
Q-1 Answer the following. (Any Five)

[10]

1. What is international diversification?
2. What is the structure of foreign exchange market?
3. Define transaction exposure.
4. What are the benefits of FDI to India?
5. What factors affect a company's translation exposure?
6. Define balance of payments.

Q-2 Answer the following. (Any Two)

[20]

1. What is an optimal international asset allocation? How to measure the total return from foreign portfolio investing?
2. A current-account surplus is not always a sign of health; a current-account deficit is not always a sign of weakness. Comments.
3. Discuss the statement "operating exposure arises because currency fluctuations can alter a company's future revenues and expenses."

Q-3 Answer the following in detail. (Any Two)

[20]

1. Define exposure, differentiating between accounting and economic exposure. What role does inflation play?
2. What are the risks involved and benefits associated of investing in international market?
3. Define foreign exchange market? Explain the role of participants of it.