



**Daffodil**  
*International*  
**University**

**Internship Report**  
**On**  
**Loan and advance of Sonali Bank Limited.**

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**Date of Submission: 05-08-2018**

## Letter of Transmittal

Date: 29-07-2018

To:

**Nusrat Nargis**

BBA, MBA (Finance)

Assistant Professor

Department of Business Administration,

Faculty of Business & Economics

Daffodil International University

**Subject: Submission of Internship Report.**

**Dear Sir,**

I, Md.Motabberul Islam have the pleasure to submit here with the internship report on “**Loan and advance of Sonali Bank Limited.**”for your evaluation. It is a matter of great pleasure for me to have the opportunity to analyze the report on an analysis of loan and advance activities of **Sonali Bank Limited. Mirpur Shilpa Ealak Branch , Dhaka.** I am grateful to you for allowing me to carry out the report in **Sonali Bank Limited.** for your kind co- operation for preparing this report. The knowledge and experience I have acquired while conducting the study will help me in future.

Sincerely Yours,

-----  
**Md.Motabberul Islam**

ID: 172-14-2471

Program: MBA

Batch: 47<sup>th</sup>

Department of Business Administration,

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Daffodil International University

### **Student's Declaration**

My name is Md.Motabberul Islam bearing ID: 172-14-2471, student of the MBA program of Daffodil International University. I am declaring hereby that, the internship report entitled “**Loan and advance of Sonali Bank Limited.**” is an original. The assigned work is by me for partial fulfillment of my MBA degree and as a part of the academic curriculum. It has not been before for any other degree.

Sincerely Yours,

-----

Md.Motabberul Islam

ID: 172-14-2471

Program: MBA

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Department of Business Administration,

Faculty of Business and Economics

Daffodil International University

### **Letter of Acceptance**

This is to certify that the internship report on “**Loan and advance of Sonali Bank Limited.**” is prepared by Md.Motabberul Islam, Batch: 47<sup>th</sup> , ID:172-14-2471 Program: MBA under my supervision. The data and findings presented in the report seem to be authentic. Now, it has been approved for presentation in the internship defense.

I wish him every success in life.

-----

**Nusrat Nargis**

BBA, MBA (Finance)

Assistant Professor

Department of Business Administration,

Faculty of Business & Economics

Daffodil International University

## **Acknowledgement**

Praise is to almighty Allah who has given me the strength and opportunity to complete this report. This report is the outcome of the contributions and sincere cooperation of different persons. For the fear of sounding like vote of thanks speech, I could not possibly thank all of those marvelous people who have contributed something of them directly or indirectly in preparing this report successfully.

First of all, I would like to thanks Almighty Allah and I express heartfelt gratitude to my honorable supervisor **Nusrat Nargis, BBA, MBA (Finance), Assistant Professor, Department of Business Administration, Faculty of Business & Economics, Daffodil International University** for her valuable supports & guidelines for preparing this report. Without her inspiration and advice it could be very difficult to prepare this report.

I would like to thanks to **Khaled Mohammad Jahangir Manager (Senior Principal Officer)** for providing me guideline from his valuable time, who is the model of generosity and never minds to provide answer of any questions of our own areas of job responsibility.

In spite of sincere and denoted efforts, there might be some mistakes in the report. I take the entire responsibility for such unintended errors and omissions.

**Md.Motabberul Islam**

ID: 172-14-2471

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## **Executive Summary**

Doing internship in financial institution always gives best chances to the students of business faculty to apply their knowledge on practical field. Financial institutions have very wide range of activities in the economy of a country. Banks are the most important one in the financial sector as they play a very crucial role for the economy. Banking business mainly maintains flow of funds from depositors to investors. In doing so, banks need to collect deposit from the depositors and the distribute those as loan to the investors. Besides, banks provide assistance in international trade, money transfer, collection and payment of utility and other bills etc. all of which are fully customer oriented. Therefore, commercial banks are treated as service organization and their business is largely dependent on the quality of services they provide. Hence, the efficiency and success of commercial banks depend entirely open the satisfaction of their clients. So, the key factor of many commercial bank is the customer service provided by them. This report “**Loan and advance of Sonali Bank Limited.**”is the picture of quality services provided by one of the well-known Public bank limited in Bangladesh.

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# **Chapter-01**

## **Introduction**

## 1.1 Introduction:

First of all, I would gladly like to thank the “Department of Business Administration” and Sonali Bank Ltd. for giving the opportunity of having an Internship program and allow me to submit my report based on of Loans and advances management activity of Sonali Bank Limited.

Then, I am grateful to many individuals for the completion of the report successfully. Daffodil International University and Sonali Bank Ltd. Both provided enormous support and guidance for my Internship program worth full. I have gathered an enormous deal of experience while going through the intern period and preparation of this report. I would like to thank to my Internship Supervisor of Daffodil International University **Nusrat Nargis** for her excellent guidance and support during the preparation of the report. A special thanks goes to my Internship Organization Supervisor in Sonali Bank Limited “**Mirpur Shilpo Elaka Branch**” **Khaled Mohammad Jahangir, Manager(SPO)** for providing me support and courage throughout my Internship program and helping me to accumulate necessary information. I also like to extend my gratitude to **Israt Jahan,Senior Officer(Loan Section)**for helping me by giving the valuable information and on behalf of their company and give me time to understand banking concept. Lastly, my heartiest thanks go to others who were involved and helped directly and indirectly in completion of internship and preparing this report. Without them all these wouldn't be made possible.

## **1.2 Scope of the Study**

In my internship report of the Sonali Bank Limited, I have highlighted the Loans and Advances. I have also discussed about classification of loans and advances and who to diversify them and who to manage the recovery system, risk management system, general banking all are focus in my report. Total overviews of the sonali bank. I tried to learning and collected data from this branches manager and other senior officers. Most of all special focus on loans and advances information from the bank.

## **1.3 The objectives of the study are as follows:**

1. To analyze different of loans offer by “Sonali Bank Limited.”
2. Evaluation the landing performance of the bank (Year 2013-2017)
3. To identify problem of the bank regarding landing activities.
4. To provide recommendations about the problems of the bank.

## **1.4 Methodology of the Report:**

From my educational background I have learned different methodology in research process. So in this study I had the opportunity to implicate May educational knowledge in practical field. I have collected data from Secondary sources:

### **Secondary sources:**

- Annual report of Sonali Bank limited.(Year 2013-2017)
- Lecture materials from Sonali Bank Staff College.
- Official Records of Sonali Bank Limited.
- Sonali Bank Staff College data.
- Periodical published by Bangladesh bank.
- Internet is also used as theoretical sources of information.
- Website and newsletters are also used as major sources.

## **1.5 Limitations of the Study:**

To prepare a report on the achieved practical experience in a short duration (only three months) is not an easy task. In preparing this report some problems and limitations have encountered which are as follows:

1. The main constraints of the study are insufficiently of current information, relevant to the study.
2. All required information is not available in any specific branch of the bank and there is also limited opportunity to visit more than one branch.
3. Due to time limitations many of the aspects could not be discussed in the present report.
4. Lack of experience in internship report writing.

# **Chapter-02**

## **Overview of the Sonali Bank Ltd.**

## **2.1 Banking history of Sonali Bank Limited:**

Sonali Bank Established in 1972 with nationalization order-1972(Presidential Order-26). Before independence sonali bank was National bank of Pakistan, Premier Bank and Bank of Bahawalpur. When sonali bank turnover the full state wined institution, then they take huge responsibility for socio-economic schemes and grow up the economic sector with different activities in Bangladesh by monitoring government.

In November 15, 2007 sonali bank limited. Covered to a public limited company with 100% ownership of the government. When sonali bank covered corporatization the management body work effectively for developing banking sector.

Now sonali bank has authorized and paid up capital is Tk 10 billion and Tk 9 billion respectively The bank's reserve funds were Tk 60 million in 1979 and Tk 2.050 billion on 30 June 2000. In 2013, \$250,000 was stolen from the bank by Cyber criminals using the Swift International payments network. In 2016 the Bank signed an Memorandum of Understanding with PayPal.

Sonali Bank Limited is governed by a Board of Directors consisting of 11 (Eleven) members. The Bank is headed by the CEO & Managing Director, who is a well-known Banker and a reputed professional. The corporate head quarter of the bank is located at Motijheel, Dhaka, Bangladesh, and the main commercial center of the capital.

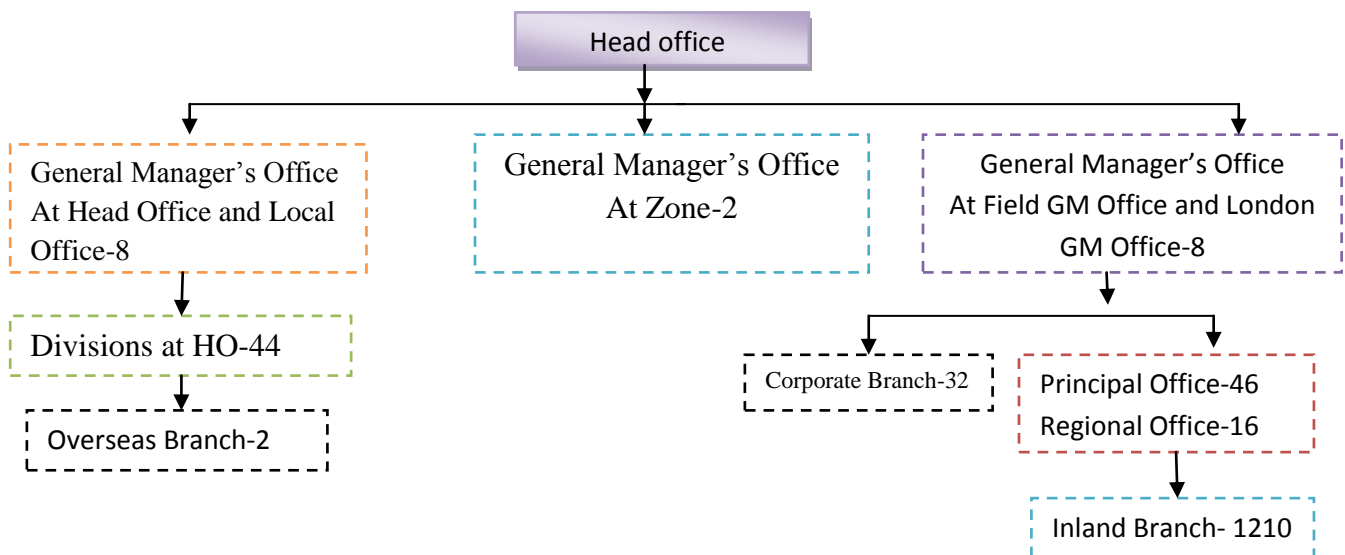
## 2.2 Corporate Profile

Name of the Company	<b>Sonali Bank Limited</b>
Chairman	Mr. Md. Ashraful Moqbul
CEO & Managing Director	Mr. Md. Obayed Ullah Al Masud
Company Secretary	Mr Md. Ataur Rahman
Legal Status	Public Limited Company
Genesis	Emerged as Nationalised Commercial Bank in 1972, following the Bangladesh Bank (Nationalisation) Order No. 1972 (PO No.26 of 1972)
Date of Incorporation	03 June, 2007
Date of Vendor's Agreement	15 November, 2007
Registered Office	35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh
Authorised Capital	Taka 6000.00 Crore
Paid-up Capital	Taka 4130.00 Crore
Number of Employee	18,167
Number of Branches	1212
Phone-PABX	9550426-31, 33, 34, 9552924
FAX	88-02-9561410, 9552007
SWIFT	BSONBDDH
Website	<a href="http://www.sonalibank.com.bd">www.sonalibank.com.bd</a>
E-mail	<a href="mailto:itd@sonalibank.com.bd">itd@sonalibank.com.bd</a>

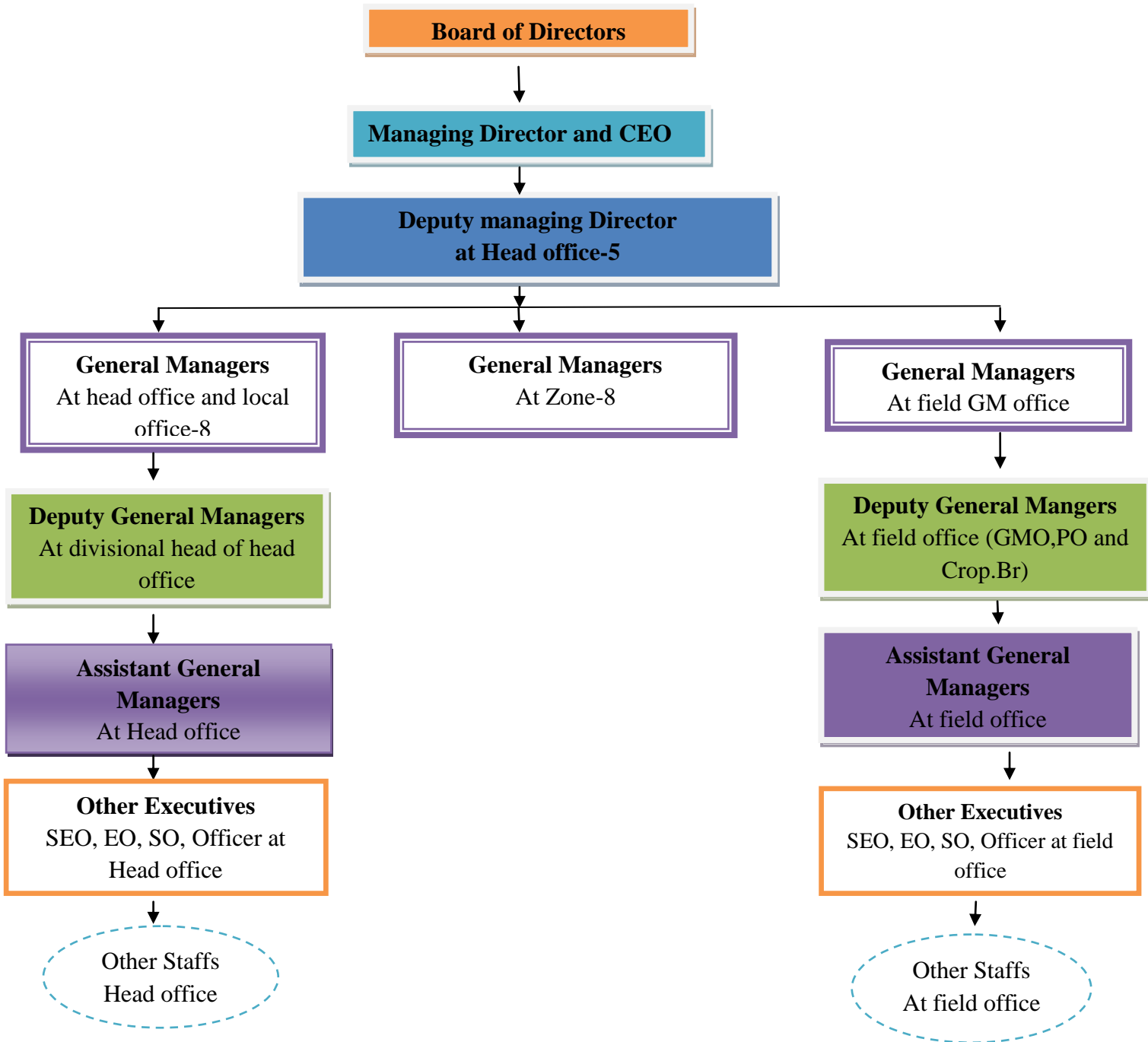


### 2.3 Operational Network:

Sonali Bank has a total of 1212 branches. Out of them, 346 are located in urban areas, 862 in rural areas, and 2 are located overseas. It also operates the Sonali Exchange Company Inc. in USA and Sonali Bank (UK) Ltd., United Kingdom, to facilitate foreign exchange remittances. Sonali Bank UK remits up to 14 destinations across Bangladesh directly, these include Dhaka, Chittagong, Sylhet, Moulvibazar, Beanibazar, Balaganj, Biswanath, Jagannathpur, Sunamganj, Golapganj, Nabigonj, Habigonj, Kulaura or Tajpur. There are currently three branches in the UK, one located in Osborn Street, London, another in Small Heath; Birmingham and in Manchester. The division is headed by the DGMS and the Departments are by AGMS. There are also many sections under every Department in the Head office. Head office consists of 39 Departments. It is note-worthy that during 2003, 37 branches have been closed/ merge for rationalization of the branches within the country. The overall functions of the branches are supervised and monitored by 70 administrative structure comprises Head office in Dhaka.



## 2.4 Management:



## **2.5 Organization:**

Sonali Bank is the largest Nationalized Commercial Bank of the country. It has extended 1212 branches throughout the country and abroad (2 in INDIA to serve the nation). There are two Sonali Exchange Company Incorporated (SECI) in USA and three are in planning stage. Any person should issue their money from USA to BANGLADESH through SECI within twenty-four hours. The Head office of the Bank is located Motijheel Commercial Area, Dhaka which is the controlling Headquarter. It has seven GM offices in six Divisional Headquarters and 46 principal offices and 16 Regional offices. Principal office is headed by D.G.M and Regional office is headed by AGM

The Organizational chart shows the organizational structure and the line and staff management of the Bank There is 41 Divisions and 59 Departments in the head office. Each Division is headed by D.G.M and each Department is headed by AGM. The branches are headed by different grade officers depending on the size and nature of the branch.

The Principal office headquarters has the jurisdiction over the entire area of the district i.e. the Principal office is the local point of the Bank's administrative zone of the district. The Regional offices is situated at the Upazilla level within the District, is under the control and supervision of the Principal office of that District The Regional office is responsible for their activities to the head of the Principal office.

The Regional Heads exercise control and supervision over all the branches within their jurisdictions and keep the head of the Principal office informed of the development of their respective areas from time to time.

## **2.6 Objectives, Mission, Vision:**

### **Objectives:**

The main objectives of the bank are to provide all type of banking services to the door steps of people. The bank participates in various socio-economic development activities and also takes part in implementation of various polities and program made by government. As the largest state owned commercial bank, Sonali Bank Limited has the responsibility to run it as a service-oriented and professional managed leading bank of the country.

### **Vision**

Socially committed leading banking institution with global presence.

### **Mission**

Dedicated to extend a whole range of quality products that support divergent needs of people aiming at enriching their lives, creating value for the stakeholders and contributing towards socio-economic development of the country.

## **Slogan**

Your trusted partner in innovating banking.

### **2.7 Social Activiates:**

Sonali Bank have many social services, some are below here:

- A. Old age allowances.
- B. Widows, divorcees and destitute women allowances.
- C. Freedom Fighters' allowances.
- D. Rehabilitation allowances for acid survival women.
- E. Maternal allowances for poor women.
- F. Disability allowances.

### **2.8 Sale and Purchase:**

Sonali Bank have such as a sale and purchases many other thing, most of them below here;

- I. Savings Certificates.
- II. ICB Unit Certificates.
- III. Prize Bonds.
- IV. Wage Earner's Development Bonds.
- V. US Dollar Premium & Investment Bond.
- VI. Lottery tickets of different Semi-Govt. and Autonomous Bodies.
- VII. Sanchaypatra.
- VIII. Public Service Commission's application form.
- IX. Judicial Service Commission's application form.
- X. Exchange of soiled / torn notes.

### **2.9 Misc. Services:**

- ❖ Bank a/c information of tax payer client according to demand of NBR.
- ❖ Local Governance Support Project.
- ❖ Enlist of Non Government Insurance Company.

### **2.10 Sonali Bank core Businesses**

- ❖ Corporate Banking
- ❖ Project Finance
- ❖ SME Finance
- ❖ Remittance
- ❖ Lease Finance
- ❖ Consumer Credit
- ❖ Trade Finance
- ❖ Loan Syndication
- ❖ Foreign Exchange Dealing
- ❖ International Trade
- ❖ NGO-Linkage Loan

- ❖ Consumer Credit
- ❖ Investment
- ❖ Government Treasury Function
- ❖ Money Market Operation
- ❖ Rural and Micro credit
- ❖ Capital Market Operation
- ❖ Special Small Loan

### **2.11 Digitalization status of Sonali Bank Limited**

There are many kind of digitalization status of sonali Bank Limited,

- (A) Branch Computerization
- (B) Foreign Remittance
- (C) ATM
- (D) Online and SMS Banking

#### **(A) Branch Computerization:**

Now-a-Days Most of the Branch Sonali Bank are computerization, 1205 branch are fully banking activities within Modern Computer.

#### **(B) Foreign Remittance:**

Sonali Bank have a new developing software (RMS+) “Remittance Management System” which are calculating the feature of paying foreign remittance instantly over the counter is being implemented at all branches. This web based software provides digital services to the expatriates through its unique advantage of sending confirmation message to the mobile phone of the remitter/beneficiary.

#### **(C) ATM**

Sonali Bank Limited is a member of Q-Cash Consortium, National Payment Switch Bangladesh (NPSB) and VISA. Customers can enjoy round the clock cash withdrawal facility from 75 own ATM(s) and around 6500+ shared ATM booths across the country. Sonali Bank recently launched Credit Card.

#### **Q-Cash ATM Network:**

- ❖ Sonali Bank Limited has introduced Proprietary Debit & Credit cards.
- ❖ Card holder can easily pay utility bills like- Water, Telephone, Gas etc.
- ❖ It is easy to remit funds among the participating branches of the Bank.
- ❖ 24 hours Transactions is available.
- ❖ It is a risk less Cash Carrying facility.
- ❖ Cashless purchase can be made from specific Point of Sales (POS).
- ❖ Only designed Branches of Bangladesh deal Q-Cash cards.
- ❖ Branches of District and Upazilla level will introduce Sonali Bank Q-Cash card within shortest possible time.

**(D)Online and SMS Banking:**

1. At present 1204 Branches of sonali banks are included in the online Any Branch Banking(ABB) network.
2. Now, 818 Branches are under the SMS Banking services.
3. 1203 Branches are now in automation network within 1207 branches at home.
4. Total Number of CBS running branch is 818 and all CBS branches support SMS Banking.
5. The bank is seriously working on connecting all Braches in the real time online Banking network gradually.
6. Branches having ABB facility are also rendering SMS banking services.
7. RTGS enabled branches no is 19.

# **Chapter-03**

## **Classification and Disbursement of Loans and Advances**

### **3.1 Introduction:**

This is the survival unit of the bank because until and unless the success of this section the survival is a question to every bank. This is important because this is the earning unit of the bank. Bank credit is an important catalyst for bringing about economic development in a country. If this section is not properly works the bank may become bankrupt. No growth of maintenance of a stable economy is possible without adequate financial supporting banks are accepting deposits from the depositors in condition of providing interest to them as well as safe keeping their interest. Now the question may gradually arise how the bank will provide interest to the clients and the simple answer is – advance. Why the bank does provides advances to the borrowers.

1. To earn interest from the borrowers and give the deposits interest back.
2. To accelerate economic development by providing different industrial as well as agricultural advances.
3. To create employment by providing industrial loans.
4. To pay the employees as well as meeting the interest groups.

Credit is continuous process. Recovery of one credit gives rise to another credit. In this process of revolving of funds, bank earns income in the form of interest. A bank can invest its funds in many ways. Bank makes loans and advances to traders, businessmen, and industrialists. Moreover nature of credit may differ in terms of security requirement, disbursement provision, terms and conditions etc.



### 3.2 Classifications of Loans & advances:

Sonali bank offers following types of loans and advances;

- a. Secured Overdraft (SOD)
- b. Cash – Credit (CC)
- c. Mid- term loan
- d. Demand loan
- e. Small loan
- f. Personal loan
- g. Industrial loan
- h. Bills purchased & discounted
- i. Staff loan.
- j. House building loan
- k. Transport loan

### 3.3 Secured Overdraft (SOD):

Secured overdraft is a continuous advanced facility. Under this facility, customers are allowed to overdraw from his current account up to his credit limits sanctioned by the bank. The interest is charged on the amount withdrawn from the account only, not on the sanctioned amount. Sonali bank sanctioned SOD against different security. Based on different types of security, we can divide SOD in the following categories-

**SOD (General):** This type of over draft is allowed to the individuals against. Financial obligations i.e. lien of FDR or defense savings certificate, ICB unit certificate etc.

**SOD (Others):** This type of over drafts is allowed against assignment of advance is generally allowed for a specific purpose. It is not a continuous loan.

**SOD (Export):** This type of over draft is allowed to purchasing foreign currency to make payment against L/Cs where the exporter cannot materialize before the date of import payment.

### **Procedure of Sanctioning SOD:**

1. The party should have a fixed deposit account with the branch.
2. The party will submit application to the concerned officer in the prescribed form with account Statement.
3. The borrower will get 80% loan against his deposit.
4. The expiry limit of the loan is one year.
5. The interest rate will be 3% more than the interest of their deposit a/c.

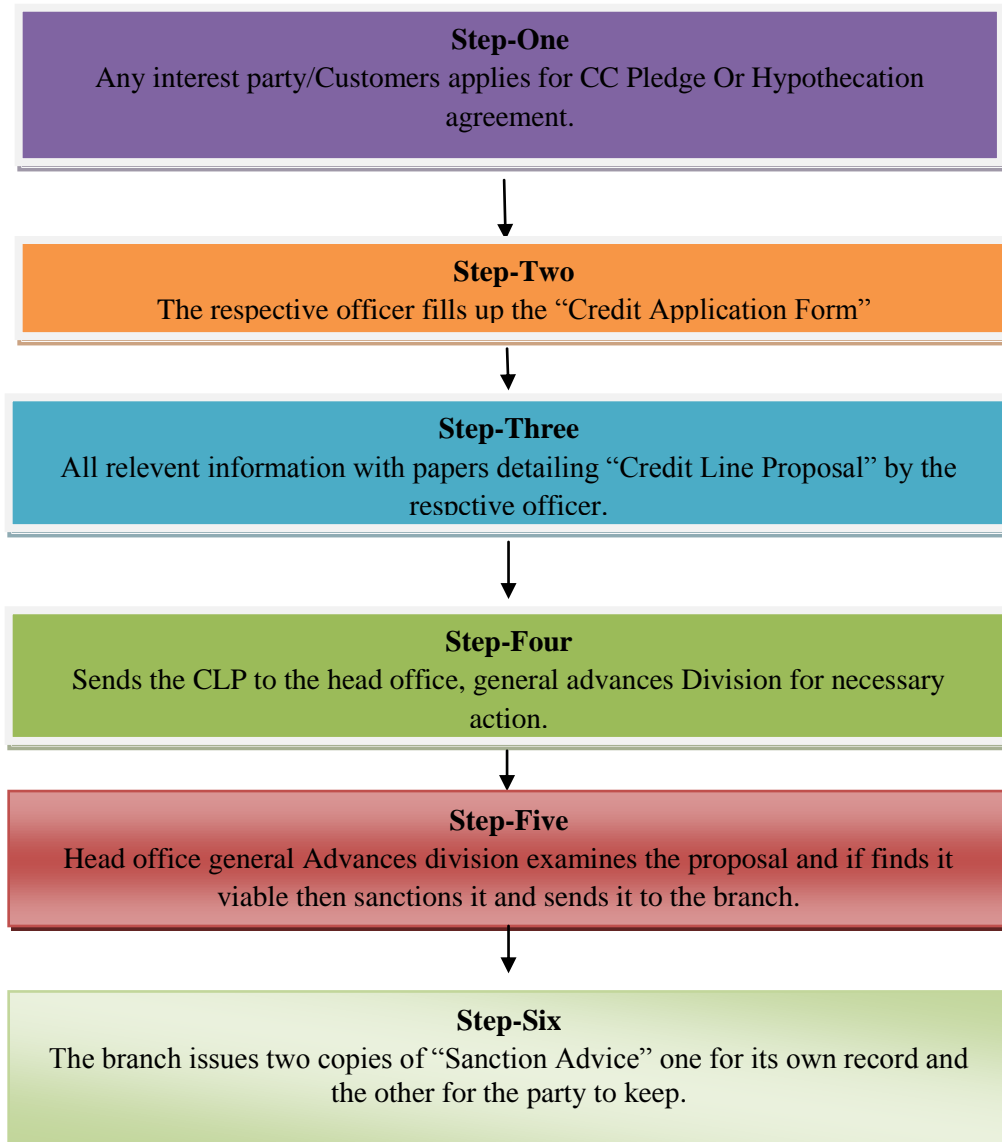
### **3.4 Cash Credit (CC):**

Cash Credit (CC) is an arrangement by which a banker allows his customer to borrow money up to a certain limit for meeting the working capital requirements of existing industries. It is operated like overdraft account. The borrower withdraws cash from his/her CC account and depositing money, he can adjust his loan account Sonali Bank charges interest on the daily balance basis in the account. Depending on charging security there are two forms of cash credit;

**Cash credit (Hypothecation):** Hypothecation is a legal transaction whereby goods are made available to the lending banker as security for a debt without transferring possession of goods. Since the goods always remain in the physical possession of the borrower, there is much risk to the bank. So, in sanctioning CC, additional security (Collateral) is obtained.

**Cash Credit (pledge):** Pledge is the bailment of goods as security for payment of a debt or performance of a promise. In a contract of pledge, the borrower (pledge) must deliver the goods pledged to the pledge (Pawnee) either actually or constructively.

## We can show the processes of opening CC A/c:



After sanctioning cash credit, the customer is to prepared documents required charge documents. Thereafter, the banker issues a cheque-book for withdrawing cash from the account. The customer can withdraw cash from the account the sanctioned amount.

**The charge documents required for opening a CC account are as follows-**

- ❖ Demand promissory Note (DP note)
- ❖ DP note delivery letter
- ❖ Revival Letter
- ❖ Original deed of the property
- ❖ Duplicate carbon recite and mutation
- ❖ Clearance of land tax
- ❖ Mortgage deed
- ❖ Power of attorney
- ❖ Balance confirmation
- ❖ Agreement of cash credit hypothecation of goods.

### **3.5 Mid-term loan:**

Sonali Bank Considering the capital structure, constitution and liquidity requirement, sonali bank allows short-term loans:

- ❖ Sanctioned the Mid- Term loans provide by sonali bank for the period more then 1 year and up to 5 years.
- ❖ Sometimes agricultural sector loans sanctioned 6 to 12 months for secondly activities.

### **3.6 Demand loan:**

- ❖ This is the fixed type of lending in its original form. The entire amount is paid to the debtor at one time, either in cash or by transfer to his saving account.
- ❖ On subsequent debit is ordinarily allowed except by way of interest, incidental charges, insurance premium, expense incurred for the protection of security etc.
- ❖ A separate ledger id used for the maintenance of this account and as no subsequent withdrawal is allowed, no cheque is issued into this account.

### **3.7 Small loans:**

Sonali Bank referred small loans allowed to small traders; cottage industries, small- scale industries and self employed persons.

- ❖ The maximum ceiling for this loan is at present is tk.5000.00 for small traders and self employed persons, tk.2, 00,000.00 for cottage industries and small-scale industries.

### **3.8 Staff Loan:**

- ❖ Staffs of sonali Bank are provided with ‘Staff Loans’ for buying motorcycles and computer.
- ❖ Bank provides this advance facility under installment system.
- ❖ The amount of loan is recovered from their monthly salary.

### **3.9 Staff House building loans:**

- ❖ Staffs of sonali Bank are provided with ‘Staff Loans’ for buying land and flats.
- ❖ Bank provides this advance facility under installment system.
- ❖ The amount of loan is recovered from their monthly salary.

### **3.10 House building loans(General):**

Sonali bank provides long term advances for building residential house. Advances for construction of residential houses against real estate's as primary securities as allowed by banks.:

- ❖ The rate of interest for "house Building Loans" is 13% per annum and maximum repayment period is 12 years.
- ❖ In such cases, parties have to pay total amount by monthly installment within 15 years.

### **3.11 Purchase & discount of bills:**

- ❖ Sonali bank normally purchase demand bills of exchange that are called "Drafts" accompanied by documents of title to goods such as Bill of Lading, Railway or Truck receipt.
- ❖ It is a special kind of advance. Sonali bank purchases "Bills of Exchange" that would be matured after a certain period and not payable on demand or sight.
- ❖ This is termed as discounting a bill and the charge recovered by Bank for this is called "Discount".

### **3.12 Personal loans:**

- ❖ The main purpose of the scheme is to improve life standard of the consumers by providing them loans for purchasing house hold items, for example, computer, television, freeze, motor car & cycle, air- condition & cooler, furniture etc.
- ❖ Various commercial banks offering various types of loans to the consumer so that they can enjoy these innovations and fixed a very easy installment process to repay that money.

Sonali Bank is offering loan calling Consumer Credit scheme in various types of goods.

### **3.13 Lending of Principles:**

Liquidity, profitability and security is relative to each other in sonali bank. So follows the following principles of sound lending:

#### **Liquidity:**

Liquidity is the power of any bank to overcome insolvencies, so liquidity is ability to security, those can makeup easily covered cash and liquidity. When an organization choose sonali bank for huge amount so this particular branches need to insure this needed, that is liquidity power of this bank, if they fall in case the collect the cash from other bank which is called liquidity.

#### **Diversity:**

Sonali bank not only investment in country outside the country different type of investment for different security, so I said that sonali bank make content “Don’t put all the eggs in a basket.”

#### **Yield:**

Sonali Bank many time survive and developing own systematic. Each year sonali bank making profit or loss. In banking word sonali bank some considering sufficient yield or return while financing a project.

People think that loan and advances are alternatives each other. But credit department not only advances system they provide and management the loan. Some time advanced not recover the need then loan amount recovered position.

Sonali Bank strictly follows some thing:

- ❖ Types of advances provide by the branch
- ❖ Types of security charged and their valuation
- ❖ Procedures of loan appraisal
- ❖ Documentation
- ❖ Classification of loan
- ❖ Analysis of secondary data
- ❖ Follow up and reporting.

#### **Safety:**

Which person take loan ,those loan must be paid full this kind of surety by the guarantors, if fail any barrower not fill the payment then what about this mortgage and who to recovery them all are trams and condition are present here. Sonali Bank some rules for that:

- ❖ The security offered by the borrower;
- ❖ The repaying capacity and willingness of the debtor to repay the loan with interest.

### **3.14 Bank Guarantee:**

If any customer failed to meet their agreement, when this person or organization payment against this, that payment is the called Bank Guarantee.

In banking word, the person who gives the guarantee is called the 'surety'. The person in respect of whose default the guarantee is given is called 'the principal debtor' and the person to whom the guarantee is given is called the 'creditor'. In case of bank guarantee, the bank is 'surety' and customer is 'principal debtor'.

There are many kinds of liability for the certain event such as:-

- ❖ Bid bond Guarantee
- ❖ Earnest money Guarantee
- ❖ Advanced payment money Guarantee
- ❖ Counter Guarantee
- ❖ Security Guarantee

#### **Bid bond Guarantee:**

A bid bond guarantee is a guaranty from third party such as any bank, insurance and financial institution submitted to principal by a contractor with a bid.

#### **Earnest money Bid bond Guarantee:**

If the bidder fails to perform the contractual job, In case of a performance guarantee the banker commits that it will pay a certain sum of money.

#### **APG (Advanced payment guarantee):**

This system called work order, when a person or organization take advanced before. Example: Bangladesh Government take loan from world bank for making jomuna bridge, and payment system was monthly a percent amount submitted when work finished, and Bank payment must be depend on working process, that time only Bangladesh Government insure the loan amount that is called by APG.

#### **Counter Guarantee:**

This one kind of importance guarantee is issued another Bank's guarantee.

#### **Security guarantee:**

This system is implied for when security is needed.

### **3.15 Formal procedure of guarantee:**

Sonali Bank guarantee is a contractual relationship between the account (Client) and the beneficiary. For issuing bank Guarantee, a customer has to apply to Sonali Bank in his or her own pad. Normally the bank prepares the format of the guarantee. A guarantee issue Register is maintained to record following information about Guarantee:

- ❖ Name of the customer.
- ❖ Account no.
- ❖ Guarantee no.
- ❖ Issuing date.
- ❖ Date of approval.
- ❖ Beneficiary of the guarantee.
- ❖ Amount of guarantee.
- ❖ Margin (percent and amount).
- ❖ Commission.
- ❖ Date of Expiry.

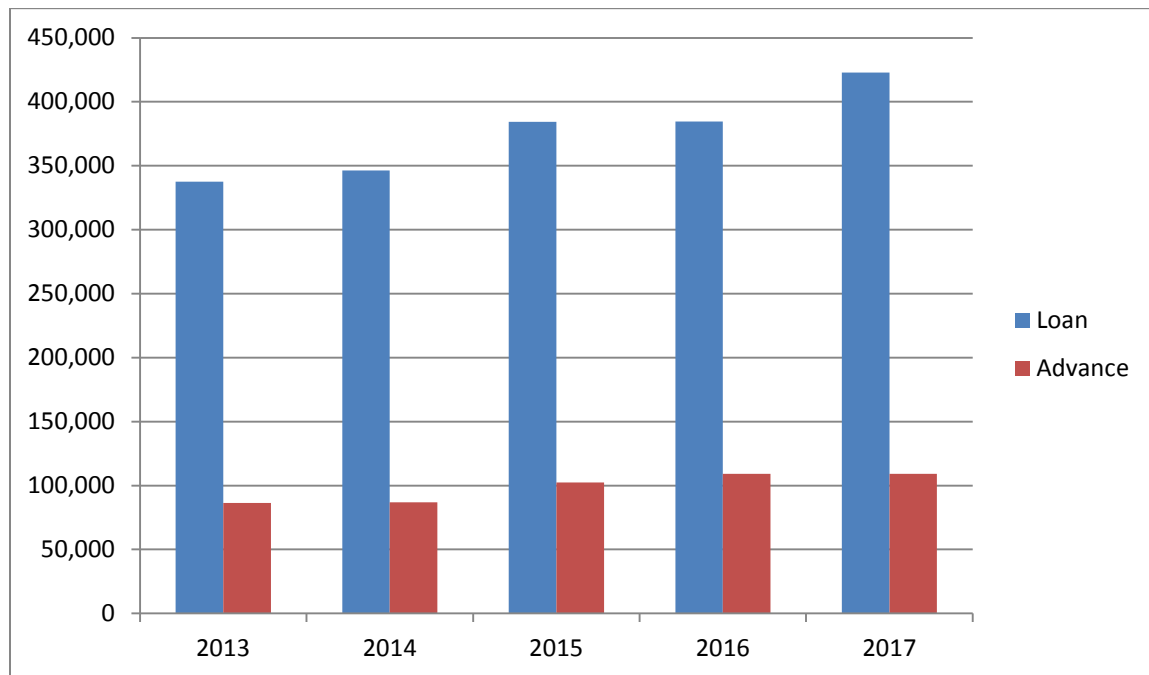


### 3.16 Analyze Loan and advance:

**Table: Classified Loan and Advances ( Tk in Million )**

Particulars	2013	2014	2015	2016	2017
Loan	337,554	346,346	384,315	384,538	423,768
Advance	86,437	86,850	102,475	109,115	111,637

**Graphical Presentation of Classified loans (Tk in Million)**



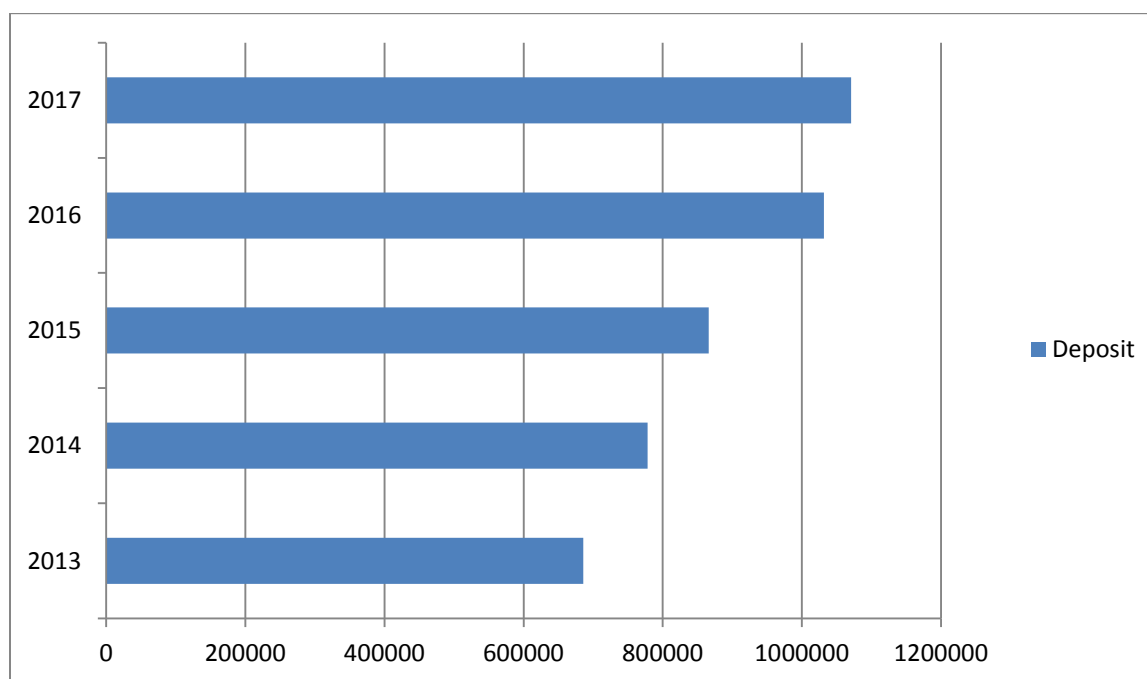
**3.17 Table: Deposit of Sonali Bnak Limited**

**(Tk in Million)**

<b>Deposit</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Amount	685895	778043	866012	1031608	1070611

**Graphical Presentation of Deposit of Sonali Bnak Limited**

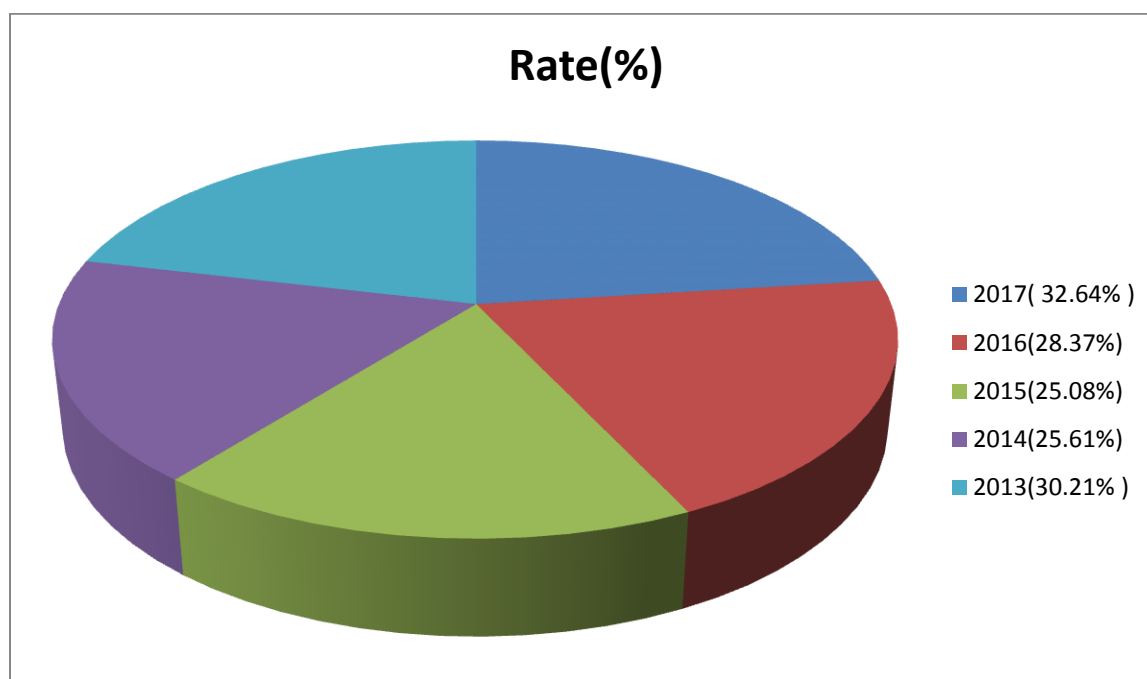
**(Tk in Million)**



**3.18 Table: Rate of Classified Loan in Sonali Bank Limited.**

Loan Year	2017	2016	2015	2014	2013
Rate	32.64%	28.37%	25.08%	25.61%	30.21%

Graphical Presentation Rate of Classified Loan



### **3.19 Loans and advances and its provision:**

Loans and advances are stated at gross amount. General Provisions on unclassified loans and Off-Balance sheet Items, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision is made on the basis of quarter end against classified loans and advances review by the management and instruction contained in **BRPD Circular no.14 dated 23 September 2012 BRPD circular no.19 dated 27 December 2012, BRPD circular no 05 dated 29 May 2013, BRPD circular no.08 dated 02 August 2015 and BRPD circular no.01 February 2018.**

### **3.20 Interest on loans and advances:**

- i. Interest is calculated on unclassified loans and advances and recognized as income during the year;
- ii. Interest calculated on classified loans and advances as per Bangladesh Bank Circulars is kept in interest suspense account and credited to income on realization;
- iii. Interest is calculated on daily product basis but debited to the party's loan account quarterly. No interest is charged on loans and advances which are classified as bad and loss;
- iv. Total balance of loans and advances as on 31 December 2017 includes bad/loss loan Taka 121,308.90 million on which the Bank did not accrue any interest because of deterioration of quality of loans and advances determined by the management and on the basis of instructions contained in Bangladesh Bank Circulars as mentioned in Note 2.16.03 of this financial statement; and
- v. Interest suspense and penal interest, if any, calculated on classified loans and advances are taken into income in the of its receipt from the defaulting borrowers.

### **3.21 Provision for loans and advances:**

Provision for loans and advances are made on quarter basis as well as year-end review by management following instructions contained in BRPD circulars issued by Bangladesh Bank. General Provision on unclassified loans and advances and specific provision on classified loans and advances are given below;

### 3.22 Table: Rate of provision:

Particulars		Short term agri-credit	Consumer Financing			SMEF	Loan to Bhs/MBs/SDs	All other credit
			Other then HF and LP	HF	LP			
Unclassified	Standard	1.00%	5%	1%	2%	0.25%	2%	1%
	SMA	0%	5%	1%	2%	0.25%	2%	*1%
Classified	SS	5%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%
	BL	100%	100%	100%	100%	100%	100%	100%

\*In line with BRPD circular ni.04 date 29 January 2015, provision for restructured loan is calculated@2%

#### **Presentation of loans and advances:**

Loans and advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the statement of financial position.

#### **Write off loans and advances:**

Loans and advances /investments are written off as per guideline of Bangladesh Bank. These written off however will not undermine/ affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

### 3.23 Securities against Loan:

**Project loan:** Land and building are taken as security in the form of mortgage and plant and machinery are taken in the form of hypothecation.

**Working capital and trading loan:** Goods are taken as security in the form of pledge and also goods are taken as security in the form of hypothecation along with land and building as mortgage in the form of collateral security.

**House building loan:** Land and building are taken as security in the form of mortgage.

**Overdraft:** FDRs are taken in pledge. The balance in DPS/JBSPS/SDPD A/C's is taken "lien"

**Public sector Loan:** In most cases Govt. Guarantee is taken and no security is taken for government loan and Groups loans in agriculture sector.

### 3.24 Table: Loans and advances are repayable:

(Tk in Millions )

Particulars	2017	2016	2015	2014	2013
Repayable on demand	31,186	16,032	21,851	47,393	19,595
Not more than 3 months	2,793	11,753	4,691	3,610	28,510
More than 3 months but not more then 1 year	163,071	153,333	11,392	10,305	71,271
More than 1 year but not more then 5 years	89,917	98,683	143,808	132,207	51,377
More than 5 years	126,886	97,589	166,700	146,248	101,501
<b>Total</b>	<b>413,854</b>	<b>377,392</b>	<b>348,444</b>	<b>339,766</b>	<b>272,565</b>

### 3.25 Loan and Advances (In and outside Bangladesh) including bills purchased and discounted;

Table: Loan and Advances (In and outside Bangladesh) including bills purchased and discounted;

Particulars	2017	2016	2015	2014	2013
In Bangladesh	423,162	384,777	348,122	337,861	314,565
Outside Bangladesh	2,114	1,875	321	292	155
<b>Total</b>	<b>425,276</b>	<b>386,652</b>	<b>248,444</b>	<b>338,153</b>	<b>314,721</b>

### 3.26 Head-wise loans, Cash Credits and Overdrafts:

Table: Head-wise loans, Cash Credits and Overdrafts

**Inside Bangladesh:**

(tk in millions)

Loans	2017	2016	2015	2014	2013
Demand Loan	335,910	3,184,326	3,258,929	3,060,699	2,253,908
Small Loan	388,983	229,661	210,801	418,183	311,152
House Building(General)	583,960	769,746	644,454	685,757	857,499
Staff Loan	61,087,913	57,822,153	51,484,263	48,217,872	40,462,008
Special small loan program	175,030	205,336	439,495	635,529	469,860
Loan under S.B Industrial scheme(project)	37,568,156	33,328,225	33,632,269	31,176,311	33,813,575
Loan under external credit program	90,352	201,048	89,945	95,848	690,378
Working capital to industries(Hypo)	30,876,940	29,282,244	26,291,087	22,238,509	24,160,261
Working capital to industries(pledge)	2,680,461	2,318,270	1,576,573	2,151,164	3,099,489
Sonali credit	115,330	115,207	40,822	39,020	19,611
Loan under 'SB agro based industrial Cr.Scheme	13,607,188	11,118,091	9,869,763	8,666,908	8,169,874
Working Capital to Agro based Ind(Hypo)	9,635,483	11,695,180	11,021,388	10,697,410	9,543,713
Working Capital to Agro based Ind(Pledge)	7,605,375	6,721,067	6,631,705	6,283,475	6,060,237
Agricultural loan	44,620,102	41,809,811	39,039,795	34,920,801	33,530,772
Micro Credit(SFLScheme plus RSTL Scheme)	12,181,814	12,218,417	11,913,590	11,352,823	10,999,319
Laon under Imported Merchandies(LIM)	2,307,322	2,022,337	2,004,801	2,039,690	1,788,824
Loan against Trust Receipt	35,536,818	28,250,019	32,288,959	37,570,510	48,530,300
Forced loan against Back to Back L/C	24,565,140	24,415,834	24,786,406	23,953,745	21,949,768
Loan for L/C under WES	136,339	136,339	136	87,349	602
Loan against inland Bills	809,756	3,484,459	1,689,171	1,737,528	2,026,770

Current account Barter(Debit Balabce)	932,606	932,606	932,606	932,606	932,606
Bridge Finance	2,808,525	2,624,494	3,013,486	2,807,331	2,457,248
Small Business Loan	1,460,416	1,152,154	959,176	781,985	--
Lease Finance	94,466	148,918	123,452	117,232	771,750
Persoanl loan	36,176,764	22,891,647	23,369	--	113,785
Term loan to freedom fighter	10,934,082	9,288,747	9,176,220	6,229,930	5,780,775
Educational Loan	24,260	201,812	74,205	83,039	98,453
Foreign Education Loan Program	932	8,097	18,525	27,025	14,410
SME Finance(Term Loan to Service)	572,526	576,537	2,068	2,858	2,438
SME Finance(Term loan Indutries )	338,909	280,495	711,389	539,151	615,956
SME Finance(working capital to Ind.Ser.Tre)	18,270,066	16,305,651	13,570,714	11,039,632	10,008,512
Special Loan-Advance rent(Interest Bearing)	64,254	--	320,729	409,375	75,710
Term Loan to Bank & NBFIs	1,500,00	89,654	--	--	75,710
<b>Total</b>	<b>357,949,955</b>	<b>323,602,739</b>	<b>285,849,336</b>	<b>269,073,312</b>	<b>268,833,531</b>

**Outside Bangladesh:**

**(Tk in Millions)**

<b>Loan</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Demand Loan	40,518	37,933	20,886	18,521	9,944
Small Loan	--	--	--	--	54
House Building Loan	26,388	24,852	17,183	9,628	9,978
<b>Total Loans</b>	<b>66,906</b>	<b>62,786</b>	<b>38,070</b>	<b>29,774</b>	<b>19,977</b>

During the year 2017,2016,2015,2014 and 2013, there are large amount of outstanding and classified loans, to which loans and advances sanctioned more than 10% of total capital of the bank:



### 3.27 Summary of Group Borrower and Single Borrower are show below:

Table: Summary of Group Borrower and Single Borrower are show below.

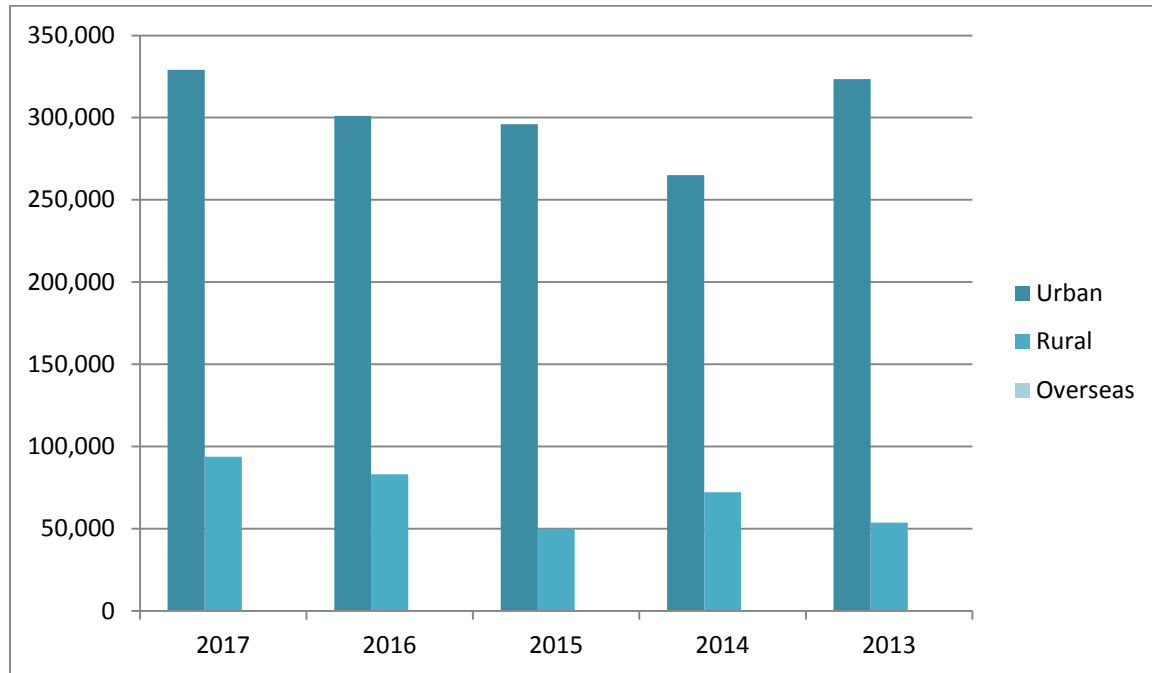
(Taka in Millions)

Name of the Borrower	Outstanding amount				
	2017	2016	2015	2014	2013
Beximco Group	13,317	13,431	14,842	1,410	1,331
Hall Mark Group	25,066	25,085	20,902	1,342,96	2,552
T& Brothers Group	7,089	6,991	6,900	--	683
Thermex Group	7,875	9,228	7,387	--	476
Biman Bangladesh Air Lines	4,934	--	--	--	--
Bangladesh Petroleum Corporation	6,623	--	--	6,370	385
Rural Electrification Board	10,688	5,154	7,053	--	2,175
Bangladesh Sugar and Food Ind. Cor. Bafic	12,616	11,730	10,650	930,26	799
Directorate General Defense Purchase	13,088	48,459	56,387	--	--
Bangladesh Chemical Industries Corp	15,923	10,833	23,766	1,711,49	3,168
B.A.D.C	16,284	10883	13,139	1,009,49	834
Director General of Food	21,648	--	--	--	645
Bangladesh Power Development Board	43,490	43,490	43,257	--	2,511
Bangladesh Atomic Energy Commission	--	9,199	30,016	--	--
North-West Power Generation Company Ltd.	--	5,179	15,000	--	--
RSRM Group	--	--	4,614	--	--
Max Spinning Mills	--	--	--	525,60	526
Anwar Spinning Mills	--	--	--	474,50	475
BAPEX	--	--	--	--	548
Total	198,647	199,668	253,917	8,041	17,997

### 3.28 Table: Geographical Area-wise Loans and Advances,

(Taka in Millions)

Particulars	No. of Branches	2017	2016	2015	2014	2013
Urban	743	329,001	301,133	295,974	265,069	323,478
Rural	466	93,766	83,181	50,050	72,193	53,751
Overseas	2	450	222	32	292	276
<b>Total</b>	<b>1211</b>	<b>423,218</b>	<b>384,538</b>	<b>346,346</b>	<b>337,554</b>	<b>343,450</b>



**3.29 Table: In Bangladesh and outside Bangladesh GM's office and district wise Loans and advances:**

(Taka in Millions)

Particulars	No. of Branches	2017	2016	2015	2014	2013
Dhaka-1	119	184,247	158,504	145,996	154,303	212,829
Dhaka-2	96	42,813	41,919	47,916	42,920	
Barisal	75	6,885	9,210	7,298	6,737	14,856
Chittagong	107	24,402	21,539	19,480	19,380	10,568
Comilla	136	12,802	15,412	12,395	11,534	21,399
Faridpur	105	12,483	14,727	12,564	11,262	10,456
Khulna	123	43,703	37,967	33,032	30,022	15,964
Mymensing	114	24,684	22,187	17,776	16,340	27,681
Rajshahi	142	29,304	25,772	20,564	18,503	3,782
Rangpur	113	34,908	31,407	24,520	22,131	5,886
Sylhet	79	6,531	5,666	4,479	4,126	19,778
Kolkata & Siliguri	2	450	222	321	292	246
<b>Total</b>	<b>1211</b>	<b>423,218</b>	<b>385,538</b>	<b>346,025</b>	<b>337,262</b>	<b>343,450</b>

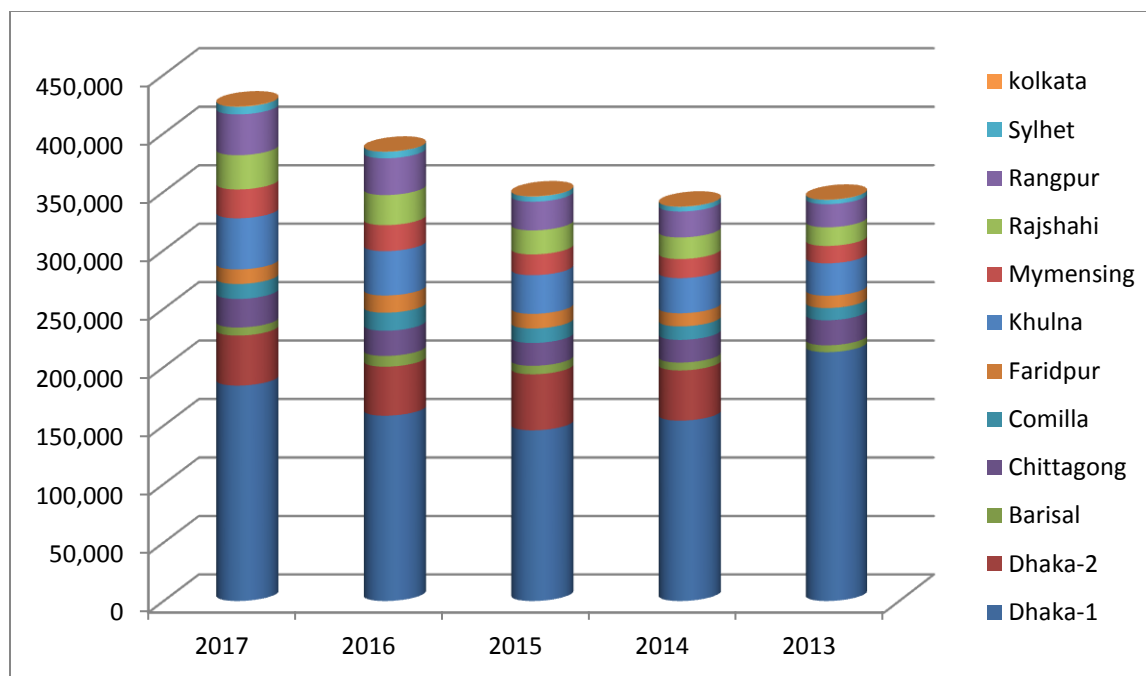


Figure: In Bangladesh and outside Bangladesh GM's office and district wise Loans and advances.

### 3.30 Sector wise Loans and Advances:

Table: Sector wise Loans and Advances,(Taka in Millions)

Particulars	2017	2016	2015	2014	2013
Government	5,557	2,957	4,257	2,894	3,958
Other Public(Semi-Government)	63,926	54,555	52,410	61,203	40,025
Private	353,284	326,802	289,357	273,164	258,931
Overseas Branches	450	222	321	292	252
<b>Total</b>	<b>423,218</b>	<b>384,538</b>	<b>346,346</b>	<b>337,534</b>	<b>321,549</b>

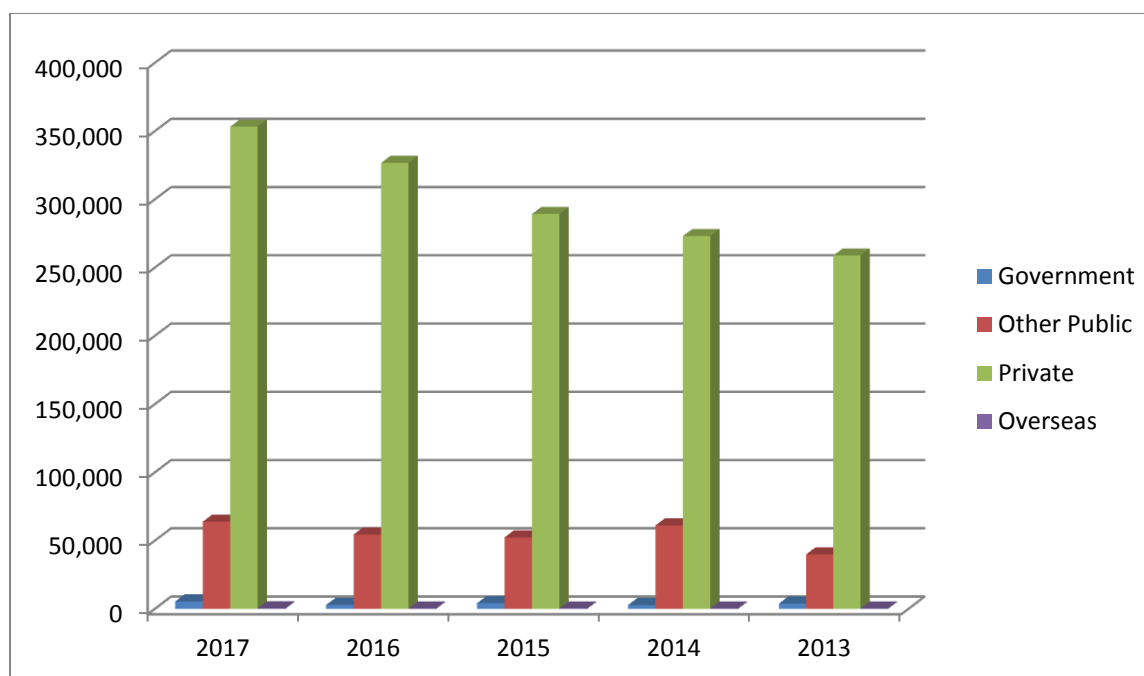


Figure: Sector wise Loans and Advances

### 3.31 Industry-Wise Segment of Loans and Advances:

Table: Industry-Wise Segment of Loans and Advances, (Tk in Millions)

Particulars	2017	2016	2015	2014	2013
Govt.of BD Food(Salt+Rice)	1,435	1,437	1,405	1,405	1,276
Barter Accounts	932	932	932	932	932
Sugar mill	20,742	30,705	--	206	--
Food Procurement	1,628	587	22,000	349	1,734
Mohinagonj Govt.food collect bill	34,764	23,849	--	2,894	--
Rural Credit and Agri.Loan	34,804	34,744	34,097	32,211	28,965
Trading	50,917	52,428	43,995	38,478	31,239
Foreign Exchange(LTR/LIMP/PAD/FBPN,et c)	10,878	13,880	11,365	14,433	10,770
Garments(Force loan,PCC, etc)	37,349	35,906	34,693	30,454	29,972

Textile	33,307	33,841	32,598	36,215	33,109
Fish Processing	3,694	4,114	4,330	5,038	4,507
Cold storage	3,382	2,987	2,327	2,119	1,056
House Building(General)	471	326	408	400	350
Jute	8,607	8,498	6,953	6,450	5,870
Cement	67	138	121	47	59
Tannery	1,950	690	707	970	890
Bricks & Tiles	753	831	693	651	512
Engineering	1,189	1,099	929	190	143
Cottage Industries	141	68	451	585	98
Food Staff	6,402	3,520	4,992	5,917	3,211
Pharma(Chemical/Plastic)	719	624	750	1,395	880
Iron & Steel	7,969	6,351	6,097	5,944	5,671
Tobacco & Beverage	2	1	1	178	1
Paper Products/ Printing Packaging	3,865	2,885	3,965	3,939	2,254
Glass & Ceramic	1,971	1,753	2,086	2,775	1,658
Aluminum & other Metals	135	139	163	167	129
Others	155,133	122,191	154,406	145,412	139,765
<b>Total</b>	<b>423,218</b>	<b>384,538</b>	<b>348,444</b>	<b>339,766</b>	<b>301,329</b>

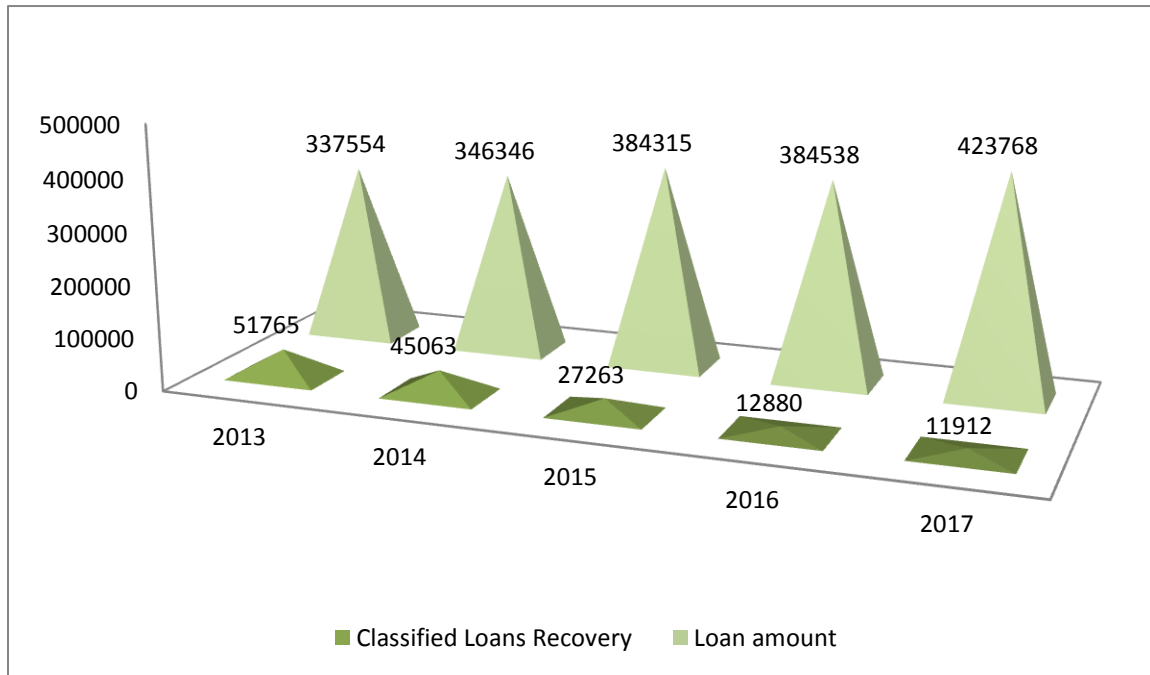
# **Chapter-4**

## **Recovery of Loans and Advances**

**4.1 Table: Classified loan and advances recovery.**

Particulars	2013	2014	2015	2016	2017
Loan	337554	346346	384315	384538	423768
<b>Loan Recovery</b>	<b>51765</b>	<b>45063</b>	<b>27263</b>	<b>12880</b>	<b>11912</b>
Advances	86437	86850	102475	109115	111637
<b>Advances Recovery</b>	<b>51862</b>	<b>56452</b>	<b>71732</b>	<b>81836</b>	<b>75913</b>

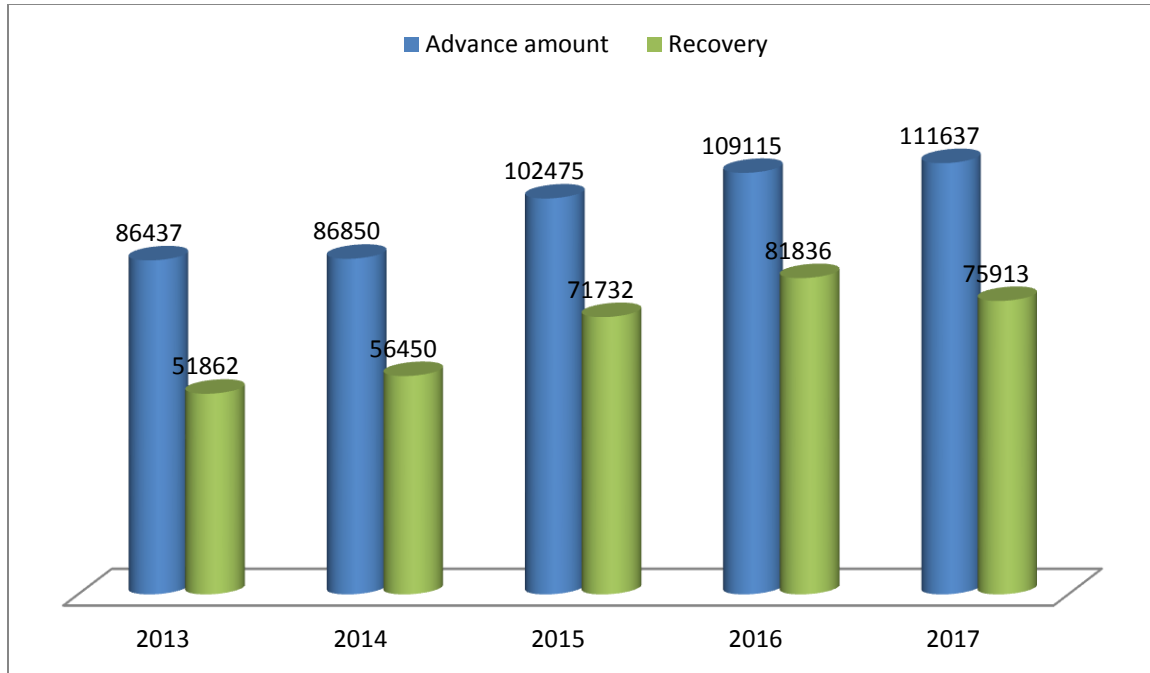
**Graphical Presentation of Classified loans Recovery (Tk in Million)**





**Graphical Presentation of Classified Advances Recovery**

**(Tk in Million)**

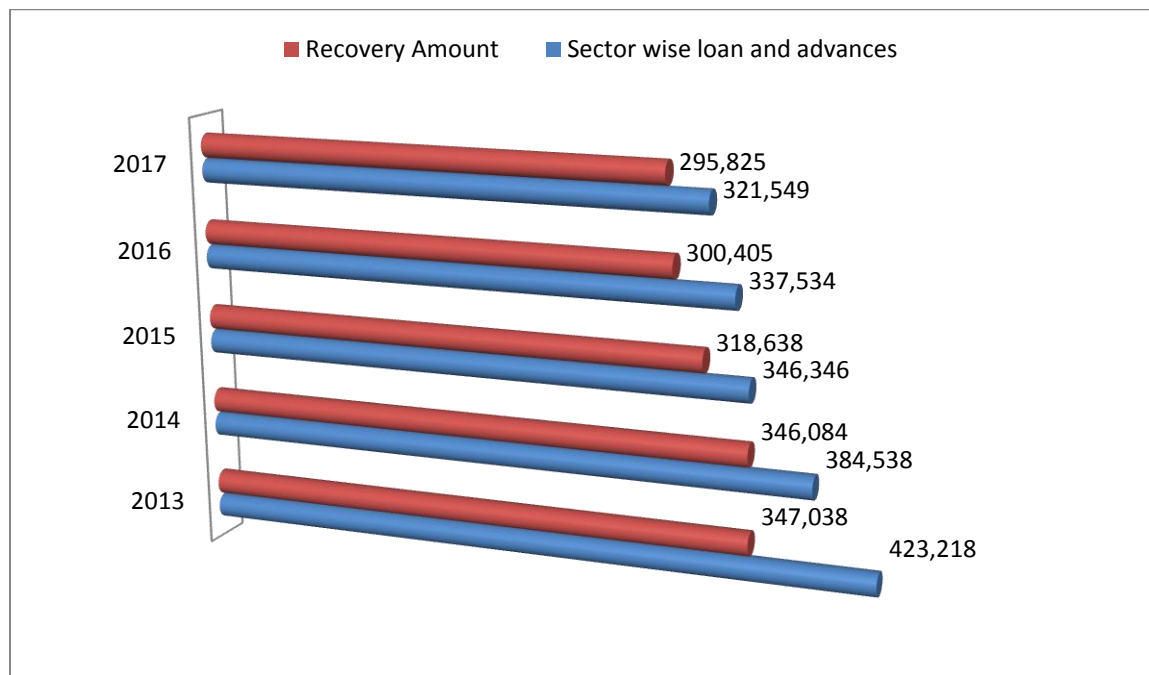


## 4.2 Recovery of Sector wise Loans and Advances:

Table: Recovery of Sector wise Loans and Advances,(Taka in Millions)

Particulars	2017	2016	2015	2014	2013
<b>Total Amount</b>	423,218	384,538	346,346	337,534	321,549
<b>Recovery Amount</b>	347,038	346,084	318,638	300,405	295,825

Figure: Recovery of Sector wise Loans and Advances,(Taka in Millions)



### 4.3 Industry-Wise Segment of Loans and Advances and Recovery:

Table: Industry-Wise Segment of Loans and Advances and Recovery,

(Taka in Millions)

Particulars	2017	2016	2015	2014	2013
Loan Amount	423,218	384,538	348,444	339,766	301,329
Recovery	304,716	307,630	236,941	254,824	207,917

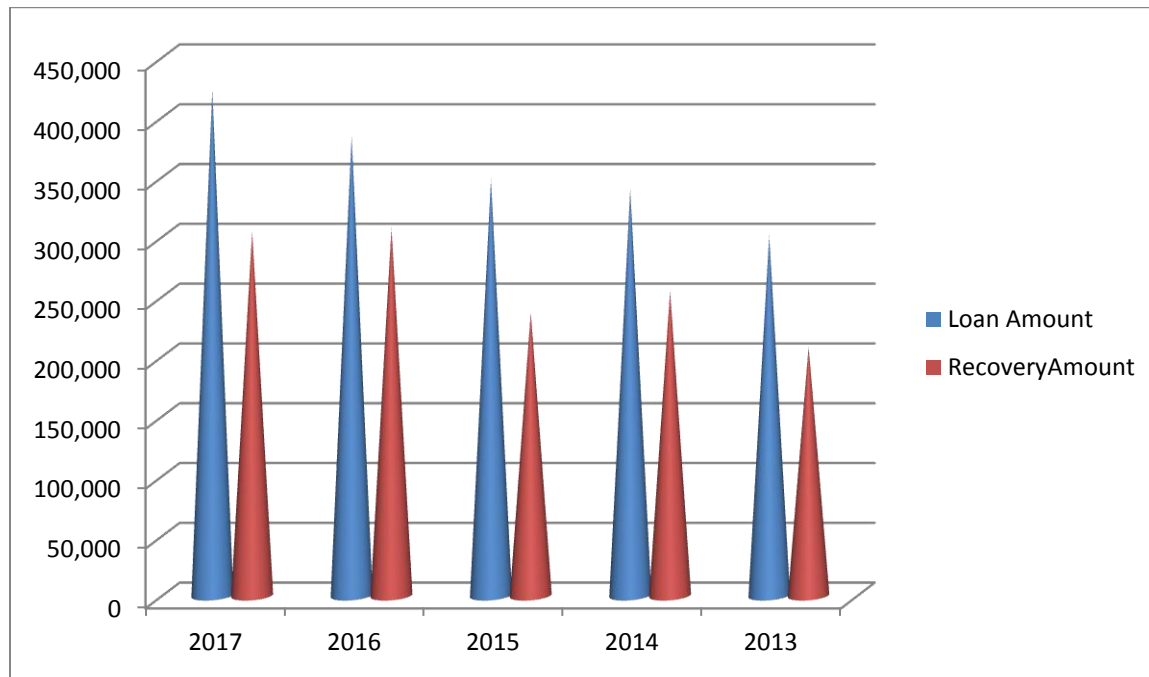
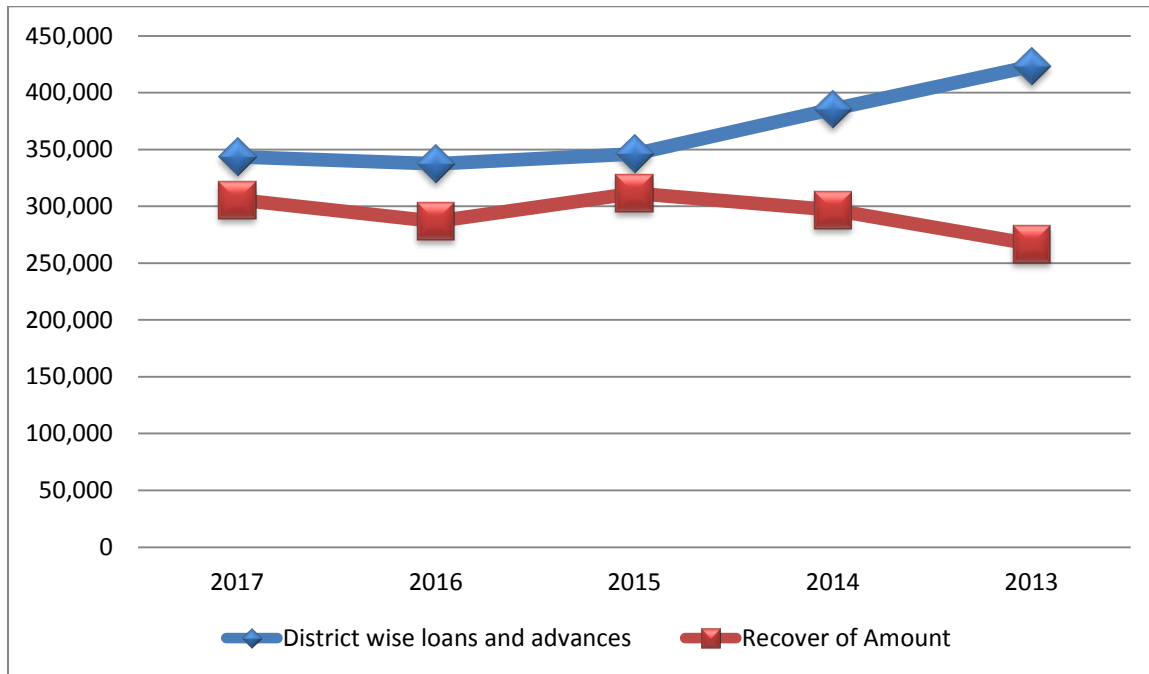


Figure: Industry-Wise Segment of Loans and Advances and Recovery.

In Bangladesh and outside Bangladesh GM's office and district wise Loans and advances Recovery of the 1211 Branches (Dhaka-1,Dhaka-2, Borisal, Chittagong, Comilla, Foridpur, Khulna, Maymensing, Rajshahi, Rangpur, Sylhet, Kolkata and Silguri)

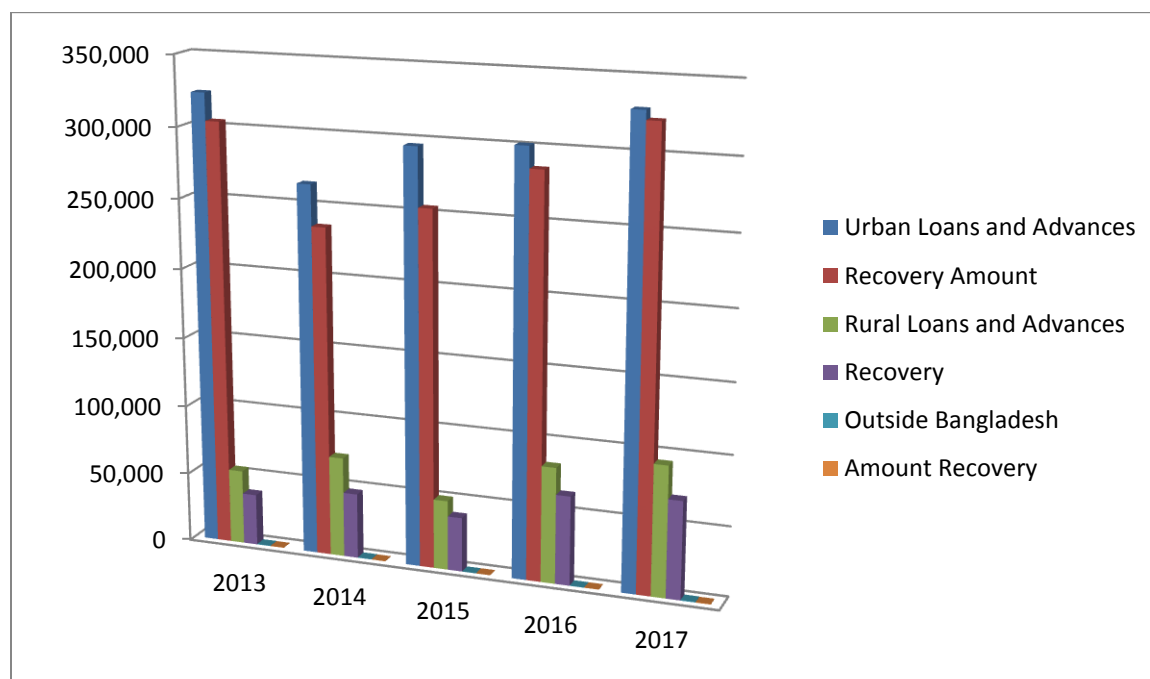
**4.4 Table: Recovery of District wise Loans and Advances in Bangladesh and outside Bangladesh.**

Particulars/Year	2013	2014	2015	2016	2017
<b>Total Loan and Advances</b>	423,218	385,538	346,025	337,262	343,450
<b>Recovery Amount</b>	266,627	296,864	311,422	286,672	305,670



**4.5 Table: Recovery of Geographical Area-wise Loans and Advances,**  
(Taka in Millions)

Particulars	No. of Branches	2017	2016	2015	2014	2013
Urban	743	329,001	301,133	295,974	265,069	323,478
<b>Recovery</b>		<b>322,420</b>	<b>286,076</b>	<b>254,537</b>	<b>235,911</b>	<b>304,069</b>
Rural	466	93,766	83,181	50,050	72,193	53,751
<b>Recovery</b>		<b>70,324</b>	<b>64,049</b>	<b>39,039</b>	<b>46,925</b>	<b>37,088</b>
Overseas	2	450	222	32	292	276
<b>Recovery</b>		<b>306</b>	<b>166</b>	<b>27</b>	<b>160</b>	<b>187</b>



**Figure: Recovery of Geographical Area-wise Loans and Advances,**

#### 4.6 Causes of classification/poor recovery:

The bank official mentioned the following causes for classified loan/poor recovery of loans:

1. Lack of mentality of loanee to repay.
2. Illegal practice in loan disbursement.
3. Loanee hampered hardly by natural calamities like flood, earthquake, tornado, etc or man made problem like theft by others.
4. In various times Government exempt loan. For this the loanee becomes very reluctant to repay in this sense that in future he will set loan exempt. Resulting loan classification and poor recovery.
5. The death of guarrantator. It is very difficult to recover.
6. Suggestion for recovery:
7. Singly or grouply have to meet with the borrower and inspire him to repay at least two days in a week.
8. If the borrower comes to pay generally then should take the help of local administration.
9. Bank should try to understand the borrower of the rule of law. For this the borrower may repay to protect his honor.
10. It should be described to the borrower about the rule of loans interest. By this the borrower will know that if we do not repay then it will increased geometrically. For this he will inspire to repay as early as possible.
11. Different committee is needed for the purpose of recovery.
12. The loans which have no owner and are classified during long time have to be desolated for balance.
13. The bank may recover with the help of interest exempting.

#### 4.7 Problems of deposit collection:

1. **Lack of production originated business:** A very few numbers of industrial units is located . Most of the businessman deals with the trading. So, this branch can not collect the deposits of industrial collection.
2. **Target setting policy:** There is no special target setting policy of any branch. Resulting reluctant mentality of the employee for deposit collection.
3. **Fixed rate of interest:** Bangladesh Bank determines a range of interest rate, which is paid on deposit and the head office of Sonali Bank follows top down allocation policy in setting of target, which is unrealistic. For example adding 20% more with the current year's deposit, the expected deposit of following years is determined. If the branch enjoys the autonomy of determining the rate of interest, it is possible for the branch to attract the special depositor giving higher rate of interest.
4. **Absence of Islamic banking:** Most of the people of Bangladesh are Muslim. So, most of the people of our country bear ethics of Islam in mind. Interest is prohibited in Islam. Consequently many of us put money in Islamic Bank.
5. **Provide mass banking:** Most of the branch dose not functions of mass banking. As a result it is to be involved in various non-remunerative activities (like payments of teacher's salary).

6. **Provision for the govt. institution:** There is a provision for the govt. institution to put 80% of its deposits in NCBs. But this rule is not followed strictly. In this respects govt. has not taken any step yet consequently, those institutions go to Private Banks in search of better benefit.
7. **Illegal expenses:** Private Banks is habituated with illegal expenses. Some times, they send precious presentation (VIZ, TV, Freeze etc.) to high-level govt. of official and businessman, which is unthinkable for NCBs.
8. **Special benefit:** Private Banks can provide special benefit to attract the depositors
9. **Rules and regulation:** Since it is a branch of state owned commercial bank it follows rigid rules and regulations. On the other hand the flexible rules and regulation maintain Private Banks.

**Problems of loan disbursement:**

The following problems are mentioned by bank officials related this area:

- Lack of proper security.
- Lack of proper supervision of disbursed loan.
- Illegal activities of CBA to sanction a loan.
- Influence of political leader to sanction a loan.

## **Sonali Bnak Limited.**

### **4.8 Interest Rate**

#### **Deposit Descriptions**

<b>SI No.</b>	<b>Deposit Descriptions</b>	<b>ExistingRate</b>	<b>Rescheduled Rate</b>
<b>1</b>	Saving Deposit	5.00%	4.00%
<b>2</b>	<b>SND:</b>		
	Less than 25 corer	4.00%	4.00%
	25 Corer To 100 Corer	4.50%	4.00%
	Above 100 Crore	5.00%	4.00%
<b>3</b>	Fxied Deposite		
	a. Fro 3Month to 6Month	7.00%	5.50%
	b. For 6Month to 1Year	7.25%	6.00%
	c.For 1Year to 3 Years	7.50%	6.25

#### **Loan and Advance Existing Rate and Rescheduled Rate/Interest Percent**

<b>Loan and Advance</b>	<b>Existing Rate</b>	<b>Rescheduled Rate</b>		
Rural Loan Department		Interest Rate	Rebate	Without Rebate
<b>Agro Based Loan:</b>				
<b>1.Special agro Loan:</b>				
(a) Without Dal,Spice,and Maize	10.00%	10.00%	0.00%	10.00%
(b) For Dal,Spice,and Maize	4.00%	4.00%	0.00%	4.00%
2.Sugarcane Manufacturing(Ind.Area)	10.00%	10.00%	0.00%	10.00%
3.Fisherics	12.00%	11.00%	0.00%	11.00%
4.Specal Investment Sector(Animal Husbandry)	12.00%	11.00%	0.00%	11.00%
5.Banana Cultivation	12.00%	11.00%	0.00%	11.00%
6.Agre Farm Loan Sector	12.00%	11.00%	0.00%	11.00%
7.Unagro Based Investment Sector	12.00%	11.00%	0.00%	11.00%
8.Fertilizer Dealer Loan	12.00%	11.00%	0.00%	11.00%
9.Farming and off Farming	12.00%	11.00%	0.00%	11.00%
10.Social Forestation	10.00%	10.00%	0.00%	10.00%
11.Agro Based Loan(Hill Division)	5.00%	5.00%	0.00%	5.00%

#### **Micro-Credit Division**



Micro-Credit Division	Existing Rate	Rescheduled Rate		
		Interest Rate	Rebate	Without Rebate
a. Raising Goats	12.00%	11.00%	0.00%	11.00%
b.Small Farm Loan	12.00%	11.00%	0.00%	11.00%
c.Village Small Business loan	12.00%	11.00%	0.00%	11.00%
d.Agriculture Tools	12.00%	11.00%	0.00%	11.00%

### Poverty Alleviation and Economic activity in Society

Poverty Alleviation and Economic activity in Society	Existing Rate	Rescheduled Rate		
		Interest Rate	Rebate	Without Rebate
a. Dependable	11.00%	11.00%	0.00%	11.00%
b.Bard	10.00%	10.00%	0.00%	10.00%
c.RDA-Bogra	10.00%	10.00%	0.00%	10.00%
d.Seed Storage	11.00%	11.00%	0.00%	11.00%
e.MSFSCIP(Marginal and small Farms Systems Crop Intensification Project )	11.00%	11.00%	0.00%	11.00%
f.Incitement	12.00%	11.00%	0.00%	11.00%
g.CUMED	12.00%	11.00%	0.00%	11.00%
h."jago nari" rural loan	11.00%	11.00%	0.00%	11.00%
i.Solt Manufacturing loan	12.00%	11.00%	0.00%	11.00%
j. Poverty Alleviation system	11.00%	11.00%	0.00%	11.00%
k.Sedor/ila damaging loan	8.00%	8.00%	0.00%	8.00%
l.NGO Linking (won financing )	12.50%	10.50%	0.00%	10.50%

### General Loan Department

General Loan Department	Existing Rate	Rescheduled Rate		
		Interest Rate	Rebate	Without Rebate
1.CC(Hypo)	14.50%	13.00%	10.00%	11.70%

2.CC(Pledge)	14.00%	13.00%	10.00%	11.70%
3.SOD	14.50%	13.00%	10.00%	11.70%
4.Housebuilding Loan(Residential)	15.00%	13.00%	10.00%	11.70%
5.General House Building Loan(Industrial)	15.50%	13.00%	10.00%	12.15%
6.Real Estate Development Loan	15.50%	13.00%	10.00%	12.15%
7.Food Administrative Loan	14.00%	13.00%	10.00%	11.70%
8.Transpotation Loan	15.00%	13.50%	10.00%	12.15%
9.BADCK Loan	14.00%	13.00%	10.00%	11.70%
10.Owaz Horn's Bond against loan	13.00%	12.00%	10.00%	10.80%
11.Insurace policy	14.00%	13.00%	10.00%	11.70%
12.Freedom Fighter Loan	7.00%	7.00%	0.00%	7.00%
13.Aginest Oder Loan	15.00%	13.00%	10.00%	11.70%
14.Aginest FDR: a.For won Bank b.For other Bank	Customer Get Interest+3.00% 14.00%		Customer Get Interest+3.00% 11.00%	
15.Aginest DPS Loan	Customer Get Interest+3.00%		Every Schema Deposit Against How much customer get interest which +3%	
16.Aginest SDPS Loan For 5 year For 10 Year	Do			
17.Sonali Deposit Schema(SDS)	Do			
18.Education Deposit Schema(EDS)	Do			
19.Madical Deposit Schema(MDS)	Do			
20.Rural Deposit Schema(RDS)	Do			
21.Marage Saving	Do			

Schema(MSS)			Every Schema Deposit Against How much customer get interest which +3%	
22.Monthly Earn Schema(MES) -For 3 Year -For 5 Year	Do			
23.Dabbole Benefit Schema(DBS)	Do			
24.NRDS	Do			
25.Brize Financing	14.00%	13.00%	10.00%	11.70%
26.Personal Loan	15.50%	13.50%	10.00%	12.50%
27.Specal Small Loan	14.00%	13.00%	10.00%	11.70%
28.Small Business	14.00%	13.00%	10.00%	11.70%
29.Education	13.00%	12.00%	10.00%	10.80%
30.Forgain Remittance	13.00%	12.00%	10.00%	10.80%
31. Tram Loan to Non Banking Financial Institution	14.00%	11.00%	10.00%	9.90%
32.Small Loan	14.00%	13.00%	10.00%	11.70%
33.Others(if mention)	15.00%	13.00%	10.00%	11.70%

### **Employee Loan**

Employee Loan				
(a)Employee Housing Loan:			4% Bank Rate (Present-5%) (b) Bank Rate(Present5%) (c) Bank Rate(Present5%)	
-Which are Gate loan before 4%		4%		
-For Others		-Bank Rate		
(b)Employee Motor- Cycle Loan		Bank Rate		
(c) Employee By- Cycle		Bank Rate		

# **Chapter-05**

## **Findings, Recommendations and Conclusion**

## 5.1 Finding of Study:

While working at SBL, (Mirpur Shilpa Ealak Branch, Dhaka), I have acquired some experiences. After always of the collected and other related information, I have the following findings to which, I think, should be given much attention for attaining the objectives of SBL.

- There are some irregularities in sanctioning loans and advances to the customers. The concerned bankers are involved in such irregularities for their personal benefits and interest.
- Branches have no effective initiatives for relationship banking concepts.
- More financial institutions are coming with their new products considering the customer's demand but SBL is not so much advanced as other banks.
- Lack of skilled and efficient employees and demands for more employees in some departments are other important findings.
- Number of ATM booths are not satisfactory, SBL have to give more emphasize on increasing number of ATM booths.
- The bank follow the online banking system to provide the customer better services, but all the branches of SBL are not following the online banking system.
- Existing Human Resources are not sufficient for SBL. They have to recruit more skilled employees.
- The modern technology is not used in the recruitment and selection process. The backdated methods are using for selection till today.
- Security system of many branches is not sufficient.

## 5.2 Recommendation:

Sonali Bank is a largest Bank in the Bangladesh; they have needed to improved every section with Digitalized. Huge of client are attending in the Bank so that employee make a proper perform all respective activities.

So I think that they have to ensure much respectability some discuses below here:

- (1) Loyal to the Client,
- (2) Proper Division of Labor and man power,
- (3) Ensure Proper compilations & Maintenance of Files,
- (4) Ensure availability of Machinerics,
- (5) Ensure employee satisfaction and promotional activities,
- (6) Ensure proper rules and regulation of Islamic banking,
- (7) Ensure effective computer literacy and Should use fastest software,
- (8) Ensure Internship Desk and specific Task,

**(1)Loyal to the client:**

Sonali Bank ensure the many respective activates for the customer and help them ensure as well as loyal customers forever.

**(2) Proper Division of labor and man power:**

Human resources department of the Sonali Bank ensure that every employee under the rules with specific desk related activities. Every employee are need to play role properly. Make a personal relationship development with customer. Most important ensure a Front “Help Desk”, and clearing section need relies faster because of huge number of customer are gathering here.

**(3)Ensure proper compilations and Maintenance of files:**

Proper customer service ensures the success of banking business. A customer makes a positive or negatives thinking in the first day about banker or banking activities. Every client’s all paper are scanning softcopy preserves in Sonali Bank Software and hard copy also individually keeping in the file. This duty is more important for every person of employee, specific officers and also Manager.

**(4) Ensure availability of Machineries:**

Every department should ensure the availability and proper maintenance of necessary machines like photocopy and printing machines.

**(5) Ensure employee satisfaction and Promotional activities:**

Daily work is very borrowing for every person, so need to change working position and every employee need a motivational activates with special person. They have ensure monthly payment timely not to any lame excuse, they need increasing percent of Bonus. Promotional activates are need to free fare, if not many unethical person enter into higher position then company faces many hampering activates.

**(6)Ensure proper rules and regulation of Islamic banking:**

Sonali Bank started its operation with the slogan “Udvaboni Banking a Apner Bisoshtho Songi”. From the very inception of the Bank it showed its difference in its different activities. Opening of Islamic Banking Branch is one of its achievements within the frame work of conventional banking. Sonali Bank Ltd. started its Islamic Banking operation by opening its first Islamic Banking Branch at 19, Dilkusha C/A, Dhaka on 18.12.1995. Bank opened its 2nd Islamic Banking Branch at Amberkhana, Sylhet on 17.12.1997. The salient features of Islamic Banking are as under

- To conduct all its activities as per Islamic Shariah.
- To conduct its monetary matters free of interest.
- To establish banker-customer relationship on the basis of partnership.
- To follow Islamic principle in all its investment port-folio.
- To develop living standard of the poor incoming group.
- To render excellent services to the clients cordially.
- To conduct welfare related activities to the people.

**(7)Ensure effective computer literacy and use faster software:**

Employee needs proper training with computer, basic knowledge of ICT. Who to use mail, online activities and some essential software installing and harmful software uninstalling activities. Sonali Bnak only uses the SBL and RMS software those are very slow for working need to developing new software and faster. Ensure to discovery new ICT devotion which SWOT out the recent using software problem and recover them and also making new technological faster software.

**(8)Ensure Internship Desk with Specific Task:**

Sonali Bank have no Internship Desk for learning banking activities, they have no proper training who to use a new internship. Internship person give provide better knowledge which they can use future banking job other any job sector.

### 5.3 Conclusion:

As an organization the Sonali Bank has earned the reputation of top banks operating in Bangladesh. The organization is much more structured and it is relentless in pursuit of business innovation and improvement. It has a reputation as a leader in financing manufacturing sector.

Credit Department unit of Sonali Bank has the major contribution to the overall revenue of the bank. This core unit of corporate banking group is with the basic job of attracting and persuading new customers as well as providing superior service value to the existing customers.

Every Department such as Customer Relation Department improves their relation with new and existing client. Open account officer should use welcome and thank you message for the customer. Deposit collection department need use computer and doing first every procedures so that client no to stay more moment in to the bank. Most of the Branches are lack of huge employee, government need to proper recruitment for fill up the gap.

Credit management officer are more carefully when they provide loans, they have must recovery system for this loans, so mortgage and other essential papers are collect in this file. Without any illegal activity sanctioned the loans so that bank doesn't default. Higher authorities take a imitative monthly visiting every branch with Divisional officer.

Sonali Bank all time follows the mother bank of the Bangladesh Bank. Sonali bank is huge contribution for improving GDP and liquidity solvency of economic sector.

Finally I earn new experience from my branch which is very helpful my careers.



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