

**Name of the Subject:INTERNATIONAL FINANCIAL MANAGEMENT**

**Course Code and Subject Code: FS 321, IFM**

**Course Credit: FULL (50 SESSIONS OF 60 MINUTES EACH)**

### **Course Description**

Corporates, these days are going global. With respect to this, it becomes important for the students of MBA to understand the structure of international finance market and management. Various parameters of international finance like understanding the flow of fund in the international market, foreign exchange rate behavior and risk exposures associated with it. This subject also discusses the various financing tools available to the corporates while operating in the international market. Students will get the knowledge of currency derivatives, which helps the firm manage their funds in the international market. They will also come to know how the firms manage the exchange rate risk while operating globally.

### **Evaluation pattern:**

Class participation and Attendance	10%
Quizzes, Presentations and Assignments	20%
Mid Term Examination	30%
End Term (University) Examination	40%

### **Pedagogy:**

- Lectures
- Case study
- Minor projects

<b>Session</b>	<b>Course Content</b>	<b>Percentile weightage</b>
1 – 3	Multinational financial Management - overview	5%
4 – 6	International flow of funds Balance of payment, international trade flow, factors affecting international trade flows, correcting a balance of trade deficit, international capital flows, agencies that facilitate international flows	5%
7 – 10	International Financial markets Motives for using international financial markets, foreign exchange	10%

	market, Eurocurrency market, eurocredit market, Eurobond market, international stock markets	
11 – 13	Exchange rate determination Measuring exchange rate movements, exchange rate equilibrium, factors influencing exchange rate,	10%
14 – 17	Currency derivatives Forward market, currency futures, options, call and put options market, conditional currency options, European currency options	5%
18 – 22	Government influence on exchange rates Exchange rate systems, single European currency, government interventions, intervention as a policy tool, How intervention can affect MNC's value	5%
23 – 25	International Arbitrage and Interest Rate Parity Types of International arbitrage, interest rate parity theory	10%
25 – 28	Relationships among inflation, interest rates and exchange Rates Purchasing power parity theory, international fisher effect, comparison of IRP, PPP & IFE theories, impact of foreign inflation on the value of MNC	10%
29 – 31	Forecasting exchange rates Why firms forecast exchange rates, forecasting techniques, services, evaluation of forecast performance, exchange rate volatility, how exchange rate forecasting affects an MNC's value	10%
32 – 40	Measuring exposure to exchange rate fluctuations Is exchange rate risk relevant? Types and management of exposure – transaction, economic and translation exposure, impact of exchange rate fluctuations on MNC's value	10%

41 – 42	<p>Direct foreign investment</p> <p>Motives for direct foreign investment, benefits of international diversification, decisions subsequent to DFI, Host Government views on DFI, Impact of the DFI on MNC's value</p>	5%
43-46	<p>Country risk analysis</p> <p>Why country risk analysis is important, political risk factors, financial risk factors, types of country risk assessment, techniques to assess country risk, measuring country risk, reducing exposure to host government takeovers, impact of an MNC's country risk analysis on its value</p>	5%
47-48	<p>Long term financing</p> <p>Long term financing decision, assessing exchange rate risk, reducing exchange rate risk, floating rate bonds, impact of an MNC's long term financing decision on its value</p>	5%
49-50	<p>Short term financing decision</p> <p>Sources of short term financing, internal financing by MNCs, why MNCs consider foreign financing, determining the effective financing rate, criteria considered for foreign financing, financing with a portfolio of currencies, impact of an MNC's short term financing decision on its value</p>	5%

**Text Book:**

1. International Financial Management; Jeff Maruda; Cengage publication; Latest Edition

**Reference Books:**

1. International financial management; Eun & Resnick; TMH; Latest Edition
2. International financial management; V V Sharan; PHI EEE; Latest Edition

3. Multinational financial management; Alan Shapiro; John Wiley Publication; Latest Edition
4. International financial management; P G Apte; PHI; Latest Edition

**Text Book**

1. Consumer Behaviour, Schiffman Kanuk and S. Ramesh Kumar, Pearson, Latest Edition
2. Consumer Behaviour, Concepts and Applications, Loudon and Bitta, TMH, Latest Edition
3. Consumer Behaviour and Marketing Strategy, Peter, J.P. and Olson, TMH, Latest Edition.

**Reference Books**

1. Consumer Behavior - Insights from Indian Market Majumudar Ramanuj, PHI, 2<sup>nd</sup> Edition.
2. Consumer Behavior, Blackwell and Engel, Cengage Publication, Indian Edition.