

ASSIGNMENT # 05

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BSCS - 2nd (M)

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QUESTION. 01

Difference between BOT, BOP.

- **BOT (Balance of Trade) -**

BOT is the value of country's imports and exports for a given period and is the largest component of a country's balance of payment.

formula :- $BOT = \text{Value of Imports} - \text{Value of Exports}$

- **BOP (Balance of Payment) -**

The BOP is a statement of all transactions made between entities in one country and the rest of the world over a define period of time, such as quarter or a year.

Differences.

(i) BOT	BOP
The BOT doesn't include BOP - It is the part of	The BOP includes BOT also. Accordingly, it is

Balance of Payment
(BOP).

equal to the BOT +
imports & exports of
services.

(ii) It includes only (visible)
goods.

It includes both
(visible & invisible) goods.

(iii) It doesn't show the
actual economic position
of a country.

BOP shows the original
or real economic
position of a country.

(iv) If the value of visible
exports is greater than
value of visible imports,
the BOT is said to be
favourable and vice
versa.

If the value of total
receipt is greater than
the total payments,
the BOP is termed as
favourable and vice
versa.