



MBA (C) III/11.15.0864



**MBA (FT)/MBA(IB)/MBA(PT) DEGREE III SEMESTER EXAMINATION
NOVEMBER 2015**

**SMS 2304/SMI 2301/SMP 2305 INTERNATIONAL FINANCE
(Regular and Supplementary)**

Time: 3 Hours

Maximum Marks: 50

PART A
(Answer *ALL* questions)

(5 × 2 = 10)

1. What is capital accounts?
2. What is invisible accounts?
3. Define arbitrage.
4. What is spot exchange?
5. What is stable exchange rate system?

PART B
(Answer *ANY FIVE* questions)

(5 × 4 = 20)

6. Distinguish between foreign direct investment and portfolio investment.
7. Explain the structure of Indian foreign exchange market.
8. Explain purchasing power parity theory.
9. What are the objectives of European monetary union?
10. What are the effects of devaluation?
11. What were the factors responsible for the breakdown of Brettonwood agreement?
12. Explain the problems caused by the Eurodollar market.

PART C
(Answer *ANY TWO* questions)

(2 × 10 = 20)

13. Explain the use of currency futures for hedging purpose.
14. Discuss the arguments for floating exchange rates.
15. Discuss the advantages and disadvantages of portfolio investment.
