sem III SUB: Debt Markets-I Oct-19
ATKT

Marks: 75 Time: 2½ hrs

Q.1 A) Fill in the blanks (any eight) (08)

1. A debt market is a part of the ________ market

2. ________ regulates the government securities market.

3. Stock exchange on which government securities could be traded are under the purview of ________.

4. ________ are single payment debt securities with no coupon payments.

5. ________ act as a market maker of government securities.

6. Bonds with no maturity dates are called ________

7. The first mercantile credit agency was set up in ________ in 1841.

8. When interest rates increases, bond prices ________

9. ________ is a bond's annual return based on its annual coupon payments & current price.

16. The term ________ also called as Redemption Yield.

B) Say true or false (any seven) (07)

1. Debt can be secured or unsecured.
2. A 'when-issued market' was introduced in may 2006.
3. Open market operations are ~~dollar denominated bonds~~ conducted by SEBI.
4. ~~Masala bonds are~~
4. masala bonds are dollar denominated bonds.
5. STCI was authorised by RBI as one of the first Primary Dealers in India.
6. Junk bonds offer low interest rate
7. As per Moody's rating scale AAA indicates low quality & high investment risk.
8. Face value refers to nominal value of the bond.
9. Future value is exact opposite of present value.
10. Normal yield curve is upward sloping curve.

Q2. A) Explain the role of debt market in an Indian economy. (08)

B) Explain advantages & disadvantages of debt market (07)

OR

c) Enumerate the recommendations of R. H. Patil committee on corporate bonds & securitisation (15)

Q.3 A) Explain the classification of debt securities (15)

OR

B) Explain the role of primary dealers in primary issue debt market. (15)

Q.4 A) Explain features of bonds. (08)

B) Explain types of bonds (07)

OR

c) Explain the concept of credit rating. What are the benefits of credit rating to the company? (15)

Q.5 A) A bond of Rs. 1000 bearing interest rate of 12% is redeemable at par in 10 yrs. Find the value of the bond if:

i) Required rate of return is 12% or 10%.

ii) Required rate of return is 14% & maturity is 8 yrs.

iii) Required rate of return is 12% & redeemable after 10 yrs at Rs. 950.

iv) Required rate of return is 12% & redeemable after 10 yrs at Rs. 1050 (08)

B) Explain the theories of term structure of interest rates (07)

OR

Q.5 Short notes (any three) (15)

1. Factors affecting bond prices.
2. Features of open market operations
3. Risks factors in debt markets.
4. FIMMDA
5. Government securities Act, 2007.