

**POST GRADUATE DIPLOMA IN
FINANCIAL MARKETS PRACTICE**

Term-End Examination

June, 2021

MFP-04 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

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

1. Explain the evolution of Indian Foreign Exchange market. Describe the products traded in the Indian foreign currency market and differentiate between Over-the Counter (OTC) vs. Exchange Traded currency derivatives.
2. Explain the theories of exchange rate determination and describe the economic factors that have an impact on the exchange rates.
3. Discuss the functions and salient features of derivatives and describe Currency Swaps and Forward Rate Agreements (FRA).

4. What are 'Option Greeks' ? Explain the different types and discuss the different factors that impact the option valuation.
 5. Explain the structure of Indian debt markets and describe the instruments issued in the debt market. Discuss the major reforms/innovations which have taken place in Indian Corporate and Government debt market.
 6. What is Money Market ? How does it differ from Capital Market ? Describe any five money market instruments.
 7. What is meant by 'Duration' of a Bond ? How is the Duration and Modified Duration of a bond calculated ?
 8. Write short notes on the following :
 - (a) Interest Rate Cap
 - (b) Total Return Swap
 - (c) Interest Rate Swaps
 - (d) Stress Testing
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