Semester	IV	Specialization	Finance
Course code	404 FIN	Type	Specialization – Core
Course Title	International Finance		

Course Objectives:

4. To make students familiar with the operations in foreign exchange markets.
5. To sensitize students with complexities of managing finance of multinational firm.
6. To highlight the importance of the regulatory framework within which international financial transactions can take place, with special reference to India.

Syllabus:

Unit Number	Contents	No. of Sessions
Unit – 1	1.1: Nature & Scope of International Finance, The role of information technology and financial integration in the process of globalization. International Financial Institutions: International Monetary Fund, World Bank. International credit rating agencies and rating criteria. International Financing decision. 1.2: Issues in Overseas Funding Choices, Economic Circumstances and overall funding choices, funding and risk management aspects. Parity conditions in International Finance: Purchasing power parity, Covered Interest Parity, Real Interest Parity, Parity Conditions and Managerial Implications.	(Hours: 6+2)
Unit – 2	2.1: Foreign Exchange Markets: Forecasting Exchange Rates, Fundamental Factors affecting Exchange Rates, Time Series Forecasting Models Functions of Foreign exchange market. Role of participants in foreign exchange market. Foreign exchange Management Act 1999, Role of Reserve Bank of India in Management of foreign exchange. Exchange Rates Spot rate, Forward rate, Cross Rates, Types of exchange rate regimes. 2.2: Parity relations, Purchasing power parity, interest parity, exchange risk, types of exchange risk, Management of exchange risk. Hedging, Internal & External techniques of heading. Currency futures and options, Currency swaps. Speculation in foreign exchange market. Currency arbitrage. Covered interest arbitrage. Convertibility of Indian Rupee. Exchange Rate Behaviour, Efficiency and Forecasting.	(Hours: 8+2)
Unit – 3	3.1: Global Capital Markets, Historical perspective and development, participants, issues, investors, intermediaries. External Commercial Borrowing, Foreign Bonds & Euro Bonds. Foreign equity and Euro equity. Depository Receipts (A.D.Rs and G. D.Rs) Disintermediation, Deregulation, Securitization, Globalization. 3.2: Methods of raising resources by borrowers in international markets – domestic foreign currency loans out of foreign currency resources like FCNR (B), EEFC, etc. International portfolio investment, International liquidity, Foreign Exchange Market Mechanism, Foreign Trade zone.	(Hours: 6+2)

Unit – 4	4.1: International Bond Markets, Development, Types of Bonds, floating Rate Notes (FRNs), Deep Discount Bonds, Zero Coupon Bonds, Dual Currency Bonds, and Equity related Bonds. Procedure for Bonds Issues. 4.2: Syndicated loans, Multicurrency options, Syndication process in practice, offer documents and mandate, loan Agreements. Rights and Duties of Managing and Agents Banks.	(Hours: 7+2)
Unit – 5	International Financial Reporting Standards (I.F.R.S) and Indian Accounting Standards (I.A.S) on foreign transactions. International Receivables and cash management.	(Hours: 8+2)
	Note: 1. Theoretical questions will be asked on all topics.	

Learning Resources:		
1	Text Books	International Financial Management by P.G. Apte 2010 Ed. International Financial Management by Vyuptakesh Sharan International Financial Management by S.P. Sriniwasan International Finance by Mauric Levi, Keith P. (2013 Edition) Foreign Exchange, International Finance, Risk Management by A.V. Rajwade Currency Exposures and Derivatives by A.V Rajwade
2	Reference Books	Multinational Finance by Adrian Buckley Multinational Finance Management by Alan C.S International Corporate Finance by Madura International Finance Management by Clark
3	Journals	Economic Times, Business Standard, Hindu, Business Line, Financial Express, Money Hike, Business India, business Today, Business World Capital Market