

4th Semester MBA Finance Electives

Global Financial Management			
Course Code	22MBAFM403	CIE Marks	50
Teaching Hours/Week (L:P:SDA)	2:2:0	SEE Marks	50
Total Hours of Pedagogy	40	Total Marks	100
Credits	03	Exam Hours	03
Course Learning Objectives: <ul style="list-style-type: none"> • To understand the International Financial Environment and the Foreign Exchange market. • To learn hedging and Forex risk management. • To learn the Firm's Exposure to risk in International environment and various theories associated with it. • Understand the various stages of expansion overseas that multinational corporations utilize in order to benefit from globalization. • Describe the international monetary system and the foreign exchange markets. • Examine the Balance of Payments (BOP) data and determine its implications for international competition. • Identify the basic philosophies that govern corporate behaviour throughout the world. • Forecast exchange rates based on the parity conditions that should apply between spot rates, forward rates, inflation rates, and interest rates. • Evaluate portfolios and apply the capital asset pricing model and other multifactor Models in financial decision making. • Apply the relevant models and skills in Prediction of corporate failure • Apply derivatives in financial risk management and apply international finance concepts. • Evaluate mergers and acquisitions • Undertake corporate restructuring and re-organisation& apply valuation techniques in real estate finance 			
Module-1 (6 Hours)			
International Financial Environment: An overview of IFM- Importance, rewards & risk of international finance- Goals of MNC- Balance of Payments (BoP)- Fundamentals of BoP-Accounting components of BOP- Equilibrium & Disequilibrium. International Monetary System: Evolution-Gold Standard- Bretton Woods system- flexible exchange rate regime- recent developments in exchange rate arrangements-recent changes and challenges in IFM- the Economic and Monetary Union (EMU).(Only Theory).			
Module-2 (8 Hours)			

<p>Foreign Exchange Market: Characteristics, Functions and Structure of Forex markets-Foreign exchange market participants- Types of transactions and Settlements Dates-Exchange rate quotations-Determination of Exchange rates in Spot markets- Exchange rates determinations in Forward markets- Exchange rate behaviour-Cross Rates, Bid, Ask, Spread. Overview of international money markets (Theory & Problems).</p>
<p>Module-3 (8 Hours)</p>
<p>Foreign Exchange Risk Management: Foreign exchange risk and its types(transaction risk, translation risk & economic risk) - Hedging against foreign exchange exposure – Forward Market- Forward contract Vs Future contracts- Futures Market- Options Market(call option, put option, American option, European option & Asian option)- Currency Swaps-Interest Rate Swap- problems on both two-way and three-way swaps. Overview of international stock market (Theory & Problems).</p>
<p>Module-4 (6 Hours)</p>
<p>International Financial Markets and Instruments: Foreign Portfolio Investment- International Bond & Equity market-Global Depositary Receipt (GDR)- American Depositary Receipt (ADR)- International Financial Instruments: Foreign Bonds & Eurobonds, Global Bonds. Floating rate Notes- Zero coupon Bonds- International Money Markets. International Banking services –Correspondent Bank-Representative offices- Foreign Branches. Forward Rate Agreements. (Only Theory).</p>
<p>Module-5 (6 Hours)</p>
<p>Forecasting Foreign Exchange rate: International Parity Relationships- Measuring exchange rate movements-Exchange rate equilibrium –Factors effecting foreign exchange rate- Forecasting foreign exchange rates. Interest Rate Parity (IRP), Purchasing Power Parity Theory (PPP) & International Fisher Effects (IFE) - Comparison of IRP, PPP and IFE. Arbitrage-Types of Arbitrage – locational, triangular and covered interest arbitrage. (Theory & Problems).</p>
<p>Module-6 (6 Hours)</p>
<p>Foreign Exchange exposure: Management of Transaction exposure, Translation exposure, Economic exposure, Political Exposure- Management of Interest rate exposure.</p> <p>International Capital Budgeting: Concept- Factors affecting international capital budgeting- International budgeting partnership- Inputs for international capital budgeting- Evaluation of a project for international capital budgeting (Theory & Problems).</p>

Assessment Details (both CIE and SEE)

The weightage of Continuous Internal Evaluation (CIE) is 50% and for Semester End Exam (SEE) is 50%. The minimum passing marks for the CIE is 50% of the maximum marks. Minimum passing marks in SEE is 40% of the maximum marks of SEE. A student shall be deemed to have satisfied the academic requirements (passed) and earned the credits allotted to each course if the student secures not less than 50% in the sum total of the CIE (Continuous Internal Evaluation) and SEE (Semester End Examination) taken together.

Continuous Internal Evaluation:

There shall be a maximum of 50 CIE Marks. A candidate shall obtain not less than 50% of the maximum marks prescribed for the CIE.

CIE Marks shall be based on:

- a) Tests (for 25Marks) and
- b) Assignments, presentations, Quiz, Simulation, Experimentation, Mini project, oral examination, field work and class participation etc., (for 25 Marks) conducted in the respective course. Course instructors are given autonomy in choosing a few of the above based on the subject relevance and should maintain necessary supporting documents for same.

Semester End Examination:

The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 50.

- The question paper will have 8 full questions carrying equal marks.
- Each full question is for 20 marks with 3 sub questions.
- Each full question will have sub question covering all the topics.
- The students will have to answer five full questions; selecting four full questions from question number one to seven in the pattern of 3, 7 & 10 Marks and question number eight is compulsory.
- 40 Percent theory and 60 percent problems.

Suggested Learning Resources:**Books**

1. International Corporate Finance, Jeff Madura, Cengage Learning, 10/e, 2012.
2. International Financial Management, Cheol Eun & Bruce Resnick, McGraw Hill, 7/e, 2014
3. International Financial Management, Binoy Mathew & G. Nagarajan, Jayvee Digital Publishing, 2/e, 2022.
4. Financing International Trade: Banking Theories and Applications, Gargi Sanati, Sage Publication, 1/e, 2017.
5. International Financial Management, Apte P.G & Sanjeevan Kapshe, McGraw Hill, 8/e, 2020.
6. Fundamentals of Multinational Finance, Moffett, M. H., Stonehill, A. I., & Eiteman, D. K. Global Edition: Vol. Fifth edition, Global edition. Pearson, (2016).
7. International Financial Management, Jeff Madura, & Roland Fox. Edition 5. Cengage Learning. (2020).

Web links and Video Lectures (e-Resources):

- <https://www.youtube.com/watch?v=Og-EOTRz7XA>
- <https://www.youtube.com/watch?v=jr1t1lzsx-A>
- https://www.youtube.com/watch?v=BLTz_y7obGw
- <https://www.youtube.com/watch?v=eciQ3sTftBs>
- <https://www.youtube.com/watch?v=rE0JVR0Nm1I>
- <https://www.digimat.in/nptel/courses/video/110105057/L01.html>
- <https://www.ravisonkhiyaclasses.com/product/ca-inter-financial-management-video-lectures-by-ca-ravi-sonkhiya-download-with-hard-copy-books/>
- <https://www.pdfdrive.com/international-finance-books.html>
- <https://www.pdfdrive.com/the-handbook-of-international-trade-and-finance-the-complete-guide-to-risk-management-international-payments-and-currency-management-bonds-and-guarantees-credit-insurance-and-trade-finance-e184245062.html>
- <https://www.youtube.com/watch?v=KvRBST1o0RE>

Note: The aforesaid links and study materials are suggestive in nature, they may be used with due regards to copy rights, patenting and other IPR rules.

Skill Development Activities Suggested

- Understand international capital and foreign exchange market
- Explore the international integration of financial markets and analyse implications for financial managers.
- Identify derivative instruments and strategies used by multinational corporations to hedge financial risks.
- Apply critical thinking skills in identifying and evaluating international financial issues and information.
- Use analytical skills to identify and analyse material factors that are involved in business problems.
- Identify risk relating to exchange rate fluctuations and develop strategies to deal with them
- Identify and evaluate foreign direct investment and international acquisition opportunities
- Develop strategies to deal with other types of country risks associated with foreign operations
- Express well considered opinion on issues relating to international financial management.
- Visit the foreign exchange department of a bank, study the operations and submit a report
- Track and analyse the rupee exchange value against Dollar and Euro in spot and forward markets for one week and record the observations.
- Study the different types of swaps used in Foreign Exchange Market
- Visit the foreign exchange department of a bank, study the operations and submit a report
- Track and analyse the rupee exchange value against Dollar and Euro in spot and forward markets for one week and record the observations

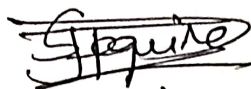
Course outcome

At the end of the course the student will be able to :

Sl. No.	Description	Blooms Level
CO1	The student will have an understanding of the International Financial Environment.	L1
CO2	The student will learn about the foreign exchange market, participants and transactions.	L2, L3
CO3	The student will be able to use derivatives in foreign exchange risk management.	L2
CO4	The student will be able to evaluate the Firm's Exposure to risk in International environment and various theories associated with it.	L4

Mapping of COS and POs

	PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1	1				2	3			
CO2			2				2		
CO3				3				2	
CO4		2		2					3



HOD

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