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?