

**MANAGEMENT PROGRAMME (MP)**  
**Term-End Examination**  
**June, 2022**

**MFP-004 : CURRENCY AND DEBT MARKETS**

*Time : 3 Hours*

*Maximum Marks : 100*

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

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1. What do you understand by the terms 'Foreign Exchange' and 'Foreign Exchange Market' ? Discuss the features of Foreign Exchange Market. How do they differ from other markets ?
2. Explain the main theories of Exchange Rates determination. What are the different economic factors taken into consideration while determining exchange rates ?
3. Discuss the functions and salient features of the over-the counter (OTC) derivatives market. Explain the role of different OTC derivative participants.

4. What are Currency Futures ? Discuss the advantages and disadvantages of currency futures. Discuss the contract specifications of USD/INR currency futures traded in stock exchanges.
5. Discuss the significance and functions of Debt Markets in India. Describe the main participants in the Debt Market.
6. Explain the following :
  - (i) Commercial Paper
  - (ii) Certificate of Deposits
7. Explain the concept of 'Interest Rate Risk'. Discuss the sources and effects of Interest Rate Risk.
8. What do you understand by Interest Rate Swaps (IRS) ? How are IRS priced ? Discuss the types of interest rate swaps.