



## **[Frequently Asked Questions]**

### **Debt Market in India**

<b>Subject:</b>	Business Economics
<b>Course:</b>	B. A., 4th Semester, Undergraduate
<b>Paper No. &amp; Title:</b>	Paper – 404 Indian Financial System
<b>Unit No. &amp; Title:</b>	Unit – 4 Money Market & Debt Market in India
<b>Lecture No. &amp; Title:</b>	Lecture – 2 Debt market in India

## **Frequently Asked Questions**

**Q1. Debt market is the securities mainly issued by whom?**

**A1.** Government

**Q2. Name the participants of Debt Market.**

**A2.** Regulators, Issuers, Instruments, Investors

**Q3. Which are the main categories of securities in Debt Market?**

**A3.** Government Securities, Public Sector Bonds, Private Sector Bonds.

**Q4. Describe the types of Government debt instruments.**

**A4.** Zero Coupon Bonds, Coupon Bearing Bonds, Treasury Bills.

**Q5. Name the securities issued by government for the short -term purpose**

**A5.** Treasury bills

**Q6. Short term issued by RBI are of how many days?**

**A6.** 91 days, 184 Days and 364 Days

**Q7. What is the meaning of NDS?**

**A7.** The Negotiated Dealing System (NDS) for electronic dealing and reporting of transactions in government securities was introduced in February 2002.

**Q8. What is Debenture?**

**A8.** A debenture is a type of debt instrument that is not secured by physical assets or collateral. Debentures are backed only by the general creditworthiness and reputation of the issuer. Both corporations and governments frequently issue this type of bond to secure capital.

**Q9. What are the commercial papers?**

**A9.** These are popular instruments for financing working capital requirements of Companies. They are short term securities ranging from 7 to 365 days. CPs are issued by corporate entities at a discount to face value. They are issued in the form of promissory notes.

**Q10. On which factor the price of a bond in the marketplace depend?**

**A10.**

- Economic conditions
- General money market conditions including the state of money supply in the economy
- Interest rates prevalent in the market and the rates of new issues
- Credit quality of the issuer