# MANAGEMENT PROGRAMME / POST GRADUATE DIPLOMA IN FINANCIAL MARKET PRACTICE (MP/PGDFMP)

## Term-End Examination

## December, 2024

## MFP-004 : CURRENCY AND DEBT MARKETS

*Time : 3 Hours* *Maximum Marks : 100*

*Weightage : 70%*

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

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1. Which are the major intermediaries that participate in the currency markets in India ? Explain the meaning of Derivatives and discuss the major Currency Derivative products that are traded.

2. What do you understand by Fixed Exchange Rate and Floating Exchange Rate ? Discuss the theories of exchange rate determination.

3. What are Forward Rate Agreements (FRAs) ? Explain how are FRAs used to hedge currency risk.

4. Explain the term 'Currency Futures' and their advantages and disadvantages. Discuss the USD/INR futures contract specifications.

5. Describe the different types of Money Market Instruments and briefly discuss the RBI guideline for the issuance of 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 are Interest Rate Futures (IRF) ? In what ways can IRF benefits Banks and Primary Dealers ?

8. Write short notes on any *four* of the following :

   (a) Outright Forwards

   (b) Black Scholes Model on Pricing of options

   (c) Interest Rate Swaps (IRS)

   (d) Repurchase Agreements (REPO)

   (e) Stress Testing

   (f) Credit Linked Notes

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