

# GUJARAT TECHNOLOGICAL UNIVERSITY

## Integrated Master of Business Administration

Year – 4 (Semester –7) (W.E.F. Academic Year 2017-18)

**Specialization: International Business Management**

**Subject Name: International Finance (IF)**

**Subject Code: 2577142**

### 1. Learning Outcomes:

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

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

3. **Course Contents:**

<b>Module No:</b>	<b>Contents</b>	<b>No. of Sessions</b>	<b>70 Marks (External Evaluation)</b>
<b>I</b>	<p><b>International Finance – Overview:</b></p> <ul style="list-style-type: none"> <li>• Multinational financial management – opportunities and challenges</li> <li>• Nature of international financial functions</li> <li>• Balance of Payments, National Income</li> <li>• Gold Standard, Bretton Woods System and Exchange Rate Regime since 1973</li> <li>• LERMS</li> </ul> <p><b>Foreign Exchange:</b></p> <ul style="list-style-type: none"> <li>• Nominal, real and effective exchange rates</li> <li>• Exchange rate determination in spot and forward markets</li> <li>• Capital and Current Account Convertibility</li> <li>• Interest parity</li> <li>• Inflation and exchange rate dynamics</li> <li>• LIBOR</li> </ul>	10	18
<b>II</b>	<p><b>Foreign Exchange Markets (theory and numerical):</b></p> <ul style="list-style-type: none"> <li>• Spot and Forward markets</li> <li>• Currency Futures – features, hedging with currency futures</li> <li>• Currency Options – features, terminologies, hedging with currency options</li> </ul> <p><b>Forecasting Exchange Rates. (theory only)</b></p>	10	18
<b>III</b>	<p><b>Foreign Exchange Exposure:</b></p> <ul style="list-style-type: none"> <li>• Concept of exposure</li> <li>• Transaction Exposure</li> <li>• Translation Exposure</li> <li>• Need for hedging</li> <li>• Hedging and managing exposure</li> </ul> <p><b>Economic Exposure:</b></p> <ul style="list-style-type: none"> <li>• Foreign exchange risk and economic exposure</li> <li>• Identifying and calculating economic exposure</li> <li>• Real Operating Exposure</li> </ul>	10	17
<b>IV</b>	<p><b>Financing International Operations:</b></p> <ul style="list-style-type: none"> <li>• International and domestic capital markets</li> </ul>	10	17

	<ul style="list-style-type: none"> <li>• Corporate sources and uses of funds</li> <li>• Eurocurrency market and Euro bonds</li> <li>• Strategies for Foreign Direct Investment</li> </ul> <p><b>International Taxation.</b></p>		
V	<p><b>Practical:</b> 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:

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

#### 6. Reference Books:

No.	Author	Name of the Book	Publisher	Year of Publication / Edition
1	Vyuptakesh Sharan	International Financial Management	PHI	2012 / 6 <sup>th</sup>
2	Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz	International Finance: Theory and Practice	Pearson	2014 / 10 <sup>th</sup>
3	Cheol Eun & Bruce G. Resnick	International Financial Management	McGraw Hill	2017 / 8 <sup>th</sup>
4	Alan Sharpio	Multinational Financial	John Wiley	2013 / 10 <sup>th</sup>

		Management		
5	C. Jeevanandan	Foreign Exchange & Risk Management	Sultan Chand	2013
6	Jeff Madura	International Financial Management	Thomson	2009 / 9 <sup>th</sup>
6	P. G. Apte	International Financial Management	McGraw Hill	2011 / 6 <sup>th</sup>
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