



**Daffodil**  
*International*  
**University**

INTERNSHIP REPORT

ON

**“Foreign Exchange Activities of Agrani Bank Ltd”**

**Supervised By**

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**Program -MBA**

Department of Business Administration

Daffodil International University

**Date of submission: 16-01-19**

# Letter of Submission

Date: January 16, 2019

Professor Dr. Mostafa Kamal  
Department Of Business Administration  
Daffodil International University

**Subject:** Submission of Internship Report.

Dear Sir,

This is to inform you that I have completed my Internship Report on the topic *“Foreign Exchange Activities of Agrani Bank Ltd”* of Bangladesh. I have completed my internship attachment period with Agrani Bank Ltd. Preparing this report, I have collected information from all available sources in the most realistic and professional way.

In writing this report, I have followed the instructions of my organization while at the same time consulting my institute supervisor. I have endeavored to the utmost potential and limited constraints to project the report as reflective as possible. I earnestly hope that this report will meet your specification would be delighted to furnish you with any clarification if required.

Thanks and Regards

Yours Truly

Bazlur

-----  
**Bazlur Rahman**

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## DECLARATION

I affirm that the Internship Report titled "*Foreign Exchange Activities of Agrani Bank Ltd*" being submitted for the internship part of MBA program is the original work carried out by me. It has not formed the part of any other reports submitted as internship report either in this or any other University.

Thanks and Regards

Yours Truly

Bazlur

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I certify that the declaration made above by the candidate is true.

16/11/19

**Professor Dr. Mostafa Kamal**

Department Of Business Administration

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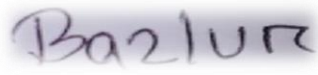
# Acknowledgement

Successful completion of any work needs inspiration, guidance, and financial and logical help from others. My study is not behind this theme. In preparing this report, different persons have extended their helping hands to me. It would have not been possible for me to prepare this report without their help. I am very much fortunate to get the sincere guidance and supervision from a number experienced persons.

First of all, I would like to express my indebtedness and deep sense of gratitude to my Institution's supervisor **Professor Dr. Mostafa| Kamal**, Department Of Business Administration Daffodil International University, whose scholastic supervision, kind and whole hearted guidance, warm advice and encouragement have enabled me to prepare this report.

I am indebted to The Senior Principal officer **Dipak Kumar Guha Roy** of New Market Branch of Agrani Bank Limited help to do my internship. I also like to thank all officers of Motijheel Branch for giving me suggestions and facilitating my internship report.

I would like to convey my thanks to all other officers for their valuable suggestions and contributions that have helped me much in preparing this report.

  
.....

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## Executive Summary

At present around 60 Commercial Banks are operating in Bangladesh. Agrani Bank Limited is one of the leading banks in Bangladesh. **Agrani Bank** is a state-owned commercial bank of Bangladesh established in 1972.

Agrani Bank Limited concludes all types of commercial banking activities. The core business of the bank comprises of working capital finance, project finance, deposit banking, import, export and corporate finance. The bank is also rendering personal (consumer) credit, services related to local and foreign remittances. The bank's strategy is to gradually cover the total arena of banking.

Foreign Exchange department operates the imports and exports section. It informs the customer how to open L/C for exporting and importing goods and provide different types of L/C, Import, and Export Form to the customer. With the aim of providing efficient and reliable remittance facility through banking channel to nonresident Bangladeshi, ABL is always trying to increase its remittance business all over the world. ABL is trying to make a broad based remittance arrangement with various reputed exchange houses.

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## Chapter-1: Introduction

### 1.1 Rational of the Study

As an indispensable part of MBA program, Department Of Business Administration Daffodil International University , all the students have to postgraduate an internship program of 12 weeks duration in any organization with a view to acquiring practical knowledge. Theoretical Knowledge is not enough for a business student. There is a gap between the theoretical knowledge and practical knowledge. Our internship program has been launched mainly to bridge the gap. Under this program the students are required to write report based on observation and experiences during the course of work. I was assigned to Agrani Bank Limited at Principal Branch to complete the program. This report is an outcome of a study on “*Foreign Exchange Activities of Agrani Bank Ltd*”. I was rotated more or less all the desks of ABL at Principal Branch to learn their day to day activities.

Agrani Bank Limited is market leader commercial in banking sector in Bangladesh. The company offers students the perfect opportunity to gain on-the-job experience by supporting and guiding them during their internship program in many business areas. After all they know that today’s students can be tomorrow’s most efficient employees. Through internship students become aware of organizational culture and learn how to show professional excellence to a great extent. This learning helps them when they finally enter into practical field.

## **1.2 Objectives Of the Study**

MBA program is designed to produce banking executives who are capable to handle 21<sup>st</sup> century banking. So, as a student of this program, we must have to know what is happening in practice. So one may feel difficulty if he does not know what is happening in bank. To eradicate this shortcoming, every student of the program is placed in banks after the completion of theory. Most precisely we can identify the objectives of this report as follows:

- To finding formal channels.
- To Analysis the trend of foreign remittance through formal channel.
- To evaluate Money laundering activities.
- To Identify Problems of informal channels.
- To Identify Importance of formal channels.
- To finding the ways to increase foreign remittance in Bangladesh.

## **1.3 Research Methodology**

The methodology of this report is totally different from many reports. I have emphasized on the practical observation. Almost the entire consists of my practical observation. While preparing the report, I have taken from two sources:-

- **Area of Study:**

My project was Foreign Trade & Credit Department of AGRANI Bank Limited with Special Reference to Principal Branch.

- **Primary Sources:**

Primary sources include interviews and conversation with officers and executives of the bank of different divisions and department.

- **Secondary Sources:**

Secondary sources of information include annual report, internet, general report, investment manuals, foreign exchange manual, Banking related Books, selected books journals and other publication etc.



## **1.4 Organization of the Report**

The sequence in which the internship report materials are arranged and bound just as follows:

1. Cover Page and Title Page
2. Letter of submission
2. Declaration
3. Supervisor Certification
4. Acknowledgment
5. Executive Summary
5. Table of Content
7. List of Table
8. List Of information
- 10 Chapter
11. Reference

## **1.5 Limitations of the Study**

The limitations were:

1. Sometimes I was assigned to do some jobs without explaining why this work is to be done. This situation has created a lot of problems to understand why a specific function is being performed.
2. Another problem is concerned with data collection. ABL starts from 1972, so there is shortage of sufficient data for comparing. Moreover, the bank has supplied me the annual report only for one year.
3. Another problem is time constraint. 45 days are not sufficient time to prepare a complete internship report.
4. The employees are not literary strong enough about banking activities
5. They can perform activities but can not explain
6. Their web sites does not posses updated information and well organized.

## Chapter-2: Description of the Organization

### 2.1 About the Bank

Agrani Bank is a state-owned commercial bank of Bangladesh established in 1972. It's headquarter is situated at Motijheel in Dhaka, the capital city of Bangladesh. Agrani Bank Limited, a leading commercial bank with 867 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007.

Agrani Bank Limited is governed by a Board of Directors consisting of 13(thirteen) members headed by a chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 7 Circle offices, 30 Divisions in head office, 52 zonal offices and 867 branches including 10 corporate and 40 AD( authorized dealer) branches. The corporate and AD branches are authorized to deal in Foreign exchange business.

The authorized capital of the Bank is Tk. 800 crore.

## 2.2 Board of Directors

### Chairman

Dr Zaid Bakht

Chairman **Directors**

2. Mr. Ranjit Kumar Chakraborty
3. Mr. Shekhar Dutta
4. Mr. Nagibul Islam Dipu
5. Mr. Md.Abdus Sobor
6. Barrister Zakir Ahmed
7. Mr. Shazada Mohudul
8. Mr. Abdus Jahir Ahmed (Sufian)
9. Mr. K.M.N. Manjurul Alom
10. Mr. A.K. Gulam Kibria
11. Luna Shamsul
12. Mr syed Bazlur Karim

## 2.3 ABL's Vision, Mission & Corporate Strategy

### **Vision**

To become Leading Banking Institution by playing a significant role in the development of the country.

### **Mission**

The Bank is committed to satisfy diverse needs of its customers through an array of Products at a competitive price by using state of the art technology and providing timely service so that a suitable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional workforce.

### **Corporate Strategy**

- ❖ Employees of ABL share certain common values, which helps to create a ABL Culture.
- ❖ The clients come first
- ❖ Openness to new ideas and new methods to encourage creativity.
- ❖ Quick decision making
- ❖ Flexibility and prompt response
- ❖ A sense of professional ethics

## **2.4 Strategies**

- To manage and operate the Bank in the most efficient manner to enhance financial performance and to control cost of fund
- To strive for customer satisfaction through quality control and delivery of timely services
- To identify customers' credit and other banking needs and monitor their perception towards our performance in meeting those requirements.
- To review and update policies, procedures and practices to enhance the ability to extend better service to customers.
- To train and develop all employees and provide them adequate resources so that customers' needs can be reasonably addressed.
- To promote organizational effectiveness by openly communicating company plans, policies, practices and procedures to employees in a timely fashion
- To cultivate a working environment that fosters positive motivation for improved performance
- To diversify portfolio both in the retail and wholesale market
- To increase direct contact with customers in order to cultivate a closer relationship between the bank and its customers.

## **2.5 Objectives of Agrani Bank Limited**

- ✚ To earn and maintain CAMEL Rating 'Strong'
- ✚ To establish relationship banking and improve service quality through development of Strategic Marketing Plans.
- ✚ To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- ✚ To introduce fully automated systems through integration of information technology.
- ✚ To ensure an adequate rate of return on investment
- ✚ To keep risk position at an acceptable range (including any off balance sheet risk)
- ✚ To maintain adequate liquidity to meet maturing obligations and commitments.
- ✚ To maintain a healthy growth of business with desired image.
- ✚ To maintain adequate control systems and transparency in procedures.
- ✚ To develop and retain a quality work-force through an effective human Resources Management System.
- ✚ To ensure optimum utilization of all available resources
- ✚ To pursue an effective system of management by ensuring compliance to ethical norms, transparency and accountability at all levels.

## Some recent points about Agrani Bank

- Agrani Bank Limited is a 100% state-owned commercial Bank in Bangladesh.
  - Customer can open a Savings, Current or Fixed Deposit account with any branch of Agrani Bank Limited
  - Agrani Bank Limited's service charges for Inland Remittances like purchasing Pay Order, Demand Draft, Telegraphic Transfers, Inland Bill Purchase etc. are very nominal compared to those of any private bank. Open an account with any of our 867 branches and enjoy the privileges.
  - If Customers withdraw more than one fourth of balance or more than Taka 20,000 (whichever is lower) at a time or make more than two withdrawals in a week from your Savings Bank A/C in a month your Savings Account will not earn interest for that month.
  - Clients may purchase Shilpa Unnayan Bonds and earn high rates of interest along with tax benefits.
  - Client may locate any Branch, Divisions or even executive of Agrani Bank Limited by a Search Engine in **Contact Us**.
  - Agrani *E-cash* ATM Card helps you avoid risk of carrying cash and draw cash from 40 different Auto Teller Machines located at different places. Our 40 Authorized Dealer Branches located all over Bangladesh are ready to serve you for any foreign exchange related business.
  - If clients want to export or import any commodity or service contacts any of ABL's Authorized Dealer Branches. Agrani Bank Limited gives top priority in handling remittance from Bangladeshi Wage Earners working abroad. We have made arrangement to ensure crediting the remitted amount to the beneficiary's A/C within 72 hours from the time our Back Office in Dhaka receives Credit Advice.
  - Bangladesh Government passed a law titled '**Money Laundering Prevention Act 2002**'. Anyone involved in laundering money in any form, through 'hundi', over-invoicing, misrepresentation or any negligent failure in repatriating export proceeds etc. will be awarded punishment, if found guilty. For that Agrani Bank Appreciates client to use formal channels
- 
- Their money will always be in foreign currency of your choice
  - They can withdraw and transfer both interest and principal in foreign currency
  - They will enjoy many privileges Government has declared for expatriate Bangladeshis who send their money through banking channels
  - They can also convert your foreign currency into Taka
  - If Client repays loan installments regularly they will enjoy rebate of interest @ 1.50 % for general loan and @ 0.50% for House Building Loan.

## 2.6. Financial Performance of Agrani Bank Limited

### 2.6.1. PROFIT

In 2017 ABL has earned an in operating profit of Tk **6,444,444,270** as next to tk **6,329,738,273** of 2016. The revenue after taxation & provision stood at tk **1,108,442,841** in 2017 against **2,646,225,621** of 2016.

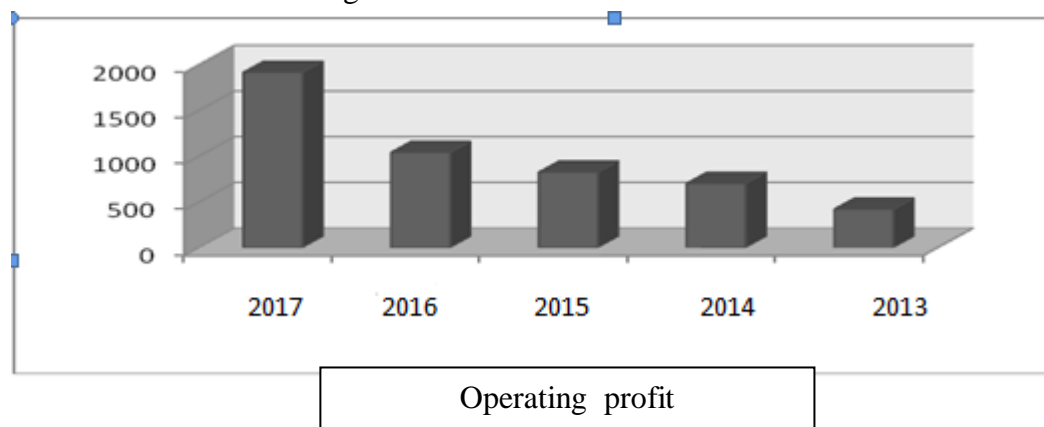


Figure-01

### 2.6.2. DEPOSIT AND DEPOSIT MIX:

In the year 2017 and 2016 current deposits and other accounts ,bill payment ,saving bank deposit and fixed deposit below

	<b>2017</b> <b>Taka</b>	<b>2016</b> <b>Taka</b>
Current deposits & other accounts	2 8,028,439,819	2 4,823,027,429
Bill Payment	2, 935,711,346	3, 015,184,391
Saving Bank Deposit	6 9,655,900,644	6 4,855,561,211
Fixed deposits	6 5,663,572,383	5 4,120,848,737
<b>Deposit and other accounts:</b>	<b>11 1 66,283,624,192</b>	<b>1 46,814,621,768</b>

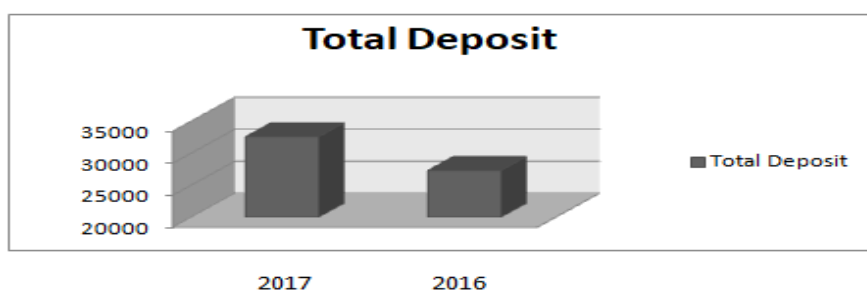


Figure-02

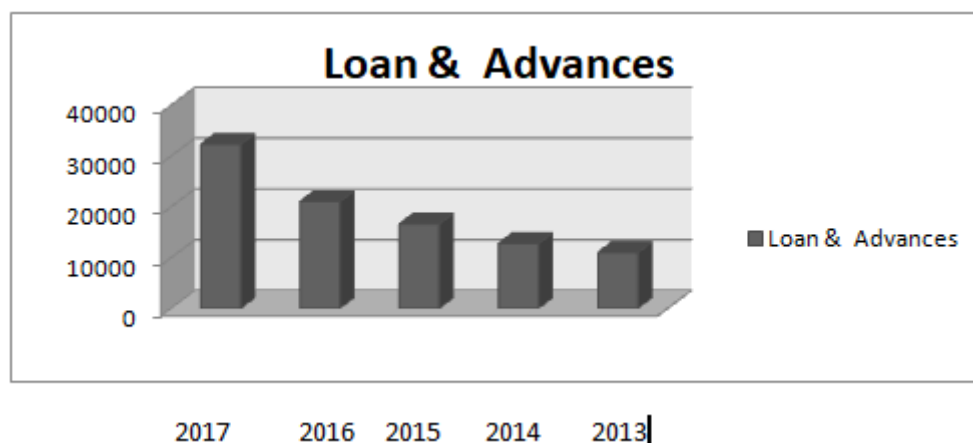
### 2.6.3. CAPITAL STRUCTURE:

**Agrani bank is a commercial bank :** the bank establish in 26 march 1992 under the two Pakistani bank such as Habib bank and commerce bank. The authorized capital tk 30 million and paid capital 10 millions.

Particulars	Paid up Capital	Revaluation Reserve on Government Securities	Statutory Reserve	General Reserve	Profit and Loss Account	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 01, January 2009	2,484,200,000	425,278,208	737,835,981	5,000,000	2,766,898,923	6,419,213,112
Changes in accounting policy	-	(425,278,208)	-	-	-	(425,278,208)
<b>Restated balance</b>	<b>2,484,200,000</b>	<b>-</b>	<b>737,835,981</b>	<b>5,000,000</b>	<b>2,766,898,923</b>	<b>5,993,934,904</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus on account of revaluation of investments in Government Securities:	-	-	-	-	-	-
Held to Maturity (HTM)	-	86,045,685	-	-	-	86,045,685
Held for Trading (HFT)	-	1,978,781,791	-	-	-	1,978,781,791
Currency transaction differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Bonus Share	2,484,200,000	-	-	-	(2,484,200,000)	-
Net profit for the year	-	-	-	-	1,108,442,841	1,108,442,841
Statutory Reserve	-	-	651,536,049	-	(651,536,049)	-
<b>Balance as at December 31, 2009</b>	<b>4,968,400,000</b>	<b>2,064,827,476</b>	<b>1,389,372,030</b>	<b>5,000,000</b>	<b>739,605,715</b>	<b>9,167,205,221</b>

### 2.6.4. LOANS AND ADVANCES

The graph show that 2017 loan and advance more than others year. In 2017 loan and advance 40000 millions and 2013 10000 millions





## Chapter-3: Literature Review

### FOREIGN EXCHANGE

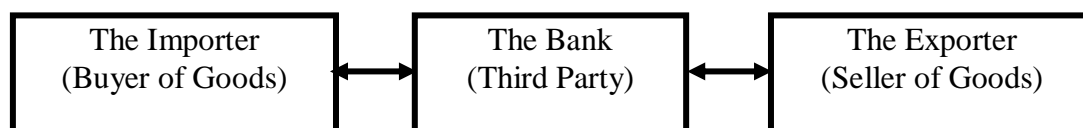
#### 3.1 Introduction:

The term foreign exchange has different connotations in different contexts. Sometimes foreign Exchange refers to the process or mechanism by which the currency of one country is converted into the currency of another country. Foreign exchange is the means and methods by which rights to wealth in a country's currency are converted into rights to wealth in another country's currency.

In terms of Section 2(d) of the Foreign Exchange Regulation Act, 1947, as adapted in Bangladesh, 'foreign exchange' means foreign currency and includes instruments expressed in Foreign Exchange, all deposits, credits and balances payable in foreign currency as well as foreign currency instruments such as draft, TC, bills of exchange, promissory note and letter of credit payable in any foreign currency.

Bangladesh earns foreign exchange mainly through export of goods and services. Remittances of Bangladesh nationals working abroad, commonly known as wage earners, are also important sources of foreign exchange. Foreign exchange is also earned from aids, grants and credits from donors. Foreign exchange is used for settlement of international payments for import of goods, freight charges, insurance, banking, debt servicing, travel and education etc.

Foreign exchange business has been identified as one of the key areas for development of the bank's business. The recent liberalization of exchange control has provided an ideal opportunity to break into new fields of activities including dealings in the domestic inter-bank foreign exchange market, provision of forward exchange and arbitrage operation within the parameters of Bangladesh Bank regulations.





## 3.2 Foreign Exchange:

Functions of foreign exchange market .

- ❖ Transfer of funds or purchasing power
- ❖ Trade financing.
- ❖ Facilities for avoiding foreign exchange risk or hedging or risk management.

### 3.2.1 Role of Banks in International Trade Management:

- ❖ To facilitate payment
- ❖ To provide finance

#### Basis of International Trade:

1. Mercantilist view
  - ❖ Encourage exports and discourage imports
2. Comparative Advantage Theory
  - ❖ Trade based on comparative advantage namely production, cost, and opportunity cost and factor endowment.
  - ❖ Make trade free or remove trade restrictions.

## 3.3 Foreign Exchange:

**Nostro Account:** Nostro account means "our account with you". A Nostro account is a foreign currency account of a bank maintained with its foreign correspondents abroad. For example, US Dollar Account of Agrani Bank maintained with Citibank, N.A, New York, USA is a Nostro account of Agrani Bank i.e. from the point of view of Agrani Bank it is their Nostro Account.

**Vostro Account:** Vostro account means "your account with us". The account maintained with foreign correspondent in a bank of a particular country is known as Vostro account.

What is the nostro account for a bank in a particular country is a vostro account for the bank abroad maintaining the account. Thus the account of Agrani Bank with Citi Bank N.A New York is regarded as it's nostro account held with Citi bank, while Citi Bank N.A New York regards it as a it's vostro account held for Agrani Bank.

**Loro Account:** Loro account means "their account with you". Account maintained by third party is known as loro account; suppose Agrani Bank is maintaining an account with Citi Bank N.A New York and at the same time Janata Bank is also maintaining a nostro account with Citi Bank N.A New York. From the point of view of Agrani Bank Janata Bank's account maintained with Citi Bank N.A New York is the loro account.

### 3.4 Exchange Rate:

This is the rate at which two national currencies are exchanged. The junction of the market demand curve and supply curve of foreign currency determine the Exchange Rate. The demand for foreign exchange arises primarily in the course of importing goods and services from abroad and making foreign investment loans. The supply of foreign exchange arises in the course of exporting goods and services and receiving foreign investment and loans.

The price of Foreign Exchange market is technically known as exchange rate. There are exchange rates for buying as well as for selling foreign currency by AD.

#### 3.4.1 Buying Rates:

##### T.T. (Clean):

The T.T. clean buying rate is the basic rate of exchange from which other types of buying rates are computed, since in case of T.T.s funds are paid over at the other end on the same day involving no loss of interest, but may attract only small charges for Telex. The variations in other types of buying rates quoted from the basic T.T. buying rate are primarily dependant upon the nature of instruments to be purchased which indicate the extent of possible loss of interest, extra costs of collection or increased risk of capital loss.

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##### T.T. (Documentary):

In this type of transactions, the bank is required to handle certain documentations. This rate is applicable to purchase of TT accompanied by documents. Say, when payment against a TT is made on production of invoice or other documents a cushion is loaded in the rates to compensate for the additional work. When export bills are negotiated under documentary L/C against which TT a similar cushion obtains reimbursement from the opening bank is loaded for the additional work.

##### OD (Transfer):

OD (Transfer) rate is applicable to purchase of instruments other than export bills and TTs such as cash currency, personal cheques, and demand drafts, TCs etc. Loading transit interest at commercial rate arrives at this rate.

### 3.4.2 Selling Rates:

#### TT/OD Rate

This rate is applicable to all types of outward remittances except import bills. The bank loads an exchange margin over the Bangladesh Bank's spot selling rate.

#### BC Selling Rate

BC Selling rate is applicable for retirement of import bills irrespective of whether such sales are affected by TT, MT or FDD. ADs load a profit margin and handling charges over TT/DD rates. Charges connected with import bills such as postage, cable confirmation of L/C, commission are recovered from the importer on actual basis. Interest for the period between payment abroad by the correspondents to the suppliers and payments received here by the ADs from the importer on retirement of import bills are realized separately.

### 3.4.3 Quotation:

Communication to the customers for the bank's price for foreign exchange is known as Quotation. In financial product pricing like one for quoting exchange rate, bankers are always guided by three elements:

- ❖ Cost of fund
- ❖ Cost of administration
- ❖ Cost of capital

Quotation types:

Quotations are of two types:

1. *Direct Quotation*
2. *Indirect Quotation*

#### Direct Quotation:

If the exchange rate is expressed in fixed unit its called direct quotation.

#### Indirect quotation:

American terms: An Exchange Rate expressed as number of currency units per dollar.

European terms: An Exchange Rate expressed as number of dollars per currency unit.

American terms: If we express the price of fixed unit of dollar in terms of variable unit of any other currency.

European terms: If we express the price of fixed unit of any other currency in terms of variable unit of dollar currency.

Difference between buying and selling rates is known as dealing spread margin or Bid-Ask spread.

## Rules of Game

<i>Quotation type</i>	<i>Rule</i>
Direct	Buy low Sell high
Indirect	Buy low Sell high

### 3.4.4 Various Terminologies Relating to Rates:

**Spot Rate:** It is an exchange rate for on the spot transaction.

#### **Banker's Definition:**

**Long position/ over bought:** If buying is higher than selling in relation to a particular currency is called long position/over bought.

**Square position:** If buying is equal to selling is called square position.

**Over sold/short position:** If buying is lower than selling or selling is higher than buying is called oversold/short position.

**Cross rate:** It is a rate to be found out from two rates or it is the third rate, which is to be calculated from two given rates.

### 3.4.5 Use of Cross Rate: Two concepts

#### ❖ **Pegging currency:**

Pegging currency is a foreign currency or a basket of foreign currency with which the value of local currency is linked up. Taka is pegged with 15 other currencies.

#### ❖ **Intervention currency:**

Intervention currency is a foreign currency in terms of which value of local currency is expressed.

If foreign currency is not the intervention currency then we have to use cross rate.

When two rates are similarly quoted then divide the rate. When two rates are not similarly quoted then multiply with the rate.

### **3.5 Authorized Dealer:**

In administering exchange control and foreign trade, Central Bank of the country (Bangladesh Bank in case of Bangladesh) authorizes few branches of commercial banks to deal in foreign exchange. These branches are known as "Authorized Dealers". They act as agent of the Central Bank and work under the exchange control regulations and guidelines issued from time to time.

#### **Agrani Bank Foreign Exchange Activities:**

##### **Import Finance**

With assistance from about 400 overseas correspondents, Agrani Bank Limited, through 40 Authorized Dealer Branches, has been financing full range import business of a lot of Importers who are Bank's clients.

##### **Facilities Offered:**

Opening of L/C at competitive/reasonable margin and at concessional commissions & rates of interests with interest rebate facilities on import finance for the prime customers. The import business of Agrani Bank Limited during the year 2008 amounted to TK.109517million.

## Checklist of requirements:

- ✦ Member of BASIS or BCS.
- ✦ Having Computer Literacy or related professional background.
- ✦ Preference to the firm/company having prior experience.
- ✦ Satisfactory performance Certificate/Acceptance Letter from /Counterpart abroad.
- ✦ Valid export Orders are in hand.

## Export

The export of Agrani bank 2013to 2017.

Table 1.2

Year	Taka in million
2013	41970.60
2014	41709.80
2015	51713.30
2016	48918.70
2017	49538.30

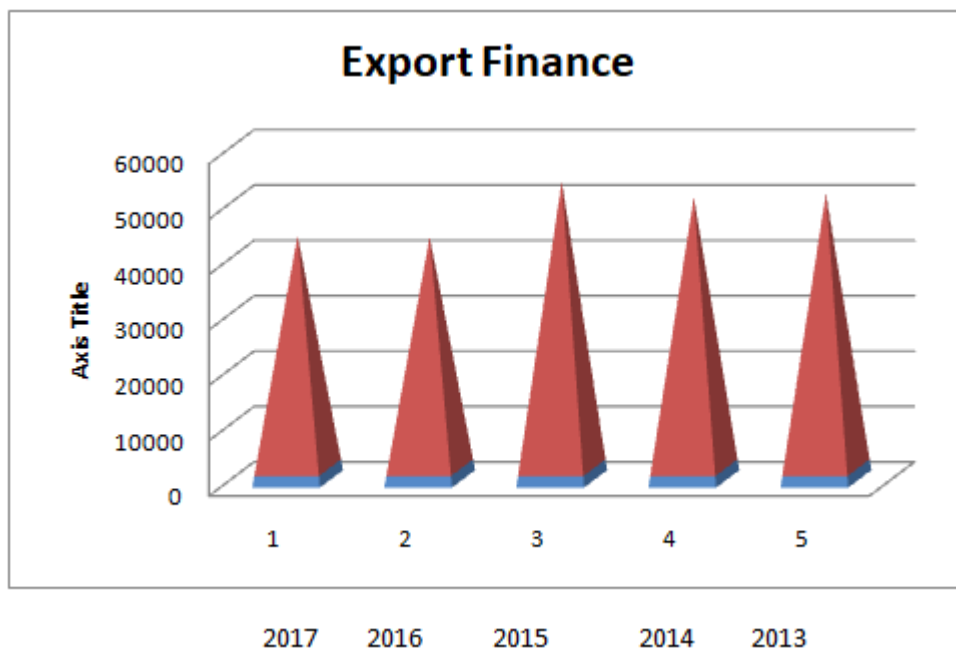


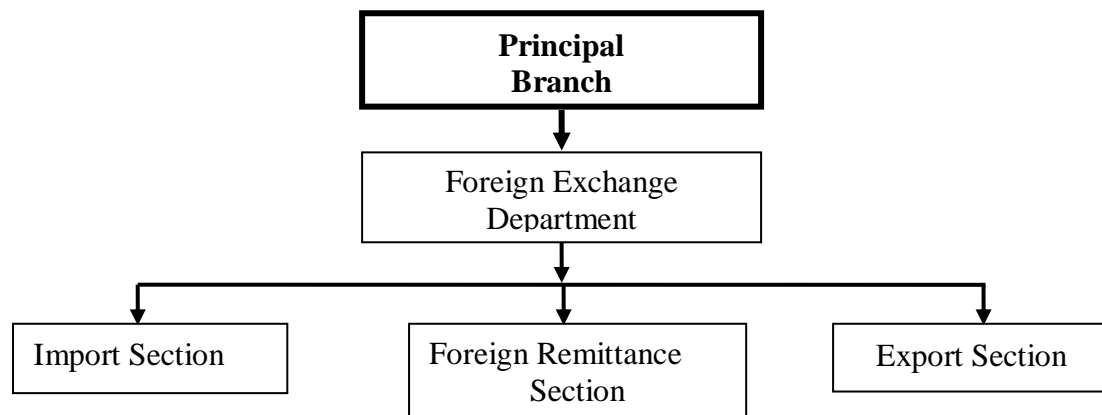
Figure: 1.2

### 3.6 Agrani Bank, Principal Branch, Motijheel, Dhaka as an Authorized Dealer:

The concerned officials of "Foreign Exchange Department" are vastly experienced in this respect and working here for a long time.

In Principal Branch foreign exchange divided into two major activities.

1. Import foreign exchange activities ;
2. Export foreign activities
3. Remittance foreign exchange activities .



**Source:** Official Records of Agrani Bank, Principal Branch, Dhaka

### 3.7 Correspondent Banking

Agrani Bank Ltd. has been maintaining around 401 number of correspondent including Exchange Houses located in different parts of the world to facilitate our international trade and other transactions of trade and remittances globally. The expatriate Bangladesh who are working abroad, can easily take the opportunity to remit their hard earned foreign exchange to their respective beneficiary utilizing our correspondent services. The following are the major correspondent Bank located in deferent parts of the world.

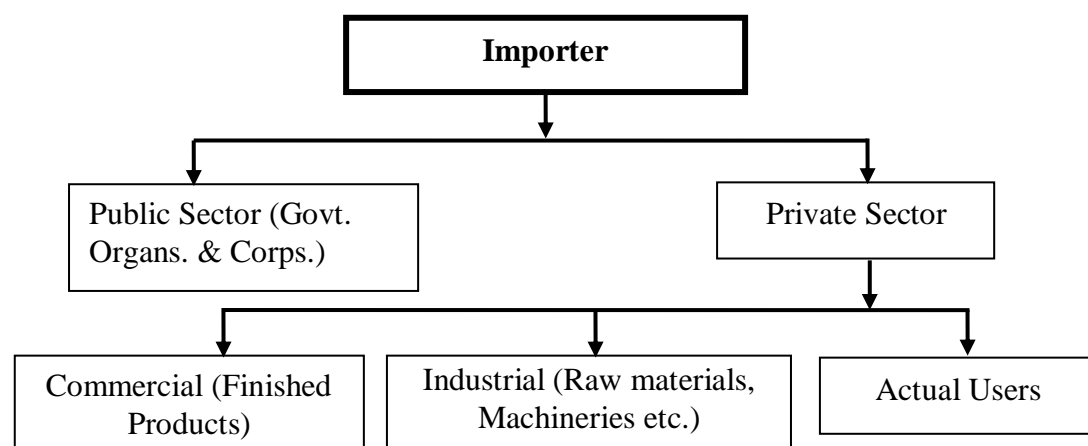
### 3.8 Import Section:

Import of merchandise essentially involves two things, bringing of goods physically into the country and remittance of foreign exchange towards the cost of the merchandise and services connected with its dispatch to the importer. The ministry of commerce regulates the first part while Bangladesh Bank regulates the payments for these imports.

Import section helps business and other people to import goods. In international environment, buyers and sellers are often unknown to each other. So seller always seeks guarantees for the payment for his goods exported. Here is the role of bank. Bank gives export guarantee that it will pay for the goods on behalf of the buyer. This guarantee is called Letter of Credit. Thus the contract between importer and exporter is given a legal shape by the banker by its "Letter of Credit".

When a buyer goes to import some goods from a foreign buyer, he requests his bank makes payments to the exporter of goods. And the bank recovers the amount from the importer.

Fig: Types of Importers



**Source:** Official Records of Agrani Bank, Principal Branch, Dhaka.



### 3.9 Import Procedure:

- ❖ A bank account with the branch
- ❖ Import Registration Certificate (IRC)
- ❖ Tax Payer's Identification Number (TIN)
- ❖ Proforma Invoice Indent
- ❖ Membership Certificate from a Recognized Chamber of Commerce and Industry or Town Association or Registered Trade Association.
- ❖ Letter of Credit Authorization (LCA) Form properly filled in quintuplicate signed by the importer.
- ❖ L/C Application duly signed by the importer
- ❖ One set of IMP Form
- ❖ Insurance Cover Note with money receipt|
- ❖ VAT Registration Certificate (for Commercial Importers)
- ❖ In case of Public Sector, attested photocopy of allocation letter issued by the allocation authority, Administrative Ministry or Division specifying the source, amount, purpose, validity and other terms and conditions against the imports.
- ❖ Any such documents as may be required as per instructions issued/to be issued by the Chief Controller of Imports & Exports (CCI&E) from time to time.
- ❖ On receipt of the LCA Form and the other documents, the branch officials carefully scrutinize the documents and lodge the same in their respective registration books and duly verify the signature of the importer put on the LCA Form.

### 3.9 Cash in Advance:

The buyer places the funds at the disposal of the seller prior to shipment of the goods or provision of services.

- ✓ This method of payment is used:
- ✓ Where the buyer's credit is doubtful

When there is an unstable political or economic environment in the buyer's country, and

If there is a potential delay in the receipt of funds from the buyer, perhaps due to events beyond his control.

### 3.10 Open Account:

An arrangement between the buyer and seller whereby the goods are manufactured and delivered before payment is required. Open account provides for payment at some stated specific future date and without the buyer issuing any negotiable instrument evidencing his legal commitment. The seller must have absolute trust that he will be paid at the agreed date.

#### **Advantages to the buyer:**

He pays for the goods or services only when they are received and/or inspected.

#### **Disadvantages to the seller:**

He releases the title to the goods without having assurance of payment.

There is a possibility that political events will impose regulations which defer or block the movement of funds to him, and

His own capital is tied up until the goods are received and/or inspected by the buyer or until the services are found to be acceptable and payment is made.

#### 3.10.1 Collection:

An arrangement whereby the goods are shipped and the relevant bill of exchange (Draft) is drawn by the seller on the buyer, and/or document(s) is sent to the seller's bank with clear instructions for collection through one of its correspondent bank located in the country of the buyer.

#### **Documentary Collection:**

- ✓ The seller ships the goods and obtains the shipping documents and usually draws a draft, either at sight or with a tenor of X days, on the buyer for the value of the goods.
- ✓ The seller submits the Draft(s) and/or to his bank, which acts as his agent (the Remitting bank). The bank acknowledges that all documents as noted by the seller are presented.
- ✓ The seller's bank (the Remitting bank) sends the Draft and other documents along with a collection letter to a correspondent bank (the Collecting bank) usually located in the same city as the buyer.
- ✓ Acting as an agent for the Remitting bank, the collecting bank notifies the buyer upon receipt of the draft and documents, and
- ✓ All the documents, and usually title to the goods, are released to the buyer upon his payment of the amount specified or his acceptance of the draft for payment at a specified later date.

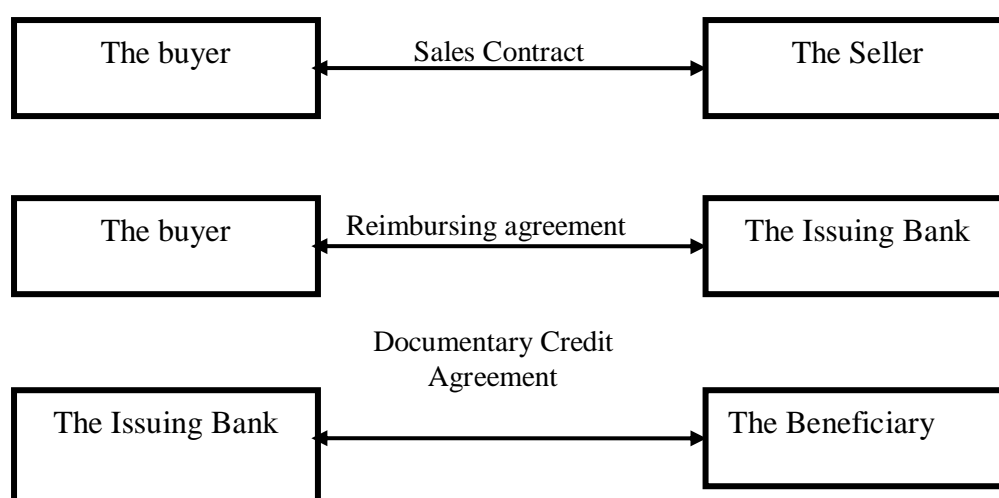
### 3.10.2 Documentary Credit:

The Uniform Customs and Practices for Documentary (UCPDC) published by international Chamber of Commerce (1993) revision, publication no. 500 defines Documentary Credit:

Any arrangement however named or described whereby a bank (the issuing bank) acting at the request and on the instructions of a customs (the Applicant) or on it's own behalf, is to make a payment to or to the order of a third party (the beneficiary) or is to accept and pay bills of exchange (Drafts) drawn by the beneficiary or authorize another bank to effect such payment or to accept and pay such bills of exchange (Drafts) authorize another bank to negotiate against stipulated documents provide that terms and conditions are complied with.

### 3.11 Documentary Credit/Letter of Credit (L/Cs):

Documentary credit is an assurance of payment by the bank. It is an arrangement under which the bank at the request of the buyer or on its own undertakes to make payment to the seller provided specified documents are submitted. Thus, Documentary Credits are akin to bank guarantees. In popular language, they are known as Letters of Credit (L/Cs). Bank guarantees are, however, issued to cover situation of non-performance whereas Documentary Credits are issued on behalf of the buyer to cover situation of performance, i.e., the issuing bank agrees to make payment to the beneficiary once he surrenders the requisite complying documents. However, the term Documentary Credit has of late been extended to cover the situation of non-performance too. Documentary Credits have gained wider acceptance in international travel for they try to safeguard the interest of both the buyer and the seller by reducing their risks. Thus, Documentary Credit offers a unique and universally used method of achieving a commercially acceptable arrangement by providing for payment to be made against complying documents that represent the goods and making possible the transfer of those goods.



### 3.11.1 Purpose of L/C:

Imports may be made on the basis of the following financing arrangements.

- Term foreign currency loans.
- Commodity exchange.

### 3.11.2 Kinds of Credits Occurred in L/C operations:

Export Cash Credit (ECC)	a. It is given to the exporter for processing of raw materials like light, gas, water, rent etc. to manufacture the goods for export. b. This is pre-shipment credit and short-term in nature.
Payment Against Document (PAD)	a. This loan is related to cash L/C. b. After opening L/C, foreign exporter sends goods to the importer and a bill of exchange along with shipping documents to the L/C opening bank. Upon receiving bill of exchange and other documents, bank immediately make payment to the exporter if no discrepancies are found on the shipping documents. Bank hands over the shipping documents to the importer only after his recovery of the payment from the importer.
Loan Against Imported Merchandise (LIM)	a. LIM is occurred from PAD. b. After payment to the exporter on the basis of shipping documents, bank recovers the amount from the importer. Sometimes for financial crisis, importer fails to pay the amount stipulated in bill of exchange to the Opening Bank. In this case, he requests to the bank to treat PAD as credit and handover the shipping documents to him so that he can clear the imported goods from the port.

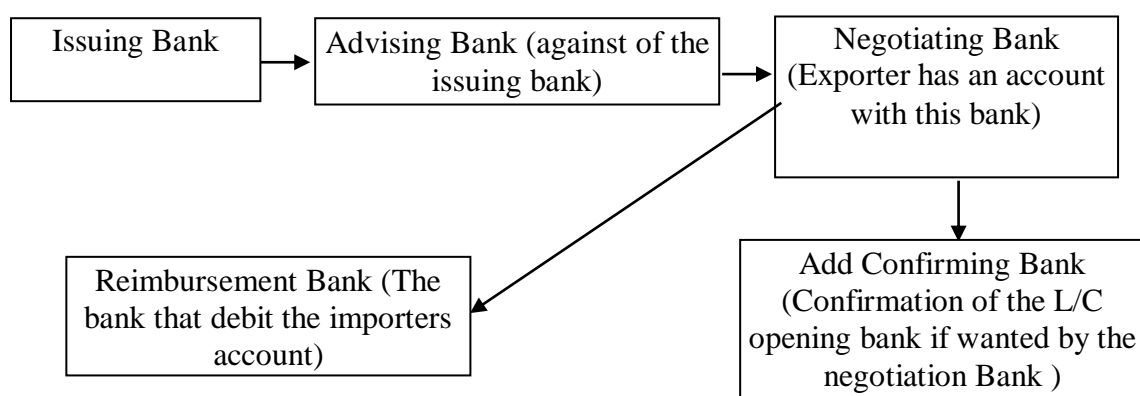
### 3.11.3 Bank as a Party of Documentary Credit:

Parties to the documentary credit may be an issuing bank, an advising bank, a confirming bank, a reimbursing bank or a negotiating bank.

- ✓ **Issuing Bank:** The Issuing Bank or the Opening Bank is one which issues the credit, i.e., undertakes, independent of the undertaking of the applicant, to make payment provided the terms and conditions of the credit have been complied with. The payment may be at sight if the credit provides for sight payment, or at maturity dates if the credit provides for deferred payment.
- ✓ **Advising Bank:** The Advising Bank advises the credit to the beneficiary thereby authenticating the genuineness of the credit. The advising bank is normally situated in the country/place of the beneficiary.
- ✓ **Confirming Bank:** A Confirming Bank is one which adds its guarantee to the credit opened by another bank, thereby, undertaking the responsibility of payment/ negotiation/ acceptance under the credit in addition to that of the issuing bank. A confirming bank normally does so if requested by the issuing bank and it is normally the advising bank.
- ✓ **Negotiating Bank:** A Negotiating Bank is the bank nominated or authorized by the issuing bank to pay, to incur a deferred payment liability, to accept drafts or to negotiate the credit.
- ✓ **Reimbursing Bank:** A Reimbursing Bank is the bank authorized to honor the reimbursement claims in settlement of negotiation/acceptance/payment lodged with it by the negotiating bank or accepting bank. It is normally the bank with which the issuing bank has account from which payment is to be made.

### 3.11.4 Mechanism of L/C Opening:

Following is a flow chart for opening L/C



**Note:** Advising bank may at the same time be the Negotiating Bank, Reimbursement Bank, and Add. Confirming Bank.



### 3.11.5 Proposal for Opening of L/C:

In case of an L/C of a small amount only the prescribed application form, i.e., the LCA Form is enough to open an L/C. But when the L/C amount is reasonably high, then the importer needs to submit an application to the Foreign Exchange Department of Principal Branch for getting a limit of the L/C amount. The salient features of the application are-

- Full particulars of the bank account
- Nature of business
- Required amount of limit
- Payment terms and conditions
- Goods to be imported
- Offered security
- Repayment schedule

### 3.11.6 The L/C Application Form:

L/C Application Form is a sort of an agreement between customer and bank on the basis of which letter of credit is opened. Principal Branch provides a printed form for opening of L/C to the importer. A special adhesive stamp is affixed on the form in accordance with Stamp Act in force. While opening, the stamp is cancelled. Usually the importer expresses his decision to open the L/C quoting the amount of margin in percentage. Usually the importer gives the following information-

- Full name and address of the importer
- Full name and address of the beneficiary
- Draft amount
- Availability of the credit by sight payment/ acceptance/ negotiation/deferred payment
- Time bar within which the documents should be presented
- Sales type (CIF/FOB/C&F)
- Brief specification of commodities, price, quantity, indent no. etc.
- Country of origin
- Bangladesh Bank registration no.
- Import License/LCAF no. , IRC no.
- Account no. , Documents no.
- Insurance Cover Note/Policy no., date, amount
- Name and address of insurance Company
- Whether the partial shipment is allowed or not
- Whether the transshipment is allowed or not
- Last date of shipment
- Last date of negotiation
- Other terms and conditions (if any)
- Whether the confirmation of the credit is requested by the beneficiary or not.

### 3.11.7 The Letter of Credit Authorization Form:

The letter credit authorized form is the following:

- Name and address of the importer
- IRC no. and year of renewal
- Amount of L/C applied for (both in figure and in word)
- Description of item(s) to be imported
- ITC Number/HS Code No.
- Signature of the importer with seal

### 3.11.8 The IMP Form:

The IMP Form contain the followings-

- ✓ Name and address of the Authorized Dealer
- ✓ Amount of remittance to be permitted (i.e., L/C amount)
- ✓ LCA Form number, date, value in Tk.
- ✓ Description of goods, quantity
- ✓ Invoice value in foreign currency (i.e., L/C amount)
- ✓ Country of origin
- ✓ Port of shipment
- ✓ Name of steamer/airline (i.e., by road/by ship/ by air etc.)
- ✓ Port of importation
- ✓ Indenter's name and address
- ✓ Indenter's registration number with CCI&E and Bangladesh Bank
- ✓ Full name and address of the applicant
- ✓ Registration number of the applicant with CCI&E
- ✓ Type of LCAF

### 3.11.9 Scrutinization of L/C Application:

On receipt of L/C application, the branch officials scrutinize the same very carefully giving emphasis to the following points-

1. L/C application is stamped (as per Govt. Stamp Rule) as it is a guarantee of payment.
2. All information mentioned in different columns have been furnished.
3. The items to be imported are eligible according to import entitlement.
4. If L/C is opened against indent, Bangladesh Bank's permission, valid registration, authority to issue indent by indenter are to be checked.
5. The terms and conditions stipulated in the L/C application are consistent with the Bangladesh Bank Foreign Exchange Guidelines, Import Trade Regulations, and UCPDC etc.
6. The amount and description of merchandise are relevant to LCAF and Proforma invoice/indent/purchase order/-----
7. Survey Report or Certificate in case of old machinery.
8. Carrying vessel is not of Israel or Serbia-Montenegro.
9. Certificate declaring that the item is in operation not more than 5 years in case of car.

### 3.11.10 Accounting Treatment in Case of L/C Opening:

After sanctioning the L/C proposal by the branch incumbent/competent authority, the respective officer will pass the following vouchers-

*Party A/C-----Dr*  
*Margin on L/C-----Cr*  
*Commission on L/C-----Cr*  
*Vat (15% of commission) on L/C-----Cr*  
*FCC (Foreign Currency Clearing) A/C-Cr*  
*Telex/postage Charges A/C-----Cr*

After that, L/C number and the above entries are given in the L/C Register. Then the transmission of L/C is done through Airmail/Courier Service or to the Advising Bank, tested telex to advise the L/C to the beneficiary. If the amount of L/C exceeds US\$10,000, the branch takes the credit report of the beneficiary to ensure the worthiness of the supplying goods. Reimbursement authority is sent to the Reimbursing Bank simultaneously in case of "At Sight" L/Cs.



### 3.11.11 Amendment of L/C:

Parties involved in a L/C, particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some obvious and genuine reasons. In such a situation, the credit should be amended. Principal Branch transmits the amendment by tested telex, airmail or courier service to the advising bank. In case of revocable credit, it can be amended or cancelled by the issuing bank at any moment and without prior notice to the beneficiary. But in case of irrevocable letter of credit, it can never be amended nor cancelled without the agreement of the issuing bank, the confirming bank (if any) and the beneficiary. If the L/C is amended, amendment charge and telex charge, as per HO circular, are debited from the party's A/C accordingly.

*Party A/C*-----Dr  
*SWIFT Charge*-----Cr  
*Amendment*-----Cr

### 3.11.12 Adding Confirmation:

Sometimes beneficiary or supplier of the goods insists the importer for adding confirmation to L/Cs or to issue L/Cs with add confirmation. In that case, at the request of the importer, the Issuing Bank requests the Advising Bank or any third bank to add their confirmation to the L/C. Normally, add confirmation charge is borne by the beneficiary and the confirmation charge differs from bank to bank.

### 3.12 Presentation and Examination of Shipping Documents:

The seller being satisfied with the terms and the conditions of the credit proceeds to dispatch the required goods to the buyer and after that, has to present the documents evidencing dispatching of goods to the Negotiating Bank on or before the stipulated expiry date of the credit. After receiving all the documents, the Negotiating Bank then checks the documents against the credit. If the documents are found in order, the bank will pay accept or negotiate the documents and will dispatch to Principal Branch. The branch checks the documents. The usual documents are-

*Invoice, Bill of Lading, Certificate of Origin, Packing List, Shipping Advice, Non-negotiable Copy of Bill of Lading, Bill of Exchange, Pre-shipment Inspection Report, Shipment Certificate*

### 3.13 Export Operation:

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports most of its readymade garments products to U.S.A. Most of the exporters who export through Agrani Bank are readymade garment exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

Export L/C operation is just reverse of the import L/C operation. For exporting goods by the local exporter, bank may act as advising banks and collecting bank (negotiable bank) for the exporter.

#### a. As an Advising Bank:

It receives documents from the foreign importer and hands it over to the exporter. Sometimes it adds confirmation on the L/C on request from the Opening Bank. By adding confirmation, it assumes the responsibility to make payment to the exporter.

#### b. As Negotiation Bank:

It negotiates the bills and other shipping documents in favor of the exporter. That is, it collects the proceeds of the export- bill from the drawee and credits the exporter's account for the same. Collection proceed from the export bill is deposited in the bank's NOSTRO account in the importer's country. Sometimes the bank purchases the bills at discount and waits till maturity of the bill. When the bill matures, bank present it to the drawee to en cashes it.

#### 3.13.1 Export Section and Export Financing:

In the Export Section, two (02) types of L/Cs are handled-

Back -to-Back L/C  
Export L/C

Export financing can be done in two ways. These are

1. Pre-shipment Financing
2. Post-shipment Financing

Opening of back-to-back L/C and pre-shipment cash credit can do pre-shipment financing. In case of pre-shipment financing, 90% is financed by the bank. Of the portion, 75% is for back-to-back L/C and 15% is for pre-shipment cash credit. Example of post-shipment financing by bank is FBPN (Foreign Bill Purchase and Negotiation).

### 3.13.2 Back to Back L/C:

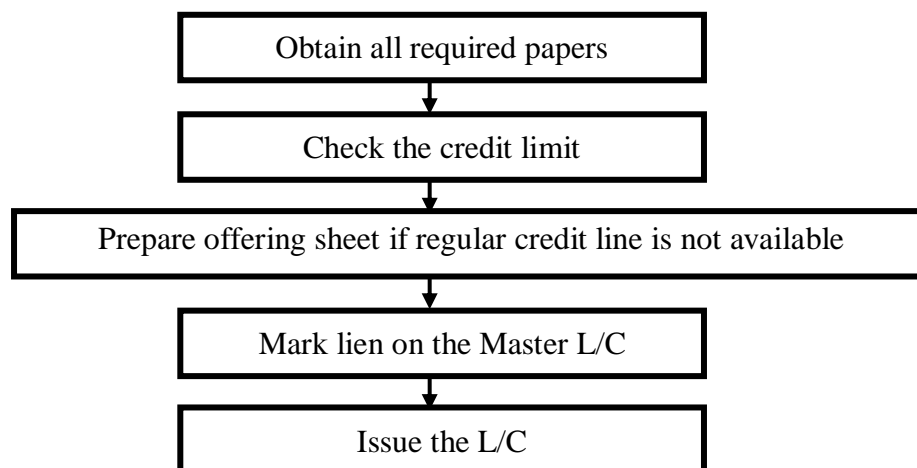
In case of back to back L/C bill.

In Principal Branch papers/documents required for opening of back-to-back L/C are as follows-

- ✚ Master L/C
- ✚ Valid Import Registration Certificate (IRC) and Export Registration Certificate (ERC)
- ✚ L/C Application and LCAF duly filled in and signed
- ✚ Proforma Invoice or Indent
- ✚ Insurance Cover Note with money receipt
- ✚ IMP Form duly signed

To the document -

- Textile Permission
- Valid Bonded license

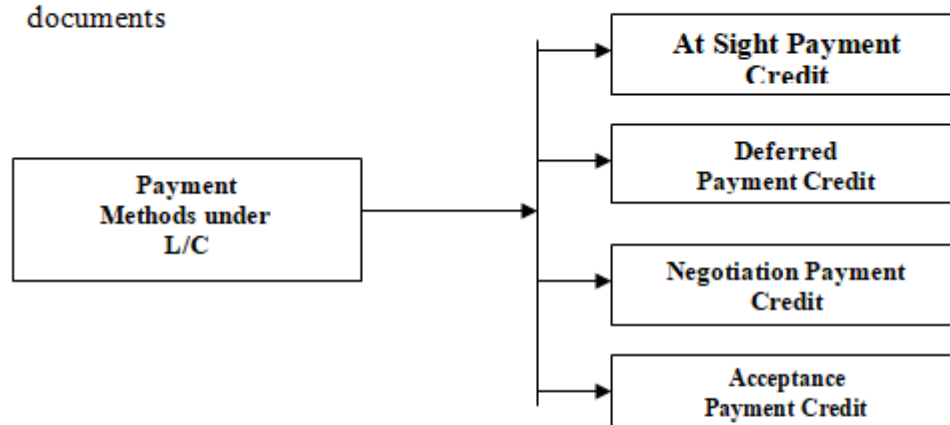


Flow Chart for issuing back-to-back L/C

### 3.13.3 Modes of Payment for Export Bills under L/C:

The most common methods of payment under a L/C are as follows-

- **At Sight Payment Credit:** In At sight Payment Credit, the bank pays the stipulated sum immediately against the exporter's presentation of the documents



- **Deferred Payment Credit:** In deferred payment credit, the bank agrees to pay on a specified future date or events, after presentation of the export documents. No bill of exchange is involved. In Principal Branch, the payment is given to the party at the rate of D.A. 30-60-90-180-360 as the case may be. But the Head Office is paid under T.T. Clean Rate. The difference between the two rates is the exchange trading for the branch.
- **Negotiation Credit:** In Negotiation Credit, the exporter has to present a bill of exchange payable to him in addition to other documents that the bank

### 3.14 Foreign Remittance:

This bank is authorized dealer to deal in foreign exchange business. As an authorized dealer, a bank must provide some services to the clients regarding foreign exchange and this department provides these services.

The basic function of this department are outward and inward remittance of foreign exchange from one country to another country. In the process of providing this remittance service, it sells and buys foreign currency. The conversion of one currency into another takes place at an agreed rate of exchange, which the banker quotes, one for buying and another for selling. In such transactions the foreign currencies are like any other commodities offered for sales and purchase, the cost (convention value) being paid by the buyer in home currency, the legal tender.

### 3.14.1 The Remittance Process Involves the Following Four Modes:

Cash Remittance	Sell	Banks sell Dollar/Pound for using in abroad by the purchaser. The maximum amount of such sell is mentioned in the Bangladesh Bank publication of “Convertibility of Taka for Currency Transactions in Bangladesh”.
Dollar/Pound	Purchase/sell	Bank can purchase dollar from resident and non-resident Bangladeshi and Foreigner. Most dollars purchased comes from realization of Export Bill of Exchange.
Traveler's Cheque (TC)	Issue of TC	TC is useful to traveler abroad. Customers can encase the TC in abroad from the drawee bank. TC is alternative to holding cash and it provides better security than holding cash in hand.
	Buying of TC	If any unused leaf of TC is surrendered bank buys it from the customer. All payments are made in local currency. Banks generally buy only those TC.
	TC for collection	This bank for collection receives unused leaves of traveler's cheque issued by another banks. Generally it takes 21 days for collection and customer can draw cash after one month.
Telex Transfer	Outward TT	It remits fund by tested TT via its foreign correspondence bank in which it is maintaining its NOSTRO Account.
	Incoming TT	It also makes payment according to telegraphic message of its foreign correspondence bank from the corresponding VOSTRO Account.
Foreign Demand Draft		Bank issue Demand Draft in favor of purchaser or any other according to instruction of purchaser. The payee can collect it for the drawee bank in which the Issuing bank of Demand Draft holds its NOSTRO Account. Bank also makes payment on DD drawn on this bank by its foreign correspondence bank through the VOSTRO Account.



### 3.14.2 Foreign Remittance Section:

Foreign remittance section is an integral part of Foreign Exchange Department. And this section of Foreign Exchange Department deals with

<ul style="list-style-type: none"> <li>• Inward foreign remittance</li> <li>• Outward foreign remittance</li> <li>• Opening Foreign Currency Accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Governing Wage Eamer's Bond.</li> <li>• Opening Student File etc.</li> </ul>
--	---

**Inward Foreign Remittances:**

Normally, Inward Foreign Remittance comprises all incoming foreign currencies. Remittances issued by the correspondent banks drawn on Principal Branch are considered to be its Inward Foreign Remittances and these include:

- ❖ FDD Payable
- ❖ FTT Payable
- ❖ TC Payable

Encashment of foreign currencies endorsed in the passport.

Purchase of foreign currencies

**Outward Foreign Remittances:**

Outward Foreign Remittances comprises the followings:

- FDD issued
- FTT issued
- TC issued

Endorsement of foreign currencies in the passport

Sale of foreign currencies.

Issuance of Foreign Demand Draft (FDD):

After verifying all these documents the customer is asked to fill up prescribed application form.

In the application the customer stated the amount he is willing to endorse and it is be verified that his required amount is within the stipulated.

Then the customer pays cash or by debiting his account the Traveler's Cheque is issued.

Endorsement is given on the passport and on the ticket. Customer fills up the T/M Form.

Purchased application form has to be filled up by the purchaser.

Entry has to be given in the Foreign Currency Register and in the Traveler's Cheque Register.

### 3.14.3 Endorsement of Foreign Currency:

Cash foreign currency can also be remitted through the cash endorsement in the passport. In case of endorsing cash in the passport, the requirements are similar to those of Traveler's Cheque. But according to the foreign exchange Regulation Act, 1947 an individual cannot take more than \$1000.00 in cash in a year. That's why, the concerned officer cheque the last voyage of the purchaser. If he/she made any voyage and if he/she purchase dollar at that time, then the officer will deduct the amount and will give the rest to the purchaser.

### 3.14.4 NONRESIDENT FOREIGN CURRENCY DEPOSIT (NFCD) ACCOUNT

The accounts are in the nature of Term Deposits maturing after one month, three months, six months and one year.

The accounts may be maintained in US Dollar, Euro, Pound Sterling or Japanese Yen: initially with minimum amount of US\$1000 or Pound Sterling 500 or equivalent.

Account may be opened against remittances in other convertible currencies after conversion of those into US Dollar, Euro, Pound Sterling or Japanese Yen.

These Accounts may be maintained as long as the Account Holders desire. Eligible persons are also allowed to open such Accounts within six months of their return to Bangladesh.

Eligible Bangladesh nationals may send applications along with a set of specimen signatures of the opener of the account to any AD Branch of Agrani Bank in Bangladesh duly verified by any Bangladesh Mission abroad, or a reputable Bank or any other person known to the AD Branch of Agrani Bank in Bangladesh.

The Application Forms may be procured from Bangladesh Missions Abroad and from any AD Branch of Agrani Bank.

In Bangladesh, No set of specimen signatures will be required to be enclosed with the application form if the application is submitted to an AD with whom the applicant has already been holding a Foreign Currency Account. In such a case reference to the respective FC account number will serve as self-introduction and the account-opening branch will verify the signature with the specimen signature maintained for the FC account.

### **General Features of NFCD:**

- ✓ The accounts are in the nature of term deposits maturing after one month, three months, six months and one year.
- ✓ The account may be maintained as long as the account holder desire.
- ✓ Eligible persons are also allowed to open such account within six months of their return to Bangladesh.

### **Eligibility to Open NFCD A/C:**

- ✓ Bangladesh nationals serving with Embassies/ High Commissions of Bangladesh in foreign countries.
- ✓ Officers/ Staffs of the government/ semi-government departments /nationalized banks.
- ✓ Employees of corporate body posted abroad or deputed with international and regional agencies like IMP, World Bank, IDB, and ADB etc during their assignment abroad.
- ✓ Foreign nationals and companies/firms registered and/or incorporated abroad, banks, other financial institutions including institutional investors and 100% foreign owned industrial units in the Export Processing Zones in Bangladesh.
- ✓ Account can also be opened with fund transferred from existing foreign currency accounts maintained by the wage earners.
- ✓ Shore staff posted abroad may open such account.



### 3.14.5 Non-resident Investors Taka Account (NITA):

#### **Eligibility to open NITA**

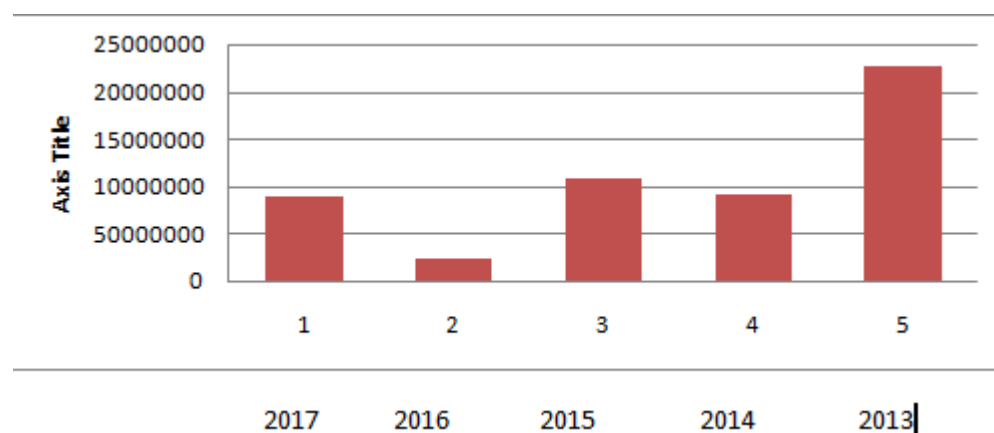
Non-resident persons/institutions including non-resident Bangladeshi nationals may open Non-resident Investors Taka Account (NITA) to buy Bangladeshi shares and securities in Bangladesh against freely convertible foreign currency remitted from abroad through the banking channel.

#### **Operational Procedures of NITA:**

- ✓ The NITA can be operated by the account-holder himself or by a nominee, including the AD itself. Purchase and sale of shares/securities listed in the stock exchange in Bangladesh shall be made only through a member/registered broker of the exchange. Purchase of new public issues not yet listed in a stock exchange may however be made directly from the company issuing the stock/security.
  - ✓ Sale proceed of Shares/securities purchased through the NITA (net of tax payable, if any, on the capital gain) may also credited to the NITA. Before crediting the sale proceeds of the stock and shares held by the non-resident into the NITA, the AD shall ensure that the tax payable (if any) on the capital gain is withheld from the sale proceeds for eventual payment to the tax authorities.
  - ✓ No local funds from any sources other than those mentioned at 2 and 3 above can be credited NITA.
  - ✓ The AD will ensure that the NITA is debited or credited for purchased or sell of shares at the prices prevailing in the stock market on the day of relative purchase and sale.
-

### 3.15 Presentation and Interpretation of Data:

**Table -3.1:** Statement of Import Business of Agrani Bank, Principal Branch, Dhaka.

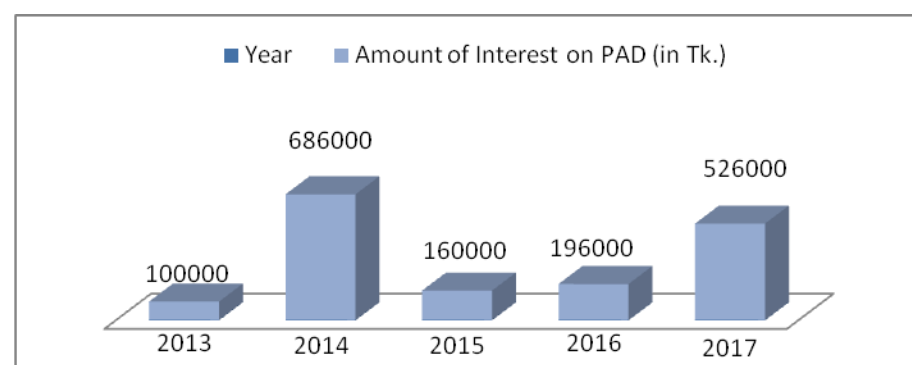


**Figure: 3.1**

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka

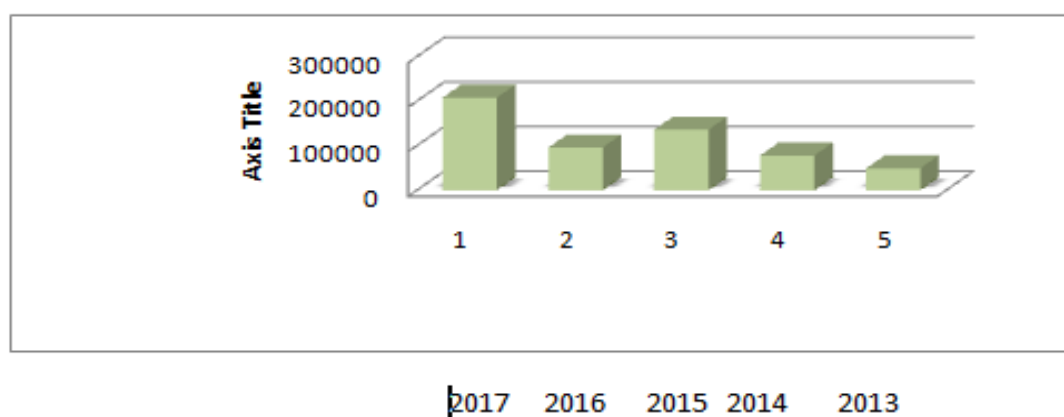
**Table-3.2:** Statement of Interest on PAD of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of Interest on PAD (in Tk.)
2013	100000
2014	686000
2015	160000
2016	196000
2017	526000



**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

The Table-5.2 and the Graph shows that the amount of Interest on PAD has increased from the year 2013 to 2017 but it was highest in the year 2014.

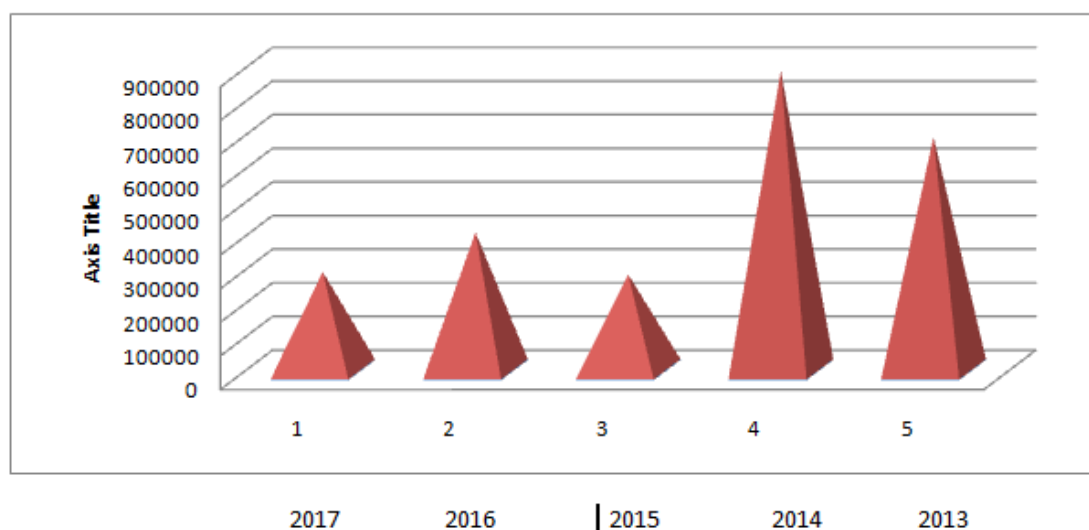
**Table-3.3:** Statement of Interest on FDD of Agrani Bank, Principal Branch, Dhaka.

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

The Table-3.3 and the Graph show that the amount of Interest on FDD has gradually decreased from the year 2013 to 2017 except 2016.

**Table-3.4:** Statement of Exchange Earnings of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of Exchange Earnings (in Tk.)
2013	289000
2014	407000
2015	282000
2016	887000
2017	691000

**Figure : 3.4**

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

**Table3.5:** Statement of Total Income from Foreign Exchange Department of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of Income (in Tk.)
2013	837000
2014	2212000
2015	2268000
2016	1706000
2017	2952000

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

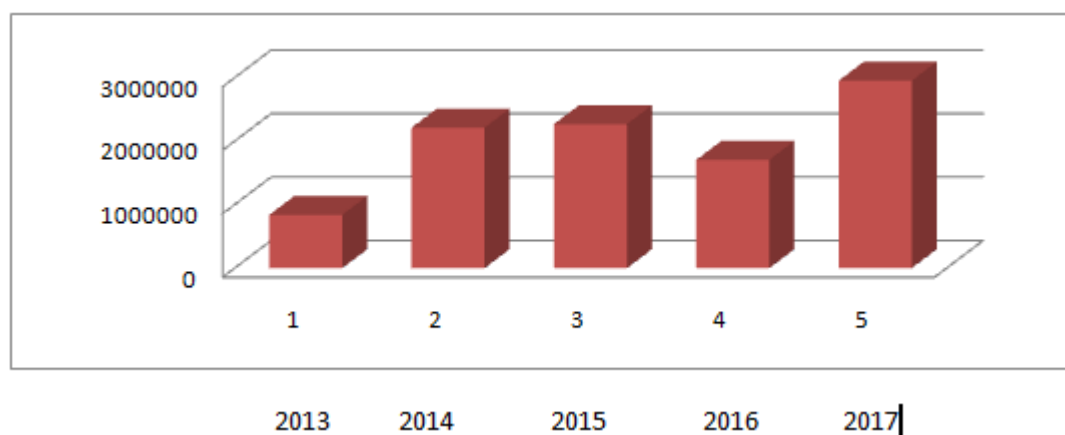
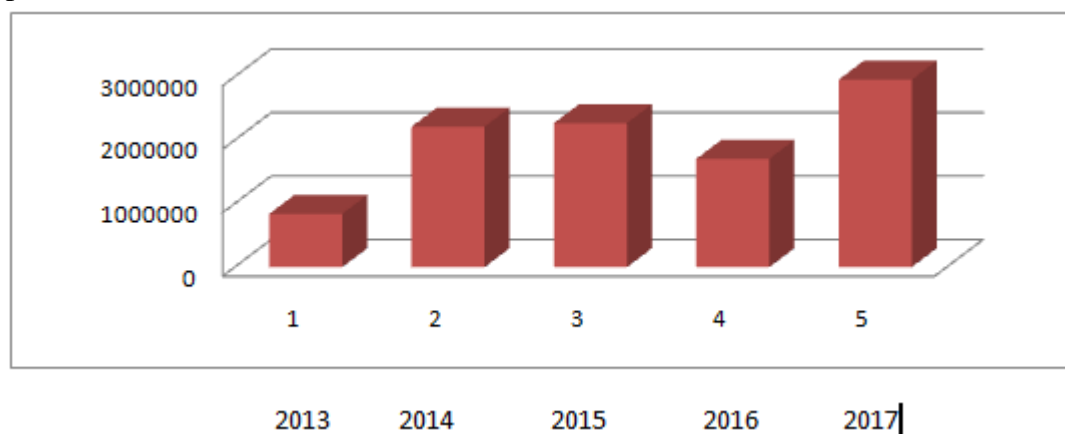


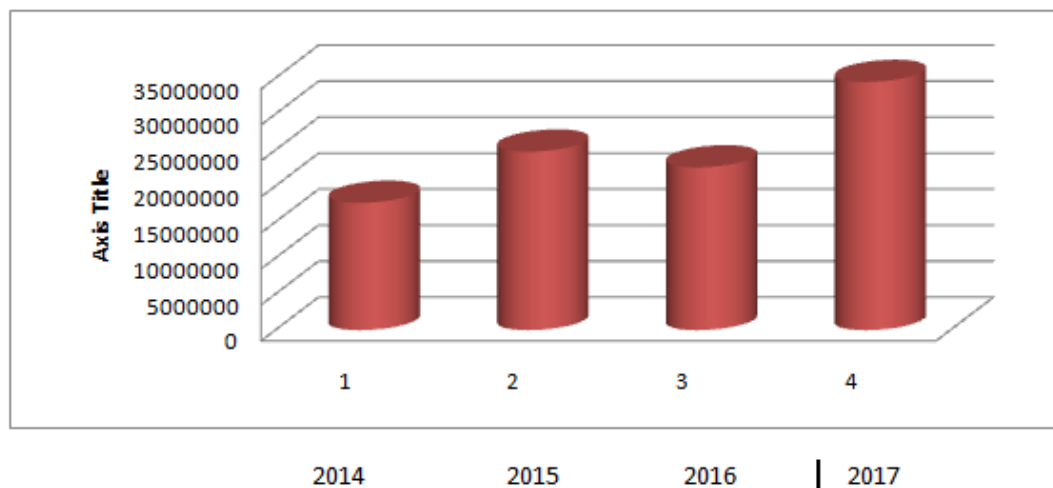
Figure: 3.5

The Table-3.5 and the Graph show that the amount of Total Income from Foreign Exchange Department was highest in the year 2017. So it is necessary to take necessary action to retain this position



**Table-3.6:** Statement of Direct Remittances of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of Direct Remittances (In Tk.)
2014	17688000
2015	24800000
2016	22621000
2017	34481000



**Figure: 3.6**

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

The Table-3.6 and the Graph show that the amount of Direct Remittances has increased from the year 2014 to 2017 except 2016.

**Table-3.7:** Statement of Foreign Bill Purchase of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of FBP (in Tk.)
2014	5130000
2015	3191000
2016	1551000
2017	2245000

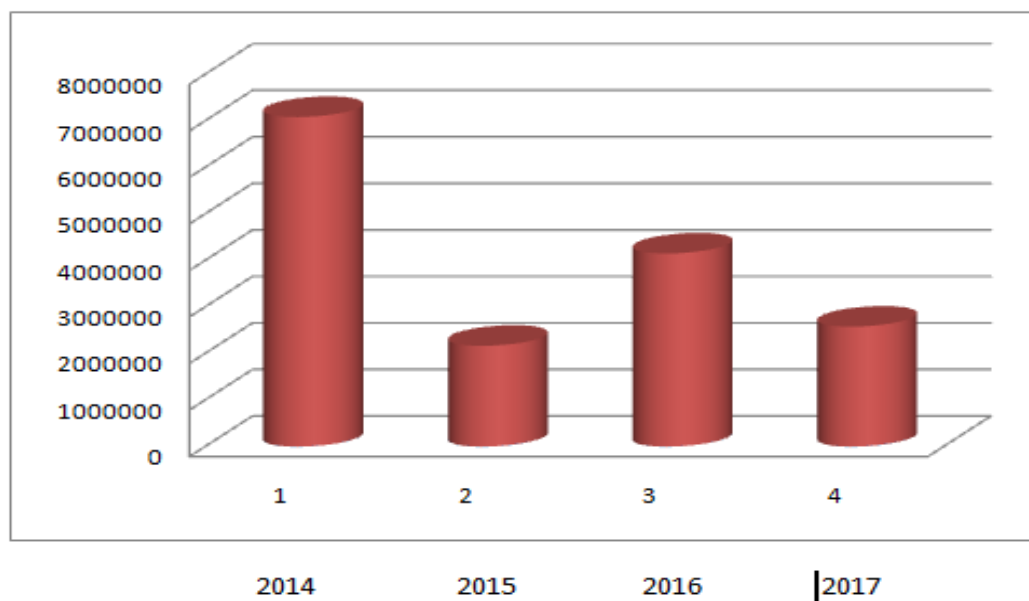
**Figure 3.7**

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

The Table-3.7 and the Graph show that the amount of Foreign Bill Purchase in the year 2017 was more than the year 2016 but less than the year 2014 and 2015.

**Table-3.8:** Statement of Foreign Bill for Collection (FBC) of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of FBC (in Tk.)
2014	7082000
2015	2164000
2016	4149000
2017	2576000



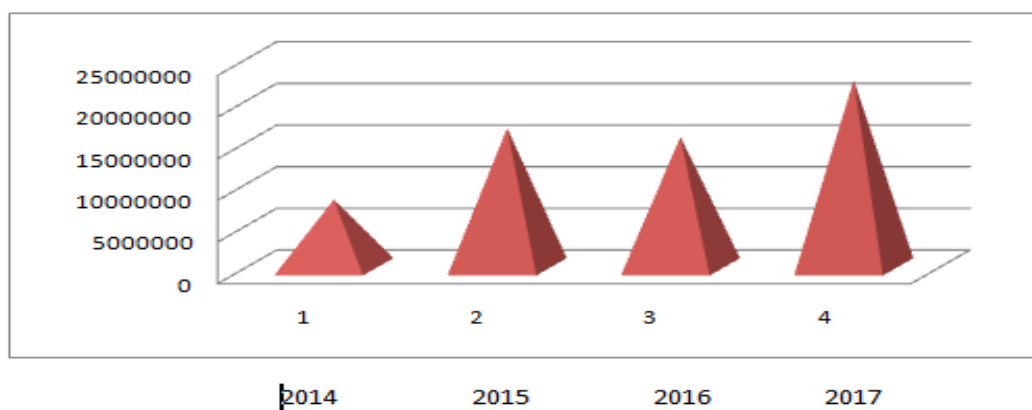
**Figure: 3.8**

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

**The Table-3.8** and the Graph show that the amount of Foreign Bill for Collection (FBC) is not satisfactory for the rest of the years at all as compare to the year 2014.

**Table-3.9:** Statement of Other Remittances of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of other Remittances (in Tk.)
2014	8086000
2015	16661000
2016	15600000
2017	22437000



**Figure: 3.9**

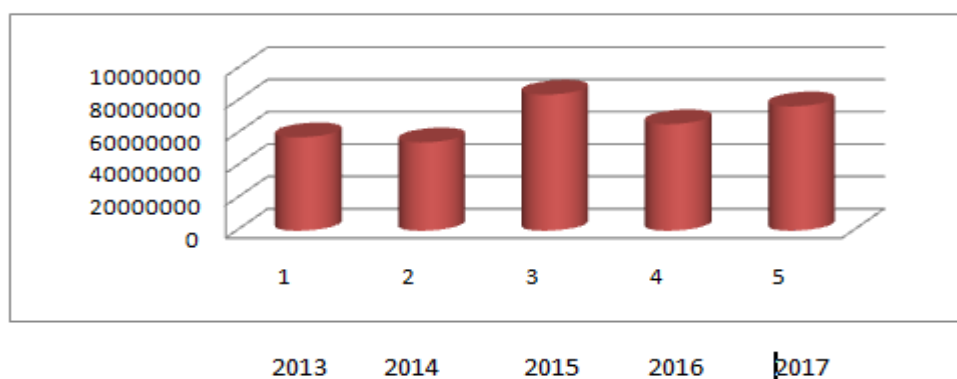
**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka.

The Table-3.9 and the Graph show that the amount of Other Remittances has increased from the year 2014 to 2017 except 2016.



**Table-3.10:** Statement of Total Remittances of Agrani Bank, Principal Branch, Dhaka.

Year	Amount of Total Remittances (in Tk.)
2013	57764000
2014	54605000
2015	84152000
2016	65900000
2017	76919000

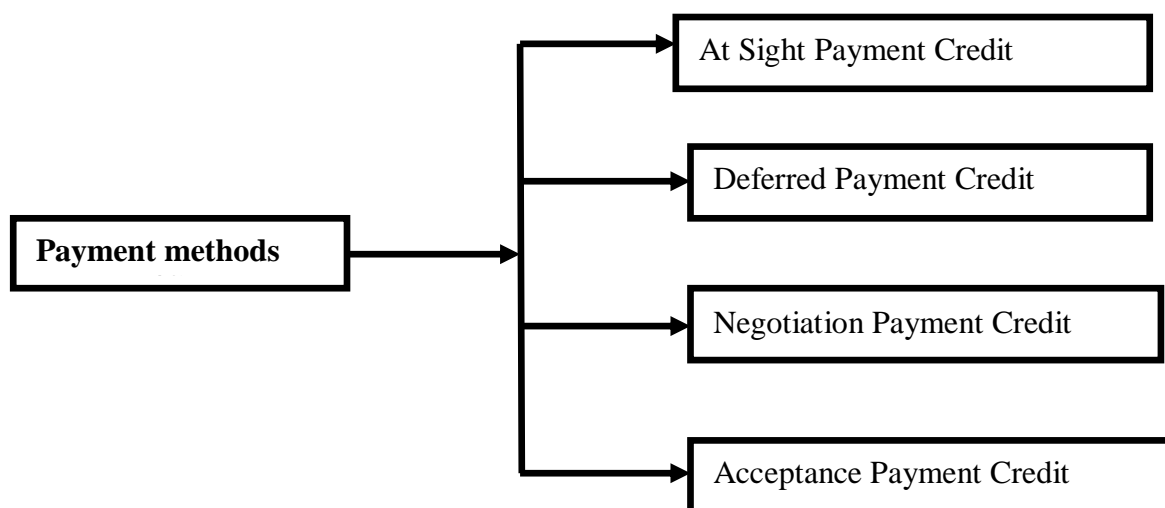


**Figure: 3.10**

**Source:** Audited Annual Reports of Agrani Bank, Principal Branch, Dhaka

The **Table-3.10** and the Graph show that the amount of Total Remittances of the year 2017 was higher than the year 2016 but less than the year 2014.

### **3.16. Mode of payment of export bills under L/C:**



## Chapter Four: FINDINGS, RECOMMENDATIONS AND CONCLUSION

### 4.1 FINDINGS.

- ✓ Its employees are not encouraged to digital works. Rather they perform all most all activities manually.
- ✓ ABL's banking strategy is not prearranged in such way that provides exceptional service to its customers and human resources.
- ✓ They have to convey data from branch to branch and branch to head office by using peon and others.
- ✓ According to some clients opinion they have to face drawn out process and multifaceted time consuming formalities get any services.
- ✓ Agrani Bank doesn't give their concentration on billboard actions. As a opposition market it is too much significant for any association to rising their advertisements process.
- ✓ Agrani Bank Limited cannot provide A.T.M service to its customers correctly.

### 4.2 Recommendations

- ABL's should start its digital journey from today. It should transfer all its activities into digital form gradually.
- To survive in competition they should eradicates some unnecessary formalities in providing services.
- Its web sites information should be updated regularly so that foreign or non residential can get all updated information without manual contract.
- ABL's human resources management policy has to identify the right combination of skills, knowledge, behavior and values and utilize them for the welfare of the bank.
- If they are recognized burly networking scheme with their branches then it can easily move data within short time..
- It's working environment has to excellent for its employees and customers
- The management of Agrani Bank Limited must be identified the weakness point to have in rivalry in banking sector.

### 4.3 CONCLUSION

A Lot of new commercial bank has been established in last few years and these banks have made this banking sector very competitive. So, now banks have to organize their operation and do their operations according to the need of the market. Banking sectors no more depends on a traditional method of banking. In this competitive world this sector has trenched its wings wide enough to cover any kind of financial services anywhere in this world. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way.

As an internee student in Agrani Bank Bangladesh Limited at Principal Branch, Dhaka, I have truly enjoyed my internship from the learning and experience viewpoint I am confident that 1.5 month internship program at Agrani Bank

Through the departments and sections are covered in the internship program, it is not possible to go to the depth of each activities of branch because of time limitation. So objectives of the internship program have not been fulfilled with complete satisfaction. However, highest effort has been given to achieve the objectives of the internship program.

So in conclusion it can be said that every organization has its positive as well as negatives and in case of Agrani|Bank Bangladesh Limited existence of the later one is less than the earlier one and as the management is determined to reach the pick of success it seems that in near future the negatives will be eliminated. Six years is a very short span of time and the organization, which can establish itself as one of the most reputed Public commercial Bank in the country within this short period deserves special credit and with their able leaders Agrani Bank will reach the highest level of success very shortly. I wish the bank all success prosperity in their field.

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