Internship Report on

"An Analysis on Microcredit Activities of Grameen Bank"

Submitted to

Shahana Kabir

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Submitted by

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Program: BBA (Major in Accounting)

Department of Business Administration

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Date of Submission:

Letter of Transmittal

Date:

To
Shahana Kabir
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Subject: Submission of internship report on "An Analysis on Micro Credit Activities of Grameen Bank"

Dear Ma’am,

I am pleased to submit the comprehensive report titled "An Analysis on Micro Credit Activities of Grameen Bank" as part of the requirements for the BBA Program at the Department of Business Administration, Daffodil International University.

This report is the culmination of extensive research conducted during my internship at Grameen Bank, under the supervision of K.M. Tipu Sultan, Principal officer, Grameen Bank. The study explores various facets of Micro Credit within the context of Grameen Bank.

Your help and knowledge have been very helpful to me during the research process. Your helpful comments and suggestions have been very helpful in shaping the report's structure and content.

I am thankful for the help and support I received, which made it possible for me to finish this research project successfully. This has been a rewarding experience, and I hope that the results in this report will add to what we already know about the subject.

Yours Sincerely,

Zidan

Zidan Uddin Zisan
ID:213-11-1327
Department of Business Administration
Daffodil International University

Acknowledgement

I would like to thank Shahana Kabir, my Ma'am, for all the help and advice she gave me during my internship on "An Analysis on Micro Credit Activities of Grameen Bank." Her feedback was very helpful in shaping the direction and quality of this study.

I would also like to thank K.M. Tipu Sultan, my supervisor at Grameen Bank, for giving me the chance to do this research project. His guidance, knowledge of the industry, and real-world experience have been very helpful in understanding how Grameen Bank works and how to keep customers happy in a microcredit setting.

Shahana Kabir, Ma'am, helped, guided, and encouraged me to finish this report. Thank you. Their dedication to helping students and professionals grow has inspired me, and I am thankful for the knowledge and skills I have gained while working with them.

Certificate of Approval

It gives me great pleasure to confirm that Zidan Uddin Zisan, ID: 213-11-1327, a student in the Department of Business Administration at Daffodil International University, finished my report "An Analysis on Micro Credit Activities of Grameen Bank" with my supervision and guidance. To the best of my knowledge, this original work has not been published in any journal or submitted to any academic institution for a degree.

I accept this as a fully approved internship report for review.

……………..

Shahana Kabir
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Students Declaration

I am Zidan Uddin Zisan, ID: 213-11-1327, certify that the work in this report, "An Analysis on Micro Credit Activities of Grameen Bank," is entirely original and was done during my internship. I certify that this work has not been submitted anywhere else and that all sources have been properly cited. I follow the rules and ethical standards set forth by Daffodil International University's Department of Business Administration.

I also certify that this work has never before been submitted for a report.

Zidan

…………….

Yours Sincerely,
Zidan Uddin Zisan
ID:213-11-1327
Department of Business Administration
Daffodil International University

Executive summary

This report looks at how Grameen Bank in Bangladesh does microcredit. It looks at the bank's new ideas for giving microloans to help people who are less fortunate, especially women, start their own businesses and reduce poverty. The report looks at how the bank runs its business, how it affects local communities, and whether its microcredit model will work.

The primary objective of this paper is to analyze the efficacy of Grameen Bank's microcredit programs and their impact on society and the economy. To do this, a mixed-method approach was used. Qualitative data analysis examined the distribution of loans, the repayment rates, and the demographics of the borrowers. We talked to beneficiaries and made observations in the field for qualitative assessments to find out what borrowers really got and what problems they had.

Research shows that Grameen Bank's microcredit programmers have given marginalized groups, especially women, a lot more power by helping them make money and be more financially included. But there are still problems, such as the need for more financial education, more loan options, and better infrastructure in rural areas. Recommendations call for the use of digital technologies to improve service delivery, more training on how to manage money, and more partnerships with local stakeholders to make sure that the effects last and can be scaled up.

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Chapter 1: Introduction

1.1An Overview of Grameen Bank

Nobel Peace Prize recipient Dr. Muhammad Yunus commenced the Grameen Bank initiative in August 1976 as a pilot action research project in the village of Jobra, situated in Chittagong. Following the successful advancement of the project, it was subsequently extended to Tangail district in 1979 with the assistance of Bangladesh Bank. The project was officially created as a bank on October 2, 1983, by a legislation from the Government of Bangladesh. In 2006, Grameen Bank and Dr. Muhammad Yunus were jointly awarded the Nobel Prize.
October 13, 2006, became the most joyous occasion for Bangladesh. It was a significant event for the entire nation. On that day, it was announced that Grameen Bank and Dr. Muhammad Yunus were awarded the Nobel Peace Prize in 2006. It was an abrupt surge of pride and elation for all Bangladeshis. Every Bangladeshi felt as though they had individually been awarded the Nobel Peace Prize. We were pleased that the world acknowledged through this award that poverty constitutes a threat to peace. Grameen Bank, with its developed concept and methodology of micro-credit over 30 years, has contributed to fostering peace by alleviating poverty. Bangladesh is pleased to have contributed to the global community a notion and institution that can facilitate world peace.

Grameen Bank has transformed traditional banking practices by eliminating the requirement for collateral and establishing a banking system founded on mutual trust, accountability, participation, and innovation. GB extends financing to the most impoverished individuals in rural Bangladesh without requiring collateral. At GB, credit serves as an economical tool to combat poverty and stimulates the comprehensive advancement of the socio-economic circumstances of the impoverished, who have been excluded from the banking system on the premise of their financial status.

1.2 Origin of Report, Methodology & Objectives

Background:

This internship report is generated within the framework of the university of Dhaka's department of Management Information Systems. The practical component of the internship took place at Grameen Bank's, a distinguished microfinance institution headquartered in Bangladesh. This paper steams form an extensive internship aiming at completely examining the microcredit initiatives done by Grameen Bank's. The aim of understanding the dynamics and repercussions of microcredit activities within the field of poverty reduction served as the inspiration of this investigative research.

Recognizing the importance of microcredit in boosting economic growth, the focus was on learning more about how Grameen Bank works. This paper aims to elucidate the intricacies, challenges, and successes within the microcredit sector, with a particular focus on the distinctive methodologies and concepts introduced by Grameen Bank.

Objectives:

The main goal of this report is to look at Grameen Bank's microcredit activities.

- To analyze the microcredit activities of Grameen Bank.
- To identify the problems related with microcredit activities of Grameen Bank.
- To suggest some possible recommendations to overcome the problems.

Methodology

The study will mainly use qualitative and quantitative methods, depending on the problem and the results that are expected during data collection. Qualitative analysis employs descriptive and verbal data, whereas quantitative analysis utilities numerical data, including statistics, percentages, and tables. This study employed a methodology that integrated data collection via questionnaires, interviews, and observation. This method usually includes a lot of people who answer based on their own opinions, values, goals, demographic information, and insights into the subject of the study, as well as other relevant information.

Two sources of data are used in this study to prepare the report

Primary data:

- Monitoring the overall operations of Grameen Bank.
- In-person discussions with my boss.
- In-person conversations with Grameen Bank personnel and clients.

Secondary Data:

- Its Officials website
- Various categories of articles, journals, and prior annual reports.

Limitations:

We need tools to make a report that makes sense and is based on good academic research. But I have to deal with some problems in order to write a full and perfect report. These limitations, which made it harder for me to reach my earlier goals are:

- Essential information could not be gathered due to unavailability.
- Restricted time, which consequently diminishes the capacity for in-depth exploration both geographically and conceptually.
- Acquiring certain data became challenging due to confidentiality concerns.
- All macroeconomic factors could not be adequately considered.

Chapter:2 Company Profile

2.1 History

Founded in the Bangladesh, Grameen Bank is microfinance bank for community development working for our country. It provides tiny loans to the underprivileged without demanding security; there loans are referred to as “Grameen Credit” or microcredit.

In 1976, University of Chittagong Professor Muhammad Yunus began investigating potential methods for developing a credit distribution system that would provide access to banking services for the impoverished living in rural areas. As a consequence of this endeavor, Grameen Bank was established. In October 1983, the Grameen Bank was granted the authority to operate independently by national legislation.

Grameen Bank has transformed traditional banking by eliminating the collateral requirement and establishing a banking norm based on accountability, innovation, assistance, and shared belief.GB offers minimal, unsecured loans to destitute rural areas. The principal instrument in combating poverty in the UK is the loan, which moreover acts as a catalyst for the overall social advancement of the rural impoverished, who have been marginalized from the financial system due to their insufficient resources and banking affiliations. Professor Mohammad Younus, the creator of Grameen Bank, asserts that millions can collaboratively achieve substantial developmental milestones through the numerous loans they get, provided that financial assistance is offered to the destitute under equitable and transparent conditions. Numerous countries globally are adopting Grameen Bank’s microcredit program as an effective model for alleviating poverty. In recognition of Grameen Bank's initiatives to use microcredit for promoting social and economic advancement among the impoverished, the institution was awarded the Nobel Peace Prize in 2006.

Grameen Bank has disbursement loans of US$ 38,654.37 million (BDT 3,127,339.75million) to 10.61 million borrower of members as of June 2024, the bank has outstanding loans of US$ 1,406.92 million (BDT 165,932.46 million) and deposit balance of US$ 1996.47 million (BDT 226,027.97 million), due to an extraordinary banking practice.

In addition to their outstanding performance, they finance all of their current loans with deposits and have a credit recovery record of over 97%. The bank is recognized for offering interest rates that are inferior to the government rate.

2.2 Differences Between commercial and Grameen Bank

Absence of Collateral

Grameen Bank does not necessitate any collateral for its micro-loans. Commercial banking relies on collateral, the idea that greater assets yield increased benefits. The Grameen technique does not rely on evaluating an individual's material possessions. Whereas conventional banks assess an individual's existing assets, Grameen focusses on the untapped potential within the individual.

No legal instrument exists

Grameen Bank refrains from pursuing legal action against borrowers in cases of non-repayment, so it does not mandate the signing of any legal documents by the borrowers. There is no provision for a client to be subjected to legal proceedings to recover the loan, in contrast to the usual system. Commercial banks adopt punitive measures when a borrower exceeds the agreed-upon timeframe for loan repayment. Grameen Bank permits borrowers to restructure their debts without inducing a sense of wrongdoing.

Rural Area Branches

Grameen' translates to "rural" or "village" in Bangla. Grameen Bank branches are situated in rural regions, in contrast to other commercial banks that endeavor to position themselves near business districts and urban centers. The primary idea of Grameen is that clients should not visit the bank; rather, the bank should reach out to the people. Grameen Bank operates 2,568 branches across 81,678 villages, employing 22,895 staff members.

Reduced Interest Rates

The Grameen Bank has established a set interest rate of 11% for its microcredit schemes. It constitutes approximately 22% on a diminishing scale. Grameen's interest rate is inferior to the governmental rate. Grameen Bank offers four loan interest rates: 20% for income-generating loans (termed "Basic Loan"), 8% for housing loans, 5% for student loans, and interest-free loans for beggars. All interests are calculated using the simple interest balance approach. If a borrower secures a basic loan and repays the full principal within a year through weekly installments, the final repayment will include an interest rate of 10% for the year.

2.3 Vision, Mission and objectives

Vision: "Banking for the poor"

Grameen Bank aims to extend its operations to impoverished nations globally. It has commenced operations in several African nations including the United States. A distinct entity, Grameen Trust, has been established to assess the potential benefits of extending Grameen Bank's operations to the global community.

Mission: "Providing comprehensive financial services to empower the poor to realize their potential and to break out of the vicious cycle of poverty"

- Provide banking services to impoverished individuals.
- Stop money lenders from taking advantage of disadvantaged people.
- Facilitate self-employment opportunities for the extensive population of unemployed individuals in rural Bangladesh.
- Integrate disadvantaged groups, primarily women from impoverished households, into an internal structure that they can comprehend and manage independently.
- Break the entrenched cycle of low income, credit infusion, investment, increased income, enhanced savings, and further investment.

Objective:

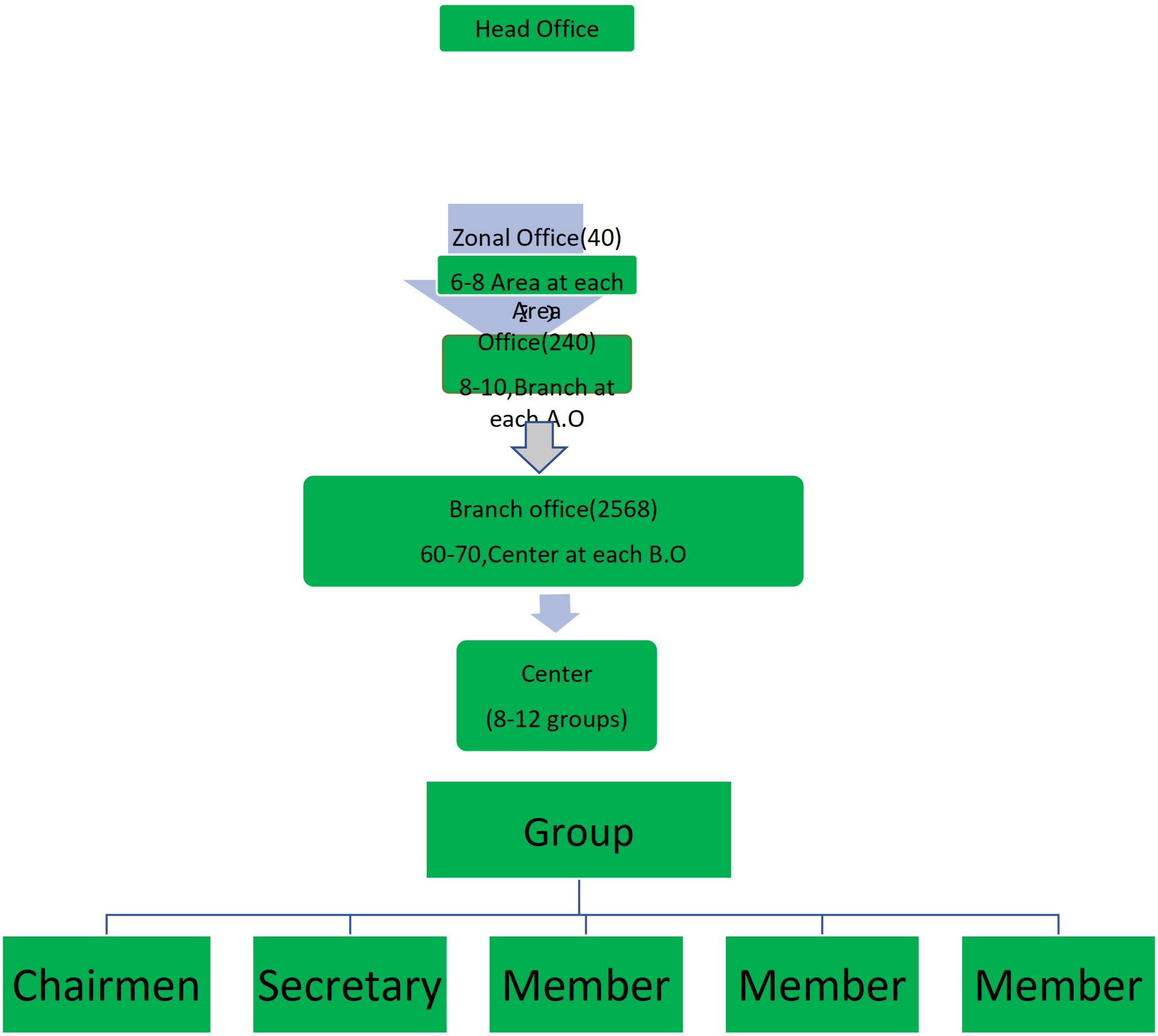
The primary purpose of Grameen Bank is to offer extensive financial services that help people in need to achieve their potential and overcome the detrimental cycle of poverty. The objectives, delineated by the GB, are enumerated below:

- To assess and evaluate the microcredit activities of Grameen Bank.
- To evaluate the trends in microcredit and the loan recovery performance of Grameen Bank.
- To identify the issues associated with the microcredit operations of Grameen Bank.
- To propose relevant recommendations to solve the issues.

2.4 Grameen Bank at a Glance

Name of Bank	**Grameen Bank**
Founder	**Professor Muhammad Younus**
Chairman	**Abdul Hannan Chowdhury**
Acting Managing Director	**Sarder Akhter Hamed**
Date of Inauguration	October,1983
Number of Branches	2568
Number of Employees	18000(Approx.)
Number of member/ Borrowers	10.61 million
Head Office	Grameen Bank Bhaban, Mirpur-2, Dhaka 1216
Authorized Capital	BDT 10,000 million
Paid up Capital	BDT 995.17 million (Approx.)
Total Asset	BDT 298,379.95 million
Email	giprog@grameen.com
Website	www.grameen .com

2.4.1 Organizational structure



2.5 Products and Services of Grameen Bank

2.5.1 Loan products:

Basic Loan: After joining, a member gets a basic loan. It doesn't get used for food, luxury items, or anything else that doesn't make money. It was only used to make money and for Grameen Bank workers to keep an eye on it. At first, GB gives you a basic loan of 50000tk. When GB first started offering loans, the amount could go up to 3000. You pay back the basic debt every week. The interest rate is 20% on the sum that is going down. You have three months to three years to pay back a simple loan. Most of the time, a basic loan is paid back in full. Only GB charges interest on a dropping balance, and it is a terrific way to assist impoverished people get out of poverty. The interest rate will be 10% flat if the borrower pays back the loan within a year. The government of Bangladesh has set the interest rate for its microcredit programs at a flat rate of 11%. It's around a 22% rate on a falling balance. The Microcredit Regularly Authority (MRA) says the rate is 24%. The highest interest rate of Grameen Bank is 20%, which is lower than the MRA rate.

Microenterprise Loan: Basic Loan features a branch named Micro Enterprise Loan for members who need money quickly. Some borrowers are moving ahead in business faster than others for good reasons, such being close to the market or having experienced male members. There are no limits on how big a microenterprise loan can be. The interest rate is 20% on a balance that goes down.

Crop loan: crop loans are provided to the member to meet their certain needs at a certain time. The loan is repayable within the period, Crops loan are specially provided for

- Investing for a short time
- Seasonal of farming

Livestock Loan: Grameen Bank provide loan for income generating purposes, for these reasons, they give their members loans to buy and feed cattle. Some features of these loans are

- If the animal dies the 50% amount of these loan are refundable under insurance.
- Tk. 6 charge on the amount of loan 1000.
- Repayment of the loan immediately after the sale.

Bridge Loan: Grameen Bank offers bridge loans to its members for a limited period of time dependent on the amount of money they have on deposit.

- It's a short-term loan
- Its duration is 3 to 6 months
- Repayment of this loan at one shot within in a term
- Mandatory need savings for this loan.
- The maximum amount of loan he can take is 1.5 times of the considerable saving less current outstanding balance.

Special Loans: GB has come with a new loan called a "special loan." These loans have several properties that

- The repayment of this loan is monthly basis
- Maximum limit of the loan will be the amount of their savings and deposit balance
- Committed not to withdraw saving balance for repayment of the loan

Young Entrepreneur Loans:

- Grameen Bank gives Young Entrepreneur loans to the kids of its members who are smart, hard-working, and want to start their own businesses so they can get free of the scourge of unemployment.
- The motto of this loan is "We are not job seekers; we are employees and we will make jobs for others." This will be very essential for the national economy since it will help people start their own businesses.
- Students who have already finished their education or are looking for work can use this loan to start their own business as long as they follow Grameen Bank's norms and regulations.
- The amount of this loan depends on the specific purpose and project proposal, but the entrepreneur must have experience with the business or project for which the loan will be used.
- This loan normally lasts for two years. In some situations, the loan term may be extended based on the project's size, kind, production criteria, and income.

Higher Education Loans: In 1997, the government started giving loans to the children of GB members so they could go to college without having to worry about money.

- You must be at least one year old to join this loan.
- Children of members who are chosen to go to public, agricultural, engineering, or medical universities and their affiliated colleges are eligible for this loan.
- This loan will pay for the admission fee, tuition, and hostel/mess costs from the time you apply until the final exam.
- The borrower's family can acquire this loan for one or more of their children.
- No installment is required to be paid throughout the study term.
- The 5% annual service charge will start to apply the month after the last installment is paid.
- You will have to pay back the loan in monthly installments starting one year after you finish school.

Housing Loans: The three most important things people require are a place to sleep, food, and clothes. GB started a housing loan program in 1984 because it knew how important it was for its members to have a place to live. Owning a home gives people a sense of pride, stability, and self-respect that can help them become more financially stable and socially accepted.

- The loan can last for up to five years.
- The "Housing Loan" repayment plan is based on a weekly schedule.
- The most you can borrow for a housing loan is BDT 60,000 to build a basic house with a tin roof.

Struggling member loan: The three most important things people require are a place to sleep, food, and clothes. GB started a housing loan program in 1984 because it knew how important it was for its members to have a place to live. Owning a home gives people a sense of pride, stability, and self-respect that can help them become more financially stable and socially accepted.

- The most you can borrow for a housing loan is BDT 60,000 to build a basic house with a tin roof.
The loan can last for up to five years.

- The "Housing Loan" repayment plan is based on a weekly schedule.
Grameen Bank developed the "Struggling Members Program" in July 2002 to help beggars. This

program is a specific social responsibility initiative. People who are poor see "begging" as their last option. The beggars group includes sick old people, disabled people, blind people, and people with disabilities. The program's goal is to help beggars discover a decent way to make a living by giving them financial support services.

- The Grameen Bank doesn't want people to stop begging, but it does give them a loan with no interest so they don't have to. The bank wants to believe that no one in Grameen Bank's hamlet begs to stay alive.
- The loan is given to the right person based on the following certificate. The person's real situation and ability to pay back the loan with income, not by asking for money.
- The rules that Grameen Bank has right now don't apply to begging members. There will be no interest on any of the loans.
- These loans come with automatic insurance at no extra cost. If the borrower dies, the insurance fund pays up the loan.

2.5.2 Saving products

Personal saving

- Grameen Bank lets both borrower and nonborrower members open a savings account.
- For non-borrower members, the account opening balance is just TK 500, which is the account's minimum amount.
- Interest rate for the member is 5%
- Interest rate for the nonmember is 3.5%

Grameen Bank pension scheme

Saving for the future is like the money you make from your job over your whole life. After a few years, even small amounts of money saved might add up to help and rewards. The goal of the Grameen pension system is to save a lot of money by making little installments on a regular basis.

- A customized savings plan that is only open to bank staff and borrower members.
- Make a deposit and get a set amount back at the end of the term.
- Length of time: 5 (five) years and 10 (ten) years.
- Interest rate that builds up over time
- The interest rate on this plan is 6%. • You can cash in your deposit early at the current savings interest rate.

Fixed Deposit

The Grameen Bank has a fixed deposit plan that lasts for one to three years. You can make deposits in amounts of BDT 1000 or more.

- With a fixed deposit arrangement, you lock up a certain amount of money for a set amount of time and get a set amount of interest throughout that time.
- The fixed deposit program is for depositors who want to earn a predetermined amount of interest. • The scheme is open to both borrower and nonborrower members.
- You can cash in on the deposit scheme early at the current savings interest rate.
- The interest rates for deposits of one year, two years, and three years are 7%, 7.25%, and 7.50%, respectively.

Double in 9 Years Deposit

The Grameen Bank is started its “Double in 9 years deposit scheme in October 2015 for creating financial strengths in rural civil society by encouraging a saving mindset”

- With this plan, any deposit will roughly double in 09 years, and deposits can be made in amounts of BDT 1,000.
- The goal of the plan is to give depositors the most benefit and help them meet their specific needs.
- Only members who are borrowers can open this account.
- 8% interest rate is provided

Monthly profit Scheme

- In 2001, the Grameen Bank started offering a term deposit product called the "Monthly Profit Scheme."
- This plan lasts for five years.
- Both bank members and non-members can open this scheme.
- Deposits can be made in amounts of BDT 20000.
- Deposits will earn a guaranteed monthly income for the whole term, and the initial deposit will be repaid to the depositor when the scheme ends.

Family welfare savings

- In 2019, Grameen Bank launched a term deposit product called "Family Welfare Savings" that lasts for three years.
- Employees and borrower members can start this account with a minimum deposit of 100 BDT.
- People who deposit money can do so at any time during the year and receive interest on it.
- This product is made to meet the special needs of depositors in the future.

Two Year’s Saving

- Employees and borrower members can open this account with a minimum deposit of 500 BDT.
- The compound interest rate is 6.50%.
- If they break before maturity, they will be easy.
- If you break the deposit, there is a 50taka service fee.

Required Documents

- Two passport-sized photos of the account holder(s) that have been properly signed by the introducer.
- One signed copy of the nominee's photo by the account holder.
- A National ID Card or a birth registration document are examples of proof of identity.

2.6 Corporate Social Responsibility (CSR)

As a social organization, GB continues their mission for social development, which includes loans or support for beggars, homes for the destitute, scholarships for smart children from impoverished families, and other activities that help society grow. The bank's goal of reducing poverty led it to start initiatives that help the community. At the same time, the bank also does what is best for its stakeholders by getting involved in CSR activities, which may include Putting earnings back into a program for the environment, health, and safety.

- The "Beggars as Members" program has started, and more than 109,829 beggars have signed up. Loans that give them money are interest-free. Loans are offered for a very long time, which makes the payments small.GB not making them stop begging, but encouraging them to find another way to make money.
- GB makes sure that all human rights are respected and that they are a big part of how the company works. This means eliminating child labor and hiring women for a variety of operational and low-level roles so that they can make decisions.
- GB also has an insurance plan called the Loan Insurance Program. If someone who signs up for this scheme dies, all of their unpaid bills are paid off. Families of borrowers don't have to pay off their loans anymore.
- The "Grameen Shikha" scholarship program helps disadvantaged boys and girls in rural areas go to school and then on to higher education and IT. Giving to all high-achieving children of Grameen borrowers every year, with a specific focus on their girl children to encourage them to stay ahead in school.
- As borrowers get older, they start to worry about what will happen to them in the future when they can't work and make money anymore. Grameen Bank has thought about this problem and come up with a pension fund program for people who are old. It was thought of as a well tap and was favourable received.
- Grameen Bank wants to use its healthcare program to bring the success of its microcredit system to healthcare. Grameen healthcare's goal is to set up practices that will last in a wide variety of health care services for everyone, but with an emphasis on the poor and poorest. Grameen healthcare will also help people who are poor or disabled take care of their own health requirements so that they can get help from others if they need it.

Chapter 3: Financial Data Analysis of Grameen Bank

3.1 Financial Data Analysis Grameen Bank (2018-2022) IN BDT:

Particulars	2018	2019	2020	2021	2022
Authorized Capital	10000	10000	10000	10000	10000
Own Fund:					
Paid-up Capital	854	863	898	952	961
Capital and Other Reserve	11491	13427	16538	20817	23874
Miscellaneous	5747	5496	5991	7579	8141
Total:	18093	19785	23427	29348	32976
Deposits	199807	208347	226567	243830	241805
Other Sources of Fund	10243	10115	11280	10393	14551
Borrowings	1216	1370	2280	2880	967
Assets:					
Loan and Advances	123828	152044	163154	168668	155426
Investment	262	262	262	262	262
Cash and Bank Balance	94103	77166	88987	105616	119718
Fixed Assets	1498	1501	1508	1540	1535
Other Assets	9672	8646	9642	10365	13358
Total Assets	229362	239619	263553	286452	290301
Own Fund as Percentage of Loan & Advances	15%	14%	14%	18%	21%
Own Fund and Deposits as Percentage of Loan & Advances	175%	151%	154%	162%	178%
Total Income	32116	35136	39527	43334	43165
Expenses:					
Salaries & Other Expenses	11028	11664	11824	12156	12313
Interest Expenses	15182	15821	17232	18981	18516
Other Expenses	2526	2758	3397	4679	3202
Provision Expenses	1990	2619	3592	2794	5546
Total Expenses	30724	32860	36041	38608	39677
Net Profit	1393	2275	3485	4724	3487
Provision Balance	7646	7435	8329	7027	10841
Bad Debt	4427	2827	2690	4093	1732
Bad Debt Recovery	1051	1152	952	1062	794
Accumulated Disbursement	1417717	1652431	1899241	2153616	2328446

3.2 Financial Intermediation Indicators (In Billion BDT)

Particulars	2018	2019	2020	2021	2022
Balance of Deposits	200.00	207.35	225.57	243.83	242.81
Balance of Loan & Advances	124.83	152.04	163.15	167.67	155.43
Balance of Borrowings	1.25	1.37	2.27	2.88	0.96
Deposit to Loan Ratio	161%	137%	138%	145%	155%
Deposit to Borrowings Ratio	16392%	15208%	9936%	8466%	24928%

Evaluating its effectiveness as a financial intermediary involves looking at key financial intermediation indicators metrics that reflect how efficiently it mobilizes funds, manages risk, and promotes financial inclusion.

3.3 Pension Benefits Paid to Retired Employees (In Million BDT)

Period	Number of Retired Employees		Payment of Pension Benefits	
	Yearly Total	Cumulative	Yearly Total	Cumulative
2018	417	10143	1596	10184
2019	418	10564	1556	11737
2020	402	10965	1684	13421
2021	440	11406	1986	15403
2022	402	11807	2218	17620

The Bank operates a “Superannuation Fund” (a separately-funded post-employment benefit plan) for employees.

- For example, the 2021 Annual Report states: “The Bank operates a superannuation fund scheme provision in respect of which is made annually @ 60% of annual basic salary.”
- That fund covers “pension and medical benefit to its retiring employees”.

Chapter4: Internship Outcome and Experiences

4.1 Definition of Microcredit

"An extremely small loan given to impoverished people to help them become self-employed is known as microcredit or micro loan"

Microcredit is the practice of giving very tiny loans (micro loans) to poor people who usually don't have any collateral, a permanent job, or a verified credit history. It is meant to help people start businesses and get out of poverty. Many of the people who acquire these loans can't read or write, so they can't fill out the forms needed to get regular loans.

4.2 Objectives of Microcredit

The main goals of microcredit schemes include

- To help people in the area find jobs that will help the community.
- To help the community by encouraging trade and industry in the area to help the local economy grow.

4.3 Microcredit and Grameen Bank

The main goal of everyone or any group working on development is to help people get out of poverty. The famous depiction of the poverty trap is often used to show why it's so hard to get out of the cycle of poverty. Because productivity is low, there isn't enough money to put into things that could boost output. Banks won't lend even the tiny amount needed to buy the tools that will help people work harder since people with such low incomes can't offer any security for the loan. Local moneylenders are often the only ones who can lend money, yet they charge very high interest rates that simply make things worse. Some people have tried to modify things in the last 30 years, and the phrase "microcredit" refers to how financial services can be made available to disadvantaged people. People who work in international development have given it a lot of support because they see it as a good method to help millions of people get out of poverty. But recent objections from some politicians and development professionals have made the benefits of microcredit a hot topic of debate and contention.

4.4 Grameen Bank Microcredit Principles

When Mohammad Younus created the Grameen Bank, he began to follow his ideals.

- Poor individuals don't make other people poor. The institution and the rules that go with it make it happen. Loans give people the chance to start businesses or farms to make money, which helps them pay off their debts.
- Poor individuals have skills that they don't use or don't use enough. Their lack of skills doesn't make them impoverished.
- Giving to charity won't solve poverty. It just keeps the poor going. It makes people dependent on others and takes away their drive to break past the wall of poverty. The solution to poverty is to use the energy and creativity that everyone has.

4.5 Purpose of Grameen Bank's Microcredit Program

Grameen Bank is a bank of microcredit and the bank for the poor. The main purpose of microcredit is to reduce poverty. To ensure the rapid advancement of life standards and make the country poverty-free, Grameen Banks works in favor of microcredit. Microcredit creates hope for the poor.

Actually, with the mission and vision, there are many purposes of microcredit. The purposes are as follows:

- Move out poverty from Bangladesh
- Build up self-dependency among the poor.
- To help small and medium-sized business owners.
- To help small businesses grow in the country.
- Help the poor and needy by providing loan on different sectors.
- To facilitate the education level of poor students.
- To create the credit program for self-employment of higher education loan recipients
- Creation of employment opportunity.
- Increase women respects for their husband.
- Encourage women entrepreneurs.
- Create a sense of savings program.

4.6 Criteria form Microcredit of Grameen Bank

- The borrower must be a national or permanent resident of Bangladesh.
- The applicant must be capable of writing. He/ She must be capable of giving a signature
- The applicant must be poor. Grameen Bank's preference for the poorest women.
- The applicant must be asset less and landless
- You don't need to have a credit history or company experience to give loans.
- A group must have at least five members (5 to 10).
- Members must not be linked by blood
- Members of the group must live in the same area and be close to one other. They must also have comparable mindsets and financial situations.
- The initiative should be able to make money and be good for society.

4.7 Lending Procedure of Grameen Bank

There is no guarantee that you will acquire a loan just because you are a member of the bank. To get a loan from
Grameen Bank, you first have to make a loan request and then get the money. In general, the stages for making and giving out a loan proposal are as follows:

The person who wishes to borrow money must be sure of their investment. Then he or she talks to the other members of his or her group about the planned investment. People in the group give their intelligent feedback on it, and people who want to get the loan try to figure out how much it should be. After the meeting, the applicant member, his group chairman, and the secretary verbally offered this loan to the bank through the center chief.
After collecting daily loans and savings, the center chief officially brings up the matter of loan requests during the center I meeting. The center chief verbally asked the center manager for a loan on behalf of the member who was applying.

The center manager then interviews the loan applicants and talks to the center members. The center manager will talk about the loan's objective, whether the applicant member is eligible to keep the loan, the risk and return on the investment, the possible amount of investment with the source and amount of the loan, the loan installment amount, and the repayment system. Under a Special Investment Project, a Microenterprise loan is available for loans that are greater. The center manager will then ask for at least 60% of the members' signatures on the center regulation.

If the center manager sees that all the signs are good, they ask the center chief to write up a loan proposal, which is called "rough loan proposal form in center Form No-78 (Rough Loan Proposal)." They also tell the loan applicant member to put their loan insurance savings in their own savings account on the same day. If the center manager doesn't think the indication is right, he or she points out what's wrong with the plan and encourages the applicant member and the center members to fix it in a more realistic approach and bring it up at the next center meeting.

The center manager goes to the application member's house and projects in person with the passbook of loan applicants and form no-78.

This is how the center management gets loan proposals from different punters who are weak. At the end of the week, he or she puts all of the center's loan offers together in a new format called the "Loan proposal, Loan ceiling, and Loan approval form."

After this, the branch manager carefully analyses all the columns, papers, and documents again. They sign in the column and place stated and visit the loan applicant's house and loan project in the person sampling base to justify the loan. The branch manager submits all the papers to the area office with a letter asking for approval of the loan proposals once or twice a week if everything is in order.

The program officer at the local office checks all the papers with the data management center and makes a list of the loan applicants and the amount of the loan for the appropriate authority to approve. The program officer writes down their recommendation, signs it, and sends it to the area manager. The manager goes over all the papers again and uses different tools and methods to explain why the loan proposal from the area grassroots is a good idea. Then he or she gives the loan the go-ahead based on how much power he or she has. The area manager sends the papers back to the branch office after they have been approved so that the loan can be given out according to the loan's rules and regulations.

The branch office will start the loan process once it gets the approved loan proposal. It commences by telling loan applicant members during their subsequent center meetings. After the center meeting, loan applicants go to the branch office with the necessary paperwork and witnesses. The witness should be a family member or a member of the center in question.

4.8 Recovery Procedure of Grameen Bank

Grameen Bank doesn't give out loans to all the people in a group at once. Instead, Grameen Bank workers choose two persons who are poorer than the rest of the group members to get loans. The initial loan is between TK5000 and TK10000. When the money is delivered, the GB takes 5% of it as a group fund or group tax. Then, every week, the GB collects back TK 24 per thousand as repayment installments, of which TK 22 is interest. Every person who borrows money from Grameen Bank has to save TK 5 every week and pay it back in installments. A borrower may not be able to pay back their loan if anything happens, like a death in the family, a business plan that didn't develop, or a natural disaster. In this instance, the borrower can take a "Loan Detour" and pay it back over a longer period of time. If a borrower doesn't pay back the Basic loan and doesn't wish to move to a Flexible loan, they are labeled a defaulter.

The microcredit business in Bangladesh has been a model of innovation, drawing attention from all over the world for its new ways of helping people get out of poverty and into the financial system. Key organizations, such as Grameen Bank, BRAC, ASA, and TMMS, are at the heart of this movement for change. They are all important in changing the country's social and economic structure, especially in rural areas.

Microcredit, which is when banks give small loans to business owners who usually can't get them, has found a good home in Bangladesh. Muhammad Younus, an economist who started Grameen Bank, came up with the idea in the 1970s when he started lending small amounts of money to poor people in Jobra. These early tests led to the official opening of a Grameen Bank in 1983, which helped to solidify the basic ideas behind microfinance. Microcredit became popular because it pushed for loans without collateral to be given to the poorest people, especially women, who traditional banks thought were too risky. People all over the world praised Grameen Bank for its groundbreaking work in giving women power and helping communities grow through its microcredit programs. These programs set the standard for similar projects in Bangladesh and other countries.

The industry has changed a lot. People who couldn't get money before have been able to start businesses thanks to microcredit programs. This is especially true for women who live in the country. Not only has this empowerment raised families' incomes, but it has also made it easier for people in these areas to get an education, see a doctor, and live better. But the microcredit industry has had a lot of problems and criticism, even though it has had some successes. People are worried that borrowers will get stuck in cycles of debt because microloans have high interest rates. This is especially true when companies don't make enough money to stay in business. People still wonder if microcredit will really help end poverty in the long run, even though there are many success stories that show how it can help. People are still talking about and looking into whether these programs will last and whether they can do more than just give people a break for a short time. But even with these problems, things are changing in Bangladesh's microcredit scene. Institutions have added more services to their offerings, not just lending money. They now offer savings accounts, insurance, and programs to help people learn about money. This shift to a more all-encompassing approach to financial inclusion aims to lower the risks that come with being too deeply in debt while also promoting a more complete approach to ending poverty.

4.10 Grameen Bank Competitors in micro credit Industry

BRAC (Bangladesh Rural Advancement Committee)

BRAC started in 1972 and has grown to be one of the largest non-governmental organizations in the world, offering many services, such as microfinance. Microcredit programs are meant for people who live in rural areas, especially women. Their main goals are to make communities better and reduce poverty. BRAC's method mixes microfinance with many other types of development work. It gives loans and also works on health, education, and helping people make a living, which is a full approach to empowerment. BRAC's microfinance program has made a big difference in lowering poverty and giving people more control over their lives. Their many programs have made people's lives better, especially in rural areas, by improving health and encouraging education.

ASA (Association for social advancement)

Founded in 1978, ASA is known for its commitment to providing financial services to the poor. It runs microfinance programs for people in rural areas, giving them access to money and help with their livelihoods. The main goal of ASA's method is to give microcredit to people who don't have access to it. It emphasizes quick and easy loan distribution, with the goal of giving people the tools they need to start small businesses and improve their lives. Because of ASA's efforts, more people have access to financial services, their lives are better, and poverty is less. The microcredit programs have helped a lot of people, especially women, become financially independent.

TMSS (Thengamra Mohila Sangha)

In the early 1980s, TMSS was started. Its main goal is to help women get ahead through microcredit programs. It works in a lot of different areas, but its main goals are to improve people's health, education, and social and economic situations. In addition to health and education programs, TMSS also runs microfinance programs. It helps women grow by giving them loans and supporting programs that teach them new skills. TMSS's multi-faceted strategy has made women's lives better by giving them more financial freedom, making healthcare easier to get, and encouraging education. All of these things are important for the community's overall growth.

Sajida Foundation

The Sajida Foundation was founded in 1987 to help women and other marginalised groups improve their social and economic situations by providing a variety of financial services, including microcredit. The main goal of the Sajida Foundation is to empower women. It does this by providing a variety of financial solutions that focus on getting people involved in their communities, learning about money, and growing their businesses. The Sajida Foundation's programs have helped women in cities and towns learn new skills, make more money, and improve their health and well-being. The foundation helps women who are on the fringes of society.

Proshika

Proshika began in 1976 with a focus on health and education. Over time, though, it added microfinance programs to its mission. These programs aim to reduce poverty and help communities grow. Proshika's microcredit programs are mostly for women in rural areas. They help people become more socially and financially independent by giving them access to financial services, education, healthcare, and skill-building. Proshika's multi-faceted strategy has helped rural communities by making it easier for women to go to school, see a doctor, and find work.

4.11 SWOT Analysis of Microcredit

4.11.1 Grameen Bank SWOT Analysis of Microcredit

The SWOT Analysis of Grameen Bank's Microcredit gives a strategic look at how the bank works. This free SWOT analysis shows you what you're good at, what you need to work on, and what threats you might face. You can use this SWOT analysis of Grameen Bank to get an edge over your competitors.

4.11.2 Strengths

- Grameen Bank makes sure that every service it offers is of the highest quality and always meets the needs of its customers.
- Grameen Bank is a great place to work for its employees.
- Grameen Bank has strong deposit and investment management capabilities.
- Grameen Bank already achieved goodwill among the members and borrowers.

4.11.3 Weaknesses

- More difficult to train the illiterate members.
- Some sections of Grameen Bank don't have well-trained staff.
- Grameen Bank doesn't do enough advertising.
- Compared to other banks, the process for getting loan is overly protracted.
- Some places don't have motivated workers.

4.11.4 Opportunities

- Everyone likes Grameen Bank. Grameen Bank can offer more current and creative ways to help customers.
- In places where there is a lot of demand, many branches can be opened.
- Grameen Bank may hire people who are experienced, efficient, and knowledgeable.
- Staff as it provides a good place to work.

4.11.4 Threats

- The trend of financial institutions merging and buying each other around the world is producing concerns.
- Problems caused by currency that goes down in value and changes value often.
- A lot of new banks are entering the market with innovative offerings.

Chapter 5: Finding and Recommendations

5.1 Findings

Grameen Bank is famous around the world for being the first to offer microcredit, but its work has also led to important discoveries and discussions, especially when it comes to figuring out how well microcredit works to help people get out of poverty and how long it will last.

1. Over-Indebtedness and Loan Recycling

- Many borrowers take multiple loans from Grameen Bank and other microfinance institutions (MFIs), leading to over-indebtedness.
- In some cases, borrowers take new loans to repay older ones, creating a debt trap rather than a path out of poverty.

2. High Interest Rates

- Though lower than local moneylenders, Grameen's interest rates are still relatively high for poor borrowers.
- For loans not invested productively, these interest payments become burdensome.

3. Limited Impact on Long-Term Poverty Reduction

- Research shows mixed results on whether microcredit significantly increases long-term income or asset-building.
- Many borrowers use the loans for consumption smoothing (e.g., food, healthcare, marriage), not for entrepreneurial activities.

4. Focus on Women – Empowerment or Exploitation.

- Although 90% of borrowers are women, critics argue that in some cases, men control the loans while women bear the liability.
- This raises questions about the depth of empowerment offered by microcredit.

6. Sustainability and Mission Drift.

- As Grameen and other MFIs expand and become more commercialized, there's concern over “mission drift”—prioritizing profits over social goals.
- Sustainability pressures can lead to aggressive lending practices.

5.2 Recommendations

To improve the micro credit management culture further, Grameen Bank should adopt some of the practice that are not practiced currently. These are:

1. Over-Indebtedness:

- Strengthen borrower screening and share credit data among MFIs.
- Provide financial literacy training.

2. High Interest Rates:

- Increase transparency and reduce costs to lower rates.
- Seek subsidies for the poorest borrowers.

3. Limited Poverty Impact:

- Encourage loans for business, not just consumption.
- Offer business training and support services.

4. Women's Empowerment:

- Combine loans with empowerment and skills programs.
- Involve families to ensure women control the loans.

5. Sustainability & Mission Drift:

- Emphasize social goals in policies and practices.
- Enforce ethical lending and involve community oversight.

Chapter 5: Conclusion

6.1 Conclusion

After all the discussion it can be said that Microfinance is helping the poor. Grameen Bank has earned the reputation of top banking operation in Bangladesh. This organization is much more structured compared to any other bank operating in Bangladesh. It is relentless in pursuit of business innovation and improvement. Grameen Bank the bank for the poor without collateral has astonished the world! It has made microcredit a history. It is the Grameen Bank and only the Grameen Bank which turns it to the reality. Others banks have more classified loans, though they work with the affluent and the solvent community. On the other hand, Grameen Bank has the almost 94.74% recovery success. It has done so many extra works for uplifting the return in such an easier way which is favorable for the both the members and the bank i.e. the win situation prevails. Since 1984 'Sixteen Decision became integral part of the Grameen Bank. All are required to make continuous stride to implement these decisions. These decisions covered many subjects, but gave high priority to health (drinking-water, fighting night-blindness by eating vegetables, housing, latrines, family-planning and cleanliness). It has almost employed twenty-two thousand employees. That is really a praiseworthy work for our economy. The Grameen bank has proved the excellence by getting the world best honor i.e. the Noble prize. It has uplifted' our image. We all are proud of it, so we all are proud of it, so we all should come forward for Grameen Bank.

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