Duration: 2 $\frac{1}{2}$ Hours **Marks: 75**

Q1A. Match the following (8)

Column A	Column B
1. NABARD	a. Issued by private sector
2. UTI	b. Underwriters
3. Money market	c. Represents market players
4. Corporate bonds	d. Minimum Underwriting commission
5. CRA's	e. Short tenor market
6. Primary dealers	f. Not backed by collateral
7. MUC	g. No maturity dates
8. FIMMDA	h. Evaluate credit worthiness of issuers
9. Unsecured bonds	i. Unit Trust of India
10. Perpetual bonds	j. 1982

Q1B. State whether true or false: (7)

1. Banks are the major participants in government securities market
2. RBI manages the short term liquidity in the system through the LAF window
3. Debt market is a market for short term lending
4. SEBI was set up in 1992
5. Maturity of the bond refers to the date on which the borrower repays the principal to the lender
6. Revenue bonds are riskier
7. Masala bonds are dollar denominated bonds
8. Junk bonds offer high interest rates
9. Face value refers to the nominal value of the bond
10. FIIs are not permitted to invest in debt securities

Q2 A. Define financial system. State its major functions. (8)

Q2 B. Explain the components of financial system (7)

OR

Q2 C. Explain the different types of debentures (8)

Q2 D. What is financial engineering? State its features (7)

Q3 A. Define government securities? State benefits of government securities (8)

Q3 B. Write a note on the issuers and participants of government securities (7)

OR

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Q3 C. Explain the features and advantages of commercial papers (8)
Q3 D. State the advantages of Repos (7)

Q4 A. What are the steps taken to develop corporate bond market in SEBI (8)
Q4 B. Explain the advantages of credit ratings (7)

OR

Q4 C. A bond of face value of Rs.1000 (coupon rate 6%) is redeemable 5 years hence at a premium of 5%. Required rate of return is 8%. Current market price of the bond is Rs.930. Should an investor invest in these 6% bonds at the current market price. (7)

Q4 D. Mr. X. recently purchased a 10% bond with face value Rs.1000 and 4 years to maturity. Interest payments are paid annually by the company. Mr.X paid Rs.1032.40 for the bond. Calculate the YTM. (8)

Q5 A. Explain the different types of yield curves. (8)
Q5 B. State the merits of TBills (7)

OR

Q5C. Write short notes (Any 3) (15)

1. Primary market
2. Features of debt instrument
3. Zero coupon bond
4. Mortgage bond
5. Primary dealers
