

Semester-VI
BBA(FIA)

DISCIPLINE SPECIFIC CORE (DSC) COURSES

DSC 16: INTERNATIONAL FINANCE

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
International Finance DSC-16	4	3	1	0	Class XII	NA

Course Objective(s):

- To equip the students with the techniques that can help them in managing the financial issues in international environment.
- To help them to manage MNCs in more effective manner.

Learning Outcomes:

By the end of the course, students will be able to

- Understand foreign exchange market.
- Understand country's position in International trade through Balance of Payments.
- Identify risk relating to exchange rate fluctuations and develop strategies to deal with them.
- Understand the various types of exposures and will develop the strategy to handle them.
- Express well considered opinion on issues relating to international financial management.

Course Contents:

Unit 1: International Trade and International Financial Systems

(6 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Recall the major theories of international trade.
- Understand the components and structure of the Balance of Payments (BoP) and its role in measuring a country's economic relationships with the rest of the world.
- Analyze the strengths and weaknesses of different exchange rate mechanisms and their impact on international trade and financial stability.
- Analyze the components of the Balance of Payments (BoP) and assess their implications for a country's economic performance and external position.
- Assess the effectiveness and limitations of the Balance of Payments (BoP) as a tool for monitoring and managing a country's external transactions.

- Propose strategies to improve the Balance of Payments (BoP) position of a country, considering its economic objectives and external challenges.

Content:

Concept of International Trade, Theories of International Trade. Balance of Payments (BoP) of India. International Monetary System: Different types of Exchange Rate Mechanisms – the Classical Gold Standard, the Gold Exchange Standard, The Bretton Woods System, Current Monetary System.

Unit 2: Forex Market and Forecasting Exchange Rate (15 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Recall the concepts of forward rates, swaps, discounts, and premiums in the forward market.
- Understand the concept of currency arbitrage and how it can be utilized in spot markets.
- Apply the models of exchange rate forecasting to predict future exchange rate movements based on relevant economic indicators.
- Analyze the various factors affecting exchange rates and their relative importance in determining currency values.
- Assess the impact of economic, political, and market factors on exchange rates and their potential implications for financial decision-making.
- Develop innovative approaches to minimize the costs and risks associated with forward rates, swaps, discounts, and premiums in the forward market.

Content:

Foreign Exchange Management: Forex Market – Spot and Forward market, Quotations – Direct, Indirect and Cross currency; Types of Transactions and their Settlement Dates. Forward rates, Swaps. Discounts and Premiums in Forward Market. Currency Arbitrage in Spot Markets. Exchange Rate Determination and Forecasting: Models of Exchange Rate Forecasting, Purchasing Power Parity, The Fisher Effect, The International Fisher Effect, Interest Rate Parity Theory, Forward Rate as an Unbiased Predictor. Factors affecting Exchange Rates.

Unit 3: Managing Foreign Exchange Exposures (12 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Recall three types of foreign exchange exposures: translation exposure, economic exposure, and transaction exposure.
- Understand the methods for measuring foreign exchange exposures.
- Apply knowledge of different hedging techniques to select and implement the most suitable hedge strategy.
- Analyze the advantages and disadvantages of different hedging techniques.

- Assess the potential economic exposures faced by multinational companies and evaluate strategies to manage and mitigate those exposures.
- Create a hedging strategy that effectively manages transaction exposure in a multinational company.

Content:

Foreign Exchange Exposures – Translation Exposure, Economic Exposure, and Transaction Exposure. Management of Translation Exposure – Alternative Currency Translation Methods. Management of Economic Exposure – Measuring Economic Exposure, Managing Operating Exposure. Management of Transaction Exposure – Forward Market Hedge, Money Market Hedge, and Options Market Hedge.

Unit 4: Multinational Financial Management

(12 hours)

Learning Outcomes:

By the end of the unit, students will be able to:

- Recall the concept of international project appraisal and the use of the Adjusted Present Value (APV) method.
- Explain the concept of multinational working capital management and the significance of cash management through bilateral and multilateral netting.
- Apply risk measurement and management techniques to mitigate political risk in international financial management.
- Analyze the advantages and disadvantages of different methods of raising funds from abroad and evaluate their suitability for multinational companies.
- Assess the effectiveness of multinational working capital management strategies in optimizing cash flows and reducing financial risks.
- Create an optimal international portfolio investment strategy that balances risks and returns based on specific investment objectives and market conditions.

Content:

International Project Appraisal – APV method. Multinational Working Capital Management: Multinational Cash Management (Bilateral and Multilateral Netting). Measuring and Managing Political Risk. International Investment Management: International Portfolio Investment – The Risks and Benefits of International Equity Investing, International Diversification, International Bond Investing, Optimal International Asset Allocation, Measuring Returns from Foreign Portfolio Investment. Raising Funds from abroad – GDR, ADR, Euro bonds, and Global bonds.

Essential Readings:

1. Apte, P. G. (2020). *International Financial Management*. Tata McGraw Hill.
2. Shapiro, A. C. (2019). *Multinational Financial Management*. Prentice Hall.

Additional Readings:

1. Eun, C. S., & Resnick, B. G. (2021). *International Financial Management*. McGraw Hill.
2. Levi, M. D. (2009). *International Finance*. Routledge, Taylor & Francis Group.

Latest editions of references may be used.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

DSC 17: CORPORATE ETHICS

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Corporate Ethics DSC-17	4	3	1	0	Class XII	NA

Course Objective:

- To provide a detailed insight into issues and practices of corporate ethics, corporate governance and CSR to encourage moral practices and sensitivity towards the ethical dimension of managerial problems.
- To highlight the role of business in sustainable development and current regulation in this field.
- To enable students to handle ethical dilemmas in decision making

Learning Outcomes:

After studying the course the student will be able to:

- Understand the role of ethics, governance and CSR as an organization practice.
- Understand various aspects of corporate governance and apply the same in their role as future managers and directors of various business enterprises.
- Understand the corporate sustainability and its reporting requirements.
- Evaluate ethical aspects of any decision
- Create ethically and socially responsible businesses

Course Contents:

Unit 1: Corporate Ethics (9 hours)

Meaning, role and importance, theories of ethics: utilitarianism: weighing social cost and benefits, virtue ethics, teleological theories, egoism, rights and duties, justice and fairness, ethics of care. Worker's and employee's rights and responsibilities. Ethics in compliance, Ethics in finance, Ethics in human resources: gender ethics, sexual harassment and discrimination, ethics in marketing. Ethical dilemma.

Unit 2: Corporate Governance (12 hours)

Need and Importance, Role of Board of Directors, Code of Ethics, Code of Conduct, Model Code of Business Conduct & Ethics and Corporate Governance Committees: International and Indian Experience, Whistle Blower Policy and Whistle Mechanism. Anti-Corruption Policy and integrity training.

Unit 3: Sustainable Development (12 hours)

Role of business in sustainable development, corporate sustainability. Sustainability reporting: government role in improving sustainability reporting, triple bottom line (TBL). Global Reporting Initiative (GRI), UN global compact, sustainability indices, sustainability reporting framework in India, challenges in sustainability reporting. Contemporary developments: integrated reporting, integrated reporting by listed entities in India. Relation between integrated reporting and sustainability reporting.

Unit 4: Corporate Social Responsibility

(12 hours)

Corporate Social Responsibility (CSR): Meaning and definitions of CSR, CSR and philanthropy, factors influencing CSR, CSR in India. Corporate Social Responsibility Voluntary Guidelines, 2009. CSR under the Companies Act, 2013. Corporate citizenship – beyond the mandate of law, CSR audit, profit maximization vs. social responsibility.

References:

- Fernando A. C.: *Business Ethics—An Indian Perspective*. (Chapter 9)
- Ghosh B N: *Business Ethics & Corporate Governance*, Mc Graw Hill (Chapter 17)
- Andrew & Matten Dirk: *Business Ethics*, Oxford. (Chapter 1, 2, 7)
- Crane Andrew & Matten Dirk: *Business Ethics*, Oxford. (Chapter 11)
- Sharma J P: *Corporate Governance, Business Ethics & CSR*, Ane Books. (Chapter 12)

Essential Readings:

1. Velasquez, M. G. *Business Ethics: Concepts and Cases*. Pearson Education
2. Fernando A.C. *Business Ethics*. Pearson Education.
3. Luthans F., Hodgetts R., & Thompson K. *Social issues in Business*, Macmillan Publishers
4. Gibson K., *Ethics and Business: An Introduction (Cambridge Applied Ethics)*. Cambridge University Press.

Additional Readings:

1. Fernando A.C. *Corporate Governance: Principles, Policies, and Practices*. Pearson Education.
2. Adrian D. *Strategic Approach to Corporate Governance*. Gower Publishing Ltd.
3. Gopalswamy N. *Corporate governance: A new paradigm*. A H Wheeler Publishing Co Ltd.
4. Marianne J. *Cases in Business Ethics*. Indian South Western College Publishing.
5. Bhanumurthy K. *Ethics and Social Responsibility of Business*. Pearson Education India.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

DSC 18: FINANCIAL SERVICES

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Financial Services DSC-18	4	3	1	0	Class XII	NA

Course Objective:

- To arm students with the key concepts, evaluative tools and techniques necessitated by today's dynamic banking environment to work cross-functionally within retail and institutional clients across an extensive range of financial services.

Learning Outcomes:

After studying the course the student will be able to:

- Understand the various financial services available in financial markets particularly in India along with the latest innovations and technological integration in the field of finance.

Course Contents:

Unit 1: Introduction to Financial Services

(9 hours)

Introduction to Financial Services: Constituents of the Financial Sector – Institutional Structure (Banking, Insurance, Mutual Funds, Pension Funds, Foreign Institutional Investors) – Financial Markets (Money, Equity, Debt, G-Sec, Forex & Commodities) – Financial Sector and the Pandemic, Basel Accords and Banking Regulation, Emergence of Digital Finance and AI Based Asset Managers, Discount Broking v/s Full-service Broking.

Unit 2: Merchant Banking

(12 hours)

Merchant Banking –meaning, nature and function; merchant banking in India, role in issue management; Book building process, green shoe option. Mutual Fund: types of Mutual Funds and different types of schemes, concept of NAV, Credit Rating Agencies: Role and mechanism. Depository services- meaning, role of depository and their services, Depository in India- NSDL & CDSL.

Unit 3: Leasing and Hire Purchase

(15 hours)

Leasing and Hire Purchase :Concepts of leasing, types of leasing – financial & operating lease, direct lease and sales & lease back, advantages and limitations of leasing, Lease rental determination; Finance lease evaluation problems, Hire Purchase interest & Installment, difference between Hire Purchase & Leasing, Choice criteria between Leasing and Hire

Purchase mathematics of HP, Factoring, forfaiting and its arrangement, Housing Finance : Meaning and rise of housing finance in India, Fixing the amount of loan, repricing of a loan, floating vs. fixed rate, Practical problems on housing finance.

Unit 4: Venture Capital

(9 hours)

Alternative Investments: Venture Capital: Concept, history and evolution of VC, the venture investment process, various steps in venture financing, incubation financing, buy-outs. Real Estate, Private Equities, Commodities: Concepts, Classification, history Insurance: concept, classification, principles of insurance, IRDA and different regulatory norms, operation of General Insurance, Health Insurance, Life Insurance. Securitization: concept, securitization as a funding mechanism, Traditional and non-traditional mortgages, Graduated-payment mortgages (GPMs), Pledged-Account Mortgages (PAMs), Centralized Mortgage obligations (CMOs), Securitization of non-mortgage assets, Securitization in India. US 2008 sub-prime mortgage crisis. Cases of Bear Stearn, Lehman Brothers.

Essential Readings:

1. Khan, M. Y., *Financial Services*, Tata McGraw –Hill.
2. Machiraju, *Indian Financial System*, Vikas Publishing House.

Additional Readings:

1. Verma, J. C., *A Manual of Merchant Banking*, Bharath Publishing House.
2. Sriram, K, *Hand Book of Leasing, Hire Purchase & Factoring*, ICFAI, Hyderabad.
3. Ennew. C., Watkins, T & Wright, M. *Marketing of Financial Services*, Heinemann Professional.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.