

17BB319-INTERNATIONAL FINANCIAL MANAGEMENT

Course Objectives:

The objective of the course is to provide the students with an understanding of financial markets, major institutions involved, the framework for these institutions etc. The prerequisite for the course is financial accounting and analysis and financial management.

Course Outcomes:

By end of this course it is expected that the student will be able to:

- Understand an overview of international financial management, components of BOP
- Understand the Evolution of International Monetary system.
- Know the structure of Foreign Exchange market and how to calculate spread.
- Understand the Relationship between Inflation, Interest rates and Exchange rates.
- Understand the FDI and trade finance methods.

UNIT - I

International Financial Management: An overview of IFM, International Flow of Funds -Balance of Payments (BOP), Fundamentals of BOP, Accounting components of BOP, Factors affecting International Trade flows, Agencies that facilitate International flows, Theories of International business.

UNIT - II

International Monetary System: Evolution, Gold standard, Bretton woods system, flexible exchange rate regime, the current exchange rate arrangements, EMU.

UNIT - III

Foreign Exchange Market: Function and Structure of the Forex markets, major participants, types of transactions and settlements, FE Quotations, Speculation in forward markets

UNIT - IV

Exchange Rates: Measuring exchange rate movements, Factors influencing exchange rates. Government influence on exchange rates - exchange rate systems, Relationship between inflation, interest rates and exchange rates – PPP, IFE , IRP theories.

UNIT - V

International Investments: Foreign Direct Investment, International Capital Budgeting, International Capital structure and cost of capital..Payment methods of international trade, Trade finance methods.

Skill Development:

(These activities are only indicative, the Faculty member can innovate)

1. Read any two related international treaties & write a report.
2. Follow any latest cross-border merger and evaluate its outcomes.
3. Work out on cross-currency valuations.
4. Evaluate the role of any two International Agencies.
5. Bring out the role of GST in being tax guardian to end-users.

TEXT BOOKS:

1. Jeff Madura, International Financial Management, 6th edition, Thomson Publications.
2. P.G.Apte, International Financial Management, Tata McGraw-Hill, New Delhi, 2004

REFERENCE BOOKS:

1. Maurice D.Levi, International Finance, 3rd edition, Tata Mc Graw-Hill, New Delhi, 2003.
2. S.Eun Choel and Risnick Bruce, International Financial Management, Tata Mc Graw Hill,2001.
3. David K. Eiteman, Arthur I.Stonehill and Michael H.Moffeth, Multinational BusinessFinance, 10th edition, Pearson Education 2004.
4. P.K Jain, Josette Peyrard and Surendra S. Yadav, International Financial Management,Macmillan Publishers, 2001.