

## MBA Final Year (4<sup>th</sup> Semester)

### 412 – C: International Financial Management

#### **Objective:**

To give the students an overall view of the international financial system – instruments and markets.

#### **Unit - I: International Monetary and Financial System**

Importance of International Finance; Bretton Woods Conference and afterwards, IMF and the World Bank; European Monetary System – Meaning and Scope.

#### **Unit - II: Balance of Payment and International Linkages**

Balance of payments and its Components; International Flow of Goods, Services and Capital; Coping with Current Account Deficit.

**International Financial Market and Instruments:** International Capital and Money Markets; Money and Capital Market Instruments; Salient Features of different International Markets; Arbitrage Opportunities; Integration of Markets; Role of Financial Intermediaries.

#### **Unit - III: Foreign Exchange Markets**

Determining Exchange Rates; Fixed and Flexible Exchange Rate System; Exchange Rate Theories; Participants in the Foreign Exchange Market; Foreign Exchange Markets – Cash and Spot Markets; Exchange Rate Quotes; LERMS; Factors Affecting Exchange Rates – Spot Rates, Forward Exchange Rates, Forward Exchange Contracts; Foreign Exchange Dealings and Currency Possession; Information and Communication; Foreign Exchange Trades.

#### **Unit - IV: Foreign Exchange Risk**

Transaction Exposure, Translation Exposure and Economic Exposure; Management of Exposures – Internal Techniques, Netting, Marketing, Leading and Lagging, Pricing Policy, Assets and Liability Management and Techniques.

#### **Unit - V: International Capital and Money market Instruments**

GDRs, ADRs, IDRs, Euro Bonds, Euro Loans, Repos, CPs, Floating Rate Instruments, Loan Syndication and Euro Deposits.

**Current Developments:** International Indebtedness; Capital Account Convertibility – Pros and Cons; Innovations in International Financial Instruments.

#### **Suggested Readings:**

1. Shaprio, Alan. C.: Multinational Financial Management, Prentice Hall, New Delhi
2. Apte, P. G.: International Financial Management, Tata McGraw Hill, New Delhi
3. Buckley, Adrian: Multinational Finance, Prentice Hall, New Delhi
4. Eitman, D. K. and A. I. Stenehill: Multinational Business Cash Finance, Addison Wesley, New York

5. Henning, C. N., W. Pggot and W. H. Scott: International Financial Management, McGraw Hill, International Edition.
6. Levi, Maurice D.: International Finance, McGraw Hill, International Edition
7. Rodrigues, R. M. and E. E. Carter: International Financial Management, Prentice Hall, International Edition
8. Yadav, Surendra S, P. K. Jain and Max Peyrard: Foreign Exchange Markets, Mac Million, New Delhi
9. Zeneff, D. and J. Zwick: International Financial Management, Prentice Hall, International Edition.
10. Sharan: International Financial Management, PHI, New Delhi