

**Finance (Elective VII)**  
**Course Title: Global Financial Management**

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|-----------------|-----------------------|------------------|------|
| Course Code     | : 17BA4T5FA           | External Marks   | : 60 |
| Core / Elective | : Core                | Internal Marks   | : 40 |
| Credits         | : 3                   | Contact Periods  | : 3  |
| Year/Semester   | : II year/II semester | Tutorial Periods | : 2  |

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**Learning Objectives**

This course seeks to:

1. To study the role that international trade and investment, currency movements, derivative instruments, hedging strategies, international financial markets, and international agreements and institutions play in the management of multinational corporations.
2. To provide an understanding of both the key features of foreign exchange markets and the actual problems of multinational corporations.
3. To understand the importance of balance of trade and balance of payments to the development of macroeconomic policy.
4. To distinguish among alternative derivative instruments and different types of exposures multinational corporations face while using derivative instruments.
5. To evaluate cross-border investment opportunities, and describe a multinational firm's decision-making process for investment and tax policies.

**Course Outcomes**

At the end of this course, students will be able to:

1. Outline the concepts of applied international financial management and its scope.
2. Analyse the evolution of the global monetary system and related world bodies.
3. Examine the relationships that exist between national stock markets, currency markets and interest rate markets.
4. Develop critical, analytical problem-based learning skills and transferable skills to prepare for postgraduate employment in international financial management.
5. Demonstrate the techniques of International capital budgeting, International capital structure and cost of capital and International financing.

**Unit 1- Global Financial Management:** An overview of IFM – Scope - Recent challenges of IFM- EXIM policy- Regulations and guidelines- Balance of payments (BoP)- Fundamentals of BoP-Accounting components of BOP.

**Unit 2- Global Monetary System:** Evolution- Gold Standard- Bretton Woods system- The flexible exchange rate regime- the current exchange rate arrangements- The Economic and Monetary Union (EMU).

**Unit 3- Foreign Exchange Market:** Function and structure of the Forex markets- Major participants- Foreign exchange quotations- Process of arbitrage, Factors influencing exchange rates; International arbitrage and interest rate parity- Relationship between inflation- interest rates and exchange rates – Purchasing power parity – International fisher effect.

**Unit 4- Currency Futures and Options Markets:** Overview of the other markets – Euro currency market- Euro credit market- Euro bond market- International stock market.

**Unit 5- Long term & Short term Asset–Liability Management:** Long term asset liability management: International capital budgeting, International capital structure and cost of capital; International financing: Equity, Bond financing- Parallel loans; Short term asset liability management- International cash management- Accounts receivable management- Inventory management.

**Case Study:** Compulsory. Relevant cases have to be discussed in each unit.

### **Reference Books**

1. Avadhani V.A, “International Financial Management”, Himalaya Publishing House, New Delhi, 2009.
2. Vyuptakesh Sharan, “International Financial Management”, PHI Learning, New Delhi, 2010.
3. Alan C. Shapiro, “Multinational Financial Management”, Wiley India, New Delhi, 2010.
4. Apte P.G, “International Financial Management”, TMH, New Delhi, 2009.
5. David K. Eiteman, Arthur I.Stonehill and Michael H. Moffeth, “Multinational Business Finance”, 10<sup>th</sup> edition, Pearson Education 2004.
6. Jain P.K, Josette Peyrard and Surendra S. Yadav, “International Financial Management”, Macmillan Publishers, 2001.
7. Shailaja G, “International Finance”, Universities Press (India) Privte Limited, Hyderabad, 2008.
8. Srivastava M.R., “Multinational Financial Management”, Excel Books, New Delhi, 2008.
9. Thomas J O’Brien, “International Finance”, Oxford University Press, New Delhi, 2009.