

“Analysis of Credit Management System of Bangladesh Krishi Bank (BKB): Study on Kawran Bazar Branch, Dhaka”

Submitted To:

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Letter of Transmittal

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To

Sayed Farrukh Ahmed

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Subject: Submission of the internship report on ‘Analysis of Credit Management System of Bangladesh Krishi Bank (BKB): Study on Karwan Bazar Branch, Dhaka’.

Dear Sir;

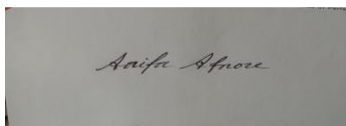
This is an honor and pleasure for me submitting the internship report, which is a partial requirement for the Internship Program of Daffodil International University for MBA students. I have prepared my internship report on Analysis of Credit Management System of Bangladesh Krishi Bank (BKB): A Study on Karwan Bazar Branch, Dhaka’

I have taken an effort to explain experience and observations in this report which I have gathered working there.

For your kind concern, I would like to take the opportunity to mention that there might be some errors because of my limitations of my information, understanding and time restraint. In spite of various inadequacies I have tried to cover all applicable activities. I am hopeful that my report will be able to meet up your expectation and you will appreciate my endeavor and the report ardent.

I will be very glad if the report can serve its actual purpose and I am ready to explain anything to you if necessary.

Sincerely yours,



Arifa Afroze Mousumi

ID. No. 172-14-2391

Program: MBA

Major in Finance

Certificate of Approval

I am pleased to certify that the Internship report on **Analysis of Credit Management System of Bangladesh Krishi Bank (BKB): A Study on Karwan Bazar Branch, Dhaka** conducted by Arifa Afroze Mousumi bearing ID No 172-14-2391 of MBA Program, Department of Business Administration has been approved for presentation and defense. Jasmin Akter worked with **Bangladesh Krishi Bank (BKB): A Study on Karwan Bazar Branch, Dhaka** as an intern under my supervision.

Arifa Afroze Mousumi is a person of strong moral character and a possess a pleasing personality. It was a pleasure working with her. I wish her all success in life.

Sayed Farrukh Ahmed 29.11.18

.....
Signature of the Supervisor

Sayed Farrukh Ahmed
Assistant Professor

Department of Business Administration
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Acknowledgement

Internship is very important and crucial part for obtaining practical knowledge because the knowledge of a student does not complete unless and until he attains knowledge theoretically and practically.

While completing the report there were a lot of people who helped me by providing valuable information, advice and direction for the completion of this report in the time.

At First I offer my thanks to Almighty Allah for giving me the quality and the wisdom to complete the undertaking inside the planned time.

I would also like to convey my regards and respect to my internship supervisor Mr. Sayed Farrukh Ahmed (Assistant Professor) for his continuous support. His guidance helps me to separate the important and necessary details from the unnecessary certainly helped me to stay on the correct track.

I acknowledge my appreciation towards the Assistant Manager, BKB Karwanbazar branch. I am very much glad and honored that related employees of BKB assisted me with their guidance to prepare my internship report. They have been extremely cordial and very much cooperative to help me whenever I needed.

Executive Summary

Bangladesh Krishi Bank (BKB), the largest specialized bank of the country, was established under the President Order No. 27 of 1973 to finance climate-dependent uncertain and perilous agriculture sector. BKB performs all sorts of banking activities including deposit, loan and foreign exchange transactions has introduced Online Banking, Computerized Banking and automated foreign remittance system.

As a specialized state owned institution, the bank has been discharging its nation-building task by undertaking different socio-economic ventures as well as money market projects of its own volition, covering all aspects of the agriculture based economy.

It has 1301 branches spread throughout the country which carries all its banking tasks.

In this report I have discussed in detail about the "Credit Recovery and Disbursement" of Bangladesh Krishi Bank.

The objectives of the study have been outlined to know the different types of credit schemes, lending procedure & approval process, credit assessment & risk management process, identify problems related to credit management, and make some recommendations to solve those problems of BKB.

The report is separated in different chapters. The first chapter contains introduction, origin of report, objectives, scope and methodology and limitations of the study. The second chapter contains the overview of Bangladesh Krishi Bank in details along with Types of Deposit and Credit.

In the third chapter, the appraisal of Credit policies and activities of credit management system of Bangladesh Krishi Bank is described deeply. Chapter four and five contain Key profitability Ratio and SWOT analysis. In Chapter 6 problems are mentioned out and some recommendations were given including conclusion. In this whole report the discussion about the credit management system of Bangladesh Krishi Bank are designed in step by step.

Serial No:-	<u>TABLE OF CONTENTS</u>	Page No:-
1.0	<u>Chapter One : Introduction</u>	01
1.1	Introduction	01
1.2	Origin of the report	01
1.3	Objectives of the study	02
1.4	Methodology of the study	02
1.5	Limitations of the study	02
2.0	<u>Chapter: Two</u> <u>Overview of the Organization</u>	04
2.1	An Overview of Bangladesh Krishi Bank	04
2.2	Vision	05
2.3	Mission	05
2.4	Core Values	06
2.5	Corporate Profile	08
2.6	Organogram	11
2.7	Types of Deposit	13
2.8	Types of Credit	14
3.0	<u>Chapter: Three</u> <u>Analysis of Credit Management System of UCBL</u>	15
3.1	Overview of Credit policies	15
3.2	Credit Policy	16
3.3	BKB Credit financing Table 3.3.1-3.3.11	17
3.4	Recovery of credit Table 3.4.1-3.4.9	24
3.5	Classification of Credit	27
3.6	Discussion of Credit program	29
3.7	Main objectives	35
4.0	<u>Chapter: Four</u> <u>Key Profitability Ratio</u>	37
4.1	Key Profitability Ratio	37
5.0	<u>Chapter: Five</u> <u>SWOT Analysis</u>	38
5.1	SWOT Analysis	38
6.0	<u>Chapter: Six</u> <u>Findings, Recommendations and Conclusion</u>	41
6.1	Findings	41
6.2	Recommendations	43
6.3	Conclusion	44
	References	45

List of Figures

2.1	<u>Hierarchical Structure of Bangladesh Krishi Bank (position wise)</u>
2.2	<u>Hierarchical Structure of Bangladesh Krishi Bank (Branch wise)</u>
2.3	<u>Deposit Scheme Of BKB</u>
2.4	<u>FDR and other Schemes</u>
3.1	<u>An Appraisal of the Credit Policies and Activities of Krishi Bank</u>

List of Table

3.1	Loan Disbursement Scenario of Total Agricultural Loan
3.2	Increase of Loan Borrowers
3.3	Total Loan Recover in Percentage
3.4	Table of Crops Sector Credit Disbursement
3.5	Table of Fisheries Sector Credit Disbursement
3.6	Table of Livestock Sector Credit Disbursement
3.7	Table of Agricultural Equipment Sector Credit Disbursement
3.8	Table of SME Sector Credit Disbursement
4.1	Table of Key Profit Ration
5.1	Number of Branches Brought under Automation in recent years

Abbreviations:

BKB – Bangladesh Krishi Bank
OD- Overdraft
CC- Cash Credit
SME- Small and Medium Enterprise
RM- Relationship Manager
CRM-Credit Risk Management
BB- Bangladesh Bank
SOD-Secured Overdraft
CC-Cash Credit
LTR-Loan Against Trust Receipts
CIB-Credit Information Bureau
FOL-Facility Offer Letter
SLA-Service Level Agreement
AD- Authorized Dealer
CL- Consumer Loan
FDR- Fixed Deposit Receipt
LIM- Loan Against Imported Merchandise
PAD- Payment Against Documents
HOM- Head of Marketing
RU- Recovery Unit
DPN-Demand Promissory Note

CHAPTER - ONE

Introduction

1.1) Introduction:

Banking system is very much vital job in the monetary existence of the country. The strength of the economy is firmly recognized with the trustworthiness of its banking system. In building nation like Bangladesh role of banking sector is very much vital. A bank is much like a heart of the financial structure and the Capital given by it is like blood in it. For length of time that blood is available for use the organs will stay sound and compact. In the event that the blood isn't provided to any organ, that part would wind up pointless. In this way, if the financial backup isn't gave to farming division or industrial part, it will be perish.

Banking important aspect of our economic system. Current exchange and trade would nearly be incomprehensible without the accessibility of appropriate banking administrations.

First of all, banking promotes savings. All walks of people, from the ordinary laborers and workers to the rich land owners and businessmen, can keep their money safely in banks and saving centers.

Also, saving money advances ventures. Banks effectively put the cash they get in industry, horticulture and exchange. They either contribute it specifically or advance advances to different speculators.

Thirdly, it is most through banks that foreign exchange is continued. Irrespective of we export or import, it is through banks that cash is exchanged starting with one state then onto the next. For instance, bills of trade and letters of credit are the normal ways banks use to exchange cash. Various ongoing investigations, notwithstanding, demonstrate that the managing an account division assumes a more critical job than it was accepted before.

1.2) Origin of the Report:

also approved the topic and authorized me to prepare this report as part of the fulfillment of internship requirement. The report thus was titled as **“Analysis of Credit Management of Krishi Bank Bangladesh”**.

1.3) Objectives of the Study:

While preparing this report I put ahead a major objective which is providing an Analysis of Credit Management System of Bangladesh Krishi Bank (BKB): Karwan Bazar Branch with fulfilling

requirement of my course. However, my study wasn't confined into this, it was something broader . Objectives of the report are summarized in the following manner-

1.4) Scope and Methodology of the Study:

This report has certain boundaries. To reach the prime objective of the report this report I attempted to analyze the credit activities and financial works of BKB. Keeping this in mind I started collecting data from primary and secondary sources last 3 years. While preparing the report I used the Annual report of BKB of recent years and different BKB related journals. I also conducted face to face conversation with employees and in some case taken interview of the personals of BKB.

1.5) Limitation of the Study

- » There was time constraint to prepare the report
- » Employees were quite busy with their scheduled work
- » To meet any officials prior appointment was needed
- » Management doesn't feel comfortable sharing or disclosing secret information
- » I had to research a lot about the information as the data was not readily available.

Sources of Data:

A) Primary Sources

- Officers of the branch
- Clients of the branch

Method of data Collection:

- **Personal Interview:** Conversation and in-depth interview with the employees and employers.
- **Personal Observation:** Observing office actions related to credit management.

B) Secondary Sources

- Annual reports
- Manuals of Credit Management of BKB
- Published materials and office circulars of BKB
- Website of the BKB.

Chapter Two:

Overview of the Organization

2.1) Overview of Bangladesh Krishi Bank:

History:

The Agricultural Development Finance Corporation established by the Government of Pakistan in 1952, started functioning from the middle of 1953. Subsequently the Government of Pakistan, set up Agricultural Bank of Pakistan in 1957, which started its operation from early 1958. These two state-owned credit institutions were merged in February, 1961 and became Agricultural Development Bank of Pakistan.

On December 16, 1971, the Agricultural Development Bank of Pakistan became Agricultural Development Bank of Bangladesh and, consequently, re-named as Bangladesh Krishi Bank under Bangladesh Krishi Bank Order, 1973 (President's Order No. 27 of 1973).

Bangladesh Krishi Bank (BKB) is a state-owned banking organization. The Board of Directors of the Bank appointed by the Government of People's Republic of Bangladesh consists of a Chairman and ten Directors consisting of eight officials including the Managing Director and two non-officials. The Bank's policy is formulated by the Board of Directors.

has introduced Online Banking, Computerized Banking and automated foreign remittance system.

Capital:

Authorized capital of the bank as fixed by the government amounts to Tk. 15000 Million (Taka Fifteen thousand Million) only and paid up capital Tk. 9000 Million (Taka Nine thousand Million) only.

Board of Directors:

To administrate the bank in accordance with the government policies and regulatory bodies BKB has an appreciable Board of Directors comprised of the Chairman and ten other Directors appointed by the government.

Core Business of BKB:

Deposit Operational Accounts: The BKB Savings Account gives the space and freedom to conduct banking related transactions at a very simple and easy way. Anyone can open this Savings Account in any branch of BKB provided he is a Bangladeshi citizen. Anyone can open this account, as a group or individuals which can be operated both singly or jointly.

BKB claims that they offer competitive interest rate on the outstanding balance.

In addition, all account holders get Q-cash Debit Card and ATM facility for 24 hour banking convenience.

Deposit Scheme:

BKB Fixed Deposit Receipt (FDR) Account, Monthly Sonchay Scheme (MSS), BKB Monthly Profit Scheme, Time Deposits (BKB own products).

Credit Programs:

Bangladesh Krishi Bank (BKB) is the pioneer of agricultural credit in Bangladesh. It provides credit for farmers, marginal farmers, extreme poor, sharecroppers and also to the mass-people of Bangladesh who are the real players in making agricultural outputs and success of rural economy.

International Banking:

BKB has been engaged in Foreign Exchange Business since 1980. It is conducting its dealings in all kinds of export, import, remittance and other sorts of foreign exchange business.

Corporate Financing:

The Bank has started backing renowned corporate bodies of the country for a long time. This is helping in developing agri-product marketing channel of the companies in easy terms and at a lower interest rate.

Poverty Alleviation & MCP:

Bangladesh Krishi Bank was established under BKB Order`1973 with the objective of strengthening rural economy by extending credit support to agricultural and agro-based sectors.

ICT Services of BKB

This system of banking has become extremely competitive these days. To be ready to survive and grow within the dynamic market surroundings banks are going for the newest technologies, that is being perceived as associate ‘enabling resource’ which will facilitate in developing learner and a lot of versatile structure which will respond quickly to the dynamics of a quick dynamic market state of affairs. It’s conjointly viewed as associate instrument of cost minimization, effective communication and better service. Keeping this in mind Bangladesh Krishi Bank has introduced digitized system, Computerized Banking and Core Banking Solution (Online Banking), Automated Teller Machine (ATM), BACH, RTGS, NPSB services. BKB takes step towards digitization in order to offer modern and up to the mark banking facilities to its valuable clients.

2.2) Mission:

The mission of BKB is to take banking facilities to the people’s doorsteps, giving agricultural, SME and agro based industrial loans for achieving self-sufficiency in food production and elimination of poverty.

Following are the corporate missions of the Bank :

- To excel in providing quality customer service.
- To provide high quality financial services in foreign business.
- Doing business maintaining corporate and business ethics.
- To create employment opportunity by project finance.
- To play role in the socio-economic development.
- To become trustworthy to the depositors and the borrowing customers

2.3) Vision:

Giving credit facilities for achieving self-reliance in food production and consolidation of rural economy

2.4) Core Values:

The BKB is a customer-centered bank and their motto is “service first”.

- We put our customers first.
- We emphasize on professional ethics.
- We maintain quality at all levels.
- We believe in being a responsible corporate citizen.
- We say what we believe in.
- We foster participative management.
- We focus on growth of the community
- We are eager to reach top at banking sector
- We want to combine ethics and professionalism.

2.5) Corporate Profile:

Name of the Company: Legal Form:	Bangladesh Krishi Bank Bangladesh Krishi Bank (BKB) has been established under the Bangladesh Krishi Bank Order 1973 (President's Order No 27 of 1973). BKB is Banking Company under the Banking Company Act-1991
Date of Commencement:	1973
.Head Office:	Krishi Bank Bhaban, 83-85 Motijheel Commercial Area, Dhaka - 1000, Bangladesh
Phone:	(+88 02) 956 0021
Fax:	(+88 02) 955 6903, (+88 02) 955 3028
Email:	info@krishibank.org.bd
Known As:	BKB
SWIFT Code:	BKBABDDH
Chairman:	Mr. Mohammad Ismail

2.6) Hierarchical Structure of BKB:

Management scenario of Bangladesh Krishi Bank: Board of Directors are on the top tier of Management, this is set by following the terms of the Bangladesh Bank's Nationalization Order 1972.

BKB OFFICE STATISTICS

SRL	OFFICE TYPE	TOTAL NUMBER	HEADED BY
01	Divisional Offices	09	General Manager (GM)
02	Divisional Audit Offices	09	Deputy General Manager (DGM)
03	Chief Regional Offices	45	Deputy General Manager (DGM)
04	Regional Offices	8	Assistant General Manager (AGM)
05	Regional Audit Offices	53	Assistant General Manager (AGM)
06	Branch Offices	1031	Branch Manager (DGM/AGM/SPO/PO/SO)

Management hierarchy



Fig-2.1 Hierarchical Structure of Bangladesh Krishi Bank (position wise)

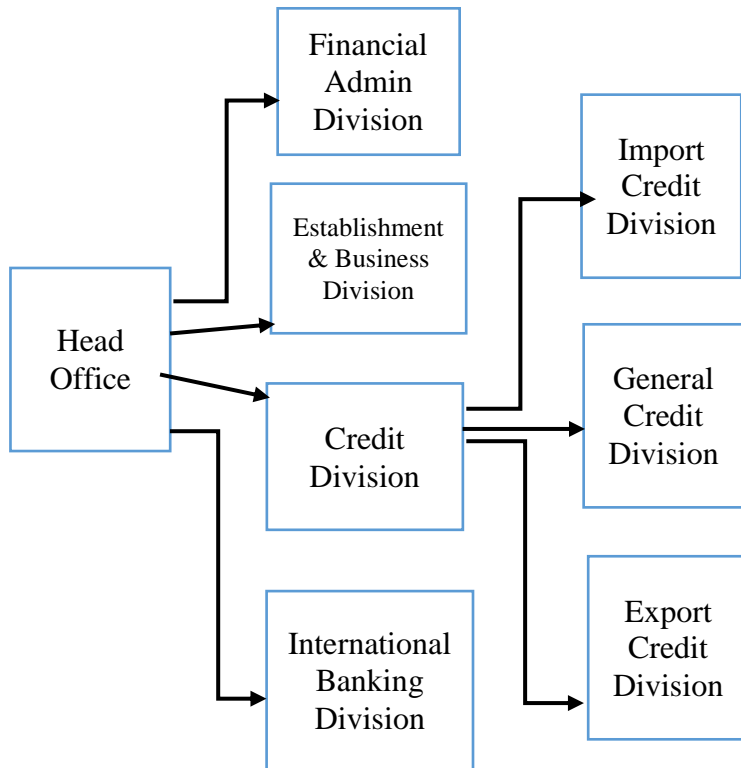


Fig-2.2 Hierarchical Structure of Bangladesh Krishi Bank (Branch wise)

Overall Progress of BKB since 1972 at a glance

(Taka in crore/Figure in Number)

Sl No	Particulars	Period							
		1972-73	1982-83	1995-96	2007-08	2009-10	2014-15	2015-16	2016-17
01.	Paid up capital	10.00	25.00	100.00	350.00	900.00	900.00	900.00	1150.00
02.	Deposits	6.91	176.94	1737.28	7883.38	11022.51	19619.05	21018.51	22559.70
03.	Loan disbursement	9.64	271.04	778.91	3477.54	4819.70	5721.74	5921.96	6289.36
04.	Recovery	2.92	197.03	665.54	1550.71	3095.03	5673.88	7312.84	7698.99
05.	Loan outstanding	46.05	497.28	3249.02	8344.85	10628.98	16986.02	17595.37	18311.65
06.	Loan overdue/ Classified Loan	22.63	93.49	1750.96	2357.52	2808.26	4310.06	4841.30	4315.77
07.	Number of Loanees (000)	72	379	1733	3247	3391	3397	3399	3338
08.	No. of Branches	77	653	836	949	972	1030	1031	1031
09.	No. of Regional/Chief regional offices	7	22	49	51	53	53	53	53
10	No. of Employees	2052	6734	11722	9944	9430	10444	9630	8726

*Before 15th march 1987 RAKUB (Rajshahi and Rangpur Division) was under BKB.

Source : BKB, BCBD, HO, Dhaka.

2.7) Types of Deposit:

BKB Fixed Deposit Receipt (FDR) Account, Monthly Sonchoy Scheme (MSS), BKB Monthly Profit Scheme, Time Deposits (BKB own products).

Deposit Schemes

NAME OF ACCOUNT	PERIOD	RATE OF INTEREST
Current Deposit Account	—	0.00%
Special Notice Deposit (SND) Account	—	—
(a) For less than 100.00 Crore	—	Urban 4.00% Rural 3.50%
(b) For 100.00 Crore and above	—	Urban 4.00% Rural 3.50%
Savings Bank Account	—	Urban 3.50% Rural 3.50%
Student Savings Account	—	1.00% Higher than Savings Rate

Fig 2.3-Deposit Scheme Of BKB

FDR and Other Schemes

Fixed Deposit Receipt (FDR) Account	From 3(three) months and above but less than 6(six) months	5.75%	
	From 6(six) months and above but less than 1(one) year	5.85%	
	From 1(one) year but less than 2(Two) years	6.00%	
	From 2(Two) years and above Maximum 3(three) years	6.25%	
Monthly Sonchay Scheme (MSS)	3 yrs	6.00%	
	5 yrs	7.00%	
	10 yrs	7.00%	
Time Deposits (BKB own products)	Monthly/Quarterly Munafa Scheme	3/5 yrs	6.50%
	BKB Savings Scheme	7yrs	7.00%
	** Hajj Deposit Scheme	1-12 yrs	0.00%
	Small Savings Scheme	5 yrs	6.00%
	Krishan-Krishani Deposit Scheme	—	1.00% Higher than Savings Rate

Fig 2.4 FDR and other Schemes

2.8) Types of Credit:

BKB is a well-known and prominent figure of agricultural sector in Bangladesh in terms of credit management. BKB provides credit loans

BKB provides and manages its credit system following seven sectors, which are given below:

1. Crop
2. Fisheries
3. Live Stock
4. Agro-equipment and farm machineries
5. Agro processing industries
6. Continuous Loan
7. Poverty Alleviation and Micro Credit Programs
8. Special Recovery Activities/ program

Chapter Three:

Analysis of Credit Management System of BKB

Bangladesh Krishi Bank provides versatile types of loan focusing on Agriculture sector of our nation. The speciality is that these credits have low rate of interest which encourages our people who are related with agricultural system.

The entire credit distribution of BKB can be classified into three major groups these are:

- 1. Short term loan**
- 2. Medium term loan**
- 3. And long term loan**

In this segment of report we will examine about the diverse kinds of advance that BKB offer:

1. Crop Loan
2. Farm and Irrigation
3. Fisheries
4. Live Stock
5. Agro Equipment & Farm Machinery Loan
6. Continuous Loan
7. Poverty Alleviation and Micro Credit Programs
8. SME Loan

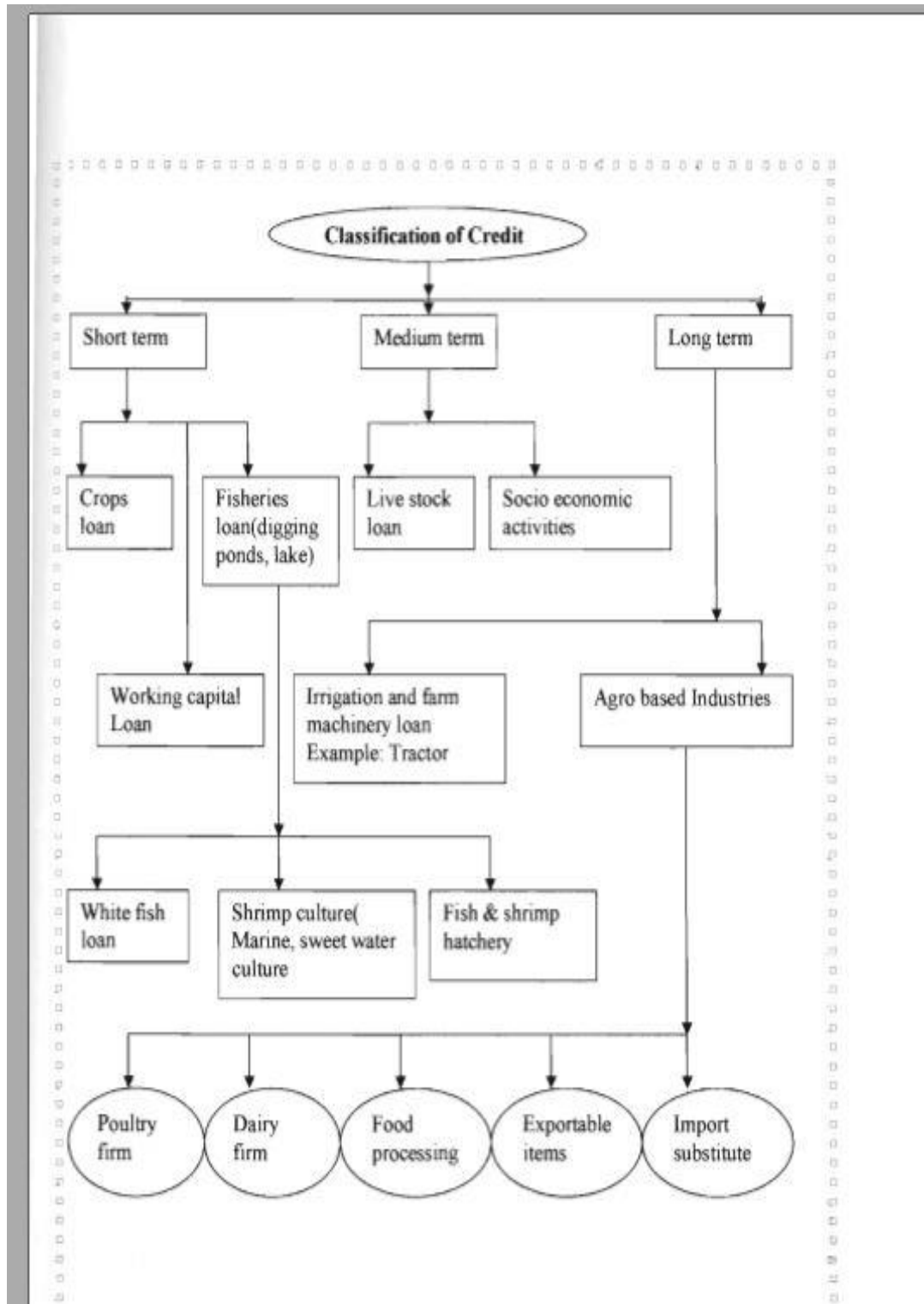


Figure 3.1 An Appraisal of the Credit Policies and Activities of Krishi Bank

Overview of the credit policies and related Activities

It is very much certain that agriculture is still most significant and productive sector in Bangladesh. Financial activities have been established centering agriculture.

Credit Policy of BKB

The major points in this regard is discussed below

- It has plan to develop infrastructure for loan purpose so that loans are provided to all agro-based sector.
- Livestock,
- Identifying sectors.

Major credit sectors are described below:

➤ Crop Loan

The amount which is allocated annually of credit system among it 60% is fixed for Crop sector. As crops grow all year long so this system also runs all through the years. The rule of distribution of loan is being set up by Bangladesh bank. Bangladesh Bank has fixed an interest rate of 9%. For time period the range changes. All people who are involved with the crop production are involved in this process. Anyone showing proper involvement with this crop production will be eligible for getting loans.

- The loan period is allocated on yearly basis.
- There is a passbook which is issued to every borrowers.

➤ Fisheries Loan

Fishing is an important sector both for food and economic sector and to reach the zenith of production in fisheries Krishi bank started providing loan in related fields of fisheries.

White Fish

Fish that grows in sweet water, for example we can say that waters that grow in canals ponds and other sweet water sources are part of this program.

There is a provision for giving loans in the shrimp sector. But in this case two types of shrimps are available. Loans are mainly provided for Galda chingri which grow in sweet water

Prawn is a major economic source for our country as we export it in large scale after fulfilling internal demands this loan helps a lot to enlarge the sector

Fish & Shrimp hatchery (fingerlings production)

Production of shrimp fingerlings in sweet water using the modern and up to date technology

Other fish fingerlings.

➤ **Live-Stock & Continuous Loan :**

Livestock sector plays an important role in the development of agriculture. BKB provides loan for Bullock, Milky Cow, Goatery, Beef fattening and other draft animals. It is basically Medium Term Loan.

Beef Fattening Program:

With a view to creating self-employment for the poor and un-employed people of the country the bank has introduced a new program titled “Beef Fattening”.

Objectives of the program:

- Self-employment opportunity for those who are jobless as well as less educated.
- Helps to fulfill the deficit of nations protein demand
- Making people self-confident.
- Changing the society by removing poverty and taking steps toward elimination of all sorts of economic disparity in the society.

Main Aspects

- The credit system is entirely supervised by the authority
- It is the responsibility of the bank employees to recover the loan.
- Loan borrowers will get maximum amount of 2.5 lac as loan
- The repayment of the loan is of one year

Continuous Loan:

The bank is providing continuous loan for different types of activities as cash credit/working capital loan on short term basis.

Continuous loan is given for processing, preservation and marketing of agricultural products.

➤ Farm and Irrigation Equipment Loan

Agro Equipment & Farm Machinery Loan

With the Changing scenario the traditional agricultural system is being replaced by mechanized one. In order to meet up the changing demand of this sector, BKB offers credit facilities both for production and marketing of different agricultural equipment and farm machinery including irrigation equipment. All sorts of irrigation equipment like LLP, HPTW, STW, DTW are eligible under the sector.

Agro Processing Industries

As an agricultural based country different types of crops and fruits are being regularly produced in this land. Along with this recently sectors like poultry, dairy, fisheries have flourished in large scale. There is a huge opportunity to export these items through processing mechanism and value addition. The agro based industries are Poultry farm, Dairy farm, Food processing plant, Fish freezing/Processing Industries etc. Renowned and reputed businessmen and foreign investors are being encouraged by the bank for establishment of any sorts of agro-processing industries in Bangladesh. Joint venture projects as well as direct foreign investors are also given precedence.

Poultry farm

- broiler farm
- Poultry layer farm
- Poultry (broiler/layer) hatchery
- Poultry farm related/dependent project

Dairy farm

- Milk production
- Milk collection, milk processing (Cheese, ghee, butter, pasteurized milk etc production) and marketing.

➤ Agro Equipment & Farm Machinery Loan

In course of time scenario the traditional system of agri-sector is being replaced by machine and modern tools. With a view to meet up with this change Krishi Bank ha offered loans which is effective for both parties involved in production and marketing of associated sector.

Loans are provided in the following sectors

- Power Tiller / Tractor:
- Item for Irrigation: which includes the like of LLP, , DTW
- Items that is related with Fish processing freezing dehydration plant
- Equipment for Leather processing and leather good manufacturing machineries and tools.
- Fur gathering and cutting machines
- Grinding machineries of different crops.

➤ **SME Financing Loan**

BKB has just declared the policy strategies and financing norms in accord with the industrial policy 2005 regarding SME. This process is running since October 2007 and still is on full swing

Booster Sectors of Small and Medium Enterprise (SMEs) are:

01. Electrical related items
02. IT and Software (Small/ medium Scale development)
03. Light weight engineering
04. Small agro based plantation or related inventory creation
05. Making of leather and related processing
06. RMG sector
07. Rubber and Plastics
08. Medicine and healthcare

The credit range in this sector is from Tk. 2.0 lac to Tk. 500.0 lac. The interest rates are quite logical and viable. So you should appear before BKB with your deserving requirement.

Interest Rate:

- Term Loan: 15.00%
- Cash Credit/Working Capital Loan: 15.50%
- Women Entrepreneur: 15.00%

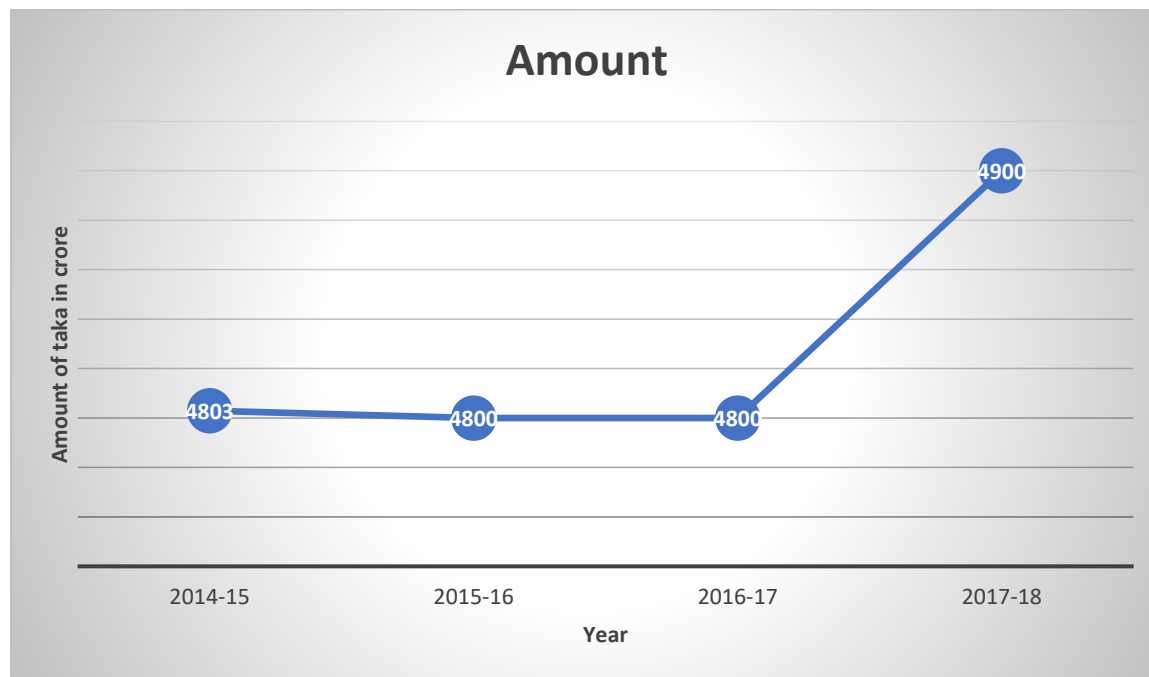
Repayment:

EMI (equal monthly installment) maximum for 5(five) years and working capital for 1(one) year.

Table 3.1 : Loan Disbursement Scenario of Total Agricultural Loan

Year	Amount (In Crore Tk)	Change
2014-15	4803	-
2015-16	4800	-3
2016-17	4800	0
2017-18 (Up to March)	4900	100

Chart: Loan Disbursement Scenario of Total Agricultural Loan



In the above table and chart we can see that BKB's loan disbursement decrease in 2015-16 in compare with previous year. In the next following year it remained same then in the next year that is on 17-18 fiscal year it increased more 100 crore taka.

Table 3.2: Increase of Loan Borrowers

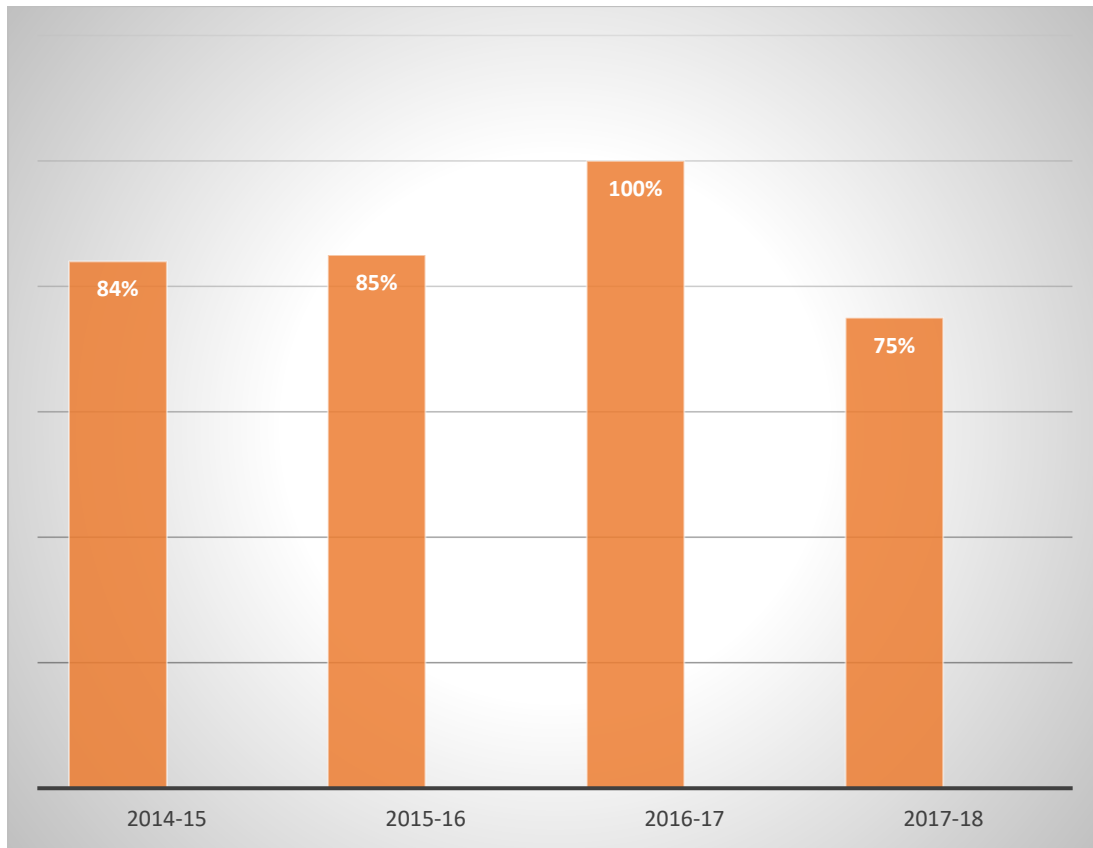
Year	Number
2015-16	3 Million
2016-17	3.30 Million
2017-18 (Up to March)	3.336 Million

BKB increased its credit amount with the pace of time. From the above table we can see that numbers of people coming under BKB's credit management system is increasing. In 2016-16 fiscal year it was 3 million, later in 17-18 fiscal year it rose up to 3.336 million. It is heading towards its goal to bring more people under this credit scheme, so that more people can be benefitted, more people can develop their situation and overall can have a impact on countries development.

Table 3.3: Total Loan Recover in Percentage

Year	Number
2014-15	84%
2015-16	85%
2016-17	100%
2017-18 (Up to March)	75%

Chart: Total Loan Recover in Percentage



Loan recovery is relatively steady for BKB. It's recovery rate was around 85% on average. In 2017 it hit 100%, but in 2018 it is relatively poor with 75%. Authority should focus on this. Because as it has been seen that major bank sector crisis in Bangladesh has been for the loan defaulters.

Sector wise Disbursement of credit

3.4 Table of Crops Sector Credit Disbursement

<u>Year</u>	<u>Loan</u> <u>Disbursement(Amount in</u> <u>Year Crore)</u>	<u>Change</u>	<u>Growth</u>
2014-15	2686	-	-
2015-16	2800	114	4.25%
2016-17	2801	1	0.0357%
2017-18	2285	-516	-18%

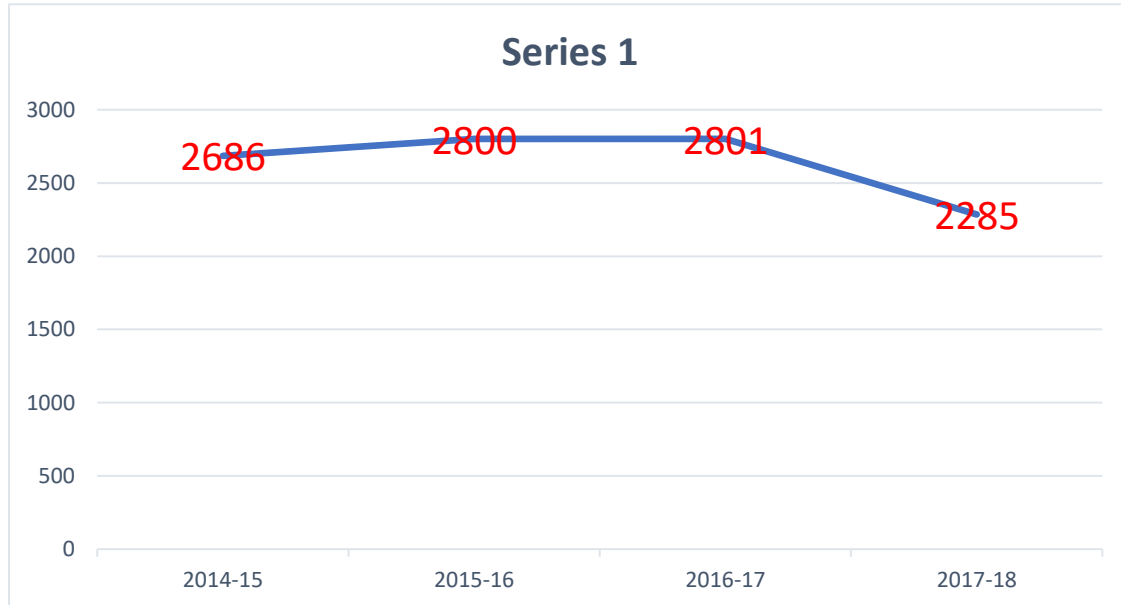


Chart: Crops Sector Credit Disbursement

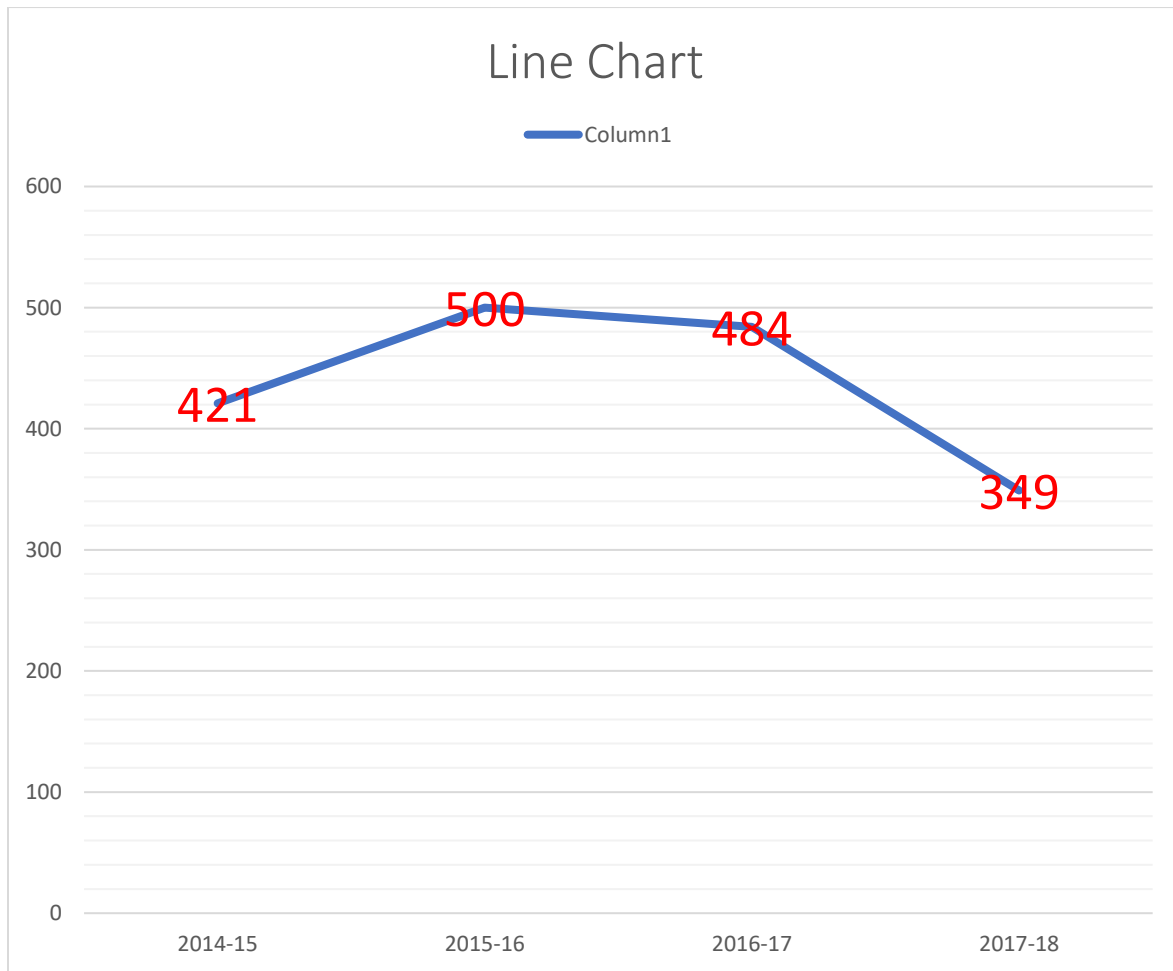
BKB has given special emphasis on Crop sectors. We can see it from the chart how the amount of credit has increased in recent years. Above we can see the loan distribution from 2015-18. To make some improvement in this sector we must analyze the trend of the current years and take actions accordingly.

3.5 Table of Fisheries Sector Credit Disbursement

<u>Year</u>	<u>Loan</u> <u>Disbursement(Amount in</u> <u>Year Crore)</u>	<u>Change</u>	<u>Growth</u>
2014-15	421	-	
2015-16	500	69	16.38%
2016-17	484	-16	-3.2%
2017-18	349	-135	-27.89%

The credit distribution in fish sector in recent years is given in the above table. We can see that the amount increased in 15-16 fiscal year then again gradually it dropped in the fiscal year 16-17 to 17-18. The increase and decrease of the loan in percentage is also shown in the table.

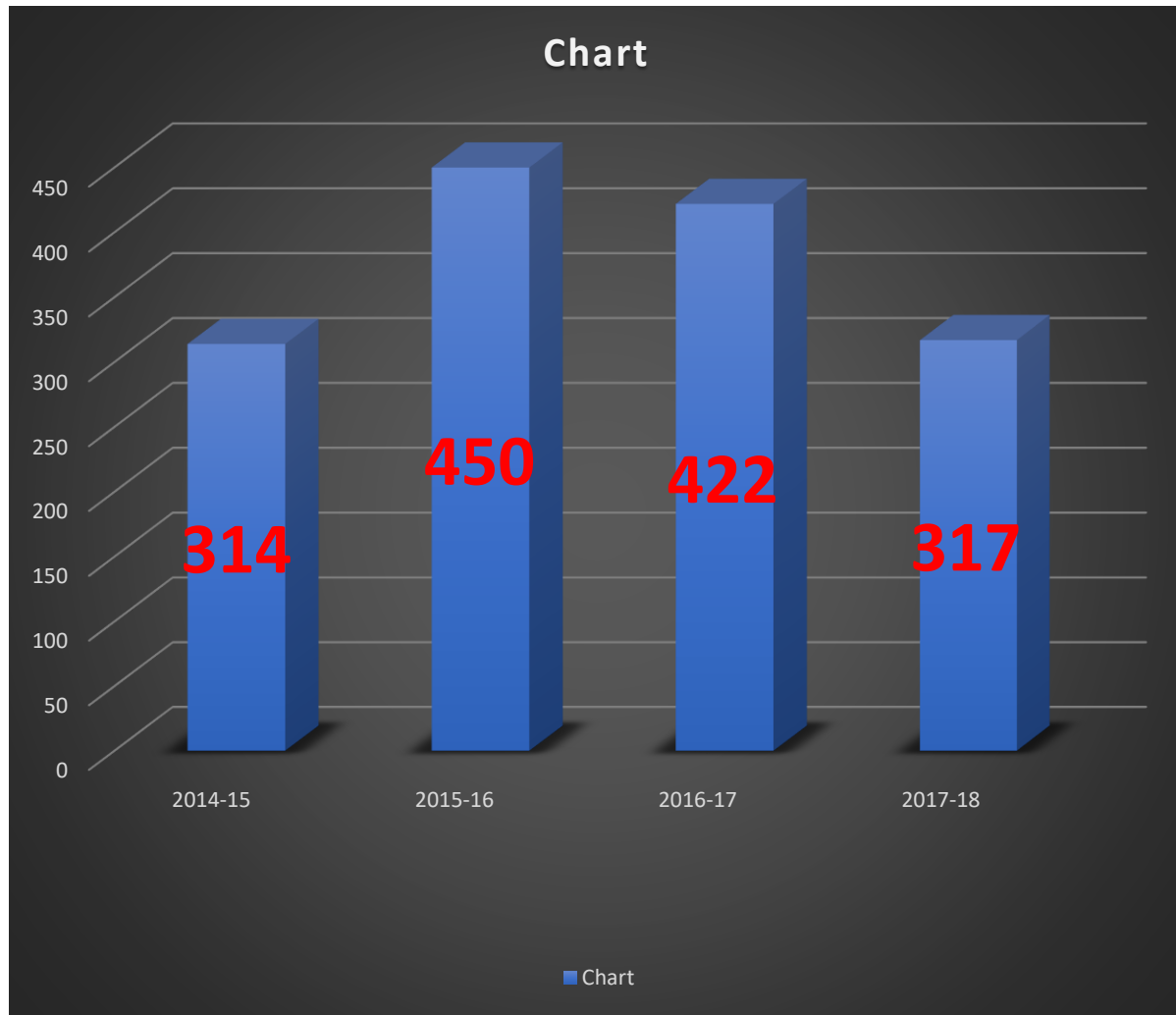
Chart of Fisheries Sector Credit Disbursement



<u>Year</u>	<u>Loan</u> <u>Disbursement(Amount in</u> <u>Year Crore)</u>	<u>Change</u>	<u>Growth</u>
2014-15	415	-	
2015-16	600	185	4.25%
2016-17	611	11	0.0357%
2017-18	624	13	-18%

3.6 Table of Livestock Sector Credit Disbursement

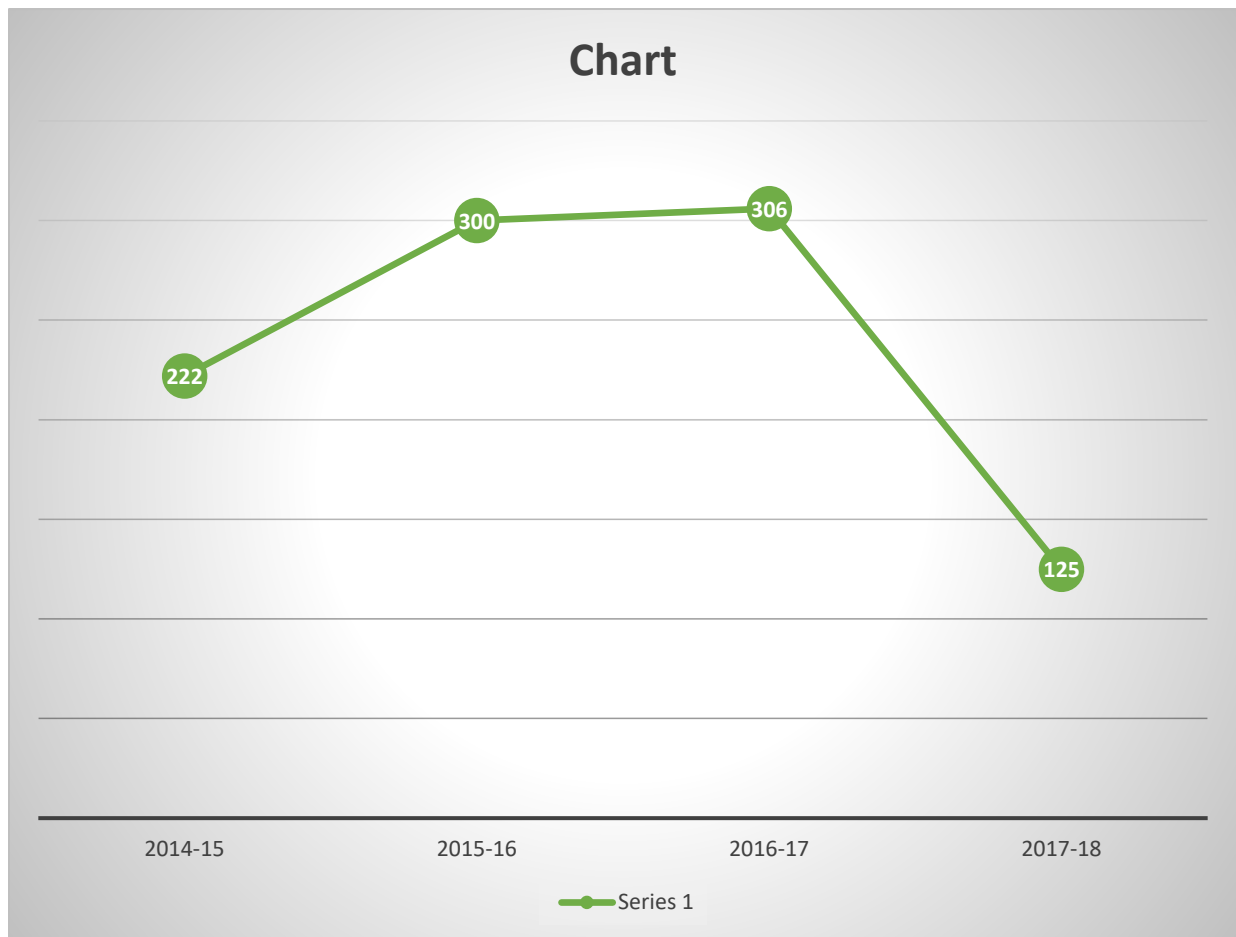
Chart of Livestock Sector Credit Disbursement



3.7 Table of Agricultural Equipment Sector Credit Disbursement

<u>Year</u>	<u>Loan</u> <u>Disbursement(Amount in</u> <u>Year Crore)</u>	<u>Change</u>	<u>Growth</u>
2014-15	222	-	
2015-16	300	78	35.25%
2016-17	306	6	2%
2017-18	125	-181	-59.1%

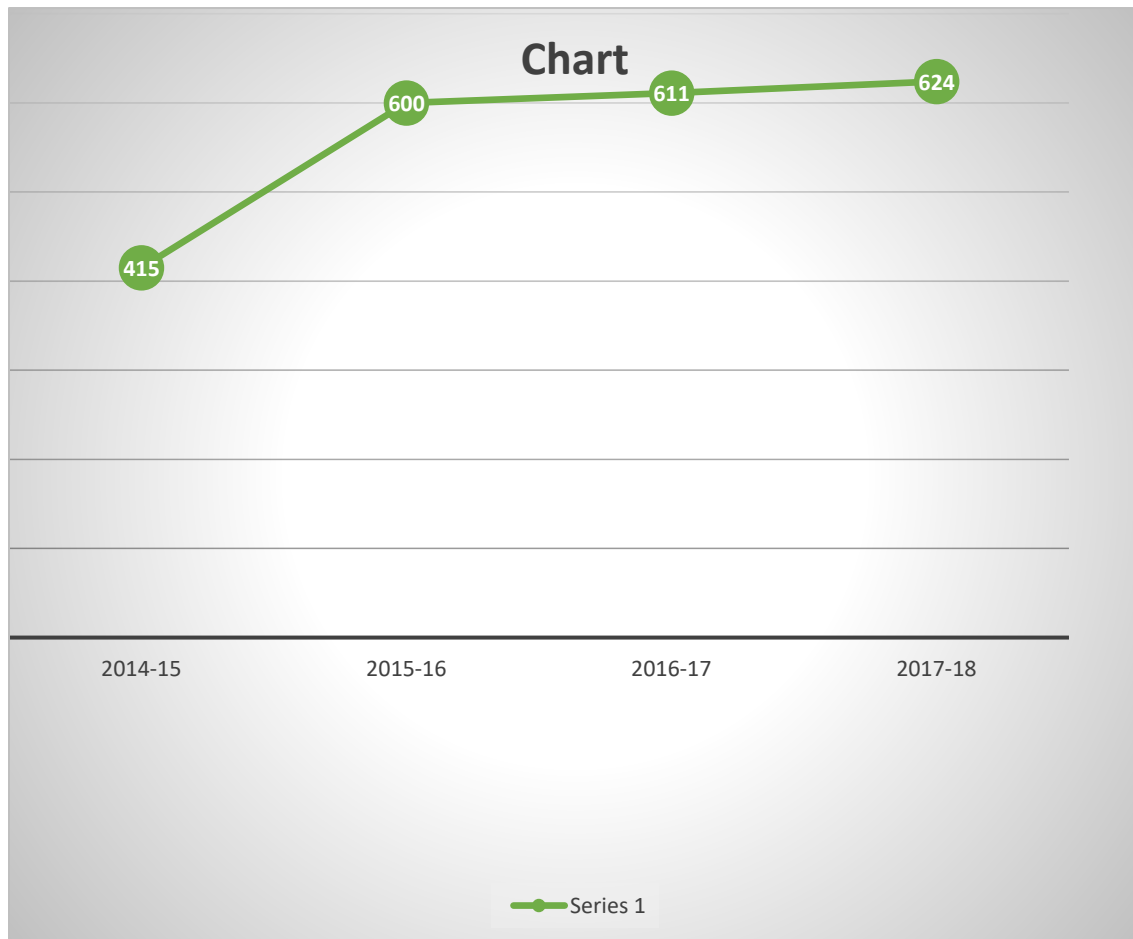
Chart of Agricultural Equipment Sector Credit Disbursement



3.8 Table of SME Sector Credit Disbursement

<u>Year</u>	<u>Loan</u> <u>Disbursement(Amount in</u> <u>Year Crore)</u>	<u>Change</u>	<u>Growth</u>
2014-15	415	-	
2015-16	600	185	4.25%
2016-17	611	11	0.0357%
2017-18	624	13	-18%

Chart of SME Sector Credit Disbursement



3.7) The salient features of the credit management of Krishi bank is mentioned below

- Maximizing the opportunity for employment through various income related activities.
- To endow the countryside women by giving them the sense of dignity .
- Creating Awareness among people so that they take the initiative to improve their condition by themselves.
- Eliminating poverty or at least reducing it to some extent
- Make this credit system easily available for all.
- Encourage people especially rural people to save money that is building the habit of savings.

Chapter Four:

KEY PROFIT RATIO ANALYSIS of SBL

4 .1 Table of key Profit Ratio

Items	Year	Year	Year
	2017	2016	2015
Total Asset	241255198824	234448780749	229959898416
Net interest income	2092475769	211317089	392362780
Net Profit	6463973968	6787437312	4478305673
Total Operating Revenue	3149140981	1662151977	1902938817
Total Operating expense	9613114959	8449589289	6381244490
Cash	20060031207	19438349145	17264155464
Deposit	227380620852	211824319311	198912373336
Total Loans	193672569346	186419992845	179960175586

Chapter Five:

SWOT ANALYSIS of BKB

5.1) SWOT ANALYSIS OF BANGLADESH KRISHI BANK:

5.1.1 Strength of Bangladesh Krishi Bank

It is very much well known that Krishi Bank is the largest organization in case of credit management in Bangladesh. It is associated with providing loans in sectors from crop production to infrastructure based works.

- Krishi bank has a good Management a strong financial position, as we can see from its capital structure.
- It has a working force which is energetic as well as a smart.
- Finding new varieties of crops for finance and conducting regular base research.
- Low interest rate is encouraging people to do business in this sector.
- It has a good cooperation with other stakeholders and it has SWIFT membership.
- We know current world is heading towards fully digitization of its systems, to keep in pace with this trend BKB has also opted to automatize its system in recent years it has brought many of its branches under automation system.

Year	Offices Automation
2018	880
2017	680
2016	462
2015	215

Table 5.1: Number of Branches Brought under Automation in recent years

We can see numbers of branches being automated is increasing in large numbers. In 2015 it was 215 offices, within a span of 3 years it increased up to 880. It can be easily said that within very short time all the branch offices will be automated.

5.1.2 Weakness of Bangladesh Krishi Bank

Basically there have been some weakness of this bank since it's starting which are related to in genera case for borrowers as well as bank itself, the salient features of the weakness of BKB is described in brief below.

- The Barga chashi who are the major parts of the faring society could not be brought under this loan or credit system due to the issue of mortgage or any kind of security factor.

- Sometimes to get loan people has to appease the organizations or people who are in the government and has muscle power.
- Sometimes the head of the village using muscle power exploits the people who will borrow from the bank. They force them to do many things which is not good for the interest of whole.
- Current banking system heavily depends on credit

there are some specific problems faced by bank and borrowers individually.

5.1.3 Opportunities of Bangladesh Krishi Bank

- Sales volume is on increase
- Political environment is stable
- Launching and expanding ATM card services
- Online banking system expanding
- Recruitment of experience and efficient people

5.1.4 Threats of Bangladesh Krishi Bank

- New financial institutes
- Different services of FCB'S (Phone Banking/Home Banking).
- Competition with others who are offering same services
- People who are the loan defaulters

Chapter SIX:

Findings, Recommendations & Conclusions

Bangladesh Krishi Bank is the largest in the distribution of Agricultural loan. Throughout the analysis of whole report on BKB's growth rate, roles & achievement in Credit disbursement programs I have been able to find out some findings about BKB

6.1) Findings:

- Before conceding loans the bank officials explain all details to the loaner , they also keep records which is necessary for the organization.
- In 2018 up to March, loan disbursements of Bangladesh Krishi Bank was Tk. 4990 crore.
- The Loan Recovery performance of BKB is relatively stable, in previous years it varied from 70-80% in 2017 it was excellent which was 100%. Up to March of 2018 it was only 75%.
- The loan distribution of the bank spreads in various stages.
- Krishi bank has a wide range of people brought under their credit program.
- Influence from internal and external is always a major concern.
- The system for loan sanction is quite time consuming.

6.2) RECOMMENDATIONS:

The failure of praiseworthy banks occurs mainly due to bad loans, which occurs due to incompetent management of the loans and advances portfolio. Based on the evaluation of different aspects of BKB, the following recommendations have been proposed:

- In case of Crops loan bank is unable to provide loan to "Borga Chashi" being not allowed to the actual ownership of the land, can offer credits to the owner of the lands with a minimum interest rate with a short term installment basis. As a result such types of owner would be encouraged to take credit facilities for all kinds of crops, which would in turn diversify the bank's credit program in this sector generating huge profit.
- In Micro credit program BKB should deploy more manpower in its supervision for introducing more potential package programs and highlight the importance of the existing program so that common as well as marginal income people get convinced to have the facilities and benefited.
- Some Micro-credit program of BKB such as Rural Women Employment creation project and ADB Loan No 1067 BAN (SE), BKB-NGO Micro-credit program etc is a little costly for the poor and marginal income people, should be minimized BKB should come forward toward more investing in Agro-based industries so that import substitutes can be minimized.
- In the recovery of credit the management of BKB should be more dynamic and introduce flexibility as well as up to date procedures to meet the demand of the customer.
- For betterment of the skills of the employee training is needed.
- Karwan Bazar branch of BKB should be fully computerized in order to expedite the dealing process among bankers and their customers. Every department should be provided a computer with adequate training. Daily records should be entered directly into these computers, (instead entering the overall daily transactions after the banking hours). It will not only reduce transaction time, will increase accuracy but will also be efficient as well. It not only will be economical but will also reduce the extra burden of work of the bank. It will also help in reducing the use of excessive paper work.

- ATM machines are still very few, it should be increased. Cause in today's busy life there is very few time for people who will go to bank collect money it will be time consuming. Everyone prefers that in case of emergency he will quickly collect money hence comes the need of ATM booths.
- In case of Agro based Industries loan and Continuous Credit etc On-line Credit disbursements program should be introduced.
- In some disbursement programs such as Agro-based industries loan. Continuous credit etc. On-line credit disbursement program should be introduced.
- More transparency, accountability as well as complete professionalism should be ensured in credit disbursement by various branches by the bank.
- Corruption, undue political pressure should be eliminated for smooth operation of credit programs.
- Government intervention should be tolerable level in proper credit disbursement program.
- Borrowers should repay their loan in time so that banks faiths keep intact on them.
- Borrowers should present of all kinds of documents and necessary papers to bank before having the credit facilities so that any kind of complexities can be avoided for both parties.

Following suggestions can be applied:

- Massive publicity of the system through publications should be arranged, which includes all sort of paper materials and TVC.
- Personal contacts with the customers can help in providing information to clients.

- Some general information should be placed in information notice board, on the entrance, on the website where customer can see it easily or it should be self-attractive.
- Complaint and suggestion box should be kept at the door of the Bank where the customers can point out drawbacks in the customer's services and put forward their suggestions for the improvement of the services quality of the Bank
- For BKB, borrowers are mostly poor, illiterate, and unfamiliar with banking procedures. Somehow, some corruptions take place through the intermediary as a way of getting loan. Fake loans, such as, loans to non-existent people, can be reduced if a branch disburses loans publicly at union level. Both forms of corruption can be diminished by disbursing loans through open camp system. For the sake of transparency in credit disbursement, emphasis has been placed on disbursement of loans publicly at union level by the bank.

6.3) CONCLUSION:

I have concentrated my focus on Credit Management in Bangladesh Krishi. Banking sector always plays a vital role in country's economic development. Bangladesh is no exemption of that as its monetary advancement and financial improvement are firmly related. That is the reason the private business banks are assuming huge job in such manner.

This report concentrated and dissected on Credit Management in BKB. BKB accounts government ventures, gives one of a kind administrations to individuals in need, even in spots it functions related with agriculture. This Bank frequently settles on choice for the welfare of overall population.

Its credit loan on agricultural side is playing a vital role and is reshaping the economy and the future of the country. Every year it is expanding its reach..From the exchange in this report, it has turned out to be evident that credit the board is a perplexing and continuous process and consequently Banks or any budgetary foundations must adopt a genuine strategy in tending to these issues.

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