Internship Report
on
Microfinance and its impact on Rural Development:
(A Perspective of Grameen Bank)

Submitted To:

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Letter of Transmittal

September 23, 2025

Professor Dr. Mostafa Kamal

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Subject: Submission of Internship Report on Microfinance and its impact on Rural Development: (A Perspective of Grameen Bank).

Dear Sir,
With best respect and honor, I wish to inform you that I have successfully completed the internship report for my BBA program, which is named "Microfinance and its Impact on Rural Development: A Perspective of Grameen Bank." I have confidence that the knowledge and experience I gained while writing my report would be useful to me in my professional life. This will benefit me in a variety of other ways as well. Basically, I did my best to create this report accurately.

I therefore hope you will approve my internship report. Thank you for your supportive supervision.

Yours Sincerely,

Humira Mahjabin

Humira Mahjabin

ID: 211-11-6657

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Certificate of Declaration

I, Humira Mahjabin, a Bachelor of Business Administration student, Daffodil International University. I have completed the internship report for my BBA program, which is named " Microfinance and its impact on Rural Development: A Perspective of Grameen Bank". This report was prepared as part of the internship program under the supervision of Dr. Mostafa Kamal and this report has not been previously submitted for academic credit or recognition at any other university or organization.

No copyright exists for the work I've done, and nothing in my report has been completely copied from previously completed degree-granting or other projects. It is further attested that the work was produced solely to fulfill my academic obligations.

Humira Mahjabin

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Humira Mahjabin

ID: 211-11-6657

Major in Finance

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Certificate of Approval

I am pleased to certify that the internship report on Microfinance and its impact on Rural Development: (A Perspective of Grameen Bank) conducted by Humira Mahjabin bearings ID No: 211-11-6657, Program: BBA, Batch: 58. A regular student of BBA program, Major in Finance, Department of Business Administration, Faculty of Business & Entrepreneurship. Humira Mahjabin has successfully performed her internship program in Grameen Bank, Mirpur-2, Dhaka and prepared this report under my direct supervision.

Humira Mahjabin bears a strong moral character and a very pleasing personality. I wish her all success in life.

....

Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgment

In the name of Allah, the most compassionate, this work would not have been possible without the invaluable guidance and unwavering support of numerous individuals, whose contributions and assistance, in various forms, played a significant role in the preparation and successful completion of the study. From the bottom of my heart, my gratitude is sincerely expressed to my respected teacher and internship supervisor, **Professor Dr. Mostafa Kamal**, Faculty of Business & Entrepreneurship. The internship program was greatly supported and guided by his essential advice.

My appreciation goes to **K.M Tipu Sultan**, principal officer of the International Program Department for giving me the opportunity to do my internship in Grameen Bank. The internship program has given me a new perspective on the kind of workplace that constantly puts us to the test and it has made me appreciate the value of teamwork.
I am grateful for the support and encouragement I have received from all of my Daffodil International University teachers, friends and classmates.

Executive Summary

The study's goals include an analysis of Microfinance and its impact on Rural Development: A Perspective of Grameen Bank. This report has been prepared based on my 3 months of practical experience at Grameen Bank, Mirpur-2, Dhaka. This Internship program allows me to gain a better understanding of a Grameen Banks operational Environment. The microfinance system has been seen as an effective tool for improving the poor economic conditions through a group approach that ensures greater participations of many stakeholders. Grameen Bank's approach is based on lending to groups of individuals, primarily women, who then use the loans to start small businesses, improve household conditions, and invest in education or health. This model promotes social empowerment, particularly for women, and encourages collective responsibility.

It has contributed to poverty reduction, enhanced social and economic stability, and increased access to education and healthcare. The microloan model fosters entrepreneurship, job creation, and local economic growth, thereby improving the living standards in rural communities.

“Microfinance and its impact on Rural Development: (A Perspective of Grameen Bank)”

Table of Content

Chapters	Particulars	PAGES
CHAPTER-1	**Introduction**	01
	1.1 Introduction	02
	1.2 Background of the Study	02
	1.3 Objectives of the Study	02
	1.4 Methodology of the Study	02
	1.5 Limitations of the Study	03
CHAPTER-2	**About Grameen Bank**	04
	2.1 Background of Grameen Bank	05
	2.2 Historical Background	05
	2.3 Mission of Grameen Bank.	05
	2.4 Vision of Grameen Bank.	05
	2.5 Organogram of GB	05
	2.6 Achievements of GB	06
	2.7 Strategic Objectives	06
	2.8 SWOT Analysis of GB	06
	2.9 Grameen Bank Principles	07
	2.10 PESTEL Analysis of GB	07
CHAPTER-3	**Theoretical Analysis**	08
	3.1 Financial Performance Analysis	09
	3.2 Microfinance of GB	09
	3.3 Impacts on Rural Development	10
	3.4 Credit Delivery System	10
	3.5 Credit Risk Management	10
	3.6 Loan Distribution Process	10

	3.7 Activities of Risk Mgt of GB	10
	3.8 Loan Recovery System of GB	11
	3.9 Problem relating to microfinance in GB	11
	3.10 File Archive	12
	3.11Ratio Analysis	11
	3.11.1.1 Current Ratio	12
	3.11.1.2 Quick Ratio	12
	3.11.2.1 Net Profit Margin	13
	3.11.2.2 Operating Profit Ratio	13
	3.11.3.1 Debt Ratio	14
	3.11.3.2 Interest Coverage Ratio	14
	3.11.4.1 Accounts Receivable turnover ratio	15
	3.11.4.2 Inventory Turnover ratio	15
	3.11.5.1 Profit Earning ratio	16
	3.11.5.2 Earning Per Share	16
CHAPTER-4	**Analysis and Discussion**	18
	4.1 Liquidity Ratio	19
	4.1.1 Current Ratio	19
	4.1.2 Quick Ratio	19
	4.2 Profitability Ratio	20
	4.2.1 Net Profit Margin	21
	4.2.2 Operating Profit Ratio	21
	4.3 Solvency Ratio	22
	4.3.1 Debt Ratio	22
	4.3.2 Interest Coverage Ratio	22
	4.4 Turnover Ratio	23
	4.4.1 Accounts Receivable turnover ratio	23
	4.4.2 Inventory Turnover ratio	24
	4.5 Earnings Ratio	24

	4.5.1 Profit Earning ratio	24
	4.5.2 Earning Per Share	25
CHAPTER-5	**Internship experience and learning**	26
	Internship experience and learning at Grameen Bank	27
CHAPTER-6	**Findings, Recommendations & Conclusion**	28
	6.1 Findings of the Report	29
	6.2 Recommendations	29
	6.3 Conclusion	30
	Reference	31

Chapter: 1

Introduction

1.1 Introduction:

Professor Muhammad Yunus, who won a Nobel Prize, founded the financial organization Grameen Bank in Bangladesh. The bank was founded in 1983 to offer microcredit, uncollateralized loans, to the poorest individuals, particularly women. People can overcome poverty thanks for Grameen Bank's innovative business model, which provides the capital and assistance they need to launch small enterprises and create steady revenue streams. The fact is even the smallest loans may have a big impact on people's lives and communities has led to its evolution over time into a ubiquitous symbol of microlending and social entrepreneurship. It has combating economic disparity by providing financial services to marginalized communities. The bank's emphasis on empowering women, improving their decision-making skills, and elevating their status in their communities has had a particularly beneficial impact. Its intentional focus on women has played an excellent role in promoting gender equality and elevating female's position within their households and communities.
Furthermore, the bank has helped to create strong social ties by emphasizing solidarity and cooperative lending.

1.2 Background of the Study:

The internship program is mandatory for students after finishing the BBA program at Daffodil International University. Any organization which provides both theoretical and practical information must submit an internship report by a student. I have been interning in Grameen Bank and furthermore Grameen bank setting up a report on it. The scope of the study on "Microfinance and its impact on Rural Development: (A Perspective of Grameen Bank)" includes analyzing how Grameen Bank's microfinance initiatives contribute to rural development. It focuses on areas such as poverty reduction, income generation, women's empowerment, and improved access to education and healthcare. The study also evaluates the bank's operational model, its role in fostering entrepreneurship, and its overall socio-economic impact on rural communities.

1.3 Objectives of the Study:

General Objectives: To understand how microfinance affects Bangladeshi rural life. And also, this is a requirement of my BBA program.

Specific Objectives:

1. To relate theoretical knowledge with practical experience at Grameen Bank.
2. To understand microfinance and gain an in-depth knowledge about the Microfinance operations of GB.
3. To lights the rural impact and know the social impact of GB loan.
4. To find the problems and provide some possible recommendations for improving microfinance operations.

1.4 Methodology of the Study:

Primary Data Collection:

- Collection data to the field work.
- Practical work Experience.
- Reviewing office documents.

Secondary Data Collection:

- Yearly Assessment of GB
- The main Web portal of GB
- Magazine, Journal, Newspaper & Publications

1.5 Limitations of the Study:

- Three months is not enough for a student to fully understand the operations of all branch.
- This study may lack a long-term perspective to assess the sustained impact of microfinance on rural development.
- Access to comprehensive and recent data from rural areas or borrowers may be limited.
- Limited access to up-to-date data relevant to the investigation and insufficient report-writing skills.
- Factors like political stability, market conditions, or natural disasters affecting rural development may not be fully accounted.

Chapter: 2

About Grameen Bank

2.1 Background of Grameen Bank

Grameen Bank is a pioneering microfinance organization designed to alleviate poverty. Its mission is to provide Microloans for economically disadvantaged individuals, especially women. By providing loan without collateral, it enables underserved individuals to launch small businesses and enhance their quality of life and achieve financial independence. The bank operates on a unique community-based approach, where borrowers form groups to ensure accountability and support. The bank's emphasis on empowering women, improving their decision-making skills, and elevating their status in their communities has had a particularly beneficial impact.

2.2 Historical Background

Grameen Bank was established in 1976 by Professor Muhammad Yunus in Bangladesh as a pilot project aimed at providing microloans to the poor, especially to the women, who were excluded from traditional banking facilities. The initiation began at the village of Jobra, where Yunus personally lent small sums to local residents. In 1983, the progress of this project drive to the formal creation of Grameen bank through government regulation. The bank proposed a group lending model which was focused on poverty reduction and empowering women. In 2006, Muhammad Younus and the bank achieved the Nobel peace prize for this innovative path.

2.3 Mission of Grameen Bank:

The mission of Grameen bank is to offer financial services to the poor, especially women. The bank provides microcredit and enables individuals to generate self-dependent, enhance their living standards and also promote socio-economic prosperity. The feature of Grameen bank is on sustainability, social equality and financial independence.

2.4 Vision of Grameen Bank:

Vision of Grameen bank is to eradicate poverty and to empower the poor especially women that provides access to microcredit and financial services. The Grameen foundation tries to build a world where there is no poverty and also where poor can achieve self-dependency, financial independence and social dignity. The bank represents entrepreneurship which promote the socio-economic well-being of underserved communities.

2.5 Organogram of Grameen Bank:

Board Directors: There are 13 members in the board. Where 9 members are borrowers are borrower-elected representatives, 3 members are government-appointed members and one managing director.

Managing Director: The Managing Director serves as the executive leader, overseeing policy implementation, day-to-day operations, and ensuring efficient organizational performance.

Head Office: The central office includes departments such as administration, finance, HR, IT, and audit, all working to support field operations and overall management.

Zonal Offices: These regional offices oversee and monitor branch activities, ensuring they align with the organization’s objectives.

Area Offices: These provide reporting and operational support at a level in between zonal offices and branches.

Branches: The core operational units, directly interacting.

Borrower Groups: The foundation of Grameen Bank's model, typically consisting of 5 members who ensure mutual accountability and encourage collective progress with borrowers. They conduct group meetings, disburse loans, and collect repayments.

2.6 Achievements of GB

Poverty Reduction: It has lifted millions of poor individuals, especially women, out of poverty by providing microcredit.
Empowering Women: Over 90% of its borrowers are women, promoting gender equality and women's empowerment.
Economic Impact: Grameen Bank has enabled small entrepreneurs to start and expand businesses, boosting local economies.
Global Recognition: In 2006, both Muhammad Yunus and Grameen Bank received the Nobel Peace Prize together for their innovative microfinance model.
Replicable Model: The Grameen concept has been adopted in over 100 countries, showcasing its global impact on sustainable development.
High Loan Recovery Rates: Despite lending to the poor, the bank maintains a high repayment rate, demonstrating the success of trust-based lending.

2.7 Strategic Objectives

- Mix interest
- Learn and propose with others
- Identifies and motivates disadvantaged people
- Secure particular position and overall organization
- Empowering Women
- Sustainable Development

2.8 SWOT Analysis of Grameen Bank:

Strengths:

- Nobel Prize champ
- Women empowering
- Innovative Microfinance Model
- Low default rate

Weaknesses:

- Work disappointment
- Cash supply deficiency
- Dependence on Donors
- Limited Scalability
- Regulatory Challenges
- Negative idea

Opportunities:

- Absence of mindfulness
- Technology Integration
- New Products

Threats:

- Economic Instability
- Criticism of Microcredit
- New entry the market
- Nearby cash banks

2.9 Grameen Bank Principles:

- Manageable
- Wholeness
- Bravery
- Hard Work
- Focus on the Poor
- Group Lending Model
- Collateral-Free Loans
- Sustainability
- Social Development Goals

2.10 PESTEL analysis of Grameen Bank:

Political: Grameen Bank operates in a politically dynamic environment in Bangladesh. Government policies and support have significantly impacted its ability to offer microfinance to the underprivileged. Political stability is crucial for its operations and expansion into rural areas.

Economical: The bank targets low-income individuals, helping to alleviate poverty. Economic factors like inflation, unemployment, and GDP growth influence the borrowers' repayment capacity and the bank's ability to sustain its microcredit programs.

Social: Grameen Bank addresses societal issues like poverty, gender inequality, and financial exclusion. By empowering women (who make up most of its borrowers), it plays a critical role in transforming rural communities.

Technological: Grameen bank's ability has improved by the use of digital banking and mobile technology. Banking is more accessible for clients and transaction cost becomes lower.

Environmental: Environmental sustainability is incorporated into its lending practices of rural areas on natural resources by the bank.

Legal: Grameen bank maintains the regulation which is established by the Bangladeshi government and financial authorities. Maintaining microfinance low is harsh for its ongoing operations and also global recognition.

Chapter: 3
Theoretical Analysis

3.1: Financial Performance Analysis:

Job creation: In rural areas microfinance has promoted self-employment and entrepreneurship. It also reduces reliance on seasonal farming and wage labor.
Improvements in Health and Education: Families can invest more for their children's education and healthcare besides their higher income.
Social Impact: The group lending model of GB has positive impression on community and collective responsibility among borrowers.
Poverty Reduction: GB has played an important role in reducing poverty by offering small loans to the poor in rural communities.
Decreased Exploitation by Moneylenders: Rural communities were reliant on moneylenders who charged high-interest rates before microfinance.
Rural Development: Rural individuals start businesses by accessing small loans. It also improves agricultural productivity, and raise their living standards, driving employment, economic growth, and social empowerment.
Loan Utilization: Loans are often used by borrowers for income-generating activities like farming, trade, or small businesses.
Profit Growth: Borrowers invest in activities such as agriculture, livestock and small enterprises. Leading to higher profits, improved financial stability and timely loan repayments by microfinance.
Social Status Improvement: The financial support of GB improves the social standing and well-being of borrowers, especially women, it empowers them to start or grow businesses.
Income Impact: Microfinance significantly impacts income by creating jobs, boosting productivity, and supporting economic self-sufficiency, contributing to rural development goals.
Entrepreneurship Development: The model of GB fosters entrepreneurship by helping people becoming self-dependent, improve their standard of living and generate income.
Economic Growth: GB provides small loans to low-income people and enables them to start business, gain financial independence and improve living conditions.
Women's Empowerment: Focusing on women, Grameen Bank has increased their participation in economic activities, raised household incomes, and improved social mobility.
Peace Promotion: GB plays a significant role by addressing poverty and inequality. It also maintains peace by empowering people with the financial means to gain self-dependency.

3.2: Microfinance of GB:

The loan system of Grameen bank operates through solidarity groups and borrowers come together to help one another in repaying their loans. The loans are typically small, carry very low interest rates, and are repaid in manageable weekly installments.

- Rural Microloan
- Agricultural Loan
- Micro Loan
- Basic Loan
- Education Loan
- Home Loan
- Emergency Loan
- Festival Loan
- Business Development Loan
- Social Development Loan

3.3 Impacts on Rural Development:

- Growth in household income for borrowers.
- Improved school enrollment rates for the children of beneficiaries.
- Decreased dependence on informal money lenders.
- Boost in income generation and poverty reduction.
- Empowerment of women and overall social advancement.
- Promotion of entrepreneurship and self-reliance.
- Enhanced financial literacy and better access to credit.

3.4 Credit Delivery System:

Loans are provided without requiring any physical collateral. Instead, the group's collective responsibility acts as the guarantee. Loans are usually small, allowing borrowers to participate in income-generating activities such as farming, small enterprises, and crafts. Repayment schedules are flexible, usually on a weekly basis Grameen Bank predominantly targets women borrowers, empowering them economically and socially. Borrower are initially given smaller loans, which can increase with successful repayments, promoting.

3.5 Credit Risk Management:

Borrowers are organized into small groups. Each group is accountable for making sure every member repays their loan. This creates social pressure and mutual accountability, reducing the risk of defaults. If one borrower in the group fails to repay, the other members are responsible for their encouraging repayment within the group. The bank does not require physical collateral, but instead relies on trust, community reputation, and the borrower’s commitment. This trust-based lending reduces the burden on borrowers and simplifies the loan process. By focusing on low-income individuals who are usually left out of traditional banking systems, Grameen Bank helps reduce financial exclusion. This also means that their credit risk is often mitigated by the borrower's close ties to their community. Loan are small at the beginning and increase in size only after the borrower successfully repays previous loans. This step-by-step method lowers risk by confirming the borrower’s repayment capacity before approving a larger loan.

3.6 Loan Distribution Process:

Target Group Identification: The bank identifies poor communities, especially in rural areas, focusing on those who lack access to conventional banking services.
Group Formation: Borrowers are organized into small groups (5 members). This peer support system encourages accountability and solidarity.
Loan Disbursement: Once the group is formed and trained, Grameen Bank offers small loans to individual members for income-generating ventures. These loans are typically unsecured but require borrowers to be part of the group for mutual support.
Repayment: Borrowers repaid loan through manageable weekly installments and make it easier to meet their obligations.
Gradual Scaling: Borrowers successfully repay their loans and they become eligible for larger loans. It helps them strengthen their financial capacity and improve their livelihoods over time.

3.7 Activities of risk Mgt of GB:

Portfolio Diversification: The bank ensures not only diversification by lending to a wide range of clients but also across different sectors and geographic areas. It minimizes the risk of large-scale defaults.

Group lending model: Borrowers by forming groups borrowers supports to reduce the risk of non-repayment.
Monitoring and Evaluation: The progress of the borrowers is monitored regularly by field officers. They conduct evaluations to ensure proper utilization of loans.
Loan Repayment Flexibility: To reduce the risk of borrower defaults, flexible repayment terms and small, manageable installments help.
Operational Risk Management: Grameen bank trains its employee by using robust systems to ensure operational efficiency and minimize human and technical errors.
Social Collateral: The bank relies on social collateral instead of physical collateral. It maintains trust and commitment within borrowing groups.

3.8 Loan Recovery System of GB:

The loan recovery system of Grameen bank relies on a distinctive microfinance model which is built on social trust and group solidarity. Borrowers of low- income backgrounds organize into small groups. Weekly meetings are held to track progress, offer support, and collect payments. The peer pressure and shared responsibility within the group contribute to high repayment rates. This system empowers borrowers, promotes discipline, and encourages responsible repayment.
Loans are extended to groups of 5-7 members, fostering a sense of collective accountability. If 1-member default, it impacts the whole group, creating a strong incentive for repayment.GB operates on trust, eliminating the need for collateral. Field officers build close relationships with borrowers, holding regular meetings to ensure accountability. Borrowers repay in small, manageable weekly installments, easing the financial burden.

3.9 Problem relating to microfinance in Grameen Bank:

Grameen Bank's microfinance model focuses on offering tiny loans to impoverished individuals, particularly in rural areas, who do not have access to conventional banking services. The loans are mainly directed towards women, with the goal of boosting their economic independence by helping them start small businesses and improve their quality of life. The bank’s model relies on group lending, where borrowers form small groups that act as mutual guarantors for each other's loans, which reduces the bank’s risk. This approach has gained widespread recognition for its effectiveness in alleviating poverty and promoting financial inclusion. Besides challenges include not only ensuring consistent loan repayments but also maintaining the bank’s financial sustainability.

3.10 File Archive:

- File Archive is a collection of records, documents and reports which is related to the GB.
- Record of its innovative microcredit programs anticipated poverty reduction.
- Case studies, borrower profiles impact assessments are included.
- Research paper, training manuals and financial statements are including.
- These archives serve as a resource for studying the methodologies of the bank which not only promotes financial inclusion but also contributes to sustainable development.

3.11 Ratio Analysis:

Ratio analysis is a financial analysis way which is used to evaluate the performance analysis way which is used to evaluate the performance of a company and financial health. It is done by examining connections between various financial statement items. It helps the stakeholders to understand profitability, liquidity, solvency and efficiency.

1. Liquidity Ratio
2.Profitability Ratio
3.Solvency Ratio
4.Turnover Ratio
5.Earning Ratio

3.11.1: Liquidity Ratio: A liquidity ratio is a financial way which is used to assess the effectiveness of a company can that meets its current assets. It indicates it sufficient cash or variable assets to cover its expenses and bills.

3.11.1.1: Current Ratio: The current ratio is a financial metric. It measures the ability of a company to pay off its short-term liabilities using its short-term liabilities using its short-term assets. It provides the liquidity position of the company.

Formula: Current Ratio= Current assets/ Current liabilities

Assumptions:
1.All of the current assets can be turned into cash within a year.
2.The worth of the current asset's will be favorably shown.
3.There are no notable defaults or delays it terms of inventory turnover and receivables.
4.All current obligations are due within a year.

Justification:
The ratio helps stakeholders to evaluate the ability of a company to meet its short-term financial obligations. Ratio above one suggests the financial stability of the business.

Significance:
1.The state of working capital and liquidity are showed by current ratio.
2.The risk of lending or investing for investors and creditors are determined by aids of creditors
3.are determined by aids of current ratio.
4.A risk of liquidity issues might be pointed to low ratio.

3.11.1.2: Quick Ratio: The quick ratio is a financial metric it evaluates the ability of a company to cover its short-term liabilities. It not only assists investors but also analysts in determining whether the business can manage unforeseen costs without selling inventory or seeking additional funding.

Formula: Quick Ratio = Liquid Assets /Current Liabilities

Assumptions:
1. There is no usefulness of inventory for covering short-term liabilities and could take time to convert into cash.
2. Accounts receivable can be converted swiftly into cash.
3. Without depending on long-term loans or inventory sales, the company must settle its current debts quickly.

Justification:
As it excludes inventory and prepaid items, the quick ratio offers a more cautious assessment of liquidity compared to the current ratio. It helps to assess whether a business can meet its

short-term commitment if cash flow becomes limited. Companies with minimal or no inventory are useful particularly for this ratio, rater than for manufacturing or retail businesses.

Significance:
1.Without needing to sell any inventory, the business can settle its short-term obligations.
2.Liquidity problems might be signaled by a quick ratio especially when cash flow is unpredictable.
3.It is use by investors to assess operational efficiency.

3.11.2: Profitability Ratio: Profitability ratios are financial metrics which is used to assess how effectively a company generates profit relative to its revenue, assets or equity. These ratios highlight that how efficiently a business is running and whether it's earning enough to cover its cost and drive improvement.

3.11.2.1: Net profit Margin: The net profit margin is a profitability ratio which reveals the percentage of net profit raised from total sales revenue. The profit is indicated by it remaining after all expenses, interest and taxes.

Formula: NPM= (net Profit / Total Income) *100

Assumptions:
1.Net profit account is the summation of all costs, interest and taxes
2.The total revenue are net sales after returns and discounts are subtracted.
3.Over the given period, the financial data remains consistent and dependable.

Significance:
1.Improved cost control and greater profitability are indicated by a higher margin.
2.A smaller margin is an indication of high costs or problems with pricing.
3.For management and investors, evaluating financial health is crucial.

Justification:
It shows the overall profitability of the business. It demonstrates effectiveness in cost-to-sales control. It also aids in assessing the capacity of the business to turn a profit from its sales.

3.11.2.2: Operating Profit Margin: The operating profit margin offers the percentage of profit which a company earns from its main operations. It offers operational efficiency with non-operating income and expense subtracted.

Formula: Operating Profit Margin= (Operating Income/ total income) *100

Assumptions:
1.In operating profit, non-operating expenses like taxes and interest are not included.
2.The net sales figure is both reliable and consistent.
3.In the financial statements, the actual operating performance is reflected.

Justification: Operating profit margin effectively manages operating costs in relation to sales. The main business operation is emphasized by the profitability. Without taking tax or financing structure into account, it is useful for comparing business.

Significance:
1.A larger margin indicates high operational efficiency.
2.It assists the locating problems with administration, sales or production expenses.
3.Evaluating the ongoing financial health of the company is essential not only for invertors but also for management.

3.11.3: Solvency Ratio: The solvency ratio is indicating whether the company has sufficient assets to cover its liabilities. It also reflects the business's long-term financial stability.

3.11.3.1: Debt Ratio: The proportion of a company's total assets is revealed by the debt ratio funded by debt ratio funded by debt. It highlights the level of financial risk and leverage the business carries.

Formula: Debt ratio= Total liabilities/total assets

Assumptions:
1.The asset and liability values are properly recorded.
2.It includes all liabilities, not just those that bear interest.
3.The returns generated from assets should be sufficient to cover the liabilities.
4.There are no major off-balance-sheet liabilities.

Justification:
The ratio helps assess the portion of a company's assets funded by debt rather than equity. Greater reliance is suggested by higher ratio on debt. It can increase financial risk, especially in economic downturns.

Significance:
1.It demonstrates both the financial solvency and stability of a company.
2.It is used by the lenders to evaluate the risk of lending to the company.
3.A high ratio may affect the ability of a company to secure new funding.

3.11.3.2: Interest Coverage Ratio: The interest coverage ratio evaluates the capacity to cover its interest payments with operating income. It assists not only businesses but also analysts in assessing how much more debt a company can take on without threatening its financial stability.

Formula: Interest Coverage Ratio= EBIT / Interest Expense

Assumptions:
1.EBIT represents the consistent profitability of a company and isn't significantly impacted by one-off events.
2.The ratio presumes that interest payments are both regular and correctly reported.
3.If focuses solely on interest payments are solely on interest payments are solely focused by EBIT excluding total debt or principal amounts.

Justification:
Both lenders and investors use the interest coverage ratio to determine if a company can easily meet its interest payments, especially during financially challenging times. Earnings are more significant than interest expenses, suggesting a lower risk of default. When assigning ratings

credit rating agencies take interest coverage ratio into account. Which can affect the company's borrowing costs.

Significance:
1.To evaluate the sustainability of a company's capital structure investor, rely on it and its potential for returns.
2.Without risking financial stability, it helps businesses and analysis assess how much more debt a company can take on.
3.Comparing companies within the same industry is valuable, particularly when analyzing capital-heavy businesses with different levels of debt.

3.11.4: Asset Turnover Ratio: The asset turnover ratio indicates how effectively a company uses its assets to generate revenue. It indicates the efficiency of a business and its assets to produce income.

3.11.4.1: Accounts Receivable Turnover Ratio: The accounts receivable turnover ratio indicates how effectively a business collects cash from its credit costs. During a specific frequency with which receivables are collected.

Formula: Accounts Receivables Turnover ratio= Net Sales/ Average Accounts Receivable

Assumptions:
1.Nothing but credit sales are considered in net sales.
2.Receivables are not only collectible but also properly recorded.
3.Both sales and receivables for this period are perfectly aligned.

Justification:
The effectiveness of the company's credit policies is reflected by it. Which helps monitor the liquidity of receivables and demonstrates how quickly the business converts receivables into cash.

Significance:
1.A higher ratio suggests both stronger cash flow and faster customer payments.
2.Weak credit controls or problems might be indicated by a lower ratio in collecting receivables.
3.It is essential for both reducing bad debt risks and effectively managing working capital.

3.11.4.2: Inventory turnover Ratio: Inventory turnover ratio indicates how effectively a company both sells and its inventory maintains. It shows that how often inventory is sold and restocked within a specific time.

Formula: Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

Assumptions:
1.The cost of goods sold properly indicates the true cost of inventory that has been sold.
2.Inventory values are recorded by both consistently and accuracy.
3.Not only the cost of goods sold but also inventory turnover are calculated for the same reporting time.

Justification:
Helping to avoid both shortages and excess stock, it indicates how well inventory is being managed. The efficiency of inventory control practices and the effectiveness of sales performance are also reflected by it.

Significance:
1.A high ratio suggests both strong sales performance and fast inventory turnover.
2.A low ratio may point to poor sales, date expired products or excess stock.
3.It helps to reduce both storage costs and improve inventory management efficiency.

3.11.5 The Earnings Ratio: The earning ratio is a financial indicator which reveals how much profit a company earns in relation to factors such as its sales, share, assets. It assists both investors and analysis in evaluating how effectively the company is producing profits.

3.11.5.1 Profit Earning Ratio: The profit earning ratio helps to evaluate if a stock is underpriced or overpriced by comparing its market price to the profit it earns. Several reasons are significant for this ratio including assessing whether a stock's market value accurately reflects its true worth.

Formula: Profit Earning Ratio = Market Price per share /EPS

Assumptions:
1.The use of the profit earnings ratio is included.
2.The earnings of a company are steady and provide a reliable indication of future performance.
3.The ratio relies on the idea which the stock's market price incorporates all publicly available information about the company.

Justification
To evaluate a stock's worth in relation to its earnings. It offers investors a fast and convenient method. The ratio is useful to comparing companies within the same industry, supporting more informed investment decisions. Though a high profit earnings ratio might indicate anticipated future growth. A low ratio could signal that the stock is undervalued or carries higher risk.

Significance:
1.Determining if a stock is fairly priced in the market
2.The price that investors are willing to pay for every branch of earnings.
3.Reflecting investor confidence or skepticism regarding a company's future performance and useful when comparing companies in the same sector or industry.

3.11.5.2 Earnings Per Share: The total asset turnover indicates how effectively business sales revenue from its overall assets. It shows how much money is made for each unit of the company's assets.

Formula: (Net Income-Preference Dividends) /Average Number of shares outstanding

Assumptions:
1.The number of shares is considered average over the reporting period, assuming no extreme fluctuations in share count.
2.Only earnings available to common shareholders are used, assuming preferred dividends are distributed as expected.

3. It presumes that earnings reflect ongoing operations, not on time events unless specified.

Justification:
EPS measures of a company's profitability. For preferred dividends and the average number of common shares the profit allocated each common shareholder.

Significance:
1.Businesses frequently show performance improvement by reporting EPS growth over time.
2.A company's stock price may fluctuate significantly in response to surprises in EPS.
3.Makes it possible to compare businesses in the same sector, irrespective of their size or market value.

Chapter-4

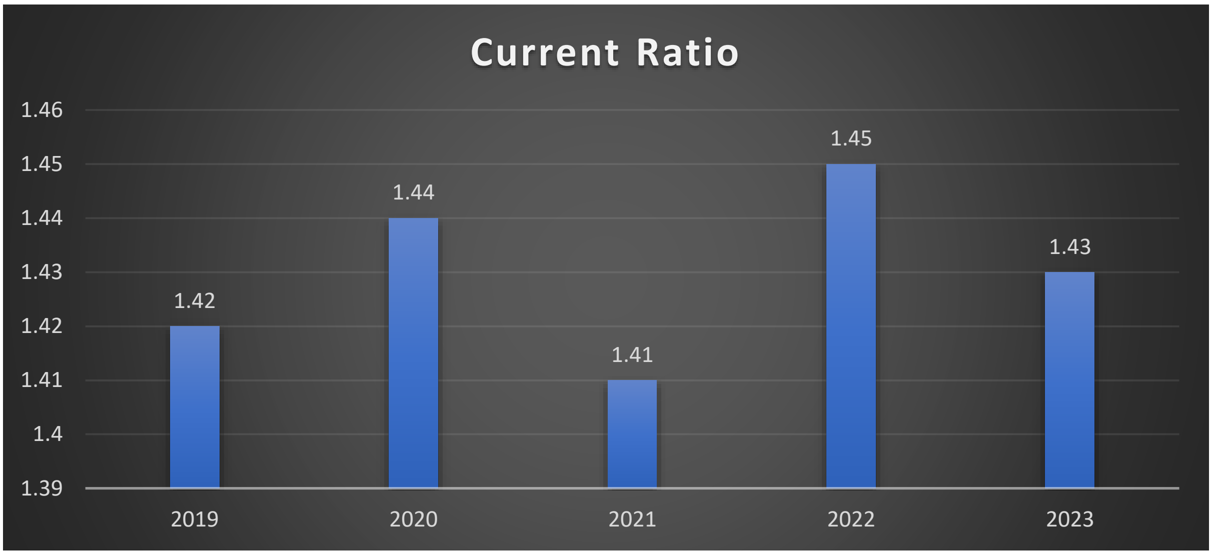
Analysis & Discussion

4.1 Liquidity Ratio:

4.1.1 Current Ratio

Current Ratio= Current assets/ Current liabilities

Year	2019	2020	2021	2022	2023
Current assets	149100	158400	164970	174000	183040
Current Liabilities	105000	110000	117000	120000	128000
Current Ratio	1.42	1.44	1.41	1.45	1.43

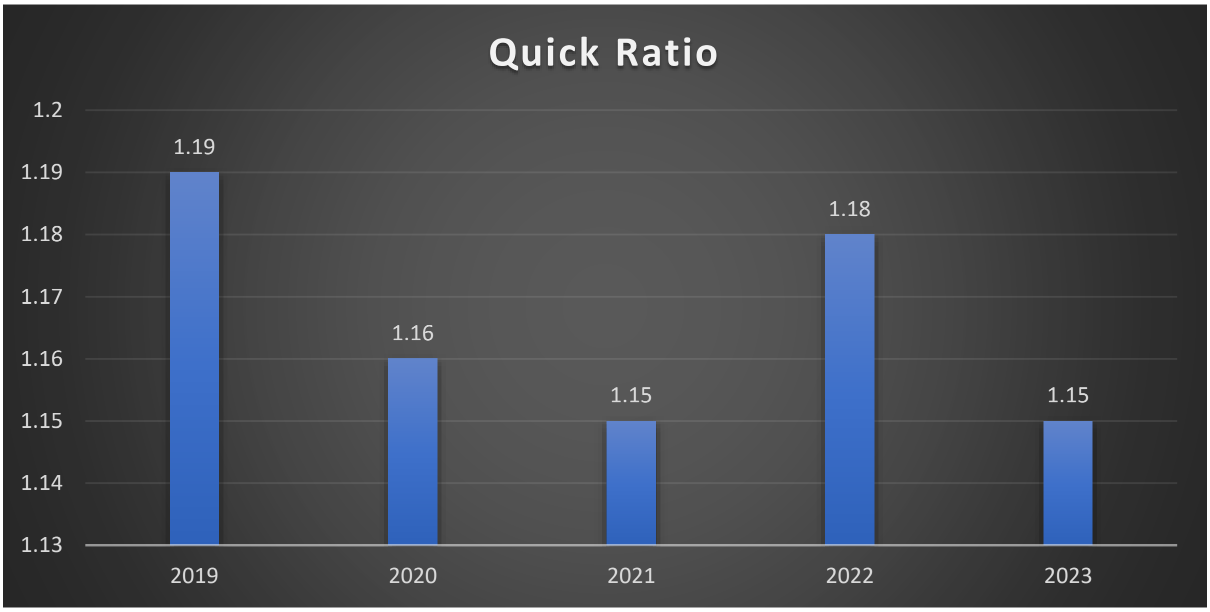


Interpretation: Over the 5 year the ratio was 1.42 to 1.43 percent. The first- rate overall performance used to be executed in 2021. GB current ratio has remained relatively stable over the five years, fluctuating between 1.41 and 1.45. This indicates consistent liquidity management. The slight variations suggest minor shifts in working capital, but overall, GB appears to have a stable financial position without significant liquidity.

4.1.2 Quick Ratio

Quick Ratio = Liquid Assets /Current Liabilities

Year	2019	2020	2021	2022	2023
Liquid Assets	125000	128000	135000	142000	148000
Current Liabilities	105000	110000	117000	120000	128000
Quick Ratio	1.19	1.16	1.15	1.18	1.15



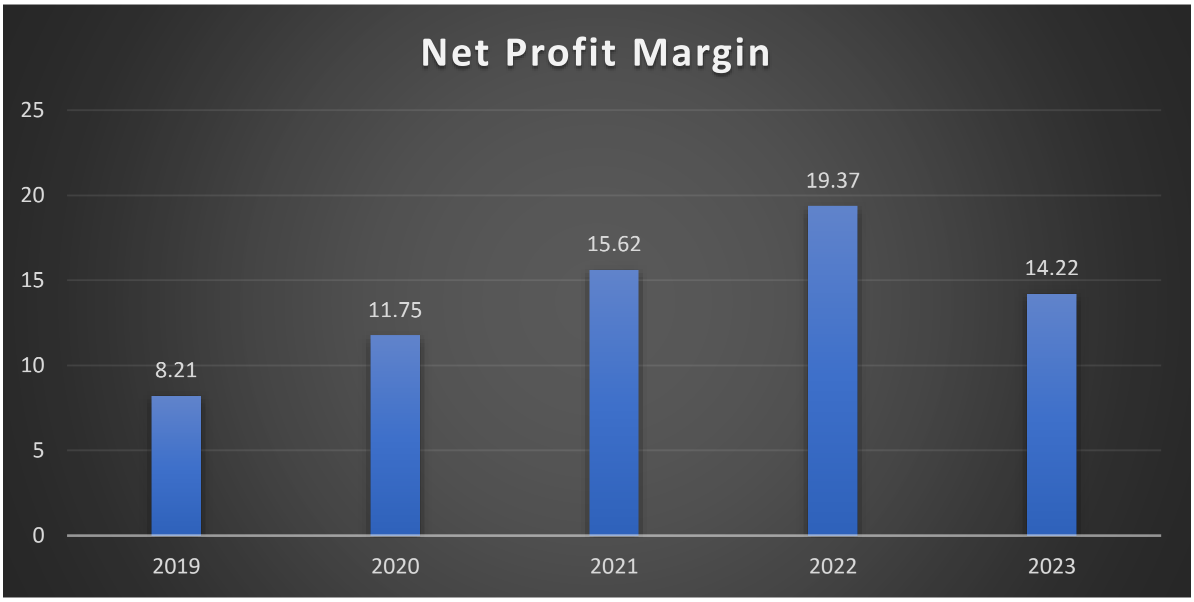
Interpretation: Over the course of the five years, the quick ratio stayed comparatively constant, varying only slightly between 1.15 and 1.19. This shows that the business continuously kept enough liquid assets on hand. Tighter liquidity may be the cause of the modest decline to 1.15 in 2021 and 2023, but not to a worrying degree. All things considered, the business seems to handle its immediate financial obligations well.

4.2 Profitability Ratio:

4.2.1 Net Profit Margin Ratio

NPM= (net Profit / Total Income) *100

Year	2019	2020	2021	2022	2023
Net Profit	1391	2273	3489	4722	3483
Total Income	16938	19312	22292	24357	24541
Net profit margin	8.21%	11.75%	15.62%	19.37%	14.22%



Interpretation: Net profit margin improved steadily 8.21% in 2019 to a peak of 19.37% in 2022, indicating strong growth in profitability and effective cost control. However, in 2023, it dropped to 14.22%, suggesting a decrease in profit relative to sales. Despite the decline, the margin remains higher than earlier years, reflecting overall strong performance with a need to monitor recent changes.

4.2.2 Operating Profit Ratio:

Operating Profit Margin= (Operating Income/ total income) *100

Year	2019	2020	2021	2022	2023
Operating t income	2741	2933	3471	4433	3581
Total Income	16938	19312	22292	24357	24541
Operating profit margin	16.18%	15.18%	15.57%	18.20%	14.59%

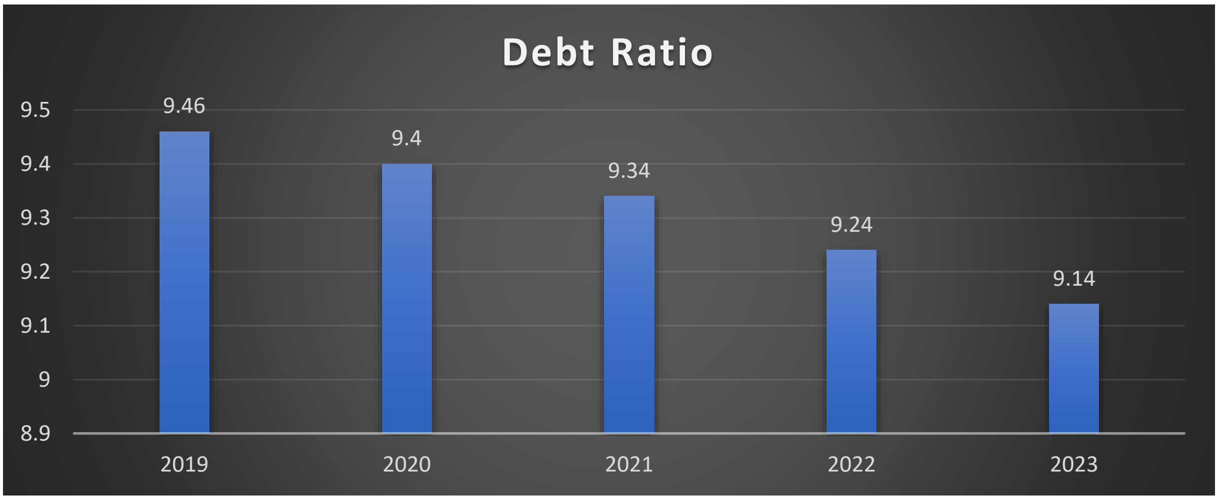
Interpretation: The operating profit margin stayed fairly stable from 2019 (16.18%) to 2021 (15.57%), showing consistent operational efficiency. It peaked at 18.20% in 2022, indicating improved control over operating costs or higher operating income. In 2023, it declined to 14.59%, suggesting a decrease in operating profitability. Overall, the company maintained solid operating performance but faced some challenges in the most recent year.

4.3 Solvency Ratio:

4.3.1 Debt Ratio:

Debt ratio= Total liabilities/total assets

Year	2019	2020	2021	2022	2023
Total liabilities	21701600	22533200	24617800	26468700	26546200
Total assets	2293610	2193670	2635510	2864560	2902980
Debt ratio	9.46	9.40	9.34	9.24	9.14

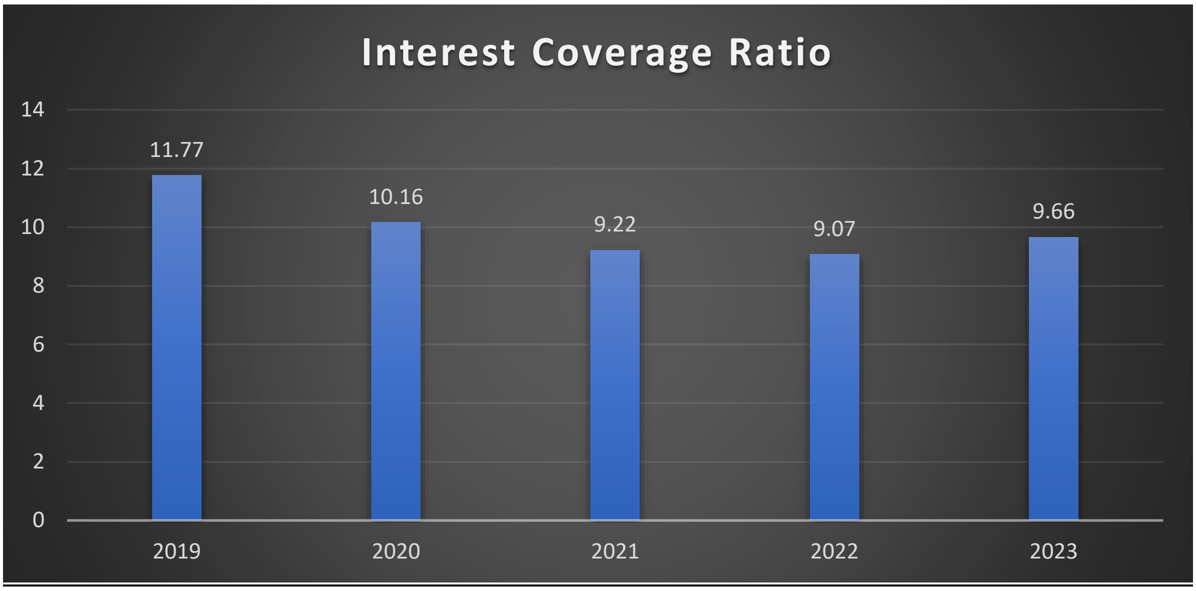


Interpretation:
From 2019 to 2023, the debt ratio has slightly decreased each year, moving from 9.46 to 9.14. This shows that GB is slowly reducing its reliance on debt to finance its assets. Although the decline is small, it suggests a gradual improvement in financial structure. The ratio remains high, GB is still heavily dependent on debt, which could risk if not managed carefully.

4.3.2 Interest Coverage Ratio:

Interest Coverage Ratio= EBIT / Interest Expense

Year	2019	2020	2021	2022	2023
EBIT	27005000	22300000	24308000	26000000	28050000
Interest Expense	2293610	2193670	2635510	2864560	2902980
Interest Coverage ratio	11.77	10.16	9.22	9.07	9.66



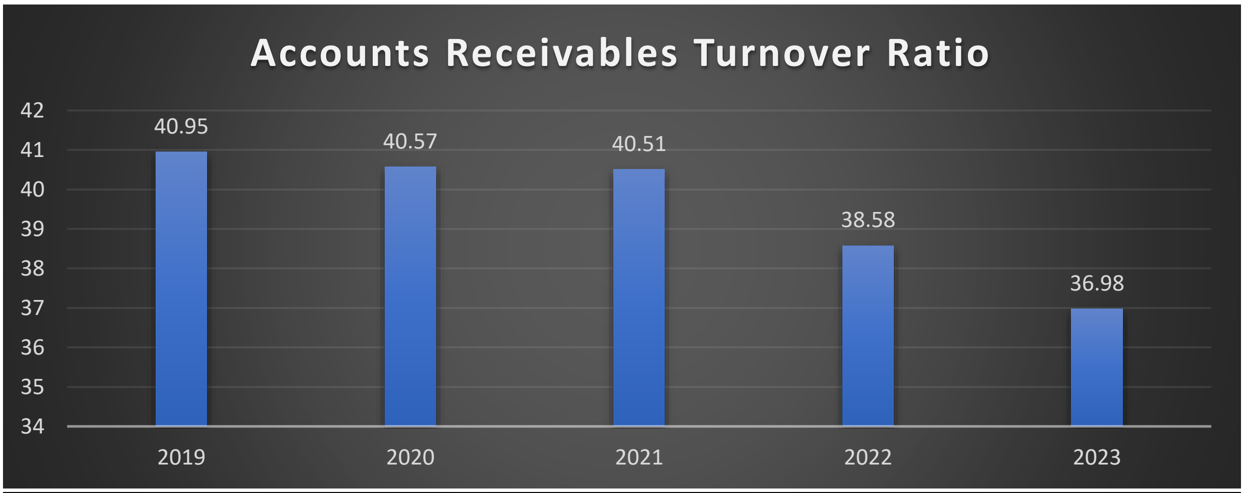
Interpretation: Interest Coverage ratio decreased from 11.77 in 2019 to 9.07 in 2022. However, in 2023, the ratio slightly increased to 9.66, suggesting a small shift back toward equity financing. It shows a decline in financial independence, but the recent rise may indicate improving financial health.

4.4 Turnover Ratio:

4.4.1: Accounts Receivable Turnover Ratio

Accounts Receivables Turnover ratio = Net Sales/ Average Accounts Receivable

Year	2019	2020	2021	2022	2023
Net Sales	22936112	23961775	26355543	27045000	29029849
Average Accounts Receivable	560000	590500	650500	701000	785000
Accounts Receivables Turnover ratio	40.95	40.57	40.51	38.58	36.98

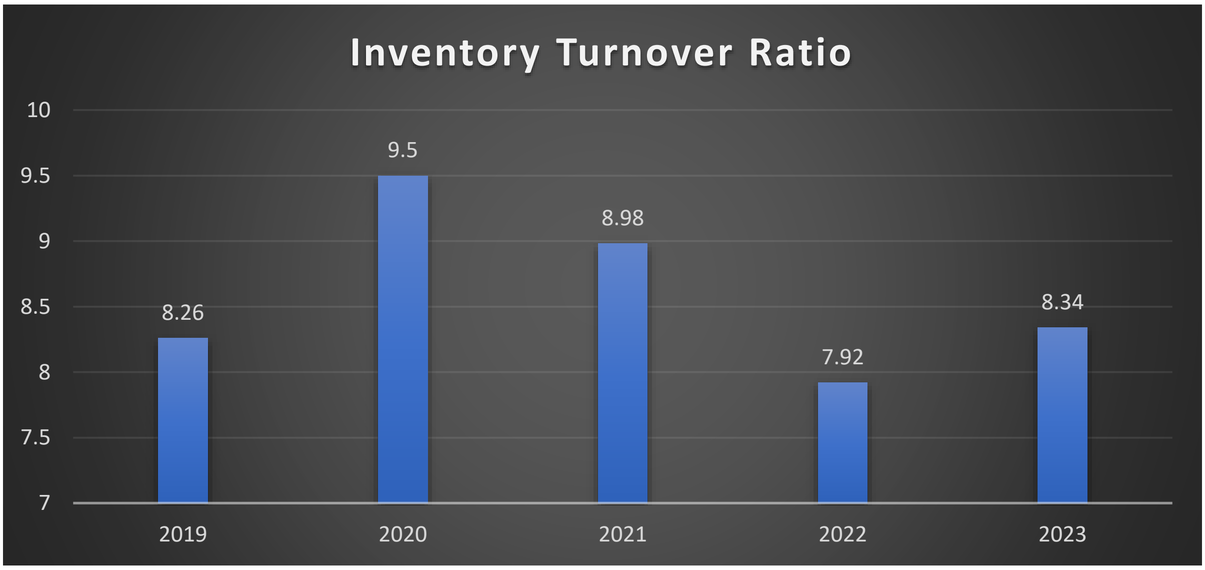


Interpretation:
The accounts receivable turnover ratio went down steadily from 40.95 in 2019 to 36.98 in 2023. This suggests GB is collecting payments from borrowers more slowly over time. A lower turnover may indicate weaker credit control or slower cash inflow, which could affect liquidity if the trend continues.

4.4.2: Inventory Turnover Ratio

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

Year	2019	2020	2021	2022	2023
Cost of Goods Sold	40504905	38703720	41796185	45200010	48300000
Average Inventory	4900000	4070000	4650500	5701000	5785000
Inventory Turnover Ratio	8.26	9.50	8.98	7.92	8.34



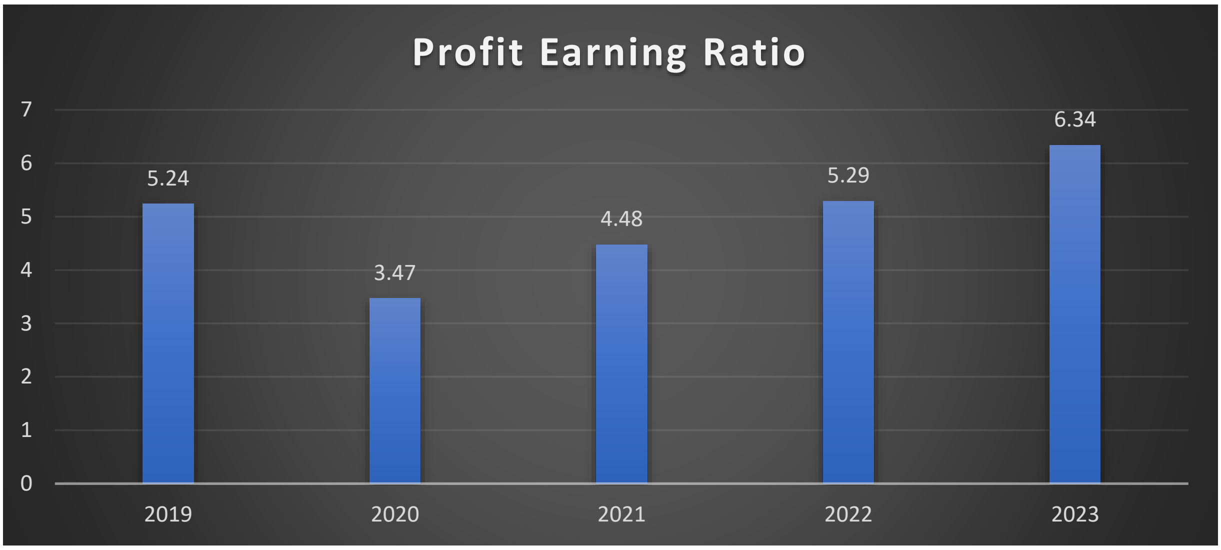
Interpretation:
The inventory turnover ratio increased from 8.26 in 2019 to a peak of 9.50 in 2020, indicating improved inventory management and faster sales. However, it declined in 2021 and 2022, reaching 7.92, suggesting slower inventory movement. In 2023, it slightly rose to 8.34, showing some recovery.

4.5 Earnings Ratio:

4.5.1 Profit Earning Ratio:

Profit Earning Ratio = Market Price per share /EPS

Particular	2019	2020	2021	2022	2023
Profit Earning Ratio	5.24	3.47	4.48	5.29	6.34

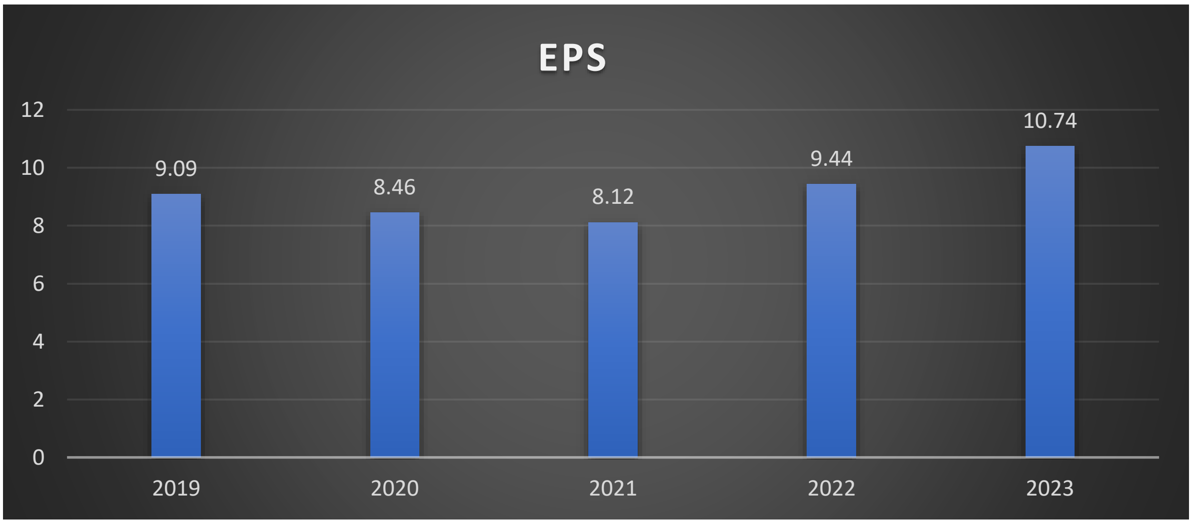


Interpretation: From 2019 to 2023, the profit-earnings ratio exhibits a cyclical pattern. Due to outside factors, it dropped to 3.47 in 2020. However, it steadily rose in the years that followed, reaching 6.34 in 2023. Better financial performance and profitability are reflected in this upward trend.

4.5.2 EPS:

EPS = (Net Income-Preference Dividends) /Average Number of shares outstanding

Particular	2019	2020	2021	2022	2023
EPS	9.09	8.46	8.12	9.44	10.74



Interpretation:

EPS from 9.09 in 2019 to 8.12 in 2021, signifying a decline in the effectiveness of utilizing assets to generate income. However, it improved significantly in 2022 (9.44) and 2023 (10.74), showing GB became more effective in utilizing its assets to increase sales. This upward trend in recent years reflects better operational performance. GB may need to assess asset utilization strategies to improve efficiency.

Chapter-5

Internship experience and learning

Internship experience and learning at Grameen Bank:

I finished my internship at the Main Branch of Grameen Bank, Mirpur-2, Dhaka. where I gained a solid understanding of the core principles behind one of the world's leading social business organizations and acquired hands-on experience with microfinance operations. I was able to comprehend inclusive banking's operational and strategic facets thanks to the experience.

It has contributed to poverty reduction, enhanced social and economic stability, and increased access to education and healthcare. The microloan model fosters entrepreneurship, job creation, and local economic growth, thereby improving the living standards in rural communities. This model promotes social empowerment, particularly for women, and encourages collective responsibility.

Experience:

1.The main branch's core departments-Accounts, Audit, Loan Disbursement, Recovery, and General Administration-were presented to me.

2.The loan sanctioning process was closely observed from application verification by me.

3.I participated in documentation and record-keeping activities which taught me the importance of transparency and accountability.

4.I interacted with senior officers and staff to provide insights into how the bank maintains communication with rural branches and also ensures consistent, reliable service delivery.

Learning:

Understanding Microfinance Principles: I learned that Grameen bank organizes collateral-free microloans, especially to women and supports small business. Financial independence and self-employment are promoted among underserved population by this model.

Social Impact on banking: I came to see that financial service can be utilized for not only just making money but also be used to reduce poverty. I learned the feature of bank impacted on empowering women and underrepresented groups.

Impact on developing profession: I developed my abilities in reporting, communication, observation and time management during my internship. I also achieved a strong comprehension of ethical banking practices and professional work cultures.

My knowledge of microfinance, rural banking, and social business models has grown as a result of this internship. It has motivated me to learn more about jobs in socially conscious banking and development finance.

Chapter-6

Findings, Recommendations & Conclusion

6.1 Findings of the Report:

01.Current Ratio: Over the past 5years, the GB current ratio has stayed comparatively constant, ranging between 1.41 and 1.45. This suggests steady management of liquidity. GB maintains sufficient cash reserves.
02.Quick Ratio: Over the course of five years, the quick ratio stayed comparatively constant, varying only slightly between 1.15 and 1.19. Its highest between 2020 and 2023.2021 and 2023 were the lowest years.
03.Debt Ratio: The debt ratio dropped from 9.46 to 9.14 annually between 2019 and 2023. This indicates that GB is gradually lowering the amount of debt it uses to fund its assets.
04.Interest Coverage Ratio: The Interest Coverage ratio was 9.07 in 2022, down from 11.77 in 2019. The ratio marginally shifted back toward equity financing in 2023, rising to 9.66.
05.Account Receivable Turnover Ratio: Accounts Receivable Turnover Dropped from 40.95 in 2019 to 36.98 in 2023. GB is collecting payments at a slower rate, which could have an impact on cash flow.
06.Inventory Turnover Ratio: Inventory Turnover Ratio increased to 9.50 in 2020 and then decreased to 7.92 in 2021-2022, indicating uneven effectiveness in inventory management and sales.
07.Net profit margin: Net profit margin increased from 8.21% in 2019 to 19.37% in 2022 before dropping to 14.22% in 2023. This indicates strong profit growth, but the recent drop points to pressure on profitability.
08.Operating Profit Margin: Operating Profit Margin stable at 16% from 2019 to 2021, reached a peak of 18.20% in 2022, and then fell to 14.59% in 2023.Although operating performance was strong, it has recently weakened.
09.Profit Earning Ratio: From 2019 to 2023, the profit-earnings ratio exhibits a cyclical pattern. Due to outside factors, it dropped to 3.47 in 2020. It steadily rose in the years that followed, reaching 6.34 in 2023. Better financial performance and profitability are reflected in this upward trend.
10.EPS: EPS increased significantly in 2022 (9.44) and 2023 (10.74), from 9.09 in 2019 to 8.12 in 2021, suggesting a recovery and GB improved financial performance.

6.2 Recommendations:

Maintain Strong Liquidity Management: Monitor current assets and liabilities regularly so that Grameen bank can maintains sufficient liquidity levels.
Stabilize Quick Ratio: Grameen bank should preserves a solid balance between liquid assets and current liabilities so that it can confirm financial health.
Enhance Infrastructure and Market Connectivity: Connection with government and private sector can develop rural infrastructure. For example, roads, communication systems and strengthen market access to promote favorable pricing and long-term business viability.
Promote Equity financing: Assess equity levels regularly and maintain equity financing options when necessary. It supports long-term financial stability.
Sustain and Grow Profitability: Manage of effective cost control measures revenue growth strategies to maintain and improve profitability.
Increase Accounts Receivable Efficiency: Improve credit insurance and actively maintain delayed accounts to promote cash collections.

Manage Inventory Turnover Volatility: Promote inventory management and avoid overstocking and stock shortages.
Enhance Profit Margin: Review pricing strategies and cost structures regularly to maintain and potentially increase profit margins.
Strengthen Operating Profitability: By decreasing costs and optimizing internal processes improve operational efficiency to promote the operating profit margin.
Promote Skill Literacy: Prepare borrowers with the skills and knowledge that is needed for effective loan utilization and financial self-dependent to maintain a strong social impact.

6.3 Conclusion:

The Grameen model shows that a little loan can drive a big chance in both the economy and society. It creates a positive effect in whole society. It also shows that financial system can meet the needs of underserved societies and still being economically sustainable. Its success presents the amazing impression that merging financial innovation with social goods. It also makes a key player in decreasing poverty and a fantastic example of how finance can improve social change. By using inclusive and creative financial methods, we can achieve sustainable development in rural areas that empower societies. Microfinance supports in strengthening social ties, raising education and addressing challenges like poverty and inequality. The perfections of microfinance models like GB, exhibits the ability to foster effective.

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