

MFP-4

**Management Programme (MP)/
Post Graduation Diploma in Financial Market Practice (PGDFMP)**

**ASSIGNMENT
For
July 2025 and January 2026 Semesters**

MFP-4: CURRENCY AND DEBT MARKETS

**(Last date of submission for July 2025 Semester is 31st October 2025
and for January 2026 Semester is 30th April, 2026)**



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

ASSIGNMENT

Course Code	:	MFP-4
Course Title	:	Currency and Debt Markets
Assignment Code	:	MFP-4/TMA/JULY/2025
Coverage	:	All Blocks

Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for July 2025 Semester is 31st October 2025 and for January 2026 Semester is 30th April, 2026.

1. Explain the structure and functioning of the currency markets in India. Describe the key segments, participants, and instruments involved in these markets. Elaborate the major domestic and global factors that influence currency volatility in the Indian foreign exchange market.
2. Define currency options and explain their role in managing foreign exchange risk. Discuss the Black-Scholes Model of option valuation, outlining its key assumptions and formula.
3. Define a 'Bond'? Explain its relevance in the context of debt markets and investment portfolios. How is the value of a bond determined? Discuss the concepts of Duration and Modified Duration, and explain how these measures help in assessing interest rate risk.
4. Discuss the major Theories of exchange rate determination, highlighting their underlying assumptions and real-world relevance. Differentiate between Nominal Exchange Rate and Effective Exchange Rate with suitable examples.
5. Write Short Notes on:
 - a) Debt Markets.
 - b) Money Markets.
 - c) French Auction
 - d) Investor's Protection