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**POST GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

Term-End Examination

June, 2012

MFP-4 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions.

All questions carry equal marks.

1. How did currency swaps originate ? How did this lead to the development of the swap market ? What are the advantages of currency swap ?
2. Explain the difference between future contract and forward contract. What are the features of non - deliverable contracts ?
3. Describe the evolution of debt markets in India. Distinguish between money markets and debt markets.
4. What are Repo and Reverse Repo rates ? What is the significance of the Reserve Bank of India fixing these rates at periodic intervals ? What effect does it have ?

5. What are Treasury bills and how are they priced ? Describe the features of Government Securities.
 6. Describe the principles of Bond valuation. Give illustrations. What happens to premium or discount on a bond as term to maturity decreases ?
 7. What are the features of Asset-Liability management ? How is interest sensitivity analysis done ? Discuss.
 8. What are interest rate futures ? What are the benefits of interest rate futures to different types of users ?
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