

**ELECTIVE COURSE III – 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's position in the Global Economy, Challenges of International Financial Management.

**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 - Foreign Exchange Market in India, Exchange Rate Computations.

**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.

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