

**Revised Syllabus of Courses of Bachelor of Management Studies  
(BMS) Programme at Semester VI  
with effect from the Academic Year 2018-2019**

**Elective Courses (EC)**

**Group A: Finance Electives**

**1. International Finance**

**Modules at a Glance**

SN	Modules	No. of Lectures
1	Fundamentals of International Finance	15
2	Foreign Exchange Markets, Exchange Rate Determination & Currency Derivatives	15
3	World Financial Markets & Institutions & Risks	15
4	Foreign Exchange Risk, Appraisal & Tax Management	15
<b>Total</b>		<b>60</b>

**Objectives**

SN	Objectives
1	The objective of this course is to familiarize the student with the fundamental aspects of various issues associated with International Finance
2	The course aims to give a comprehensive overview of International Finance as a separate area in International Business
3	To introduce the basic concepts, functions, process, techniques and create an awareness of the role, functions and functioning of International Finance in this Globalised Market

SN	Modules/ Units
1	<b>Fundamentals of International Finance</b>
	<p><b>a) Introduction to International Finance:</b></p> <ul style="list-style-type: none"> <li>• Meaning/ Importance of International Finance, Scope of International Finance, Globalization of the World Economy, Goals of International Finance, The Emerging Challenges in International Finance</li> </ul> <p><b>b) Balance of Payment:</b></p> <ul style="list-style-type: none"> <li>• Introduction to Balance of Payment, Accounting Principles in Balance of Payment, Components of Balance of Payments, Balance of Payment Identity Indian Heritage in Business, Management, Production and Consumption.</li> </ul> <p><b>c) International Monetary Systems:</b></p> <ul style="list-style-type: none"> <li>• Evolution of International Monetary System , Gold Standard System , Bretton Woods System, Flexible Exchange Rate Regimes – 1973 to Present, Current Exchange Rate Arrangements, European Monetary System, Fixed &amp; Flexible Exchange Rate System</li> </ul> <p><b>d) An introduction to Exchange Rates:</b></p> <ul style="list-style-type: none"> <li>• Foreign Bank Note Market, Spot Foreign Exchange Market</li> <li>• Exchange Rate Quotations <ul style="list-style-type: none"> <li>▪ Direct &amp; Indirect Rates</li> <li>▪ Cross Currency Rates</li> <li>▪ Spread &amp; Spread %</li> </ul> </li> <li>• Factors Affecting Exchange Rates</li> </ul>
2	<b>Foreign Exchange Markets, Exchange Rate Determination &amp; Currency Derivatives</b>
	<p><b>a) Foreign Exchange Markets:</b></p> <ul style="list-style-type: none"> <li>• Introduction to Foreign Exchange Markets, Structure of Foreign Exchange Markets, Types of Transactions &amp; Settlement Date, Exchange Rate Quotations &amp; Arbitrage, Forward Quotations (Annualized Forward Margin)</li> </ul> <p><b>b) International Parity Relationships &amp; Foreign Exchange Rate:</b></p> <ul style="list-style-type: none"> <li>• Interest Rate Parity, Purchasing Power Parity &amp; Fishers Parity, Forecasting Exchange Rates (Efficient Market Approach, Fundamental Approach, Technical Approach, Performance of the Forecasters), Global Financial Markets &amp; Interest Rates (Domestic &amp; Offshore Markets, Money Market Instruments)</li> </ul> <p><b>c) Currency &amp; Interest Rate Futures:</b></p> <ul style="list-style-type: none"> <li>• Introduction to Currency Options (Option on Spot, Futures &amp; Futures Style Options), Futures Contracts, Markets &amp; the Trading Process, Hedging &amp; Speculation with Interest Rate Futures, Currency Options in India</li> </ul>

SN	Modules/ Units
3	<b>World Financial Markets &amp; Institutions &amp; Risks</b>
	<p><b>a) Euro Currency Bond Markets:</b></p> <ul style="list-style-type: none"> <li>• Introduction to Euro Currency Market, Origin of Euro Currency Market, Euro Bond Market (Deposit, Loan, Notes Market), Types of Euro Bonds, Innovation in the Euro Bond Markets, Competitive Advantages of Euro Banks, Control &amp; Regulation of Euro Bond Market</li> </ul> <p><b>b) International Equity Markets &amp; Investments:</b></p> <ul style="list-style-type: none"> <li>• Introduction to International Equity Market, International Equity Market Benchmarks, Risk &amp; Return from Foreign Equity Investments, Equity Financing in the International Markets, Depository Receipts – ADR,GDR,IDR</li> </ul> <p><b>c) International Foreign Exchange Markets:</b></p> <ul style="list-style-type: none"> <li>• Meaning of International Foreign Exchange Market, FERA v/s FEMA, Scope &amp; Significance of Foreign Exchange Markets, Role of Forex Manager, FDI v/s FPI, Role of FEDAI in Foreign Exchange Market</li> </ul> <p><b>d) International Capital Budgeting:</b></p> <ul style="list-style-type: none"> <li>• Meaning of Capital Budgeting, Capital Budgeting Decisions, Incremental Cash Flows, Cash Flows at Subsidiary and Parent Company, Repatriation of Profits, Capital Budgeting Techniques – NPV</li> </ul>
4	<b>Foreign Exchange Risk, Appraisal &amp; Tax Management</b>
	<p><b>a) Foreign Exchange Risk Management:</b></p> <ul style="list-style-type: none"> <li>• Introduction to Foreign Exchange Risk Management, Types of Risk, Trade &amp; Exchange Risk, Portfolio Management in Foreign Assets, Arbitrage &amp; Speculation</li> </ul> <p><b>b) International Tax Environment:</b></p> <ul style="list-style-type: none"> <li>• Meaning of International Tax Environment, Objectives of Taxation, Types of Taxation, Benefits towards Parties doing Business Internationally, Tax Havens, Tax Liabilities</li> </ul> <p><b>c) International Project Appraisal:</b></p> <ul style="list-style-type: none"> <li>• Meaning of Project Appraisal, Review of Net Present Value Approach (NPV), Option Approach to Project Appraisal, Project Appraisal in the International Context, Practice of Investment Appraisal</li> </ul>