



L	T	P/S	SW/F W	TOTAL CREDIT UNITS
3	-	-	-	3

Course Title: International Finance & Forex Management

Course Code: FIBA708

Credit Units: 3

Level: PG

Course Objectives: The objective of this course is to

- Introduce the environment of international finance and its implications on international business.
- Analyze the nature and functioning of foreign exchange markets, determination of exchange rates and their forecasting
- Explain the foreign exchange risks and to identify risk management strategies.
- To explore the international sources of long term finance
- Integrate the global developments with the changing business environment in India.

Pre-requisites: The prerequisite of this course is the basic knowledge of Financial Derivatives & Financial Risk Management.

Student Learning Outcomes: On the successful completion of this module the student will be able to:

- Understand foreign exchange markets, international financial markets and their functions & needs.
- Analyze foreign exchange risks and risk management strategies

Course Contents/Syllabus:

	Weightage (%)
Module I : International Financial Environment	25
Descriptors/Topics Finance function in global business scenario, International Monetary System, International Financial Markets-equity, bond, Eurocurrency market, Currency basket, Currency convertibility –on capital account and current account, Foreign exchange reserve, Balance of payments, balance of trade, current account deficit, foreign exchange reserves; bilateral and multilateral agreements relating to financial transactions, Sovereign rating, Flow of funds internationally through FDI, FII and FDI in Retail and Govt Policies regarding FII & FDI ;Integration of global developments with the changing business environment in India.	
Module II: Foreign Exchange Markets, Foreign Exchange Rate Exposure and Risk Management	25
Descriptors/Topics Spot and Forward Foreign Exchange Markets, Quotations and Market Rules, direct and indirect quotes, bid and ask quote, spot and forward quote, cross rates, Speculation and Arbitrage in Foreign Exchange Markets, Transaction, Translation and Operating Exposure, Exposure from Equity and borrowing in International Financial Markets, Hedging tools for Management of Transaction Exposure, Currency Forwards, Currency Options, Currency Futures, Currency Swaps	

Module III : Foreign Exchange Rate Determination	20
Descriptors/Topics Discussion on devaluation or depreciation of Rupee (domestic currency against dollar/pound sterling/Euro) ;Theories of Exchange Rate Determination, Fundamental International Parity Conditions – Purchasing Power and Interest Rate Parity, Covered Interest Parity, Fisher Effect and International Fischer Effect, Forecasting Exchange Rates - Technical Forecasting, Time Series Modeling, Fundamental Forecasting.	
Module IV : International Sources of Finance for the Firm & International Financing Decision	20
Descriptors/Topics Bond Financing (Fixed and Floating Rate Notes), Loan Financing (Syndicates Loans), Securitized Financing (Euronote), Equity Financing (GDR and ADR), Features of Loan Agreements: Loan Negotiations, International working capital management, Analysis of International Capital Budgeting-- estimation of cash flows, Cost of Capital of a Foreign Investment, Issues in Overseas Funding Choices.	
Module V: International Accounting & Taxation and Case studies of Currency crisis	10
Descriptors/Topics Consolidation and harmonization of accounts, International Tax Laws, Transfer Pricing , Tax heavens, double taxation treaties,; International currency crisis & role of state	

Pedagogy for Course Delivery: The course will be delivered mainly through lectures, case studies, videos and supported with practical examples from the current business environment.

Assessment/ Examination Scheme:

Theory L/T (%)	End Term Examination
100	70%

Theory Assessment (L&T):

Continuous Assessment/Internal Assessment					End Term Examination
Components (Drop down)	Class Performance	Group presentation	CT	EE	
Weightage (%)	10	10	10	70	

Text & References:

- Levi, Maurice, International Finance, New York, McGraw Hill Inc., 1996.
- Eiteman, David K., Arthur Stonehill and Michael H. Moffett , Multinational Business Finance, Reading mass., Addison – Wesley Publishing company, 1998.
- Shapiro, Allen C., Multinational Financial Management, New Delhi, Prentice Hall India Pvt. Ltd., 1995.
- Apte P.G., Multinational Financial Management, New Delhi, Tata McGraw Hill, 1998.
- Seth A.K., International Financial Management, New Delhi, Galgotia Publishing Company, 2000.
- Errunza, V. R., Singh, D. and Srinivasan, T.S. 1994, International Business Finance, Global Business Press.

- Seth, A.K. 2000, International Financial Management, Galgotia Publishing Company.
- Hull, J. C. 1999, Introduction to Futures and Options Markets, Prentice Hall of India.
- Kolb, R. W. 1997, Understanding Futures Markets, Prentice Hall of India.
- Rebonato, R. 1996, Interest Rate Option Models: Understanding, Analysing and Using Models for Exotic Interest Rate Options, John Wiley and Sons.
- Kohn, M.1998. Financial Institutions and Markets, Tata McGraw Hill Publishing

Any other Study Material:

- Articles from Journal of Finance
- Articles from International Journal -Finance India
- Business newspapers
- Yahoo finance (<http://finance.yahoo.com/>)
- Investopedia (www.investopedia.com)
- Google Finance (www.google.com/finance)