



GUJARAT TECHNOLOGICAL UNIVERSITY
Syllabus for Master of Business Administration, 3rd Semester
Functional Area Specialization: International Business Management
Subject Name: International Finance Management (IFM)
Subject Code: 4539242

**With effective
from academic
year 2018-19**

1. Learning Outcomes:

| Learning Outcome Component | Learning Outcome (Learner will be able to) |
|---|---|
| Business Environment and Domain Knowledge (BEDK) | <ul style="list-style-type: none"> • <i>Demonstrate</i> knowledge of basic tenets of exchange rate determination, interest rates and hedging. • <i>Apply</i> foreign exchange derivatives to manage foreign exchange exposure of firms. |
| Critical thinking, Business Analysis, Problem Solving and Innovative Solutions (CBPI) | <ul style="list-style-type: none"> • <i>Design</i> strategies to provide solutions and options to take advantage of opportunities and safeguard against threats in global financial markets. |
| Global Exposure and Cross-Cultural Understanding (GECCU) | <ul style="list-style-type: none"> • <i>Display</i> a keen sense of awareness and agility for keeping trace of the latest developments pertaining to foreign exchange and international finance. |
| Social Responsiveness and Ethics (SRE) | <ul style="list-style-type: none"> • <i>Illustrate</i> responsibility towards the society and other stakeholders by managing international financial operations in an ethical and legal manner. |
| Effective Communication (EC) | <ul style="list-style-type: none"> • <i>Develop</i> oral and written communication abilities which demonstrate a high degree of understanding of the key concepts of international finance. |
| Leadership and Teamwork (LT) | <ul style="list-style-type: none"> • <i>Demonstrate</i> the ability to work in a team for analysing data, situations and circumstances to arrive at practical and sound financial decisions regarding international operations. |

Correlation Levels:

1 = Slight (Low); 2 = Moderate (Medium); 3 = Substantial (High), “-“= no correlation

| Sub. Code: 4539242 | PO1 | PO2 | PO3 | PO4 | PO5 | PO6 | PO7 | PO8 | PO9 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| LO1: Demonstrate knowledge of basic tenets of exchange rate determination, interest rates and hedging. | 3 | 3 | - | 1 | 3 | - | - | 1 | 3 |
| LO2: <i>Apply</i> foreign exchange derivatives to manage foreign exchange exposure of firms. | 3 | 3 | 1 | - | 2 | 1 | - | 1 | 2 |
| LO3: <i>Design</i> strategies to provide solutions and options to take advantage of opportunities and safeguard against threats in global financial markets. | 2 | 2 | 3 | 1 | 3 | 3 | - | 1 | 1 |
| LO4: <i>Display</i> a keen sense of awareness and agility for keeping trace of the latest developments pertaining to foreign exchange and | 1 | 1 | - | 1 | 3 | 1 | 1 | 1 | 1 |



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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| international finance. | | | | | | | | | |
| LO5: <i>Illustrate</i> responsibility towards the society and other stakeholders by managing international financial operations in an ethical and legal manner. | - | - | - | 2 | 2 | 1 | 3 | - | 1 |
| LO6: <i>Develop</i> oral and written communication abilities which demonstrate a high degree of understanding of the key concepts of international finance. | 3 | 1 | - | 3 | 1 | 1 | 1 | 1 | 3 |
| LO7: <i>Demonstrate</i> the ability to work in a team for analysing data, situations and circumstances to arrive at practical and sound financial decisions regarding international operations. | - | - | - | 3 | 1 | 3 | 1 | 2 | 2 |

2. Course Duration: The course duration is of **40 sessions of 60 minutes each.**

3. Course Contents:

| Module No: | Contents | No. of Sessions | 70 Marks (External Evaluation) |
|------------|--|-----------------|--------------------------------|
| I | <p>International Finance – Overview:</p> <ul style="list-style-type: none"> • Multinational financial management – opportunities and challenges • Nature of international financial functions • Balance of Payments, National Income • Gold Standard, Bretton Woods System and Exchange Rate Regime since 1973 • LERMS <p>Foreign Exchange:</p> <ul style="list-style-type: none"> • Nominal, real and effective exchange rates • Exchange rate determination in spot and forward markets • Capital and Current Account Convertibility • Interest parity • Inflation and exchange rate dynamics • LIBOR | 10 | 18 |
| II | <p>Foreign Exchange Markets (theory and numerical):</p> <ul style="list-style-type: none"> • Spot and Forward markets | 10 | 18 |



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| | | | |
|------------|--|-----|-------------------|
| | <ul style="list-style-type: none"> • Currency Futures – features, hedging with currency futures • Currency Options – features, terminologies, hedging with currency options <p>Forecasting Exchange Rates. (theory only)</p> | | |
| III | <p>Foreign Exchange Exposure:</p> <ul style="list-style-type: none"> • Concept of exposure • Transaction Exposure • Translation Exposure • Need for hedging • Hedging and managing exposure <p>Economic Exposure:</p> <ul style="list-style-type: none"> • Foreign exchange risk and economic exposure • Identifying and calculating economic exposure • Real Operating Exposure | 10 | 17 |
| IV | <p>Financing International Operations:</p> <ul style="list-style-type: none"> • International and domestic capital markets • Corporate sources and uses of funds • Eurocurrency market and Euro bonds • Strategies for Foreign Direct Investment <p>International Taxation.</p> | 10 | 17 |
| V | <p>Practical: Students should study the documentation in international finance (For example, How the application for letter of credit is made, How the forward contracts are entered into), prepare a report and submit it to concerned faculty). Students should take any multinational company and study its cash / credit / loan / working capital management system and give a Public Presentation.</p> | --- | (30 marks CEC) |

4. Pedagogy:

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive class room discussions

5. Evaluation:

Students shall be evaluated on the following components:

| | | |
|----------|-----------------------------------|--|
| | Internal Evaluation | (Internal Assessment- 50 Marks) |
| A | • Continuous Evaluation Component | 30 marks |
| | • Class Presence & Participation | 10 marks |
| | • Quiz | 10 marks |
| B | Mid-Semester examination | (Internal Assessment-30 Marks) |
| C | End –Semester Examination | (External Assessment-70 Marks) |



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6. Reference Books:

| No. | Author | Name of the Book | Publisher | Year of Publication / Edition |
|-----|---|--|--------------|-------------------------------|
| 1 | Vyuptakesh Sharan | International Financial Management | PHI | 2012 / 6 th |
| 2 | Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz | International Finance: Theory and Practice | Pearson | 2014 / 10 th |
| 3 | Cheol Eun & Bruce G. Resnick | International Financial Management | McGraw Hill | 2017 / 8 th |
| 4 | Alan Sharpio | Multinational Financial Management | John Wiley | 2013 / 10 th |
| 5 | C. Jeevanandan | Foreign Exchange & Risk Management | Sultan Chand | 2013 |
| 6 | Jeff Madura | International Financial Management | Thomson | 2009 / 9 th |
| 6 | P. G. Apte | International Financial Management | McGraw Hill | 2011 / 6 th |
| 7 | O. P. Agrawal | International Financial Management | Himalaya | 2011 |

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

7. List of Journals / Periodicals / Magazines / Newspapers / Web resources, etc.

1. Journal of Finance
2. Monetary Economics – ICFAI
3. Journal, Money & Finance (ICRA Bulletin)
4. Public Finance
5. Treasury Management – ICFAI Magazine
6. Business Standard
7. The Economic Times
8. Financial Express
9. CFA Reader
10. Business Today
11. Business India
12. Business World
13. Finance India