

202: International Trade and Finance

Part : II Full Marks: 100

Time: 3 Hours Pass Marks: 45

(N.B.: Answer any 5 (five) of the following questions. The figures in the right margin indicate full marks.)

1. a) What is International Trade? 2
 b) What are the differences between Absolute and Comparative advantages of international trade? 8
 c) What are the components of Balance of Trade and Balance of Payment? 6
 d) "Balance of payment always balances" explain. 4
2. a) Define the approach of Islamic Financial System. 4
 b) What are Financial Derivatives? Briefly describe different types of derivatives. 4
 c) What is International Financial Market? Discuss components of international financial market. 8
 d) Does Islamic economics support international financial market? 4
3. a) What is Off-Shore Banking? 2
 b) Define Documentary Letter of Credit and Back to Back Letter of Credit. 4
 c) What are the preparatory steps required of opening a letter of credit? 10
 d) Why documentary credit is so preferred worldwide? Explain. 4
4. Explain following terms in the light of UCP-600: 2x10=20
 i) Honor ii) Bill of Lading iii) Negotiation iv) Commercial Invoice
 v) Nominated Bank vi) Transferable Credit vii) Clean Transport Document
 viii) Banking Day ix) Assignment of Proceed x) Complying Presentation
5. a) What do you mean by Exchange Rate? 4
 b) What factors influence the exchange rate? 6
 c) What are the factors responsible for appreciation and depreciation of currency? 6
 d) Discuss the importance of foreign currency in the economy of a country in the light of present scenario. 4
6. Discuss following issues as per latest Guidelines for Foreign Exchange Transactions (GFET) of Bangladesh Bank: 4x5=20
 i) Advance payment for import
 ii) Issuance of foreign currency for travel abroad
 iii) Activities of money changer
 iv) Import on deferred/usance basis, its allowed items/commodities and tenor of usance.
7. a) What is Spot Rate and Forward Rate? 2
 b) Describe different types of spot buying and selling rates as practiced by the banker in the international trade. 6
 c) A customer wants to sell an export bill of EURO 15000 at sight basis. Calculate applicable exchange rate for purchasing the bill under Bai-as-Sarf and to be paid to the customer's account considering the following information: 12

i) EURO/USD Rate	1.1250-1.1255
USD/BDT Rate	95.5060-95.5070
ii) Transit Period	21 days (1 Year=360 days)
iii) Collection Charge	0.25%
iv) Bank's Profit	5% per annum
v) Postage Charge	Tk. 0.15 per EURO
vi) Foreign Correspondence Charge	Tk.0.10 per EURO
8. Write short notes on any 5 (Five) of the following: 5x4=20
 a) Inco-terms 2020 b) Bill of Entry c) Financial Engineering d) TBML
 e) Supplier's Credit f) Dealing Room g) Short Position h) Value Addition

The End