

**Foreign Exchange Activities  
Of  
Sonali Bank Limited**



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**Internship Report**  
**On**  
**Foreign Exchange Activities of**  
**Sonali Bank Limited**

**Submitted To:**

**Nusrat Nargis**

Assistant Professor

Faculty of Business and Entrepreneurship

Daffodil International University

**Submitted By:**

**Jannatin Taznin**

ID-173-14-2529

Major: Finance.

Program: MBA.

Date: 06.03.

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## Letter of Transmittal

25February,2019

To,

Nusrat Nargis  
Assistant Professor  
Faculty of Business and Entrepreneurship  
Daffodil International University

**Subject: Submission of Internship Report.**

Dear Madam,

It is my pleasure to submit my internship report titled “Foreign Exchange Activities of Sonali Bank Limited” that has been prepared to fulfill my degree requirement. I put my best effort to follow the instructions of you in preparing this report. The internship program was very much valuable to me as it helped me to gain experience from practical field. While preparing this report I went through extensive literature survey and interviewed with the bank officials and customers. It was a great learning experience for me. I tried to the maximum competence to meet all the dimensions required from this report. I am, therefore, grateful to you for your kind cooperation in this report. I hope the report will satisfy you.

Sincerely yours,



Jannatin Taznin  
ID-173-14-2529  
Major: Finance  
Master's in Business Administration

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## *Students Declaration*

I am Jannatin Taznin, Student of Business Administration, ID:173-14-2529, Daffodil International University, here by state that, the report offered in the name of “Foreign Exchange Activities Of Sonali Bank Limited”, has been prepared & carried out by me under the observation of Nusrat Nargis, Assistant Professor, Department of Business Administration.

I also mention that no part of this report has been or is being submitted elsewhere for the approval of any degree, diploma or negotiation.

*Jannatin Taznin*

Jannatin Taznin

ID: 173-14-2529

Major: Finance

Masters in Business Administration

Daffodil International University

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## Certificate of Approval

I am Pleased to certify that the Internship Report on “**Foreign Exchange Activities of Sonali Bank Limited** ” prepared by Jannatin Taznin bearing ID No-173-14-2529of the Department of Business Administration (Major in Finance ) is approved for presentation. She worked with Sonali Bank Limited form October to December,2018 as an intern under my supervision.

I wish her success in life.

Supervisor

*Nusrat Nargis*  
*06.03.19*  
**Nusrat Nargis**  
Assistant Professor  
Department of Business Administration  
Daffodil International University

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## **Acknowledgement**

First of all, I would like to express my deep gratitude to Almighty Allah for preparing this Internship Report. I would like to thank Mr. Shahid Manager Sonali Bank Limited, Bashabo Branch for giving his cooperation to do the internship at Bashabo Branch comfortably and Mr. Munshi Zahidur Rahsid (Assistant General Manager) Manager Sonali Bank Limited, RAJUK Bhaban Branch Dhaka for providing me with information and data. I also like to thank them for supervising and giving me the guidance throughout the internship period and the knowledge about his organization as much as possible. This Internship Report has been prepared as the part of MBA program under Daffodil International University. I would also like to thank all the other officials and staff of Bashabo Branch for giving us their precious time and sincere guidance by pointing out the flows of my Internship Report and by providing me the right direction and useful data needed most. Last but not the least thanks goes to my parents for bearing the tension, frustration and all the hard work along with me through the entire MBA program.

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## **Executive Summary**

The banking system plays a critical role in underpinning economic development. Against the background of financial sector reform policy in Bangladesh, Sonali Bank Limited (SBL) has resulted in great success in all areas of operation with a view to improve the socio-economic development of the country.

Banking is very important sector for the development of any economy. Sonali Bank Limited is one of the most renowned banks of our country, which is successfully operating, from several decades. For the keen interest on my university as well as the bank I have worked in the Foreign exchange activities. I have chosen this topic of my internship report because it helps me to practical acquaintance on the Foreign Exchange Activities. Secondly I tried to identify the problem and find out the solution to the shortcoming foreign exchange activities and provide suggestion that may supportive for the betterment of the system thought comparing it with other banks.

This help to know the overall function of the Sonali Bank Limited. While I work on the foreign exchange, I had to know foreign exchange department. I have shown different types of account that are provided by the SBL as well as the procedure of opening, maintain and closing of them. All the aspects of remittance are also covered. Others services which are provided by SBL are described in the theoretical part. To fulfill the objective I have done the analysis of some numerical data and showed them with the help of significant graph.

Necessary recommendation is provide to hold the services, which are accelerated by the bank according to the analysis of the report. SBL is institutions this is not only serving people and special service but also with great coverage. For this reason, the profit of SBL is drastically increasing from about the last decade, which is clear from the analysis of this report.

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# **Chapter:1:Introduction**

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Banking is one of the most important sectors for country's wealth building activities. Commercial banks are certainly profit making Financial Institutions. These institutions play great role in the money market of every economy. Due to globalization, technological innovation and deregulation the banking system all over the world has been changing rapidly. Now a day's banks have to compete in the market place not only with local institutions but also with foreign financial institutions. Sonali bank is one of the leading nationalized commercial bank in Bangladesh. Its pioneer role in handling foreign trade and foreign exchange transactions ever before independence of the country still remains unchallenged. With wide network of branches at home and also a large number of correspondent banks worldwide it is singularly handling the largest volume of export-import business including homebound remittances. For this reason Foreign Exchange of Sonali Bank is very much essential.

#### **Objectives of the study:**

- 1. To analyze the foreign exchange activities of Sonali Bank Limited.**
- 2. To analyze the foreign exchange procedure of Sonali Bank Limited.**
- 3. To evaluate the foreign exchange performance of the Sonali Bank Limited from (2013-2017).**
- 4. To find out the problems of Sonali Bank Limited.**
- 5. To provide some recommendations about the problems of Sonali Bank Limited**

#### **METHODOLOGY OF THE REPORT**

In order to making a report, two sources of data and information have been used widely.

##### **The "Primary Sources" is as follows:**

- Practical work experience.
- Information from senior colleagues & the branch manager.

##### **The "Secondary Sources" of data and information are:**

- Annual Report of SBL.
- Various books, articles, compilations act. Regarding general banking functions.

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- Different 'Procedure Manual', Published by SBL.
  - Different circular sent by Head Office of SBL and Bangladesh Bank.

**Limitations of the study:**

I have faced the following problems during my study on foreign exchange activities that may be treated as the shortcoming of the study. The main limitations encountered in producing this report are:

- I have been assigned to produce an internship report on foreign exchange activities which I have little idea. The people involved in this are extremely busy therefore I can't talk to them as I required.
- Due to lack of my knowledge on this matter my explanation can differ little from what it should be. As I have to prepare the report while working I fail to allot enough time on the matter.
- As the time is so limited the matter of the study has become partial.
- Financial Statement 2013-2017 has been used.
- The major limitation is lack of adequate information and time as they are extremely busy they didn't allow me much time of preparing the report since they are busy with their daily work.
- Due to lack of my understanding of the issue completely I tried to gather every detail of the foreign exchange process.

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## **Chapter:2:Overview of Sonali Bank Ltd.**

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## **A brief overview of Sonali bank limited:**

Sonali bank might have been made Previously, 1972 Toward those bangladsh bank nationalization request of the limbs from claiming national bank for Pakistan, bank from claiming Bahawalpur What's more Premier bank extensions arranged afterward clinched alongside east pakistan Throughout the liberation war in the quite a while 1971. Sonali bank will be those a standout amongst those state claimed booked business bank for bangladesh. Sonali bank ended up consolidated Concerning illustration restricted organization around 2007. Sonali bank constrained may be the main bank enjoying those status for being the agenize about bangladesh bank which will be the national bank from claiming bangladesh.

Sonali bank Ltd will be discharging the obligation of the country What's more legislature itself endowed different socio budgetary exercises similar to benefits guard What's more civil, grants will elderly people, give with flexibility contenders et cetera. People of old benefits like utility bill , hajj store Also head out duty will be also continuously endowed Eventually Tom's perusing those administration. On 2017 its commissioned What's more paid up money were taka 60000 million and taka 41300 million separately. The bank's save subsidizes were Tk 24787 million for bangladesh bank. **Corporate Profile of Sonali Bank Ltd.**

Name of the Company	: Sonali Bank Ltd.
Chairman	: Mr. MdAshrafuMoqbul
CEO & Managing Director	: Mr. Obaidulla al Masud
Legal Status	: Public Limited Company
Date of Incorporation	: 03rd June, 2007
Date of Vendor's Agreement	: 15th November, 2007
Headquarters	: 35-42, 44 Motijheel Commercial Areas, Dhaka, Bangladesh
Authorized Capita	: TK 60000.00 Million
Paid-up Capital	: TK 41300.00 Million
Employees	: 18,301
Number of Branches	1209
Phone-pabx	: 9550426-31, 33, 34, 9552924
Fax	: 88 02-9561410,9552007
SWIFT	: BSONBDDH
Website	: <a href="http://www.sonalibank.com.bd">www.sonalibank.com.bd</a>
E-mail	: <a href="mailto:itd@sonalibank.com.bd">itd@sonalibank.com.bd</a>

## **Role of Sonali bank limited in the national economy:**

Sonali bank restricted need been playing an critical part in the country's economy. Starting with Industrialization, fare and Import, job and general saving money as store making its primary

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commitment of the economy. This bank need been financing for trade What's more business since its origin to 1972 instantly after those liberation war. From that point forward those stores of this bank may be 1064311 million Furthermore Our loaning with borrowers arrived at Tk. 423218 million as for june 30, 2017. As Numerous as 21,085 individuals are in the administration of the bank as on december 31, 2017.

Those money related framework Furthermore bank develop together side by side type its origin. Currently bangladesh is dealt with as rising tiger over soutane asia. Subsequently to face the 21century those obligation for sonali bank may be to face those tests.

### **Foreign Exchange:**

Remote trade methods outside exchange which may be internal Also outworks remote exchange Furthermore another will be remote settlement. Bangladesh economy may be presently standing on primarily fare What's more settlement. Settlement Also send out implies remote cash may be advancing for will bangladesh which need effect with respect to settling on foundation What's more economy from claiming bangladesh. Sonali bank Playing a heading part to achieve those procuring of the individuals living abroad. Will smoth this methodology sonali bank ltd created differentiate bank in the usa What's more uk separately which may be sonali bank (UK) set What's more sonlai return particular organization inc.

This bank need also created drawing concurrence with Different return houses, banks for Different and only the universe such as working East, canachitescanadensis What's more malaysia. Electronic installment guidelines Toward emit PIN through the sum limbs. What's more outside exchange principally identified with send out which methods nearing remote coin to our country What's more import methods outside particular cash setting off crazy from our country. At whatever particular case camwood draw mony from this 1209 limbs arranged anyplace Onbanladesh.

### **Objectives of Sonali Bank Limited:**

Those center targets of sonali bank restricted would on behavior transparent What's more prominent saving money benefits to guarantee greatest client fulfillment What's more guarantee fortifying monetary condition of bangladesh. Sonali bank may be a standout amongst the biggest bank hows stake may be possessed by the legislature.

Serving those people: Sonali bank may be conferred on serve the unbanked number of the nation over through saving money administrations will underserved territories.

Low expense : this bank tries to bringing down the Generally speaking expense contrasted with that of contenders. Currently sonali bank is giving cash toward most reduced rate which is 9% main tantamount to other banks. Which will be extremely noteworthy on develop our economy?.

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Making capital: Toward enhancing the store blend Eventually Tom's perusing proficient store administration framework. Sonali bank sway individuals to settle on a propensity of sparing cash and settle on money with further investement Furthermore further job through this we might battle destitution Furthermore stand for a produced particular nation.

Making the medium of exchange: Sonali bank set meets expectations to its esteemed customers. It collects cash Furthermore dispense cash as for every direction book of the customer. By issuing weigh draft bills payorders it makes medium of trade through its limbs everywhere throughout the organizations in the nation exact undoubtedly.

Supplying money: though legislature need cash sonali bank may be a standout amongst those prime supplier for cash Similarly as credit alternately issuing bonds. It aides national bank of bangladesh which may be Banladesh bank with oversee cash supply Furthermore cash administration. On the great holders kept all it worth of effort Concerning illustration delegate test of bangladesh bank the place banladesh bank may be not introduce which is called treasury extension.

Gathering Money: Sonali bank is presenting manay item centering with respect to huge numbers procuring goups keeping Previously, personality that the sum fragment about pop culture will be not just as privileged In this way the same principle cant a chance to be relevant will every last bit. In this manner item will be outlined on keeping tabs around different assembly to culture.

Loans Furthermore investment: Toward giving work to cash Likewise give of the kin from claiming Bangladesh, who would On require will run their benefits of the business proficiently Furthermore contributes of the investment improvement of the nat. Thus, it may be viewed as that Eventually Tom's perusing giving work to money structuring of the national economy is a standout amongst the fundamental obcective about sonali bank.

Diminishing poverty: Proverty is the fundamental issue about bangladesh. On we could battle destitution and more level those rate Furthermore incorporate this assembly of the wage generating assembly those economy about bangladesh will be gigantic. Those huge part is sonalibank will be

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playing is to guarantee should battle poverty, hunger What's more Additionally monetary Incorporation for this bunch.

Making employment: the rate from claiming unemployment rate may be secondary in examination with south asian country. Should battle unemployment bangladesh need industrialization Also All the more financing from outside. A significant part cash may be necessary will building our foundation. To minimize that rate may be in turn destination for Sonali bank constrained empowering the adolescent era particularly through micro and country credit without security.

Outside Trade: sonali bank restricted need an extraordinary effect On remote exchange Concerning illustration internal What's more crazy expression What's more Likewise settlement. Any you quit offering on that one tries to import about fare can't a chance to be time permits without those help of the bank. Not every last one of bank is completely skilled from claiming taking the obligation. Hosting at sort purpose utilized within remote exchange which will be maintined Eventually Tom's perusing Sonali bank ltd itself. So it serves developing those remote exchange tremendously.

### **Nature of business:**

The majoractivities of banking services to its customers. The activities can be classified in the following ways:

1. Corporate Banking
2. Industrial and Project Financing
3. SME Financing
4. Consumer/Personal Credit
5. International Trade
6. Trade Finance
7. Loan Syndication
8. Foreign Exchange
9. Rural and Micro credit
10. Various Investment
11. Treasury mangement
12. Remittance.



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# **Chapter:3:Function of Foreign Exchange**

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## FOREIGN EXCHANGE BUSINESS

### Introduction:

- Commercially banks bargains with both internal Furthermore outside correspondence. Those outside correspondences are led through outside coin and the section managing these organizations will be known as remote trade section.
- Sonali Bank's finesse clinched alongside worldwide saving money need An record from claiming in-house Growth over more than half a century. Its pioneer part done taking care of outside exchange What's more remote trade transactions at any point When freedom of the organizations in the nation even now remains unchallenged. With totally system for limbs at home Furthermore Additionally an expansive amount from claiming journalist banks overall it will be singularly taking care of the biggest volume of export-import benefits of the business including homebound remittances.
- Remote trade arrangements with the implies & techniques Toward which privileges to riches On particular case country's money need aid changed over under the individuals for an alternate coin. It may be a and only budgetary science for remote exchange. Toward the same view, it blankets the systems utilized to conversion, the structures On which such conversions occur and reasons which render these conversions vital.
- Previously, Bangladesh, we bring those unit for cash is 'Taka' for provincial transaction; Additionally need other commitments Eventually Tom's perusing trading outside currencies. With meet-up those commitment that emerge import of merchandise & benefits starting with different countries, different outside necessity, that and only the investment science, which arrangements for those change for household particular cash under outside cash for the reason for setting universal obligations, is known as remote trade.
- Each organizations in the nation need certain common preferences to handling specific items same time they need a few regular Hindrances and also to other. Likewise an aftereffect we find that A percentage nations necessity to import certain items same time others need should fare their surpluses. There would three sorts of modes of remote trade market, which would as takes after:.
- Export Finance
- Import Finance
- Foreign Remittance

### Foreign Trade Finance:

The total foreign exchange business of the Bank for the year 2003 was Tk. 1660.92 crore as against Tk. 16054.18 crore in 2002 showing an increase of 3.41%.

Comparative Position of foreign exchange business for the year 2002& 2003 are stated below

### **Comparative Foreign Trade Position during 2017 and 2016 :- (Tk. in Crore)**

SL No	Particular	2017	2016	Changes
1	Total Import	159644	134328	763
2	Total Export	28494	36881	(22.74)
3	Inward Remittance	92291	105921	(12.87)
4	Outward Remittance	37308	41733	(10.60)
<b>Total</b>		<b>1317739</b>	<b>318864</b>	<b>313.26</b>

**EXPORT FINANCE:**

In the event that for send out benefits of the business money will be recognized Similarly as a stand out amongst those essential components. It is interfaced should almost every last one of phases of transformation cycle- acquisition for crude materials, preparing about goods, pressing storage, transportation of the port, shipment of the buyer, amassing for shipping documents & finally, accumulation about installments. Those haul send out money ought thusly mean moneys necessary Toward a trading ranch at every stage of the transformation cycles.

**Export Financing sectors of Sonali Bank:**

Fare financing could assume a key part in the improvement procedure for bangladesh. For procuring on send out we could meet our import bills. Those fare exchange may be constantly energized in view the significant bit of remote trade procuring will be inferred starting with fare. Due to lack about sufficient capital exporters must come in contact for business bank Also budgetary organization with get back starting with them. Sonali bank as a business bank gives specific offices of the exporters should support up send out profit.

- The accepted & non-traditional parts Previously, which Sonali bank gives export-financing offices would as takes after:. Ready Made Garments in all sorts.
- Jute manufactures
- Jute – raw &meshta
- Fish & Prawns.
- Hides, Skins & Leather.
- Tea
- Fertilizer etc.

**Export financing system of Sonali Bank:**

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Bangladesh as a developing country depends mainly on foreign exchange earning for its development activities. The major portion of foreign exchange earnings is derived from export obviously, to boost export, government provide certain incentives to the exporters namely:

- Export Financing
- Development Financing
- Export Credit Guarantee Scheme
- Export performance benefits
- Duty draw back
- Rebate on duty & tax
- Income tax rebate
- Insurance premium rebate
- Conditional cash subsidy to Garments Industry etc.

### **PRE-SHIPMENT & POST-SHIPMENT:**

In Sonali Bank export finance is required by the exports at two stages namely

Pre-shipment & Post-shipment stages:

1. Pre-shipment: It is required to purchase of raw materials, to meet cost of production, procurement of exportable goods, packing, transport, payment of insurance premium, inspection fee, freight charges, warehousing etc.
2. Post-shipment: It is required by the exporters after actual shipment of goods in order to bridge the period between shipment of the goods and receipts of sales proceeds from abroad.

An exporter owns resource may not be adequate to meet all such expenses. So he / she has to come in contact with commercial bank and financial institutions to get finance from them. As a commercial bank Sonali Bank provides credits to exporters at a consideration rate of interest as an export promotion measure as per government directive.

### **PRE-SHIPMENT FINANCING OF FOREIGN EXCHANGE:**

The classes of pre-shipment financing extended to the exporters by the Sonali Bank are as follows:

Export Cash Credit – Pledge: This facility is allowed for a short period. Under this credit the exportable goods are kept under the effective control of bank either at exporter's godown or bank own godown. In either of the cases, the bank engage full time security (chowkider) to observe over the goods & the movement the goods are done under the supervision of the bank who maintain its proper records through godown storage, challan, delivery order, godown register etc.

Export Cash Credit – Hypothecation: This advance is allowed for a short period or 3 to 6 mon Documents & Security to be obtained:

- Bank usually charge documents to be signed by exporter or his / her duly authorized agent.

- Confirmed irrevocable export letter of credit or firm contract made by the buyer with the exporter.
- Insurance coverage
- Collateral securities.

### **Packing Credit:**

This facility is generally extended when the goods become ready for shipment for a very short period usually from the date of dispatch of the stock from the godown up to the date of actual shipment of the goods that is for the transit period of shipment for further purchase of raw materials or procurement of exportable goods by exporter.

### **Back to back letter of credit:**

Pre-shipment offices need aid also credited in the manifestation about back- to-back letter case. The point when those beneficiary from claiming an send out letter case will be not the real producer alternately producer from claiming exportable merchandise said in the relative fare letter case Likewise securities for as much / her investor to acquisition from claiming exportable products to empower him /her on execute the fare letter case and such letter case may be known as inland over with once again letter case.

Precautions utilized by Sonali bank should endorse pre-shipment credit:.

1. Preceding making lien on the unique send out letter case every last one of terms

Furthermore states ought to make scrutinized thus that no impeding clauses including violation from claiming remote trade regulation and UPCDC terms would included there Previously,.

2. Expiry date of letter case ought a chance to be legitimately recorded in the book What's more no drawing is will be permitted against terminated letter case.

3. The credit value alternately dissolvability of the outside purchaser and in addition those exporters must make determined in the recent past hand.

4. In the event for contract from claiming properties as guarantee securities, the bank Toward taking part legal advisor together with valuation testament starting with best possible power must investigate the relative.

5. Those exporter if organize ahead bargain about remote trade passing toward the occasion when for arrangement of fare documents.

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## **POST-SHIPMENT FINANCING OF FOREIGN EXCHANGE:**

Post shipment financing refers to the credit facilities extended to the exporters by Sonali Bank after actual shipment of the goods against export documents. Sonali Bank generally finance the exporters at post shipment stage after verifying the credit worthiness and export performances of the exporters as well as the reputation and financial soundness of the foreign buyers provided the shipping documents are drawn strictly in accordance with letter of credit terms and in accordance with foreign exchange regulation in force.

Post shipment financing is extended to the exporters by the following terms:

- Negotiation of export documents under letter of credit.
- Purchase of askance bills drawn on D. A. basis.
- Providing loan against export bills tendered collection.
- Discounting of export bills.
- Negotiation of export documents under letter of credit:

Most important and widely used method of financing export at post-shipment stage is negotiation of export documents. After the shipment of the goods the exporter generally submits the following documents to the bank for negotiation:

- Bill of exchange.
- Bill of lading or air way
- Commercial invoice – eight copies within these four original copies.
- Custom invoice of importer's country.
- Certificate of origin-original copy.
- Packing list – eight copies within these four original copies.
- Weight certificate.
- Declaration of shipment to the insurance company.
- Pre-shipment inspection certificate.
- Quality control certificate when required.
- Acknowledgement letter indicating received sample / approval letter.
- Frightful letter.
- Any other document if called for letter of credit.
- Purchase of uses bills drawn on D.A. basis:

Sometimes export letter of credit stipulates payment at 30 to 40 months; the period is called askance period. The bills drawn under this letter of credit is termed as askance bill. On presentation of documents foreign buyers give written acceptance on the bill of exchange to pay after the askance period. In dealing such documents the banker must take proper pre-caution to realize the proceeds

- Providing loan against export bills tendered for collection:

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Export bills are sent abroad generally by banks on collection basis in the following cases:

- a. Export bills not drawn under letter of credit.
- b. Bills drawn under letter of credit but contains.

**Discounting of export bills:**

When the export bills are not drawn under letter of credit or the goods sent on consignment basis, the exporter may approach the bank for discounting the export bills on commission basis. Bank generally does not accept such proposal excepting on exceptional cases. If the exporters have very good credit worthiness and previous good export performance and foreign buyers have also good report & good reputation for past transaction.

**Export Form:**

The customer, now issued by the authorized dealers, must declare all export of which the requirement of declaration of exchange control manual of Bangladesh Bank applies on the Export Forms.

Disposal of Export Forms:

- Origin: From custom authority to Bangladesh Bank (ECD) after shipment goods.
- Duplicate: From negotiating bank to Bangladesh Bank after negotiation.
- Triplicate: From negotiating bank to Bangladesh Bank after realization of the proceeds of the export bill.
- Quadruplicate: Retained by the negotiating bank as office copy.

**Export Development Fund:**

The main objective of creating an export development fund at the Bangladesh Bank is to assure a continued availability of foreign exchange to meet the import requirement of non-traditional manufactured items, this facility is available to the non-traditional exporters, particularly newer exporters, exporters diversify into higher value export and exporters diversify into new markets. An exporter identified above is eligible on the basis of the conditionally stated below: –

1. One must be an exporter of non-traditional manufacturing items.
2. The value added of these products could be 20% except in the case of garments where it has to be 30% & above.
3. The loan should be utilized in the case of importing raw materials for manufacturing the exportable products.
4. The exporter must have an export letter of credit.
5. One must create a back-to-back for importing raw materials.
6. The period of loan is 180 days.

**Scrutiny of Export Document:**

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After the shipment of goods the exporters submit export documents to authorized dealer for negotiation of the same. As bankers deal with documents only, not with commodity they are required to be very much careful about the genuineness and correctness of the documents evidencing shipment of the respective commodities. The bankers are to ascertain that the documents are strictly as per the terms of letter of credit. Before negotiation of the export bill, the bankers are to scrutinize and examine each & every document with great care. Negligence in the part of the bankers may result in non-repatriation or delay in realization of proceeds as incorrect documents may put the importers abroad into unnecessary troubles. The scrutiny procedure is as follows:

**1) Scrutiny of Draft or Draft of Exchange:**

1. The draft should be drawn by the party indicated as the beneficiary of the credit e. the exporter; drawee must be in accordance with the terms of the credit.
2. The tenor and amount of the draft be in conformity with the credit terms.
3. The bill of exchange should be properly stamped if necessary with the requisite value and the cost must be recovered from the drawers unless it is provided otherwise in the letter of credit.
4. The draft or bill must bear the correct date and must be drawn or endorsed to the order of the bank.
5. The drawer's signature must be verified.

**2) Scrutiny of invoice:**

1. The physical description of the goods i.e. price, quantity, quality, markings etc. in the invoice must correspond with the specifications in the credit.
2. If the credit stipulates a consular invoice, the requisite invoice should be
3. All copies must be signed and certified as correct shipper.
4. (e) If the credit stipulate for any other particulars to be stated in the invoice these must complied with. It should not include charges such as postage; cable etc. unless specifically authorized under the credit.

**3) Scrutiny of shipping bill:**

1. The bill of lading should be a full set clean on board ocean bill of lading, unless the credit stipulates otherwise. 'Received for shipment' bills of lading must not be accepted unless permitted by the credit.
2. It must agree with the invoice as regards quantity and description of goods as well as in respect of ports of shipment and destination.
3. The bill of lading must also indicate where it is 'freight paid' (C & F, GIF) or freight payable at destination (FOB transaction).
4. Transshipment and port shipment clauses in the shipping bill should be in accordance with credit terms and the provisions of the uniform custom and
5. Credit frequently stipulates for shipment not later than a specified date. Bill of lading must be examined to ensure that these are dated not later than the date



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#### **4) Scrutiny of Insurance:**

Where insurance is to be effected by the beneficiary for GIF consignment, the policy accompanying the documents should be examined to ensure:

1. That the insurance covers the merchandise for the value stipulated in the credit.
2. That the document is of the class stipulated in the credit.
3. That the insurance documents describe the merchandise covered and mention the name of the carrying steamer. In case where 'on board' bill of lading are not presented the following clause or words of similar indent must follow the name of the steamer' and / or 'following steamer'.
4. That all risk stipulate in the credit are properly covered in the insurance documents. When the credit stipulates that 'all risk' are be covered, it is not sufficient that various risks are mentioned but a clause to the credit that 'all risk' are covered, is required.
5. That the policy is in the name of the bank and the importer.
6. That the party designed in the documents to perform such act properly countersigns the insurance document.

#### **Scrutiny of other documents:**

1. The other documents i.e. certificate of origin, packing list, weight / measurement certificate, inspection certificate, survey report, quality control certificate etc. should be issued or signed by the proper authorized and description of 'export – order' given in these documents not be in contradiction to the credit terms.

#### **RISK OF EXPORT FINANCING:**

In the trade – there are so many risk factors involved. In banking sector – the bank face risk basically from loans & advances and foreign exchange. In this section I discuss the risk of Export Financing.

While there are many advantages to exporting it is not without risk. In deed there are often factors present in international market, which make foreign exchange substantially more risky than domestic ones, including the credit risk of non-payment or non-acceptance of the merchandise by the buyer. For international sales, these risks are far more pronounced than they are domestically. For these reasons Sonali Bank also accompanied with elements of uncertainty some which are as follows:

##### **(a) Commercial risk:**

- Insolvency of overseas buyer, which result in non-realization of export proceeds.
- Failure of the buyer to retire credit already accepted by him / her in case of askance bill within stipulated period.

- 
- - Willful negligence of the importer to accept of pay bill or to accept goods for no fault of the exporter.

(b) Political risk:

- Sudden out break of war revolution or civil disobedience in buyer's country.
- Imposition of restrictions on remittance on any government action in the buyer's country which may block or delay payment.
- Imposition of trade embargo or blockade against any country.
- New import restriction on the buyer or cancellation of the license.
- Additional handling transport or insurance charges due to interruption or diversion of voyage, which cannot be recovered from buyer.
- Bankrupt or closure of a bank or stoppage of operation of a bank may hamper repatriation of exports proceeds of letters of credit opened by such a bank.

(c) Informational risk:

Often credit information on the importer is not available or at best sketchy because buyers and sellers live in different socio-economic & political environment. It is much harder to judge the financial strength, reputation, integrity of a buyer who is thousands of miles away and belongs to a different culture. Moreover, many importers may have good reputation in their own environment based on local value system; they may – never the less engage in some surprising business practices when judged by a different set of standard.

(d) Pre-shipment export credit risk:

Pre-shipment export credit risk involves the following additional risks:

- There may be diversion of fund because of low interest rate.
- Uncertainties relating to non-availability of new materials may hamper processing of exportable products.
- The exporter may not be able to make shipment within the stipulated time due to power failure, strike, natural calamities etc.
- The materials under back-to-back letter of credit may not reach well in time to allow the exporter to process goods within the expiry date of original export letter of credit.

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## **IMPORT FINANCE**

All over the world there is no country, which can meet its requirements from its own sources. Some imports raw materials, some finished goods & some food products or other commodities. As it is in export & import are invariably conducted through commercial banks. Sonali Bank is engaged to extend the facilities to the importers.

After getting the completed registration, application for opening letter of credit is made through a bank where applicant has a current account. An importer is required to fill up import application form & letter of credit authorization form & importer has to deposit margin money to the bank from 10% to 40% of the import value, depending on the credibility of the importer. After the letter of credit is established the exporter after executing the export, submits the negotiable document through its bankers and in terms of exporters bank submit the documents to the corresponding bank of the importer's bank in the country. If the documents are found correctly fulfilling all the terms & conditions stipulated in the letter of credit the corresponding bank of import's bank will realize payment that will debited to the importer's account. In banking term this is known as LATR and the importer has to pay the LATR amount in 90 days with the bank interest rate.

### **Import financing sectors of Sonali Bank:**

Sonali Bank is the major financier of import business in our country. In extend credit, grant and other facilities SB finance to the following sectors:

- Machinery & transport equipment.
- Petroleum & petroleum products
- Textile, yarn, fabrics, article & related products
- Chemicals
- Iron & steels
- Cereal & cereal preparations
- Dairy products & eggs
- Other including loans & grants.

### **IMPORT FINANCING SYSTEM OF SONALI BANK:**

- Registration of import
- Income tax registration certificate
- Partnership deed in the cases of partnership concern
- Certificate of registration with the register of joint stock companies
- Articles & Memorandum of association in the case of limited companies.
- Nationality certificate & Bank certificate
- Ownership documents in place of business
- Trade license from the relevant authority.
- Survey clearance from the relevant authority
- Other documents prescribed in the import policy.

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**Import Registration Certificate (IRC):**

In case of import IRC is the first necessity for the importer. The IRC is not required for import goods by government departments, Local authorities, statutory bodies, recognized educational institutes, Hospitals. In addition registration is not required for import goods, which do not involved remittance of foreign exchange like -medicine, reading materials etc. can be imported without IRC by the users within monetary limit.

**IMPORT SCRUTINY:**

The import bills consist of the following documents & the order of their scrutiny should be as below:

- Forwarding schedule of negotiating bank.
- Bill of exchange.
- Bill of lading
- Insurance documents
- Certificate of origin
- Any other documents.

**Lodgment:**

1. Intimation should be given to the party in time.
2. Conversion of foreign currency in to Bangladesh Currency.
3. Entry in PAD (payment against document) register
4. Entry in Letter of Credit opening register by rounding the letter of credit number with date.
5. Scrutinize the shipping documents meticulously.
6. Inform the importer to deposit balance amount of letter of credit and to release the necessary documents.
7. Enter the shipping documents in inward foreign bills register.

**Import Bills Retirement:**

1. Banker will prepare & pass retirement vouchers.
2. Importer will deposit the claim amount.
3. Certifying Invoices.
4. Passing & prepare the vouchers.
5. Entry in the register.
6. Endorsement in the Bill of Exchange and Transport documents i.e. Bill of Lading; A. W.B.; T.R. etc

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## **RISK OF IMPORT FINANCING:**

In the trade – there are so many risk factors involved. In banking sector – the bank face risk basically from loans & advances and foreign exchange. In this section I discuss the risk of import financing.

In international trade transaction takes place between buyers and sellers living in different socio-economic and political environments. There may be abrupt changes in socio-economic or political situation in the buyer's country or in the seller's country. Even the exchange value of currencies of the two countries had gone so much down that they were not acceptable or exchangeable in international market. More over the importer or the exporter may not be able to comply with the terms of credit for some reasons. Therefore, risk inherent in all credits. The bank have to consider following risk in financing the import procedure:-

### (a) commercial risk:

Violation of the requirement of letter of credit authorization or letter of credit:

Shipment effected before authentication of the letter of credit authorization from by the nominated bank and registration with the Bangladesh bank, whenever necessary and before opening of letter of credit or after expiry of the validity of the letter of credit authorization or letter of credit shall be treated as import in contravention of this order. Letter of credit authorization obtained in the basis of false or incorrect particulars or by adopting any fraudulent means shall be treated as invalid and void.

### (b) Political risk:

In addition to the credit and commercial risk we have outlined, international transaction such as import financing take on the whole new dimensions of political risk. They are as follows:

- Sudden outbreak of war, revolution, coups or civil disobedience in the seller's
- Imposition of restriction on remittance.
- Imposition of trade embargo or blockade.
- New import restriction on the buyer or cancellation of the license.
- Additional handing transport or issuance charges due to interruption or diversion of voyage, which can't be recovered from the buyer.

### (c) Informational risk:

There may be informational risk inherent in import financing on the importer because of shortage of required information. So it is much harder to judge the financial strength, reputation and integrity of a seller or buyer who is thousands of miles away and belongs to a different culture.

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## DOCUMENTS USED IN FOREIGN EXCHANGE:

- Letter case (L/C):. It will be those The greater part vital and regularly utilized over association for remote exchange. Notwithstanding turned to the point that the thing that may be letter case Prof Ashutonath says “A letter case will be a report issued Toward a financier done one spot authorizing whatever available investor from claiming agenize for in turn spot or particular nation should honor those cheques of drafts of a representative named in the record of the degree of a certain entirety of cash expressed in the leto Also on charge those aggregate sums from claiming cheques What's more draft In this way respected t those record of the grantor”. It likewise encourage the exporter should get those profit about discounting the bill When those development date.
- 
- Record necessary will discharge those letter case Concerning illustration takes after.
- Bill of Exchange:. Bill of trade is a critical instrument flying which may be utilized within universal exchange. It is really an instrument flying or request Eventually Tom's perusing which An certain measure of cash administering to pay those purchaser should merchant ahead request or on definable run through. On this instrument flying bill no, date Also bank sake will be specified. There are three persons included looking into issuing of a bill of trade which is. Drawer: drawer will be who draw the bill in short the creator of the bill.
- Drawee: drawee who request to installment of the bill.
- Payee: who may be those collector of the bill.
- Bill about Lading:.. This record by which the shipper get claim on the goods, it is ready Eventually Tom's perusing the transportation organization. Instantly following those transportation organization stacked the great to shipment they get ready An archive which holds terms and condition of the carriage, receipt of the beneficial Also title of the merchandise. Three duplicates is generated you quit offering on that one is to purchaser
- particular case for vender Furthermore person for those transportation organization. Shipper need will submit this report with free beneficial starting with the port.
- • depiction of the merchandise as a rule.
- • those name of the vespula vulgaris.
- • affirmation from claiming merchandise need been stacked.
- • those ports about shipment & release.
- • those names for shipper, proctor Also name & deliver from claiming advising one gathering.
- • the date about issuance.
- Business invoice:.. Business receipt may be a paramount record sent manifestation seller/Exporter will buyer/Importer. This archive holds. • portrayal about products. • unit Price, downright cost What's more amount. • name and location of the purchaser.
- • terms Furthermore condition about conveyance Also installment.
- • shipment subtle elements. • root about merchandise.
-

- Review certificate:
- At some point it will be required issued Toward an free agency arranged in the trading nation over specifying the quality, detail alternately part of the products assigned Eventually Tom's perusing the purchaser.
- Testament from claiming Origin:.
- Those exporter issue this testament with distinguish which nation over it may be originated. By this testament the shipper proclaimed that the great may be originated Furthermore foreign from sanction nations.
- Protection premium alternately Certificate: Protection operator testament will be a vital record done remote exchange. In front of the shipment will be made the exporter make a concurrence for an prestigious protection operator one gathering to secure the dispatch though anything happens. This record specifies that the disguise of the danger.
- Documentary CREDIT:.
- An documentary credit will be restrictive bank undertaking of installment. Communicated additional fully, it will be composed endeavor by An bank (Issuing Bank) provided for of the vender (Beneficiary) toward those a What's more over understanding with the educational of the purchaser (applicant) with impact installment (i. E. By making An installment alternately by tolerating or negotiating bills for exchange) up to an expressed whole of money, inside a endorsed period breaking point & against stipulated documents.
- These particular documents would likely should incorporate the individuals required for.
- Business receipt. Testament for beginning. Protection premium or testament What's more bill of filling.
- There are different sorts for documentary credits.
- Revocable Credit: An revocable kudos could make revised or retraction toward any the long haul without former cautioning alternately notice of the vender.
- Unalterable credit: a unavoidable kudos could make altered or revised or retraction main with the understanding from claiming the sum gatherings. Concerning illustration there would often two banks included those issuing bank & the advising bank, the purchaser camwood ask or an unavoidable kudos will be affirmed by the advising bank. On those advising bank agrees, those unavoidable kudos gets a affirmed unalterable kudos.
- There are four sorts for documentary credits as stated by installment methods: 1. Sight kudos. 2. Acknowledgement credit. 3. Money credit. 4. Conceded installment credit.
- Letter case (L/C): Letter case is those just path with import any beneficial apparatus alternately frill in At whatever country as an aftereffect this may be carried out by two banks meets expectations for purchaser Also vender. Similarly as vender look certification starting with those purchaser that those measure of cash included may be most likely paid. In this way those purchaser look for affirmation Toward a bank not type those particular purchaser.
- Broker around sake of the shipper issues those L/C energetic about the exporter (beneficiary) Also advances those same of the exporter that the bill drawn by him ought be properly acknowledged Furthermore paid. It makes certainty in the psyche of the exporter as such Similarly as installment of the bill. It will be Additionally encourage the exporter should get those profit of discounting.

- Gatherings for letter case transaction:
  - issuing Bank: it may be those bank meets expectations to the purchaser. Those bank agrees of the appeal of the candidate Furthermore issues its letter case As far as the guidelines of the candidate.
- Advising Bank: it may be those bank for vender or beneficiary's. The bank as a rule arranged in the seller's country (most of the time there exists comparing relationship for the purchaser or issuing bank), ask for will exhortation those kudos of the beneficiary.
- affirming Bank: Frequently issuing bank solicitation advising bank alternately another bank should include affirmation to the letter of kudos. When that bank do this At that point such bank will be known as affirming bank. Along these lines advising bank might be go about as affirming bank.
- Reimbursing Bank: this will be those bank that is assigned by the issuing bank on pay (it may be otherwise called paying bank) alternately with acknowledge drafts. It camwood make arranged for an alternate organizations in the nation.
- in this association it is with say that american express bank & Nat West bank go about as reimbursing bank in the event about Sonali bank. Those account, which supports Sonali bank with Nat West bank & american express Bank, will be called "Nostro Account" What's more clinched alongside streams the account, which is supported by Nat West bank & american express bank for Sonali Bank, will be known as "Vostro Account".
- Negotiating Bank: the bank, which makes installment of the exporter after scrutiny, those documents submitted Toward the exporter with those unique letter case At that point it will be called Negotiating bank.
- Seller: beneficiary of the letter case will be vender.
- Order about letter case :. Those letter case might be Possibly revocable or unalterable. It necessities will make obviously shown if those letter case revocable or unavoidable. At there may be no evidence then those letter case will be regarded with a chance to be a revocable l. C. The points would as takes after:
  - revocable leto from claiming credit: a revocable kudos will be one, which might a chance to be altered or retraction by the issuing bank. Toward any minute without "prior notice" of the beneficiary. Something like that this may be clear that revocable kudos camwood make renounced whatever the long run without former notice Eventually Tom's perusing both get-together.
  - unavoidable leto about credit: a unavoidable kudos may be one, which can't make retraction alternately revised without those assent from claiming every one get-together. Through this letter case the issuing bank provides for An definite, outright Furthermore unalterable endeavor will honor its obligations, Gave the beneficiary complies for every last one of terms & states of the kudos.
  - legislature leto from claiming credit: that leto from claiming credits, which would opened Toward those different service and legislature figures.
  - expert or mothball leto of credit: this kind of l. C. Which hail from out side of the nation of the exporter starting with shipper that is known as expert letter case.
- Different classes about leto for credit:
  - Revolving leto for credit: this sort of l. C. Is utilized Eventually Tom's perusing purchaser to vender once more & once more to same measure to a particular time of time that is known as revolving letter case.



- • transferable letter of credit: exporter could exchange as much straight from claiming letter case in full or mostly should An outsider. In this case, those exporter may be not those supplier Be that as he is the agent for in the supplier & shipper.
- • over to-back letter from claiming credit: this sort of letter case is opened against the masted letter case keeping Similarly as security.
- • clean alternately public statement about credit: those letter about credit, without accommodation about any send out documents best gives certification about installment of the bill, that is known as clean letter case.
- **Confirmed letter of credit:** When the Irrevocable letter of credit issued by issuing bank to the exporter as assurance of the L.C., then as per advice or documents the authorized representative or representative bank's provide assurance or payment guarantee that is confirmed letter of credit.
- **At sight letter of credit:** That letter of credit which expires ninety days i.e. with in this period the documents must be sending to the negotiating bank.
- **Deferred payment letter of credit:** That letter of credit which expire one hundred & eighty days i.e. with in this period the documents must be send to the negotiating bank.

#### **Procedure for letter of credit opening:**

After completion of the previous particulars, then the party take money and bank give letter of credit to the party by checking the declared particulars of the party. Then one copy sends to the Beneficiary / Negotiating bank. The beneficiary bank sends the document to exporter. The exporter & Beneficiary bank for shipment the goods. Then the beneficiary bank sends back to the letter of credit opening bank.

The LC opening bank scrutinizes the documents and sends to the importer. When the importer accepts the documents then LC opening bank do lodgment (it is the payment procedure in lodgment voucher).

Then the opening liability reversed by credit in liability voucher (FEF – 20 internal voucher). Then the documents endorsed by the LC opening bank and send to the importer. The party goes for customs clearing. After clearing the importer submit the customs "Bill of entry" certificate with in four months to the LC opening bank. The LC opening bank matching the documents and report to the Bangladesh Bank within the month of retirement of LC. Then the letter of credit is fully closed.

Justification for fitness of letter of credit opening:

- Application from importer.
- Bio-data of the applicant.
- Current account opened by the applicant in the branch.
- Supplier's acceptance & rate of goods.
- Is it a brand item or not.
- Contract on prescribed form of bank (stamp TK. 150).
- Performa invoice from supplier.

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## **FOREIGN REMITTANCE**

Remittance is the sending of money etc. to a distance. Foreign remittance is the sums of foreign currency to a distance from one place another place i.e. country to country. The person who is the receiver of the remittance is remitee. The person who is the sender of the remittance is remitter or remiitor. There are two types of foreign remittance, which are as below:

- Foreign inward remittance
- Foreign outward remittance

### **Foreign Inward Remittances:**

The settlement nearing starting with outside bangladesh convertible in remote currencies which Sonali bank remote trade corporate extension will be accepted. Against which commissioned dealers (AD branches) making installment done nearby money of the beneficiaries is termed Similarly as remote internal settlement.

Mode from claiming internal remittances:.

Internal remittances implies not best remittances by TT, MT, Drafts and so forth throughout this way, observing and stock arrangement of all instrumentation may be enha. As well as buys from claiming bills, buys of drafts under travelers letter case Also buys about travelers cheques. Remote particular cash notes against which installment may be constructed of the beneficiary also An and only internal remittances.

. Thus the following are the Mode of inward remittances:

- TT: Telegraphic Transfer.
- MT: Mail Transfer.
- FD: Foreign Drafts.
- TC: Travelers Cheque.
- Foreign currency notes.

Purpose of inward remittance:

The purpose of remittance is of various reasons. Such as:

- For family maintenance.
- Realization of exports proceeds.
- Export brokers commission.

About” Form-C”:

The authorized dealer should obtain ‘Form – C’ from the beneficiary to know the purpose of the remittances in all cases and they are to submit the “Form – C’ to Bangladesh Bank along with the monthly returns where the proceeds of the remittances is TK. 5000/= & above. ‘Form – C’ is a prescribed declaration form & this ‘Form -C’ is to be filled up and signed by the beneficiary himself.

Payment procedures of FD. MT. & PO. Drawn on Sonali Bank:

The above investments that are drawn on Sonali Bank Foreign Exchange Corporate Branch may be paid on the spot before making payment the following procedures to be observed by the authorized dealer:

- To obtain Form-C.

- To verify the signatures of the instrument.
- To convert the foreign currency into Bangladesh TK. with O.D. (On Demand Transfer)
- Buying rate prevailing on the date.
- To make entry in TTs, drafts & Mails received register.
- To prepare FET schedule and to send first five copies of FET along with vouchers to international division, Head Office, Dhaka.

Payment procedure of T.T.:

- To verify the 'test number'.
- To inform the beneficiary for submission of "Form – C".
- To confirm from issuing bank or reimbursing bank.
- To convert of foreign currency into Bangladesh currency with T.T.
- To make entry in T.T.s, drafts, M.T.s, received registration.
- To prepare vouchers.
- To prepare FET schedule.

Purchase of Drafts & Cheques:

Authorized dealer may purchase drafts & cheques which are not drawing on Sonali Bank at the request of the beneficiary. Procedures of purchase are as below:

- To obtain an application or undertaking from the beneficiary with 'Form – C'
- To verify the signature of the drafts (if possible).
- To make entry in the register for drafts & T.C. purchased.
- To convert foreign currency into Bangladesh
- To prepare voucher.
- To prepare FET schedule.
- To send the instrument for collection.

Collection procedure of drafts & cheques:

- To make entry in foreign Bills Collection Register.
- To prepare forwarding schedule in quadruplicate.
- To prepare vouchers on realization of proceeds i.e. on receipt of advice from the collecting

Payment of traveler's cheque (TC):

- To checkup the custom declaration (if any).
- To consult with purchase agreement (if any).
- To obtain signature on TC and to verify the same with the previous signature of the beneficiary of the TC.
- To make entry in register for TC & drafts purchased.
- To convert foreign currency into Bangladesh
- To prepare FET schedule.
- To send the TC for collection.
- To prepare the vouchers.

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Payment of foreign currency notes:

- To check the custom declaration (if any).
- To made entry in (kateha) raw register.
- To convert foreign currency into Bangladesh
- To prepare vouchers.
- No FET schedule is required to be prepared & sent to head office because in this case there is no transaction with head office.

Cancellation of inward remittance:

In the event of any inward remittance which has already been reported to the Bangladesh Bank being subsequently cancelled, either in full or in part because of non-availability of beneficiary. Authorized dealers must report the cancellation of the inward remittance as an outward remittance of “Form-T/M”. Required documents are:

- The date of return in which the inward remittance was reported.
- The name & address of the beneficiary.
- The amount of the purchase as effected.
- Reasons for cancellation.

### **FOREIGN OUTWARD REMITTANCES:**

The remittance in foreign currency which is being made from our country to abroad, is known as foreign outward remittance.

Mode of outward remittance:

Thus the following are the Mode of outward remittances:

- Telegraphic Transfer.
- MT: Mail Transfer.
- FD: Foreign Drafts.
- PO: Payment Order
- TC: Travelers Cheque.
- Foreign currency notes.

Regard for bangladesh Bank:.. In anybody tries with send cash former reasonably may be necessary. Bangladesh bank gives reasonably or Regard to outward remittances of the applicants who are with submit an provision for the reason for sending cash. Endorsed types properly loaded clinched alongside Toward those candidate and the commissioned merchant sent those provision should bangladesh bank for approval:.

- the devil type (cover remittances for imports).
- manifestation T/M (Traveling & incidental purpose).

Issuance system about FD, mt.&tt. :.

- on get ready the instrument flying.
- will settle on entrance for DD, MT, tt issued register.

- 
- with get ready draft exhortation done copy you quit offering on that one to drawee bank & you quit offering on that one for reimbursing.
  - on aggravate passage done draft exhortation dispatched register.
  - will send repayment power in the event that for mt&tt.

Issuance measures from claiming explorer cheque:.

- to confirm those affirmed t / m structure.
- with issue tce Toward acquiring signature of the purchaser on the tce.
- will embrace in the passover dinner.
- should get ready fet plan.
- will make entrance in the travelers check issue register.
- thosetce issuing slip of the issued tce on a chance to be sent to that bank (whose tce issued).

Issuance methodology of outside particular cash notes:

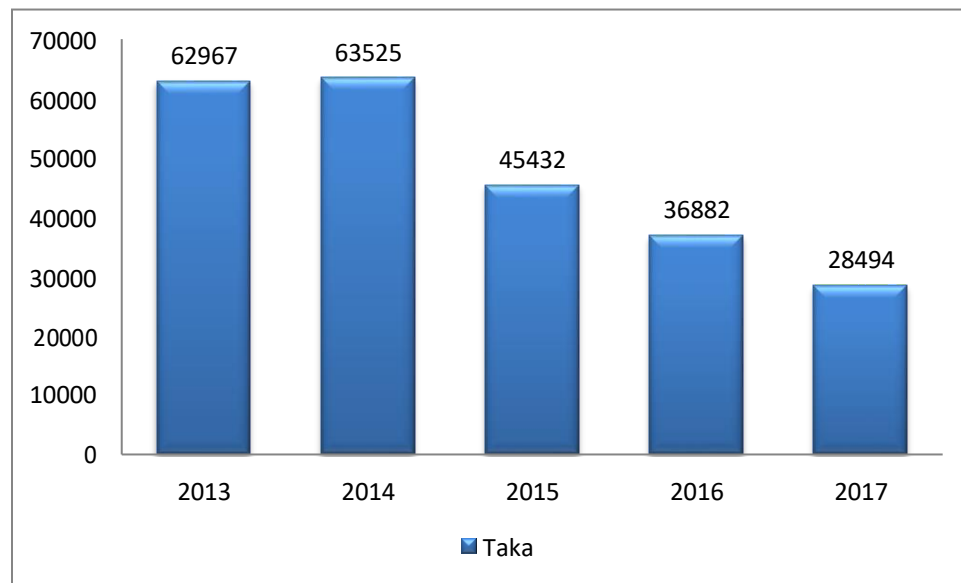
- should check those sanction t. M structure alternately bangladesh bank tolerance.
- with issue outside money notes by endorsing in the passover dinner.
- Voucher get ready for bank procedure:.

**Performance analysis of Foreign Exchange Division of Sonali Bank Limited for Year( 2013-2017):**

**Export Business of SBL (2013-2017):**

(Million in Taka)

Year	Taka
2013	62967
2014	63525
2015	45432
2016	36882
2017	28494



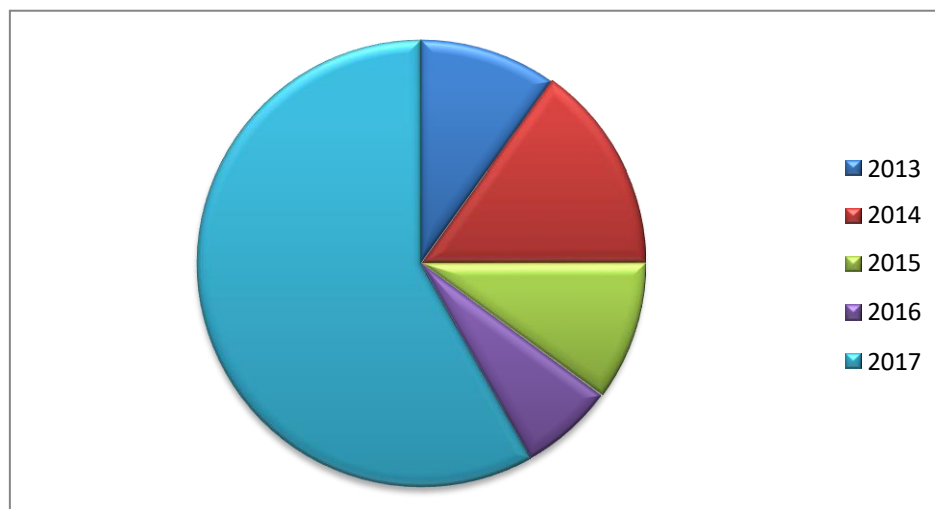
After seeing the data it seems that SonaliBank Ltd has done best in the year 2013 and 2014 and it shows downward trend of the following years as continued. In the year 2013 and 2014 the export business is at the top which is 62967 and 63525 consecutively and in the following years 2015, 2016 and 2017 it shows the export business of Sonali Bank Ltd is decreased significantly which is 45432,36882 and 28494 due to Hall Mark Scam.

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### Import Business of SBL (2013-2017):

(Million in Taka)

Year	Taka
2013	195892
2014	300143
2015	200599
2016	134328
2017	1155301



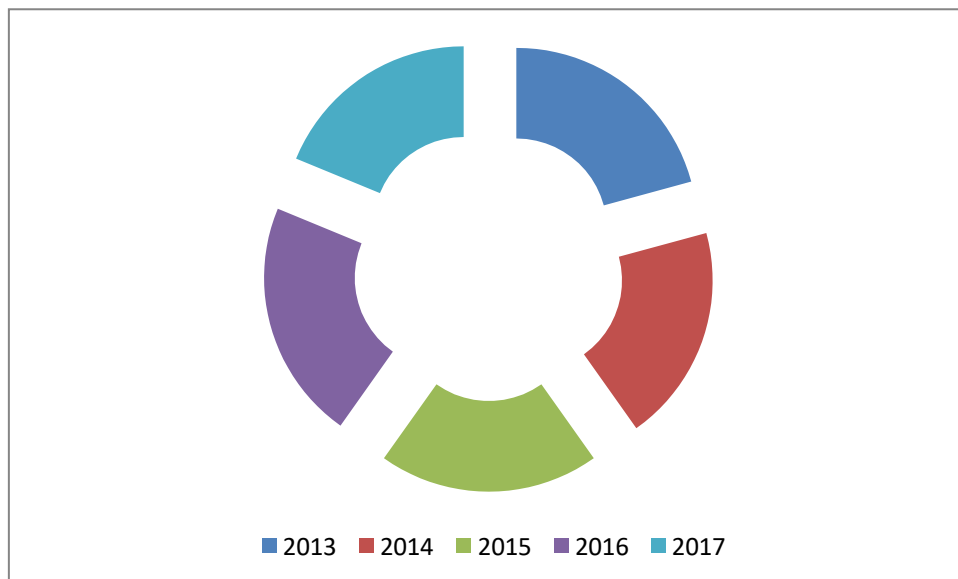
The following chart shows the import business of Sonali Bank Ltd is growing significantly which come to a boost in the year 2017 in the contrary of year 2016. In the year 2013 import business of Sonali bank is rather low in consideration with other year which is 195892. In 2017 import is five times more than 2013 and three times more than that of 2014. But as the year pass by the import is increasing rapidly.

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## Foreign Remittance Business of SBL (2013-2017):

(Million in Taka)

Year	Taka
2013	143386
2014	133819
2015	135649
2016	147655
2017	129601



The Char shows there are little difference in foreign remittance in and out flow together. All the five years the flow is nearly same. In 2013 and 2016 the foreign remittance is highest which is 143386 and 147655. Lowest is 129601 which is in 2017.



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## Chapter:4: Findings, Recommendation and Conclusion

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## **MAJOR FINDINGS**

Sonali Bank is playing an important role toward the growth and economic development of Bangladesh. The study mainly focuses on the “Foreign Exchange Operations” of SBL. After analyzing the financial and overall performance of SBL, I have identified some sort of issues which are given in below:

- In 2013, the export Business of Sonali bank was Tk.62967. It increased in 2014 which was Tk.63525. But gradually it decreased significantly in 2017 it is the lowest, which is Tk.28494.
- In 2013, import Business of Sonali bank was Tk.195892. According to the chart it shows that the import business of Sonali Bank Ltd is growing significantly which come to a boost in the year 2017 (Tk.1155301) on the contrary of the previous years.
- According to the chart of Foreign Remittance of the bank it shows that in 2013 and 2016 the foreign remittance is the highest which was Tk.143386 and Tk.147655. On the other hand the Lowest is Tk.129601 which is in 2017.
- There is a lack of effective database system in foreign exchange activities of Sonali Bank Limited therefore it creates difficulties for the exporter & importer to run their business smoothly.
- Documentation & filing process of foreign exchange operation is not so easy. It wastes valuable time and it is not cost effective.
- Letter of Credit (L/C) opening system for the importer is not so much easier. L/C opening system is time consuming & costly.
- Sonali Bank Limited provides assistance in relation with foreign exchange to the small scale industries entrepreneur.
- The terms and conditions of Foreign Exchange division are sometimes difficult to understand for the ordinary clients.

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## **RECOMMENDATIONS**

As an internee of Sonali Bank I have some recommendations. These are:

- The Bank should develop an effective database needed for analyzing Foreign Exchange Business.
- The Bank should develop their import & foreign remittance sector and continue their improvement in the export sector too.
- Letter of Credit (L/C) opening system for the importer should be easier.
- For customer's convenience, Sonali Bank should provide more personnel to deliver faster services to the customers.
- Proper communication system and maintenance of files & machineries like phone, computer, fax, and photocopier need to be ensured.
- To ensure error free faster services, the bank should be fully computerized.
- Research & Development activities should be taken into consideration.
- Effective strategies must be undertaken against defaulters.
- Office should be fully decorated to attract clients to take its services.
- More employees are to recruit. For the better service, training is must and according to the skill and education background of employee needs to be positioned.
- The Bank should absolutely maintain on its own rules and procedures.
- The Bank should introduce reward system for good borrowers as well as punishment for bad borrowers.
- The Bank should apply modernized Marketing Information System.
- The Bank should act without any kind of political influence.

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## **CONCLUSION**

As a state owned bank Sonali Bank Ltd. has to do a lot of things for the betterment of the country and its people as well. Thus, it has to take initiatives so that it can fulfill the desire of the govt. as well as the common interest of the people. It will improve more public services and build up working forces to provide the best services to its precious customers more technical training, modernization like computerization and other advanced technologies like bar code scanner, MICR scanner, data collection, market analysis and swiftness in service are essentially required. To do these the recommended suggestions can be used.

Although it is easy to make suggestions but to implement, a system running for years which is hard to break in moments. Though it has value. This suggestion has great impact on the banking business and other sectors of the economy specially those who are in connection with the foreign exchange stakeholder. This bank must run in a disciplined way and must do better in all sphere of its presentation.

Competent export, import and remittance team can be formed and perform their duties properly as the expectation is high to the state owned bank.

In this paper I have tried to highlight Foreign Exchange Business of Sonali Bank. Its pioneer role in handling foreign trade and foreign exchange transactions ever before independence of the country still remains challenged because some private bank is become its competitor.

With wide network of branches at home and also a large number of correspondent banks worldwide it is singularly handling the largest volume of export-import business including homebound remittances once upon a time. But now the things slightly changed as some competitor come to the market. On the other hand Hall Mark incidence has an great impact on the whole foreign exchange activities of sonali bank ltd.

As a whole we can say that now era of Bangladesh has begun now foreign direct investment (FDI) is coming to Bangladesh highly therefore the prospect of this business is become huge. Now big company like Yamaha, Honda, Mitsubishi and some other renowned company is coming to invest to Bangladesh. To ensure international standard sonali bank ltd must do the business to that level. Therefore, an effective and efficient Foreign Exchange policy helps business of the Bank continuous growth and progress of national economy.

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