

**MANAGEMENT PROGRAMME /  
DIPLOMA IN FINANCIAL MARKETS  
PRACTICE (MP/DFMP)  
Term-End Examination  
December, 2022**

**MFP-04 : CURRENCY AND DEBT MARKETS**

*Time : 3 Hours*

*Maximum Marks : 100*

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**Note :** *Attempt any **five** questions. All questions carry equal marks.*

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1. Describe the structure of Foreign Exchange Market in India. Discuss the role of major intermediates that participate in this market.
2. Explain the term 'Real Effective Exchange Rate' (REER). Discuss 'Dollarisation of the Economy' and its impact on the domestic economy.
3. What do you understand by 'Forward Contracts' ? What are the different types of forward contracts ? How are forward contracts distinct from futures contracts ?

4. Explain the term 'Currency Options' and their valuation using the Black-Scholes model. Discuss the important factors that impact the pricing of an option.
5. Explain the following :
  - (a) Repurchase Agreements and its pricing
  - (b) Inter-Bank Participation Certificate (IBPCs)
6. Explain in brief about Government securities and why they are issued. Discuss the different types of Government securities and explain their distinguishing features.
7. What do you understand by 'Interest Rate Futures' (IRF) ? Discuss the product features of IRF. How is pricing of Interest Rate Futures done ?
8. What is meant by 'Duration of a Bond' ? How is the duration and modified duration of a bond calculated ?