



MBA(F)III/12.13. 1031

**MBA (FT) DEGREE III SEMESTER EXAMINATION DECEMBER 2013**

**SMS 2304 INTERNATIONAL FINANCE**  
(2012 Admission)

Time: 3 Hours

Maximum Marks: 50

**PART A**  
(Answer *ALL* questions)

(5 × 2 = 10)

- I. What do you understand by fixed exchange rate system?
- II. Define spot market and differentiate it from forward market.
- III. What is currency arbitrage?
- IV. What do you mean by financial swaps?
- V. What is an international bond?

**PART B**  
(Answer *ANY FIVE* questions)

(5 × 4=20)

- VI. Discuss and differentiate balance of payment from balance of trade.
- VII. Examine the factors affecting international investment.
- VIII. Give your comments on the factors influencing exchange rate.
- IX. What do you understand by optimal portfolio? How do you measure risk and return in investment?
- X. Debate on the objectives and characteristics of European monetary system.
- XI. How is international liquidity influenced by IMF?
- XII. What is meant by option market and discuss about the different types of options.

**PART C**  
(Answer *ANY TWO* questions)

(2 x 10 =20)

- XIII. Discuss the evolution of international monetary system.
- XIV. Debate on the cost and benefits of FDI in India and its impact on Indian industry.
- XV. The spot rate of Singapore dollar in the United States is USD.064 and that of INR is USD 0.0224. What is the exchange rate of the Singapore dollar in India? If the Singapore dollar is quoted in India at SGD/INR:29, How can an arbitrageur make a profit in this situation?

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