

International Finance Management

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Abstract

Finance is an art and science of handling and managing monetary resources of the concern efficiently and effectively. Finance is very important part of any business and hence most of the decisions are taken accordingly. International finance records and monitors not only local finance of the nation but it refers to international level or global level. In short international finance can be said to be focused on financial decisions, Allocation decisions and profit distribution or dividend decisions. All these process are undertaken by the financial managers of tge concern. Financial managers are the person who does research and takes decisions like what sort of capital should be obtained to finance the company's assets and also to raise the profits of the general management principles to financial resources of the enterprise. The meaning and objectives does not change in international finance management but the dimensions and dynamics change drastically. International finance management has scope in financial decision, Investment decisions and Dividend decisions. As finance management is long term decisions making process it involves lots of planning the nature of finance management is explained briefly here. International finance management has certain distinguished feature when Compared with finance management.

KEYWORDS- Finance, International finance, finance management, nature, scope, benefits Decisions.

INTRODUCTION:-

Finance is an art and science of handling and managing money and other assets. In today's scenario financial managing is very well-known and has Its existence globally. It is also referred as international finance. It is nothing but managing the finance of business in international level. Finance management mainly focuses on planning, directing, controlling, monitoring the monetary resources of a business concern. It focuses on planning, Directing, controlling, monitoring the recourses of an business. Financial management is mostly based on ratios, fund flows, cash flows, debts and equity. Financial management is mainly concerned with financing the business, arranging funds which can be allocated for buying fixed assets or running the business known as working capital.

FINANCIAL MANAGEMENT:-

Financial management in short can be said to be focused on finance decisions ,allocation decisions and profit /dividend decisions. All these process are done by financial managers of the concern . Financial managers are the person who does research and takes decisions like what sort of capital should be obtained to finance the company's assets and also to raise the profits for the stakeholders too. It refers to application of general management principles to financial resources of the enterprise .

Definitions:-

“Financial management is the activity concerned with planning ,raising, controlling and administering of funds used in the business”.

-Gauthman and Dougal

“financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations”.

-Massie

INTERNATIONAL FINANCE MANAGEMENT:-

The meaning and objectives of finance management do not change in international finance management but the dimensions and dynamics do change drastically. It is an practise and theory of international business management . It is connected with activities such as movement of resources internationally like (Raw materials , goods and services across the world) International trade is a type of international business



SCOPE OF IFM:-



- Investment decisions:-

Investments refers to utilizing and allocating your funds in assets or other projects or production whichever may be , but it should be beneficial and should be kept as an asset . Investment decisions taken by investor is backed by his decision ability . One have to decide where to invest and more important thing how much to invest. These decisions are to be taken by gut feeling and proper thinking as it may decide the faith of the concern.

- Financial decisions:-

One of the crucial scope of the financing manager involves making finance decisions . The finance manager has to decide from where to raise funds . He can either raise funds from company's own Money like equity, Retained earnings or may lend from debentures , bank loan , bond etc.,. The main objective of the finance decision is to have optimum capital structure . The finance manager has to be more cautious while deciding about finance uprising . As more usage of equity may result in dilution of ownership and increase in debts will lead to more interest payment on borrowed funds

- Dividend decisions:-

The finance manager has to decide about the profits of the company , he has to choose between either to share the profits to the shareholders or to retain it for the company for future use . The dividend is an portion of profits which is to be paid to shareholders as per share purchased by them. The finance manager has to decide according to the position of the concern and shareholder's interest as both of them are of high importance .

Nature :-

As the finance management is an long term decision making process , it involves lots of planning . The nature of the financial management is explained briefly below,

- The foremost nature of the financial management is to concentrate on the valuation of the company. And because of this all financial decisions are directly connected with the optimizing the value of the company. Activities such as investments , profit distribution , optimization of capital etc.,. Are part of finance management activities.

- The finance manager plays an crucial role in managing the finance and taking right decisions . So that concern gains more of profits both in present and also in long term view also. The finance management is very important for smooth running of the business
- Decision making is an nature of finance management . Finance manager has to take many decisions in various fields like investments decisions , allocation decisions , finance decisions and dividend decisions. It requires lots of skills and proper knowledge . If by mistake any wrong decision is taken company may have to face certain consequences and loss.
- Financial managing has the nature of multidisciplinary s it mainly depends and focuses on factors like economy , accounting , banking .
- Financial management is not only limited to business functions , but it also refers to as spinal cord of commerce , economics and industry

International financial planning:-



Features of IFM

Some of the features of international financing management are listed below as international finance management has some certain distinguished features when compared with domestic finance managing they are,

- Foreign exchange risks:-

An understanding of foreign exchange is very important for the investors and managers in today's world of unforeseen changes in exchange rates. This rates is generally ignored and is lesser in domestic economies as it extends to only that particular economy , but when it comes to global level it should be very seriously taken as there is risk of violation foreign exchange rates. It may be regarded as most serious international problem.

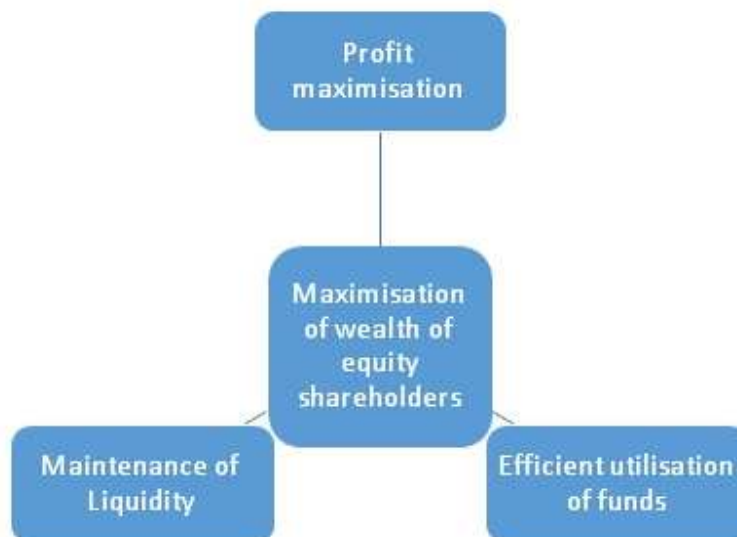
- Political risks:-

One of the major risk which an company may encounter in international finance is political risk. It may result in loss. As new acts and laws may be enforced or may change decisions taken by prior person. E.g.:- In 1992 ,Eron development corporation signed a contract to build India's longest power plant , but it was later cancelled in 1995 by politicians in Maharashtra , who argued that India does not need power plant . The company spent nearly \$300million on that project.

- Market imperfections:-

Market imperfections is in trend nowadays, and this is one of major demerit for the concern . These are various changes in nation's law, taxation , rules and regulations and culture etc.,.

Objective of IFM:-



Prominent institutions :-

There are many international bodies that regulates different aspects of international finance. Some of them includes the following,.

- IFC- International Finance Corporation
It plays major role in providing technical assistance to business and government of different countries
- IMF -International Monetary Fund
It can be said that if an country is facing any kind of monetary crisis or deficits or currency crisis , They lend resorts to them .
- WTO – World Trade Organization

It helps in restoring multilateral and bilateral trade disputes and arguments related to different trade agreements between its various member nations.

- **World Bank :-**
It mainly helps and funds development projects in developing countries which are not supported by any private sectors.

Benefits:-

- Through international financing a country can access to capital markets across globe and lend during good times and may borrow during tough times
- It leads to healthy competition and promotes investments and growth of an country .Thus economy ascertains effective banking system.
- Through international finance management new techniques acts and methods of managing of other countries can be learnt and implemented.
- International finance management is generally done or carried on by expert financial managers . They know their skill and has deep knowledge to manage the finance effectively and efficiently .

Conclusion:-

International finance management plays important role in managing the finance of various countries . International finance promotes encourages the integration of economics , providing easy flow of monetary . It results in equity for countries which are part of global finance system. International finance is an practice and theory of international business management . It is connected with activities with movement of resources .It is not easy for the financial manager to handle and coordinate all the international finance activities and to record them .

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