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MFP-004

**MANAGEMENT PROGRAMME/POST
GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE (M. P./M. F. P.)**

Term-End Examination

December, 2020

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. Briefly explain the structure of the currency market in India. Who are the participants in the currency market and what are the products traded in the Indian foreign currency market ?
2. What is spot rate and forward rate ? Describe the factors determining the forward margin and explain, how forward premium/discount points are calculated.

3. What do you understand by 'Currency Exposure' ? Describe the various techniques used for management of currency exposure.
4. What are 'Currency Options' ? Explain the factors that impact option valuation and describe the Black Scholes Model used for option valuation.
5. Explain the following :
 - (a) Repurchase Agreements (REPO)
 - (b) Commercial Paper
6. Explain the issuance process of government securities and differentiate between the Yield Based Auction and Price Based Auction. How are these securities traded in the secondary market ?
7. What is Duration and Modified Duration ? How are they calculated ?
8. What are Interest Rate Futures ? Describe its salient features and explain the pricing of interest rate futures.