

No. of Printed Pages : 2

**MFP-4**

00334

**P.G. DIPLOMA IN FINANCIAL MARKETS  
PRACTICE**

**Term-End Examination**

**December, 2011**

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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**Note :** *Answer any five questions.*

*All questions carry equal marks.*

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1. Explain the features of foreign exchange markets, and bring out the differences between this market and other segments of financial markets.
2. What are the conventions for quotation ? Compare spot rates with forward rates, merchant rates and buying and selling rates.
3. Explain the different types of currency exposures. Discuss the various techniques used for management of currency exposure.
4. Explain non - deliverable forwards. Differentiate between a futures contract and a forward contract.

5. What is a money market ? Who are the different participants in the money markets in India ?
6. What are the features of Government Securities ? How are they traded ?
7. How are interest rate futures priced ? Explain the use of interest rate futures for hedging interest rate risk.
8. What are credit derivatives ? Explain credit default swaps and Total Return Swap.

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No. of Printed Pages : 2

**MFP-4**

00311

## **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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No. of Printed Pages : 2

MFP-4

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE**

00851

**Term-End Examination**

**December, 2012**

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

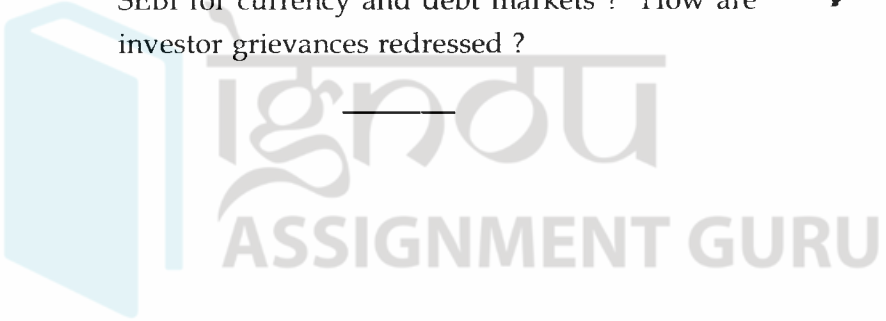
*Maximum Marks : 100*

*Note : All questions carry equal marks.*

*Attempt any five questions.*

1. What are the risks associated with hedging instruments ? Explain correlation risk, basis risk, credit risk and opportunity cost.
2. Describe the trading, clearing and settlement process of currency and debt markets.
3. What is the Government debt market ? What is the rationale of Government debt issuance and how does price discovery of Government bonds happen ?
4. Describe the different types of money market instruments and briefly discuss the guidelines for the issuance of commercial paper.

5. Explain the difference between Bonds and Debentures and indicate the issues impacting market growth of these instruments.
6. How is interest rate risk measured ? Describe Gap analysis.
7. Describe the product features of interest rate futures. How are they priced ?
8. What are the investor protection guidelines of SEBI for currency and debt markets ? How are investor grievances redressed ?



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**MFP-4**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE**

**Term-End Examination**

**June, 2013**

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

1. Discuss the evolution of Indian Foreign Currency Market and explain the structure of the currency market in India. What are the major currency derivative products traded in India ?
2. What do you understand by Spot and Forward rates ? Discuss the factors determining the forward margin and explain how are forward premium/discount points calculated ?
3. What are the various types of currency exposures ? Explain the various techniques of exposure management.
4. What is a Non - Deliverable Forward (NDF) ? How is it used as risk management tool ? Explain the limitation of NDFs.

5. What is Money Market ? Discuss various types of money market instruments and explain the procedure adopted in case of Repo transactions.
6. What are Government Securities ? Discuss the different types of government securities and explain their special features.
7. What is convexity ? Explain how the value of a zero coupon bond ; premium bond, par bond and the discount bond are calculated ?
8. What do you understand by Interest Rate Risk ? Discuss the sources and effects of interest rate risk.

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MFP-4

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE**

**Term-End Examination**

**December, 2013**

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

1. What do you understand by 'Foreign Exchange' ? Discuss the features of foreign exchange markets and explain the differences between foreign exchange markets and other financial markets.
2. What do you understand by nominal, real and real effective exchange rates ? Discuss the economic factors that affect these exchange rates.
3. What are 'Forward Rate Agreements' (FRAs) ? Explain how can FRAs be used to hedge currency risk ?
4. What are currency futures ? Explain the trading, clearing and settlement processes for currency futures.
5. Distinguish between :
  - (a) Commercial Paper and Bills of Exchange
  - (b) Repo rate and Call Money Rate
  - (c) Housing Rate Bonds and Fixed Rate Bonds
  - (d) Coupon Rate and Yield.

6. Differentiate between the following :
    - (a) Yield based and price based auction
    - (b) Competitive and Non-competitive bidding
  7. What is Bond duration ? How is modified duration calculated ?
  8. What are Interest Rate Futures (IRF) ? Explain the product features of an IRF.
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**MFP-4**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE**

**Term-End Examination**

**June, 2014**

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

1. Briefly explain the structure of the currency markets in India. Explain the difference between exchange traded and OTC derivatives market.
2. What is meant by Real Effective Exchange Rate (REER) ? Explain "Dollarisation of the Economy" and discuss its impact on the domestic economy.
3. What are currency swaps ? Explain how is it used to reduce cost of borrowings ?
4. Explain the following.
  - (a) Put Call Parity
  - (b) Delta Hedging
5. Explain the structure of the Indian Debt Market and briefly discuss the various instruments that are traded in the debt market in India.

6. Write notes on the following :
    - (a) Certificates of deposit
    - (b) Bill Rediscounting Scheme (BRDS)
  7. What is meant by 'Duration' of a bond ? How is the duration and modified duration of a bond calculated ?
  8. What are 'Interest Rate Futures' ? Explain the process of pricing of interest rate futures.
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**MFP-4**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE**

**Term-End Examination**

**December, 2014**

00156

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

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. Discuss the various theories of Exchange Rate Determination and elaborate on the major factors that influence currency volatility.
3. What are Forward Rate Agreements (FRAs) ? Explain how can FRAs be used to hedge currency risk.
4. Explain the following :
  - (a) Black Scholes Model
  - (b) Option Greeks
5. What are Government Securities ? Discuss the different types of government securities and explain their distinguishing features.

6. Write short notes on the following :
  - (a) Collateralised Borrowing and Lending Obligation (CBLO)
  - (b) Commercial Paper
7. What is 'Convexity' ? Explain the method of valuation of Zero Coupon and Premium, Par and Discount bonds.
8. What is interest rate risk ? Discuss the sources of interest rate risk and also explain the effects of such risk.



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**MFP-4**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**June, 2015**

**MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

1. Explain the evolution of Indian Foreign Exchange market and discuss the major products in the Indian Foreign currency market.
2. Discuss, briefly, the main theories of Exchange rates determination and explain the major economic factors impacting the Exchange rate of a country's currency.
3. What is a 'Forward contract' ? What are the different types of forward contracts ? Differentiate between Futures contracts and Forward contracts.
4. What are 'Foreign Currency Options' ? Why are they used by the buyers and sellers ? Discuss the option Greeks.
5. Explain the significance and functions of Indian Debt markets and describe the main participants in these markets.

6. Why do 'governments issue securities' ? What are the advantages of Government Securities ? Discuss their different types.
7. What is 'Interest Sensitivity Analysis' ? Discuss the broad parameters of Interest Rate Sensitivity Policy.
8. What are 'Interest Rate Futures' ? Explain their salient features and the benefits to the users.



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**MFP-4**

## **POST GRADUATE DIPLOMA IN FINANCIAL MARKETS PRACTICE**

**Term-End Examination**

**December, 2015**

### **MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

1. What are 'Forex Markets' ? How do these markets differ from other segments of the financial markets ? What are the most widely traded currencies in Forex Markets ?
2. Discuss the structure of Indian Foreign Exchange Market and explain the major participants in this market.
3. Explain the different types of currency exposure and discuss the various techniques of exposure management.
4. What are 'Currency Futures' ? What are their advantages and disadvantages ? Discuss the investment strategies in Futures Market.
5. What are 'Repurchase Agreements' (Repos) ? Identify the different types of Repos and discuss the various uses of Repos.

6. Discuss the different methods of trading in Government Securities in the primary market and the secondary market.
7. What is 'Interest Rate Risk' ? What are the sources and effects of this Risk ?
8. What are 'Interest Rate Swaps' ? Explain the process of pricing an Interest Rate Swap. Discuss the different types of Interest Rate Swaps.



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**MFP-4**

00612

## **POST GRADUATE DIPLOMA IN FINANCIAL MARKETS PRACTICE**

**Term-End Examination**

**June, 2016**

### **MFP-4 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

1. What are the features of foreign exchange markets and how do they compare with other financial markets ?
2. Discuss the various theories of Exchange Rate Determination and elaborate on the major factors that influence currency volatility.
3. What are Forward Rate Agreements (FRA) ? Explain how FRA can be used to hedge currency risk.
4. Explain the following :
  - (a) Delta Hedging
  - (b) Black Scholes Model
5. What is Money Market ? Describe the different types of money market instruments and briefly discuss the guidelines for the issuance of commercial paper.

6. What are Government Securities ? Discuss the different types of government securities and explain their distinguishing features.
7. What is interest rate risk ? Explain the interest rate sensitivity policy and discuss its broad parameters.
8. What is meant by 'Duration' of a bond ? How is the duration and modified duration of a bond calculated ?



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**MFP-004**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**December, 2016**

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

*Time : 3 hours*

*Maximum Marks : 100*

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

1. Describe the evolution of the Indian Foreign Currency market and its present structure.
2. Explain the concept of Real Effective Exchange Rate (REER) and discuss the factors that impact exchange rates.
3. What is Currency Exposure ? Discuss the various techniques of currency exposure management.
4. What are Currency Futures ? Explain the trading, clearing and settlement process of currency futures.
5. What are Repurchase Arguments (REPO) ? Explain their role in money market. Discuss the process of pricing a REPO.

6. Explain the following :
  - (a) Yield based Auction
  - (b) Price based Auction
  - (c) Inter Bank Participation Certificate
  - (d) Bill Rediscounting
  
7. What is convexity ? Explain how the Value of a Zero coupon bond; premium bond, par bond and discount bond calculated.
  
8. What do you understand by Interest Rate Risk ? Discuss the sources and effects of interest rate risk.

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**MFP-004**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**June, 2017**

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

*Time : 3 hours*

*Maximum Marks : 100*

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

1. Briefly explain the structure of the currency markets in India. Explain the meaning of derivatives and discuss the major currency derivative products that are traded.
2. Write short notes on :
  - (a) Calculation of Forward Premium/Discount Points.
  - (b) Economic Factors impacting exchange rates.
3. What are Forward Rate Arguments (FRAs) ? Explain how FRAs can be used to hedge currency risk ?
4. What are 'Foreign Currency Options' ? Discuss the factors that impact option valuation and explain some of the option trading strategies.

5. What is Money Market ? Who are the major participants in the money market ? List the various money market instruments and explain in detail about Collateralised Borrowing and Lending Obligation (CBLO) and Inter Bank Participation Certificates (IBPCs).
6. Why do governments issue securities ? Discuss the general features of government securities and discuss the different types of government securities.
7. What is 'Interest Sensitivity Analysis' ? Discuss the broad parameters of Interest Rate Sensitivity Analysis.
8. What are 'interest rate swaps' ? Discuss the different types of interest rate swaps and explain the process of pricing interest rate swaps.

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No. of Printed Pages : 2

**MFP-004**

00149

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**December, 2017**

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

*Time : 3 hours*

*Maximum Marks : 100*

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

1. What are 'Forex Markets' ? How do these markets differ from other segments of the financial markets ? Which are the major intermediaries that participate in the currency markets in India ?
2. Write short notes on :
  - (a) Real Effective Exchange Rate (REER)
  - (b) Dollarisation of Economy
3. What are Currency Swaps ? Explain how it is used to reduce cost of borrowing ?
4. Explain the following :
  - (a) Black Scholes Model
  - (b) Delta Hedging

5. What are 'Repurchase Agreements' (REPOs) ? Identify the different types of REPOs and discuss the various uses of REPOs.
6. Explain the issuance process of debt securities in the primary market. Discuss how government securities are traded in the secondary market.
7. What is meant by 'Duration' of a bond ? How is the duration and modified duration of a bond calculated ?
8. What is 'interest rate risk' ? What are the sources and effects of this risk ?



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No. of Printed Pages : 2

**MFP-004**

00305

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**June, 2018**

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

*Time : 3 hours*

*Maximum Marks : 100*

*Weightage : 70%*

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

1. Discuss the structure of Foreign Exchange Market in India and explain the role of major intermediaries that participate in this market.
2. What is meant by Real Effective Exchange Rate (REER) ? Explain "Dollarisation of the economy" and discuss its impact on the domestic economy.
3. What are Forward Rate Agreements (FRAs) ? Explain how are FRAs used to hedge currency risk ?
4. What are Currency Futures ? Explain the trading, clearing and settlement processes of currency futures.
5. What are Government Securities ? Why are they issued ? Discuss the different types of government securities and explain their distinguishing features.

6. Write notes on the following :
    - (a) Certificates of deposit
    - (b) Bill Rediscounting Scheme (BRDS)
  7. What is Convexity ? Explain how is the value of a zero coupon bond; a premium bond; a par bond and a discount bond calculated ?
  8. What are 'Interest Rate Futures' ? Explain the process of pricing of interest rate futures.
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**MFP-004**

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**December, 2018**

**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. What are the major intermediaries that participate in the currency market in India and discuss their role. Explain the meaning of currency derivatives and discuss the major currency derivative products that are traded in India.
2. Explain briefly, the main theories of Exchange rate determination and discuss the major economic factors that impact the Exchange rate of a country's currency.
3. What is Currency Exposure ? Discuss the various techniques of currency exposure management.
4. Explain the following :
  - (a) Put Call Parity
  - (b) Delta Hedging

5. What are 'Repurchase Arguments (REPOs) ? Explain their role in Money Market. Discuss the process of pricing a REPO.
6. Write notes on the following :
  - (a) Collateralised Borrowing and Lending Obligation (CBLO)
  - (b) Commercial paper
7. What do you understand by Interest Rate Risk ? Discuss the sources and effects of interest rate risk.
8. What is meant by 'Duration of a bond' ? How is the duration, and modified duration of a bond calculated ?

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**MFP-004**

**POST GRADUATE DIPLOMA IN  
FINANCIAL MARKETS PRACTICE**

**Term-End Examination**

00712

**June, 2019**

**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. Briefly explain the structure of the currency markets in India. Explain the meaning of derivatives and discuss the major currency products that are traded.
2. Discuss the various theories of Exchange Rate determination and elaborate on the major factors that influence currency volatility.
3. What is Currency Exposure ? Discuss the various techniques of currency exposure management.

4. What are 'Foreign Currency Options' ? Discuss the factors that impact option valuation and explain some of the option trading strategies.
  5. What are Government Securities ? Discuss the different types of government securities and explain their distinguishing features.
  6. Write notes on the following :
    - (a) Certificate of Deposit
    - (b) Bill Rediscounting Scheme
  7. What is meant by 'Duration of a Bond' ? How is duration and modified duration of bond calculated ?
  8. What is 'Interest Rate Futures' ? Explain the process of pricing of interest rate futures.
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No. of Printed Pages : 2

**MFP-004**

**POST GRADUATE DIPLOMA IN  
FINANCIAL MARKETS PRACTICE**

**Term-End Examination**

**01393**

**December, 2019**

**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. What are 'Forex Markets' ? Discuss the features of foreign exchange markets. How do they compare with other financial markets ?
2. What is meant by 'Real Effective Exchange Rate' (REER) ? Explain 'Dollarisation of the economy' and discuss its impact on the domestic economy.
3. What are Currency Futures ? Explain the trading, clearing and settlement processes of Currency Futures.

4. What are Forward Rate Agreements (FRAs) ? Explain how FRAs can be used to hedge currency risk.
  5. Write notes on the following :
    - (a) Collateralised Borrowing and Lending Obligations (CBLO)
    - (b) Commercial Paper
  6. What are 'Repurchase Agreements' (Repos) ? Identify the various types of Repos and discuss the various usages of Repos.
  7. What is interest rate risk ? Explain the interest rate sensitivity policy and discuss its broad parameters.
  8. What is Convexity ? Explain the method of valuation of Zero coupon bonds and Premium, Par and Discount bonds.
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No. of Printed Pages : 3

**MFP-04**

**MANAGEMENT PROGRAMME/POST  
GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE (MP/MFP)**

**Term-End Examination**

**June, 2020**

**MFP-04 : CURRENCY AND DEBT MARKETS**

*Time : 3 Hours*

*Maximum Marks : 100*

*(Weightage : 70%)*

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*Note : (i) Attempt any five questions.*

*(ii) All questions carry equal marks.*

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1. What is the meaning of Forex Market ?  
Describe the features of Foreign Exchange Market and discuss its unique characteristics vis-a-vis other segments of financial markets.

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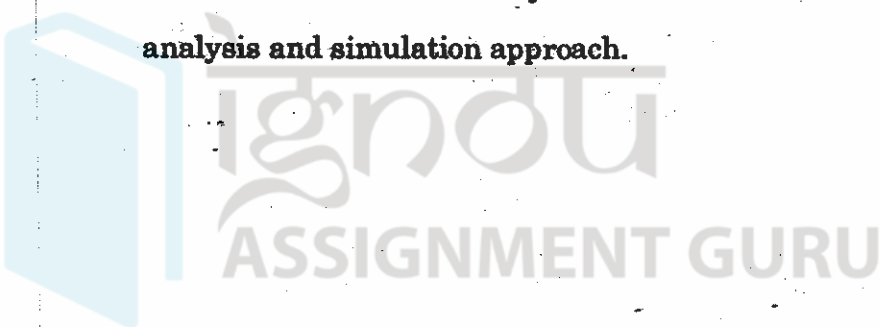
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MFP-04

2. What are the Economic Factors Impacting Exchange Rates ? Differentiate between the Nominal Exchange Rate and Real Effective Exchange Rate (REER).
3. What is a currency swap ? Describe the Forward Rate Agreement (FRA) and explain its characteristics and features.
4. What are 'Currency Futures' ? Explain the trading, clearing and settlement process for currency futures.
5. Explain the following :
  - (a) Certificate of Deposits (CDs)
  - (b) Inter-Bank Participation Certificates (IBPCs)
6. What are the different types of Government Securities ? Discuss the features of government securities. Explain the advantages of investing in government securities.

[3]

7. What is convexity ? How is it calculated ? Explain the valuation process for zero coupon bond, premium, par and discount bond.
8. What is interest rate risk ? Explain the sources of interest rate risk and the effects of interest rate risk on banks. Briefly describe the GAP analysis and simulation approach.



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No. of Printed Pages : 2

**MFP-004**

**MANAGEMENT PROGRAMME/POST  
GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE (M. P./M. F. P.)**

**Term-End Examination**

**December, 2020**

**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. Briefly explain the structure of the currency market in India. Who are the participants in the currency market and what are the products traded in the Indian foreign currency market ?
2. What is spot rate and forward rate ? Describe the factors determining the forward margin and explain, how forward premium/discount points are calculated.

[ 2 ]

3. What do you understand by 'Currency Exposure' ? Describe the various techniques used for management of currency exposure.
4. What are 'Currency Options' ? Explain the factors that impact option valuation and describe the Black Scholes Model used for option valuation.
5. Explain the following :
  - (a) Repurchase Agreements (REPO)
  - (b) 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 is Duration and Modified Duration ? How are they calculated ?
8. What are Interest Rate Futures ? Describe its salient features and explain the pricing of interest rate futures.

**MFP-004**