

Internship Report
On
Rural Credit Procedure of Sonali Bank
Ltd.



Daffodil *International* **University**

An Internship Report On Rural Credit Procedure of SBL

Prepared for

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Department of Business Administration
Daffodil International University (DIU)

Prepared By

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ID # 191-14-119

Program: MBA

Major in Finance

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Letter of Transmittal

30 th June 2020

Mr Md. Anhar Sharif Mollah

Department of Business Administration

Daffodil International University (DIU)

Datta Para, Chou Baria

Ashulia Model Town, Savar, Dhaka

Subject: Submission of the Internship Report.

Dear Sir,

It is a great pleasure for me to submit my internship report on “**Rural Credit Procedure of Sonali Bank Ltd**”. I have prepared this report as a partial fulfillment of the semester.

I have attempted my level best to set up this report to the necessary standard. It was surely an extraordinary open door for me to compose on this paper to complete my hypothetical information in the practicum field.

I offer my heart full thanks to you to experience this report and make your important remarks.

Yours truthfully,

Md. Rakibul Islam

ID: 191-14-119

Program: MBA

Major in Finance

Daffodil International University

Acknowledgement

As a matter of first importance I might want to offer my thanks to the Almighty Allah, whose imperceptible direction helped me to finish this report.

This report has not only given me some precious experience, at the same time it has made me grateful to some extremely helpful and knowledgeable people. By working there as an intern, I have learnt so many things which are very helpful for me in future.

At the very beginning, I want to thank my academic supervisor **Mr Md. Anhar Sharif Mollah** sir who encouraged me to make this report and also provided me all necessary helps and guidance. He was very helpful and friendly person.

Finally, my deepest appreciation and special thanks goes to official supervisor **Syeda Tahmina (Officer)**, for extending his support in completing this report. Who helped me a lot during my internship period with valuable advices, guidance and necessary information?

And last but not the least; I would like to thank all the personnel working at SBL. They made the environment congenial and favorable for me to understand the task. Without their assistance and co-operation, this report might not have seen the light of day.

I also apologize heartily for any omitted name whose contribution was also complementary for any possible aspect.

Supervisor Declaration

This is to certify that **Md. Rakibul Islam** bearing ID number **191-14-119**, Program **MBA**, Major in **‘Finance’**, Business Administration, and DIU- University has completed his internship in **“Rural Credit Procedure of Sonali Bank Ltd.”** Mymensingh road branch, Tangail under my supervision. He have always maintained communication with me and has taken necessary advice from me to prepare this report. Finally, under my guidance and supervision, he has successfully prepared this internship report on **“Rural Credit Procedure of Sonali Bank Ltd. at Mymensingh road branch”** in semester Spring-2020.

Mr Md. Anhar Sharif Mollah

Department of Business Administration
Daffodil International University (DIU)

Student Declaration

I am **Md. Rakibul Islam**, student of Master of Business Administration (**MBA**), under the Business Administration at DIU—University declaring that this internship report on the topic of **“Rural Credit Procedure of Sonali Bank Ltd. at Mymensingh Road Branch, Tangail.”** have been prepared only for the fulfillment of the semester as the partial requirement of the Master of Business Administration (**MBA**).

I hereby, declare that this report has been solely prepared by me and to the best of my knowledge and experience which was gathered through work in SBL. It has not been prepared for any other purpose, reward, or to present anywhere.

Thanking you,

Md. Rakibul Islam

ID # 191-14-119

Program: MBA

Major in Finance

Daffodil International University (DIU)

Executive Summary

I have prepared my internship report based on the three months long internship program that I have successfully completed in Sonali Bank Ltd. Largest Bank in Bangladesh as a requirement of my MBA program in Daffodil International University. This report is focus on financial statement analysis of SBL.

The first chapter shows different aspects of report like introduction, objective of the report, scope of the report, limitations.

In Second chapter shows company overview. In this section different important data about SBL. is provided like Background of the organization, corporate information of the organization, corporate governance, mission, vision, Products and services, Porter's five forces and SWOT analysis.

The Third chapter is all about the project. Definition of loan, purpose of the loan and objective of the loan of SBL.

The chapter four shows the analysis part that I have collected the data from Sonali Bank Ltd. at-Court Building Branch employees.

In chapter five I mentioned Findings and Recommendations, Conclusion, References.

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Abbreviation

Short Name	Full Meaning
Ltd	Limited
SBL	Sonali Bank Ltd.
BOD	Board of Directors
MD	Managing Directors
DMD	Deputy Managing Directors

GM	General Manager
DMG	Deputy General Manager
AGM	Assistant General Manager
SPO	Senior Principal Officer
SWOT	Strengths, Weaknesses, Opportunities, Threats
CPA	Certified Public Accountant

Chapter 1

Introductory Part

1.0 Introduction to the Report:

This report focus on “**Rural Credit procedure of Sonali Bank Limited-at Mymensingh Road Branch, Tangail**”. Now the world is a competitive world. So, the bank should provide various services. In modern age, peoples want more easy way to collect their money and paid their tax and interest from bank. For this bank provides rural loan for rural people. I work on this because, I want to find out the banks provide enough amount of loan for the various purpose and loan helps to improve harvesting and forming or loan replacement/installment is easy or not.

During my work, I have faced various obstacles. By the grace of God and by the help of some related person, I have overcome those problems successfully. Through internship I become aware of organizational culture and learn how to show professional excellence to a great extent. This learning helps me when I finally enter into practical field.

Internship program is the systematic gathering, recording and analyzing of data about the subject that a student goes to team on the program. The aim of this Internship program is to connect practical knowledge with theoretical knowledge. The Sonali Bank Limited is the largest state owned leading commercial bank in Bangladesh. I have worked in the General Banking (account opening, clearing, signature verifying, transfer, pension payment and cash) of Sonali bank. This organization gave me the opportunity to know more on different aspects of the organization. So, I have prepared my internship report on “**Rural Credit procedure of Sonali Bank Limited-at Mymensingh Road Branch, Tangail**”.

1.2 Objective of the Report:

1.2.0 Board Objective:

To know the effectiveness of rural loan and analyze whether the loan actually helps to improve economic condition and to learn about the farmer’s opinion of the loan beneficiaries.

1.2.1 Specific Objectives:

- To know the effectiveness of rural loan of Sonali Bank Limited.
- To find out the loan installment and interest process.
- To analyze whether the loan actually helps to improve our economic condition.
- To learn about the farmers opinion of the loan beneficiaries.
- To understand entire branch banking procedure.

1.3 Scope of the study:

This report is based on my practical work experience with Sonali Bank Limited. It will also help the students to reduce the distinction between realistic and hypothetical knowledge. This report significantly helped me a lot to understand the atmosphere and environment of an organization. As I am an internee of SBL, I have access to many different sectors like account opening, accounting opening signature verifying, clearing, cheque division, pay order writing, accounts, card division, pension payment etc. It was almost impossible for me to learn everything about all banking sectors as it was a large financial sector with limited time and all are confidential because it is a big branch.

This study in fact taken within its canvas of Sonali Bank Limited as a whole though the internship was done in Mymensingh Road Branch, Tangail. While preparing this report, I have a great opportunity to have an in depth knowledge of the banking activities practiced by SBL. The research will deal to find why customers interested to take rural credit loan and how many customers have been involved rural credit loan by SBL. This report will focus on **“Rural Credit procedure of Sonali Bank Limited-at Mymensingh Road Branch, Tangail”**.

1.4 Data Source:

I will design the data of the study in the following way:

- **Primary data sources:** Primary data has been gathered through face-to-face, semi-structured interviews and survey questionnaire with the organization peoples and others

peoples or inspection in different desks, talking with professionals in casual manner and planned analysis are the main resources.

- **Secondary data sources:** Leaflets and manuals of SBL, different publications of Bangladesh Bank and yearly reports, articles, journals, newspaper are the secondary data sources. Extensive study of the existing registry files, convenient case clarifications, observation and reimbursement practice interview with the employee were done to identify the execution and control and monitoring of the banking system.

1.5 Limitation of the Study:

For preparing a report few obstacles and limitations will come. Like as:

- To complete such report the time that is located is not enough.
- All information could not be collected because of confidentiality.
- Office staffs could not provide sufficient information due to shortage of time.
- It was my first time, doing a report on a banking system in a practical corporate life. So my limited experience was the main obstacle of this study.
- Information provided in the web site was not sufficient.

Chapter 2

Organizational Part

2.1 Background of the Organization:

Banks play the most important role in the economy. Banks collect money from the individuals and lend them to others. Now banks offer the widest range of financial services and perform lots of financial functions. Thus, banks have proven that they are the key factor for the business and economy as well. Sonali Bank Limited is the largest banking institution in Bangladesh, dynamic in actions, honest in dealings, just in judgment, fair in approaches and devoted to high quality service to customers and thereby contribute to the growth of GDP of the country throughout

stimulating trade and commerce, boosting up export, poverty alleviation, raising living standard of limited income group and overall sustainable socio-economic development in the country.

2.2 Board of Directors

Sl. No.	Name	Status with the Bank
01	Mr. Md. Ashraful Moqbul	Chairman*
02	Mr. Mohammad Muslim Chowdhury	Acting Chairman
03	Mr. Md. Fazlul Haque	Director
04	Mr. A.K.M. Rezaur Rahman	Director**
05	Mr. Md. Mahboob Hossain	Director
06	Mr. Md. Shaheb Ali Mridha	Director
07	Mr. Kazi Tariqul Islam	Director
08	Mrs. Sabera Aktari Jamal	Director
09	Mr. Afzal Hossain	Director
10	Mr. Muhammed Asadullah	Director
11	Mr. Pradip Kumar Dutta	Managing Director & CEO***
12	Mr. Ataur Rahman Prodhan	Deputy managing Director

Table 2: Board of Directors

2.3 Composition of Committees of the Board of Directors:

Executive Committee			
Sl. No.	Name	Status with the Bank	Status with the Committee

01	Mr. Md. Fazlul Haque	Director	Chairman
02	Mr. Md. Mahboob Hossain	Director	Member
03	Mr. Afzal Hossain	Director	Member
04	Mr. Pradip Kumar Dutta	Managing Director & CEO	Member
05	Mr. Ataur Rahman Production	Deputy Managing Director	Member

Audit Committee

Sl. No.	Name	Status with the Bank	Status with the Committee
01	Mr. Md. Shaheb Ali Mridha	Director	Chairman (Acting)
02	Mr. Kazi Tariqul Islam	Director	Member
03	Mrs. Sabera Aktari Jamal	Director	Member

Risk Management Committee

Sl. No.	Name	Status with the Bank	Status with the Committee
01	Mr. Muhammed Asadullah	Director	Chairman
02	Mr. Md. Shaheb Ali Mridha	Director	Member
03	Mr. Kazi Tariqul Islam	Director	Member
04	Mrs. Sabera Aktari Jamal	Director	Member
05	Mr. Afzal Hossain	Director	Member

Composition of Shariah Supervisory Committee

Sl. No.	Name	Status with the Committee
01	Prof. Maulana Mohammad Salah Uddin	Chairman
02	Mr. Md. Mahboob Hossain	Member
03	Mr. Ataur Rahman Prodhan	Member
04	Al-Haj Hafez Maulana Mustafizur Rahman	Member
05	Mr. Md. Mukhlesur Rahman	Member
06	Mr. Md. Ataur Rahman	Member

Table 3: Composition of Committees of the Board of Directors:

2.4 Organogram:



Figure 1: Organogram

2.5 Mission and Vision:

2.5.1 Our Mission:

To provide better facilities and services to the customers and contributing towards socio-economic development of the country.

2.5.2 Our Vision:

Socially committed leading banking institution with global presence.

2.6 Some Notable Features of the Bank are as Follows:

There have some features of Sonali Bank Limited is given below:

Capital Structure:

Authorized Capital	Tk. 6000.00 Core
Paid up Capital	Tk. 3830.00 Core

Table 4: Capital Structure

Services of the Organization:

Our Core Business:

	Trade Finance		Investment	
Corporate Banking	Loan Syndication		Government	Treasury
Project Finance	Foreign Exchange		Function	
SME Finance	Dealing		Money Market Operation	
Remittance	International Trade		Rural and Micro credit	
Lease Finance	NGO-Linkage Loan		Capital Market Operation	
Consumer Credit	Consumer Credit		Special Small Loan	

Other Business/Services:

Government Treasury Bonds	Utility Bills Collection
---------------------------	--------------------------

Locker Service

Ancillary Services

A.T.M. Card

Merchant Banking

SBL Banking Facilities:

- Personal Banking
- Rural Credit
- Micro Credit
- International Banking
- Industrial Financing
- Deposit and Credit Schemes
- SME Banking
- Foreign Currency A/C
- Investment Bond

2.7 Porter's Five Forces:

Porter's five forces, also known as P5F was created by Michael E. Porter in 1979, is a method of examining the attractiveness of an industry or organization. It does so by looking at five forces which act on that industry. These forces are determinants of that industry's or organization's profitability. The five forces are:

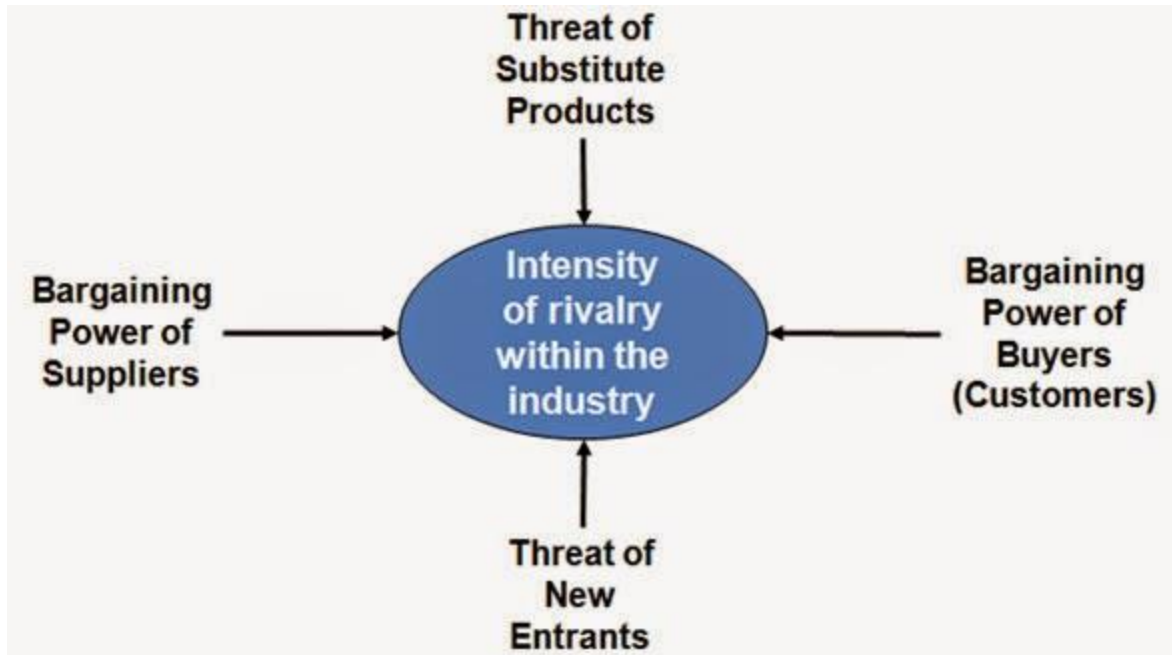


Figure 2: Porters Five Forces

Threat of new entrants:

Advances in data improvement have completely reduced the obstacles to entry in the banking industry day by day. Because of the appropriation of Internet banking, conveyance channels are currently not limited to traditional branch Networks. Forthcoming clients everywhere throughout the world could get to the web and scan for banks offering the highest interest rates or administrations with the best highlights. Moreover, new banks will likewise have the capacity to contend by utilizing IT to reduce their cost and expand their dispersion channels. Another factor that brings down the obstruction to passage would be the low exchanging cost, for example, the exchange of cash from one bank then onto the next. Being a government-controlled bank, Sonali Bank think less about the dangers it gets from the new participants.

Bargaining power of buyer/customers:

Haggling intensity of clients is moderately low as it is mostly constrained by the legislature. Here, exchanging costs are low for clients to leave Sonali Bank Ltd and simple to pick up banking administrations from different banks for the clients. Despite the fact that there are other Government banks, for example, Janata Bank, Agrani bank and so on, it isn't worked based on client deals.

Threat of substitutes:

As far as danger of substitutes, the financial business faces an expanding number of substitutes despite the fact that deregulation has brought huge mergers and obtaining. This is for the most part a direct result of the capacity of present day broadcast communications to dispose of separation that frequently thwarted outside manages an account with no branch systems in nearby markets. In spite of the fact that there are very few substitutes accessible. The administration 15 has not had the option to think of any imaginative sparing plans to pull in the overall population, consequently lessening the danger to of the substitutes to the financial business. Along these lines, the administrations that are given by Sonali Bank are pretty much equivalent to different banks.

Bargaining power of suppliers/depositors:

For the most part, IT has expanded the bartering intensity of investors. The rise of tele-banking and internet banking has engaged investors. Contributors can rapidly utilize the web to figure out which bank is offering the most elevated financing cost and store their cash there, while buyers do the inverse (least loan fee) in looking for credits. In this manner, cost affectability in the business has expanded along with the quantity of substitutes accessible for investors.

Competitive rivalry:

Outside and nearby banks currently will in general contend all the more straightforwardly with each other over a similar gathering of purchasers. Government banks are the immediate contenders of Sonali Bank Ltd that are taking a stab at a similar piece of the pie and clients. Also, neighborhood banks have a drawn out trust relationship with their clients, which despite everything give them a bit of leeway. The nearby banks are quick to emulate and since the financial framework is an exceptionally straightforward one, impersonation is simple, accordingly expanding the battle between the contenders. Other nearby banks are attempting to catch the lower center and the center white collar class fragment that are right now the clients of these banks. With their generally low loan fees charged to the clients and higher premium restitution rates contrast with Sonali Bank Ltd, they are solid dangers as they have very lower changing expense to the clients.

2.8 SWOT Analysis of Sonali Bank Ltd.



Figure 3: SWOT

Strengths:

- Strong Management (Sonali bank Bangladesh)
- Good Customer Service (Sonali bank Bangladesh)
- Economies of Scale (Sonali bank Bangladesh)
- Brand Name (Sonali bank Bangladesh)
- Training System for Staff (Sonali bank Bangladesh)

Weaknesses:

- High Debt Burden (Sonali bank Bangladesh)
- Insufficient workers (Sonali bank Bangladesh)
- Lack of New Technology (Sonali bank Bangladesh)
- Weak Supply Chain (Sonali bank Bangladesh)
- Lack of Motivation (Sonali bank Bangladesh)

Opportunities:

- Online Banking (Sonali bank Bangladesh)
- Banking Software (Sonali bank Bangladesh)
- Expert Employee (Sonali bank Bangladesh)
- Branch Expansion (Sonali bank Bangladesh)

Threats:

- Internal Competition (Sonali bank Bangladesh)
- Govt Regulations (Sonali bank Bangladesh)
- Change in Tastes of Customers (Sonali bank Bangladesh)
- Substitute Products (Sonali bank Bangladesh)

Chapter 3

Rural Credit Procedure

3.0 Rural Area:

Rural area is an area where lower building density, agricultural settlement, extensive public spaces, and low ratio of built-up area is called rural area.

3.1 Loan:

Loan is the written agreement of lending money and give someone money that will be repaid with interest or an object that will be returned.

3.2 Rural Credit:

Bangladesh is fundamentally an agricultural particular nation. A real parcel of the number (about 85%) lives in those rustic regions. Around 75% of the dynamic provincial number relies on upon farming worker similarly as that fundamental sourball of their vocation. Agribusiness helps over 22% of the GDP. Larger part of the farmers need aid possibly little or minor. Thereabouts credit assumes a fundamental part to expand those capital bases will help agribusiness generation. For this end in perspective, Sonali bank restricted those biggest state possessed business bank need been playing a basic part in the socio-investment advancement & neediness assuagement since 1973. Keeping in perspective that kudos will be a standout amongst the numerous inputs that finish the cycle about agricultural processing Sonali bank extending country credit through 1179 extensions through that nation. Sonali bank set acquainted backhanded provincial credit previously, 1973 through those afterward IRDP.

3.3 Rural Credit System:

Rural credit system is divided into two segments: an unorganized or informal system of moneylenders, traders, and input suppliers; and a formal, organized segment constituted by some organization. For Example: cooperative banks, regional rural banks, commercial banks, and nonbanking financial companies.

3.4 Identifying Real Rural Farmers/Borrowers:

The genuine ranchers/borrowers might be recognized through the check of their National ID Card and Agricultural Inputs Assistance Card. The ranchers, who opened ledger at TK. 10 to profit of agrarian data sources help, might be distinguished just based on the „pass book“ of their financial balance. The rancher who has National ID Card yet has no Agricultural Inputs Assistance Card might be permitted advance tolerating the endorsement gave by the Union Parishad Chairman or by the Headmaster/Principal of neighborhood school/school or by the satisfactory individual to the bank.

3.5 Eligibility of the Borrowers:

Ranchers straightforwardly associated with farming, will be viewed as qualified for horticultural credit. Individuals who are occupied with pay creating exercises in provincial regions are likewise qualified for credit office in the concerned segments of horticultural and country credit. Be that as it may, by and large any advance defaulter won't be qualified to get new credit.

3.6 Simplification of Application Form:

Application Form for the rural acknowledge ought to be disentangled beyond what many would consider possible to empower the ranchers in huge numbers towards bank credit. The banks will take activities to rearrange the Application Form particularly for crop advance keeping in view to the instructive capability of the ranchers, essential opportunity to fill in the structure, convenience of the data looked for in the structure. So as to diminish delay in topping off Loan Application Form and other related employments every important guidance will be given to the candidate at the hour of dispersion of the Application Form. In regard of rural credit, client assistance at most extreme level is to be guaranteed. Once more, all advantageous inquiries, if necessary, will be made in one occasion. Banks should find a way to make application Form for the rural credit increasingly accessible for the ranchers.

3.7 Acceptance, Acknowledgement and Consideration of Application Form:

The concerned bank offices will authorize crops advance or different advances in a single occurrence as indicated by the yearly necessities of the borrower as per the credit standards. Be that as it may, every single fundamental groundwork for payment of credit will be finished at any rate 15 (fifteen) days before the season begins for a specific yield. For this reason, the concerned bank offices will gather a yearly creation plan alongside the credit application from every rancher. On the off chance that important, ranchers might be permitted to change their creation

plan on sensible grounds. Every application structure got from the borrower will be recognized. The delay among authorizing and payment of credit ought to be think. The grumblings, assuming any, got from the candidates will be tended to instantly. All things considered, credit application for crop creation ought to be prepared inside 10 working days. The dismissed advance applications will be recorded in a different register and protected for examination by the investigation group of Bangladesh Bank and the evaluators of the individual banks.

3.8 Application Processing Fee/Charge of Sonali Bank Limited:

Record can be opened by keeping Tk 10/- just against rancher's application. Country Peoples open 10 Tk sponsorship sparing a/c for their own exchange. In the event that anybody needs to open a 10 Tk sparing a/c, the person in question needs to pay in any event 20 taka as an underlying installment. On the off chance that anybody needs to check book in that day, at that point the individual needs to pay 50 Tk extra for check book.

3.9 Maximum Limit for Agricultural Credit:

The most extreme restriction of yield advance will be the sum specified in the credit standards for development of 15 bighas (5 sections of land or 2 hectares) of land. In any case, for development of sugarcane and potato, the most extreme cutoff will be the sum specified in the credit standards for development of 2.5 sections of land of land. Banks may, in any case, consider credit application for development of bigger size after this strategy and modified of land under their own terms and conditions.

3.10 Credit Disbursement Through Tk. 10/- Farmer's Account as a Part of Financial Inclusion and Encourages the Farmers to Keep These Accounts Operative

Following initiatives are taken to encourage banking activities like credit disbursement, receive and withdrawal of deposit, remittances and collection of subsidy through this account.

It is mentionable here that, as a part of financial inclusion the quarterly reports submission by banks regarding utilization of 10 Tk. farmers' accounts including depositing the Government subsidy, will be continued.

3.11 Revolving Crop Credit Limit System of Sonali Bank Limited:

In order to ensure continuous credit flow a 3 (three)-year revolving crop credit limit system has been introduced. Farmers engaged in continuous crop cultivation will get facilities under this scheme. Credit will be sanctioned and disbursed by renewing the limit subject to adjustment of previous crops loan in full and without requiring any further documentation. Documentation should be as simple as possible. Bank will delegate the power of loan sanctioning to the manager of the concerned branch. If changes in the production plan and higher amount of loan are required, the farmers may apply for enhancement of the limit. Banks will develop and put in place this scheme incorporating the provision for security, credit limit, rate of interest etc. in line with the Agriculture Credit Policy and Programmers.

3.12 Outsourcing in Disbursing and Recovering Agricultural and Rural Credit:

The exercises of farming credit dispensing and recuperation need close checking. It is

much of the time revealed that, rural advance dispensing and recuperation just as check of appropriate use of horticultural advance is hampering because of lacking labor. Banks should choose adequate labor so as to take care of the issue. If unrealistic to choose customary representatives, banks may designate representatives on everyday schedule (no work, no compensation). In addition, Banks having restricted labor may draw in an organization/foundation as an operator or delegate to choose borrowers, to plan advance proposition and to run different exercises identified with assessment, authorizing, credit payment, observing, recuperation, and so forth for its rustic credit activity.

3.13 For the Development of the Country's Agricultural Sector, Various Loan Programs of Sonali Bank Limited (Rural Credit Department) :

Bangladesh is primarily an agricultural country. A major portion of the population (about 85%) lives in the rural areas. About 75% of the active rural population depends on agriculture as the main source of their livelihood. Agriculture contributes about 22% to the GDP. Majority of the farmers are either small or marginal. So credit plays a paramount role to augment the capital base to support agriculture production. For the development of the country's agriculture sector, Sonali Bank Limited provides various loan programs like as:

► Various Loan Programs by the Rural Credit Department for Farmers Agricultural Producers:

In order to enrich the country's agricultural sector and develop overall economic development including development of rural economy, Sonali Bank Limited is currently conducting banking activities across the country through a large network of 1204 branches. In order to improve the fortunes of the poor and neglected farmers of this country, Sonali Bank Limited has been providing services of millions of customers by launching various types of credit programs in the context of need / time requirements. Apart from natural disasters such as flood, bore, cyclone, extreme rainfall /drought, drought etc. Due to natural disaster, various loan programs among the

affected farmers Wife / Benefits of the Sonali Bank Limited has been providing humanitarian service and support. Sonali Bank Limited is taking innovative entrepreneurs by adopting different types of project loan programs to strengthen the country's agricultural sector and the entrepreneurs are making important contributions to the overall economic development of the country by promoting their talent in the agricultural sector.

3.14 Loan Programs Procedure:

Sonali Bank Limited is currently playing an important role in the socio-economic development of the country through the following loan program:

► Special Agricultural Credit Program (SACP):

There have some objectives for special agriculture credit program.

Objectives:

Under the special agricultural credit program launched in 1977, to implement the government's efforts to make the nation self-reliant in food and to ensure a safe food safety system for all by increasing production of all crops in the light of National Agricultural Policy, Sonali Bank Limited has been promoting small, marginal, brackish farmers Growing (up to 5.00 acres) is growing Ray has been providing unsecured loans. At present Sonali Bank Limited has been providing crop loan through the legal process introduced by the Bangladesh Bank through 707 branches of 1639 unions of 394 upazilas of 64 districts across the country. Recently late loans are being given to produce wheat / applecum, strawberry, mushroom, agar etc.

Loan limit:

According to the Bangladesh Bank policy, a farmer can avail loan facilities for up to 15 bighas (5.00 acre or 2.00 hectares) for production of crops. But for the cultivation of sugarcane and potato, it can get maximum up to 2.5 acres of debt.

Validity:

As per crop production and loan payment schedule supplied by Bangladesh Bank

► Rotating Wheat Crop Loan:

Rotary grain credit program has been introduced for 03 (three) years. Under the program, the loan will be renewed automatically in the next year only after paying the interest of only one and two years after taking loan through first application and documentation.

Tenant farmers:

Loans: Without the guarantee of the landlord, the farm loan program of the peasantry has been started on easy terms.

Interest rate:

Annual 10% simple interest however, for annual pulses, oilseeds, spices and corn, the annual interest is 4%

► 3.16 Fish farming loan program in pond:

In 1977, the fisheries farm credit program was launched by Sonali Bank Limited in the pond and in 1995, after the demand of the time, this loan program, again with credit norms, was expanded through 200 (two hundred) selected branches.

Objectives:

Promotion of fisheries by encouraging fish farming in easy pockets of existing ponds including hajj-fun pond reform.

Loan limit:

Maximum loan limit of 5.00 (five) lakhs

Validity:

Maximum 3 (three) years

Equity:

Minor 50% of the project's non-recurring expenditure and 30% of the recurring expenditure should be borne by the entrepreneur.

Interest rate:

Annual 12% simple interest

► Farming & off-farming loan program:

There have some formalities of farming and off-farming loan program.

Objectives:

Increasing the working people of the country, making them more work oriented, improving the quality of life through increasing the income, encouraging investment, creating employment opportunities, reducing import, increasing production in small industries and socio-economic development of the country. Throughout the entire branch of Sonali Bank Limited in 1994, non-agricultural and non-farming loan programs were launched.

Agricultural / Non-Agricultural Debt Program Sector / Sub-sector:

A) buy fresh cow / buffalo; B) Breeding of cattle; C) setting up dairy farms; D) establishment of goat farm; E) establishment of poultry farm; F) All types of hatcheries; G) Fishery farm / pond fishery farming; H) Shrimp cultivation; I) Gardens: Nursery, banana cultivation, pineapple cultivation, papaya cultivation, coconut cultivation; J) Flowering cultivation; T) Amarkunj development; l) Establishment of biogas plant and earthworm fertilizer etc.

Loan limit:

Maximum 15.00 (fifteen) lakhs

Validity:

Maximum 3 (three) years

Equity:

Minimum 50% of the project's non-recurring expenditure and 30% of the recurring expenditure should be borne by the entrepreneur.

Interest Rate:

Annual 11% simple interest

➡ Sugarcane Farm Credit Program in Mills:

Sugarcane farm credit program in mills follow this requirement is given below:

Loan limit:

Based on the nature and requirements of the project.

Payment Term Period:

Maximum 2 (two) years

Interest rate:

Annual 10% simple interest

► Special Investment Programs:

There have some investments program of SBL is given below:

Objectives:

In order to increase the income of the underprivileged population and create self-employment for the country's rural economy, and to meet food shortage, protein and child food shortage in the country, the program was launched in 1993. The program is continuing with the currently selected 236 branches.

Sectors under special investment programs:

- Dairy farms;
- Poultry farms;
- Fisheries farming;
- Fattening cattle;
- Paddy / goat farm;
- Establishment of artificial breeding centers;

Loan limit:

Maximum 5.00 (five) lakh

Validity:

According to the nature of the loan, payment period ranges from 1 (one) to 3 (three) years.

Equity:

At least 20% of the total project cost must be borne by the entrepreneurs

Interest rate:

Annual 12% simple Interest

► Social forestry loan program:

There is no alternative to protecting pollution-free, clean, beautiful and clean environment. In order to play a more favorable role in protecting the environment, a long term loan program launched by the Sonali Bank Limited in the field of social forestry loan program was started in 2004.

Objectives:

To protect the environment and public health of the country;

B) Encourage investment growth in agricultural sector;

C) Ensuring the best use of land through establishment of forest / fruits / medicinal gardens in the fallen / non-cultivable and low-arable land;

D) Improving the quality of living by increasing the income of the people of the small capital;

E) To create greater employment opportunities for socio-economic development or unemployed / unemployed people of the country.

Investment sector:

Establishment of small / medium / large sized gardens with different types of forest / fruit / medicinal plants.

Loan limit:

The maximum limit of loan is 15.00 (fifteen) lakhs However, the maximum limit of the loan limit is disposable by the Head Office.

Payment Term Period:

The repayment period will be 15 (fifteen) to 20 (twenty) years. 10 (ten) years for forest cultivation and maximum 5 (five) years for fodder forestry. Grace period (Grace Period) is considered. In case of forest cultivation, 10 (ten) semester and the amount of loan will be payable in 20 (twenty) semester installments for the salvage.

Equity:

20% of the total production cost will be borne by the entrepreneurs and remaining 80% will be given to the bank

Interest rate:

Annual 10% simple interest

► Agricultural farm loan program:

The loan program was launched by Sonali Bank Limited in 1993 to create an opportunity to increase investment through prospective entrepreneurs in both the cities and villages, by increasing the agricultural industry more and more throughout the country.

Objectives:

- A) Improve quality of living by increasing the income of the working people
- B) Increasing the production of amicable food
- C) Encouraging investment in agricultural industries
- D) Increasing employment opportunities
- E) Consolidation / expansion / enhancement of production activities of producing industrial units
- E) Consolidation / expansion / enhancement of production activities of production industrial units
- F) Reducing imports and saving of foreign currency by increasing agricultural production.

Sectors under Agricultural Farm Loan Program:

- A) Dairy Farm;
- B) Cattle fattening
- C) Polity Farm Layer and Broiler)
- D) Poultry hatchery
- E) Fisheries farm;
- F) Fish hatchery;
- G) Shrimps hatchery
- H) Paddy cultivation scheme;
- I) Goats / lumber farms;
- J) Duck Farm etc.

Loan limit:

The debt ceiling will be determined based on the size, size, nature and total permanent and current expenditure of the project.

Loan Term:

Permanent capital loan is valid for a maximum period of seven years (seven years) and the current capital loan is 1 (one) year.

Equity:

A) Depending on the complexity of the project, the ratio of equity and debt will be at least 50:50 for permanent capital expenditure.

(B) In case of current capital loan, the ratio of equity and debt will be at the minimum 30:70.

Payment method:

In case of permanent capital loan, the premium will be payable on quarterly basis. After the grace period ends, payment will be made in accordance with the scheduled schedule. Grace period is determined by maximum 12 (twelve) months, depending on the nature of the project.

Interest rate:

Annual 12% simple interest

► Features:

SL.	Project/Programs	Target group	Loan size in Tk.	Rate of Interest (%)
A. Bank's own Program				
1	Bank-NGO Linkage wholesale Credit.	Poor people	According to project size	13
2	Credit for Urban women Micro Enterprise Development- CUMED	Urban women Entrepreneurs	Highest - 5,00,000	12

3	Goat Rearing	Small & Medium Entrepreneurs	According to project size	12
4	Swanirvor	Poor Landless people	Highest - 40,000	11
5	Unmesh	Micro Entrepreneurs	Highest - 50,000	12
6	Daridra Bimochane Sahayta Rin	Hard core poor	Highest - 50,000	11
7	Rural small Business	Small Entrepreneurs	Highest - 50,000	12
8	Small Farming Loan	Small Entrepreneurs	Highest - 50,000	12
9	Loans for SIDR affected Area	SIDR affected People	Highest - 20,000	08
10	Marginal and small Farms System Crop Intensification Pro.- MSFSCIP	Marginal, poor & small farmer	Highest - 10,000	11
11	Crop Godown credit project	Small & Medium farmer	Highest - 10,000	11
12	Herbal, Forestry, Medicinal and Nursery development Credit	Poor energetic youth	Highest - 25,000	11
13	Loan to Salt Growers	Actual Salt producer	Highest - 44,000 per acre	12
14	Loan for disabled people	Disabled people	Highest - 50,000	08
15	Sonali Bank-BARD, Comilla Priogik Gabesana Rin Prokalpa	Bittahin rural male & female	Highest 10,000	10
16	Sonali Bank-RDA, Bogra Priogik Gabesana Rin Prokalpa	Bittahin rural male & female	Highest - 10,000	10
17	Jago Nari Grameen Rin Karmachuchi	Bittahin rural female	Highest - 25,000	11

B. BRDB-UCCA

1	BRDB Crop Lending	Small & Medium farmer	Highest 8,000-15,000	10
2	Shrimp Culture	Small & Medium farmer	Highest 2,333-28,000	10
3	Wogrmen Development Proam	Co-operative poor female member	Highest 1,500-20,000	9
4	RLP (Rural Livelihood program)	Small & Medium	Highest 5,000-	6.25

		farmer	20,000	
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Table 6: Features

► To Entrepreneurs Interest in Talking Loan of Agriculture:

Under the mentioned program, a request is made to contact the branches of Sonali Bank Limited, near the farmers / entrepreneurs interested in borrowing agricultural loans.

If any kind of co-operation is not received from the branch or any kind of harassment, farmers / entrepreneurs will contact the Regional Office / Principal Office / General Manager's Office / or Deputy General Manager, Rural Credit Department, Sonali Bank Limited, Head Office, Dhaka. The request was made.

- Head office phone number 9565364, 9567540 and mobile 01730321141

Chapter 4

Analysis Part

4.0 Problem Statement:

The focus of the problems that concentrated on the effectiveness of the rural loan at Mymensingh Road Branch, Tangail.

4.1 Project Timeline:

Task	Sep-Oct (25-5)	Oct (6-20)	Oct-Nov (21-15)	Nov (16-20)	Nov (21-31)	Dec (1-16)
Literature Search and Review						
Questionnaire preparation						
Field Work 3 days						
Data collection						
Data processing						

Data analysis				
Final Report writing				
				Total = 78 days

Table 7: Project Timeline:

4.2 Budget Information:

Name	Taka
Transportation cost	1400
Phone call Cost	30
Internet Bill	800
Printing for Organizational, Literature, Topic, Research, Actual task, Analysis, Introductory part	1250
Final report Printing & Binding Cost	600
Total Cost	4080

Table 8: Budget Information

4.3 Report Technique:

In this research report the researcher following various sources like as:

Report Types:

- Investigate.

Research Instrument:

- Questionnaires.
- Likert Scale Question.
- Microsoft Office Word
- Microsoft Excel etc

Contact Method:

- Survey Questionnaire.

4.4 Analysis and Presentation of Data:

In this section I have used a questionnaire for the analysis of my topic- “**Rural Credit Procedure of Sonali Bank Ltd. at- Mymensingh Road Branch, Tangail**”. The questionnaire survey was distributed among the people of present Sonali Bank Ltd. employees from different department. My number of population was 350. I have taken 10% sample size from my population. The question patterns are in “Likert scale”.

Number of question-06

Number of respondents-35

Pattern of Questionnaire- Likert scale

4.5 Likert Scale:

In order to analyze the data, I have used Likert scale. Where 1 stands for only strongly disagreed customers, 2 stands for only disagreed customers, 3 stands for the neutral customers, 4 stands for agreed customers, and 5 stands for strongly agreed customers.

The scale has been shown in below:-

Customer Opinion	Weighted
Strongly Disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

Table 9: Hypothesis Scale

4.6 Analysis:

Questionnaire Development:

For fulfilling the objectives some related hypothesis have been constructed for this study:

1. Bank provides enough amount of loan for the various purposes.
2. Loan helps to improve your harvesting/forming.
3. Loan replacement/installment is easy.
4. Loan actually helps you to improve your economic condition.
5. Many farmers around you are benefitted by using this loan.
6. Loan interest is overall bearable.

Graphical Representation:

Question: 1

Q: 1. Bank provides enough amount of loan for the various purposes.

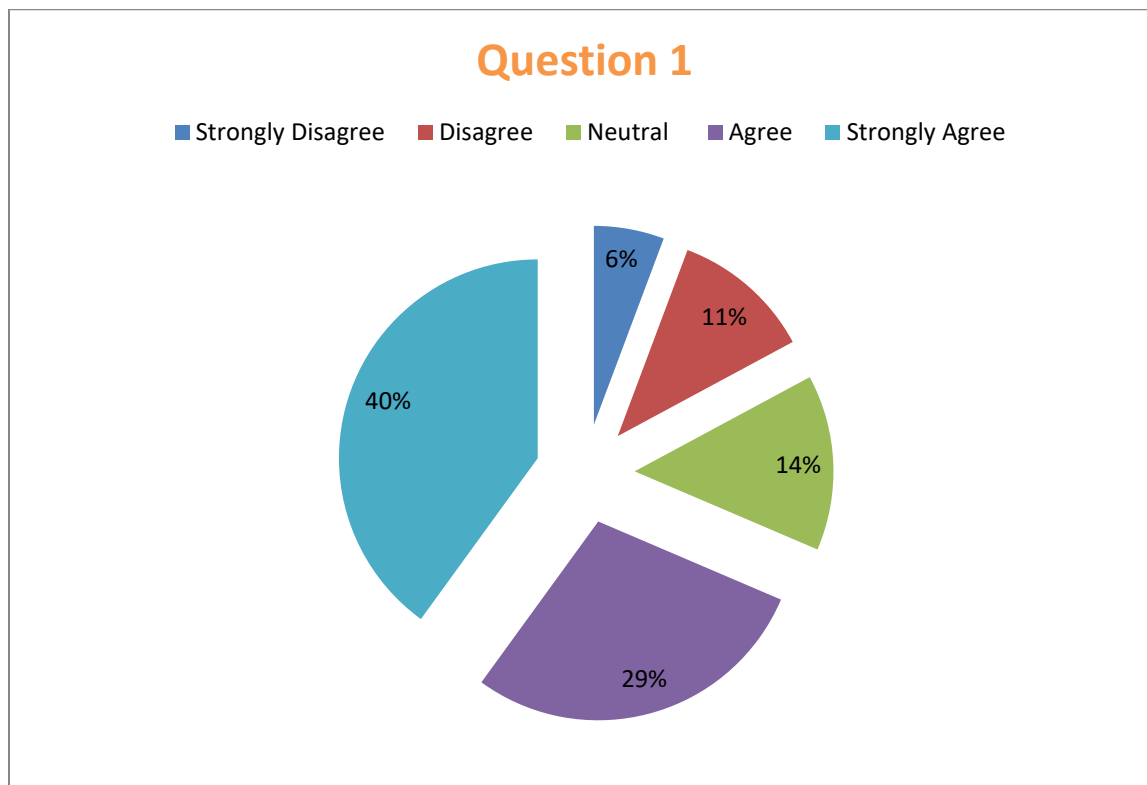


Figure 4: Question: 1

Interpretation: Bank provides enough amount of loan for the various purposes. In this hypothesis 6% of respondents are strongly disagreed, 11% are disagreed, 14% respondents are neutral, 29% respondents are agreed and 40% respondents are strongly agreed.

Approximately, 69 % respondents had acknowledged that bank provides enough amount of loan for the various purposes.

Question: 2

Q: 2. Loan helps to improve your harvesting/forming.

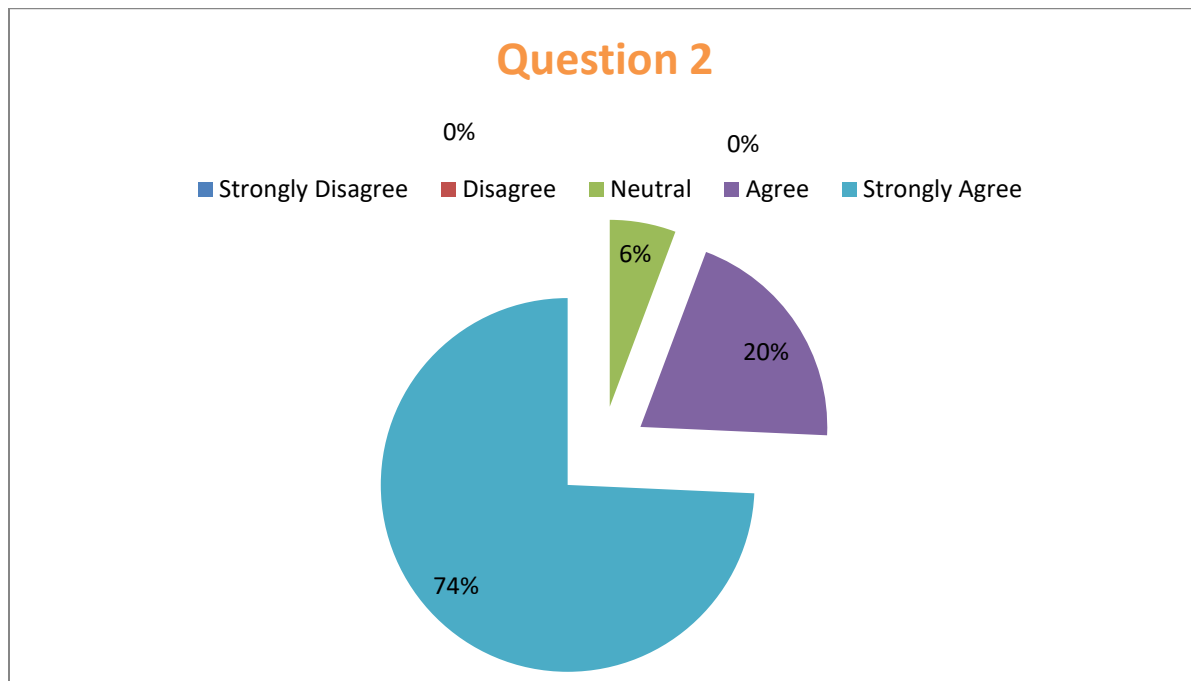


Figure 5: Question: 2

Interpretation:

Loan helps to improve your harvesting/forming. In this hypothesis 0% of respondents is strongly disagreed, 0% is disagreed, 6% respondents are neutral, 20% respondents are agreed and 74% respondents are strongly agreed.

Approximately, 94 % respondents had acknowledged that Loan helps to improve your harvesting/forming.

Question: 3

Q: 3. Loan replacement/installment is easy.

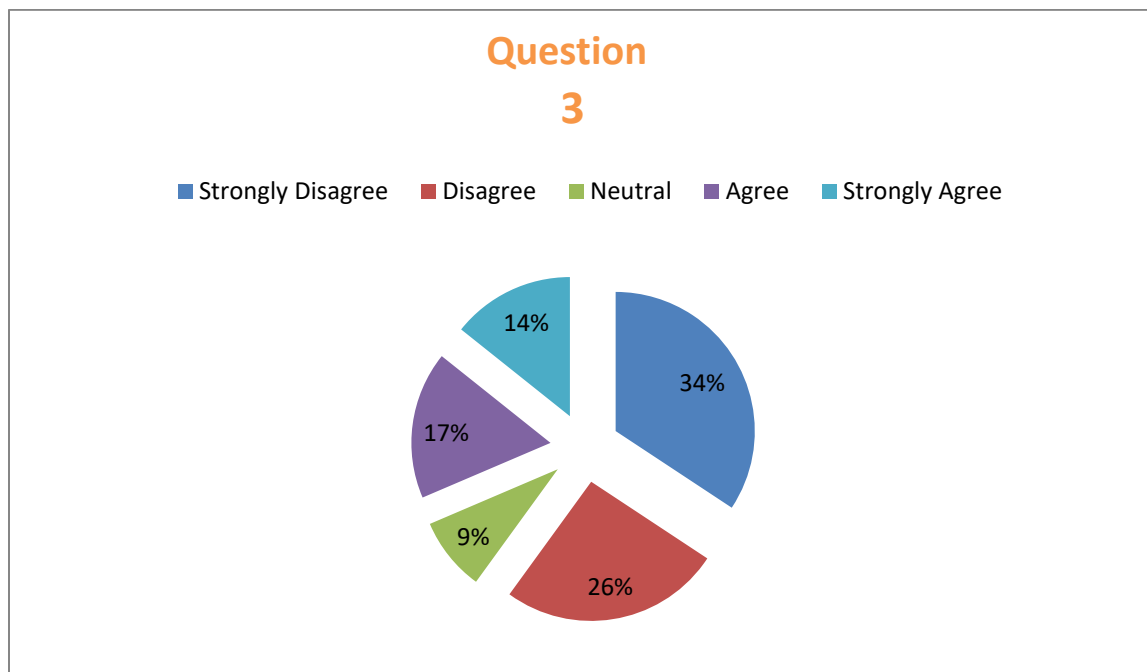


Figure 6: Question: 3

Interpretation:

Loan replacement/installment is not easy. In this hypothesis 17% respondents are agreed and 14% respondents are strongly agreed 9% respondents are neutral, 34% of respondents is strongly disagreed, 26% is disagreed.

Approximately, 60 % respondents had acknowledged that loan replacement/installment is not easy.

Question: 4

Q: 4. Loan actually helps you to improve your economic condition.

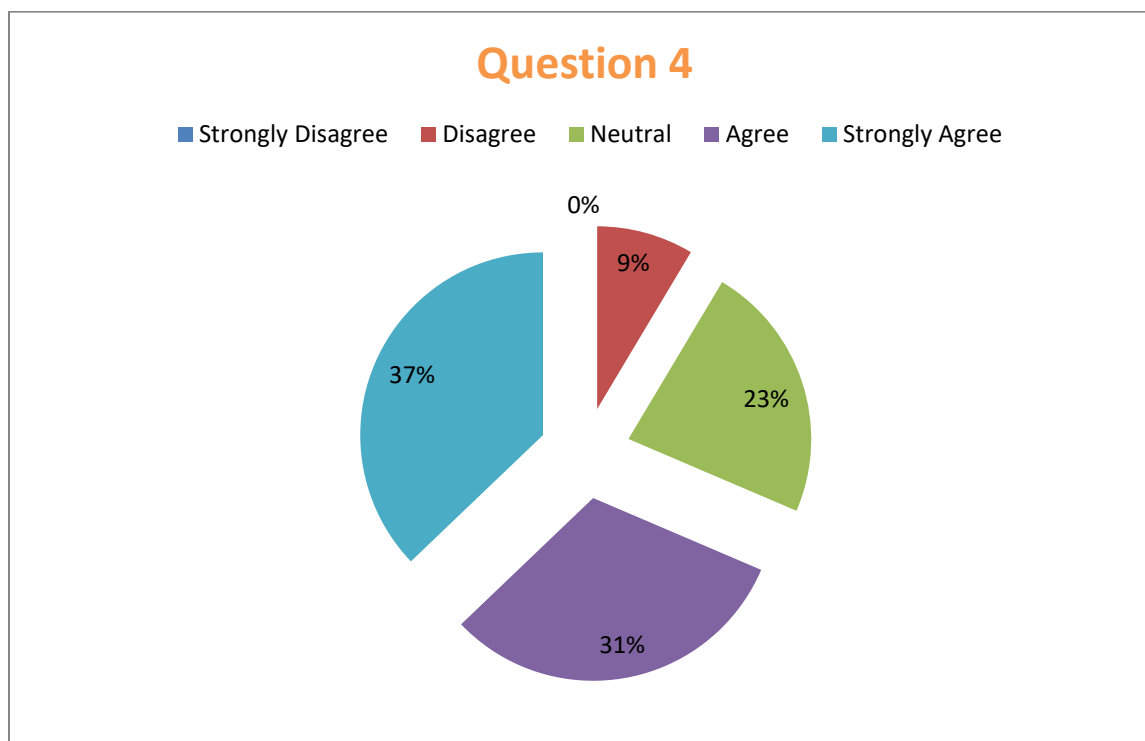


Figure 7: Question: 4

Interpretation:

Loan actually helps you to improve your economic condition. In this hypothesis 0% of respondents is strongly disagreed, 9% is disagreed, 23% respondents are neutral, 31% respondents are agreed and 37% respondents are strongly agreed.

Approximately, 68 % respondents had acknowledged that loan actually helps you to improve your economic condition.

Question: 5

Q: 5. Many farmers around you are benefitted by using this loan.

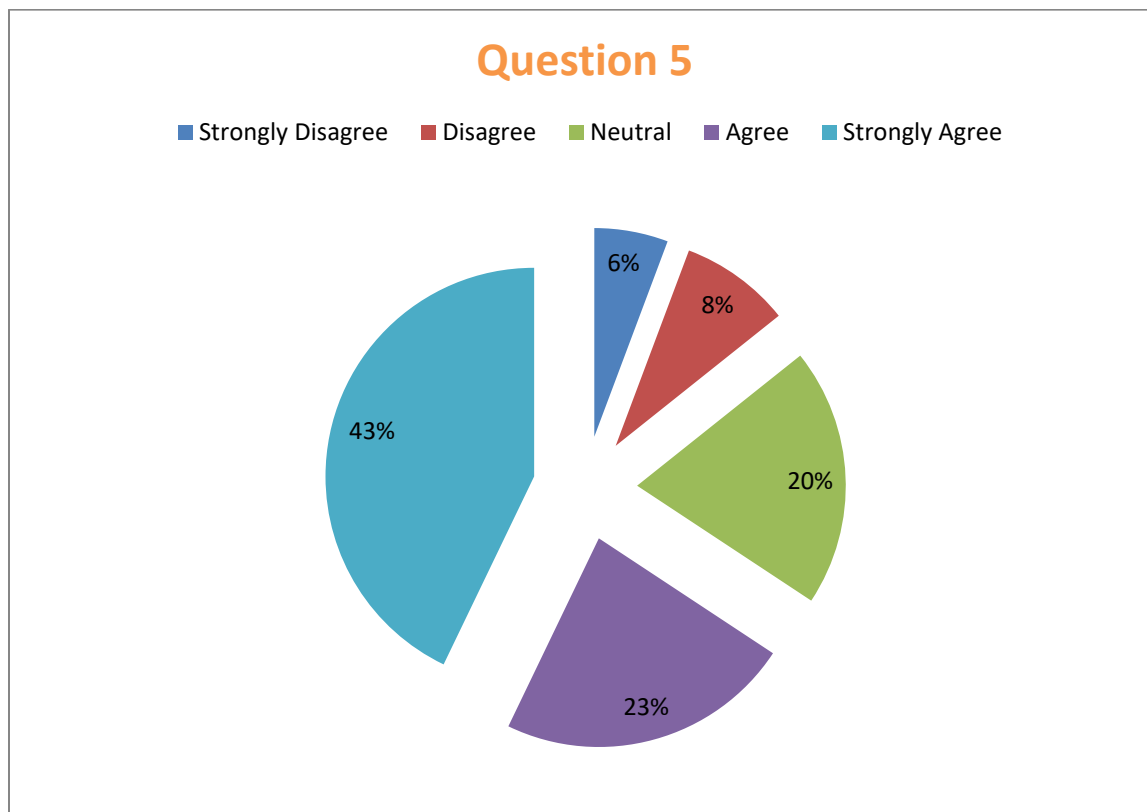


Figure 8: Question: 5

Interpretation:

Many farmers around you are beneficial by using this loan. In this hypothesis 6% of respondents is strongly disagreed, 8% is disagreed, 20% respondents are neutral, 23% respondents are agreed and 43% respondents are strongly agreed.

Approximately, 66 % respondents had acknowledged that loan actually helps you to improve your economic condition.

Question: 6

Q: 6. Loan interest is overall bearable.

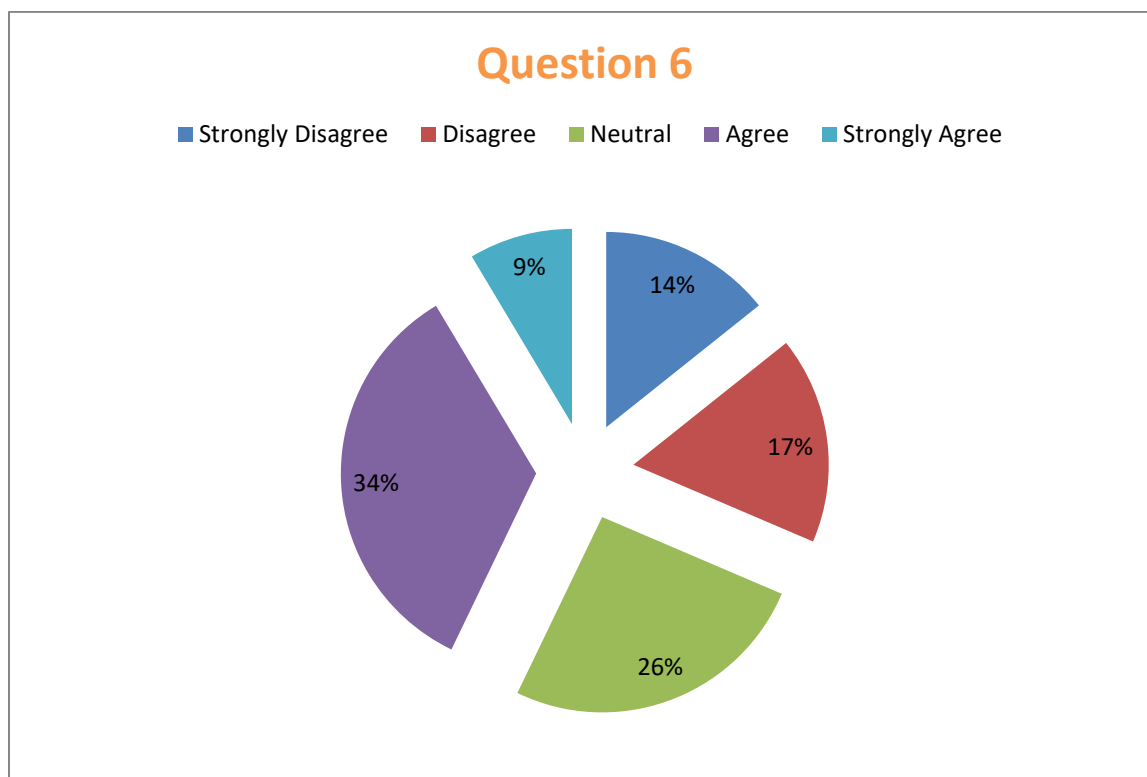


Figure 9: Question: 6

Interpretation:

Loan interest is overall bearable. In this hypothesis 14% of respondents is strongly disagreed, 17% is disagreed, 26% respondents are neutral, 34% respondents are agreed and 9% respondents are strongly agreed.

Chapter 5

Findings, Recommendations

& Conclusion

5.0 Findings:

After researching, I have some findings which are given below-

- For rural area, SBL provides big amount of loan to the customer are more capable for getting loan that for better economic growth of the country.
- Bank provides enough amount of loan for the agriculture sector that is why farmers are interested to take the loan.
- To create better client the bank should decrease the rate of interest on different sector, especially rural loan for rural people.

5.1 Recommendation:

After doing research, I have some findings. Due to problems of that branch I have given some initial solutions to solve the problem immediately. Based on my 12 week observations in the bank, I achieved much practical knowledge. At the time of the bank:

- The bank should update its loan strategy in sustainable and appropriately enough to survive in the market.
- With sufficient loan farmers can efficiently make use of harvesting process, they can buy modern tools, methods and machinery.
- Loan installment time duration should be increased so that the borrower can utilize their debt facility properly for profit maximization.

5.2 Conclusion:

Banks play the most important role in the economy. Banks collect money from the individuals and lend them to others. Now banks offer the widest range of financial services and perform lots of financial functions. Thus banks have proven that they are the key factor for the business and economy as well. Sonali Bank Limited is the largest banking institution in Bangladesh, dynamic in actions, honest in dealings, just in judgment, fair in approaches and devoted to high quality service to customers and thereby contribute to the growth of GDP of the country throughout stimulating trade and commerce, boosting up export, poverty alleviation, raising living standard of limited income group and overall sustainable socio-economic development in the country. Bangladesh is fundamentally an agricultural particular nation. A real parcel of the number (about 85%) lives in those rustic regions. Around 75% of the dynamic provincial number relies on upon farming worker similarly as that fundamental sourball of their vocation. Agribusiness helps over 22% of the GDP.

5.3 References:

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Report:

- Annual Report – 2015, 2014, 2013 and 2012 of SBL.
- Several Reports in SBL staff college library

Appendix:

This is Md. Rakibul Islam, student of Daffodil International University, ID: 191-14-119, Major: Finance. Dear respondents, the purpose of this survey is to collect data for an internship report which is largely based on the quest to find out the financial statement analysis of Sonali Bank Ltd. It would be a big help for me if you kindly take a moment and go through the questionnaire

and answer them according to your own experience. All the information of yours will be kept as highly confidential.

Name:

Gender:

Age:

Designation:

Please Fill-up the Questionnaire

Q 1: Bank provides enough amount of loan for the various purposes.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 2: Loan helps to improve your harvesting/forming.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 3: Loan replacement/installment is easy.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree

- ✓ Strongly Agree

Q 4: Loan actually helps you to improve your economic condition.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 5: Many farmers around you are benefitted by using this loan.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Q 6: Loan interest is overall bearable.

- ✓ Strongly Disagree
- ✓ Disagree
- ✓ Neither Disagree nor Agree
- ✓ Agree
- ✓ Strongly Agree

Thank You for Giving your Valuable Time