

**MFP-4**

**Management Programme**

**ASSIGNMENT  
SECOND SEMESTER  
2017**

**MFP-4: CURRENCY AND DEBT MARKETS**



**School of Management Studies  
INDIRA GANDHI NATIONAL OPEN UNIVERSITY  
MAIDAN GARHI, NEW DELHI – 110 068**

## ASSIGNMENT

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<b>Course Code</b>	:	<b>MFP-4</b>
<b>Course Title</b>	:	<b>Security Analysis and Portfolio Management</b>
<b>Assignment Code</b>	:	<b>MFP-4/TMA/SEM-II/2017</b>
<b>Coverage</b>	:	<b>All Blocks</b>

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**Note** : Attempt all the questions and submit this assignment on or before 31<sup>st</sup> October, 2017 to the coordinator of your study center.

1. Briefly explain the structure of the currency markets in India. Discuss the various theories of Exchange Rate Determination and elaborate on the major factors that influence currency volatility.
2. (a) What are Forward Rate Agreements (FRA)? Explain how FRA can be used to hedge currency risk.  
(b) Explain the following:
  - (i) Delta Hedging
  - (ii) Black Scholes Model
3. What is Money Market? Describe the different types of money market instruments and briefly discuss the guidelines for the issuance of commercial paper.
4. What is meant by 'Duration of a bond'? How is the duration and modified duration of a bond calculated.
5. What are 'Interest Rate Futures'? Explain the process of pricing of interest rate futures.