

Answer any FIVE of the following questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.

1. (a) Why money market is needed in financial system? Explain. 3
- (b) Give an outline on the instruments of conventional money market. 7
2. (a) How profit will be distributed among surplus banks and central bank in Mudharabah Interbank Investment? Explain with a hypothetical example. 7
- (b) Mention the structure of Islamic stock exchange. 3
3. (a) Explain the concept of underwriting, insider trading, short selling with necessary examples. 6
- (b) Why is the market supply curve kinked in Islamic stock market? Show your argument with graph. 4
4. (a) Write a short essay on the development of Islamic banks in home and abroad. 2.5
- (b) Distinguish between weightage system and income sharing ratio system of profit distribution. 2.5
- (c) Explain the procedure of Musharakah Islamic letter of credit. 5
5. (a) Different deposits schemes of an Islamic bank with their associated weights are as follows: 8

Items	Amount (tk.)	weight
Paid up capital	12000	----
Mudarabah Term deposit for 2 years	7500	0.80
Mudarabah Saving deposit for 1 year	6000	0.60
Mudarabah Saving deposit	20000	0.70
Total outstanding investment	35000	----

Calculate the profit/loss due for each of the category considering 15% investment cost, 18% management fees on the weighted deposit and SLR is 15% while investment income is Tk. 20000.

- (b) Who are the participants of money market? 2
6. (a) Explain the basic principles and advantages of insurance. 3
- (b) Describe the objectives of Islamic monetary policy. 3
- (c) Write down the procedure of Kafalah contract of Islamic insurance. 4
7. M/S Zakaria Enterprise has opened an L/C for USD. 5.00 million to import capital machineries from Japan to set up a new Edible Oil Refinery Industry in Bangladesh. You are requested to fix up the monthly instalment considering the following information. 10

Information	
Date of Opening L/C	04.06.2017
Date of Shipment	15.07.2017
Date of Shipping Documents received	30.07.2017
Date of Documents delivered to the Client	03.08.2017
Date of Foreign Payment made	01.08.2017
Client's Equity	15%
Period of project Loan/investment	5 years excluding gestation period.
Gestation Period	01 year.
Conversion Rate	1 US\$= BDT 80.00
Rate of Return/interest	15.5%
<i>Part A: Calculation has to be made as a Conventional Banker considering the following data</i>	
Documents Acceptance Commission	0.10%
Documents Handling Commission	0.25%
Foreign Correspondence Charge (FCC)	0.25%
Payment against documents (PAD)	01 Month.
<i>Part B: Calculation has to be made as an Islamic Banker considering the following data</i>	
No DAC, PAD, MIB is applied	
Documents Handling Commission	0.10%
FCC	0.20%
Gestation period profit will not be compounded with the principal.	

Write your comments on 'which banking system is better and why'?