
An Internship Report
On
Foreign Trade
And
Corporate Social Responsibility (CRS)
of BASIC Bank Limited
Tanbazar Branch. Narayangong

Part: One
Prefatory Part

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On
Foreign Trade
And
Corporate Social Responsibility (CRS)
of BASIC Bank Limited
Tanbazar Branch. Narayangonj

Prepared For:

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Dedicated

To

My Beloved Parents and Respected Supervisor

Preface

Internship program is one of the most significant topics of our BBA program. Now the world is competitive. So we have to acquire knowledge about critical environment of business. This type of program helps the student to acquire practical knowledge about the contemporary business organization. It will also help the student to be an effective executive in future. Different organizations take this kind of policies to operate their business. A reputed stated owned Bank like BASIC Bank Limited takes different kind of modern banking system to satisfy their customers.

As a student of BBA of Daffodil International University I have been assigned to prepare a report on Foreign trade and CSR of BASIC Bank Limited from my practical experience. I have undergone at BASIC Bank Limited at Tanbazar, Narayangonj. As a knowledge seeker I have tried my best to acquire the knowledge about the activities from those Departments.

Md. Safiqul Islam

Id:- 111-11-1832

Acknowledgement

First and above all, I would like to pay my deepest gratitude to the almighty Allah who has helped me through all the difficulties in my life and showed me the right path. It is Allah who has made my journey into the vast sea of knowledge smooth and easier. Then I am very grateful to the BASIC Bank Ltd. (Bangladesh Small Industries and Commerce Bank Limited) for providing me the opportunity to complete my internship program.

My sincere gratitude also goes to my honorable Internship Supervisor, Professor M. MokarromHossain. Without his support and encouragement, this report would not have been possible and such endeavor really deserves compliment. Thanks to him for giving me the opportunity to prepare this report which I think will enhance my skills and help the practical application of my knowledge in future.

I would like to thank my colleague of Basic Bank Ltd. Tanbazar Branch, especially Mr. Md. FidaHasan, DGM & Branch In charge, Md.Ruhul Amin AGM and Operation Manager and S.M. AmdadulHaque, Deputy Manager in charge (Foreign Exchange), And of course Md. ZadhidulHasan ,Asst Officer for providing information and sharing their valuable knowledge that helped me a lot in preparing this report.

Finally, I would like to thank all the faculty members, officials and class-mates, who are always supportive to me.

Letter of Transmittal

April, 2014

Professor M. MokarromHossain

Department of Business Administration

Daffodil International University, Dhaka

Subject: Submission of Internship Report(Foreign Trade and CSR)

Dear Sir,

I am very pleased to submit the internship report on “**Foreign Trade and CSR**” which is essential for the completion of my B.B.A program. This report is a result of the internship program that I have conducted during specified time. All the works presented here is done with utmost sincerely and honestly. I have tried my best to make this report holistic and informative enough. Approximately Three months’ work in this Bank was a worthwhile experience for me as it was in such a reputed organization.

I believe that this internship program has enriched both my knowledge and experience.

However, had any clarification required, I would be glad providing them as best as I can.

Yours faithfully,

Md. SafiquIslam

Id:-111-11-1832

Department of Business Administration

28th Batch

B.B.A Program

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Letter of Acceptance

This is to certify that Md. SafiqulIslam, Id:-111-11-1832, program of BBA, Major in Accounting is a regular student of Department of Business Administration, Faculty of Business and Economics, Daffodil International University. He has successfully completed his Internship Program in BASIC bank limited in Tanbazar Branch in Narayangonj and has prepared this report under my Supervision. His assigned internship topic is **Foreign Trade and CSR** of BASIC Bank Limited.

He is very active , sincere, hardworking, Meticulous and possesses good moral character.

I wish his all success at every step of his life.

Professor M. MokarromHossain
Department of Business and Administration
Faculty of Business and Economics
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Acronyms	Elaborations
ATM	Automated Teller Machine
AD	Authorized Dealer
A/C	Account
BB	Bangladesh Bank
BOE	Bill of Exchange
BBL/C	Back to Back Letter of Credit
CCI&E	Chief Controller of Import and Export
CD A/C	Current Deposit Accounting
EPB	Export Promotion Bureau
EXP	Export Form
FC	Foreign Currency
FDR	Fixed Deposit Receipt
FDBC	Foreign Documentary Bill of Purchase
FDD	Foreign Demand Draft
FTT	Foreign Telegraphic Transfer
HS Code	Harmonized System of Coding
HO(ID)	Head Office (International Division)
IBCA	Inter Bank Credit Advice
IBDA	Inter Bank Debit Advice
IMP	Export Form
IRC	Import Registration Certificate
IBC	Inward Bill of Collection
OBC	Outward Bill of Collection
LC	Letter of Credit
LCAF	Letter of Credit Authorization Form
LIM	Loan Against Imported Merchandise
LTR	Loan Against Trust Receipt
OD	Over Draft
PC	Packing Credit
STD	Short Term Deposit
SND	Short Notice of Deposit
SB A/C	Savings Bank Account
SME	Small and Medium Enterprise
SWIFT	Society for World Wide Interbank Financial Telecommunication
TT	Telegraphic Transfer
TC	Traveler Cheque
UCPDC	Uniform Customs and Practice for Documentary Credit.

Declaration

I am a student of Business Administration (BBA) Major in Accounting of Daffodil International University do hereby declare that the internship report about, Foreign Trade and CSR has not been submitted by me before for any Degree, Diploma and Title or Recognition.

Md. Safiqul Islam

Id:-111-11-1832

Department of Business Administration

Faculty of Business and Economic

Daffodil International University

Executive Summary

Banks and financial institutions play an important role in the process of economic growth of a country. In a developing country like Bangladesh, banking business is very much competitive. Almost fifty two banks are operating at this moment and competing to hold maximum market share. BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) is a state-owned. But the bank is not nationalized; it operates like a private bank. As a blend of commercial banking BASIC Bank Limited provide their clients with a full range of service to help them grow their assets and net worth. They offer term loans to clients, especially to develop small scale enterprises. BASIC Bank also provide full-fledged commercial banking services like collection of deposits, short term trade finance, working capital finance in processing and manufacturing units and financing and facilitating international trade.

This report is based on Foreign Exchange Trade, and CSR of BASIC Bank Limited. The basic objective of this report is to find out and understanding about how the organization performs Foreign Exchange transactions and how they prove loan and which basis they provide loan, what are the current problems and identify the potentiality or Prospects of Foreign Exchange Department of BASIC Bank Limited (Tanbazar Branch).

Basically this Bank provide loan to Small industry for the development of this country basis of thir land, capability, all the material of applied Industry. Of course trustworthy works in loans.

Firstly this report consists of the introduction, objectives, rationale, scope, limitation and study methodology of the report. Here I included the purpose of preparing this report, the limitations I faced during the preparation and the method of gathering the information.

Then this report contains brief information about the background and approach of BASIC Bank Limited, the name and number of branches, and a brief description of Tanbazar Branch and analysis of its performance for last five years. The organizational structure & culture, the

functions of the Bank is also discussed in this chapter. At last of chapter two the strengths, weaknesses, opportunities, and threats of the bank are presented.

After that this report consists of the internship position & duties which I did during my internship program in Foreign Exchange Department. Foreign exchange department plays significant roles through providing different services for the customers. With the globalization of economics, international trade has become quite competitive. Timely payment for exports and quicker delivery of goods is, therefore, a pre-requisite for successful international trade operations. To ensure this purpose BASIC Bank Ltd transmits L/C through SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) to the advising bank.

Finally, some hypothesis is given based on findings & the conclusion of the report is given in this part of the report. By caring these hypotheses BASIC Bank can understand and improve their problems and prospects for deliver better services to their customers. Questionnaire and the References are attached in the appended part of the report.

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CHAPTER-ONE

Introduction

1.1. Origin of the Report:

In today's world academic education is not enough to enable a student to proceed with confidence and reach his/her goal without having experience with the outside and practical world. In order to have an idea and gain experience as a student of Master of Business Administration (BBA) I have to undertake an internship program at any organization. This report on **“Foreign Exchange Management of BASIC Bank Limited”** is a collaborated outcome of the 12 weeks (3 months) long internship program at BASIC Bank Ltd, **Tanbazar** Branch. So to fulfill the internship requirement I am being employed in BASIC Bank Limited, a well reputed specialized commercial bank under the supervision of Mr. Md. MonzurMorshedBhuiya, Associate professor, Dept. of Finance of Jagannath University. This report is written to comply with his instruction. It is a partial but essential requirement of the Bachelor of Business Administration (BBA).

1.2. Rationale of the study:

Bangladesh is one of the developing countries in the world. The economy of the country has a lot left to be desired and there are lots of scopes for massive improvement. Banks have of course a vital role in promoting and accelerating the economic development process as per the demand of time through the implementation of finance for industrial & agricultural project, domestic and foreign trade and allocating the fund to various off-firm employment and self-employment generation projects. It has a lot of resources and its culture is so much rich. In an economy like this, banking sector can play a vital role to improve the overall social-economic condition of the country. And this improvement can be done by doing foreign trade. Foreign trade is an important part of economy for any country. But we are not so much aware regarding how to operate a foreign trade. With that issue in mind, the topic **“Foreign Exchange Management of BASIC Bank Limited”** has been undertaken as my topic for internship report.

1.3. Objective of the study:

The main object of the study is to know & evaluate the credit operation & management of a bank, more over the study is conducted for the following objective-

- v To get idea about the Foreign Exchange Business those are offered by BASIC bank.
- v To have better orientation on Foreign Exchange Management of BASIC Bank Limited.
- v To know the Import Policy of BASIC Bank.
- v To know the Export Policy of BASIC Bank
- v To identify related risk regarding foreign trade.
- v To know the bank performance & efficiency in the field of Foreign Exchange Management.
- v To identify the problems faced by the Bank in Foreign Exchange Management and guidelines to overcome these problems.

1.4. Scope of the Study:

In this internship report I have tried my best to focus on the functions and performance of Foreign Exchange Department of this branch (Tanbazar Branch of BASIC Bank Ltd.) and worked with its different parties, customers.

1.5. Methodology of the Study:

- a. Research Type: Exploratory Research.
- b. Objective: Discover ideas & insights of Foreign Exchange Management.
- c. Characteristics: Flexible, Versatile.
- d. Methods: Qualitative Surveys.

1.6. Sampling Plan and Sample Size:

- a. Study Population: Foreign Exchange Department's customers.
- b. Sampling Frame: Source of customers list.
- c. Sampling Method: Judgmental Method.
- d. Sample Size: Very Small (limited by 10 client)

1.7. Data Collection Method:

Unstructured method (through open-ended questionnaire filled up by myself based on the respondent's answers).

1.8. Data Analysis Method:

Content Analysis method (lists of respondents answers of each question and followed by a summary of them)

1.9. Limitations of the Study:

Though I have given utmost effort to prepare this paper but there are some limitations of the study. They are as follows:

- v Foreign Exchange Management is a vast area for studying. There are a lot of complicated issues like Import & Export Policy. I had a limited exposure to all those documents during my internship period.
- v The whole report was prepared on the Tanbazar Branch of BASIC Bank and so it doesn't focus the true picture of the Foreign Exchange management scenario of the whole banking sector in the country.
- v Lack of experience has also acted a constraint for the exploration of the topic.
- v Another limitation of the study is lack of sufficient work experience in the Foreign Exchange Department during my internship.

CHAPTER-TWO

Profile of BASIC Bank Limited

2.1. Background of BASIC Bank Limited:

BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) registered under the Companies Act 1913 on the 2nd of August, 1988, started its operations from the 21st of January, 1989. It is governed by the Banking Companies Act 1991. The Bank was established as the policy makers of the country felt the urgency for a bank in the private sector for financing small scale Industries (SSIs). At the outset, the Bank started as a joint venture enterprise of the BCC Foundation with 70 percent shares and the Government of Bangladesh (GOB) with the remaining 30 percent shares. The BCC Foundation being nonfunctional following the closure of the BCCI, the Government of Bangladesh took over 100 percent ownership of the bank on 4th June 1992. Thus the Bank is state-owned. However, the Bank is not nationalized; it operates like a private bank as before.

BASIC Bank Limited is unique in its objectives. It is a blend of development and commercial banks. The Memorandum and Articles of Association of the Bank stipulate that 50 percent of loan able funds shall be invested in small and cottage industries sector.

2.2. Capital Position of BASIC Bank Ltd:

Authorized capital	Tk. 2000 million
Paid up capital	Tk. 1965.65million
Total Reserve and Surplus up to 31.12.2012	Tk. 2509.78 million

The Bank is required to transfer 20 percent of its net profit before Tax to Capital Fund as per the Banking Companies Act 1991.

2.3. Functions of BASIC Bank:

The Bank offers:

- ✓ Term loans to industries especially to small-scale enterprises.
- ✓ Full-fledged commercial banking service including collection of deposit, short term trade finance, working capital finance in processing and manufacturing units and financing and facilitating international trade.
- ✓ Technical support to Small Scale Industries (SSIs) in order to enable them to run their enterprises successfully.
- ✓ Micro credit to the urban poor through linkage with Non-Government Organizations (NGOs) with a view to facilitating their access to the formal financial market for mobilization of funds.

In order to perform the above tasks, BASIC Bank Ltd works closely with its clients, the regulatory authorities, the shareholders (GOB), banks and other financial institutions.

2.4. Corporate Strategy of BASIC Bank:

Financing establishment of small units of industries and business and facilitate their growth

Small Balance Sheet size composed of quality assets.

- ✓ Steady and sustainable growth.
- ✓ Investment in a cautious way.
- ✓ Adoption of new banking technology.

2.5. Organizational goal of BASIC Bank:

- ✓ To employ funds for profitable purposes in various fields with special emphasis on small-scale industries.
- ✓ To undertake project promotion to identify profitable areas of investment.

- √ To search for newer avenues for investment and develop new products to suit such needs.
- √ To establish linkage with other institutions which are engaged in financing micro enterprises.
- √ To cooperate and collaborate with institutions entrusted with the responsibility for promoting and aiding SSI sector.

2.6. Mission of BASIC Bank Limited:

BASIC Bank's mission is to continue their support for expansion of activities at home and abroad by adding new dimensions to their banking services which have been ongoing in an unabated manner. Alongside, they are also putting highest priority in ensuring transparency, accountability, improved clientele service, as well as their commitment to serve the society through which they will get closer to the people of all corners of the society. Winning an everlasting seat in the hearts of the people as a caring companion in uplifting the national economical standard through continuous up gradation and diversification of their clientele service in line with national and international requirements is the desired goal that BASIC Bank want to reach.

2.7. Vision of BASIC Bank Limited:

- √ Sustained growth in 'Small & Medium Enterprise' sector.
- √ Continuous low cost deposit growth with controlled growth in Retained Assets.
- √ Corporate Assets to be funded through self-liability mobilization.
- √ Continuous endeavor to increase fee based income.
- √ Achieve efficient cooperation/understanding between the bank's branches, SME unit offices and BASIC field offices for delivery of remittance and Bank's other products and services.
- √ Manage various lines of business in a fully controlled environment with no compromise on service quality.
- √ Keep a diverse far flung team fully motivated and driven towards materializing the bank's vision into reality.

2.8. Performance of BASIC Bank at a glance:

Year 2010 was yet another successful year for BASIC Bank Limited. During the year the bank also maintained its consistent progress. Its unique emphasis on credit quality and customer's services yielded the desired growth in profit, capital, assets and shareholder's value. BASIC Bank is fortunate to be able to master adequate resources, both financial and human, which forecasted such remarkable achievement. Years ahead will witness the bank's growing commitment in maintaining the highest standard in all its spheres of activity.

2.9 Financial Position of BASIC Bank:

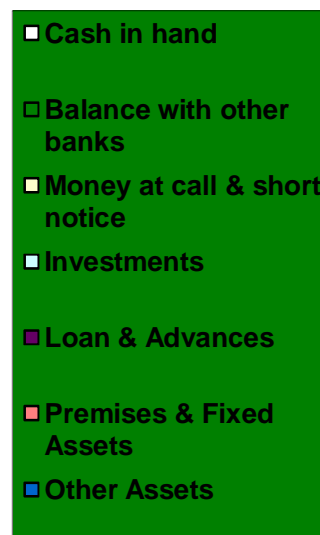
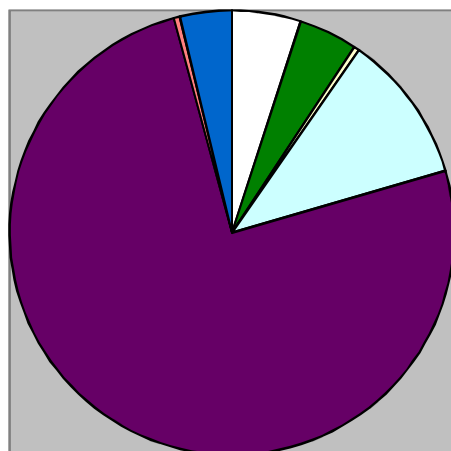
2.9.1. Property & Assets of BASIC Bank Ltd:

At the end of the year 2010, total asset of the bank stood at tk. 61,569.39 million against tk. 45,308.31 million in the previous year registering an increase by 35.89%. This increase of assets caused by mobilization of additional deposits to meet the growing demand of investments to clients with economically viable projects. As expected, loan and advances comprised the largest share in the assets portfolio of the bank constituting 75.27%. Investment and cash were the 2nd and 3rd largest constituents being 10.84% and 4.99% of the asset portfolio respectively. Money at call and short notice were 0.41% of total assets.

A pie chart presentation of asset composition of BASIC Bank Limited's asset portfolio is given below after showing the asset portfolio of the Bank:

2 Asset portfolio of BASIC Bank Ltd. As on 31st December, 2012.

SL.	Name of Asset	Amount (in million)	% of total Asset
01	Cash in hand	3075.37	4.99
02	Balance with other banks	2627.46	4.27
03	Money at call & short notice	250.00	0.41
04	Investments	6676.43	10.83
05	Loan & Advances	46341.51	75.27
06	Premises & Fixed Assets	283.11	0.46
07	Other Assets	2315.51	3.77
08	Total	61569.39	100.00



2.9.2 Loan and Advances:

Loan and Advances consists of industrial loans, commercial loans, micro credits, Small enterprise financing, loan for women enterprises, Agro based industry financing, Agriculture finance and bills etc. Which increased by 58.37 percent to taka 46,341.51 million in 2012 compared to taka 29,261.53 million taka in 2009. This increase resulted from expansion of our business in response to the growth of national economy.

v Industrial loans:

The industrial loan reflected growth of 55.83 percent over the previous year. Total outstanding industrial loans including term and working capital stood at taka 27,777.89 million at the end of 2012 compared to tk. 17,825.40 million of 2009. Total outstanding term loan stood at tk. 12,225.49 million as on December 31, 2012 compared to tk. 7,718.34 million in 2009 reflecting a growth of 58.40%. The outstanding working capital finance extended to industrial units stood at tk. 15,552.40 million at the end of the reporting period compared to tk. 10,098.20 million in 2009 reflecting a growth of 54.01%. BASIC Bank's services are specially directed towards promotion & development of Small & Medium Enterprises. Its exposure to Small & Medium Industries Sector accounted for 54.65% of the total loan & advances. During the year total of 111 projects were sanctioned term loan. As on December 31, 2010 total 966 projects were in the portfolio of the bank. The textile sector including garments being one of the major contributors to the national economy dominated the loan portfolio of the bank. Financing in other sectors including agro based industry like poultry, engineering, food & allied industries, chemicals, pharmaceuticals & allied industries, paper, board, printing & packing, and other non-metallic goods, leather and jute products.

v Commercial Credit:

The bank also continued support in developing trade, general business, and other commercial activities in the country. It covers the full range of services to the Exporters & Importers extending various facilities such as cash credit, export

cash credit, packing credit, short term loans, local & foreign bill purchase facilities. As of December 31, 2012 total outstanding commercial loans stood at tk. 16,915.32 million compared to tk. 10,877.17 million in 2009 reflecting a growth 55.51%.

√ **Agriculture Credit:**

Being instructed by Bangladesh Bank, BASIC Bank set a fiscal target to invest its loan able fund in agricultural sector and achieves 100% during the year 2009-2012.

√ **Micro Credit:**

BASIC Bank also provides Micro Credit to the poor for generation of employment and income on a sustainable basis, particularly in urban and sub-urban areas. At the end of 2010 total amount of tk. 1988.72 million remained outstanding as against tk. 1072.05 million in 2009. Recovery rate during this period remained a high satisfactory level of 97.32%.

2.10. Export Import Business of BASIC Bank:

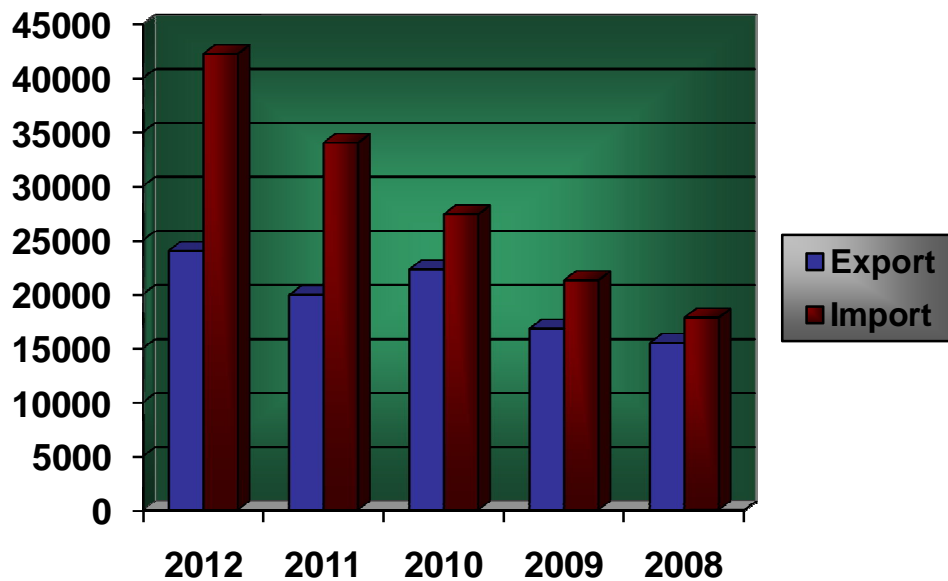
The bank handled total Import business of tk. 42,205.80 million and Export business of tk. 23,998.47 million in 2010 compared to tk. 33,976.60 million and tk. 19,887.70 million in 2009. Major items of Exports were ready made knit & woven garments, sweater, jute & jute products, leather and leather goods, handicrafts, potatoes etc. Items of Import included mainly industrial raw materials, garments accessories, capital machinery, raw cotton, electronic consumer goods, chemicals, tires & tubes; recondition vehicles, bicycle spare parts, food items such as rice, wheat, maize, garlic, onion, sugar, chili, and other essential commodities.

A comparative presentation of Export Import performance on year basis is given below:

SL.	Year	Import	Export
01	2012	42205.90	23998.47
02	2011	33976.60	19887.70
03	2010	27359.77	22270.87
04	2009	21266.57	16794.96
05	2008	17804.27	15463.74

From the above analysis we find that BASIC Bank Ltd is making rapid progress in Export Import business despite having comparatively smaller in size in Bangladeshi banking industry.

A graph can show the difference more clearly. From the data given in the above table a graph is constructed below to make the scenario more precise:



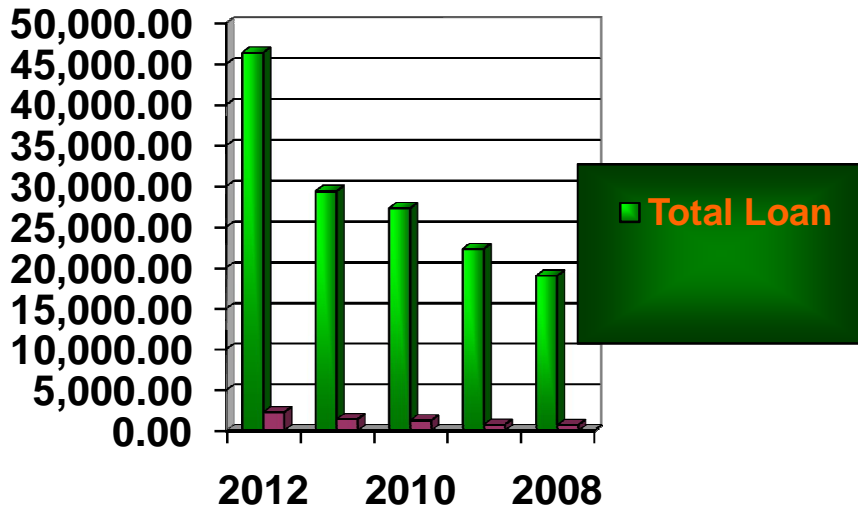
Graph: Comparison of Export-Import

2.11. Non-performing loan:

Basic Bank is conducting every effort in order to bring the non-performing loan at minimum level. Non-performing loan relative figure remain stable at 4.83% at the year in 2010. Despite a total recovery of tk. 479.20 million under review addition provision made in 2010 was tk. 391.88 million against classified and unclassified loans and advances and off balance sheet exposure. Total cumulative provision made for loan and advances amounted to tk. 1440.73 million as on December 2012.

A year wise comparative presentation of total loan, classified loan and percentage of total loan are given below:

SL.	Year	Total Loan	Non-performing Loan	Percentage
01	2012	46,341.51	2,239.96	4.83
02	2011	29,361.53	1,412.34	4.83
03	2010	27,269.13	1,251.21	4.59
04	2009	22,263.35	723.55	3.25
05	2008	19,000.00	703.00	3.70



2.12. Adoption of new technology for providing better value to the customer:

BASIC Bank Ltd. Continues to adopt banking technologies to ensure that it is capable of supporting development of products and services to effectively meet customer needs. The ultimate aim is to enable customers to manage financial transactions safely and conveniently in the place, at the time, and in the form that they prefer. The bank attaches great importance to acquisition and use of appropriate information technology. Computers are being used in the bank for its day to day operations since inception. All the branches of the bank are connected with each other, The Head Office and Data Center through Wide Area Network (WAN). The bank is always striving to meet the complex dynamic needs of its customers, and technology is playing an important role regarding this. The bank had its own banking software developed in 1991 which was replaced by a centralized online banking system to further enhance customer care and increase employee efficiency. Now all the branches and Head Office of the bank have been brought under centralized online banking operation. To enhance the performance and to ease the day to day operations, the bank is using different software developed by its own software engineers and is continuously pursuing its effort in using new software's.

The bank provides money transfer service to its customers as well as non-customers through all of its branches using the facilities of Western Union. The bank also successfully participating in the Bangladesh Automated Clearing House (BACH) process.

The bank has already become a member of the shared ATM network (Q-Cash) developed by information technology consultants limited (ITCL) in order to provide ATM and POST services to its clients and set up several ATM booths in suitable locations in the existing shared ATM network of ITCL. Expansion of the ATM network is going to take place soon. Moreover, the bank is going to launch internet banking operations shortly.

In order to carry out banking operations, in the case of data center of the bank becomes inoperative or inaccessible a disaster recovery side (DRS) has been set up by the bank.

2.13. Human Capital Management:

BASIC Bank has a well-diversified pool of Human Resources, which entrails personnel with high academic background. Also there is a positive demographic characteristic. Most employees are comparatively young in age yet mature in experience. As at in 2010 the total employee strength registered as 964.

The bank follows a strict recruitment policy in order to ensure that only best candidates are recruited. For fresh recruitment, comprehensive written test and Viva-Voce are being conducted through the renowned institutions like IBA, BIBM, BIM etc. The bank, so far, has recruited 7 batches of entry-level management staff all of whom have got excellent academic background. In 2010 the bank recruited 221 fresh employees at various grades from different academic background.

Intensive training program, on a regular basis, is being imparted to employees of all levels to meet the challenges in banking industry and to help employees to adopt the changes and new working conditions. Human Resource is the main driving force and quality human resources are the key sources for the success of today's banking business. Keeping this view in the mind and recognizing the importance of training for professional excellence BASIC Bank Ltd established its own training cell in 2005 with modern facilities. In 2010 the cell arranged 23 training courses and provided training to as many as 464 employees of the bank. The bank also sends its employees to BIBM and other local and foreign institutions with a view to enhancing and sharpening their knowledge base. During the year 2010 a total of 48 employees of the bank were also provided with training in various fields in BIBM and other institutions.

2.14. Deposit Performance of BASIC Bank Limited:

Deposit constitutes the core of BASIC Bank's fund mobilization as it is told that deposit is the life blood of bank. Total deposit of BASIC Bank at the end of 2010 stood at tk. 49,259.60 million (86.28% of total liabilities) compared to tk. 34,501.70 million (75.50% of total liabilities) in 2009. Total amount of deposit increased by 42.77%. The increase of deposit was mainly due to all out effort exerted by the management and the employees for mobilization of individual and corporate deposit. During 2010, the fixed term and SND deposit was tk. 42,447.22 million against tk. 30,489.73 million in 2009. Savings bank deposit increased to tk. 1,328.22 million in 2010 compared to tk. 1,165.84 million in 2009. Deposit in current and other accounts including bills payable was tk. 5,481.16 million compared to tk. 2,846.12 million in 2009. Year to year deposits of BASIC Bank Limited is shown below:

Year	Amount (in million taka)
2012	49,259.60
2011	34,501.69
2010	38,368.23
2009	31,947.98
2008	24,084.65
2007	22,325.58

2.15. Core Risks of Banking

The risks of banking are complex and multi-dimensional. Banks are exposed to a number of risks of different types. Resultantly, managing risk is an art of identifying, measuring and mitigating the risks.

In view of the above, Bangladesh Bank has identified 05(five) core risk area relating to banking business which are as follows:

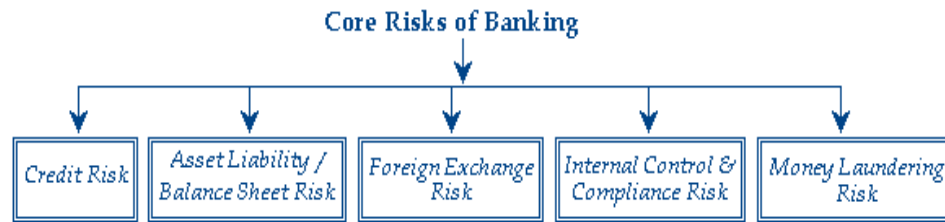


Fig: Core Risks of Banking

A detail about these risks is given below:

√ **Credit Risk Management:**

It has already been stated in this report that Management of Credit Risk is the most significant and key task of the bank. Credit Risk refers the probability of loss arising from the failure of a counterparty/ customer to perform as per agreement with the Bank. The failure may result from unwillingness of the borrower or decline in either his/ her financial condition or in the market scenario. Eventually, credit risk comes as the most sensitive part of risk management of the Bank.

√ **Asset Liability/ Balance Sheet Risk Management:**

A Bank asset are mainly developed with and backed by its liabilities. Thus successful banking requires efficient and effective management of its assets and liabilities. Banks should have well-organized Asset Liability Management desk to monitor Balance Sheet Risk and Liquidity Risk.

The term Balance Sheet risk refers to potential change in earnings due to change in the rate of Profit, Quality of assets, etc.

On the other hand, Liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal/ disbursement request by a counterparty/ customer.

√ **Foreign Exchange Risk Management:**

Since Foreign Exchange involves purchase and sale of foreign currencies against local currency, thus Foreign Exchange risk is the risk or chance of loss due to unexpected movement of market price of the currencies of different countries or the price of the assets denominated by foreign currencies.

In our country all the foreign exchange transactions are carried out on behalf of the customers against underlying exchange transaction rules and regulations laid down by Bangladesh Bank, UCPDC (Uniform Customs & Practices for Documentary Credit) and other Government bodies.

For effective and efficient management of Foreign Exchange Risk, Banks should have well-developed and well-structured Foreign Exchange Risk Manual and International Standard Dealing Room Manual.

✓ **Internal Control & Compliance:**

Internal Control & Compliance is the key of good management and a strong core of an organization. It ensures safe and smooth operations within the organization. All the rules and regulation practiced in the banking industry are meant to safety and efficiency in banking operations of all kind.

Internal Control & Compliance ensures that all the working units of a Bank abide By those rules and regulations without any fail. Sometimes operational loss arises Out of errors and fraud due to lack of Internal Control & Compliance.

✓ **Prevention of Money Laundering Risk:**

Money laundering refers to the act of converting black/ illegal money into white/ legal money or property. The process of money laundering requires involvement of a bank, which is very alarming for the banking industry. Money laundering risk can be defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For successful prevention and efficient management of the risk Banks should designate Compliance officers at Head Office and at the Branches, who independently review the transactions of the accounts to verify suspicious transactions.

2.16. Approaches of BASIC Bank to Manage Core Risks:

1) **Credit risk:** To ensure proper management of credit risk BASIC Bank has adopted the following steps:

- ✓ The bank has segregated duties of the officers/ executives involved in credit related activities.
- ✓ A separate corporate division has been formed at head office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities

etc. Moreover credit approval, administration, monitoring and recovery functions have been segregated.

- v A division naming credit administration division (CAD) has been established to oversee mainly documentation facilities.
- v In line with Bangladesh bank guidelines the bank has segregated marketing, approval and monitoring/recovery functions. The credit risk management includes borrower risk analysis, financial statement analysis, industrial analysis, historical performance of the customer, security of the proposed credit facility, and market reputation of the borrower etc.
- v The bank takes its lending decision based on the credit assessment report by appraisal team.
- v Internal audit is conducted at periodical intervals to ensure compliance of bank's guideline.

2) **Asset liability risk:** BASIC Bank has implemented various initiatives in order to mitigate risks raises from asset and liabilities of a bank

- v Bank always strives to determine appropriate interest rate both in lending and collection of deposits.
- v To ensure optimum liquidity condition the bank always updates liquidity condition with time to time.
- v Bank has taken every step to ensure best investment of its fund.

3) **Foreign Exchange Risk:**The foreign exchange risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

- v Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of accounts.
- v All foreign transactions are revalued at mark-to-market rate as determined by Bangladesh Bank at the month end.
- v All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement.
- v The position maintained by the bank at end of day was with in the stipulated limit prescribed by the Bangladesh Bank.

4) **Management of internal control & compliance risk:**

Bank conducts continuous monitoring and supervision to mitigate this risk.

5) **Management of money laundering risk:**To mitigate this risk the Bank is doing the following:

- v Anti-money laundering guideline by Bangladesh Bank was approved by the board of directors of the bank in its 188th meeting held on 31 January 2006.

- v For mitigating the risk the bank has established a central anti-money laundering

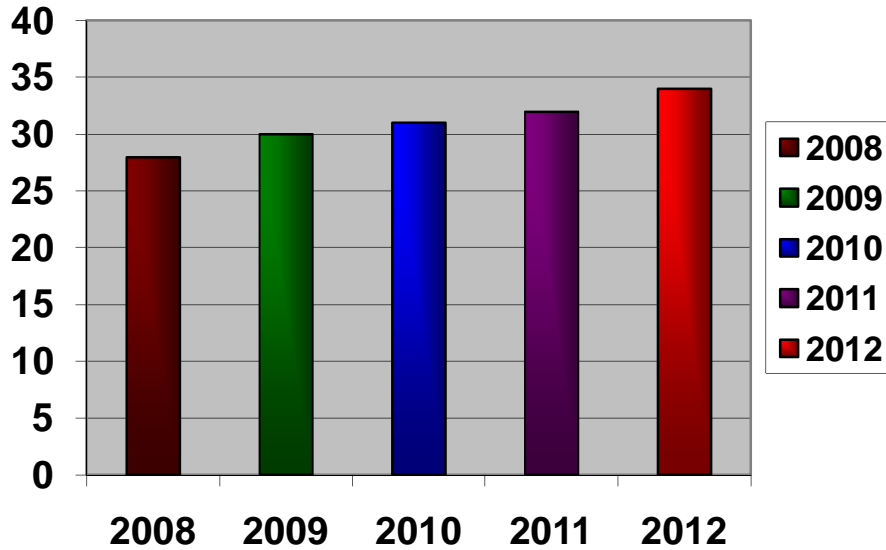
Compliance unit (CCU).

- v CCU regularly monitoring and reviewing all anti-money laundering issues.
- v Sound knows your customer (KYC) and transactions monitoring policies are in place to recognize the risk associated with account.

2.17. Branches of BASIC Bank limited

A great deal of investment for developing the physical resource base of the Bank has been made. BASIC Bank has its presence in all the major industrial and commercial centers of Bangladesh in order to cater the needs of industry and trade. At the end of 2010, there were 34 (thirty four) conveniently located branches throughout Bangladesh 12 branches in the capital city of Dhaka, 7 in Chittagong and one each in Gazipur, Narayanganj, Narshingdi, Rajshahi, Saidpur, Bogra, Khulna, Jessore, Tungipara, Shylet, Moulvibazar, Comilla, Barisal, Sirajganj and Rangpur. The Bank is also expecting to open 23 new branches, and 15 SME Centers. Besides these the Bank has three bill collection booths at Ramna, Sher-e-Bangla Nagar and Gulshan Exchange Office of BTCL, Dhaka. The Bank has an arrangement with Western Union for obtaining foreign currency remittances.

The following graph shows the progressive no. of branches of the Bank throughout year to year:



2.18. ATM Booth:

The Bank started ATM operation in 2008 with 5 (five) ATM booths and connection with a Q-Cash net work of over 350 ATM booths which cover 19 banks. The Bank is also expecting to open 13 new booths in 2011 at convenient places of the country. The present locations of booths of the Bank are given below:

Gulshan Booth	DCC Market, Gulshan- 1, Dhaka- 1212
Uttara Booth	Uttara Tower, Sector- 3, Uttara, Dhaka
Bashundhara City Booth	Bashundhara City Complex, Panthapath , Dhaka- 1205
Rifles Square Booth	Rifles Square Market Complex, Peelkhana, Dhaka- 1209
CDA Booth, Chittagong	1105, Asian Highway, M.M Tower, Chittagong

TANBAZAR BRANCH

2.19. Brief description of Tanbazar branch:

BASIC Bank Limited, Narayanganj Tanbazar branch has started its banking operation as on October 12, 1992, which is located 55/21, (1st floor) S. M. Maleh Road, Tanbazar, Narayanganj. Office floor is spacious (3400sqft) that can accommodate good number of customer comfortably.

Branch has efficient human resources that can meet up customers' needs. Order wise workload is distributed properly. Besides, interpersonal relationship is remarkable. Most noted strength is customer service. Prompt, cordial & enthusiastic service satisfies almost all customers. Flexible banking hour attracts more clients doing banking transactions with the branch. In some cases, customers coming outside the banking hour can honor the cheque & others without delay.

2.19.1. Tanbazar Branch at a glance:

Name of the Branch	Tanbazar Branch
Location	55/21, S. M. Maleh Road, Tanbazar, Narayanganj
Started Operation	12.10.1992
License No	B.L/DA/5914/92 dated. 17.02.1992
Contract Information	ph. – 9716693, 7616233, Tlx. – 633640 BASIC BJ SWIFT – BKSIBDDH014

2.19.2. Present Staff Strength of Tanbazar branch (According to Department/Job):

SL	Department	No. of Employee
01	Branch-in-Charge	01
02	Operation Manager	01
03	General Banking	08
04	Foreign Exchange	08
05	Loan & Advance	06
06	Cash	04
07	Others	05
08	Total	33

2.19.3. Performance of Tanbazar Branch (Till 30 June, 2013):

Sl. No.	Key Areas	Amount in Taka
01	Total Deposit	119,37,06,352.54
02	Total Advance	126,59,29,452.91
03	Import	115,84,14,000.00
04	Export	147,99,26,000.00
05	Interest Suspense	23,39,321.98
06	SMA	2,12,07,955.36
07	Classified Loan	Nil
08	Profit (This Month)	50,23,908.46
09	Profit (Cumulative)	3,67,57,110.14

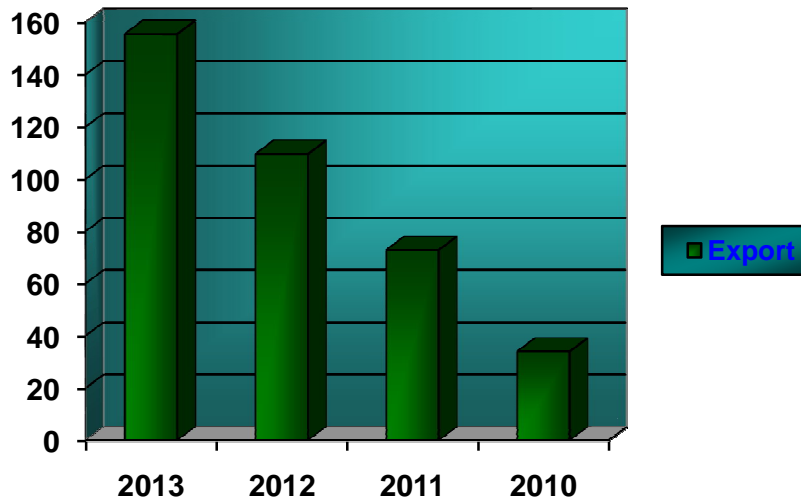
Last five years Business Performance of BASIC Bank Limited, Tanbazar Branch:

Achievements	Amount (Taka in crore)					
	2008	2009	2010	2011	2012	2013
Deposit Achieved	14.19	22.31	26.26	36.56	52.73	64.24
Advance Achieved	22.65	30.27	38.03	66.66	86.96	124.92
Import Achieved	14.99	25.65	40.19	77.86	105.04	248.49
Export Achieved	21.56	25.63	33.98	72.84	109.58	155.46
Profit Achieved	0.38	1.04	1.53	2.50	3.88	5.08

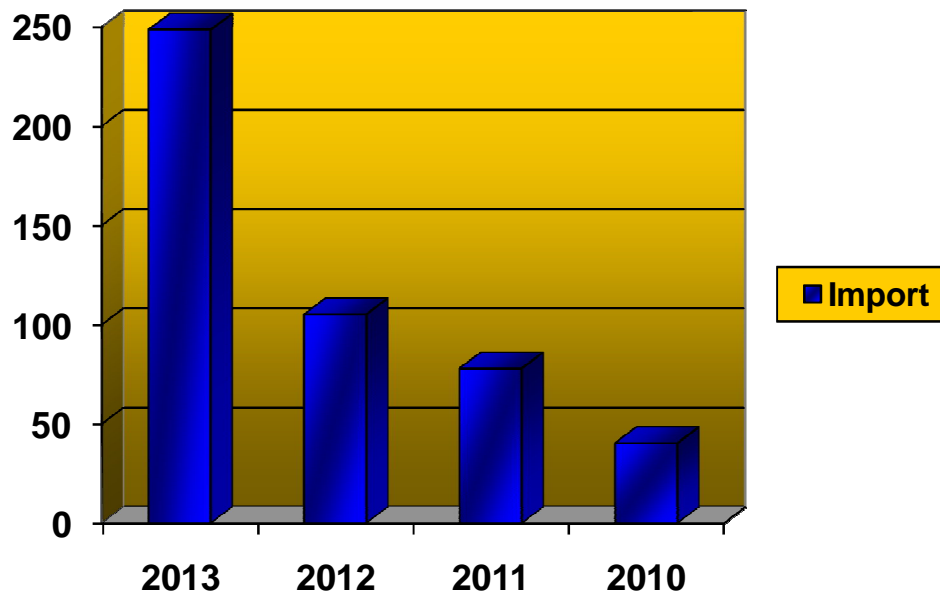
Comparative Position of Export-Import of Tanbazar Branch:

Sl. No.	Year	Export	Import
01	2013	155,46,46,877.80	248,49,13,619.73
02	2012	109,57,88,153.35	105,03,68,097.36
03	2011	72,84,41,803.25	77,85,58,097.70
04	2010	33,98,28,325.37	40,18,79,371.52

Export Position year to year (Tanbazar Branch):



Import Position year to year:



2.20. Approach of BASIC Bank Ltd:

As a blend of development and commercial banking BASIC Bank Ltd provides their clients with a full range of services to help them grow their assets and net worth. BASIC Bank Ltd provides particular emphasis on small balance sheet size composed of quality assets and steady and sustainable growth. They offer term loan to the clients especially to develop small-scale enterprises. They also provide full-fledged commercial banking services including collecting of deposits, short term trade finance, working capital finance in processing and manufacturing units and financing and facilitating international trade.

BASIC Bank Ltd attaches special importance to technical and advisory support to small-scale industries in order to enable them to run their enterprises successfully.

Micro credit to the urban poor through linkage with NGOs with a view to facilitating their access to the formal financial market for the mobilization of resources is another diversification of the bank's services.

The bank provides an environment in which the bank's staff, members feel they can exercise their initiative and judgment within a clearly established framework. BASIC Bank Ltd is the leader in offering excellent career opportunity in a transparent and participative management culture.

Coping with the competitive and rapidly changing financial market of the country, BASIC Bank Ltd maintain close connection with its clients, the regulatory authorities, the share holders (Government of Bangladesh), other banks and financial institutions.

2.21. Lending Criteria of BASIC Bank Ltd

1. Entrepreneur:

Entrepreneur/promoter has to be creditworthy and competent enough to run the proposed industries.

2. Viability of the project:

The project should be viable from organizational, technical, commercial, financial and economic point of view.

Technical viability:

- v The project should be technically sound and environment-friendly.
- v Technology transfer in case of borrowed know-how ought to be ensured.
- v Building should be well planned and well constructed.

Commercial viability:

- v Market prospect and potential for the product has to be fully assured at competitive prices.
- v Marketing channel for the product should be accessible to the entrepreneur.

Financial viability:

- v There should be reasonable debt equity ratio as determined by the Bank on individual case basis.
- v Debt service coverage ratio should be at least 2.5 times at the optimum level of production.

- v IRR should preferably be not less than 20 percent.

Economic viability:

- v The project should ensure benefit to the national economy and create sufficient employment opportunity.

2.22. Corporate Slogan:

Serving people for progress.

CHAPTER- THREE

Foreign Exchange Activities

3.1. Introduction

Foreign Exchange Department is international department of Bank. It deals globally. It facilitates international trade through its various modes of services. It bridges between importers and exporters. If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign country. This department mainly deals in foreign currency. This is why this department is called foreign exchange department.

Some national and international laws regulate functions of this department. Among these, Foreign Exchange Act, 1947 is for dealing in foreign exchange business, and Import & Export Control Act, 1950 is for Documentary Credits (UCPDC – 1993 revision & International Chamber of Commerce Publication no – 500) is also an important law for settlement of terms and conditions between exporter and importer in international trade. Governments Import & Export policy is another important factor for import and export operation for the bank.

The bank achieved substantial growth in export in 2010 and the performance of the bank in import business was also satisfactory. The Bank handled total export business of Taka 23,998.80 million and import business of Taka 42,205.90 million in 2010. The export and import business increased by 20.67 percent and grew by 24.22 percent respectively. Major items of exports were garments, jute products, textile, leather etc. Items of import included mainly industrial raw materials, garments accessories, capital machinery, food items and essential commodities.

The Bank became a proud member of SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) that would pave the way to achieving uninterrupted communication related to banking for international trade business and fund transfer.

3.2. Foreign Trade at a Glance:

(in million taka)		
Year	Import Finance	Export Finance
2002	7948.40	5557.00
2003	7542.80	5957.90
2004	8645.00	5557.60
2005	8930.50	6523.00
2006	12508.00	7908.00
2007	11097.23	4094.96
2008	17804.27	15463.74
2009	21266.57	16794.96
2010	27359.77	22270.87
2011	33976.60	19887.70
2012	42,205.90	23,998.80

Foreign Currency Transaction:

a) **Foreign Currency:** Items included in the financial statements are measured using the currency of the primary economic environment in which the bank operates, i.e. the functional currency. The financial statements of the bank are presented in taka which is the Bank's functional and presentation currency.

b) **Foreign Currencies Translation:** Foreign currency translations are converted into equivalent taka using the ruling exchange rates on the dated of respective transactions as per BAS-21 "The effects of changes in Foreign Exchange Rates". Foreign currencies balances held in US Dollar are converted into taka at weighted average rate of inter bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into taka equivalent.

3.3. Payment Alternatives in International Trade:

One of the principal factor on which the Exporter and Importer must agree when finalizing the terms of sales contract is the method of payment.

A. Clean Payment In Advance:

This method of payment requires the importer to pay for the merchandise prior to its shipment by the Exporter.

B. Open Account:

In this method of payment, the Importer pays for the merchandise only after receiving and inspecting the merchandise.

C. Documentary Collection:

In this method of payment, the Exporter draws a draft or Bill of Exchange directly on the importer and present it with required shipping documents to his bank which then forwards to another country of Importer for collection

D. Letter of Credit:

Letter of Credit is widely used for settlement of payment of goods and services both in home and abroad.

In short, a documentary credit is an instrument issued by a bank on account of its client undertaking to pay a certain sum of money to an individual or firm against presentation of documents evidencing supply of goods or services, but subject to strict compliances of the conditions laid out in the credit.

Generally, there are two types of Letters of Credit:

- 1. Irrevocable:** The irrevocable L/C may not be amended or cancelled prior to the expiration of the credit without the consent of all parties.
- 2. Revocable:** The revocable L/C may be amended or cancelled by issuing bank without prior notice to the Exporter.

Besides there are some other types of L/C such as Red Clause, Green Clause Revolving, and Standby etc.

3.4. Schedule of Charges:

Schedule of Charges Related to Foreign Exchange

February-2010

SL.	Item	Amount / Rate
	Letter of Credit	
	(a) L/C opening commission at sight	i) 0.40% Per Quarter ii) Minimum Tk 500
	(b) L/C opening Commission under Aid /Loan/Grant/Barter/Credit other than Deferred	i) 0.40% Per Quarter ii) Minimum Tk 1000
1	(c) Usance Back to Back L/C opening Commission	i) 0.40% Per Quarter ii) Minimum Tk 1000
	(d) L/C opening Commission under Deferred payment	i) 0.50% Per Quarter ii) Minimum Tk 750
	(e) L/C's at 100% Cash Margin	i) 0.25% Per Quarter
	(f) Acceptance commission under deferred payment	i) 0.40% Per Quarter and 0.20% for local acceptance ii) Minimum Tk 750
	Mailing Charge	
2	If L/Cs are transmitted by	
	(a) Registered mail	At actual
	(b) Courier Service	At actual
3	SWIFT Charge	

	(a) If L/C is transmitted by full text SWIFT	At Actual
	Amendment of L/C	
4	(a) If Amendment includes increase of value or extension of time	Same as L/C opening Commission
	(b) Other Amendments	Tk 750
	(c) Amendment of L/C by mail	Tk 750 + Mail Cost At Actual
	(d) Amendment of L/C by courier service	Tk 750 + Courier Cost At Actual
	(e) If Amendment of L/C transmitted by SWIFT	Tk 750 + SWIFT Charge At Actual
	Foreign Correspondence Charges	
5	(i) On beneficiaries account	No charge. In case of nonpayment of charge by the beneficiary, actual charge to be realized from the importer
	(ii) Foreign correspondent charges for negotiation and reimbursement	At actual
6	Charges for handling discrepant import documents	\$50 for foreign document, Tk 500 for local document
7	Inquiry Fees relating to L/C s	At actual
8	Collection of credit report on the beneficiary of LCs	At actual plus +SWIFT Charge At Actual
9	Interest on PAD	Interest rate applicable for commercial lending/ as per sanction
	Import Transactions	
	a) IMP	Tk 100 per set

10	b) LCA	Tk 150 per set
	c) L/C application form	Tk 300 (Plus cost of adhesive , stamp in addition to above charges)
11	Export Transactions	
	a)(I)Negotiation/Collection commission for export bills where there is Exchange Gain	Tk. 500
	a(II)Negotiation/Collection commission for export bills	0.15%
	b) Advising L/Cs (both foreign & local) to local beneficiary	Tk 750 (Negotiable by Head Office)
	c) Advising amendment of L/Cs(local & foreign)	Tk 750 (Negotiable by Head Office)
	d)Transfer of export L/C (per endorsement/transfer)	Tk 750
	e) Adding of confirmation to L/Cs advised by BASIC	At Actual
	f) Overdue interest on FBP or LBP	Int. to be recovered beyond 21 days against sight bills and beyond usance period against usance bill @ commercial interest rate.
	g) Mailing on F.ex. document by post	At Actual
	h) Mailing of ex. document by courier	At actual
	i) SWIFT charges for sending payment instruction or reimbursement	At actual
Export Transaction		
a) Issuance of "EXP" Form	Tk 100 per set	

12	b) Issuance of PRC	Tk 500 or negotiable by HO management
	c) Issuance of any other certificate	Tk 500
	d) Cash incentive document processing charge	0.20% on disbursed amount , Min Tk 500/Bangladesh Bank Directives
Foreign Bank Guarantee		
13	a) Issuance of Foreign Guarantee	0.50% per Qtr + Commission and charges of foreign correspondents + SWIFT charges At Actual
	b) Issuance of Counter Guarantee	0.50% per Qtr / Negotiable with Counterpart+SWIFT charge At Actual
	c) Issuance of shipping guarantee in absence of original import document provided 100% margin in cash is built	Tk 1000
Foreign Remittances (Inward)		
14	a) Collection of foreign currency Draft/Cheque/TC drawn on Banks outside Bangladesh	At actual as per foreign Bank's charge plus postage/courier charges
Foreign Remittances (Outward)		
15	a) Issuance of TC	Ruling TT/OD selling rate plus 1% commission
	b) Issuance of cash(FC)	Ruling TT,OD Selling Rate
	c) Issuance of FDD	Ruling AT TT, OD Selling Rate
	d) Cancellation of FDD/Cheque drawn on Bangladesh Bank	Tk 300 per instrument plus SWIFT charge/Postage
	f) Issuance of TT abroad	TT,OD Selling Rate + SWIFT Charge At Actual
Student (Studying Abroad)		
16	a) File opening and handling charge	For SAARC Country : Tk 1500

		For Other than SAARC Country : Tk 2500
17	Others	
	a) FC DD on Bangladesh Bank	Tk 300 per instance
	b) Issuance of counter FC draft in favor of local bank	Minimum USD 50 and Maximum USD 100
	c) Disposal of remitted fund on A/C of home remittance	a) In local areas charges of PO & postage b) Other areas charges of DD/TT plus postage/SWIFT c) Same charges through IBCA also

3.5. Correspondent Relationship:

Now-a-days the sphere of activities of a Foreign Exchange Department extends over vast geographical areas and a number of countries. It is not possible and also not feasible for a bank to have branches all over the world. The objective is ensuring that everything goes smoothly, even in countries where a bank does not have a branch, is by entering into a correspondent relationship. The correspondent relationship is also called agency relationship and is on a reciprocal basis.

Sometimes we maintain account relationship with our correspondents to deposit values of cheques and bills in our account with them. On the other hand, to pay cheques and bills drawn on us by debit to the same account. To facilitate dealings in Foreign Exchange, a bank in Bangladesh maintains accounts with banks abroad. Similarly, some foreign banks may maintain accounts with banks in Bangladesh. In banking terminology these are known as Nostro Account, Vostro Account and Loro Account.

1. Nostro Account:

Nostro means our accounts with you. For example, BASIC Bank maintains an account with Standard Chartered Bank, London. Obviously this account would be maintained in Pound Sterling. When corresponding with Standard Chartered Bank, London, BASIC Bank would refer to its account with Standard Chartered Bank as Nostro Account, meaning our account with you.

2. Vostro Account:

The account opened by a foreign bank in Bangladesh Taka with a Bangladeshi bank would be referred in all the correspondence by the Bangladeshi bank as Vostro Account, meaning your account with us. For example, Bank of India, Mumbai maintains a taka account with BASIC Bank in all its correspondence with Bank of India would refer to this account as Vostro Account.

3. Loro Account:

Loro account means their account with you. For example, BASIC Bank has an account in US Dollars with Chase Manhattan Bank in New York. When National Bank Ltd. Wishes to refer the account of BASIC Bank with Chase Manhattan Bank it would refer to as Loro Account, meaning their account with you.

3.6. SWIFT:

SWIFT is the Society for Worldwide Interbank Financial Telecommunication, a member owned cooperative through which the financial world conducts its business operations with speed, certainty and confidence. More than 9000 banking organizations, securities, institutions and corporate customers in 209 countries trust it every day to exchange millions of standardized financial messages.

Its role is two fold. It provides the proprietary communications platform; products and services that allow our customers that connect and exchange financial information securely and reliably. It also acts as the catalyst that brings the financial community together to work collaboratively to shape market practice, define standards and consider solutions to issues of mutual interest.

SWIFT enables its customers to automate and standardize financial transactions, thereby lowering costs, reducing operational risk and eliminating inefficiencies from their operations. By using SWIFT customers can also create new business opportunities and revenue streams.

SWIFT has its headquarters in Belgium and has offices in the world's major financial centers and developing markets. SWIFT provides additional products and associate services through Arkelis N.V., a wholly owned subsidiary of SWIFT, the assets of which were acquired from SunGard in 2010.

SWIFT does not hold funds nor does it manage accounts on behalf of customers, nor does it store financial information on an on-going basis. This activity involves the secure exchange of proprietary data while ensuring its confidentiality and integrity.

Basic Bank Limited has become the member of SWIFT Alliance Access, a multi-branch secure financial messaging system provided by the Society for Worldwide Inter-bank Financial Telecommunication (SWIFT), Belgium. With the activation of the SWIFT system the bank enjoys instant, low-cost, speedy and reliable connectivity for L/C transaction, fund transfers, message communication and other worldwide financial activities.

3.7. Foreign Trade Related Credit:

BASIC Bank handles foreign trade in which it has a comparatively large share despite its small size. The bank provides various facilities related to L/C and post import finance like loan against imported merchandise (LIM), and loan against trust receive (LTR) to the importers and back to back L/C and pre-shipment finance facilities to like export credit, packing credit and post-shipment finance like foreign bill purchase (FBP) to exporters .So far the bank has established correspondence relationship as much as 11 foreign banks in order to facilitate foreign trade.

Credit facilities of BASIC Bank related to foreign trade can be divided into two broad categories:

- 1) Import finance

2) Export finance

1) **Import finance:** In order to facilitate import finance BASIC Bank provides the following credit facilities:

- v **Letter of Credit:** An undertaking by the bank to make payment to the seller subject to submission of documents drawn in strict compliance with the stipulated terms giving title to goods to the buyer/ bank.
- v **Payment against Documents (PAD):**The bank that establishes the letter of credit is bound to honor its commitment to pay for import bills when these are presented for payment, if drawn strictly in terms of the letter of credit. In fact, the amount stands as advance to the importer, which is adjusted by delivery of documents against payment or by allowing post import finance such as LIM or LTR.
- v **Loan Against Imported Merchandise (LIM):** Loan allowed against imported merchandise and storing the same in bank's custody. The bank through its approved clearing agent clears the merchandise. The advance is adjusted by delivering the goods against payment by the importer.
- v **Loan against Trust Receive (LTR):** Depending on the relation ship with Clint, bank may ask foe LTR facilities instead of LIM. Party have to submit paper securities. Documents are given to the party to retire goods from the port on good faith. After selling goods to the market the party adjusts the LTR along with the interest.

2) **Export Finance:**In order to facilitate export finance BASIC Bank provides the

Following credit facilities:

Back to Back Letter of Credit:Letter of credit for importing raw materials/ accessories opened against lien of an export items. Payment is usually settled from export proceeds. A letter of credit is an instrument by which a banker for account of a buyer gives formal evidence to a seller of its willingness to permit him to draw on certain terms and stipulates in legal form that all such bills will be honored.

Export Cash Credit: Advance allowed as cash credit for processing goods for exports. The advance is usually adjusted from export proceeds. The term PC (Packing Credit) is also used for such advance.

Foreign Bill Purchase (FBP): Post export credit allowed against export bills. If the bills are drawn as per terms of the L/C, the bank purchases the same and pay equivalent amount of the bill to the credit of the client's account. The advance is adjusted on realization of export proceeds through foreign agent.

Local Bill Purchase (LBP): Advance allowed against bills drawn under an inland L/C opened and accepted by a local bank. Such local L/C is usually opened as back to back L/C against export L/C.

3.8. Letter of Credit:

3.8.1. Definition:

A letter of credit is a written instrument issued by a bank authorizing the seller to draw in accordance with certain terms and stipulating legal forms, that all such bills will be honored.

Explanatory Definition: A letter of credit consist of an undertaking by an issuing bank that bills drawn by the exporter will be duly owner provided the comply with the terms of credit.

3.8.2. Procedure of Opening L/C:

The system and procedure for opening Letter of Credit in both the stages of beneficiary at home and abroad are almost similar. But for opening Letter of Credit favoring beneficiary abroad some extra papers/documents are required to be obtained as per existing rule which is precondition of Import such as:

1. Holding of IRC
2. TIN Certificate
3. VAT Registration Certificate
4. Permission from concerned authority if any

3.8.3. Documents required to be submitted along with LCA form:

Importer in both public and private sector shall submit to their nominated banks the following documents along with L/C Authorization Form:

- a. L/C application form duly filled in, stamped and signed by the applicant.
- b. Confirm purchase or sale contract showing all details of goods and services indicating period of shipment, terms of delivery etc. if any duly signed by both the Importer and Exporter.
- c. Insurance cover note.
- d. IMP Form duly signed.
- e. Valid membership certificate from the registered local Chamber of Commerce and Industry or any Trade Association established on all Bangladesh basis, representing any special trade/business.
- f. A declaration in triplicate that the importer has paid Income Tax or submitted income tax return for the preceding year.

In case of opening L/C against Indent, following additional documents required to submit in addition to the above:

- g. Copy of valid Indentor's Registration Certificate of Indenting Company.
- h. Copy of Bangladesh Bank's permission for acting as Indenting Agent.
- i. Name of the Pre-Shipment Inspection Company must be inserted in the L/C to conduct the PSI of the goods to be imported under the L/C.

On receipt of L/C application from the importer, the financial stability of the importer and his ability to repay the bank will be carefully evaluated. It is imperative to obtain beneficiary's Credit Report, NOC regarding overdue Bill of Entry and the applicants CIB Report before opening L/C to comply with Bangladesh Bank regulations:

1. CIB Report:

Bank must satisfy that the importer got no classified liability.

2. **Credit Report:**

Bank must obtain credit report on the exporter for amount of L/C exceeds Tk.200,000.00 against proforma invoices issued direct by foreign suppliers and Tk.500,000.00 against Indents issued by local agents of the suppliers.

3. **Bill of Entry:**

Bangladesh Bank stipulates to obtain NOC from previous Authorized Dealer Bank to the effect that the importer does not have any overdue bill of entry on their account.

Through following all these procedure and meeting the demand of these documents an applicant can open a Letter of Credit.

3.8.4. **Accounting entries for L/C opening:**

Client's Account -----	Dr.
Margin on L/C -----	Cr.
Commission on L/C -----	Cr.
VAT (15% of Commission) on L/C -----	Cr.
F.C.C (Foreign Currency Clearing) A/C -----	Cr.
Registration Fee A/C -----	Cr.
Postage charges A/C -----	Cr.
Miscellaneous Charges A/C -----	Cr.

3.8.5. **Important points to prepare an L/C:**

To prepare an L/C the branch takes care on the following points:

- a. **L/C number:** The branch will put a number for each L/C., which is the serial number of the L/C for a particular year.
- b. **Place and date of issue:** L/C must indicate the place and date of issue.
- c. **Date and place of expiry:** L/C must have an expiry date. This is the last date of presentation of document under the L/C. Place of expiry of the L/C

also to be mentioned in the L/C. Normally it should be the counter of the Negotiating Bank.

- d. **Shipment date:** There should be a last shipment date after which shipment is not allowed. Bank may also fix-up a first shipment date before which shipment will not be allowed.
- e. **Presentation period:** Issuing bank will allow a period within which exporter must present the export documents to the negotiating bank or to any other nominated bank. This may be 15 days from the date of shipment. Maximum may be allowed one month, but within the expiry date of the credit.
- f. **Applicant:** Name of the applicant with business address to be put in the L/C.
- g. **Beneficiary:** Name of the beneficiary with address also to be indicated in the L/C.
- h. **Advising Bank:** Name of the advising bank with address to be mentioned in the L/C.
- i. **Amount:** Every L/C must show the amount of the L/C. The word “About” may be used with amount, which means 10% more or less of the said amount.
- j. **Part-shipment and Trans shipment:** Issuing bank also clearly indicate in the L/C whether part-shipment and trans shipment are allowed or not.
- k. **Availability:** L/C must indicate whether the credit is available by payment, by negotiation or by acceptance.
- l. **Port of shipment and port of destination:** L/C will also indicate from where shipment to be made and where goods to be delivered.
- m. **Tenure of the draft:** Whether the draft to be drawn at sight or usance, also to be cleared in the L/C.
- n. **Documents required:** Bank will give the list of required documents and data content therein. Each and every term must be supported by the documents, because any term without asking document is valueless.
- o. **Payment:** When, where and by whom payment is to be made, also to be indicated in the L/C.

- p. **UCP:** Bank will incorporate the reference of UCP 500 in the L/C for its application in all the operation of the L/C.
- q. **Bill of lading:** B/L must be issued or endorsed to the order of the Issuing Bank. It should be 'clean' and "freight prepaid" if L/C is on CFR basis short form and charter party B/L to be avoided. All these terms to be incorporated in the B/L clause of the L/C.
- r. **Bill of exchange:** bill of exchange to be drawn on the Issuing Bank.
- s. **Pre-shipment Inspection:** Pre-shipment inspection certificate is compulsory for both government and private import except in few cases.
- t. **Data content:** Invoice and other documents if required should indicate the H.S. code number. LCAF No with description of the item and country of origin.
- u. **Special conditions:** Special conditions, such as in case of food, machineries, vehicles and any other items should be incorporated in the L/C where required.

3.8.6. **Reasons for L/C:**

- 1) The exporters are uncertain of the importer capacity to pay.
- 2) The importers are unwilling to pay the amount unless the goods are actually shipped and the documents received by the bank.
- 3) In case of non-payment the seller should be assured to legal rights in foreign country.
- 4) There should be an agency, which should meet the seller's need of finance when the goods are shipped.
- 5) The commercial banks come to the help of exporters and importers.
- 6) The importers can undertake the obligation to pay to the exporter for the purchase made by the importer and this is usually done through a letter of credit.

3.8.7. Operation of a letter of credit:

- 1) The importer of buyer contacts the seller in foreign country for the purchase of a particular good or goods.
- 2) He settles with the seller the quantity and quality of the goods to be importer.
- 3) The sale contract also includes the method of payment.
- 4) The importer then submits an application to his bank for the issuing of an individual letter of credit.
- 5) The form on which the importer employees for a letter of credit is supplied by the bank.
- 6) This form contains all the necessary details discussed between the importer and exporter for the shipment of goods which include the description of merchandise, port of shipment, port of unloading, the documents against which the bank is the honor the draft, the total value of the goods etc.
- 7) If the documents supplied by the seller conform to the terms of contract the exporter will be paid.
- 8) The issuing bank will not be responsible if there is any fraud or the merchandise does not conform to the sales contract.
- 9) The obligation of the buyer's bank is,

To issue letter of credit on agreed terms and condition with the buyer.

To have a proper examination of the documents.

To honor draft when presented with proper documents.

3.8.8. Types of Letter of Credit

1. Irrevocable letter of credit:

It is the one in which the issuing bank gives a lasting undertaking to accept and in due course to pay bills drawn upon it provided the exporter fulfils the terms and conditions. It gives a complete protection to the exporter.

2. Revocable letter of credit:

It is the one in which can be modified or cancelled by the issuing bank at any time without any obligation on its part. They are not acceptable to the businessman.

3. Confirmed letter of credit:

It is that which has the protection of the credit standing of the importers as well as the exporter's bank. The exporter bank, which confirms the letter of credit, takes the liability of paying in case the issuing bank fails to make payment to the exporter.

4. Unconfirmed letter of credit:

It is one under which the exporter's bank does not give any guarantee to the exporter that the bills drawn will be honored by the issuing bank. It is the commitment of the issuing bank to honor the draft. From the exporter's point of view, the confirm irrevocable letter of credit is the best form of receiving payment.

5. Documentary letter of credit:

It is the one of which provides for bills to be accompanied by documents of title to goods such as the bills of landing, invoice, the policy of insurance etc.

3.9. Related Documents in International Trade:

1. Commercial Documents:

a. Commercial Invoice: The commercial invoice bills the merchandise to the importer. The invoice describes the merchandise exactly as it is specified in the L/C.

b. Weight List: The weight list provides gross and net weight which usually represents the weight of the entire shipment.

c. **Packing List:** The packing list provides with an accurate description of the contents of each package in the shipment.

2. Transport Documents:

a. **Bill of Lading:** Bill of Lading indicates consignment of the merchandise to a named party. A bill of lading can be issued either a non-negotiable form or negotiable form.

b. **Airway Bill:** An airway bill is a consignment note or delivery order issued when the mode of transport is by Air issued in non-negotiable form.

c. **Combined Transport Document:** A combined transport document is used when more than one mode of transport is involved.

d. **Rail Consignment Note:** A Rail Consignment Note is used when the merchandise is transported by rail.

e. **Common Carrier Bill of Lading:** A Common Carrier Bill of Lading is used for the inland carriage of merchandise by truck.

3. Insurance Documents:

Insurance provides protection against the financial loss which may result from the risk to which the merchandise may be exposed during shipment. Insurance documents indicating L/C no. depicting date of shipment, name of the carrying vessels etc.

4. Official Documents:

The Certificate of Origin: This document states the origin of the merchandise. As per IPO, the Certificate of Origin is to be issued by the concerned Government Agency/Approved Authority/Organization of the exporting country.

The Certificate of Inspection: The Certificate of Inspection letters to the integrity of the merchandise as specified in the credit.

The Draft: The draft is not typically considered a trade document. It represents a document for payment by the exporter. The draft may demand pay at sight or at a specified future date.

Besides some other documents are also required depending on the conditions or terms of the L/C Phytosanitary Certificate, Warrantee or any other certificate or documents in terms of the L/C if asked.

3.10. Import Section (Foreign L/C)

3.10.1. Import Operation:

Import section helps business and other people to import goods. In international environment, buyers and sellers are often unknown to each other. So seller always seek guarantee for the payment for his goods exported. Here is the role of bank. Bank gives export guarantee that it will pay for the goods on behalf of the buyer. This guarantee is called Letter of Credit. Thus the contract between importer and exporter is given a legal shape by the banker by its 'Letter of Credit'. When a buyer goes to import some goods from a foreign buyer, he requests his bank to make payments to the exporter of goods. And the bank recovers the amount from the importer.

3.10.2. Import Policy Order (IPO):

Import of goods into Bangladesh is regulated by the Ministry of Commerce, Government of Bangladesh (MOC, GOB) in terms of Import & Export (Control) Act, 1950. IPO 2009-2012 was published in Bangladesh Gazette Extra ordinary dated 26th January, 2010. The MOC issues IPO as well as Public Notices from time to time.

Since the economy of Bangladesh is heavily dependent on Import from abroad, particularly of essential items like food grains, fuel, industrial raw materials, capital machinery etc. it is of great importance to formulate an effective guideline for regulating import business in the country. Our IPO has 9 Chapters as followings:

v Introduction

- v General Provisions for Import
- v Provisions regarding Import fees
- v Miscellaneous provisions
- v General provisions for Industrial Imports
- v Provisions for Import by Commercial Importers
- v Import by Public Sector Importers
- v ITC Committee
- v Compulsory membership of Recognized Chamber of Commerce & Industry and Trade Association.

3.10.3. Examination and scrutiny of import documents:

After shipment of the goods, the exporter submits the export documents to the negotiating bank. Negotiating bank checks and sends the documents to the issuing bank after negotiation. Upon receipt of the import documents issuing bank will examine the documents carefully. If there is any discrepancy in the documents, bank will decide within 7 banking days, following the day of receipt of the documents, whether it will accept the documents or will refuse. If the issuing bank fail to communicate the refusal to the negotiating bank within 7 days, the documents deems to be accepted. At time of inspection the following points to be checked specially.

1. Bill of Exchange:

- a) Is the bill drawn in terms of the L/C and does it bear L/C no. and date?
- b) Does the amount of the BOE in words and figures agree and is it in the same currency of the L/C?
- c) Whether the draft is drawn on the issuing bank or not?

2. Invoice:

- a) Does the invoice value agree with the amount of the BOE?
- b) Does the invoice value clearly state the unit price i.e., FOB/C&E/CIF as mentioned in the L/C?

- c) Does the description of goods declared in the invoice agree with that of the L/C?
- d) Does the shipping mark on invoice agree with those on B.L /AWB / TR/ RR?
- e) Does the gross weight and net weight if shown on invoice agree with those on B/L?
- f) Custom invoice and /or consular invoice to be presented as per credit terms.

3. Transport documents:

- a) Has the full set of original transport documents have been submitted?
- b) Is the B/L marked 'ON BOARD'?
- c) Is the B/L clean?
- d) 'Combined' 'Charter party', 'Short form' B/L is not acceptable if not allowed in the L/C.
- e) Transshipped B/L not to be acceptable unless allowed by L/C
- f) Is 'Freight prepaid' or 'Freight payable' at destination in accordance with L/C terms?
- g) Are shipping documents properly endorsed?
- h) Are the name(s) and address of the notifying party(s) identical with those in the L/C?
- i) The date of shipment on the transport documents must not later than the date stipulated in the L/C.
- j) B/L must be issued in order of the issuing bank.
- k) The port of shipment and destination must be as per credit terms.
- l) B/L must bear the name of carrying vessel and the flag.

4. Pre-shipment inspection report:

- a) Inspection done by the authorized person called by the L/C
- b) Inspection done at named place
- c) Inspection certificate must confirm the specification called for in the L/C
- d) Certificate must confirm that they have inspected the goods related to the L/C under reference

- e) Inspection certificate must confirm the quality of the goods they inspected as called by the credit.

Beside the above, the bank examines the following:

- a) Whether all the documents required by the credit are submitted
- b) Documents to be consistent with one another
- c) Documents to be presented within the stipulated time
- d) Documents to be issued by the authorized person as stipulated in the credit

Documents to be examined as per credit terms and international standard banking practice

3.11. Export Section

3.11.1 Export Operation:

Export is usually defined as means of flow of goods and services produced within Bangladesh, but purchased by economic agents (individuals, firms, governments) of other countries.

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through BASIC BANK are readymade garment exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

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

- a. As an advising bank:

It receives documents from the foreign importer and hands it over to the exporter. Sometimes it adds confirmation on the L/C on request from the

Opening Bank. By adding confirmation, it assumes the responsibility to make payment to the exporter.

b. As Negotiating Bank:

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

3.11.2. Export Policy:

Export Policy of Bangladesh is formulated by the MOC to provide the overall guideline and incentives for promotion of exports. The existing policy (2009-2012) came into effect from December, 2009. However the government may review this policy during its tenure and may take decision

3.11.3. Export documents checking:

After submission of exports documents by the exporter; bank check whether all the required documents submitted or not. Bank examines all documents stipulated in the credit with reasonable care to ascertain whether or not they appear, on their face to be in compliance with the terms and conditions of the credit. Documents not stipulated in the credit will not be examined by the bank. The following points of documents should be carefully scrutinized:

a. Bill of exchange:

1. Amount of bill differs with invoice
2. Not drawn on L/C issuing branch
3. Not signed
4. Tenor of C/E not identical with L/C
5. Full set not submitted

b. Invoice:

1. Not issued by the beneficiary
2. Not signed by the beneficiary
3. Not made out in the name of the applicant

4. Description, price, quantity, sales terms of the goods not correspond to the credit
5. Not marked one fold as original
6. Shipping marks differs with B/L and packing list

c. Packing List:

1. Gross weight, net weight and measurement, number of cartoons/ packages differs with B/L.
2. Not marked one fold as original
3. Not signed by the beneficiary
4. Shipping marks differs with B/L

d. Bill of Lading/Air Way Bill:

1. Full set of bill not submitted.
2. B/L is not drawn or endorsed to the order of BASIC Bank Limited.
3. "Shipping on Board", "Frigh Prepaid" or "Freight collect" etc. notations are not marked on the B/L.
4. B/L not indicate the name and capacity of the party i.e. carrier or master, on whose behalf the agent is signing the B/L.
5. Shipped on board notation not showing name of pre-carriage vessel/ intended vessel
6. Shipped on board notation not showing port of loading and vessel name (in case B/L. indicated a place of receipt or taking in charge different from the port of lading)
7. Short form B/L.
8. Charter party B/L.
9. Description of goods in B/L. not agrees with that of invoice, B/E.
10. Alterations in B/L. not authenticated
11. Loaded on deck
12. B/L bearing clauses or notations expressly declaring defective condition of the goods and /or the packages.

e. Others:

1. Non-negotiable documents not forwarded to buyers or forwarded beyond L/C terms
2. Inadequate number of invoice, packing list and others submitted
3. Short shipment certificate not submitted

3.11.4. Some common discrepancies in export documents:

- ÿ Late shipment
- ÿ Late presentation
- ÿ Part shipment effected
- ÿ Consignee/ notify party differ

- FCR presented instead of B/L.
- House air way bill presented instead of AWB
- B/L. shows “freight collect” instead of “freight prepaid”.
- ‘Shipped on board’ not marked on the B/L.
- B/L. is clause
- Description of the goods differ
- Unit price differ
- Amount overdrawn
- Pre-shipment inspection certificate absent
- Certificate does not cover credit terms
- Certificate not signed by authorized person

3.12 Import Section (Local or Inland L/C)

3.12.1. Inland L/C Operation

Inland L/C operation is same as Import/Export L/C operation. It opens L/C on request from the buyer in favor of the seller. That is, it undertakes the responsibility to make payments to the seller on behalf of the buyer. **Most of the inland L/C is ‘Back to Back L/C’** and currency involved is denominated in foreign currency (Dollar or Pound).

3.12.2. Back-to-Back L/C:

It is simply issued to the clients against an import L/C. Back-to-Back mechanism involves with two separate L/C. One is master Export L/C and another is Back-to-Back L/C. On the strength of Master Export L/C bank issues bank to Back L/C. Back-to-Back L/C is commonly known as Buying L/C. On the contrary, Master Export L/C is known as Selling L/C.

3.12.3. Features of Back to Back L/C:

- a. An Import L/C to procure goods /raw materials for further processing.
- b. It is opened based on Export L/C.
- c. It is a kind of Export Finance.
- d. Export L/C is at Sight but back to Back L/C is at Usance.

- e. No margin is required to open Back to back L/C
- f. Application is registered with CCI&E
- g. Applicant has bonded warehouse license.
- h. L/C value shall not exceed the admissible percentage of net FOB value of relative Master L/C.
- i. Usance period will be up to 180 days.

3.12.4. Checklist to open Back-to-Back L/C:

- j. Applicant is registered with CCI & E and has bonded warehouse license.
- k. The master L/C has adequate validity period and has no defective clause.
- l. L/C value shall not exceed the admissible percentage of net FOB Value of relative Master L/C.
- m. Essence period will be up to 180 days.

3.12.5. Papers required to open Back-to-Back L/C:

- a. Import Registration Certificate & Export Registration Certificate.
- b. L/C application & LCA form.
- c. Proforma Invoice / Indent.
- d. Insurance Policy.
- e. IMP form.

3.12.6. Steps of Opening Back-to-Back L/C:

- a. Importers' application to open a BTB L/C against specific Master L/C.
- b. Export department marks lien of the export L/C and forwards it to the import department.
- c. L/C opening desk then enters all particulars of the master L/the party registers and maintains account of such master L/C. Any amendment brought in the master L/C is also recorded in the register.
- d. Obtain credit report of the beneficiary (where applicable).
- e. Examination of L/C application form—whether within the credit Limit, dully signed by the concerned person and also signed by the Applicant.
- f. Necessary entries into the B.B. L/C opening register.

CHAPTER- FOUR

Corporate Social Responsibilities

The concept of Corporate Social Responsibility (CSR) was considered in the early part of the 20th century but it received enormous impetus in the early 1950s. Primarily CSR starts with the consideration of social implications by any body corporate which is ultimately reflected through its initiatives towards betterment of the disadvantaged peoples of a society. As a stakeholder of the society, the Bank is keen to augment CSR activities gradually in the days to come. As such in broadly defining, CSR refers to the voluntary role of business towards building a better society and cleaner environment beyond its financial commitments and regulatory obligations. Considering importance of CSR, Bangladesh Bank since June 2008 officially started encouraging towards mainstreaming CSR in banks and financial institutions of Bangladesh.

We, at BASIC Bank Limited passionately believe that a better society is fundamental precondition for a better business environment. As such, CSR is viewed as one of the core corporate values of the Bank. As we all know, United Nations set eight goals (popularity known as Millennium Development Goals, such as eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality & empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for development) in its millennium summit held at the UN Head Quarters, New York, USA in 2000 and Bangladesh is one of the signatories to achieve those goals by 2015. As such, we have aligned our CSR activities partially with those goals. Some of our CSR activities involved are summarized below:

Poverty Alleviation

It is globally accepted that the Non-Government Organizations (NGOs) have been performing a laudable role in poverty alleviation across the globe, especially in Bangladesh. With a view to widen the access to finance by the poor and ultra poor community, BASIC Bank Limited has been financing NGOs for quite since 1995 at privileged rates of interest (between 7.00% and 13.00%). So far we have financed 65 NGOs of various categories and capacities from small to large and also from local/regional to national/international. Such activities also contributed to generation of income and employment as well.

Women Empowerment

As half of our population is woman, a sustainable national progress can't be attained, if women are left aside. Therefore, they should progressively be brought to the

mainstream of our development activities. Considering this reality the bank has been mobilizing credit facilities to the capable women entrepreneurs at a reduced rate of interest. So far we have financed several woman entrepreneurs and it will gain due momentum in the days to come.

Our Concern for the Environment

Today our planet is exposed to a severe environmental catastrophe than ever before. As a humble effort to reduce environmental pollution, we have financed 26 CNG refueling stations. Again, most of our office vehicles have already been converted to CNG fueling system. Use of CNG fuel also helps save hard earned foreign currency. Environmental issues are taken into account while assessing credit proposal for the industrial projects.

Sports and Cultural Activities

During the year 2011, the Bank extended financial support Tk.1.00 crore each to Sheikh RusselKriira Chakra and Sheikh Jamal Dhanmondi Club towards development of games and sports. The Bank also contributed Tk.5.00 lac for making documentary on Bangabandhu Sheikh MujiburRahman, the father of the nation, viewing tribute and homage to him. In the year 2011, an amount of Tk.8.00 lac was contributed for making documentary exhibition and archive of scarce footage of our great independence war. The Bank also contributed Tk.10.00 lac to Bangladesh Table Tennis Federation in the year 2011. The Bank has been one of the patrons for the Baishakhi Fair arranged by Bangladesh Small and Cottage Industries Corporation (BSCIC) to encourage the development of small and cottage industries since 2005. In the year 2011, the Bank sponsored Tk.4.00 lac to arrange Baishakhi Fair. The Bank also sponsored 25th to 31st National Junior Chess Championship by contributing Tk.1.00 lac in each year. It was a privilege and honor for the Bank to work with the 11th SA Games held since January 29, 2010 to February 09, 2010 in Dhaka as a co-sponsor by contributing Tk.1.00 crore to Bangladesh Olympic Association.

BASIC has been patronizing the Handball Federation by arranging BASIC Bank Limited Inter-district National Women Handball Tournament. The Bank also sponsored the National & International BASHAAP Championship in 2008. In the year 2010, BASIC Bank Limited donated Tk. 0.50 lac to Kabitalap for holding a program marking its 30 years anniversary. The Bank also donated a fund of Tk.1.00 lac to Krishibid Institution for organizing their national convention. On the other hand, our Bank donated Tk.3.00 lac in 2009 to Dhaka Amar Dhaka (a community based organization) to facilitate its elaborated program for celebration of 400 years of our beloved Dhaka City. In the year 2006 the Bank sponsored Tk.1.00 lac for organizing the SME fair. In the year 2008 and 2009, BASIC Bank Limited patronized the different theater groups to stage the drama festival. Recently, the Bank took part in the drama festival to celebrate the birth anniversary of Rabindranath Tagore participated by different renowned theater groups from both Bangladesh and India.

Disaster Relief

In the year 2011, the Bank donated 25,000 pieces of blankets to Prime Minister's Relief and Welfare Fund. In the previous year the Bank donated an amount Tk.1.00 crore to the same Fund for the rehabilitation of the victims of the Nimtoli Fire Tragedy. In the year 2007, the Bank donated Tk.25.00 lac to the Chief Adviser's Relief Fund for the flood affected people and Tk.25.00 lac for the SIDR victims.

Education

During 2011, the Bank distributed Tk.5.00 lac among the meritorious students of GopalganjZillaSamity. In 2010, BASIC Bank Limited donated a fund of Tk.50.00 lac to the aggrieved families of the two late secretaries of the Government of Bangladesh for maintaining the educational expenditure of their children. Besides, the Bank also contributed a fund of Tk.5.00 lac to the daughters of late Chapa Rani Bhowmik for their education purpose. In 2009 BASIC Bank Limited donated Tk.2.00 lac to Bangladesh Asiatic Society for publishing Bengali version of the largest National encyclopedia of Bangladesh. In publishing the first edition (English version) of the encyclopedia, BASIC Bank Limited donated Tk.5.00 lac as well. 'BASIC Bank Limited Gold Medal' was introduced in collaboration with the Banking Department, University of Dhaka for the students of the department with outstanding academic achievements. With a view to provide a smooth interface between student life and professional life, we offer internship facility to the BBA and MBA students of different universities with commendable academic records after completion of all other academic requirements. In the year 2010, a huge numbers of interns were granted the opportunities to groom with us in a truly professional, dynamic and challenging corporate environment.

Promotion of Entrepreneurship

The promoters of the Bank envisaged fostering entrepreneurship amongst the potential, new and small entrepreneurs and generating employment through financing Small and Medium Scale Industries (SMIs) towards industrialization actually needed for economic growth of the country. Keeping the dream in mind, we never ran after the so-called blue chips (the established and larger corporations) towards profit maximize of the Bank. Rather, we always remained stick to the triple bottom line: People, Planet & Profit and focused attention to the SMIs which is ultimately promotion of SMEs. In this way, a lot of entrepreneurs have grown with us through which employment opportunities are created for a large number of people.

Health Care Program

Access to healthcare facilities is one of the fundamental rights of every human being. However, most of our people, especially the underprivileged group has little or no access to health care facilities. As such, BASIC Bank Limited is committed to assist those poor people, who have no way to secure basic treatment. In the year 2011, the Bank distributed about Tk.3.00 lac amongst different disadvantaged individuals. The Bank also paid Tk.1.00 lac to Mr. Md. Kamal Hossain, an employee of Sonali Bank, for his ailing baby suffering from leukemia. In the year 2010, the Bank patronizes some organizations, which work for improvement of public health. Also in 2009 the bank donated SANDHANI & Lions Eye Hospital in organizing their free treatment campaign held at different places across the country. The Bank also extended its assistance to some acid victims directly.

Awareness Building

Generation of awareness is a very useful tool to combat social evils, like drug addiction, smoking, pollution, terrorism, population etc. For this purpose, the Bank has continue to display banner, festoon sticker, display board and use such other communication channels for discouraging drug, smoking, pollution, population growth etc. The Bank kept continued such awareness building activities for the year 2011. In 2010, the Bank donated a sum of Tk.0.50 lac to Sundarban Supporters Committee for creating awareness to elect Sundarban as the new eleven Wonders of the World • Earlier, the Bank published such sticker and display banners and festoon in observance of the National Family Planning Day - 2010, the World Environment Day-2010, the National Tree Plantation Week - 2010 and the National Fisheries Day-2010.

Other Activities

The Bank donated for publishing a souvenir marking the 90 years of anniversary of Bangla Department of Dhaka University in the year 2011. The Bank does not impose any fee to the job applicants for the position of Assistant Manager, Officer and Assistant Officer whereas the Bank is required to make a sizeable expense for this purpose.

Future Plan

The Bank has an active plan to establish a charitable organization in the name of "BASIC Bank Foundation" to augment CSR activities through expanding both nature and magnitude towards implementation of social obligations in an organized manner for a better Bangladesh.

Chapter Five

SWOT Analysis

A tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The method of SWOT analysis is to take the information from an environmental analysis and separate it into internal (strengths and weaknesses) and external issues (opportunities and threats). Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results.



A) Strengths

- 1) Played pioneer role in introducing and carrying out lease finance operation in commercial bank.

- 2) Provide guideline to furnish loans only to small-scale industries for short time, which minimizes risk or huge loss.
- 3) It has well reputation in the market.
- 4) Not engaged in unfair business practice.
- 5) Executives are highly educated and experienced.
- 6) Located in important commercial area.
- 7) Efficient management practice in the Bank and participate management by holding meetings regularly attended by the management.

B) Weaknesses

- 1) Lack of promotional activities.
- 2) Delegation of authority is centralized which makes many problems in absence of those delegate.
- 3) The credit proposal evaluation process is lengthy. Therefore sometimes valuable clients are lost and the bank becomes unable to meet targets.
- 4) Shortage of branches.
- 5) Do not have enough product or services to attract the customers.
- 6) Credit level is limited up to Tk. 50 cr.
- 7) Compared to its competitors the bank does traditional activities.

C) Opportunities

- 1) Suitable for small-scale business, this is growing day by day.
- 2) Government and other international agencies positive attitude toward low classification rate.

- 3) Social responsibility is now an important aspect to contribute or to grow in country's economy. BASIC Bank Ltd can provide some service and follow certain policies which will help them to conduct their social responsibility.
- 4) The bank can diversify its portfolio by introducing new sector.
- 5) Many branches can be opened to reach the bank's service in remote locations.
- 6) The bank can introduce more innovative product and services to better survive in the competition.

D) Threats

- 1) There are many competitors in the market.
- 2) Lac of product and services may caused to switch customers to others banks.
- 3) Limitations of credit level may cause of loose current customer.
- 4) Lac of promotional activities may cause for unable to fill up the target.
- 5) The salary structure of the Bank is not competitive like other PCBs, which affect the employees' devotedness to do their job properly pace for branch premises is not enough.

Chapter: Six

Findings, Limitations , Recommendations, Conclusions.

Findings

Although my report topic is Foreign trade management and loans and advances and CSR, I have got some findings in overall banking system in Tanbazar branch. I have identified some problems while doing my program of internship in this bank in Tanbazar. They are:

- § In the general banking system they use traditional method where every modern bank use computerized
- § There are limited services rendered by this bank so profits decrease
- § If a person comes to open a bank account then he has to show some related person who has already an account in this bank.
- § The loan and advance section takes a long time to sanction a loan due to traditional method.
- § In the foreign trade department sometimes the officer can not post their L/C information to Bangladesh Bank due to slowness of the internet.
- § Lack of team work is the main weakness of the bank in Tanbazar branch.
- § In Tanbazar the marketing system is very poor so there are few clients of this bank in Narayanganj
- § Sometimes the valuation of the document provided by the applicant person for a purpose, for that reason customer suffers a lot.

Limitations

Although the officers were very busy, they gave me wholehearted co-operation in the time of internship and in the time of preparing this report. I have gathered a lot of experience from BASIC Bank, Tanbazar Branch but I have faced some limitations to make this report perfectly. They are:

- A period of 12 hours is not enough to understand the overall activity of this Branch.
- Maintenance of keeping secrecy of credit policy of this bank, the respondents did not feel free to deliver related written document or its photocopy

- Bank policy did not permit to disclose various data and information related to Advance and loan department and Foreign Trade Department
- Getting written document and paper is strictly prohibited
- Internee is not permitted to use the computer in this branch.
- Project appraisal techniques sometime can not be practiced appropriately due to none availability of information of the said project
- CIB gives a breakthrough in maintaining discipline in appraising a loan proposal. No default client can not get any loan facility from this Bank
- Credit risk is one of the five core areas of the bank. BASIC Bank follows the risk policy guide line as instructed from Bangladesh Bank in different circulars at different times

Recommendations

- § BASIC Bank is one of the top banks in our country. When I was placed in Tanbazar branch I did not have any problem regarding all the service, customer and management
- § Some officer of this problem of this branch is not self-motivated. They should be motivated
- § BASIC Bank has 49 branches which is not enough to satisfy customer in the whole country.
- § The number of service of this bank should be increased so that profit can reach higher
- § The operation performed by this bank almost traditional. They should be computerized.
- § DD takes more time to operate, so time should be minimized
- § Some of the officer do not behave good with the internee. So their mind should be changed so that student feel free to ask questions.
- § The process of opening new account should be simple
- § Team work should be introduced in this branch
- § In the loan and advance department the manager and officer should be more effective so that sanction time decreases
- § As this branch has few client, so their marketing policy should be followed
- § In the foreign trade department the speed of the computer should be increased so that officers can post information to Bangladesh Bank
- § In short term strategy formulation BASIC should focus to eliminate its internal weakness so that It can pursue market opportunity more effectively and in this regard it should employ a turn around oriented strategy.

Conclusions

Banks play a vital role in the economic development of the country. The popularity of banks is increasing day by day which leads to increase competition as well. Currently 52 Banks are operating in Bangladesh. All the Commercial banks are offering almost the same products and services and almost same their operation system. But the ways they provide the services are different from each other. So people choose their Bank according to their satisfaction and need. And they will prefer the bank of which service is easily accessible and understandable. One the other hand, Bank innovate new products and services to attract their desired customers. BASIC Bank Limited is a second generation bank. This bank is committed to provide high quality financial service to contribute to the growth of GDP of the country through stimulating accelerating the place of industrialization, creating employment opportunity for the youth, poverty alleviation, raising standard of living of limited of income group and overall sustainable socio economic development of the country. Working as an intern in BASIC Bank Tanbazar Branch has helped me gain a lot of practical experience of banking. During the internship program at Tanbazar Branch of BASIC Bank Limited I have observed almost all the desk activities of General Banking and Foreign Exchange Department. And I have found that doing the works with own hand and experiencing the work environment actually differ a lot from the theoretical knowledge. One cannot know something completely unless he/she is asked to do the work all by himself/herself. Theory deviates from the practice more or less, really. The officers were very unselfishly generous, polite, friendly in nature and eager to help despite their workload and the working environment was very friendly. During my internship program, I was assigned to identify the problems and prospects of Foreign Exchange department of BASIC Bank by my supervisor and I have tried my best to identify those problems and prospects. I have done an exploratory (qualitative) research with the help of an open ended questionnaire. By asking the foreign exchange customers of the bank I collect some information about their satisfaction against banks services and analysis those information by content analysis method. I

have developed some hypothesis based on those analyses; actually these hypotheses are the findings of my report.

I have done this exploratory research for identify the problems and prospects of Foreign Exchange Department of BASIC Bank; Tanbazar Branch. That means I was assigned for discover the ideas and insight of the problems and prospects of the Foreign Exchange Department. That's why I developed some hypothesis for understand the problems and prospects but do not mention any recommendation. Besides this research I have also done a SWOT analysis of the company which I mention on the organization overview part.

Part: Three

Appended Part

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Appendix:1

Financial Highlights of BASIC Bank Limited

(2008-2012)

(In million Taka)

Sl. No.	Particulars	2008	2009	2010	2011	2012
1	Paid up capital	945.00	1247.40	1309.77	1455.30	1964.65
2	Total assets	29417.09	38773.91	46660.03	45699.56	61569.38
3	Total deposits	24084.65	31947.98	38368.23	34501.69	49259.60
4	Total loan & advances	19000.00	22263.35	27269.13	29261.53	46341.51
5	Credit-Deposit ratio	78.89%	69.69%	71.07%	84.81%	94.08%
6	Profit after tax	554.14	281.96	549.86	648.85	660.93
7	Earning per share(EPS)			37.79	44.59	33.64
8	Total Classified loan	703.00	723.55	1251.21	1412.34	2239.96
9	Total loan-Classified loan ratio	3.70	3.25	4.59	4.83	4.83

Apprndix-2

The branches and their locations are given below:

Main Branch	BanaShilpaBhaban, Motijheel
Dilkusha Branch	13 Dilkusha C/A, Dhaka-1000
Bangshal Branch	230 North South Road, Bangshal, Dhaka
Shantinagar Branch	169/1 Shantinagar Road, Dhaka
Gulshan Branch	112 Gulshan Avenue, Dhaka
Mirpur Branch	Pallabi, Dhaka
Babubazar Branch	Mitford Road, Babubazar, Dhaka
Uttara Branch	Section- 7, Uttara, Dhaka
Moulvibazar Branch	Gulbandhan Market, Maulvibazar
Dhanmondi Branch	Satmasjid Road, Dhanmondi R/A, Dhaka
Karwan Bazar Branch	47 Karwan Bazar, Dhaka-1215
Tanbazar Branch	55/21 Tanbazar, Narayanganj-1400
Narsingdi Branch	Sutapatti Road, Narsingdi- 1600
GazipurChowrasta Branch	Noor Plaza, Gazipur
Agrabad Branch	100 Agrabad C/A, Chittagong- 4100
Khatunganj Branch	193 Khatunganj, Chittagong- 4000
Jubilee Road Branch	5 Jubilee Road, Chittagong- 4000
Sholashahar Branch	Nasirabad, Muradpur, Chittagong
CEPZ Branch	E.P.Z Gate, South Haliashahar, Chittagong- 4100
Asadganj Branch	774, Asadganj, Chittagong- 4000
Dewanhat Branch	4/B D.T Road, Postarpar, Chittagong- 4000
Comilla Branch	156/162 Mohonpur, Comilla- 3500
Zindabazar Branch	5477 East Zindabazar, Shylet- 3100
Chowmuhana Branch	152, Chowmuhana, Moulvibazar- 3200
Barisal Branch	102, Chawkbazar Road, Barisal
Bogra Branch	120, Baragola, Bogra- 5800
Saidpur Branch	T.R. Road, Saidpur 5310, Nilphamari
Rajshahi Branch	Anam Plaza, Shaheb Bazar, Rajshahi- 6100
Sirajganj Branch	305, S.S. Road, Sirajganj
Rangpur Branch	97/1, Central Road, Rangpur- 5400
Khulna Branch	107, Sir Iqbal Road, Khulna- 9100
Jessore Branch	35, M.K. Road, Jessore- 7400

Savar Branch	Savar New Market, Savar, Dhaka
Tungipara Branch	220, Poura Super Market, Tungipara, Gopalganj

Appendix-3

Correspondent Banks:

Bank of Ceylon COLOMBO SRILANKA SWIFT NO.: BCEYLKLX ACCOUNT NO.: 1977950 CCY: LKR	Banque de Commerce et de Placements SA GENEVA SWITZERLAND SWIFT NO.: BPCPCHGG ACCOUNT NO.: 10.601998-0-100-CHF-0 CCY: CHF
Citibank NA MUMBAI INDIA SWIFT NO.: CITIINBX ACCOUNT NO.: 11507018 CCY: ACU	Citibank NA NEW YORK U.S.A. SWIFT NO.: CITIUS33 ACCOUNT NO.: 36022105 CCY: USD
HSBC Bank USA NA NEW YORK U.S.A. SWIFT NO.: MRMDUS33 ACCOUNT NO.: 000144274 CCY: USD	ICICI Bank Limited MUMBAI INDIA SWIFT NO.: ICICINBB ACCOUNT NO.: 000408000002 CCY: ACU
Mashreq Bank PSC MUMBAI INDIA SWIFT NO.: MSHQINBB ACCOUNT NO.: 61049778	Sonali Bank Limited KOLKATA (CALCUTTA) INDIA SWIFT NO.: BSONINCC ACCOUNT NO.: CIO2ACUD07
Sonali Bank Limited KOLKATA (CALCUTTA) INDIA SWIFT NO.: BSONINCC ACCOUNT NO.: C102EUR03 CCY: ACU	Sonali Bank (UK) Limited LONDON U.K. SWIFT NO.: BSONGB2L ACCOUNT NO.: 0100000424700 CCY: GBP

Sonali Bank (UK) Limited LONDON U.K. SWIFT NO.: BSONGB2L ACCOUNT NO.: 0600000424701 CCY: EUR	Standard Chartered Bank FRANKFURT AM MAIN GERMANY SWIFT NO.: SCBLDEFX ACCOUNT NO.: 018105510 CCY: EUR
Standard Chartered Bank MUMBAI INDIA SWIFT NO.: SCBLINBB ACCOUNT NO.: 22205243254 CCY: ACU	Standard Chartered Bank NEW YORK U.S.A. SWIFT NO.: SCBLUS33 ACCOUNT NO.: 3582040650001 CCY: USD
Summit Bank Limited KARACHI PAKISTAN SWIFT NO.: AHRBPKKA ACCOUNT NO.: 1-2-1-20315-931-120524 CCY: ACU	The Bank of Tokyo-Mitsubishi UFJ Ltd LONDON U.K. SWIFT NO.: BOTKGB2L ACCOUNT NO.: 3301GBPDTF027508 CCY: GBP
The Bank of Tokyo-Mitsubishi UFJ Ltd TOKYO JAPAN SWIFT NO.: BOTKJPJT ACCOUNT NO.: 6530410934 CCY: JPY	