



**PARVATHANENI BRAHMAYYA  
SIDDHARTHA COLLEGE OF ARTS & SCIENCE**

*Autonomous*

Siddhartha Nagar, Vijayawada-520010

*Re-accredited at 'A+' by the NAAC*

**22 BA 421: International Financial Management**

Subject Code:	<b>22 BA 421</b>	I A Marks	30
No. of Lecture Hours / Week	06	End Exam Marks	70
Total Number of Lecture Hours	75	Total Marks	100
Practical Component	01 Hour/Week	Exam Hours	03
Course Focus	<b>Employability</b>	Entrepreneurship	Skill Development

<b>Course Outcomes</b>	
By the end of the course, students will be able to:	
CO1	Create awareness about the importance of international financial management and understanding the business environment in which modern multinational corporations operate.
CO2	Describe the IMF's role in dealing with the financial crisis and learning about <i>foreign exchange markets</i> including international Parity conditions.
CO3	Study the nature of management exposure and discuss about the techniques of international capital budgeting.
CO4	Explore concepts of portfolio management in a global market. Understand the principle project financing and explain how corporate and country characteristics influence an MNC's cost of capital.
CO5	Bring the cognizance of working capital management along with international accounting practices and analysing key elements of international taxation.

<b>Contribution of Course Outcomes towards Achievement of Program Outcomes &amp; Strength of correlations (3-High, 2-Medium, 1-Low,0-Nil)</b>								
22BA411		PO1	PO2	PO3	PO4	PO5	PO6	PO7
	CO1	3						
	CO2			3				
	CO3	2						3
	CO4							3
	CO5	3						3

Units	Syllabus	No of Hours
<b>UNIT-I</b>	<b>Multinational Corporations:</b> Features of MNCs, Motives for Going Global, Factors Inhibiting MNCs to Maximize Profits - <b>IFM:</b> Features, Objectives, and Importance of IFM - Financial Management Versus International Financial Management - Balance of payments (Bop) -	<b>15</b>

	Fundamentals of Bop - Accounting components of BOP ( <b>Theory &amp; Problems</b> )	
<b>UNIT-II</b>	<b>International Monetary System:</b> Evolution- Gold Standard- Bretton Woods System-The flexible exchange rate regime- The current exchange rate arrangements- The Economic and Monetary Union (EMU). ( <b>Theory</b> )	<b>15</b>
<b>UNIT-III</b>	<b>Foreign Exchange Market:</b> Function and structure of the Forex markets- Major Section Participants- Foreign exchange quotations- Process of arbitrage, Factors influencing exchange rates; International arbitrage and interest rate parity, Relationship between inflation-interest rates and exchange rates – Purchasing power parity – International fisher effect. ( <b>Theory &amp; Simple Problems</b> )	<b>15</b>
<b>UNIT-IV</b>	<b>Management of Exposure:</b> Economic, Transaction, Translation, and Real Operating Exposure. <b>Global Financial Markets:</b> Overview of the other markets – Euro currency market- Euro credit market- Euro bond market- International stock market. ( <b>Theory</b> )	<b>15</b>
<b>UNIT-V</b>	<b>Long term &amp; Short-term Asset–Liability Management:</b> Long term asset liability management: International Capital Budgeting, International Capital Structure and Cost of Capital; International financing: Equity, Bond financing- Parallel loans; Short term asset liability management- International cash management- Accounts receivable management- Inventory management. ( <b>Theory</b> )	<b>15</b>
	<b>Case Study (Not Exceeding 300 words) (Problems from I &amp; III Units only)</b>	
<b>Practical Component:</b>		
<ul style="list-style-type: none"> <li>• Students can study the Balance of Payment statistics of India for the last five years and present the same in the class.</li> <li>• Students can survey Exporters and report the foreign exchange risk management practices adopted by them.</li> <li>• Students can study the impact of exchange rate movement on the stock index.</li> <li>• Students can predict exchange rates using technical analysis and find arbitrage opportunities using newspaper quotes presented the same in the class.</li> </ul>		
<b>Suggested Readings:</b>		
<ol style="list-style-type: none"> <li>1. Avadhani V.A, “International Financial Management”, Himalaya Publishing House, New Delhi, 2009.</li> <li>2. Vyuptakesh Sharan, “International Financial Management”, PHI Learning, New Delhi, 2010.</li> <li>3. Alan C Shapiro, “Multinational Financial Management”, Wiley India, New Delhi, 9<sup>th</sup> Edition (2010).</li> <li>4. Pate P.G, “International Financial Management”, TMH, New Delhi, 5<sup>th</sup> Edition (2009).</li> <li>5. David K. Eidelman, Arthur I. Stone Hill and Michael H. Moffat, “Multinational Business Finance”, 10<sup>th</sup> Edition, (2004) Pearson Education</li> <li>6. Jain P.K, Josette Peyrard and Surendra S. Yadav, “International Financial Management”, Macmillan Publishers, 6<sup>th</sup> Edition (2001).</li> <li>7. Shailaja G, “International Finance”, Universities Press (India) Private Limited, Hyderabad, (2008).</li> </ol>		

8. Srivastava M.R., “Multinational Financial Management”, Excel Books, New Delhi, 6th Edition (2008).



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**MODEL QUESTION PAPER  
M.B.A. (REGULAR) DEGREE EXAMINATION  
FOURTH SEMESTER  
22 BA 421 – International Financial Management**

**Duration: 3 hours**

**Max. Marks: 70**

Note:

1. This question paper contains three Sections- **Section- A Section -B and Section -C.**
2. **Section -A** contains 5 short answer questions with an internal choice. Answer any **ALL** questions. Each question carries 4 Marks.
3. **Section -B** contains 5 Essay questions with an internal choice from each unit. Each question carries 8 Marks.
4. **Section -C** contains one Case Study for 10 Marks. (Compulsory)
5. All **Sections** of the Question paper must be answered in one place.

**SECTION-A**

**5 x 4= 20 Marks**

			<b>Bloom s Leve</b>	<b>CO</b>	<b>Max Ma</b>
<b>1</b>	a)	What are the objectives of IFM?	L 1	CO 1	4M
	(OR)				
<b>2</b>	b)	What are Bilateral treaties?	L 1	CO 1	4M
	a)	Define Conventional peg.	L 1	CO 2	4M
<b>3</b>	(OR)				
	b)	What was Bimetallism before 1875?	L 1	CO 2	4M
<b>4</b>	a)	What is a Swap transaction?	L 1	CO 3	4M
	(OR)				
<b>4</b>	b)	Define Interest Rate Swaps.	L 1	CO 3	4M
	a)	What is a Convertible Euro Bond?	L 1	CO 4	4M
<b>4</b>	(OR)				
	b)	Define Real Operating Exposure.	L 1	CO 4	4M

5	a)	Outline Hedging in the Stock Market?	L 2	CO 5	4M
	(OR)				
	b)	Demonstrate Parallel Loan theoretically.	L 2	CO 5	4M

### SECTION-B

**5 X 8=40 Marks**

			Bloom level	CO	Max. Mark
<b>UNIT-I</b>					
6	(a)	Discover the Factors Inhibiting MNCs to Maximize Profits	L3	CO1	8 M
	(OR)				
	(b)	Distinguish between Financial Management and International Financial Management.	L3	CO1	8 M
<b>UNIT-II</b>					
7	(a)	Explain the Evolution of the Bretton Woods system briefly.	L4	CO2	8 M
	(OR)				
	(b)	Determine the Exchange rate arrangements followed Internationally.	L4	CO2	8 M
<b>UNIT-III</b>					
8	(a)	Examine the Relationship between inflation and interest rate in the economy.	L3	CO3	8 M
	(OR)				
	(b)	Infer the International Fisher Effect with an illustration.	L3	CO3	8 M
<b>UNIT-IV</b>					
9	(a)	Explain the overview and functioning of the Euro credit market.	L5	CO4	8 M
	(b)	Explain strategies followed by MNCs to Manage exposure in international market.	L5	CO4	8 M
<b>UNIT-V</b>					
10	(a)	Explain the key aspects and elements of Inventory Management in MNCs.	L5	CO5	8 M
	(OR)				
	(b)	Explain the benefits of the Centralised Cash Management System in International Organisations.	L5	CO5	8 M

### SECTION-C

**1X10=10 Marks**

			Bloom level	CO	Max. Mark

**CASE STUDY**

<b>11</b>	<p><b>Prepare a BOP statement for France from the following data:</b></p> <ol style="list-style-type: none"> <li>1. France exports goods worth FFrs. 5000.</li> <li>2. France imports goods worth FFrs. 4000.</li> <li>3. Expenditure of foreign tourist in France; FFrs. 2500.</li> <li>4. France makes interest and dividend payments to foreigners; FFrs. 2000.</li> <li>5. A French person working in USA sends a cheque to his wife in Paris worth FFrs. 500.</li> <li>6. An American Immigrant working in France remits money to his account in LA; FFrs. 1000.</li> <li>7. France Telecom invest in India; FFrs.4500.</li> <li>8. IBM invests in France; FFrs.2000.</li> <li>9. A France resident buys a German Treasury bond; FFrs.300.</li> <li>10. A Swiss resident buys a France Treasury bond; FFrs.5000.</li> <li>11. France borrows FFrs. 3800 for short-term.</li> <li>12. A short-term loan advanced by BNP to a British resident; FFr. 4000.</li> </ol>	L6	CO1	10 M
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