

MBAS 554: International Financial Management

Workload: 4Hours per week Total credit 04

Examination: 3 hours; 30 marks continuous evaluation and 70 marks final examination

Objectives:

1. Provides the concepts and structure of International Financial
2. Provides the details of sources of international finance.
3. Provides the strategies to tackle the risk in forex market.
4. Get an insight into the instruments traded in the international financial markets and financing international trade.

Outcome of the course: On completion of this course students will be able to:

1. Understand the global financial environment and International Flow of funds.
2. Interpret the operation of financial market and exchange rate determination.
3. Recognize foreign exchange risk management.
4. Assess the various factors and methods to evaluate the country risk in the context of FDI.
5. Address the special issues involved in multinational capital budgeting and cash management.

Pedagogy:

Lectures, problem solving, case analysis, group discussion and seminars and assignments.

Module 1: Foundations of International Financial Management

Introduction, From International Economics to International Financial management, Domestic Vs international financial management- foreign exchange and political risk, market imperfections. Scope of International Financial Management, Need for International Financial management- Globalization of World Economy- Multinational Corporations- International Monetary system- Corporate Governance Around the World.

6 HOURS

Module 2: International Flow of Funds

Balance of payments- Meaning- Components- Principles for recording- significance and limitations- Recent trends in Indian balance of payment- Capital Account Convertibility.

Module 3: Foreign Exchange Market

Functions of the Foreign Exchange Market- structure of foreign Exchange Market Transactions the Foreign Exchange market- Foreign Exchange Rates and Quotations- computation of outright rates, cross rates, Arbitrage- Two point Arbitrage, Triangular Arbitrage, Covered Interest Arbitrage. International Parity conditions- Interest Rate Parity Theory and exchange rate determination, Purchasing per Parity Theory-Absolute version, relative version, expectation form, Fisher Effect, International fisher effect- Techniques of forecasting exchange rates in practice.

Module 4: Foreign Exchange Exposure and Managing Foreign Exchange Exposure

Exchange Rate Risk, Arguments for and against Hedging exchange rate risk, Types of Foreign exchange exposure. Hedging Transaction exposure using: Forward market- Money market, Futures Market and options. Measuring Economic Exposure- Determinants of Economic Exposure- Managing Economic Exposure Translation or Accounting exposure: Methods of Translation- Current/ Non Current, Monetary/ Non Monetary, Temporal and all current method.

Module 5: FDI and Country risk Analysis

FDI And motives of FDI- Firm specific advantages , Internationalization advantages, Country specific advantages, Modern Approach to investment Appraisal- NPV, Real options, Game theory and strategy and combined approach. Country risk analysis- Significance- Factors to be considered- Techniques to assess the country risk- country risk rating, Measuring country risk, Market approach, Incorporating country Risk in capital budget, reducing exposure to takeovers.

Module 6: International Capital budgeting

Multinational capital budgeting- special issues- evaluating international projects using adjusted present value model (APV) - Risk adjustment in the capital budgeting analysis- sensitivity analysis- purchasing power assumption- real options

Module 7: International Cash Management

Need for International Cash Management, Cash flow analysis from subsidiary perspective- Bilateral netting of internal and external cash flows- Techniques to optimize cash flows- Accelerating cash inflows-Minimizing currency conversion costs, managing blocked funds, managing inter-subsidiary cash transfer- Investing excess cash- Centralized cash management- Diversifying cash across currency- Dynamic hedging.

Module 8: Financial Markets and Instruments

International Capital Market – Instruments Traded, International Money Market and Instruments Traded.

Module 9: International Trade Finance

The Trade relationship , benefits of system, key documents, government programmes to help finance exports, trade financing alternatives, forfeiting medium and long term financing.

Module 10: Multinational Tax Management

The tax principle, types of tax, multinational tax management – transfer pricing policy (High mark-up policy & Low mark-up policy), Tax havens and international offshore financial centres.

Reference Books:

1. Eun CS and Resnick BG (2017), *International financial management*, Tata McGrawhillEducation (India) Pvt Ltd.
2. Madura Jeff (2015), *International Financial Management* 12th Edition, Cengage Learning.
3. Eiteman David K., Stonehill Arthur I. , Moffett Michael H. (2018)*Multinational Business Finance*, 14th Edition Pearson publication.
4. Madura Jeff (2010), *International Corporate Finance*, 10th Edition Cengage Learning.
5. Apte Prakash G.,(2018) *International Finance*, Tata McGrawhill Education (India) Pvt Ltd.
6. Sharan Y. *International Financial Management*, PHI.
7. Dun and Broad Street, *Foreign Exchange Market*, Tata McGrawhill Education (India) Pvt Ltd.
8. Levi Maurice, *International Finance*, Routledge Publication.
9. Shapiro C. Alan, (2010) *Multi National Financial Management*, 9th edition, Wiley India Pvt Ltd.
10. Shapiro C. Alan and Moles Peter, (2016) *International Financial Management*, Wiley India Pvt Ltd.
11. Jacque Laurent L. (2014): *International Corporate Finance*, John Wiley and Sons, Inc., New Jersey.

MANGALORE



UNIVERSITY

Mangalagangothri – 574199

DEPARTMENT OF BUSINESS ADMINISTRATION

in Association with

Internal Quality Assurance Cell (IQAC), Mangalore University

United Nations Development Programme (UNDP)

Seventh Sense People Development Solutions Pvt Ltd

Organizes

6 Days UNDP Entrepreneurship Development Training Program

06 December, 2021 to 11 December, 2021

Cordially Invite you to the
INAUGURAL FUNCTION

Dr. P Subrahmanya Yadapadithaya
Hon'ble Vice Chancellor, Mangalore University
Will inaugurate

Ms. Deeksha N
Mr. Keerthanraj T. S
Mr. Ashwin Kumar
District Community Mobilizers and EDP Trainer

Seventh Sense Sense People Development SolutionsPvt Ltd and Inquilab Inventions Foundations

In the Presence of
Prof Manjunatha Pattabi
Director, IQAC
Mangalore University
And
Prof. Puttanna K
Chairman
Department of Business Administration
Mangalore University

Date: 6th December, 2021

Time: 09.00 AM

Venue: MBA Seminar Hall

MANGALORE UNIVERSITY

6 Days UNDP Entrepreneurship Development Training Program

06 December, 2021 - 11 December, 2021

Report



6 Days UNDP Entrepreneurship Development Training Program was organised in the department in association with Internal Quality Assurance Cell (IQAC), Mangalore University, United Nations Development Programme (UNDP) and Seventh Sense People Development Solutions Pvt Ltd on 06 December, 2021 - 11 December, 2021.

The workshop was inaugurated by Prof. Puttanna. K, Chairman of the department and Mr. Keerthanraj T. S, District Community Mobilizer, Seventh Sense People Development Solutions Pvt Ltd. Experts from Seventh Sense People Development Solutions Pvt Ltd trained our participants on various issues relates to social entrepreneurship. They used both lecture and activity methods to train the participants. Their lecture covered broad aspects relates entrepreneurship.

Three resource persons Mr. Keerthanraj T. S, Ms. Deeksha N and Mr. Ashwin Kumar from Seventh Sense Sense People Development Solutions Pvt Ltd trained the participants. 61 students and 10 faculty members participated in the program. Certificate of participation is issued to all the participants on successful completion the training.