

ELECTIVE COURSE I (B) – INTERNATIONAL FINANCE

Credit Allotted: 4

Max. Marks: 75

Objective : To understand the concepts of Financial Management at international level.

Unit I: Financial Management in a Global Perspective:

Globalisation, Trends in International Trade and Cross Border Financial Flows. India in the Global Economy, Challenges of International Financial Management.

International Monetary System and Financial Markets:

Balance of Payments, International Monetary system. An overview of International Financial Markets, Exchange Rate Determination and Forecasting, Purchasing Power Parity, The Fishers' Effect, Interest Rate Parity.

Unit II: The foreign Exchange Market:

Structure and the Participants, Types of Transactions, Mechanics of Currency Dealing, Exchange Rate quotations, Arbitrage, Forward Rates, Evolution of Exchange Control and the Foreign Exchange Market in India, Exchange Rate Computations.

Currency Derivatives: Currency Futures, Currency Options

Unit III : Foreign exchange Exposure and Risk:

Economic Exposure, Transaction Exposure, Translation Exposure, Management of Exposures.

Unit IV: Working Capital Management in a Multinational Context:

Short-term Borrowing and Investment, Centralised Vs. Decentralised Cash Management, Cash Transmission.

International Equity Investment: Risk and Return, The International CAPM, Equity Financing in the International Markets.

Long-term Borrowing in International Capital Markets: The Major Market Segments, the International Financing Decision, International Leasing.

Unit V: International Project Appraisal:

Review of NPV Approach, Adjusted Present Value Framework, Project appraisal in the International Context, Exchange Rate Risk and Cost of Capital, International Joint Ventures.

An Introduction to Financial Swaps:

Major Types, Motivations Underlying Swaps, Application of Swaps, Valuation of Swaps,

International Accounting and Taxation: Accounting for Foreign Currency Transactions, Accounting for Foreign Operations.

Reference:

1. Apte, P.G., International Financial Management, 2nd Ed., Tata Mc Graw Hill, 1998
2. Jeff Madura, International Financial Management, 6th Ed., South-Western, 2000
3. Cheol S.Eun, Bruce G.Resnick,. International Financial Management, Irwin McGraw Gill.1998.
4. Maurice D.Levi, International Finance, 3rd Ed., McGraw Hill, 1996.
5. Alan C.Shapiro, Multinational Financial Management. Prentice Hall India.