



Daffodil
International
University

Internship Report

On

“Loan Disbursement Procedure of Grameen Bank “

Under the supervision of:

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Letter of Transmittal

Date:

To

Mr. Md. Anhar Sharif Mollah

Associate Professor

Department of Business Administration

Daffodil International University

Subject: Submission of Internship Report On “Loan Disbursement Procedure of Grameen Bank”

Dear Sir,

As the Internship Program is a part and parcel of our BBA program, I was set up at the Grameen Bank to work in the Microcredit Loan Disbursement Procedure to be versed with its details. I am assumed to ready to a report from my findings in the bank.

I sincerely hope that this report will help you to evaluate me. I will be obliged to clarify any matter or to provide any farther information regarding this report.

Thank you.

Sincerely yours

.....

Md. Saider Rahman

Id: 162-11-326

Major Subject: Finance

Bachelor of Business Administration

Daffodil International University

Student's Declaration

I do hereby declare that, the internship report entitled “Microcredit Loan Disbursement Procedure of Grameen Bank” integrates the result of my own basic work, under the supervision of Mr. Md. Anhar Sharif Mollah, Associate Professor, Department of Business Administration, Daffodil International University.

I declare that the information reported here is original one and it's my own basic work.

Your Sincerely

Md. Saider Rahman

ID: 162-11-326

Major Subject: Finance

Bachelor of Business Administration

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Supervisor's Declaration

This is to certify that the Internship Report on “Microcredit Loan Disbursement Procedure of Grameen Bank” in this report prepared by Md. Saider Rahman, under my direct supervision as a fulfillment of the requirement of Bachelor of Business Administration, Major in Finance, Daffodil International University.

So far, I know, he has made this report by himself and is not copied or borrowed from others without proper acknowledgement.

I wish him every success in life.

.....

Mr. Md. Anhar Sharif Mollah

Associate Professor'

Department of Business Administration

Daffodil International University.

Acknowledgement

All praise to Allah, the almighty, and the merciful. Without his blessing and endorsement this report would not have been accomplished. Then my heartiest gratitude goes to my parents who always encouraged and supported me to continue the study.

It was difficult to me complete my report if the following great person don't help by providing information. That's why; thank all of those kind hearted people who have contributed to prepare this report. There are of course some very special people who cannot go without mention.

At the outset, I would like to give special thanks my supervisor **Mr. Md. Anhar Sharif Mollah**, Associate Professor, Department of Business Administration, Daffodil International University, for his proper guidance, advice and encouragement during the whole period of the work.

I am grateful to Mr. Zakaria, Co-Ordinator of Grameen Bank's International Department, who first of all gives a basic idea of microcredit and Grameen Bank and also provides other necessary information related to my study.

I am thankful to **Mr. Tofazzal Hosen**, Branch Manager, Grameen Bank Auk Para Branch. He helped me to get the opportunity to complete my internship program.

I also express my heartiest gratitude to **Mr. Anwar Zahid**, Second Officer (Grameen Bank Auk Para Branch). He also supports and help me by providing special kinds of information about these Branch which require my internship program.

Finally, I would like to mention, **Kamal Uddin & Zahid Hasan**, both are center officer in Bank Auk Para Branch. They have great contribution for introducing with members and they also personally give intern supportive information.

Having received enormous support from my course teacher, my family and friends, I have made a great deal of effort to accomplish this research. Thanking to all.

.....

Md. Saider Rahman

Id: 162-11-326

Major Subject: Finance.

Executive Summary

The report comes from my internship program, which is provided as a BBA program prerequisite. Depending on my three-month internship at Grameen Bank, this is done. This is an orientation paper that covers the day-to-day real-life work experience with various tasks at Grameen Bank, Mirpur2, Dhaka-1216, Grameen Bank Head Office. This report is prepared using both primary and secondary data sources. All risk factors are assessed by Grameen Bank before the approval loan. When all formalities have been met, the loan will be disbursed by the relevant officials. When all the requirements are met, the relevant officers disburse the loan.

Grameen Bank is one of the world's MFI funding companies. This bank has committed to providing the advantaged, especially women, with the highest quality service to the consumer. The Grameen Bank's board is very serious about empowering women and the deprived society.

The report's title is Micro Loan Disbursement. His concerns and suggestions: a Grameen Bank study: a short review. This report covers five chapters in total. The first chapter is the report's overview portion, the second chapter contains the theoretical framework, the third chapter is entitled as an organizational profile, the fourth chapter is entitled findings and analysis, the fifth chapter comprises Grameen Bank's recommendation and conclusion.

Finally, Grameen Bank basically works without any collateral with the poorest people in rural Bangladesh. At Grameen Bank, credit is a cost-effective weapon in the war against poverty and acts as a catalyst in the overall development of the poor's socio-economic conditions that were held outside the banking orbit on the ground that they are poor and therefore not bankable. Professor Muhammad Yunus, the founder of “Grameen Bank” and its Managing Director, reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, “these millions of small people with their millions of small pursuits can add up to create the biggest development wonder.”

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LIST OF ABBREVIATIONS.

GB= Grameen Bank.

LC= Letter of Credit.

ADB= Asian Development Bank.

SOE= Statements of Expenditure.

SAW= Surface Acoustic Wave.

DFI= Development Finance Institution.

BRAC= Bangladesh Rural Advancement Committee.

NGO= Non-Government Organization.

ASA= Association for Social Advancement.

GDP= Gross Domestic Product.

Chapter One

Introduction

1.1 Introduction of the study:

Bangladesh is an agricultural country and most of the people are lives in village. Many of Bangladesh's people are landless and poor in income. In my case of micro credit system from Grameen Bank. Bangladesh's economic development is based on rural development. Therefore, in this sense, my work is very significant.

1.2 Origin/ Background of the Report:

Only curriculum activity is not sufficient for any business school student to handle the real business situation, so it is an open door for undergraduates to think about the business field through the temporary position program. As a temporary position program, the hypothetical and commonsense information is an ideal mixture. This study is known as the halfway precondition for the BBA's three-month entry level role plan. Grameen Bank has given me the opportunity to finish the 03 (Three) month entry level program in its Mirpur-2 branch, Dhaka. In the article on "Smaller scale cash loan disbursement process at Grameen Bank," I have mostly reported Based on working involvement with this period I have arranged this report and I have attempted my level best to relate the hypothetical information with the handy work circumstance while report features data has been taken from bank's Website, Annual Reports and distinctive banking-focused books for assessment and evaluation of Grameen Bank.

1.3 Scope of the Study:

During the time of my internship at Grameen Bank, Head Office, Mirpur-2, via my temporary job, I served at the Head Office's International Program and tried to track large financial activities and other day-to-day capabilities in the Office. In order to get significant data for my inquiry, I need to visit the bank's numerous branch workplaces every now and again, and I have had happy cooperation just as if possible with vital data. While each of the Head Office's leaders are particularly busy with the resulting over - the-top pressure, they always gave me vital data. Since my work is in part review and investigation based, I have utilized viable experience and, some examiner examination methods, for setting up this report.

1.4 Objective of the Report:

The objectives of the study may be viewed as:

- # To find out the present overview of GB.
- # To analyze the “Micro credit Loan Disbursement Procedure of Grameen Bank”.
- # To analyze and interpret the credit program of GB.
- # To analyze disbursement & recovery of micro credit loans.
- # To evaluate the operating performance of different micro credit program.
- # Identify the problem of GB credit policy.

1.5 Methodology of the Study

Both primary and secondary data are used to prepare this report. The collection of these sources of information are given below.

A. Primary Sources:

- # Direct interview & conversation.
- # Different files and documents study.
- # Group Discussion.
- # Conversation with the bank officers and consumers.
- # Collection data to the field work.

B. Secondary Sources:

Data regarding the credit operation and others of the Grameen Bank were collected from secondary sources are given below.

- # Annual Report.
- # Manual and Publication of Grameen Bank.
- # Grameen Bank Library.
- # Internet, Newspaper, and Book.

1.6 Limitations of the Study

The study is limited to a specific area on Grameen Bank. The researchers encountered the following constraints when creating this report.

- Loan department of Grameen bank is highly confidential.
- For the loan team, there were not enough documents, journals or databases about the borrower's operation.
- These Branch 100 percent was women respondents. So, they are feeling shy to give question answer to me.
- The information of loan & risk management of Grameen bank not found in structured
- Lack of proper books, journals etc.
- Insufficiency of valuable data and information.
- Up-to-date information is not available.

Chapter Two

Theoretical Framework

2.1 Introduction

Micro credit is the expansion of little advances (microloans) to ruined borrowers who normally need security, stable job and an unquestionable record as a consumer. It is planned not exclusively to help business enterprise and reduce destitution, yet in addition as a rule to engage ladies and elevate whole networks by expansion. In numerous networks, ladies do not have the profoundly steady business accounts that customary loan specialists will in general require. Many are uneducated and thus unfit for the completion of administrative work required to obtain standard mortgages. Beginning in 2009, 74 million people were expected to hold microloans totaled US\$ 38 billion. Grameen Bank estimates that reimbursement rates are in the 95 and 99 percent range elsewhere.

Small-scale credit is a piece of microfinance that gives poor people a wider range of monetary authorities, particularly investment accounts. Global microcredit is commonly thought to have originated with the Bangladesh-based Grameen Bank in 1983. Notwithstanding initial second thoughts, various traditional banks introduced miniaturized credit scale in this manner. The United Nations named 2005 the Microcredit International Year. Starting in 2012, smaller-scale credit is widely used in the creation of nations and is shown to have "tremendous potential as a tool for lightening needs."

In any event, experts argue that microcredit has not positively affected sexual orientation relations, does not alleviate suffering, has forced multiple lenders into a duty pit and has created a "welfare privatization." The largest randomized microcredit study, performed by Esther Duflo and others, reported mixed results: there was no effect on the intake of family units, sex interest, guidance or well-being, yet the number of new organizations increased by 33 percent compared with a control group.

2.2 Modern Micro credit

The source of micro credit can be connected to several companies in Bangladesh, especially Grameen Bank, in the current realistic embodiment. Grameen Bank was established by Muhammad Yunus in 1983, widely regarded as a small-scale financial institution of the present day. Yunus started the venture in a community called Jobra, utilizing his own cash to convey little credits at low-financing costs to the provincial poor. Grameen Bank was trailed by associations, for example, BRAC in 1972 and ASA in 1978. Microcredit arrived at Latin America with the foundation of PRODEM in Bolivia in 1986; a bank that later changed into the revenue driven BancoSol. Microcredit immediately turned into a prominent apparatus for monetary improvement, with several foundations rising all through the third world. In spite of the fact that the Grameen Bank was framed at first as a non-benefit association subordinate upon government appropriations, it later turned into a corporate substance and was renamed Grameen II in 2002. Muhammad Yunus was granted the Nobel Peace Prize in 2006 for his work giving smaller scale credit administrations to poor people.

2.3 Principles

2.3.1 Economic Principles

Micro credit associations were at first made as options to the "advance sharks" known to exploit customers. Without a doubt, numerous Microcredit started as non-benefit associations and worked with government assets or private sponsorships. By the 1980s, anyway the "money related frameworks approach," impacted by neoliberalism and proliferated by the Harvard Institute for International Development, turned into the prevailing belief system among smaller scale credit associations. The commercialization of small-scale credit formally started in 1984 with the arrangement of Unit Desa (BRI-UD) inside the Bank Rakyat Indonesia. Unit Desa offered 'kupedes' small scale credits dependent on showcase loan fees.

Numerous Microcredit acknowledge associations currently work as autonomous banks. This has prompted their charging higher financing costs on credits and setting more accentuation on investment funds programs. Quite, Unit Desa has charged more than 20 percent on private

venture advances. The use of neoliberal financial matters to Micro credit has created a lot of discussion among researchers and improvement experts, with some asserting that Micro credit bank chiefs, for example, Muhammad Yunus, apply the acts of advance sharks for their own enhancement. Without a doubt, the scholastic discussion foreshadowed a Wall-road style outrage including the Micro credit association Comparators. All things being equal, the numbers show that Micro credit loaning and speculator benefit can go connected at the hip. During the 1990s a country fund serves in Indonesia demonstrated how Unit Desa could bring down its rates by about 8% while as yet carrying alluring comes back to financial specialists.

2.3.2 Group Lending

Though lending to groups has long been a key part of micro credit, [citation needed] micro credit acknowledges at first started for the guideline of loaning to people. In spite of the utilization of solidarity hovers in 1970s Jobra, Grameen Bank and other early micro credit establishments at first centered around singular loaning. (A solidarity circle is a gathering of borrowers that give common support, data, and help with critical crossroads, however credits remain the duty of people. In fact, Muhammad Yunus spread the idea that each individual can possibly turn into a business person. The utilization of gathering loaning was roused by financial aspects of scale, as the expenses related with checking advances and implementing reimbursement are fundamentally lower when credit is conveyed to bunches as opposed to people. Commonly the advance to one member in bunch loaning relies on the fruitful reimbursement from another part, accordingly moving reimbursement obligation off of micro credit establishments to advance beneficiaries.

2.3.3 Lending to Women

For micro-credit, women's lending has become an important principle, with banks and Organizations, such as BancoSol, WWB, and Pro Mujer, just linking ladies. Genius Mujer has also revised another technique for consolidating smaller-scale loans with social insurance agencies, because their consumers ' soundness is essential to microcredit accomplishment. Despite the fact that Grameen Bank at first tried to lend equivalent rates to the two people, ladies by and by makeup ninety-five percent of the customers of the bank. Ladies continue to make up

75 percent of all miniaturized credit recipients worldwide. Elite loaning to ladies started during the 1980s when Grameen Bank found that ladies have higher reimbursement rates, and will in general acknowledge littler credits than men. In this way, numerous miniaturized scale credit organizations have utilized the objective of enabling ladies to legitimize their unbalanced advances to women.

2.4 Impact of Micro credit

There is a lot of debate about the impact of microcredit. Defenders argue it eliminates the need for hard jobs and higher wages. This is dependent on timely increased assistance and better guidance of the youth of the lenders. Many argue that women are helped by microcredit. It is claimed that microcredit allows applicants to pass on from welfare programs in the US, UK and Canada.

Pundits state that microcredit has not expanded livelihoods, however has driven poor families into an obligation trap, now and again in any event, prompting suicide. They include that the cash from advances is regularly utilized for solid buyer merchandise or utilization as opposed to being utilized for profitable ventures, that it neglects to engage ladies, and that it has not improved wellbeing or training. Accessible evidence shows that the growth and production of organizations has been supported by microcredit for much of the period. It has often generated independent work; but since premium installments it has not really increased earnings. It has forced investors into debt pits now and again. There is no evidence that women have been participating in microcredit. Sure, microcredit has done much less than its supporters said it would achieve, yet its negative effects were not as rare as some critics believed. Microcredit is only one factor impacting the achievement of an independent companies, whose achievement is affected to a lot bigger degree by how much an economy or a specific market develops.

2.5 Loan Disbursement Policies:

The Agreement Establishing the ADB (the Charter) states three main principles of disbursement for development projects:

- ❖ The proceeds of any loan, acquisition or other funding given by the Bank shall only be used to purchase goods and services produced in Member States, unless specifically authorized by its Board of Directors.
- ❖ The creditor shall be allowed by the Bank to draw its funds solely for the purpose of expenditure on the project as it is currently incurred.
- ❖ The profits of any loan made, secured or engaged by the Bank shall only be used for the purposes for which the loan was issued and with due regard for productivity and efficiency.

Only after the loan agreement is successful can the creditor remove credit funds.

2.6 Disbursement Procedures:

2.6.1 Four Major Types

Methods for withdrawal of advance continues are institutionalized to encourage payment under most credits. Payment techniques comprise of four significant sorts, portrayed quickly as the

- ❖ Direct installment system where ADB, at the borrower's solicitation, pays an assigned recipient legitimately (see part 7 for subtleties);
- ❖ Commitment scheme where ADB allows a perpetual commitment at the borrower's request to repay a business bank for payments made or to be made to a supplier against a credit account-funded LC.
- ❖ Reimbursement technique where ADB pays from the advance record to the borrower's record or, at times, to the venture represent qualified consumptions which have been acquired and paid for by the task out of its spending designation or its very own assets.
- ❖ Impress subsidize strategy where ADB makes a development dispensing from the credit represent store to an intrigue record to be utilized solely for a lot of qualified uses.

2.6.2 Simplified Reimbursement Process paperwork.

Although ADB usually requires full supporting documentation, when it allows simpler documentation, there are special cases.

- ❖ The articulation of uses (SOE) method includes the borrower presenting a SOE to help an application
- ❖ The power account works methodology includes the borrower submitting intermittent confirmation of the advancement or finish of common works on the side of its application for repayment
- ❖ The concurrent application for sub credit endorsement and withdrawal (SAW) methodology includes qualified DFIs submitting streamlined supporting archives when they demand repayment of uses and ADB's affirmation of sub advances underneath the set "free point of confinement"

2.7 Modes of Loan Disbursement

The accompanying map graphically illustrates the interrelationship between the different types of loan disbursement procedures (note the connection between the impress fund and the SOE method).

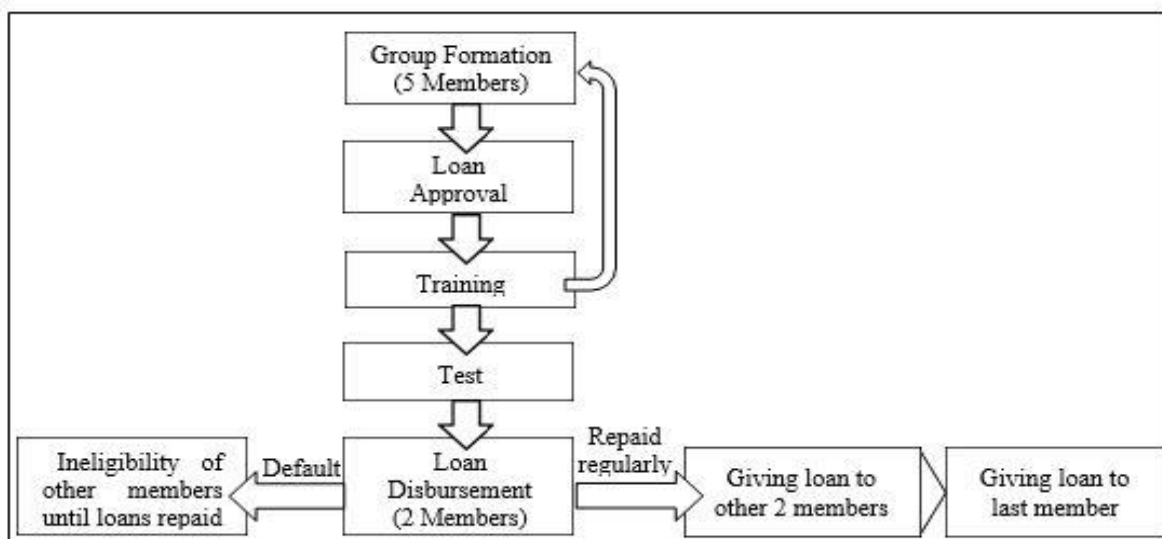


Figure-01: Loan distribution system of Grameen Bank

Chapter Three

Organization Profile

3.1 Background of Grameen Bank

Dr. Muhammad Yunus, then Head of Economics Department at Chittagong University, began a venture called Grameen Bank in August 1976. In 1979, in an organization with Bangladesh Bank, the venture extended to Tangail. It was established as an autonomous bank in October 1983. Grameen Bank was conceived in town of Jobra. Today Grameen Bank is a gigantic small-scale credit establishment. It is bigger than numerous Commercial Banks in Bangladesh. It has been reproduced in excess of 100 nations of the world.

The bank's borrowers claim Grameen Bank. The main goal is to make credit accessible in the battle against neediness to the rustic poor, mostly lady. Borrowers are given advances in doing so for purposes of producing money and lodging. All advances are made without insurance and without legitimate tools. Grameen Bank loans are paid on the premise of a week after week. In 2002, Grameen Bank presented its battled part program, particularly intended to loan cash to the poor people of locate a noble vocation.

They are offered intrigue free advance. Grameen Bank presents Higher Education advance for the borrower youngsters from 2000. By October 06, 2019 there are 54,300 understudies gotten advanced education credit from Grameen Bank. With an end goal to urge individuals to teach their youngsters, Grameen offers Scholarships to offspring of its individuals. By October 06, 2019-2, 93,053 understudies (the two young men and young ladies) have gotten grants equivalent to US \$ 5.07 million. In October 06 2019, Grameen Bank 2568 branches, 268 workplaces, 40 zonal workplaces and 40 zonal review workplaces. Through 1,42,223 focuses, spread more than 81678 towns, covering more than 93 percentage of the total villages in Bangladesh. In 2006 Grameen Bank and its organizer Prof. Muhammad Yunus win the Nobel Peace prize.

3.2 Goals and Objectives of Grameen Bank

The objective, which is declaration by the GB, is destitution lightening referencing the credit as the most dominant instrument of motor of advancement, if has been giving gathering – based credit offices to the least fortunate area of rustic culture for the making of independent work and pay producing exercises. The targets, which are spiffed by the GB, are referenced here: -

- To enable the rustic poor particularly the ladies who are truly dismissed and overlooked, through making of independent work openings and opportunities of them.
- To give monetary administrations solely to the most unfortunate segment of provincial zone which is rejected from the conventional credit foundations.
- To salvage the destitute individuals from the casual moneylenders who arte commending them by charging over the top pace of enthusiasm of credit.
- To give hierarchical help to the impediment individuals for better utilization of acknowledge and pay too.
- To create human capital in the provincial zones through giving formative projects with respect to training, wellbeing, nourishment, fiasco the executives and so forth.
- To activate reserve funds as a piece of future no for poor.
- To lessen provincial joblessness and reliance rodent by offering independent work openings. In country non-ranch part.
- Extend banking offices to country base poor, with no security.
- Eliminate the abuse of cash loan specialists.
- Reverse the deep-rooted endless loop of destitution through Micro credit.

3.3 Grameen Bank Vision.

“Banking for the poor people”.

3.4 Grameen Bank Mission

Its mission is to help poor families by helping themselves to overcome poverty. It targets the poor in Bangladesh's rural area, especially poor women. As a human right, it encourages recognition. It is not focused on bonds that are either contractual or legally enforceable. It is

focused on "confidence," not on the structure and legal procedures. It is provided, as opposed to use, to establish self-employment for income-generating operations and housing for the poor.

3.5 Formation of group and center.

The Grameen bank structure a gathering of five individuals picked from five separate families living in a similar area and bearing same, Socio-economic and social starters, the qualification of more than one-part from the woman family unit in a similar gathering is carefully precluded. The GB that it considers those people who have a place with landless or resource less family units makes reference to it as it were. Who chooses a part or the gathering as the executive, the GB keeps up money related control in the gathering level? The gathering individuals experience a preparation program for a time of least 7 days. After the finishing of the preparation program, the laborers of GB select the potential gatherings just as individuals for conveying credit.

Chapter Four

Findings Analysis

4.1 Introduction

The Loan includes every written record that serves as proof of a loan and is defined as anything acquired to record a transaction. Grameen Bank has formulated its own policy in the light of Bangladesh Bank's directive and guidelines from time to time. The main focus of this approach is to maximize profit by achieving sustainable growth by viable expenditure. The bank also aims to expand credit facilities along with conventional ones to new industries.

4.1.1 Types of Loan

- Basic Loan.
- Housing Loan.
- Higher Education Loan.
- Struggling Loan.

4.1.1.1 Basic Loan

Grameen Banks ' main product is the Basic Loan. This kind of loan can be given to every poor person. With basic loan, all borrowers will start the journey. The loan began with 5000 Taka per person. The interest rate is 20 percent of declining rate. Essentially, over one year, Borrower paid 44 installments.

4.1.1.2 Requirements for Basic loan:

A few requirements to get basic loan from Grameen Bank. Such as-

- Wealth less.
- Landless, who possesses less than one acre of land.
- Creation of a group contain of 5 to 9 members from her neighbor.

4.1.1.3 Housing Loan

In 1984, the Grameen bank introduced housing loan. It became a very enticing lenders system. In 1989, this curriculum earned a foreign Aga khan award for design. Maximum amount given for housing loan is Taka 15000 to be repaid over a period of 5 years in weekly installments. The interest rate is 8% & 647130 houses have been disbursed for housing loans. During the past 12

months (from June to May, 07) 12545 houses have been built with housing loans amounting to take 1,105.21 million.

4.1.1.4 Higher Educational Loan

This loan is offered for the purpose of encouraging education among the villagers and also for preventing the number of dropouts from such needy families. Thus, it offers scholarship, coaching and higher education loan for GB borrower's children (student). So far 13,161 (Female) & 41,139 (male) members took the Higher Education loans. A total Amount is 1,074.89 (Female) & 2,781.19 (Male) in million BDT has been disbursed.

4.1.1.5 Struggling Loan

Grameen Bank Introduced struggling loan program in 2002. It's especially designed for the beggars. They are offering interest free loans. By the end of December 2019, cumulative members under this program reached 77,986. A total to 181.60 (In million Taka) has so far been disbursed.

4.1.2 General Procedures of Sanctioning Loan

4.1.2.1 Approval Process

The approval process of GB and Loan sanctioning is a very easy way. Grameen bank members apply pay for the loan. Center Manager gives them applicant form and borrowers fill up the form. After center Manager Loan applicant form gives them Zonal Manager for clearing. Zonal Manager Sign and approval loan, then center manager gives them borrowers loan

4.2 Loan Disbursement System:

BKB has formulated and implemented its loan disbursement policy. The salient features of the above policy were as follows:

- With the objective of ensuring harmonious development and growth in every phase of agriculture and other sectors inter-related with it were brought under the purview of agricultural credit
- Considering potentiality and labor intensity, seven sectors were identified according to priority for loan disbursement with the objective of diversification, modernization and

commercialization of agriculture and promotion of the standard of living of the rural people. The seven sectors for loan disbursement are

- Crop
 - Fishery
 - Livestock
 - Irrigation & Farm Machinery
 - Agro Industries
 - Working Capital
 - Socio Economic Development Activities
 - Others
- With the objective of adding further value to agro products and promoting their market
 - Importance was given to disbursement of credit to the entrepreneurs as per their need. As for example, extending credit to the entrepreneurs of Jessore, Sathkhira, Rangunia, Hathajari for flower cultivation and marketing.
 - Importance was also given to extending credit to the private organization engaged in diversification of agro products, improvement of the marketing channel and above all modernization of agriculture. For example, financing the different project of Square, BRAC, Pran, Harvest Rich, Kazi Farms, Bay Agro, Ifad multi products and others.
 - To increase credit disbursements, especially in sectors like fishery, livestock, agro based industries etc. so as to meet the increasing demand.

4.3 Main Sector of Microcredit Loan Disbursement

4.3.1 Crop Loan

Crop is the most important sector in Bangladesh agriculture. Fifty percent of the total labor force is engaged in agricultural activities and its exclusive contribution to GDP is 4.7 percent during the year under report. Grameen Bank gives the highest priority to crop loan disbursement considering labor the intensity of the crop sector and its contribution to the national economy. Crop loan constitutes 41 percent of the total disbursement of loan.

4.3.2 Fishery

Fishery is a large potential sector for economic development and employment generation in Bangladesh. It contributes a lot to GDP and helps to meet protein needs of the vast population, earn foreign exchange through export, reduce poverty through employment generation for the poor and improve the socio-economic condition of the people.

4.3.3 Livestock

Livestock plays a vital role in an agro based economy like Bangladesh. Livestock products like leather, fur and bones play a great role in earning foreign exchange. Grameen Bank disbursed a huge amount for purchase of draft animals for cultivation of 90 percent of the cultivable land.

4.3.4 Farm Machineries

Grameen Bank offers machinery credit facilities to various organizations engaged in diversifying commodity, adding value, and exporting agricultural goods. M / S Padma Bleaching and Dying Ltd, Paragon Grand Parent Stock Ranch, M / S Sakura Flower Mills Ltd, M / S Ifad Agro Complex Ltd, etc.

4.3.5 Irrigation and Agriculture Equipment's:

Grameen Bank plays a pioneering role for increasing agricultural productivity. For this purpose, the Bank extends credit under simplified process for LLP, STW, DTW, HTW, Tractor, Power Tiller etc.

4.3.6 Agro Based Industry

Grameen Bank provides huge credit facilities to set up various types of agro-based projects such as poultry, livestock, food processing plants, fish processing plants, packaging industries, etc.

4.3.7 Financing Socio Economic Development Programs

With its wide network of branches throughout the country Grameen Bank provides credit to the distressed people engaged in socio economic activities. These are-

- Credit program for landless and marginal farmer

- Joint program for poverty alleviation
- Swanirvar credit program
- South East Asia Poverty Alleviation Program
- United Nation Capital Development Fund
- Employment Development Program for Rural Women
- BKB-NGO small credit program
- Milk cow rearing program for women
- Special credit program for handicraft
- Micro Enterprise development program for Monipuri
- Special Credit program for the Rakhains of Cox's Bazar
- Ghore Fera Kormosuchi

4.3.8 Others

Besides financing in the agricultural sector, Grameen Bank like other commercial banks provides credit facilities for export and import. With the objective of expediting export performance, the bank undertakes other functions like purchase and negotiation of export bills, pre export finance. Along with this Grameen Bank finances import sector for import of raw materials and machinery for projects and garment industries.

4.4 Lending Process

Specialized banks have the main function of taking deposits and investing in this pool. But it has to be both the depositor's capital and the bank's company in the lending process. Therefore, adequate oversight and control of management is very necessary in the process of repayment and recovery. Grameen Bank is closely tracking and controlling the lending and recovery process through a three-step process.

4.4.1 Pre-sanction Stage

The very supervision of loans starts during a pre - sanction stage. At this stage credit investigation is very important as it involves the selection of right and qualitative borrower. To select the borrower, Auk para branch, Ashulia personnel at the first interview the person to judge

their capability to manage finance or to run the project effectively. The following steps are conducted to make sure that the loans are authorized for the right persons.

4.4.2 First Information Sheet Filled Up

First of all, the applicant of the loan filled up the first information sheet, provided by the banker. In this form the applicant writes down the following thing: -

- Name of the concern with its factory located, office address, telephone no., educational qualification, business experience, liability with other banks and financial institution etc.
- The branch manager of Grameen bank carefully examines the first information sheet.

4.4.3 Credit Application Form Filled Up

The center Manager gives a credit application form to the applicant. The credit application form contains the following particulars:

- Name and Address of the business unit
- Types of Organization
- Date and number of registrations
- Details of properties/ partners
- Brief description of existing company
- Nature of proposed project
- Proposed product
- Project cost and means of finance
- Loan required

4.4.4 Zonal Office Approval

The proposal from the branch the zonal office again appraisal the project. The zonal office credit committee (ZOCC) for the approvals and takes decision, approves the Loan or not. If the Loan is approved by the zonal office credit committee the (ZO) sends the approval to the Branch.

4.4.5 Post-sanction/Pre-disbursement

After getting the approval of the Zonal office the branch issues the sanction letter to the borrower. A sanction letter contains the following particulars among other details.

- Name of Borrower
- Facility Allowed
- Purpose
- Rate of interest

4.5.6 Loan Disbursements

The bank disburses the loan to the applicant after reviewing all the papers. Often prepared by the bank and issued to the applicant is a loan repayment plan.

4.6.7 Post disbursement stage

At this stage GB of Aukpara branch, Ashulia considered the following points:

- The Loan account is being done satisfactorily
- Balance in the loan account remains within limits
- Fund disbursed has been used for the purpose the loan has been sanctioned for
- Personal contact with the borrower on a regular basis
- Keen watch in irregularity of any form on the loan account
- Closely watch and supervise the financial and management position of the borrower
- Finally, the respective officer disburses the loan after sanction and completion of all formalities

4.5 Loan Monitoring

Loan monitoring implies that the checking of the pattern of use of the disbursed funds to ensure it is used for the right purpose or not. The bank does the reporting system and communication arrangement between the borrower and the lending institution. The following steps are followed by respective officer.

- Regularly checking the balance of the accounts of the borrower

- Regular communication with the defaulter customers and guarantors physically over telephone
- Issuance of letter to customers immediately after dishonor of check
- The defaulter customers and guarantors prior to classification of the Loans

4.6 Credit Analysis as a good Loan

Credit analysis is the analysis of financial statement of business/borrowers for the purpose of lending. Credit examination is directed to decide if the client is reliable and whether the client has adequate income and back up advantages for reimburse the advance. The primary motivation behind credit examination is to discover whether the advance can be adjusted by the client and whether the bank is all around ensured to understand the advance in case of default by the borrower to reimburse the advance. The nature of credit investigation in our nation is poor. A significant number of the credit officials even don't have the foggiest idea how to dissect credit proposition or what is its significance in credit making process.

4.7 Major Issues Analyzed in Credit Analysis

- Is the borrower creditworthy?
- The purpose of the loan is consistent with the bank's credit policies and Government regulations.
- The customer or his business has the ability to generate enough cash to repay the loan.
- Whether sufficient security has been offered, so that in the event of default bank's fund can be recovered.
- The bank claims on the security can be established without risk or with low risk.
- Fixing of amount of loan, loan terms and conditions, documentations, etc. meets the needs of the borrower and to protect the interest of the bank.

4.8 Performance Indicator:

Loan Portfolio	2015	2016	2017
Loan (Prinaipal Amount) Disbursed (In million BDT)	149227	187533	234715
Total Loan Outstanding (In million BDT)	96422	118244	144505
Current (Performing) Loan (In million BDT)	93281	116279	143002
Overdue Loans (In million BDT)	1875	651	472

4.9 SWOT Analysis

Strength

- Strength is characteristics of the business or team that give it an advantage over others in the industry
- Stable source of funds
- Well experienced professionals are working in the branch
- Efficient management practices in the bank

Weakness

- Weaknesses are characteristics that place the firm at a disadvantage relative to others
- Limited number of investment mode
- Shortage of Employees
- Limited promotional activities of Grameen Bank

Opportunities

- Opportunities are external chances to make greater sales or profits in the environment
- Scope of Whole Sale Banking with Grameen Bank
- Increasing awareness of Grameen Bank

- Can increase the deposit and credit scheme for the small business in low interest rate

Threats

- Threats are external elements in the environment that could cause trouble for the business.
- Many local and foreign aggressive Banks are in the market so they need to build more modernized transaction system
- Different aggressive offers and services of foreign and other local Banks
- Entrance of new private commercial banks
- Competitors have more attractive deposit schemes

4.10 Findings of the Study

During my internship period the researcher had worked mainly in Loan Section as well as in micro credit banking section in Grameen Bank. The major findings are given below-

- The concentrated in loan products is highly dominated to the customer
- Monitoring of loan is not sufficient
- Most of the loan disbursement is zonal office control and approved the center zonal office
- The credit proposal, evaluation process is gradually approved
- Grameen Bank are not sufficient to compare with other private banks
- Innovation of new financial products is a rare case in Grameen Bank rather they hardly upgrade their offerings on the basis of any changes in interest rates and maturity
- The web site does not contain information about loan and other sections
- They save their all types of information in the papers
- Sometimes the simplest thing is done by the zonal office, which takes time and makes it difficult.

Chapter Five

Recommendations & Conclusion

5.1 Recommendations

On the basis of the findings the following recommendations are made for the Grameen Bank

- At first Grameen Bank should find out the way to reduce its bad loan amount further and improve its loan quality
- Grameen Bank should increase their loan products to compete in the market
- The loan policy and loan sanction procedure should be made flexible and easy
- Grameen Bank sometimes some give money for the borrowers' children in yearly
- Time to time visit to the projects should be done by the bank officers
- Grameen Bank more introduce Flexible loan, micro enterprise loan for the borrowers
- Grameen Bank should charge a flat interest rate besides the reducing interest rate to have a competitive advantage over another Bank
- Grameen Bank should recruit some young and energetic executives to ensure timely recovery of disbursed consumer credit loan.
- Grameen Bank should not charge any down payment for the loan
- The limit of Household loan should be increased
- Maintaining a recovery team is essential for proper investigation by the employee not working.
- Grameen Bank needs to give more attention to their recovery procedure and monitoring classified loan

5.2 Conclusion

Grameen Bank is a first micro credit banking sector in Bangladesh. Grameen Bank start a project 1976 and 1983 becomes is an independent bank by Government ordinance. Grameen Bank main purpose of the poverty alleviation and empowering women society in Bangladesh. Grameen Bank gives them easily Loan poor women. Landless and asset less after joining, the member of the rapidly get a loan. This bank loan disbursement and recovery is very high and percentage rate is 99%. Grameen bank has always tried to work transparently and within legal bounds. This bank closely relationship between borrowers and customer. Grameen bank gives them a borrower's

loan without collateral free. So, the Grameen bank is role of poverty alleviation in our county and empowering the women society.

The bank has been able to create a multi component loan portfolio. However non-performing loan are a real challenge to the sound credit management. Default is increasing for lack of monitoring. The bank is trying to increase its loan quality by accelerating its recovery policy. The bank can concentrate on the loan sector where default risk is low and its investments are profitable. The loan procedure has been made more calculative, logical to keep the credit sound.

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