

## Teaching Lesson Plan 2019-20 (Based on OBE)

**Program: M.Com Regular**

**Course Name: International Financial management**

**Course Code: P115 FT 402**

**Semester: IV**

**Lecture hours: 60**

**Faculty in-charge: Dr. R. Himachalopathy**

Module No. & Topics Covered	Course Outcome No.	Course Outcomes CO No.	No. of Lecture Hours	Pre-Class Activity	Instructional techniques	T level Indicator	Assessment	T Level Indicator
<b>Module 1: Introduction to International Finance</b> Meaning and scope of International business methods, rewards and risk of international transactions, components of International financial System. Significance of international FM.	CO1.	Illustrate the role of a financial manager in an international business firm in the context of dynamic international financial Environment and BOP equilibrium and dis-equilibrium				T3		T3
	CO2.	Evaluate the role of foreign exchange market in international financial decision.	8		Lecturing, Illustrate with example	T5	Discussion, Questions & Answers	
	CO3.	Use the tactics and strategies for minimizing the risk of foreign exchange exposure			Interactive session, PPT presentations	T3		
	CO4.	Evaluate capital budgeting decisions of international business firm in taking into account of international tax, overall cost of capital and capital budgeting.			Live data on Export and Import Trade and BOP downloaded from Rbi.org.in	T5		
	CO5.	Examine the implications of international working capital management decisions of international business firm			and Wikipedia	T4		
	CO6.	Choose a financing mix for an international project in the context of prevalent international financial Environment.				T5		

<p><b>Module 2:</b>  <b>International Flow of Funds</b> – BOP, Fundamentals of BOP, accounting components of BOP, Factors affecting International Trade, Agencies that facilitate international flows – equilibrium, disequilibrium &amp; adjustment of BOP &amp; trade deficits.</p>		8		<p>Lecturing,          Illustrate with example          Interactive session,          PPT presentations          Live data on FDI, ECB and FCCB downloaded from Rbi.org.in          and Wikipedia</p>	Case study analysis and discussion	T5
<p><b>Module 3:</b>  <b>India's foreign exchange market</b> - Exchange rate system in India. Country risk analysis – political risk factors – Financial risk factors – types of country risk assessment – quantifying country risk – reducing exposure to host govt. takeover, assessment &amp; management of political risk.</p>		8		<p>Lecturing,          Illustrate with example          Interactive session,          PPT presentations          Live data on FDI, ECB and FCCB downloaded from Rbi.org.in          and</p>	Case study analysis	T3

				<p>Wikipedia</p> <p>Intra day trading</p> <p>Indianivesh.com</p> <p>Forexlive.com</p> <p>Demonstrate live intra-day trade</p> <p>By Indianivesh.org</p>		
<p><b>Module 4:</b></p> <p><b>International capital budgeting</b> – issues in foreign investment analysis, foreign project appraisal, risk evaluation in foreign projects, growth options &amp; evaluation. International capital structure and cost of capital, international tax management.</p>		18		<p>Lecturing,</p> <p>Illustrate with example</p> <p>Interactive session,</p> <p>PPT presentations</p> <p>Live data on FDI, ECB and FCCB downloaded from Rbi.org.in</p> <p>and Wikipedia</p>	Quiz on various pricing strategies	T5

<p><b>Module 5:</b>  <b>International WCM</b> – factors influencing short-term objectives, financing strategy &amp; options – borrowing strategy &amp; risk management – international cash management, accounts receivable &amp; management &amp; inventory mgmt.</p>		8		<p>Lecturing,          Illustrate with example            Interactive session,            PPT presentations            Live data on FDI, ECB and FCCB downloaded from Rbi.org.in            and Wikipedia</p>	<p>Assignment of illustrations</p>	T4
<p><b>Module 6:</b>  <b>International project finance</b> – techniques of financing – international leasing – cross border finance - FDI</p>		10		<p>Lecturing,          Illustrate with example            Interactive session,            PPT presentations            Live data on FDI, ECB and FCCB downloaded from Rbi.org.in            and Wikipedia</p>	<p>Assignment on Case study analysis</p>	T5

**Continuous Internal Assessment –**

- Power point presentation in class on the given topic.
- Case Study
- Test
- Role Play
- MCQs

**Approved by:**

**P115 FT 402 : INTERNATIONAL FINANCIAL MANAGEMENT****COURSE OBJECTIVES:**

The student should be able to:

1. Illustrate the role of a financial manager in an international business firm in the context of dynamic international financial Environment and BOP equilibrium and dis-equilibrium
2. Evaluate the role of foreign exchange market in international financial decision.
3. Use the tactics and strategies for minimizing the risk of foreign exchange exposure
4. Evaluate capital budgeting decisions of international business firm in taking into account of international tax, overall cost of capital and capital budgeting.
5. Examine the implications of international working capital management decisions of international business firm
6. Choose a financing mix for an international project in the context of prevalent international financial Environment.

**Module 1:****Introduction to International Finance -**

Meaning and scope, International business methods, International Sources of finance for the firm – Bond financing, Loan financing, Securitized financing, equity financing, loan agreement and negotiations, international financial transactions.

Balance of Payments – Accounting components of Balance of Payments, equilibrium, disequilibrium and adjustments of Balance of Payments and trade deficits.

#### **Module 2:**

**The Foreign Exchange Market-** Structure, Exchange rate determination and **Forecasting (Time Series Model)**, fundamental factors affecting exchange rates, parity conditions in Foreign exchange markets. Purchasing Power Parity, Balance of Payments theory, Fisher's effect covered interest parity, Real interest parity. Parity conditions and managerial implications.

#### **Module 3:**

**Foreign Exchange Risk Management** - Conceptual overview, nature of exposure – Economic/Transaction/Translation – Hedging & Speculation. Derivatives and exposure management – currency future, currency options, Interest rate Risk Management – Internal and external hedging strategies, recent developments in management of exposure.

#### **Module 4:**

**International Financing Decision** - Issues in overseas funding choices, economic circumstances and overall funding choices, funding and risk management aspects. Analysis of capital budgeting - Foreign project appraisal and growth evaluation, cost of capital of a foreign investment and incorporating International Tax Laws in Multi-national Capital Budgeting.

#### **Module 5:**

**Short Term Asset and Liability Management** - International Working Capital Management - financing strategies and options, International Cash, Inventory and Receivables Management.

#### **Module 6:**

**International Project Finance** - Techniques of financing, leasing, Cross border finance, FDI, Joint ventures management.

#### **COURSE OUTCOMES:**

After completion of the course, the students will be able to

1. Illustrate the role of a financial manager in an international business firm in the context of dynamic international financial Environment and BOP equilibrium and dis-equilibrium
2. Evaluate the role of foreign exchange market in international financial decision.
3. Use the tactics and strategies for minimizing the risk of foreign exchange exposure
4. Evaluate capital budgeting decisions of international business firm in taking into account of international tax, overall cost of capital and capital budgeting.
5. Examine the implications of international working capital management decisions of international business firm
6. Choose a financing mix for an international project in the context of prevalent international financial Environment.

**BOOKS FOR REFERENCE:**

1. Madura, Jeff: *International Financial Management*, Cengage Learning, New Delhi.
2. Alan Shapiro: *Multinational Financial Management*, Prentice Hall, New Delhi.
3. Apte: *International Financial Management*, Tata Mcgraw Hill, Delhi.
4. David B. Zenoff & Jack Zwick: *International Financial Management*.
5. Rita M. Rodriguez L. Bigame Carter: *International Financial Management*.
6. V. A. Avadhani: *International Finance - Theory and Practice*, Himalaya Publishing House.
7. J. Fred Weston & Bart: *Guide to International Financial Management*.
8. Robery O. Edmister: *Financial Institutions - markets and Management*.
9. A. V. Rajwade: *Foreign Exchange International Finance and Risk Management*, Prentice Hall.
10. Jeff Madura: *International Financial Management*, Thomson Learning.
11. Jeevanandam: *Foreign Exchange – Practice, Concepts & Control*, Sultan Chand & Sons.

**P115 FT 402 : INTERNATIONAL FINANCIAL MANAGEMENT**

**COURSE OBJECTIVES:**

The student should be able to:

7. Illustrate the role of a financial manager in an international business firm in the context of dynamic international financial Environment and BOP equilibrium and dis-equilibrium
8. Evaluate the role of foreign exchange market in international financial decision.

9. Use the tactics and strategies for minimizing the risk of foreign exchange exposure
10. Evaluate capital budgeting decisions of international business firm in taking into account of international tax, overall cost of capital and capital budgeting.
11. Examine the implications of international working capital management decisions of international business firm
12. Choose a financing mix for an international project in the context of prevalent international financial Environment.

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## **P115 FT 402 : INTERNATIONAL FINANCIAL MANAGEMENT**

### **COURSE OBJECTIVES:**

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