



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

## MASTER OF BUSINESS ADMINISTRATION

### COURSE DESCRIPTOR

<b>Course Title</b>	<b>INTERNATIONAL FINANCIAL MANAGEMENT</b>			
<b>Course Code</b>	<b>CMBB57</b>			
<b>Programme</b>	MBA			
<b>Semester</b>	IV			
<b>Course Type</b>	<b>PROFESSIONAL ELECTIVE – VI</b>			
<b>Regulation</b>	IARE-R18			
<b>Course Structure</b>	<b>Lectures</b>	<b>Tutorials</b>	<b>Practical Work</b>	<b>Credits</b>
	4	-	-	4
<b>Chief Coordinator</b>	Mr. N. Suresh, Assistant Professor, MBA			
<b>Course Faculty</b>	Mr. N. Suresh, Assistant Professor, MBA			

#### I. COURSE OVERVIEW:

The course focuses on the nature, scope, evolution of finance function; goals of finance function enable students to understand maximizing profit, wealth, welfare and earnings per share of business concern. Financial management is also very useful to the business concerns to take investment decisions, capital structure decisions and dividend decisions from time to time for the growth and development of business. This course includes management of cash, receivables, inventory and current assets in working capital planning. This course uses the analytical techniques and arrives at conclusions from financial information for the purpose of decision making.

#### II. COURSE PRE-REQUISITES:

Level	Course Code	Semester	Prerequisites	Credits
PG	CMBB17	II	Financial Management	4

#### III. MARKS DISTRIBUTION:

Subject	SEE Examination	CIA Examination	Total Marks
International Financial Management	70 Marks	30 Marks	100

#### IV. DELIVERY / INSTRUCTIONAL METHODOLOGIES:

✗	Chalk & Talk	✗	Quiz	✓	Assignments	✗	MOOCs
✓	LCD / PPT	✓	Seminars	✗	Mini Project	✓	Videos
✗	Open Ended Experiments						

#### V. EVALUATION METHODOLOGY:

The course will be evaluated for a total of 100 marks, with 30 marks for Continuous Internal Assessment (CIA) and 70 marks for Semester End Examination (SEE). Out of 30 marks allotted for CIA during the semester, marks are awarded by taking average of two CIA examinations or the marks scored in the make-up examination.

**Semester End Examination (SEE):** The SEE is conducted for 70 marks of 3 hours duration. The syllabus for the theory courses is divided into five units and each unit carries equal weight age in terms of marks distribution. The question paper pattern is as follows two full questions with “either” or “choice” will be drawn from each unit. Each question carries 14 marks. There could be a maximum of two sub divisions in a question.

The emphasis on the questions is broadly based on the following criteria:

50 %	To test the objectiveness of the concept.
50 %	To test the analytical skill of the concept OR to test the application skill of the concept.

#### Continuous Internal Assessment (CIA):

CIA is conducted for a total of 30 marks (Table 1), with 25 marks for Continuous Internal Examination (CIE), 05 marks for Alternative Assessment Tool (AAT).

Table 1: Assessment pattern for CIA

Component	Theory		Total Marks
	CIE Exam	AAT	
CIA Marks	25	05	30

#### Continuous Internal Examination (CIE):

Two CIE exams shall be conducted at the end of the 8<sup>th</sup> and 16<sup>th</sup> week of the semester respectively. The CIE exam is conducted for 25 marks of 2 hours duration consisting of two parts. Part–A shall have five compulsory questions of one mark each. In part–B, four out of five questions have to be answered where, each question carries 5 marks. Marks are awarded by taking average of marks scored in two CIE exams.

### Alternative Assessment Tool (AAT)

Marks shall be awarded considering the average of two seminars (or) assignments for every course. The AAT may include seminars and assignments.

### VI. HOW PROGRAM OUTCOMES ARE ASSESSED:

Program Outcomes (POs)		Strength	Proficiency assessed by
PO1	<b>Managerial Skills:</b> Apply knowledge of management theories and practices to solve business problems.	2	Guest Lectures
PO2	<b>Decision making Skills:</b> Foster analytical and critical thinking abilities for data-based decision making.	3	Seminars
PO4	<b>Ethics:</b> An ability to understand professional and ethical responsibility. .	3	Guest Lectures
PO7	<b>Strategic analysis:</b> Ability to conduct strategic analysis using theoretical and practical applications.	2	Seminars
PO8	<b>Technology Skills:</b> Inculcate and develop technical skills to face the competitive world successfully.	1	Assignment

3 = High; 2 = Medium; 1 = Low

### VII. COURSE OBJECTIVES :

The course should enable the students to:	
I.	Understand the overview, importance, nature and scope of International Financial Management
II.	Recognize the fundamentals of BOP, Accounting components of BOP, factors affecting and International Trade flows
III.	Elucidate the functions and Structure of the Forex markets, major participants, types of transactions and settlements dates.
IV.	Know about the foreign direct investment, international capital budgeting, international capital structure and cost of capital and international portfolio management

### VIII. COURSE OUTCOMES (COs):

CO Code	CO's	At the end of the course, the student will have the ability to:	PO's Mapped	Strength of Mapping
CMBB57.01	CO1	Describe the meaning, definitions, nature and scope of financial management.	PO1	2
CMBB57.02	CO2	Identify the goals, evolution and functions of financial management	PO1	2
CMBB57.03	CO3	Examine the new role of finance function in contemporary scenario	PO2	3
CMBB57.04	CO4	Illustrate the differences between profit maximization and wealth maximization	PO2	3
CMBB57.05	CO5	Demonstrate the concepts of risk return trade off, time value, future value and present value of money.	PO3	3
CMBB57.06	CO6	Discuss the meaning, definitions, characteristics and importance of investment decisions	PO3	3
CMBB57.07	CO7	Apply the methods and principles of capital budgeting.	PO7	2
CMBB57.08	CO8	Predict the investment decision process and significance of capital budgeting	PO7	2
CMBB57.09	CO9	Explain the term capital budgeting decision under risk and uncertainty and methods of capital budgeting techniques	PO7	2

CMBB57.10	CO10	Determine the concept and measurement of cost of capital.	PO8	1
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3 = High; 2 = Medium; 1 = Low

#### IX. MAPPING COURSE OUTCOMES LEADING TO THE ACHIEVEMENT OF PROGRAM OUTCOMES:

COs	Program Outcomes (POs)				
	PO1	PO2	PO4	PO7	PO8
CO 1	2				
CO 2	2				
CO 3		3			
CO 4		3			
CO 5			3		
CO 6			3		
CO 7				2	
CO 8				2	
CO 9				2	
CO 10					1

3 = High; 2 = Medium; 1 = Low

#### X. ASSESSMENT METHODOLOGIES – DIRECT

CIE Exams	PO1,PO2, PO4, PO7, PO8.	SEE Exams	PO1,PO2, PO4, PO7, PO8	Assignments	PO8	Seminars	PO2, PO7.
Laboratory Practices	-	Guest Lecture	PO1, PO4.	Mini Project	-	Certification	-
Term Paper							

#### XI. ASSESSMENT METHODOLOGIES - INDIRECT

√	ASSESSMENT OF COURSE OUTCOMES (BY FEEDBACK, ONCE)	√	STUDENT FEEDBACK ON FACULTY (TWICE)
X	ASSESSMENT OF MINI PROJECTS BY EXPERTS		

#### XII. SYLLABUS

<b>UNIT–I</b>	<b>INTRODUCTION</b>
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.	
<b>UNIT–II</b>	<b>INTERNATIONAL FLOW OF FUNDS</b>

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).	
<b>UNIT-III</b>	<b>FOREIGN EXCHANGE MARKET</b>
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.	
<b>UNIT-IV</b>	<b>EXCHANGE RATES</b>
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.	
<b>UNIT - V</b>	<b>ASSET-LIABILITY MANAGEMENT</b>
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.	
<b>Text Books:</b>	
1. Jeff Madura, "International Corporate Management", Cengage Learning, 2 <sup>nd</sup> Edition, 2012. 2. Alan C. Shapiro, "Multinational Financial Management", John Wiley publications, 5 <sup>th</sup> Edition, 2012 3. S. Eun Choel and Risnick Bruce, "International Financial Management", TMH, 4 <sup>th</sup> Edition, 2012	
<b>References:</b>	
1. Sharan. V, "International Financial Management" PHI Publications, 5 <sup>th</sup> Edition, 2012 2. P. G. Apte, "International Financial Management", TMH publications, 3 <sup>rd</sup> Edition, 2012. 3. Madhu Vij, "International Financial Management", Excel Publications, 4 <sup>th</sup> Edition, 2012.	
<b>E-Text Books:</b>	
1. <a href="http://www.indiaclass.com/financia-management-references-books">http://www.indiaclass.com/financia-management-references-books</a> 2. <a href="https://www.loc.gov/tr/business/BERA/issue/finance.html">https://www.loc.gov/tr/business/BERA/issue/finance.html</a>	

### XIII. COURSE PLAN:

The course plan is meant as a guideline. Probably there may be changes.

Lecture No	Topics to be covered	Course Outcomes (COs)	Reference
1-2	An overview, importance, nature and scope of international financial management.	CO 1	T1- 1.4-1.8
3	domestic FM Vs. IFM, International Business Methods	CO 1	T1-2.6-2.11
4-6	Recent changes and challenges in international financial management...	CO 1	T1-3.2-3.20
7-8	Balance of Payments (BOP), fundamentals of BOP, Accounting components of BOP.	CO 1	T1-4.6-4.19
9-10	Factors affecting international trade flows, agencies that facilitate international flows.	CO 2	T1- 5.35.18
11-12	Indian BOP trends. International Monetary System: Evolution, gold standard, Breton Woods's system,.	CO 3	T1- 5.3-5.18
13-15	The flexible exchange rate regime, evaluation of floating rates, the current exchange rate arrangements, the economic	CO 3	T1- 5.29-6.8

Lecture No	Topics to be covered	Course Outcomes (COs)	Reference
	and monetary union (EMU).		
16-18	Function and Structure of the Forex markets, major participants, types of transactions and settlements dates,	CO 4	T1-7.137.14
19-20	Foreign exchange quotations. Process of arbitrage, speculation in the forward market	CO 4	T1- 7.8-7.12
21-23	Currency futures and options markets, overview of the other markets,	CO 5	T1- 8.4-8.16
24-26	Measuring exchange rate movements, factors influencing exchange rates. Government influence on exchange rates	CO 6	T1- 8.218.25
27-29	International arbitrage and interest rate parity. Relationship between inflation, interest rates and exchange rates.	CO 6	T1-9.4-9.15
30-32	Relationship between inflation, interest rates and exchange rates ,	CO 7	T1-9.110.23
33-35	Purchasing power parity, international Fisher effect, Fisher effect, interest rate parity, expectations theory.	CO 8	T1-9.210.23
36-37	Euro currency market, Euro credit market, Euro bond market, international stock market...	CO 8	T1-11.511.5
38-39	Foreign direct investment, international capital budgeting, international capital structure and cost of capital. International portfolio management	CO 9	T112.512.26
40-42	International financing: Equity, Bond financing, parallel loans , international cash management, accounts receivable management,	CO 10	T113.613.15
43-45	Payment methods of international trade, trade finance methods, export and import bank of India, recent amendments in EXIM policy, regulations and guidelines	CO 10	T113.413.15

### XIII. GAPS IN THE SYLLABUS - TO MEET INDUSTRY / PROFESSION REQUIREMENTS:

S. No	Description	Proposed actions	Relevance with POs
1	Optimum planning of integrated strategic planning for financial decisions	Seminars / NPTEL	PO1, PO2, PO4
2	Think about what you see on TV, the web, read in papers and hear on the radio	Seminars / Guest Lectures / NPTEL	PO2, PO7, PO8

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