

BBAFT 118	International Trade and Finance	L	T	P	C
Version 1.0		3			3
Pre-requisites/Exposure	Basic knowledge of economics and finance				
Co-requisites					

Course Objectives

The objectives of this course are:

1. To Gain understanding of the basic concepts and principles of International trade, role of the government through its policy, balance of payment accounts and BOP crisis.
2. To outline the historical perspective of globalization and Role of WTO, its functions and its implications on the world trade
3. To help in understanding EXIM policy, FDI regulations, role of trade credit agencies and FEMA. And to explicate the basics of International Financial markets such as Capital markets, Forex markets, Debt Instruments, Rupee convertibility etc.
4. To expound investment decisions, capital budgeting, risks reward linkage, risk factors and Real Options in Capital budgeting decisions.

Course Outcomes

On completion of this course, the students will be able to:

- CO1. Explain the fundamental theories and concepts of international trade and finance and apply for the management decisions.
- CO2. Apply functions, provisions of international trade system and functions to facilitate the global trade. Students will be able analyse impact of WTO on current global trade in detail.
- CO3. Analyse the organizations allocate portfolio assets and take investment decisions. Students will be able to apply the different methods to mitigate the foreign trade and exchange rate risks in their respective organizations after they are recruited.
- CO4. Integrate concept and apply the knowledge of capital budgeting decisions to mitigate the financial risks of organizations.

Catalog Description

Being an undergraduate level program of Foreign Trade, it is imperative for a student to understand the basics concepts of international trade and finance. The various functions of WTO and their provisions will help to handle the foreign trade across the world. Organizations financial allocation, foreign exchange, portfolio investments decisions and strategies to be adopted by firms need to be understood by the students pursuing this program.

Course Content

UNIT I

6 lecture hours

International Trade – Definition, Need, and Benefits – Difference between National and International Trade – Bilateral Vs. Multi National Trade – Trade Blocks, Government Policy

on International Trade – support and constraints of government policy, Balance of Trade – Balance of Payment, Current Account Deficit.

UNIT II

8 lecture hours

World Trade Organization – Origin of GATT, Different Rounds of Meeting of Heads of State – Major Issues constraining common understanding among member nations – Implications of WTO on Third world countries; Political factors impending International Trade.

UNIT III

6 lecture hours

Regulatory Framework for International Trade I India – EXIM Policy, Foreign Direct Investment – Rules, Regulations, limits; EXIM Bank – Role and Functions; Role of Export and Credit Guarantee (ECGC) Scheme; Introduction to Foreign Exchange Management Act, Export Promotion Zone, Special Economic Zone

UNIT IV

8 lecture hours

International Financial Markets – Sources of and Demand for Funds in International Money and Capital Markets, Debt Instruments in Foreign Markets, Foreign Exchange Markets – Spot and Forward Pricing; Capital and Current Accounts, Rupee Convertibility, Documentary Procedures in International Trade.

UNIT V

8 lecture hours

International Financial Management: Investment Decisions – Capital budgeting considerations for international investments, Project Evaluation Approaches by foreign partner using NPV technique, risks reward linkage in cross border investment decisions, Risk factors in investment decisions, Real Options in Capital budgeting decisions, Cost of International Finance.

Reference Books



1. Ram Singh , International Trade Operations, Excel.
2. V.Sharan, International Financial Management, PHI.
3. C. Fritz Foley; Matthew Johnson; David Lane, International Trade Finance, HB Notes.
4. Ephraim Clark, International Finance, Thomson.
5. International Business, Rakesh Mohan Joshi, Oxford University Press.

Modes of Evaluation: Quiz/Assignment/ presentation/ extempore/ Written Examination Examination Scheme:

Components	MSE	IA			ESE
		Assignment	Case Study	Presentation	
Weightage (%)	20	10	10	10	50
Total		30			

Relationship between the Course Outcomes (COs) and Intended Student Learning Outcomes (ISLOs) or PO's

Mapping between COs and Intended Student Learning Outcomes (ISLOs)		
	Course Outcomes (COs)	Mapped Intended Student Learning Outcomes (ISLOs)/ PO's
CO1	Explain the fundamental theories and concepts of international trade and finance and apply for the management decisions.	PO1, PO 2, PO 3, PO 4, PO 7, PO 8, PO 9, PO 10, PO12
CO2	Apply functions, provisions of international trade system and functions to facilitate the global trade. Students will be able analyse impact of WTO on current global trade in detail.	PO 5, PO 6, PO 7, PO 8, PO 10, PO 9, PO11
CO3	Analyse the organizations allocate portfolio assets and take investment decisions. Students will be able to apply the different methods to mitigate the foreign trade and exchange rate risks in their respective organizations after they are recruited.	PO 6, PO 7, PO 9, PO 8, PO 10, PO11
CO4	Integrate concept and apply the knowledge of capital budgeting decisions to mitigate the financial risks of organizations.	PO1, PO 2, PO 3, PO 4, PO 5, PO 7, PO 8, PO 9, PO 10, PO 12

Program Outcomes (POs) 	<u>Course outcomes</u> 	CO 1	CO 2	CO 3	CO 4
1. PO 1		3	3	3	3
2. PO 2		1	1	3	2

3. PO 3	3	2	1	3
4. PO 4	1	2	3	3
5. PO 5	3	1	3	3
6. PO 6	3	2	3	3
7. PO 7	3	2	3	3
8. PO 8	3	2	3	3
9. PO 9	3	2	2	3
10. PO 10	3	2	3	3
11. PO11	2	3	3	3
12. PO12	3	3	3	3


		Students will be able to explain the concepts of base & functional areas of management.	Students will demonstrate effective oral and written communication skills in the professional context.	Students will be able to work effectively in teams and demonstrate team building capabilities.	Students will be able to evaluate the legal, social and economic environments of business.	Students will be able to describe the global environment of business.	Students will demonstrate sensitivity towards ethical and moral issues and have ability to address them in the course of business.	Students will be able to apply decision-support tools to business decision making.	Students will be able to apply knowledge of business concepts and functions in an integrated manner.	Students will demonstrate conceptual domain knowledge of Foreign Trade.	Students will apply decision-support tools to decision making in Foreign Trade.	Students will apply conceptual knowledge of Foreign Trade in an integrated manner.	Students will demonstrate employable and deployable skills for appropriate roles in management.
BBA FT 102	Managing Trade and Risk in International Business	ISLO /PO1	ISLO /PO 2	ISLO /PO 3	ISLO /PO 4	ISLO /PO 5	ISLO /PO 6	ISLO /PO 7	ISLO /PO 8	ISLO /PO 9	ISLO /PO 10	ISLO /PO 11	ISLO /PO 12
CO		2	3	2	2	1	2	4	3	3	3	3	3

1=weakly mapped

2= moderately mapped

3=strongly mapped

Model Question Paper

Name: Enrolment No:			
Course: BBA FT 102 Managing Trade and Risks in International Business Programme: B.B.A FT Time: 03 hrs.			
Semester: 2016-17 Max. Marks:100			
Instructions: Attempt all questions from Section A (40); any Two Questions from Section B (30) (Attempt all the questions). Section C (30) (Attempt 3 questions each carrying 10 marks). Section C (Attempt all the questions).			
Section A (10*4=40 Marks)			
1.	What are the differences between domestic and international trade?	[40]	CO1,2,3
2.	Give a brief on International Clearing Union (ICU) and International Stabilization Fund (ISF).		
3.	Why was Bretton woods system adopted?		
4.	Distinguish soft from hard exchange currency convertibility.		
5.	What are the salient features of SEZ?		
6.	Discuss the two techniques used by firms to manage their global cash resources.		
7.	What are the reasons for international trade? What is payback rule? What are the advantages and disadvantages of the payback rule?		
8.	Explain the drivers of international capital market.		
9.	What is rupee convertibility of India? What are the advantages and disadvantages of it?		

10.	What are the tax objectives in global money management?		
SECTION B (2*15=30 Marks)			
1.	While moving money across borders, how do the firms attain the efficiencies and reduce taxes through transferring the liquid funds? Discuss the two techniques used by firms to manage their global cash resources.	[15]	CO 2
2.	Discuss international equity and bond markets in detail.	[15]	CO 1, 3
SECTION C (1*30=30 Marks)			
1.	<p>What is internal rate of return? Discuss the advantages and disadvantages of internal rate of return. What is a mutually exclusive project?</p> <p>Project A has a cost of \$1500 and cash flows of \$1325, \$1325, \$1200 and \$1500 from 2011 to 2014. Project B has a cost of \$1400 and cash flows of \$1425, \$1225, \$1500 and \$1625 from 2011 to 2014. Compare the NPVs of both the projects at the IRR of 7%, 12 %, 15% and 20%. Measure the incremental cash flows. Find the cross cover rate from the diagram of NPV profiles of both the projects.</p>	[30]	CO1, 2,4