

## Difference between bonds & debentures



Both bonds & debentures

are

debt-instruments

but

while bonds are secured, debentures

are unsecured.

∫

Masala bond

---

↓  
It is Rupee Denominated Bond (RDB)  
to be issued

↓  
In foreign countries

Note: The term, 'Masala Bond' was  
first used by IFC which is

a subsidiary inst. of the World Bank.

From India, the following can issue Masala Bonds -

(i) Private Companies.

(ii) Govt. Companies

(iii) Body corporate

(iv) Banks (v) REITs (vi) InvITs

## Maharaja Bonds

↓  
The RDBs issued in  
India by IFC in 2014.

## Panda Bonds

↓  
The Yuan/Renminbi denomi-  
nated bonds to be issued in China.

# Green Bonds

Bonds to be issued for

the financing

Green Projects

Solar Energy

Wind Energy etc.

# Green - Masala Bonds



The Masala bonds



financing



Green Projects

# Greenium



The lower yield rate or higher price to be accepted by investors for green bonds as compared to other bonds of the same maturity.

1% - greenium

₹ 100 10%  
10-year



Normal  
Bond



₹ 100 10%  
10 year

₹ 100 9%  
10-year



Green Bond Greenium



₹ 100 10%



Available at ₹ 120

₹ 20

SGB

↓  
Sovereign Green Bond  
issued by the RBI on  
behalf of the GOI.

# Zero Coupon Bond

---



A bond with zero coupon rate.



It is issued on discount.

\* Also called → Deep-discount Bond

# Perpetual Bond



Bond which never expires but provides a regular interest income.



a hybrid instrument

Never Expire

↓  
Equity

Interest income

↓  
Debt

# Muni Bonds



Bonds to be issued



by municipal bodies

Blue Bonds: First in 2018

---

↓  
Bonds By Seychelles

↓  
Financing

↓  
Projects of water conservation,  
conservation of oceanic resources,  
fisheries etc.

# Convertible Bonds

UPSC PT  
2022

↓  
provides an option  
to convert into equity  
to the investors

↓  
Coupon rate  
is lower as  
compared to  
other bonds.

↓  
They provide  
hedging against  
inflation to some  
extent.

IIIBs = Inflation Indexed Bonds



Bonds which promise



a constant real rate of interest



Nominal rate of interest



Inflation rate

Under it, the coupon rate (which is also the nominal rate of interest) is adjusted according to the rate of inflation to ensure a real rate of interest.

Example →

Assumption: 3%  
Real rate of interest

	Inflation Rate	Real Rate of interest	<u>Coupen rate</u> Nominal Rate of int.
1.	5 %	3 %	8 %
2.	7 %	3 %	10 %
3.	10 %	3 %	13 %
4.	2 %	3 %	5 %
5.	0 %	3 %	3 %

## Electronal Bonds : Notified in 2018

---

(i) Interest free bearer bonds.

(ii) Can be donated to political parties.

(iii) Valid up to — 15 days

(iv) Available — for initial 10 days of every quarter  
↓  
SBI  
Extra<sup>+</sup> time is given during election.

(v) Denominations —

₹ 1,000

₹ 10,000

₹ 1 lakh

₹ 10 lakh

₹ 1 crore

(vi) Donator — Any individual / company

(vii) Donators  $\xrightarrow{\text{Any amount can be donated}}$  kept anonymous.

# Some Important Share Indices in India

---

1. SENSEX = S & P BSE 30 Index



Sensitive Index



(i) India's first equity Index

(ii) Started - Jan 1986

(iii) Similar to → DJIA

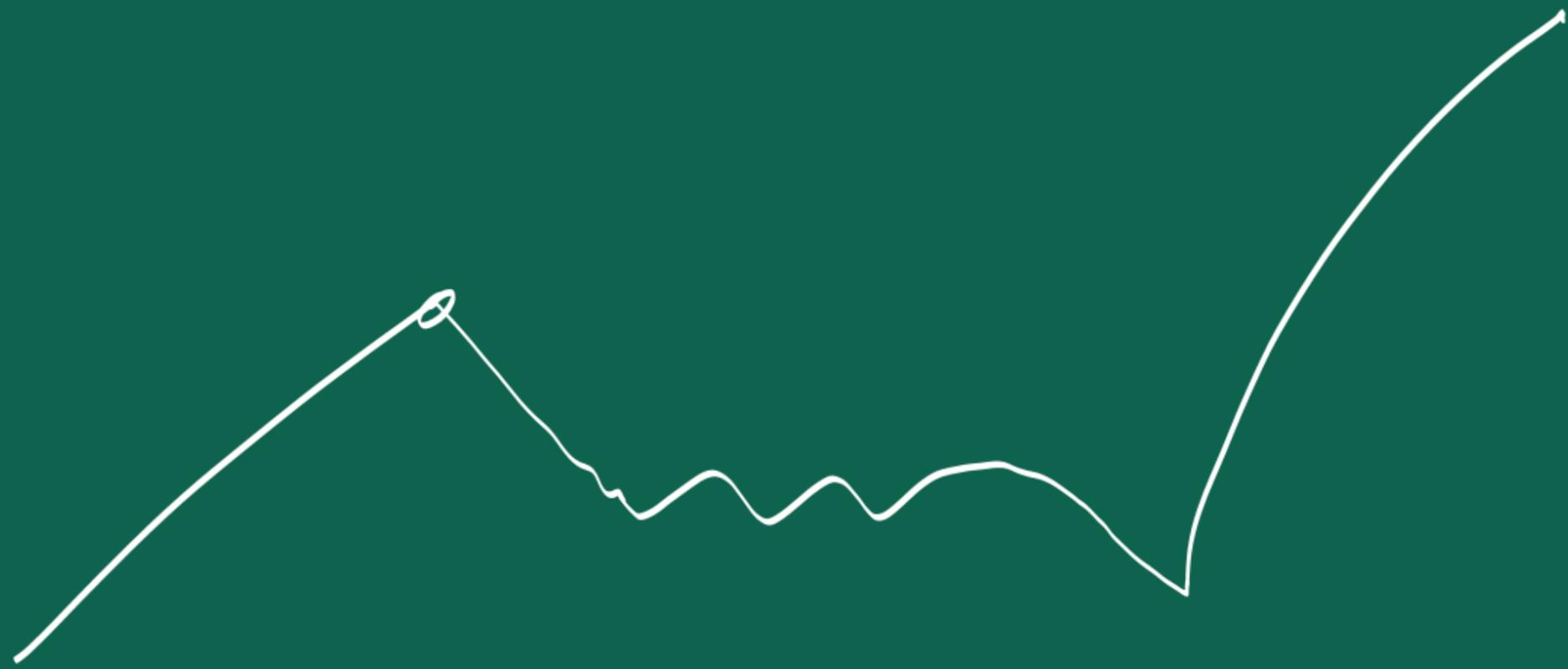
Dow Jones Industrial Average

(iv) Base Date - 1 April  
1979

(v) Base Value - 100

(vi) Companies - Top Most  
Covered  
↓  
30  
Listed on  
↓  
BSE





$$(2) \quad \text{NIFTY} = \text{NISE} - 50$$



(i) Base Date - 3 Nov. 1995

(ii) Base Value - 1,000

(iii) Companies Covered - Top Most

↓  
50

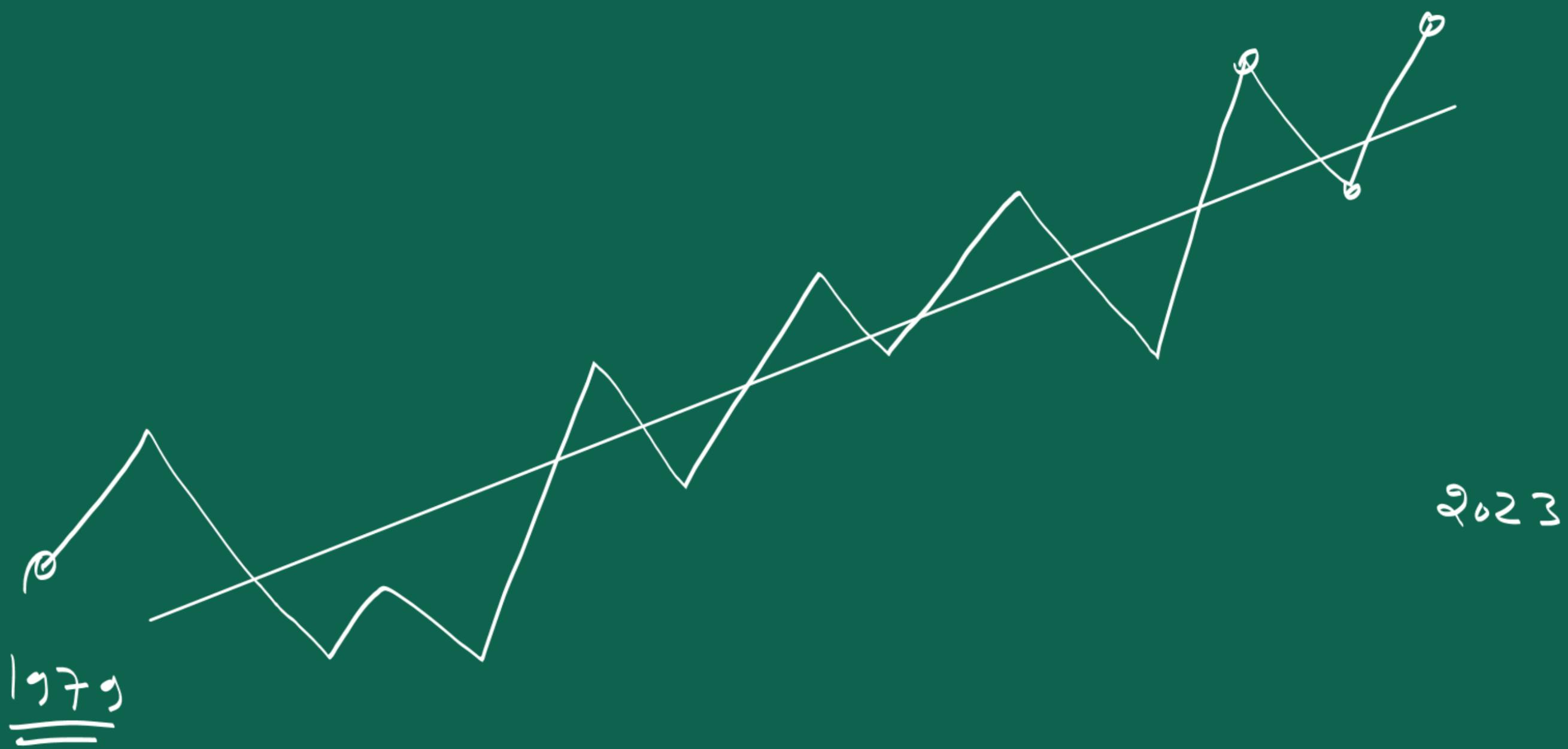
Listed on NSE

## Straight bonds

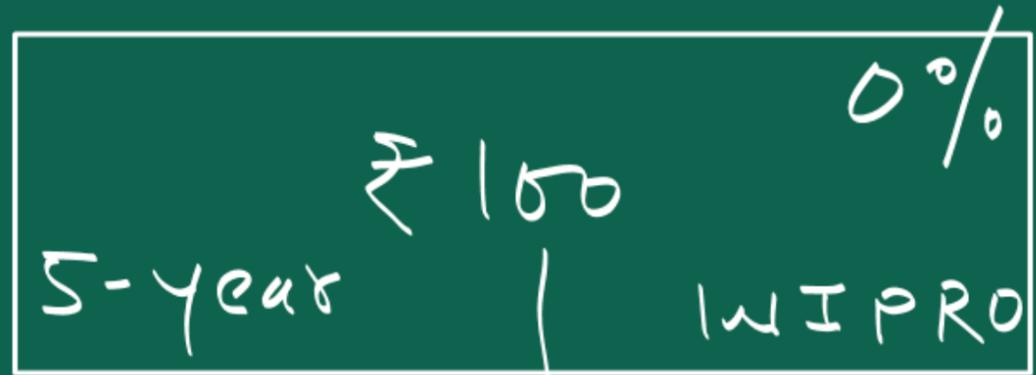
Bullet Bond

Plain Vanilla bond

regular  
interest  
+  
principal  
amount in  
lump sum  
after expiry



₹75



25% - discount rate