INSTITUTE OF AERONAUTICAL ENGINEERING
(Autonomous)
Dundigal - 500 043, Hyderabad, Telangana

COURSE CONTENT

INTERNATIONAL FINANCIAL MANAGEMENT								
IV Semester: MBA								
Course Code	**Category**	**Hours / Week**			**Credits**	**Maximum Marks**		
CMBE52	**Elective**	**L**	**T**	**P**	**C**	**CIA**	**SEE**	**Total**
		4	-	-	4	40	60	100
Contact Classes: 45	**Tutorial Classes: Nil**	**Practical Classes: Nil**				**Total Classes: 45**		
Prerequisite: **Financial Management**								
SDGs Mapped: **SDG 8 (Decent Work & Economic Growth), SDG 17 (Partnerships for the Goals)**								

I. COURSE OVERVIEW:

The course focuses on the principles and practices of International Financial Management (IFM). It emphasizes managing finances in a global context, understanding foreign exchange markets, international flows of funds, exchange rate dynamics, and asset–liability management. Students gain insights into international capital budgeting, financing methods, and risk management, preparing them to handle financial decisions for multinational corporations and cross-border investments.

II. COURSE OBJECTIVES:

The students will try to learn:

I. The scope, importance, and nature of international financial management and differences from domestic financial management.
II. The international flows of funds, balance of payments, and global monetary systems.
III. The functioning, structure, and instruments of foreign exchange markets.
IV. How to evaluate exchange rate mechanisms, manage foreign exchange risk, and apply international parity conditions.
V. Asset–liability management techniques, including international capital budgeting, financing, portfolio management, and trade finance.

III. COURSE OUTCOMES:

At the end of the course students should be able to:

CO1 Recall the concepts, scope, and importance of international financial management and differentiate it from domestic financial management.
CO2 Analyze international fund flows, balance of payments, and trends in global trade and Indian BOP.
CO3 Understand foreign exchange market structures, instruments, participants, and trading mechanisms.
CO4 Evaluate exchange rate movements, government interventions, and foreign exchange risk management strategies.
CO5 Apply techniques of asset–liability management, international financing, and capital budgeting decisions in multinational contexts.
CO6 Examine international financial instruments, investment strategies, and trade finance regulations.

IV. COURSE CONTENT:

MODULE-I: INTRODUCTION- Classes: (09)
An overview, importance, nature and scope of international financial management, domestic FM Vs. IFM, International Business Methods, recent changes and challenges in international financial management.

MODULE –II: INTERNATIONAL FLOW OF FUNDS - Classes: (09)
Balance of Payments (BOP), fundamentals of BOP, Accounting components of BOP, factors affecting international trade flows, agencies that facilitate international flows. Indian BOP trends.
International Monetary System: Evolution, gold standard, Bretton Woods's system, the flexible exchange rate regime, evaluation of floating rates, the current exchange rate arrangements, the economic and monetary union (EMU)..

MODULE –III: FOREIGN EXCHANGE MARKET-Classes: (09)
Function and Structure of the Forex markets, major participants, types of transactions and settlements dates, foreign exchange quotations, Process of arbitrage, speculation in the forward market.

Currency futures and options markets, overview of the other markets, Euro currency market, Euro credit market, Euro bond market, international stock market.

MODULE –IV: EXCHANGE RATES - Classes: (09)
Measuring exchange rate movements, factors influencing exchange rates. Government influence on exchange rates, exchange rate systems, Managing Foreign exchange Risk. International arbitrage and interest rate parity. Relationship between inflation, interest rates and exchange rates, purchasing power parity, international Fisher effect, Fisher effect, interest rate parity, expectations theory.

MODULE –V: ASSET–LIABILITY MANAGEMENT - Classes: (09)
Foreign direct investment, international capital budgeting, international capital structure and cost of capital, International portfolio management. International financing: Equity, Bond financing, parallel loans, international cash management, accounts receivable management, inventory management. Payment methods of international trade, trade finance methods, export and import bank of India, and recent amendments in EXIM policy, regulations and guidelines.

V. TEXT BOOKS:

1. P G Apte, Sanjeevan Kapshe, "International Financial management",8th edition in 2020.
2. Thummuluri Siddaiah, "International Financial Management an Analytical Framework",3rd edition, in 2018.
3. Apte "International Financial Management",8th edition,1-7-2017.
4. Bahuguna Pallavi." International Financial Management",8th edition, in 2016.
5. Cheol S. Eun "International Financial Management",27-7-2017.

VI. REFERENCE BOOKS:

1. Sharan. V, "International Financial Management" PHI Publications, 5th Edition, 2012.
2. P. G. Apte, "International Financial Management", TMH publications, 3rd Edition, 2012.
3. Madhu Vij," International Financial Management", Excel Publications, 4th Edition, 2012.

VII. WEB REFERENCES:

1. https://en.wikipedia.org/.../Journal_of_International_Financial_Management_and_Accounting. 1467-646X web.
2. https://www.cengage.co.in/.../finance/international-financial-management/international financial management.

VIII. E-TEXT BOOKS:

1. https://.www.indiaclass.com/financial-management-reference-books.
2. https://www.loc.gov/rr/business/BERA/issue7/finance.html.
3. https://www.amazon.in/dp/B00K7YG378/ref=cm_sw_r_apan_glt_D3CPTZ93T5W5TFD9CWPY?_encoding=UTF8&psc=1.
4. https://www.amazon.in/dp/B00K7YG378/ref=cm_sw_r_apan_glt_D3CPTZ93T5W5TFD9CWPY?_encoding=UTF8&psc=1.