

POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE

Term-End Examination

June, 2013

MFP-4 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

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

1. Discuss the evolution of Indian Foreign Currency Market and explain the structure of the currency market in India. What are the major currency derivative products traded in India ?
2. What do you understand by Spot and Forward rates ? Discuss the factors determining the forward margin and explain how are forward premium/discount points calculated ?
3. What are the various types of currency exposures ? Explain the various techniques of exposure management.
4. What is a Non - Deliverable Forward (NDF) ? How is it used as risk management tool ? Explain the limitation of NDFs.

5. What is Money Market ? Discuss various types of money market instruments and explain the procedure adopted in case of Repo transactions.
  6. What are Government Securities ? Discuss the different types of government securities and explain their special features.
  7. What is convexity ? Explain how the value of a zero coupon bond ; premium bond, par bond and the discount bond are calculated ?
  8. What do you understand by Interest Rate Risk ? Discuss the sources and effects of interest rate risk.
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