

**Internship Report**  
**On**  
**“Foreign Exchange Operation of Mercantile Bank Limited- A Study on Kawran Bazar Branch”.**

**Submitted to**

**Professor Dr. Mostafa Kamal**

**Department of Business Administration**

**Faculty of Business & Entrepreneurship**

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**Submitted by**

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**(Major in Accounting)**

**MBA Program**

**Department of Business Administration**

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**Date of Submission: December 12, 2018**

## Letter of Transmittal

Date: December 12, 2018

Professor Dr. Mostafa Kamal

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**Subject: Submission of the Internship Report on “Foreign Exchange Operation of Mercantile Bank Limited- A Study on Kawran Bazar Branch”.**

Dear Sir

I am delighted to report on my internship “Foreign Exchange Operation of Mercantile Bank Limited- A Study on Kawran Bazar Branch”.

I have tried my best to follow your rules in every part of this report. In addition, I have collected what I accept to be the most important data to make this report special and rational. I was delighted to be testing the report as it gave me I enjoyed working on this report and I would like to provide you any further information about this project if necessary.

Sincerely yours

Md. Tanvir Ahamed Chowdhory

ID: 163-14-2191

MBA Program

Department of Business Administration

Daffodil International University

## Declaration

I, Md. Tanvir Ahamed Chowdhory the student of MBA Program, ID: 163-14-2191, major in Accounting from Daffodil International University, would like to declare here the declaration of an Internship Report on “**Foreign Exchange Operation of Mercantile Bank Limited- A Study on Kawran Bazar Branch**”, which I have not submitted for any other degree before.

.....  
Md Tanvir Ahamed Chowdhory  
ID: 163-14-2191  
MBA Program  
Department of Business Administration  
Daffodil International University

## Certificate of Approval



This is to certify that, Md. Tanvir Ahamed Chowdhory, ID: 163-14-2191, a student of MBA Program, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, has prepared this Internship Report entitled “Foreign Exchange Operation of Mercantile Bank Limited- A Study on Kawran Bazar Branch” under my supervision and guidance. I do therefore endorse the arrangement and substance of this temporary position report. This is for the incomplete satisfaction of Master of Business Administration (MBA) degree with major in Accounting from Daffodil International University. I wish him all accomplishment throughout everyday life.

.....

**Signature of the Supervisor**

**Professor Dr. Mostafa Kamal**

Department of Business Administration

Faculty of Business & Economics

Daffodil International University

## **Acknowledgement**

There is not always theoretical and practical knowledge in the same direction. Theory differs in its operation and implementation in a welcoming way. There is no doubt that it is very important to justify the theoretical orientation. A program of Internship brings students closer to the practical world. This realization of the universities introduced the system & provision of the MBA student internship program to better understand and realize the practical working environment.

I like to thanks my internship supervisor, Professor Dr. Mostafa Kamal, Department of Business Administration and faculty of business and Entrepreneurship, who help me in every steps of my internship.

I might want to offer my true thanks to all the officials, officers and representatives of Mercantile Bank Limited, Kawran Bazar Branch, who responded warmly to my problems related to the report and made me feel that I am not the only one in this unbelievable duty. At long last, I thank everyone who has contributed specifically or in a roundabout way to the creation of this report.

## **EXECUTIVE SUMMARY**

I have arranged my Internship Report dependent on the three months in length entry level position program that I had effectively as a prerequisite of my MBA program, Daffodil International University. My topic is “Foreign Exchange Operation of Mercantile Bank Limited- A Study on Kawran Bazar Branch”. This report is the consequence of three-month temporary job program in Mercantile Bank Limited, kawran bazar branch. Today, need of a bank as a money related foundation obvious. These organizations assume an essential job in the field monetary steadiness of a nation since this area is a standout amongst the steadiest money related establishment of any economy.

In the first chapter I have discussed the introduction.

In chapter 2 I have discussed about brief overview of Mercantile Bank Limited. Overview by which we will know vision, mission and management hierarchy of Marcantile Bank Limited. In the next chapter, I discussed Mercantile Bank Limited's foreign exchange operations. I have discussed my work related activities in Mercantile Bank Limited at Kawron bazar branch. I have also discussed about what I was learning during the internship at kawran bazar branch.

Lastly I have given findings, recommendations, conclusion and Biography.

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# Chapter – 1

## Introduction



## **1.1 Introduction**

"Bank" alludes to the monetary establishment managing cash. Business banks are the essential supporters of the economy of the nation. Then again, they are obtaining cash from local people and loaning the equivalent to the business as advances and advances. So the general population and the legislature are especially reliant on these banks as the money related go-between. In addition, banks are benefit - winning worry, as they gather store at the most reduced conceivable expense and give advances and advances at greater expense. The contrasts between two are the benefit for the bank.

Contribution of the managing an account area in various money related occasions is expanding step by step. Meanwhile, the dealing with a record methodology is winding up snappier, less requesting and the keeping money field is getting to be more extensive. As the interest for better administration builds, the keeping money associations are accompanying inventive thoughts. In order to make due in the engaged field of the dealing with a record territory, all setting aside some cash affiliations are hunting down better organization opportunities to provide for their clients. Accordingly, it has turned out to be fundamental for each individual to have some thought on the bank and saving money method.

An understudy takes the entry level position program when the person in question is at the last leg of the four-year college education; temporary position program conveys an understudy nearer to the genuine circumstance and in this way dispatches a vocation with some experience.

## **1.2 Origin of the Report**

Today, the world is rapidly changing to face the test of a concentrated free market economy. To keep pace with the pattern banks, require official with current information. To give new alumni current hypothetical and expert information in saving money and monetary foundation the board. This report is arranged as the course prerequisite of the course of MBA Program of "Daffodil International University". As the useful beginning is an indispensable piece of the MBA degree prerequisite, I was send Mercantile Bank Limited (Kawran Bazar Branch) to take the genuine introduction of the exercises of managing an account money related organization for three months just beginning from 01 August.

## **1.3 Background of the report**

Presently Multi day, saving money has turned out to be progressively focused. To adapt up to this, investors ought to have enormous hypothetical and expert ability and in addition specialized premise. As a MBA understudy, it is felt that saving money is a phenomenal territory to assemble some reasonable learning. The hypothetical information that we procure from class addresses, books, diaries, contextual investigation, course, venture, workshop and so on is recharged in the reasonable setting. Here I additionally motivate a chance to understand the significance and helpfulness of the learning. Here I also placed in Mercantile Bank Limited, Kawran Bazar Branch from August 01 to November 01,2018 Program office for ‘Practical Orientation in Bank’.

Mercantile Bank Limited is one of the new age banks in Bangladesh. The extent of the investigation is constrained to the Kawran bazar Branch as it were. The report covers the hierarchical structure, foundation, capacities and the execution of the bank.

## **1.4 Objective of the Report**

### **1.4.1 Broad Objective**

The broad objective of preparing this report is to represent the Foreign Exchange Activities of Mercantile Bank Limited.

### **1.4.2 Specific Objective**

The explicit goals of the investigation are as per the following:

- To know the banking operations of MBL.
- To know the L/C working procedure, import, export financing of MBL.
- To analyze the trend of total import and export financing as well as flow of remittance of MBL.
- To analyze the ratio of import, export and remittance of MBL.

## 1.5 Methodology of the Report

To play out the investigation, the information sources are to be distinguished and gathered, they are to be characterized, dissected, translated and exhibited in a precise way and key focuses are to be discovered. Both essential and optional information used to set up this report. The essential and optional information are given underneath:

### **Primary data**

- Discussion with officials of The Mercantile Bank Limited
- Direct involvement in the foreign exchange activities in MBL

### **Secondary data**

- Annual report of MBL
- Office circular and other published papers, documents and reports
- Various brochures
- Various printed form

## 1.6 Limitation of the study

The accompanying restrictions are clear in the report—

- a. Times are the essential impediment as the term of the program was of three months as it were.
- b. Bank's arrangement of not unveiling a few information and data for evident reason, which could be particularly valuable.
- c. MBL have not suitable and well off accumulation of different sorts of Banking Related Books and Journals.
- d. As I was more dependent on the basic sources, there could be some mixture with the accumulated information.
- e. lacking books, disseminates, Facts and figures restricted the degree of exact examination.

**Chapter-2**  
**Brief Overview**  
**of**  
**Mercantile Bank**



## 2.1 Background of Mercantile Bank Limited

Keeping money framework involves a vital place in a country's economy. Saving money establishment is basic in an advanced society and it assumes an imperative job in the monetary improvement of a nation. Against the foundation of progression of financial arrangements in Bangladesh, Mercantile bank Limited rose as another business bank to give effective managing an account benefits a view to enhancing the financial improvement of the nation.

Mercantile Bank Limited is a planned private business bank set up on May 20, 1999 under the Bank Company Act, 1991 and consolidated as a Public Limited Company under Company Act, 1994. The Bank started business dealing with a record undertaking from June 02, 1999. In the midst of this constrained capacity to center time, the Bank has been productive to position itself as a dynamic and dynamic budgetary foundation in the country.

The Bank had been extensively welcome by the business organize, from little business visionaries for forward-looking business perspective business point of view and imaginative financing plans. In like manner, inside this concise period it has had the ability to make an image for itself and has earned enormous reputation in the country's setting aside some cash division as a deal with a record with vision. The organization Philosophy – **“efficiency is our strength”** has been actually the embodiment of accomplishment of this Bank.

Commercial Bank Limited has been authorized by the Government of Bangladesh as a planned Bank in the private area during the time spent the strategy of progression of keeping money and budgetary administrations or Bangladesh. In perspective of the above mentioned, the Bank has, inside a time of eight years of its task, made an amazing progress and has dependably gotten together capital sufficiency prerequisite set by Bangladesh Bank.

There are twenty-seven Sponsors involved in creating Mercantile Bank Limited; the patrons of the Bank have a long legacy of exchange, trade and industry. They are exceptionally respected for their innovative ability. The backers happen to be individual from various expert gatherings among whom are likewise prestigious saving money experts having huge scope of keeping money information. There are likewise individuals who are related with other budgetary establishment like organizations, renting organization's and so on.

The top managerial staff comprises of 21 individuals chose from the supporter of the bank. What's more, the governing body is the peak group of e bank. All course matters past assigned proprietors of the board are chosen by or steered through the official advisory group, subject to sanction by the governing body.



## 2.2 At a Glance of MBL:

Company name	Mercantile Bank Limited
Known as	MBL
Type	Private
Authoritative document	An open ltd. organization fused in Bangladesh on May 20,1999 under the organizations Act 1994, the Bank Company Act 1991 and Act 12of 1997.
Date of Commencement	June 02, 1999
Name of the Chairman of the Board	Md. Abdul Jalil
Present Chairman	Mr. Morshed Alam
Category	Commercial
Origin	Local
Logo	
Head Office	61,Dilkusha,commercial area (Dhaka)1000, Bangladesh
Telephone No.	8668444,8668777
Fax	99-03-5674933
Swift	MBLBBDDH
E-mail	<a href="mailto:it@mblbd.com">it@mblbd.com</a>
Website	<a href="http://www.mblbd.com">www.mblbd.com</a>
Number of branches	129
Number of ATMs	135
Number of Employees	2062

## 2.3 Objectives of MBL:

Objectives of this bank are divided in the two main parts:

### **Strategic objectives:**

- To accomplish positive economies esteem included (EVA) every year
- To be advertise pioneer in the item development.
- To be one if the main three monetary foundations in Bangladesh as far as cost effectiveness.
- To be one of the main five money related establishment in Bangladesh as far as piece of the pie in all critical market portions.

### **Financial objectives:**

- To accomplish an arrival on investors' value of 20% or more, by and large.

## 2.4 Vision, Mission, and Core Values:

Mercantile Bank Limited intends to end up one of the main Banks in Bangladesh for their nature of activities in their saving money division. This bank has some mission to achieve the legitimate destinations.

### **Vision:**

To guarantee the upper hands by overhauling saving money innovation and data framework and to address the issues of the customers, capital ampleness, resource quality, sound administration practice and upgrade the productivity by making corporate culture and solid capitalization.

### **Mission:**

Mercantile Bank Limited give high caliber monetary administrations to reinforce the prosperity and what's more, accomplishment of individual, enterprises and business networks. What's more, give better advantages to their client and great comes back to their investors.

The Bank makes riches for the investors for trust in control development technique. Likewise keep up amicable air for which individuals are pleased and anxious to work with this Bank.

### **Core values:**

#### **For the clients:**

- Providing with minding administrations by being imaginative in the improvement of new saving money items and administrations.

#### **For the investors:**

- Maximizing abundance of the bank.

#### **For the workers:**

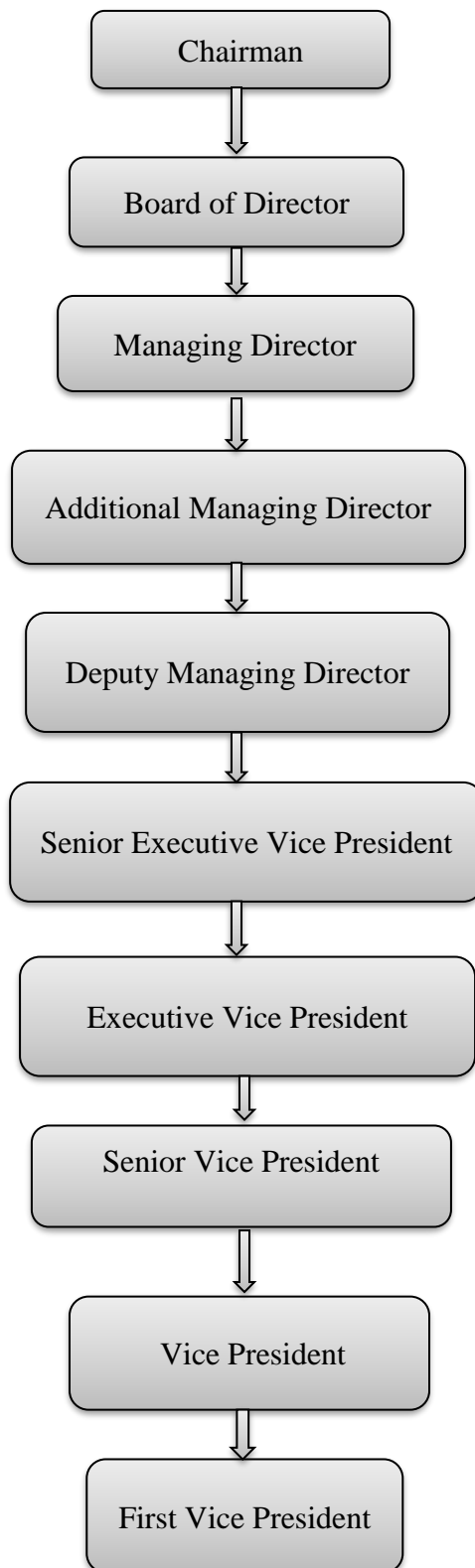
- Respecting worth and respect of individual workers dedicating their energies of the advancement of the bank.

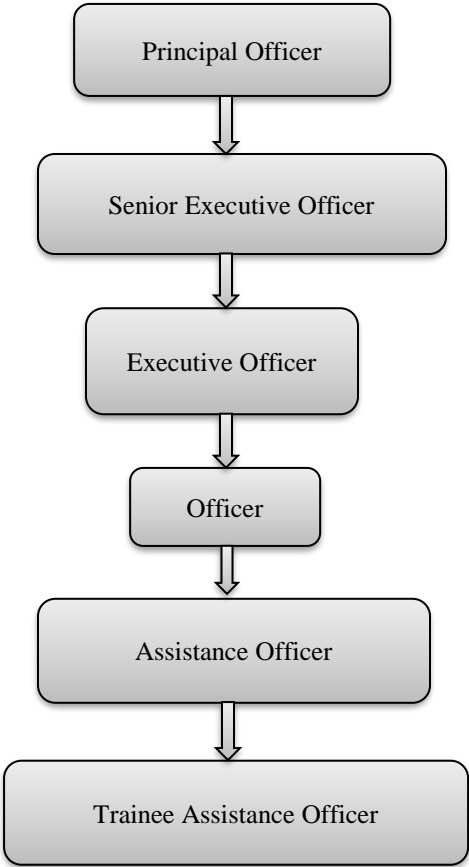
#### **For the network:**

- Strengthening the corporate qualities and considering condition and social dangers and reward.

MBL is constantly prepared to keep up the most noteworthy nature of administrations by updating saving money innovation reasonability in the executives and by applying elevated expectation of business ethic enough its set up responsibility and legacy. This bank is resolved to guarantee its commitment to national economy by expanding its gainfulness through expert and trained development technique for its client and by making corporate culture in global saving money field

## 2.5 Management Hierarchy





# Chapter 3

## FOREIGN EXCHANGE



### **3.1 Introduction:**

One of the biggest organizations completed by the business bank is remote exchanging. The exchange among different nations succumbs to close connection between the gatherings managing in exchange. The circumstance calls for mastery in the field of remote tasks. The bank, which gives such activity, is alluded to as ripping universal keeping money task. Principally exchanges with abroad nations are regards of import; send out and remote settlement go under the see of outside trade exchanges. Universal exchange requests a stream of products from dealer to purchaser and of installment from purchaser to merchant. For this situation the bank assumes an indispensable job to connect between the purchaser and merchant.

The foreign exchange division has one part in MBL (Kawranbazar Branch). – **a. Foreign Commerce**

### **3.2 Foreign Commerce Department:**

Foreign commerce covers import and export transactions. There are therefore two parts of MBL's foreign commerce department

1. Import Department
2. Export Department

Import office manages the import situated outside exchange while send out division manages trade arranged remote exchange.

#### **3.2.1 Import:**

Imports are remote goods and businesses purchased in Bangladesh by customers, companies and governments. To import, a man should be a 'merchant.' As stated in the Import and Export Control Act, 1950 the Office of Chief Import and Export Controller gives the shipper the registration.

## **Import procedures:**

### **1. Registration with CCI&E**

- a. For participating in worldwide exchange, each merchant must be first enrolled with the Chief Controller of Import and Export.
  
- b. By paying determined enlistment expenses and submitting fundamental papers to the CCI&E, the dealer will get IRC (Import Registration Certificate). In the wake of acquiring IRC, the individual is qualified to import.

### **2. Purchase Contract between importers and exporter:**

- a. Presently the merchant needs to contact with the dealer outside the nation to acquire the proforma receipt/indent which depicts products.
- b. Indent is got past agreements a neighborhood operator of the venders.
  
- c. After the merchant acknowledge the preformed receipt, he makes a buy contract with the exporter proclaiming the terms and states of the import.
  
- d. Import system contrasts with various methods for installment. Much of the time import installment is made by the narrative letter of credit (L/C) in our nation.

### **3. Collection of LCA form:**

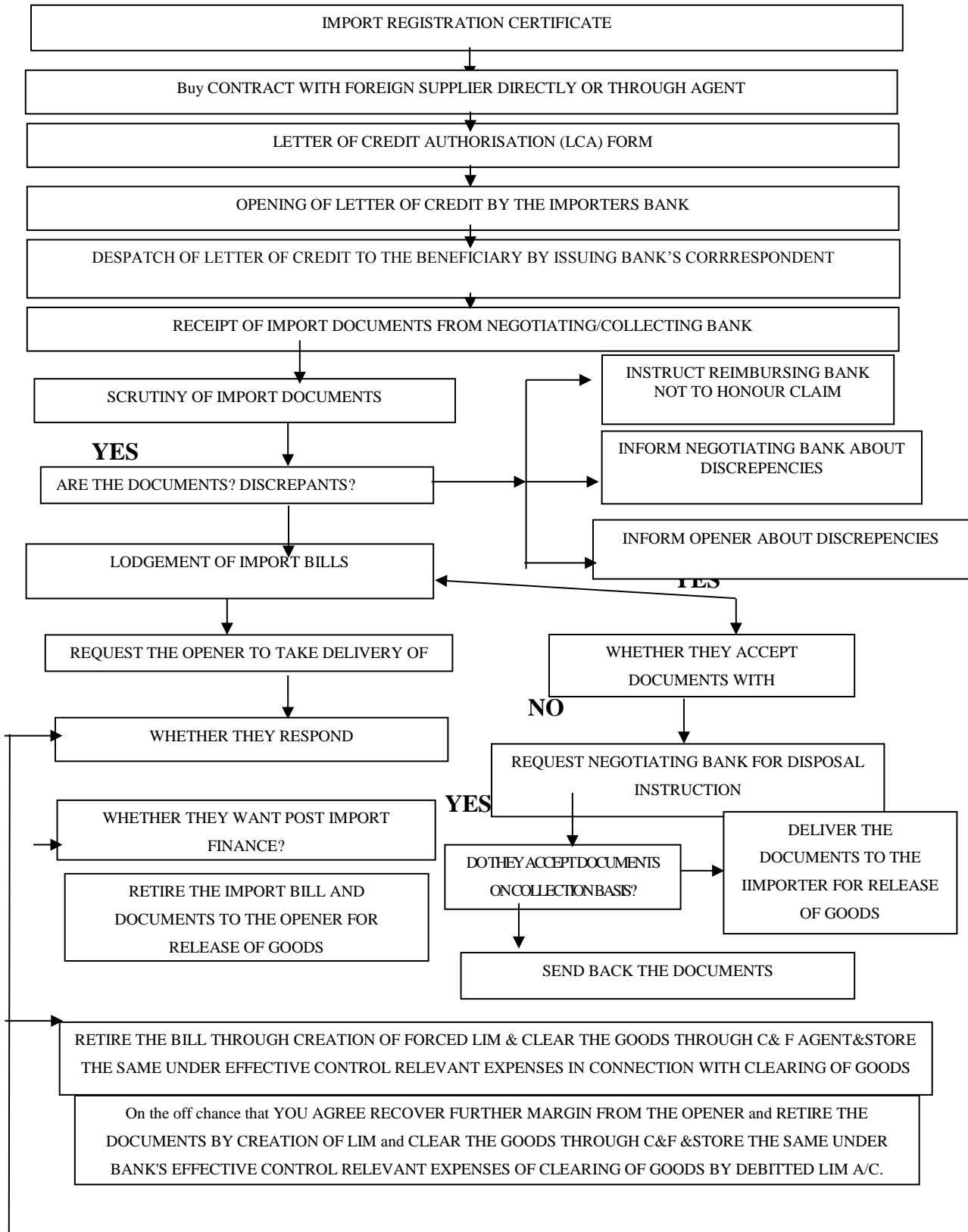
Then the importer collects a Letter of Credit Authorization (LCA) form MBL principal branch.

### **4. Opening A Letter of Credit (L/C):**

In global condition, purchasers and venders are regularly obscure to one another. So dealer dependably look for certification for the installment for his merchandise traded. Here is the job of bank. Bank gives send out certification that it will pay for the merchandise for the benefit of the purchaser. This certification is called Letter of Credit. In this way, the investor gives the agreement among merchant and exporter by its 'Letter of Credit'.



**The import procedure can be shown by the following flow chart**



## **a. L / C Parties:**

**Importer** – Seller who applies for opening a L/C.

**Bank submitting**–it is the bank which opens / issues an L / C to the shipper's benefit.

**Bank Assertion** – It is the bank that adds its assertion to the loan and it is passed out within the issuing bank. Bank affirmation could prompt bank.

**Bank Exhort / Notify** – Indeed the bank through which the exporters are encouraged to L / C. This bank is arranged in the nation of exporters. It could also accept the task of affirming and / or arranging a bank contingent on the credit rating.

**Bank Arrangement** – is the bank which arranges the bill and pays the caller's measure. The exhorting bank and the campaigning bank could possibly be like that. Again and again, it can also affirm the bank.

**Bank Payment / Acceptance** – Depends on which bill will be drawn (depending on the credit status). It is usually the issuing bank.

**Bank Returning** – is the bank that might repay the arranging bank so after issuing the installment–the issuing bank guidelines.

## **b. L / C Limit Application:**

The shipper shall apply for the L / C limit before opening L / C. To have an import L / C limit, a merchant submits the accompanying data to the Department of MBL, -

- MBL Chief Branch maintained full points of interest in the financial balance.
- Business Nature
- Required limit measurement
- Terms and conditions of payment
- Goods to be carried in
- Security offered
- Return plan

A credit officer shall investigate this request and prepare a proposal (CLP) in the same way and forward it to the Head Office Credit Committee (HOCC). Whenever the committee has met, it sanctions the limit and returns to the branch. The shipper is entitled to the limit on these lines.

### **C. Application for L / C:**

After receiving it, the merchant applies to the bank to open a credit letter with the necessary papers in the interest of him.

i. **Application for documentary credit:**

MBL gives the shipper a printed shape to open L / C. This frame is known as the application form for credit. An unusual glue stamp is attached to the shape. When the stamp is opened, it is dropped. The merchant normally communicates his desire to open the L / C, citing the edge in rate measurement.

ii. **Invoice for Proforma:** It illustrates the inventory, including sum, unit cost, etc.

iii. **Note protection covers:** The name of the issuing association and the security number should be indicated.

iv. **Frame of letter of credit approval (LCA):** The veracity of the LCA shape should be appropriately demonstrated.

v. **IMP-Form.**

vi. **Certificate of Tax Information.**

vii. **Pre-shipment inspection sending (PSI)**

Shippers send an exporter's letter for the pre-shipping inspection. In any case, PSI is not required for a wide variety of items.

## **5. L / C application scrutinization:**

The MBL official investigates the application in the way, -

The terms and conditions of UCPDC 5 00 and the Exchange Control and Import Trade Regulation shall be agreed upon in the L / C.

- Qualification of the external items.
- The L / C for the shipper should not be opened.
- Report radioactivity if there should be an occurrence of food.
- Report or authentication of the survey if old hardware occurs.
- The ship is not from Isriel or from Serbia-Montenegro.

Certificate announcing that the thing is not active for more than 5 years if a vehicle occurs.

Bookkeeping in case of opening L / C

Currently, if the officer considers it appropriate to open an L / C application, the accompanying sections are given to understand the L / C commission, fees, postage, L / C edge, etc., -

Customer's Account - - - Dr.

Sundry store edge on L/C - - Cr.

Pay A/C commission - - - Cr.

Sundry store edge outside cash clearing (F.C.C) A/C - Cr.

Tank (15% of Commission) on L/C - - Cr.

Pay A/C (postage/wire) - - Cr.

From this point on, the number of L / C and the above passages are entered in the L / C Register. The contract sections that express the bank 's and the customer's obligations are:

Client's Liability- - Dr.

Broker's Liability- - Cr.

## **6. Transfer of L / C to the beneficiary through bank advice:**

At that point, L / C is then transmitted via tried - and - tested wire or fax to exhort the L / C to the prompt bank. The informing bank verifies the credibility of L / C.

MBL has comparing relationship or course of action all through the world by which the L/C is exhortated. In fact, the prompt bank does not accept any obligation if generally not requested. Report on Credit:

On the off chance that the measure of L/C surpasses US\$10000/=, MBL assumes the praise report of the recipient to guarantee the value of the providing products.

## **7. Change of the Letter of Credit:**

When the meetings were conducted with an L / C, the dealer in particular had to change the terms and conditions for some conspicuous and certified reasons, the credit had to be revised. MBL transmits the alteration to the prompting bank by tested message If the L / C is revised, the benefit charge and the message charge will be charged from the collection account in the same way. As stated in Article No. 5 of UCPDC 500, amendments must be completed and accurate.

## **8. Document presentation:**

- a. The vendor is satisfied with the terms and conditions of the credit and ships the products in accordance with the L / C terms.
- b. The exporter presents the archives to the arranging bank after the shipment of the products to the merchant.
- c. After all the reports have been accepted, the orchestration bank checks the records against the loan. If all the files are discovered together, the bank will pay, recognize or advise MBL
- d. Branch and bank to be included in the sending plan
- e. The Exchange Bill and transport reports should be passed immediately to ensure misfortune or falsehood.

**MBL checks the documents. The usual documents are, -**

- i. Invoice
- ii.** Filling bill
- iii.** Birthplace certificate
- iv.** Packaging list
- v.** Weight list
- vi.** Shipping counsel
- vii.** Non-debatable duplicate of the filling bill
- viii.** Bill of trade ix.

### **9. Review of shipping documents:**

One of the key narrative credit standards is that all gatherings manage report and not with products (Articles 6 of UCPDC-500). That is the reason the records ought to be investigated legitimately. On the off chance that any error in the records is discovered, that will be educated to the gathering. An agenda might be pursued for analyzing the records.

At that point the accompanying things can occur. These are shown in the accompanying:

- a. **Discrepancy found however the shipper acknowledges** - at that point the bank will hold up the reports.
- b. **Discrepancy has been discovered and merchant has not agreed to recognize** - The issuing of a bank would imply that the bank is arranged for a re - examined report or that the archives are restored to the arranging bank for fundamental activity. There is no doubt that the issuing bank pays in view of the fact that the reports sent by the exporter are not in accordance with the L / C terms.
- c. **Documents are OK however merchant isn't willing to resign the archives** - The bank is committed to paying the cost of the products sent out. Since the shipper did not pay the bill of trade, this payment by bank is a kind of credit to the merchant and this credit is called FORCED PAD when managing an account.

d. **L T R (Loan against Trust Receipts):** Advance considered the withdrawal of transport records and the entry of stocks imported via L / C below this heading. The products are passed on to the shipper in confidence with the course of action that continues to be dealt with in order to exchange advances within a given period. This is MBL 's post import back.

### **10. Lodgment of Documents:**

Lodging implies the withdrawal of assets. Installment is normally made within seven days of receipt of the archives. If the installment is moved towards being granted, the arranging bank can guarantee enthusiasm for delay. Lodgment lays down the following:

- a. **Requisition for the outside money:** For orchestrating important store for installment, a demand is sent to the International Department.
- b. **Preparing deal update:** An arrangement is made to the customer at the B.C rate. Since the T.T and the O.D rate are paid to the ID, exchange trading is the qualification between these two rates. Finally, an ID is sent to the Inter Branch Exchange Trading Credit Advisor.
- c. **Creation of PAD obligation:** MBL lodges the changed bill amount at the rate of BC (Bills Collection) winning on the date of lodging to PAD A / C and an IBETCA arranged at the changed bill amount at the clear rate of T.T is sent to the ID. Cushion A / C should be balanced within 21 days.

### **Bookkeeping Treatment:**

Cushion A/C ... .. Dr.

(Changed over the bill sum at BC rate)

H.O. A/C - - - Cr.

(Changed over bill sum at T.T clear rate)

Salary A/C benefit on trade - - Cr.

(Contrast between B.C&T.T clear rate)

### **Inversion Entries:**

Broker's Liability - - Dr.

Client's Liability - - Cr.

(At the point when lodgment are given)

**d. Instructions for payment:** Installment guidance is given to the repayment bank to charge the issuing banks. NOSTRO A/C to make installment to the arranging bank.

**e. Payment Intimation to the Negotiating Bank:** An Intimation is sent arranging bank guaranteeing that installment has been made.

**Accounting Treatment**

At that point the wire charge, benefit charge, and intrigue (assuming any) are charged to the PAD A/C.

Cushion A/C -- Dr.

Pay A/C -- Cr.

(Administration charge and Telex charge)

Transportation records is then stepped with PAD Number and entered in the PAD Register

**f. the applicant's intimation**

As soon as above formalities are completed the importers are served with PAD bill intimations for retirement of concerned import document.

A letter of intimation regarding receipt of the documents should be sent to the applicant with a request to take delivery of the documents on settlement of all dues against it.

**11. Document retirement:**

The shipper approaches with a letter to withdraw the report against full payment with upcoming interest and charges. The bank receives ready reminders of costs in printed form because the party concerned gives subtleties the head of the charges payable.

**Accounting Treatment:**

Sundry Deposit L/C Margin A/C -- - Dr.

Cushion A/C - - - - Cr.

(Edge sum exchanged to PAD A/C)

Client A/C - - - Dr.

Cushion A/C - - - - Cr.

Salary A/C – enthusiasm on PAD -- Cr.

(client's record charged for the rest of the sum)



As far as the vouchers are concerned, basic areas are given in PAD Ledger bolts under two signs of the bank officers (P.A.). Oh, holder). The reports are then passed on to the dealer.

**The Bank will support the reports as follows:**

Document	Endorsement
Bill of Exchange	Receives payment for Mercantile Bank Limited
Commercial Invoices	Invoice value certifies & remitted for Mercantile Bank Limited
Bill of Lading, Airway Bill, Truck Chalan	Deliver / Pay to the order of M/S ---, for Mercantile Bank Limited
LCA	For MBL

The merchant then discharges the shipping goods from the port specialist with the assistance of the clearing and sending operators C&F specialist clears the products from the port and hands the goods over to the shippers.

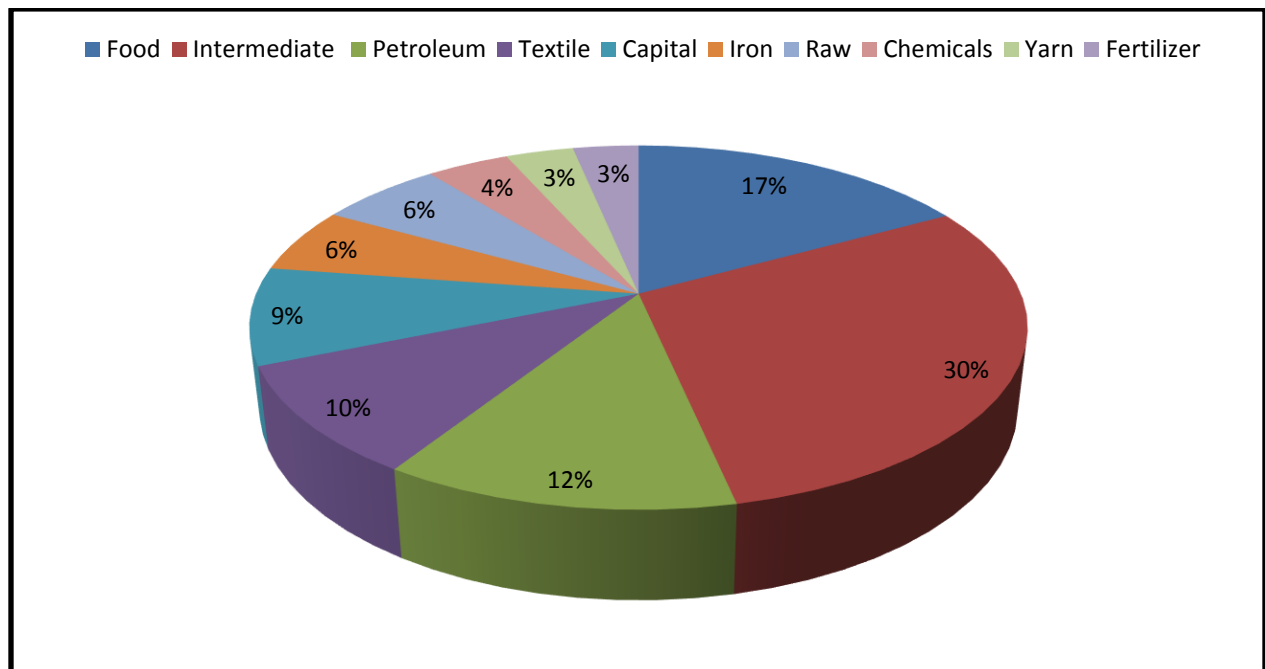
After the completion of each single authority, the C&F specialist presents the banks ' bill of transit. The bill of entry is needed from the collection to keep the proof that the goods have arrived.

**12. Guarantee of shipment:**

At the time when merchandise touches the base before records are entered, this mostly happens in cases of air shipment, transportation by truck from land or transportation by postal division. In such cases, the bank accepts undisputed delivery reports for the freedom of the products subject to investigation and the archives together and settles the bank's obligation against the related bills.

### The Import Composition:

Item	%
Food	16.12
Goods of intermediate	28.15
Product of petroleum	11.7
Articles and textile	9.4
Machineries	8.3
Metal and Iron steel	5.4
Cotton raw	5.9
Chemicals	3.8
Yarn	3.3
Fertilizers	3.2



### 3.2.2 Export

So as to Creation of riches in any nation relies upon the development of generation and expanding support in worldwide exchange. By expanding creation in the fare area we can enhance the work dimension of such an exceptionally populated nation like Bangladesh. Bangladesh exchanges an enormous measure of stock and endeavors to outside nuclear families. Ready - made material bits of dress (both weaved and woven), jute, jute-made items, hardened shrimps, tea is the essential stock that Bangladeshi exports to remote countries pass through. Bits of apparel part is the largest division that exchanges the country's lion's offer. Bangladesh transmits a great deal of its ready - made pieces of attraction to the United States and the European Community (EC) countries. Bangladesh transfers some 40% of its ready - made pieces of apparel to the United States. The majority of exporters that transport through MBL are ready - made bits of clothing exporters. They charge L / Cs here to transport their items that they open against import L / Cs opened by their external carriers.

### Export Policy

GOB gives the general rule and motivating forces for the advancement of fares in Bangladesh to export policies established by the Ministry of Commerce. The export policies also set the yearly target for items. These strategies have been chosen to cover a five-year timeframe to make them contemporary with the five-year designs and to give them a routine arrangement. The fare-located private area, through its delegated bodies and chambers, is advised in the plan of fare strategies and is also referred to in the various fare advancement bodies established by the government.

## **Export Procedures**

The import and exchange of tariffs in our country is governed by the Import and Export (Control) Act of 1950. Under Bangladesh's tariff arrangement, the exporter must obtain a real Export Registration Certificate (ERC) from the Chief Import and Export Controller (CCI&E). The ERC must be energized every year. The ERC number is to be combined with EXP outlines and various toll-related papers.

### **Export L/C**

There are various customs that an exporter needs to fulfill when shipping goods. These agreements or systems are counted as aims –

#### **1. Obtaining Export Registration Certificate (ERC):**

No exporter is allowed to trade any reasonable product from Bangladesh except if he is registered with the Chief Import and Export Controller (CCI and E) and holds a legitimate Export Registration Certificate (ERC). Following the application of the CCI&E to the recommended papers, the workplaces of the Chief Controller of Imports and Exports ERC were concerned. When registered, exporters must recharge the ERC consistently.

#### **2. Securing the order:**

In the wake of getting ERC, the exporter may continue to anchor the fare arrange. He can do this by getting the purchasers specifically through correspondence.

#### **3. Obtaining EXP:**

Subsequent to having the enrollment, the exporter applies to MBL with the exchange permit, ERC and the Certificate from the concerned Government Organization gets EXP. In the event that the bank is fulfilled, an EXP is issued to the exporter.

#### **4. Signing of the contract:**

In the wake of speaking along with buyer the exporter needs to get contracted for conveying exportable things from Bangladesh indicating item, sum, esteem, shipment, protection and stamp, assessment, intervention and so on.

#### **5. Receiving the Letter of Credit:**

Subsequent to getting contract available to be purchased, exporter ought to approach the purchaser for Letter of Credit unmistakably expressing terms and states of fare and installment.

Subsequent to getting L/C, the accompanying focuses are to be searched for:

- a. The terms of the L/C are in similarity with those of the agreement.
- b. The L/C is an unalterable one, ideally affirmed by the prompting bank
- c. The L/C permits adequate time for shipment and a sensible time for enlistment.
- d. In the event that the exporter needs the L/C to be transferable, distinct and fitting, he ought to guarantee those stipulations are extraordinarily referenced in the L/C

#### **6. Procuring the materials:**

In the wake of making the arrangement and opening LC to support him, the subsequent stage for the exporter is to set about the errand of securing or assembling the contracted stock.

#### **7. Endorsement on EXP:**

Prior to the exporters with the traditions/postal specialists stop the fare shapes, they ought to get every one of the duplicates embraced by MBL. Prior to shipment, exporter submits exp. shape with business receipt. At that point MBL officer checks it legitimately, whenever fulfilled, guarantees the exp. without it, exporter he can't make shipment. The client must proclaim all fares merchandise on the EXP issued by the approved merchants.

## **8. Disposal of Export Forms:**

a. **Unique:** Customs expert reports first duplicate of EXP to Bangladesh Bank after shipment of the merchandise.

b. **Copy:** Negotiating bank reports the Duplicate to Bangladesh Bank in or after arrangement date yet not later than 14 days from the date of shipment.

c. **Triplicate:** On acknowledgment of fare continues a similar bank to a similar expert reports Triplicate.

d. **Quadruplicate:** Finally, the arranging bank as their office duplicate holds Quadruplicate

9. **Shipment of merchandise:** Exporter makes shipment as per the terms and state of L/C.

10. **Introduction of fare archives for arrangement:** After shipment, exporter presents the accompanying records to MBL for transaction.

a) Bill of Exchange or Draft;

b) Bill of Lading

c) Invoice

d) Insurance Policy/Certificate

e) Certificate of starting point

f) Inspection Certificate

g) Consular Invoice

h) Packing List

I) Quality Control Certificate

j) G.S.P. testament

k) Photo – Sanitary Certificate.

## **11. Cash against Document (CAD) Contract:**

In lieu of fare LC fare can likewise be made against execution of agreement of offer and buy between the purchaser and vender. Typically, a CAD contract is put forth in defense of trading Jute products.

There are some Bangladesh Jute Mills Corporation (BJMC) enrolled mediator firms. They make CAD contract with the shipper. Some go-between firms the customer of MBL. Subsequent to making contract, the mediator firm (unique exporter) buys jute from a jute process. At that point, the jute factory's bank for the most part a NCB sends sending with the accompanying archives to MBL.

- a) Commercial receipt made by the jute process
- b) Bill of trade attracted on exporter payable to jute plants bank (approved that bank as " pay to the request of MBL")
- c) Mills determination
- d) EXP shape – triplicate and quadruplicate on which seal and mark of approved officer of the jute factory's bank is given.

Alongside these jute process reports exporter presents records, which were required by the CAD contract. Exporter displays the reports for arrangement to MBL and demand to dispatch the sum at which he bought jute from jute plant to the jute plant's bank and credit the rest to his record in MBL.

## **12. Examination of Document:**

Banks manage reports just, not with ware. As the arranging bank is giving the incentive before repatriation of the fare continues it is prudent to investigate and inspect every single archive with incredible consideration whether any discrepancy(s) is seen in the records. The brokers are to discover that the records are entirely according to the terms of L/C Before transaction of the fare bill. Bank officers doled out for inspecting the fare records may utilize an agenda for their benefit.

### **13. Negotiation of export documents:**

Transaction represents installment of significant worth to the exporter against the records stipulated in the L\C. On the off chance that records are all together, MBL buys (arranges) the equivalent based on broker client relationship. This is known as Foreign Documentary Bill Purchase (FDBP).

On the off chance that the bank isn't happy with the archives submitted to MBL gives the exporter sensible time to evacuate the inconsistencies or sends the reports to L/C opening bank for accumulation. This is known as Foreign Documentary Bill for Collection (FDBC)

#### **a. Procedure for FDBP:**

- After acquiring the reports, MBL gives the accompanying passages –  
FDBP A/C - - - - Dr.  
(At OD locate rate)  
Client A/C - - - - Cr.  
(Prior to acknowledgment of continues)  
Bank would acknowledge just postage charges from the exporter.
- Subsequently, Bank will send the records to the L/C opening Bank for installment with a sending letter specifying the fenced in areas. Endless supply of continues the Negotiating Bank would pass the accompanying vouchers:  
  
Head Office A/C - - - Dr.  
(At T.T Clean rate)  
FDBP A/C - - - - Cr.  
Salary A/C Profit on Exchange Trading - - Cr.  
(Change after acknowledgment of continues)
- A FDBP Register is kept up for account every one of the points of interest.



## **b. Foreign Documentary Bills for Collection (FDBC):**

MBL advances the reports for gathering because of the accompanying reasons, -

- If the archives have disparities.
- If the exporter is another customer.
- The financier is in uncertainty.

FDBC acknowledges that the exporter receives the deposit only when the issuing bank gives the deposit. MBL influences the custom of catching up with the L / C opening bank if there should be a delay in receiving the installment. Copies of EXP form and commercial invoice are submitted by the exporter. The estimate of the bill is determined along these lines and the accompanying bookkeeping passages are given., -

Head Office A/C -- - - Dr. @ T.T

Clean Client's A/C - - - Cr. @ OD locate

Government Tax A/C -- Cr. @ 0.10 % of Invoice esteem

Postage A/C - - - - Cr.

Salary A/C benefit on Exchange -- - Cr.

After the above vouchers have been received, an Inter Branch Exchange Trading Debit Advisory is sent to charge the NOSTRO account. A FDBC register is maintained where the first section is provided when the reports are sent to the issuing bank for accumulation and the second section is made after the returns have been acknowledged. If minor errors occur, the Bank may arrange the records relying on the client's certainty against the execution of the Letter of Indemnity.

#### **14. Settlement of Local Bills:**

- a. Along with the archives, the client presents the L / C to MBL.
- b. The MBL official reviews the archives to ensure compliance with the terms and conditions.
- c. The archives will be sent to the opening bank of L / C.
- d. The L / C issuing bank shall give the acknowledgement and advance a letter of acknowledgement.
- e. The client is provided with the installation either by collecting the premise or by acquiring the record.

#### **15. Accounting for local bills purchase:**

Bill Purchase neighborhood documentary---Dr.

Collection A/C----Cr.

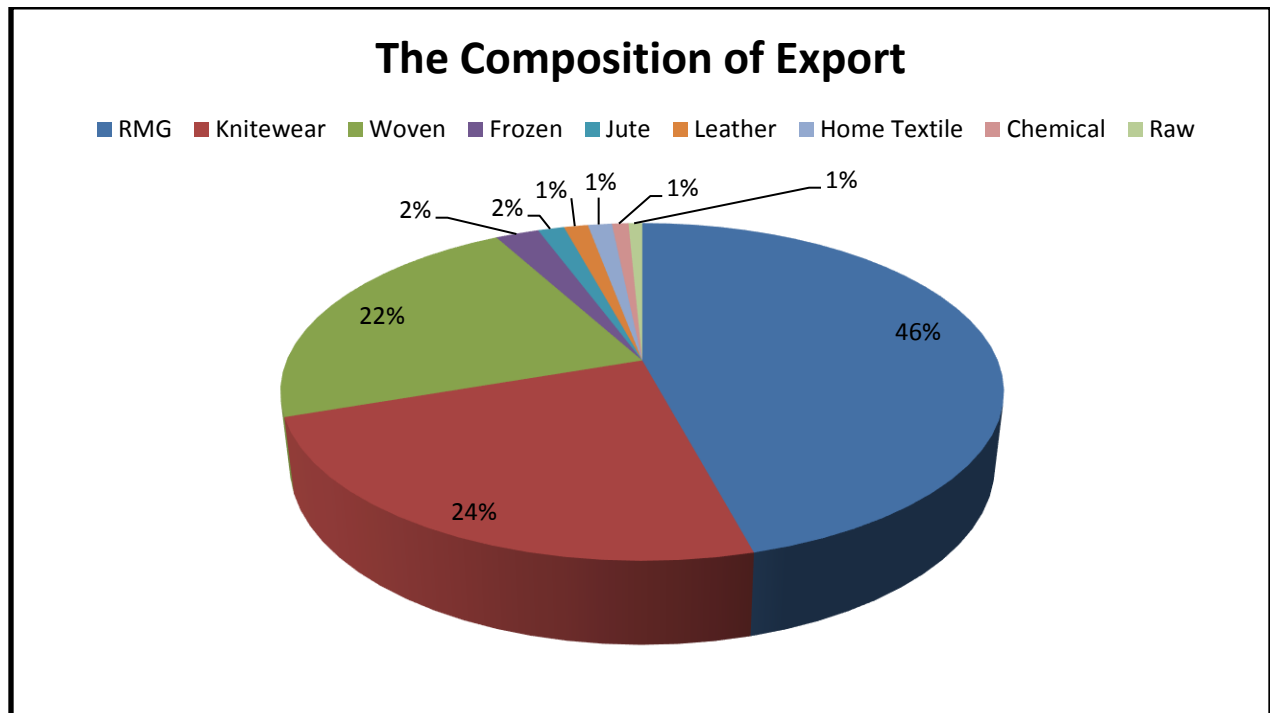
Commission - - - - - Cr.

Intrigue A/C - - - - - Cr.

A LBPD Register is kept up to record the acknowledgment of the issuing bank. Until the point when the acknowledgment is gotten, the record is kept in an accumulation enlist.

### 3.3 The Composition of Export:

Item	%
RMG contribute	75
Export of Knitwear	39
Woven garments	36.6
Frigid Foods	3.81
Jutes	2.3
-Leather	2.1
Home textiles	2.1
Chemical Goods	1.45
Raw Jutes	1.2



## Chapter – 4

### Foreign Exchange Operation Analysis

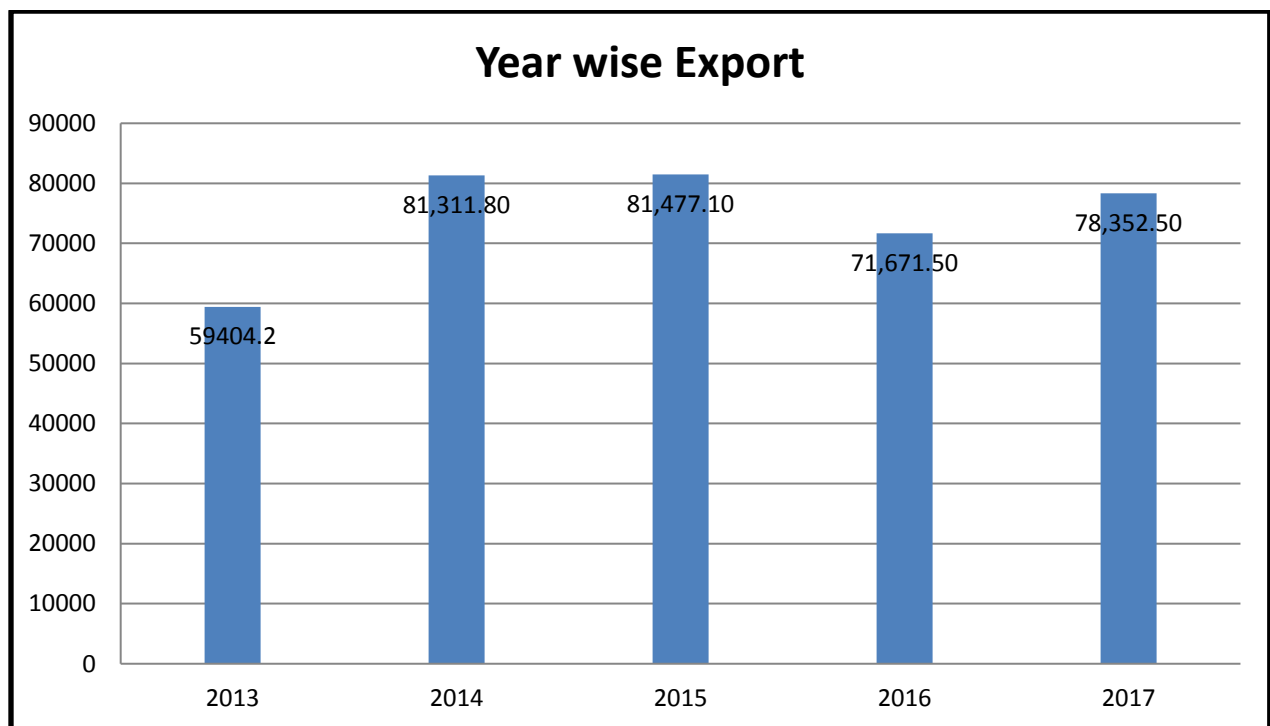


#### 4.1 Year wise Export of MBL:

Year	Export(BDT in Million)
2013	59,404.20
2014	81,311.80
2015	81,477.10
2016	71,671.50
2017	78,352.50

Table: Year wise Export of MBL

#### Graphical Presentation



#### Interpretation:

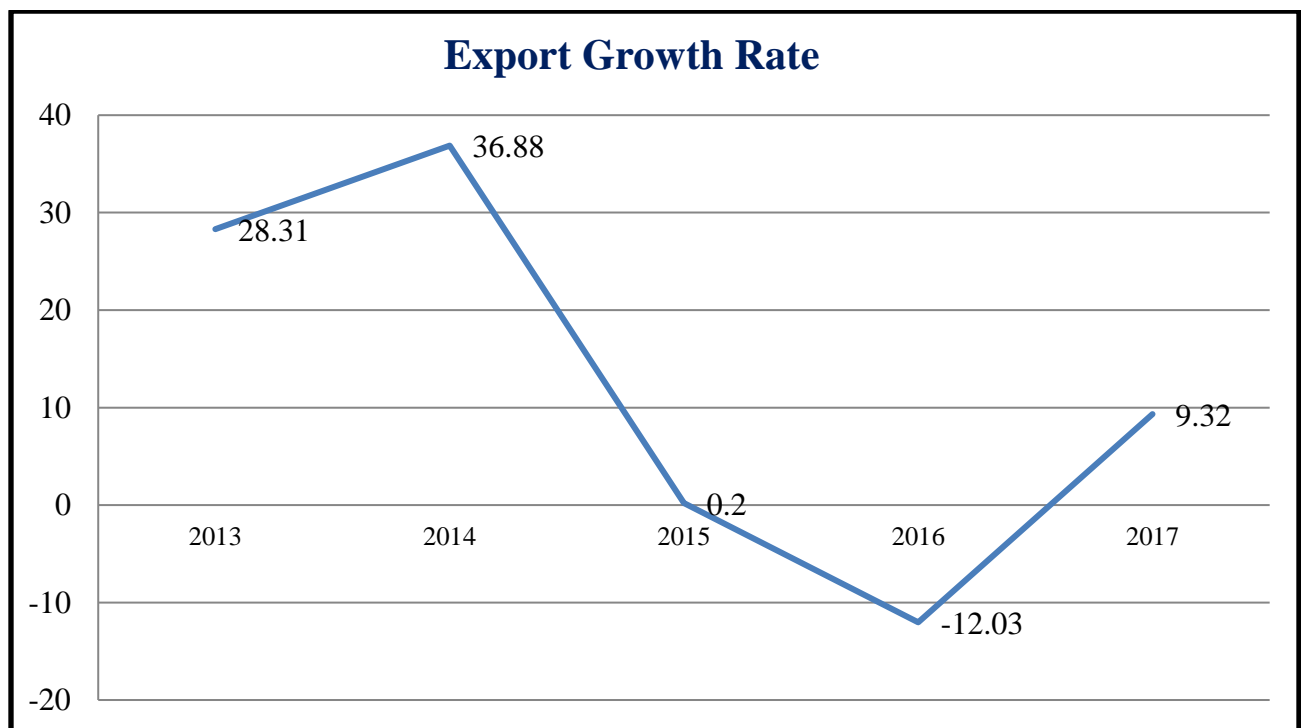
From the investigation it has been seen that trade financing of MBL were step by step expanding from 2013 to 2015. Be that as it may, in 2016 it has marginally diminished. At that point, it again expanded in 2017. Trade Bank Limited has its most astounding fare financing in 2015.

## 4.2 Year wise Export Growth Rate of MBL:

Year	Export
2013	28.31%
2014	36.88%
2015	0.2%
2016	-12.03%
2017	9.32%

**Table: Year wise export growth rate of MBL.**

### Graphical Presentation



### Interpretation:

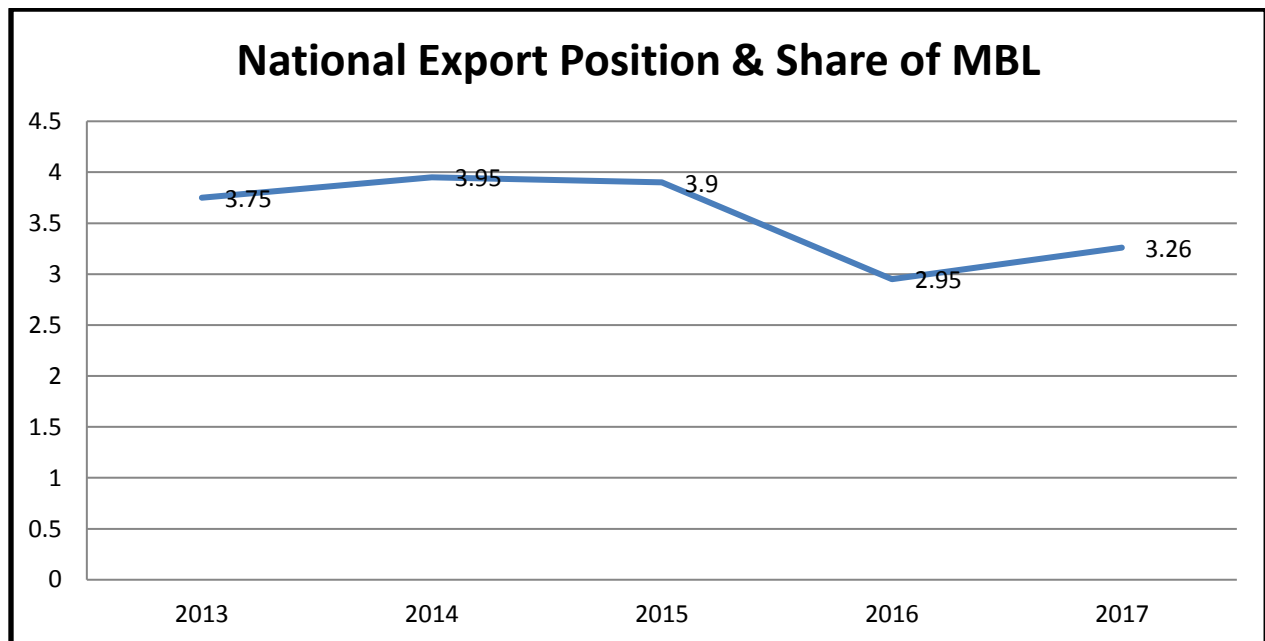
As per graphical presentation, it has been seen that, the growth rate of export business financing was increasing from 2013 to 2014 and in 2015 and 2016 it decreased. In 2017 the rate increased to 9.32.

### 4.3 National Export Position & Share of MBL:

Year	National Export (BDT in Million)	MBL Export (BDT in Million)	Export portion of MBL
2013	1583400	59,404.20	3.75%
2014	2059200	81,311.80	3.95%
2015	2090400	81,477.10	3.90%
2016	2425800	71,671.50	2.95%
2017	2308800	78,352.50	3.26%

**Table: National Export Position & Share of MBL**

#### Graphical Presentation



#### -Interpretation:

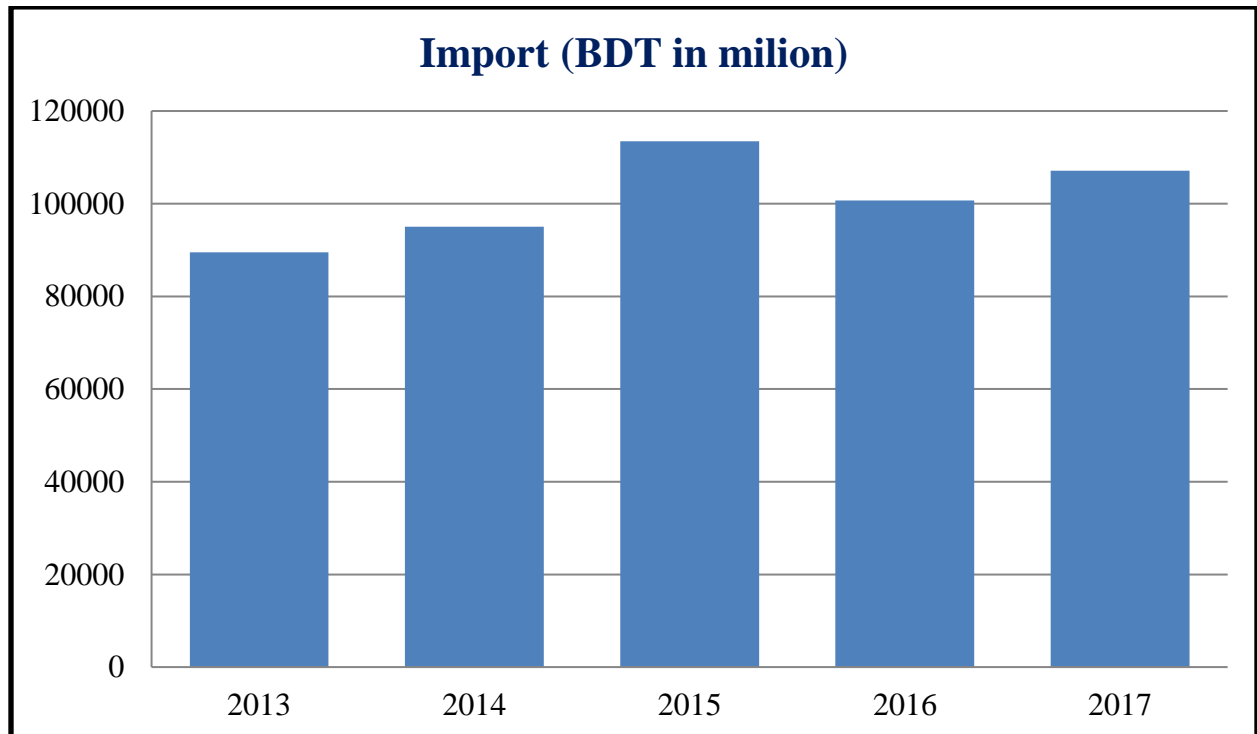
From the graph we can see the share of MBL against national export position in the year 2013 to 2014 increased but decreased in 2015 & 2016. In 2017 the rate again slightly increased. `

#### 4.4 Year wise Import of MBL:

Year	Import (BDT in Million)
2013	89,524.10
2014	95,008.70
2015	113,434.10
2016	100,685.60
2017	107,089.70

**Table: Year wise Import of MBL**

#### Graphical Presentation



#### Interpretation:

From the examination it has been seen that import financing of MBL were progressively expanding from 2013 to 2015. In any case, in 2016 it has somewhat subsided. At that point, it again ahead in 2017. Trade Bank Limited has its most noteworthy import financing in 2015.

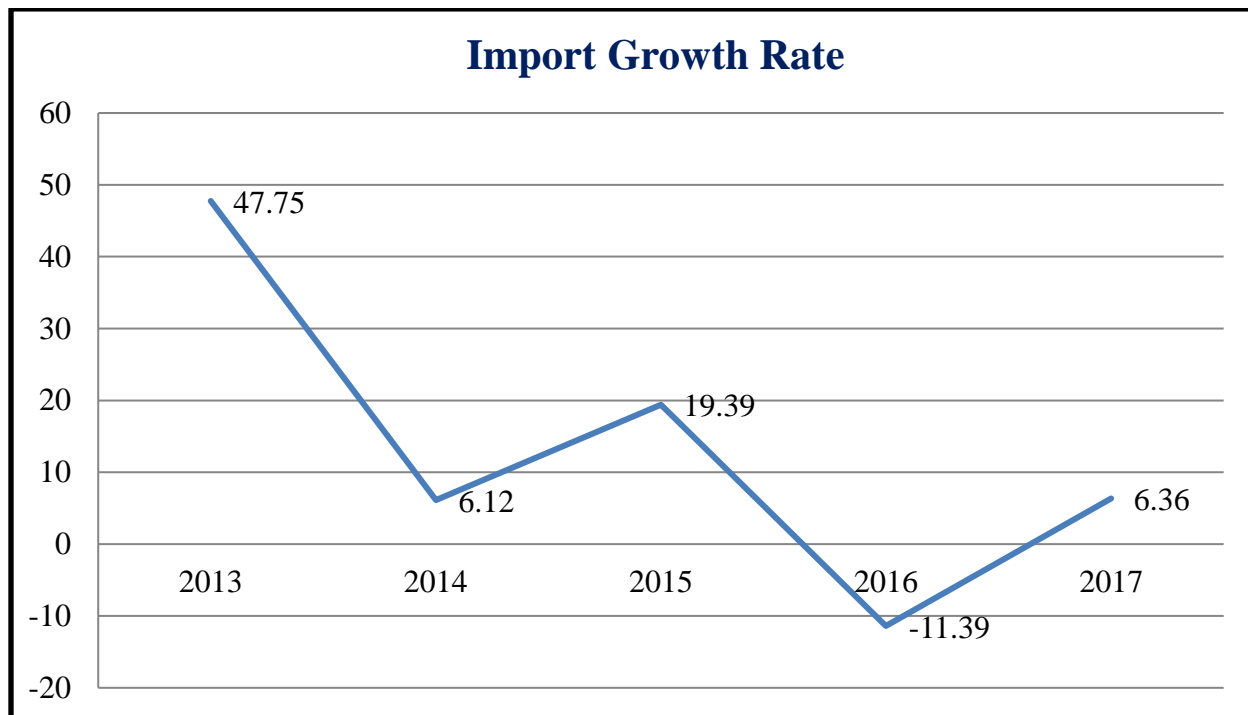


#### 4.5 Year wise Import Growth Rate of MBL:

Year	Import
2013	47.75%
2014	6.12%
2015	19.39%
2016	-11.39%
2017	6.36%

Table: Year wise growth import rate of MBL.

#### Graphical Presentation



#### Interpretation:

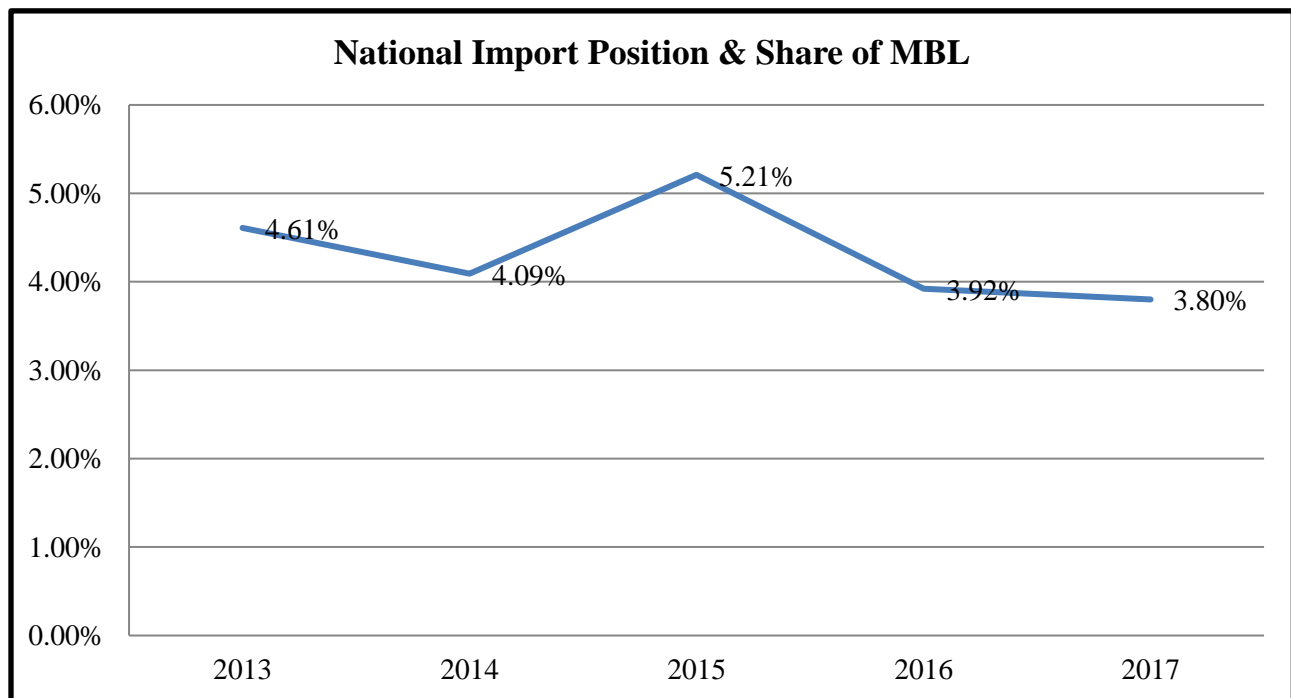
According to graphical introduction, it has been seen that, the development rate of import business financing was decline from 2013 to 2014 and the rate increment in one year from now. Be that as it may, in 2016 the import development rate was negative.

## 4.6 National Import Position & Share of MBL:

Year	National Import (BDT in Million)	MBL (BDT in Million)	Import portion of MBL
2013	1942200	89,524.10	4.61%
2014	2324400	95,008.70	4.09%
2015	2176200	113,434.10	5.21%
2016	2566200	100,685.60	3.92%
2017	2819100	107089.70	3.80%

**Table: National Import Position & Share of MBL**

### Graphical Presentation



### Interpretation:

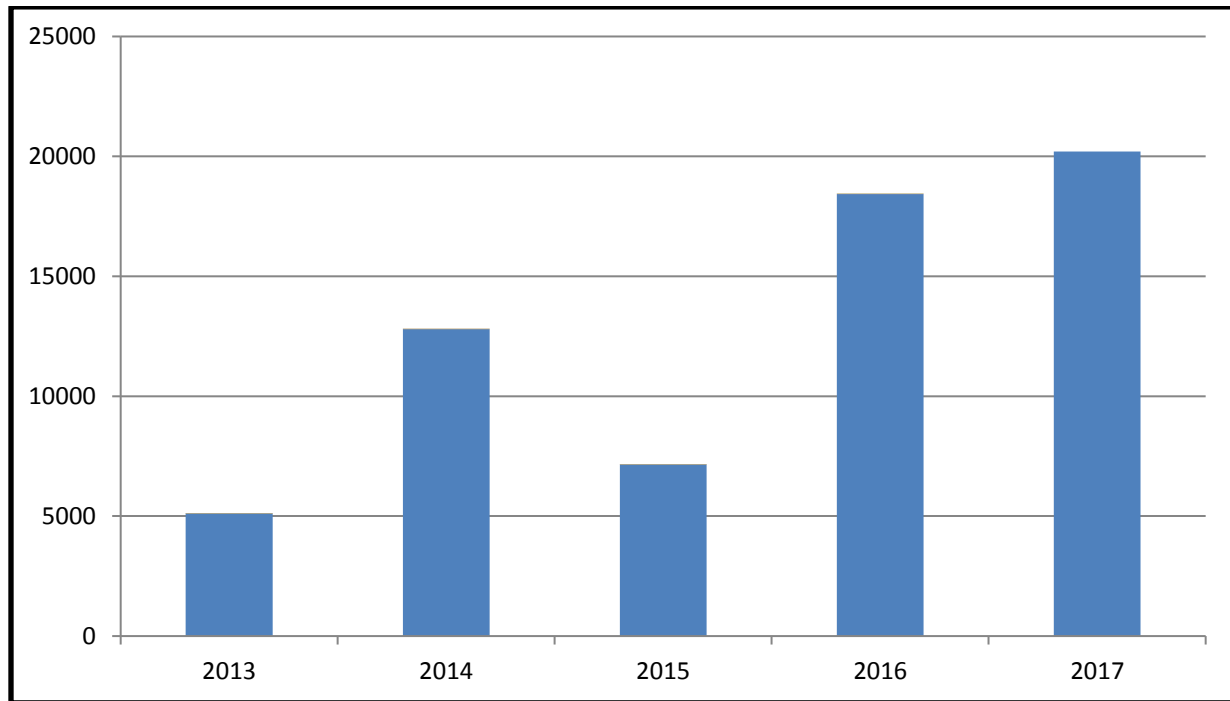
From the above diagram it has been seen that, the offer of MBL import as indicated by national import diminished from 2013 to 2014. In 2015 it's expanded. At that point it's going down 2016 and 2017.

#### 4.7 Year wise Remittance of MBL:

Year	Remittance (BDT in Million)
2013	5,108.10
2014	12,792.80
2015	7150.00
2016	18,434.70
2017	20,208.60

**Table: Year wise Remittance of MBL**

#### Graphical Presentation



#### Interpretation:

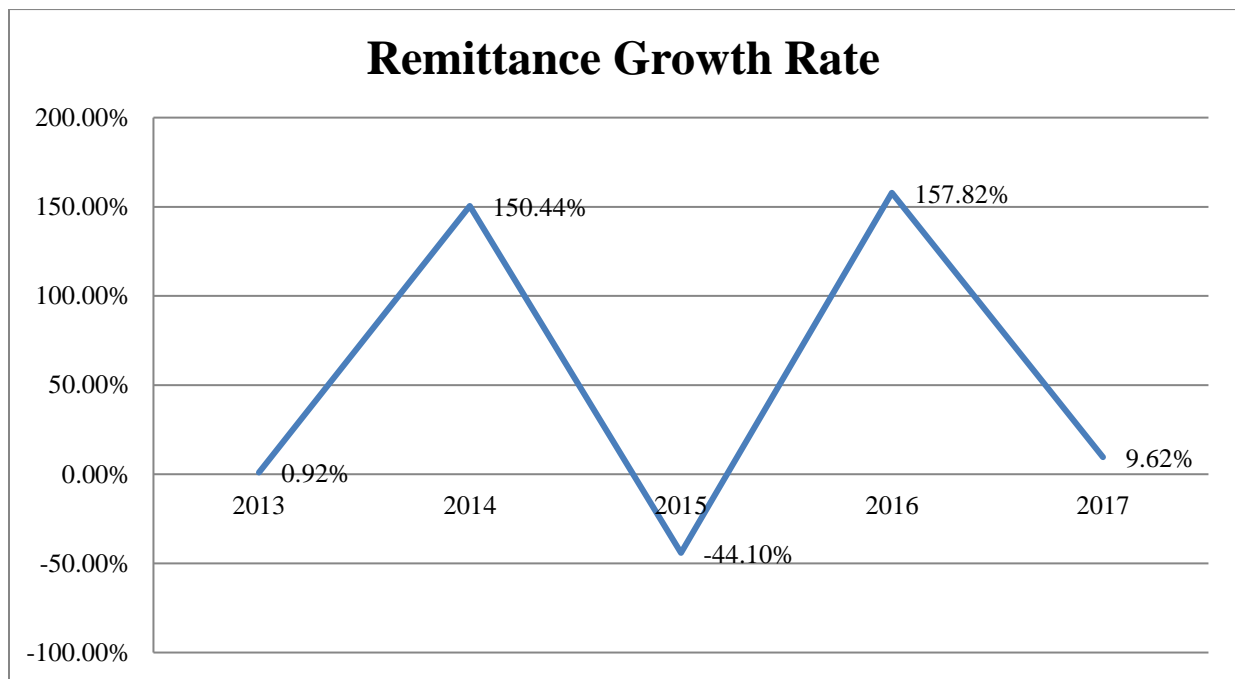
From the examination it has been seen that settlement financing of MBL was 5,108.10 in 2013. At that point, 2014 settlement was expanded and 2015 its all of a sudden fall yet after 2016 and 2017 its expanded essentially.

#### 4.8 Year wise Remittance Growth Rate of MBL:

Year	Remittance(BDT in Million)
2013	0.92%
2014	150.44%
2015	-44.10%
2016	157.82%
2017	9.62%

**Table: Year wise Remittance Growth Rate of MBL**

#### Graphical Presentation



#### Interpretation:

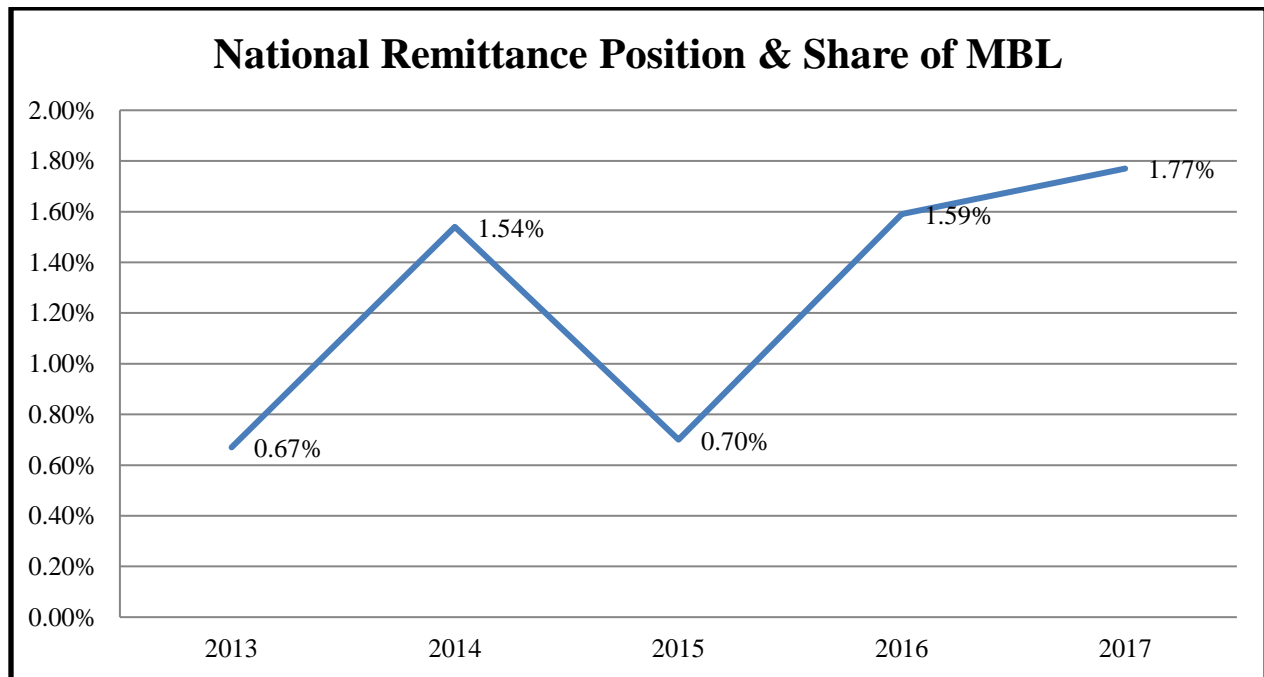
From the examination, it has been seen that stream of remote settlement through MBL bank was expanded from 2013 to 2014. Be that as it may, in 2015 it's going down. In 2016 and 2017 the settlement development rate quickly expanded.

#### 4.9 National Remittance Position & Share of MBL:

Year	National Remittance (BDT in Million)	MBL Remittance (BDT in Million)	Remittance portion of MBL
2013	760110	5,108.10	0.67%
2014	829929	12,792.80	1.54%
2015	1018828	7150.00	0.70%
2016	1156460	18,434.70	1.59%
2017	1143415	20,208.60	1.77%

Table: National Remittance Position & Share of MBL

#### Graphical Presentation



#### Interpretation:

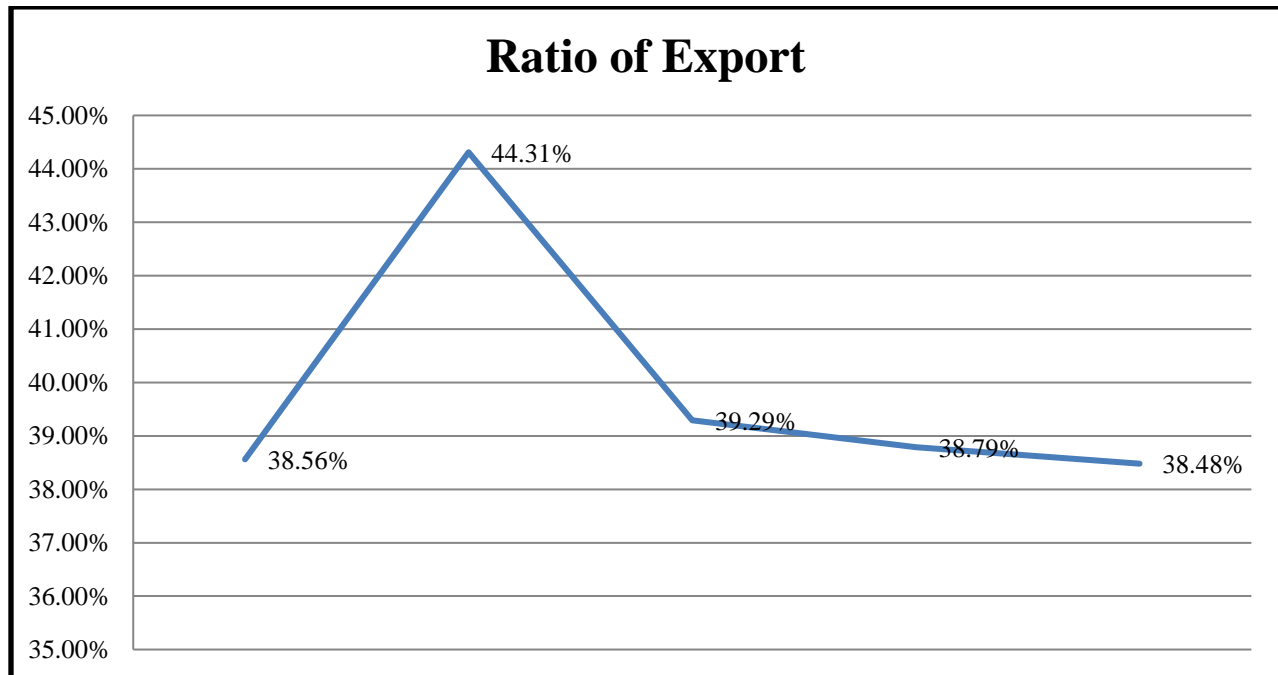
From the graph it is seen that, the position of remittance was increasing from 2013 to 2014. In 2015 the position decreased awfully but in 2016 and 2017 the position increased vastly.

## 4.10 Ratio of Export:

Year	Ratio of Export
2013	38.56%
2014	44.31%
2015	39.29%
2016	38.79%
2017	38.48%

**Table: Ratio of Export**

### Graphical Presentation



### Interpretation:

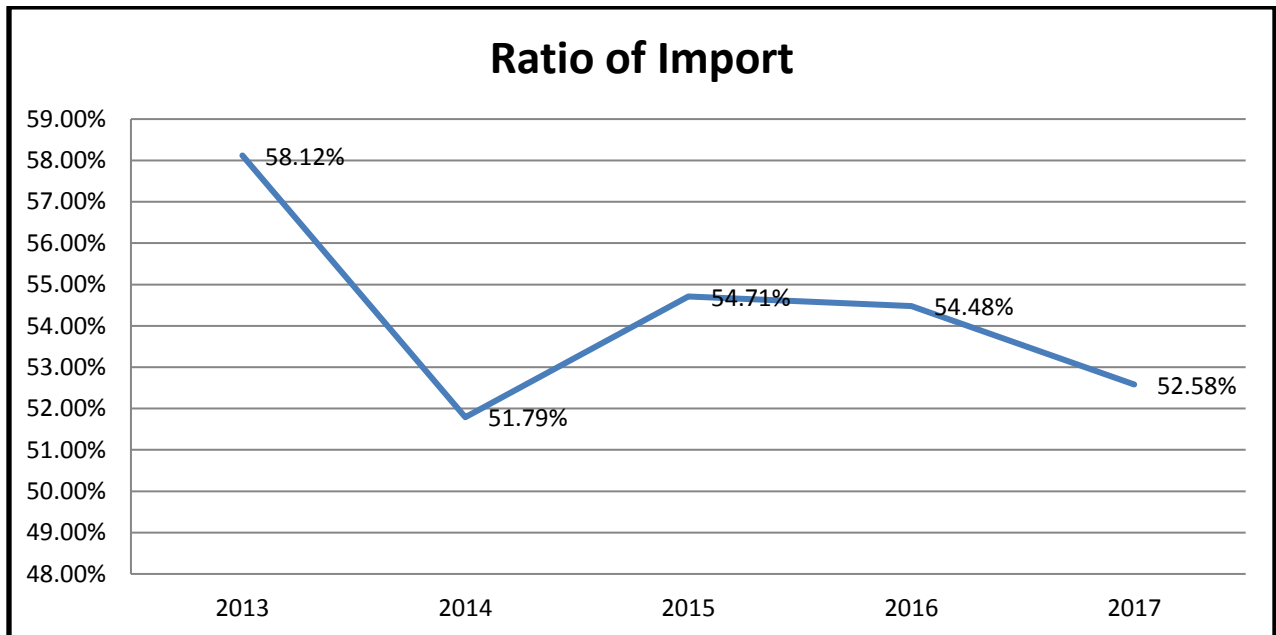
This graph shows that, the ration of Export increased from 2013 to 2014. Then the export ratio decreased from 2015 to 2017.

## 4.11 Ratio of Import:

Year	Ratio of Import
2013	58.12%
2014	51.79%
2015	54.71%
2016	54.48%
2017	52.58%

**Table: Ratio of Import**

### Graphical Presentation



### Interpretation-

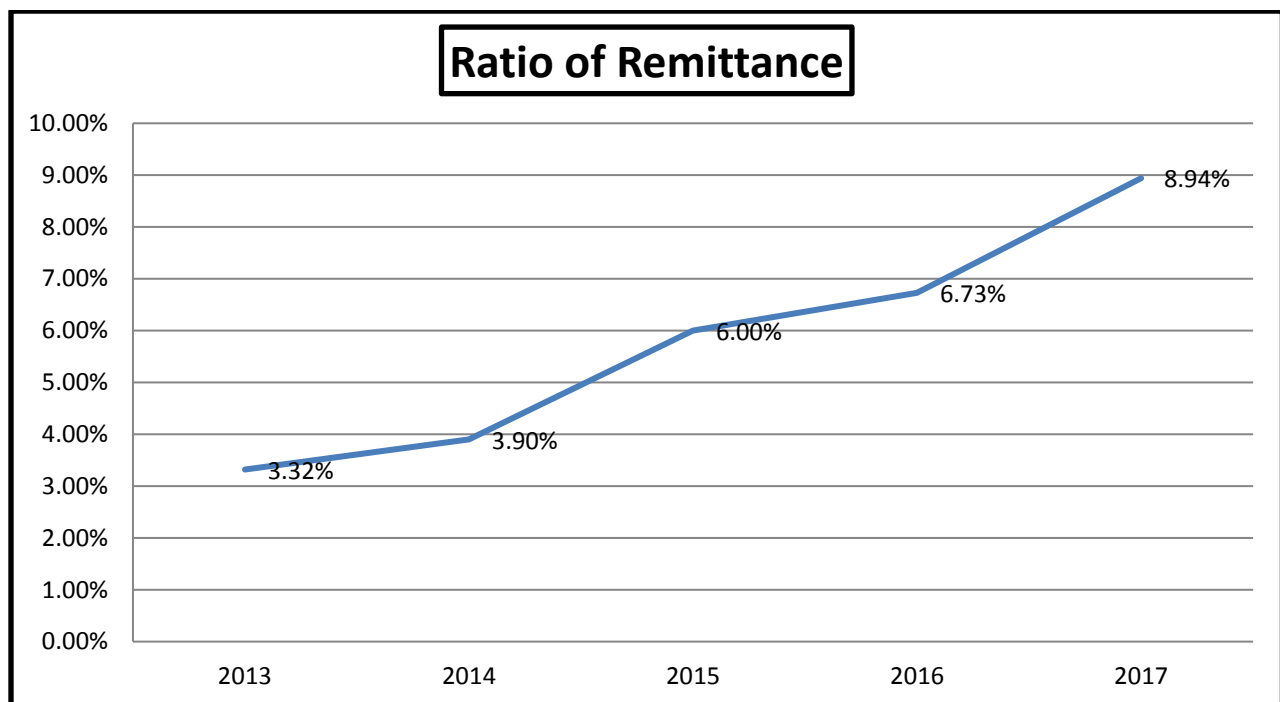
From the trend line just above it has seen that the ratio of import increased from 2013 to 2014. But in 2015 it's decreased. And in 2016 it's again increased. In 2017 the ratio again decreased.

## 4.12 Ratio of Remittance:

Year	Ratio of Remittance
2013	3.32%
2014	3.90%
2015	6.00%
2016	6.73%
2017	8.94%

**Table: Ratio of Remittance**

### Graphical Presentation



### Interpretation:

From the analysis it has been seen that, the ratio of remittance increased from 2013 to 2017.

The highest ratio of remittance is 8.94% in 2017.



## Chapter 5

### Findings, Recommendation & Conclusion



## 5.1 Findings:

By breaking down the different information, the following finding have been found:

- a. The highest export and import of MBL is in 2015.
- b. The highest export growth rate of MBL in the year of 2014.And import growth rate of MBL in the year of 2013.Remittance growth rate of MBL in the year of 2016.
- c. The share of MBL looks in a good position according to national import.
- d. The share of MBL remittance increases year by year according to national remittance.
- e. The top official's and officers are exceptionally useful to the customers. A portion of our representatives does not have the foggiest idea about the correct strategies of universal exchange. The officers of Mercantile Bank Ltd help them appropriately to execute their business.
- f. MBL has constrained special exercises about remote trade administrations to build its present and potential speculation customer.
- g. Major portion of Foreign Exchange Operation was import. Highest remittance ratio was in 2017, highest export ratio was in 2014, and highest import ratio was in 2013.

## 5.2 Recommendations:

I had the commonsense introduction in Mercantile Bank Ltd. for only three months. Based on my perception I might want to exhibit the accompanying suggestions

- a. MBL should increase their export by simplification of export procedure, and control the quality. Because last two years' export is not good at all.
- b. MBL need to increase their promotional activities about foreign exchange activities.
- c. In instance of bringing in merchandise the Bank should mindful over invoicing with the goal that no one can inspire opportunity to send cash to another country wrongfully.
- d. Officers should be more concern of Bangladesh Bank 's circulars like duly online posting of essential documents that are related with foreign exchange.

### 5.3 Conclusion:

From the earliest starting point of more prominent change on the global financial structure, Mercantile Bank Limited is endeavoring to create keeping money area through welfare and adjusting to the people. Commercial Bank Ltd is submitted towards the greatness in the administration with productivity, exactness and capability. Commercial Bank, being a bank of 21st century, is additionally stretching out such commitments with regards to the headway of the financial state of the nation. Like of a large portion of the business banks, remote trade division is a standout amongst the most critical branches of Mercantile Bank Ltd. Maybe, it is the most vital branch of the Bank. This office is driving the bank from the front. MBL effectively happens in outside trade particularly in fare and import. Consistently bank procures a ton of cash by issuing letter of credit and its development rate increment at in expanding rate.

Through the import, send out and remote tasks, this division is making an incredible commitment to the bank and the economy all in all. In this investigation it is discovered that MBL has achieved the situation by its responsibility, individuals' adoration and devoted human asset. Commercial has been indicated matchless quality in all sort of managing an account tasks in our nation. The equipped administration of Mercantile Bank Limited should approach to down to business key choice like-simple obtainment, one stop administration, and time benefit clients' administrations with adequate coordination's bolsters for future improvement of the bank. Regardless of issues and shortcomings, accordingly Its best for Mercantile Bank Ltd to consider their present advances and taken fundamental exercises to fix the issues and propose the recommended steps to be powerful and transformed into the showcase pioneer in not all that far off future. To close I should express that MBL have huge opportunity in Bangladesh. It's can be accepting basic occupation in procuring dynamic changes ourselves with both materials.

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