Learning Objectives: To acquaint the students with International Finance environment and the channels of
International financial flows, and expose them with different sources of international financing.

UNIT 1: International Financial Management and International Monetary Systems (12 Hours)
- Meaning - Futures of International Finance – Need – Significance – Development of
  International Trade - Scope of International Finance – International Financial Management and
  Domestic Financial Management – Growth of International Finance and the Changes in Indian
  Flexible Exchange Rate System – Fixed Exchange Rate System – Types of Exchange Rate
  Regimes – The Role of IMF and World Bank in International Trade – Subsequent International
  Monetary Developments

UNIT 2: Financial Management of Multinational Firm (12 Hours)
- International Financing – Short Term Financing of MNCs – Short Term Borrowing and
  Investment – Cash
  Management of MNCs – Long Term Financing - Evaluating Borrowing Decision – Funding
  Avenues in Global Markets – International Project Appraisal - Capital Budgeting and the
  Factors Affects the Capital Budgeting of MNC – Methods of Capital Budgeting of MNCs - NPV
  and Adjusted NPV Approach – Cost of Capital of MNC – Cost of Debt – Cost of Equity – Cost
  of Loans – Over-all Cost of Capital – Tax Implications on Cost of Capital to Subsidiary and
  Parent Company - Capital Structure – Capital Structure of Parent and Subsidiary Company -
  Capital Structure of MNC and its impact on Value of Parent Company.

UNIT 3: Foreign Exchange Markets and Exchange Rate Mechanisms (12 Hours)
- Features – Participants – Spot – Futures – Forwards – Options – Types of Transactions –
  Types of Players –
  Trading of Forex Transactions – Settlement of Forex Transactions - Types of Trading in
  Foreign Exchange Market: Hedging – Speculations – Arbitrage – Covered Interest Rate
  Arbitrage – Borrowings and Investing Markets – Tax Implications - Indian Foreign Exchange
  Markets – History -Evolution - Developments and Forex Regulations – Regulatory Mechanism
  of Indian Forex Market - Exchange Rate Mechanism – Quotations – Types of Quotations –
  Exchange Rate Determinations in Spot and Forward Markets – Factors Influencing Exchange
  Rate – Law of One Price - Purchasing Power Parity – Interest Rate Parity – Fisher Effect -
  International Fisher’s Effect [Theory and Practical Problems]

UNIT 4: Measuring and Management of Foreign Exchange Exposure (12 Hours)
- Exposure: Meaning – Types of Foreign Exchange Exposure – Transaction Exposure –
  Operating Exposure – Accounting Exposure (Including Problems) - Management of Foreign
  Exchange Exposure – Need – Hedging of Transaction Exposure – Hedging of Operating
  Exposure – Management of Accounting Exposure (Including problems)

UNIT 5: International Financial Markets and Instruments (12 Hours)
- World Bond Market – Euro Market – International Equity Market – Market Structure and
  Trading Practices –
  International Equity Benchmarks – International Financial Instruments – EURO Credits –
  Revolving Credit – Term Credit – EURO Bonds – Straight Bonds – FRNs – EURO currency
  Deposits – Call Deposits – Term Deposits – CD – EURO Notes – EURO issues – GDR – ADRS
  – FCCB

Suggested Readings