

00305

**POST GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

Term-End Examination

June, 2018

MFP-004 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

Weightage : 70%

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

1. Discuss the structure of Foreign Exchange Market in India and explain the role of major intermediaries that participate in this 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 Forward Rate Agreements (FRAs) ? Explain how are FRAs used to hedge currency risk ?
4. What are Currency Futures ? Explain the trading, clearing and settlement processes of currency futures.
5. What are Government Securities ? Why are they issued ? Discuss the different types of government securities and explain their distinguishing features.

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

 7. What is Convexity ? Explain how is the value of a zero coupon bond; a premium bond; a par bond and a discount bond calculated ?

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