The objective of this course is to provide the students an overall view of the international financial system and how multinational corporations operate.

**Unit I:** Fundamentals of foreign exchange - need for foreign exchange - definitions - international trade and foreign exchange - gains from international trade - international finance - gains from international capital flow - globalization of markets.

**Unit II:** Exchange rate mechanism - types of exchange rates - factors affecting exchange rates and forward rates - types of quotation - rules for quoting exchange rate regime in India - evolution, development and present status - theories of exchange rate determination - exchange rate forecasting.

**Unit III:** International Monetary System - Gold Standard - Bretton Wood System and Subsequent International Monetary Developments - Floating Rate Regime - Role and Functions of International Monetary Fund and World Bank - European Monetary system and Euro Balance of Payment - India’s Balance of Payment position - Elements of open Economy. Capital and Current Account Convertibility - Fundamental parity relations - purchasing power parity covered and uncovered - Interest Rate parity - International Fisher Effect.


**Unit V:** Foreign Exchange Risk Management - Defining and Measuring Risk and Exposure - Types of Exposures - Accounting of Foreign Exchange Transactions - Hedging, arbitrage and Cover Operations - Hedging with Foreign Exchange Contracts - Booking, Early Delivery, Extension and Cancellation of Forward Contracts – Inter Bank Dealings - Swaps and Cover

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International Finance ( Theory and Practice) V.J. BAnerjee, Centrum Press
Financial Management, James C Vanhorne, Pearson Education Limited
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