



# MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

## COURSE CONTENT

INTERNATIONAL FINANCIAL MANAGEMENT								
IV SEMESTER								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
24MB024F	Professional Elective	L	T	P	C	CIE	SEE	Total
		4	-	-	4	40	60	100
Contact Classes:60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 60			
Prerequisite: - Understanding of financial statements, accounting principles, and financial analysis.								

### COURSE OVERVIEW:-

The International Financial Management course focuses on financial decision-making in a global business environment. The course provides knowledge about how multinational corporations (MNCs) manage financial resources across different countries, considering international trade, foreign exchange markets, and global financial systems. It helps students understand the complexities involved in managing finance in international business operations.

### COURSE OBJECTIVES:-

- To understand the global financial environment and the role of international financial markets, institutions, and instruments in facilitating cross-border trade and investment.
- To develop knowledge of foreign exchange markets and understand exchange rate determination, currency systems, and foreign exchange risk management.
- To analyze international investment and financing decisions made by multinational corporations (MNCs).
- To examine the impact of global economic, political, and regulatory factors on international financial management decisions.
- To understand the techniques of managing foreign exchange risk through hedging strategies such as forward, futures, options, and swaps.

**COURSE OUTCOMES:** After Completion of the course, students should be able to

1. Define fundamental concepts, nature, scope of international financial management, distinctions from domestic finance, international business methods and recent global financial challenges
2. Explain components of the Balance of Payments, its relevance with international trade and the evolution of the international monetary system with key agencies.
3. Apply foreign exchange market knowledge by combining currency quotations, performing arbitrage - speculation and utilizing currency futures & options for hedging.

4. Analyze factors affecting exchange rate movements, with inflation, interest rates, purchasing power parity, exchange rate systems and government currency interventions
5. Evaluate strategies for international asset-liability management covering capital budgeting, portfolio management, financing, trade finance, risk assessment, payment methods and EXIM policy application.

**Unit – I:- Introduction:** An Overview, Importance, Nature and Scope of International Financial Management, Domestic FM vs. IFM, International Business Methods, Recent Changes and Challenges in International Financial Management.

**Unit – II:- 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. Indian BOP Trends. International Monetary System: Evolution, Gold Standard, Bretton Woods's System, the Flexible Exchange Rate Regime, Evaluation of Floating Rates, the Current Exchange Rate Arrangements, the Economic and Monetary Union (EMU) and Developments.

**Unit – III:- Foreign Exchange Market:** Function and Structure of the Forex Markets, Major Participants, Types of Transactions and Settlements Dates, Foreign Exchange Quotations. Process of Arbitrage, Speculation in the Forward Market. Currency Futures and Options Markets, Overview of the other markets, Euro Currency Market, Euro Credit Market, Euro Bond Market, International Stock Market.

**Unit – IV: -**Measuring exchange rate movements, factors influencing exchange rates. Government influence on exchange rates, exchange rate systems. Managing Foreign exchange Risk. International arbitrage and interest rate parity. Relationship between inflation, interest rates and exchange rates, purchasing Power.

**Unit –V:-Asset–liability Management:** Foreign direct investment, international capital budgeting, international capital structure and cost of capital. international portfolio management. International financing: Equity, Bond financing, parallel loans, international cash management, accounts receivable management, inventory management. Payment methods of international trade, trade finance methods, export and import bank of India, recent amendments in EXIM policy, regulations and guidelines. Latest Amendments in International Financial Management

#### **TEXT BOOKS:**

1. Cheol Eun, Bruce Resnick, Tuugi Chuluun, International Financial Management, TMH, 9e, 2021.
2. P.G. Apte, Sanjeevan Kapshe, International Financial Management, TMH, 8e, 2020.
3. Alan C. Shapiro, Multinational Financial Management, John Wiley, 11e, 2019.

#### **REFERENCE BOOKS:**

1. Jeff Madura, International Corporate Management, engage, 13e, 2016.
2. S. Eun Choel and Resnick Bruce: International Financial Management, TMH, 2012

3. Sharan.V,International Financial Management6e,PHI, 2014.

#### **ELECTRONIC RESOURCES:**

1. [https://en.wikipedia.org/.../Journal\\_of\\_International\\_Financial\\_Management\\_and\\_Accounting.1467-646X](https://en.wikipedia.org/.../Journal_of_International_Financial_Management_and_Accounting.1467-646X) web.
2. [https://www.cengage.co.in/.../finance/international\\_financial\\_management/international\\_financial\\_management](https://www.cengage.co.in/.../finance/international_financial_management/international_financial_management).
3. <https://www.indiaclass.com/financial-management-reference-books>.
4. <https://www.loc.gov/rr/business/BERA/issue7/finance.html>.
5. [https://www.amazon.in/dp/B00K7YG378/ref=cm\\_sw\\_r\\_apan\\_glt\\_D3CPTZ93T5W5TFD9CWPY?encoding=UTF8&psc=1](https://www.amazon.in/dp/B00K7YG378/ref=cm_sw_r_apan_glt_D3CPTZ93T5W5TFD9CWPY?encoding=UTF8&psc=1).

#### **MATERIALS ONLINE:**

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drishya Siksha Sangrah (DSS) Videos

