

**POST GRADUATE DIPLOMA IN FINANCIAL
MARKET PRACTICE**

Term-End Examination

June, 2014

MFP-4 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

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

1. Briefly explain the structure of the currency markets in India. Explain the difference between exchange traded and OTC derivatives market.
2. What is meant by Real Effective Exchange Rate (REER) ? Explain "Dollarisation of the Economy" and discuss its impact on the domestic economy.
3. What are currency swaps ? Explain how is it used to reduce cost of borrowings ?
4. Explain the following.
 - (a) Put Call Parity
 - (b) Delta Hedging
5. Explain the structure of the Indian Debt Market and briefly discuss the various instruments that are traded in the debt market in India.

6. Write notes on the following :
 - (a) Certificates of deposit
 - (b) Bill Rediscounting Scheme (BRDS)

 7. What is meant by 'Duration' of a bond ? How is the duration and modified duration of a bond calculated ?

 8. What are 'Interest Rate Futures' ? Explain the process of pricing of interest rate futures.
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