

Internship Report

On

**General Banking, Loans and Advances
Of**

***Sonali Bank Limited: A Study on Mirpur
Industrial Area Branch, Dhaka***



An Internship Report

On

General Banking, Loans and Advances of Sonal Bank Limited: A Study on Mirpur Industrial Area Branch, Dhaka

Submitted To

Prof. M. Mokarrom Hossain

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Faculty of Business & Economics
Daffodil International University (DIU)


Submitted By

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Date of Submission: 20th January, 2013

A graphic of a rolled-up scroll with a grey shadow, containing the dedication text.

DEDICATED
TO
My Beloved Parents
&
My Honorable Supervisor

PREFACE

Anyone can gather theoretical knowledge by learning. But practical knowledge and theoretical knowledge is fully different. Practical knowledge is required to be achieved to match theoretical knowledge. In order to gather practical knowledge, DIU has taken effective step such as internship program for the BBA students.

Internship program is one kind of experience. It is the combined arrangement between the educational institutions and business house operating in the practical field.

So the student of BBA should be pragmatic and should have a firsthand view of the real life business environment. The objective of the internship program is to produce the learners with practical organizational environment so that they can tune up themselves for the job in future and can get an opportunity to reconcile the theoretical knowledge with real life situation. For this reason, internship program is an indispensable for the BBA program.

As a student of BBA of Daffodil International University, I was placed in Sonali Bank Limited, Mirpur Industrial Area Branch, Dhaka after three months internship program. I decided to work on an internship report on “**General Banking, Loans and Advances of Sonali Bank Ltd**”.

The best feature of my internship program was the access to a motivated and hard-working team of highly knowledgeable banking professionals. The most important skill that I learnt was the ability to work in a team. I also picked up considerable skills in handing team communication, training others, getting trained me, and the ability to adapt to the ever-changing banking scenario.

In this report I am extremely grateful to my honorable supervisor M. Mokarrom Hossain, Professor of Daffodil International University.

I have tried my best to make this report effective and realistic and my attempt will be fruitful at that time if anybody is benefited from this one.

Nazmin Naher Nipa

BBA Program, 22nd Batch

ID # 091-11-842

Major in Finance

Acknowledgement

In the name of Almighty Allah, the most Beneficent, the most merciful.

It is indeed a great pleasure and honor on my part to have the opportunity to submit internship report after three months practical orientation at Mirpur Industrial Area Branch of Sonali Bank Limited. First of all thanks to almighty Allah for enabling me to complete internship report with good and sound health. I am pleased to express my gratitude to placement committee for arranging such a program from which I have carried a practical experience.

Internship program is one of the important requirements for the completion of four years BBA program. I have completed my internship from The Sonali Bank Limited. In this regard I would like to express my heartiest appreciation to my honorable supervisor M. Mokarrom Hossain, Professor, Department of Business Administration, for his care, guidance and valuable suggestions to prepare this report.

I would also like to pay my gratitude to all of my faculty members for their constant guidance and cooperation.

This study was carried out for developing “**General Banking, Loans and Advances of SBL**”. I am indebted to those who have contributed their thoughts, time and efforts to make this project work a complete one and success.

I would like to convey my gratitude to Mr. Gouri Tosh Pal, (Sr. Faculty of Sonali Bank Staff College) for giving me the opportunity to complete my internee successfully. I am very much grateful to Mr. Md. Ekram (Sr. Executive Officer & Branch Manager of Mirpur I/A). I was directly under supervision of my honorable Sir Professor M. Mokarrom Hossain.

This report is being prepared with full Technical assistance and support from, Mr. Md. Ataur Rahman (SPO & 2nd In-Charge of Branch), Ms. Mita Rani Debnath (PO & Credit In charge), Mr. Md. Alamgir Hossain (Sr. Officer-IT; Computer In-Charge), Md. Bashir Ahmed (Sr. Officer & Remittance Management In charge), Md. Abdul Alim (Sr. Officer & Cash In charge), Mr. Delwar Hossain Khan (Sr. officer), Ms. Sharmin Akter (Sr. Officer), Ms. Irin Parvin (Officer-Cash), and all of the personnel of Sonali Bank Limited, Mirpur Industrial Area Branch. I would like to thanks especially to Zahiduzzaman (Officer & ATM In-Charge), Md. Mahfuz-ul-Hasan (Officer), Md. Abul Kalam Azad (Officer), Md. A.N.M. bazlur Rashid (Officer-Cash), Ms. Fatema Jannat Lina (Officer), Ms. Dilruba Jahan (Officer) for giving me support all the moment of my attachment time and also for make an attractive working environment which I have really enjoyed very much.

At last I feel very pleased to thank all my fellow friends for their cordial cooperation in preparing this report.

LETTER OF TRANSMITTAL

20th January, 2013

M. Mokarrom Hossain
Professor
Department of Business Administration
Faculty of Business & Economics
Daffodil International University (DIU)

Subject: **Submission of Internship Report.**

Dear Sir,

I am truly pleased to submit my internship report on the “General Banking, Loans and Advances of Sonali Bank Ltd.” I have gathered what I consider to be the most complete information available. This report gave me the prospect to have a brief knowledge about the General Banking, Loans and Advances of Sonali Bank Limited. It is a great achievement to work under your active supervision, care and guidance.

I tried my best to incorporate all the information that I have collected during the internship period. I wish the report would fulfill your expectation and standard. I must mention here that, I am extremely grateful to you for your valuable supervision, tireless effort and continuous attention in preparing this report.

I, sincerely hope that you will be satisfied with this report. If you have any query, I will be pleased to answer that. I hope and pray that you would be gracious enough to accord approval to this report.

With best regards

Sincerely

Nazmin Naher Nipa

BBA Program, 22nd Batch

ID # 091-11-842

Major in Finance

Department of Business Administration

Daffodil International University (DIU)

DECLARATION

I, Nazmin Naher Nipa, hereby declare that the report of internship Program titled “**GENERAL BANKING, LOANS AND ADVANCES OF SONALI BANK LIMITED**” is uniquely prepared by me after the completion of three months work at Mirpur Industrial Branch, Dhaka of Sonali Bank Limited.

I confirm that, the report is only prepared for my academic requirement not for otherwise purpose. It might be with the interest of opposite party of the corporation. I also assure that this report is not submitted anywhere of Bangladesh before me.

Nazmin Naher Nipa

BBA Program, 22nd Batch

ID # 091-11-842

Major in Finance

Department of Business Administration

Daffodil International University (DIU)

“Letter of Acceptance”

This is to certify that *Nazmin Naher Nipa* is a student of BBA, ID # 091-11-842 successfully completed her “**Internship Program**” entitled “**General Banking, Loans and Advances of Sonali Bank Limited**”-a study on Mirpur Industrial Area Branch under my supervision as the partial fulfillment for the award of BBA degree.

She has done her job according to my supervision and guidance. She has tried her best to do this successfully. I think this program will help her in the future to build up her career. I wish her success and prosperity.

.....
M. Mokarrom Hossain

Professor

Department of Business Administration

Faculty of Business & Economics

Daffodil International University (DIU)

Executive summary

The report is originated in result of my internship, which I have done, as a requirement of BBA program. This report is done based on my three months internship in Sonali Bank Limited.

During my stay at the office as an internee I never felt vague and ambiguous. The environment of the Sonali Bank Ltd. is well and friendly. The staffs are specialized in their respective fields. Each of them works on their own and there id supervised from the top management. The motivation of the staff, I believe comes from the very sense of responsibility.

Sonali Bank Ltd. is the largest state bank of Bangladesh Sonali bank Ltd follows the rules and regulation prescribed by the Bangladesh bank. The function covered a wide range of banking and functional activities to individual, firms, corporate bodies, Multinational agencies and the rural area.

This is an orientation report that contains the real life day to day working experience of different tasks in General Banking & Credit Department of Sonali Bank Limited, Mirpur Industrial Area Branch. Sonali Bank Ltd, (SBL) is a pioneer and largest commercial bank in Bangladesh. To serve the nation Sonali bank performs some activities for their clients like: general banking operation as like all kinds of deposit like saving current, short time deposit, fixed deposit, different scheme cash Remittance etc, loan and advance, various types of ancillary services, Islamic banking window, capital market operation etc. Bank collects deposit from public and provide it's to other business or individual as loan. Bank pays interest to deposit holder and take interest from borrowers. Sonali bank measure all risk components before sanctioning a loan. When all the formalities completed then respective officer disburse the loan. After disburse the loan it is duty of bank to recover the disbursed loan. This report is based on actual information and working procedure practiced in SBL. The overall credit management of SBL and general banking system of SBL has analyzed to give a clean idea about the policy of SBL and implementation of that policy by various mechanism and process. The objective of this study is to analyze the general banking system, credit policy, rules and regulation of credit management and

evaluation of the product performance in order to identify the major problems regarding the credit management.

The first section of this report consists of an introductory part of this report, which has been developed for the proper execution of the entire report. In the second part, a brief description about the host organization of my internship, Sonali Bank Limited, has been given. In the third & fourth part of this report consist of the working experience of the internship at Sonali Bank Limited. The remaining part consist the analysis, findings, recommendations and conclusion. To prepare this report both primary and secondary sources of data have been used. **Apart from sampling test has used and sample size is 25. For preparing this report a questionnaire framed and interviewed such clients of the bank.** Sonali bank credit policy is quite lengthy. In year 2011 the non performing loan is 5.57% which is more than other banks. Banks credit deposit ratio is increasing from previous year. That means bank can invest properly and utilize more funds to maximize their profit. Capital adequacy ratio is in good position that indicates bank has enough capital and efficiency to serve their banking service. Disbursement of loan and advances are increasing year by year. On the basis of findings it can be recommended for betterment that their loan sanctioning procedure should be less time consuming and monitoring should be stricter.

From my part, I would like to suggest, Sonali Bank should strictly follow the principles of sound lending and they should make strong their credit monitoring department. Among the most important of these are honesty, reliability, thoroughness and willingness to always be open to new ideas and new ways of meeting customer needs.

However, I've done lots of financial calculations, observed their financial reports & from my working experience I also gathered knowledge about their administrative process of managing different issues. After preparing the whole report, I had some findings regarding the general banking, loan and advance & some other aspects of the banks activities. As an inexperienced person I may have made many mistakes in those findings, but whatever I felt from my point of view, I only pointed out those. Based on those findings, I recommended some points which may help the bank to remove their many shortcomings.

Acronyms and Elaboration

Serial No	Acronyms	Elaborations
01	CC:	Cash credit/ Consumer Credit
02	CRM:	Credit Risk Management
03	DD:	Demand Draft
04	EDS:	Education deposit scheme
05	MDS:	Medical deposit scheme
06	FO:	Financial obligation
07	FDR:	Fixed deposit ratio
08	IBC:	Inter Branch Bill collection
09	MSS:	Monthly saving scheme
10	LRA:	Lending risk analysis
11	L/C:	Letter of credit
12	MT:	Mail Transfer
13	OD:	Overdraft
14	PO:	Payment order
15	SBL:	Sonali Bank Limited
16	WO:	Work order
17	CIB:	Credit information bureau
18	ICD:	Industrial credit division
19	SMA:	Special mention account
20	SS:	Substandard
21	DF:	Doubtful
22	BL:	Bad loss
23	MES:	Monthly earning scheme
24	Financing GAD:	General advance division
25	CF:	Consumer

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Part Two

Report Body

CHAPTER ONE

Introduction



Your Trusted Partner in Innovative Banking

- Introduction
- Origin of the report
- Background of the Report
- Objective of the Study
- Methodology
- Scope of the study
- Limitations of the Study

1.1 Background of the Study

It has become essential for every person to have some idea on the bank and banking procedure. As our educational system predominantly text based, inclusion of practical orientation program is an exception to the norm. From practical knowledge, we will be able to know real life situations and start a career with some practical experience. Bachelor of Business Administration (BBA) is a professional course. The course is designed with an excellent combination of practical and theoretical aspects. After completing BBA, certain times are preserved for internship.

As a student of BBA, internship is an academic requirement. For internship every student is required to work in a selected institution to enhance ones practical knowledge and experiences. For the requirement of my course I was assigned to Sonali Bank Limited (SBL), Mirpur Industrial Area Branch for my internship. In this situation I was assigned to prepare report on “General Banking, Loan and Advances of Sonali Bank Limited.”.

Basically, this report is highlighted on General Banking and Credit management of the bank, Structure, Analysis, Present status, Performance of SBL, Own Experience, Recommendation and Conclusion.

1.2 Significance

This internship report is an important partial requirement of four years BBA graduation program. This is because knowledge and learning become perfect when it is associated with theory and practice. By this internship program students can establish contacts and networking. Contacts may help to get a job in practical life. That is, student can train and prepare themselves for the job market. A poor country like Bangladesh has an overwhelming number of unemployed educated graduates. As they have no internship experience they have not been able to gain normal professional experience of establish networking system, which is important in getting a job. Therefore, it is obvious that the significance of internship is clearly justified as the crucial requirement of four years BBA graduation.

1.2) Origin of the Report:

Bachelor of Business Administration (BBA) course requires 90 days or three month attachment with a bank (The Sonali Bank Limited) followed by a report assigned by the supervisor in the organization and endorsed by the faculty advisor. I took the opportunity to do my internship in The Sonali Bank Limited (SBL). My topic of internship is authorized from the head office of SBL .My faculty supervisor M. MokarromHossain, Professor, Department of Business Administration, Faculty of Business & Economics, Daffodil International University (DIU) , also approved the topic and authorized me to prepare this report as part of the fulfillment of internship requirement. The report thus was titled as ‘General Banking, Loan and Advances of Sonali Bank Limited.’

1.3) Background of the Report:

The business world is getting dynamic and competitive. It is hard for an organization to run & even survive in a fast paced, growing and uncertain world if it cannot keep tracks with the go of business dynamism. Business plays and links important roles in developing the economy of a country. So, as a business graduate, I think I need to be attached with any organization to get a handy & versatile experience about the business world before starting our career. Internship is the arrangement, which makes a bridge between our academic knowledge and practical world to have an acquaintance with the real business world as well as to gear me up to lead the future competitive business. I have worked in Different divisions of SBL, Mirpur Industrial Area Branch, Dhaka. In this report, I will try to make an overall analysis on General banking System, Loan and Advances of SBL.

1.4) Objectives of the Report:

1. General objective:

- To analyze The General banking System, Loan and Advances of “The Sonali Bank Limited.”

2. Specific objectives:

- 1) To get enough knowledge about General banking activities of SBL.

- 2) To Know about Central bank requirements for the commercial banks on Loan and Advances.
- 3) To analyze the Credit Management statement of SBL by using some statistical measures.
- 4) To find out the internal system & actual General banking, Loan and Advances process of SBL.
- 5) To point out the major findings of the report & provide some valuable recommendations based on them.

1.5) Methodology:

Methodology refers to the essential part of the study and the process of collecting information and arranging it in terms of the relevant issues of the study. It is designed in a way so that it correspondent to achieve the objectives of the study.

- Type: As I am going to find out the internal process of The Sonali Bank Limited” to manage its CMS, so I have to describe its whole management process of Credit risk by analyzing some statistical data.

So, from my point of view, it is a descriptive report.

Sources of data:

For preparing a report, someone can use basically two sources for collecting data & necessary information. Those are,

3.2 Primary source:

A primary source (also called **original source or evidence**) is an artifact, a document, a recording, or other source of information that was created at the time under study.

3.2 Secondary source:

A secondary source is a document or recording that relates or discusses information originally presented elsewhere. Secondary sources involve generalization, analysis, synthesis, interpretation, or evaluation of the original information.

I had collected data from both the primary source and secondary source.

Primary source:

I have collected data from the employees of different department of The Sonali Bank Limited by communicate & working with them. I also collected information form observing their financial status, their organizational culture, from different group discussion, observing the process of managing the liquid money & assets of the bank.

Secondary source:

Analyzing all the annual reports from 2009 to 2011, I tried to identify all the elements of liquidity and prepared the report.

- Annual Reports of The Sonali Bank Limited of the year 2009, 2010, 2011.
- The basic idea about The Sonali Bank Limited was taken from it's website
- Papers & journals about the Central bank CMS (Credit Management System) requirements.
- CMS solution of The Sonali Bank Limited.
- Analyzing all the annual reports from 2009 to 2011, I tried to identify all the elements of liquidity and prepared the report.



➤ Data Collection process:

Mainly, the purpose of data collection is to obtain information to keep on record, to make decisions about important issues, to pass information on to others. Primarily, data is collected to provide information regarding a specific topic. A formal data collection process is necessary as it ensures that data gathered is both defined and accurate and that subsequent decisions based on arguments embodied in the findings are valid. However, I've collected both primary & secondary data by different processes. Those are described below:

- **Primary data:**

Primary data are collected by different group discussions, personal observation of the organizational culture, their internal process of managing liquidity & from different statistical measures & analysis that I've shown later on in this report.

- **Secondary data:**

From working in this organization, I've got the facility to go through maximum of the record file related to the liquidity issue. So many important data were been collected from there. Some other data I've collected from the website.

Other than that, it was easy for me to make a positive relation with the manager of finance department & to collect all annual report from him. However, the annual report of 2006 was not available there.

➤ **Data analysis & reporting:**

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making.

➤ **Techniques:**

Data-collection techniques allow us to systematically collect information about our objects of study (people, objects, phenomena) and about the settings in which they occur. In the collection of data we have to be systematic. If data are collected haphazardly, it will be difficult to answer our research questions in a conclusive way. However, I've used some statistical techniques to analyze the data. Those are,

- ✓ **Trends Analysis.**

- ✓ **Ratio Analysis.**

➤ **Tools:**

The tool those I've used to implicate the techniques for analyzing data, are simple MS Word & MS Excel.

1.6) Scopes of the Study:

This report has prepared to gain a clear view of the liquidity management of the SBL. Using of all my whole experience I try to include all of the criteria of the liquidity management. I focus on what are the liquid assets, what is the liquidity, what is the liquidity management, the Bangladesh Bank's requirement on liquidity management for all the commercial banks. I also try to show how The Sonali Bank Limited handles all the liquidity requires activities, how to manage fund in urgent situations and how to use access money in profitable sectors. Purpose of the report would be to focus on how The Sonali Bank Limited maintains liquidity requirements and fulfills the central bank's requirements on liquidity management of the commercial banks. And finally I draw the conclusion on the liquidity management of The Sonali Bank Limited.

1.7) Limitations of the Report:

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

- The main constrain of the study was insufficiency of information, which was required for the study. There are various information the bank employee can't provide due to security and other corporate obligations.
- Due to time limitation many of the aspects could not be discussed in the present report. Learning all the functions within just 90 days is really tough.
- Since the bank personnel were very busy, they could not provide enough time to me. Lack of opportunity to visit more than one branch.
- The functions and activities of Dhaka Bank are too vast, so they change their strategy day by day. As a result I can't collect update information & strategy.

CHAPTER TWO

(Organizational Profile of “The Sonali Bank Limited”)



Your trusted partner in innovative Banking

- The Sonali Bank Limited
- The Bank's Core Business
- Vision & Mission
- Corporate Profile
- Board of Directors
- Some notable feature of the Bank are as follows
- Ancillary Service
- Automation Statues
- Sonali Debit & Credit Card Facilities
- Sonali Prepaid Card & NBR related activities

2.1 Organizational Structure and Responsibilities:

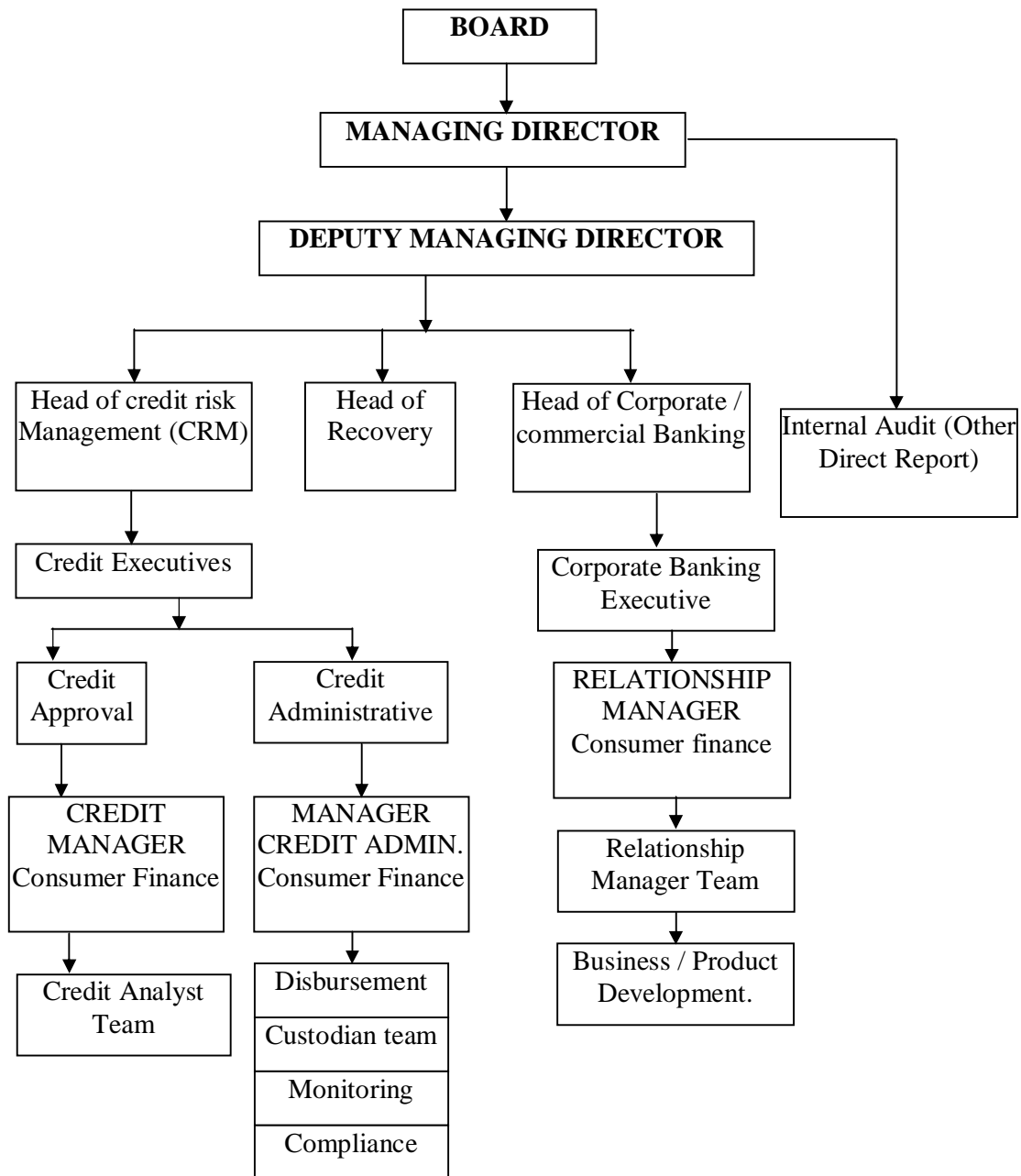


FIGURE 2.1: ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

Beginning of Banking in Bangladesh:

After independence the Government of People's Republic of Bangladesh was formally to cover the charge of the administration of the territory now constitute Bangladesh. In an attempt to rehabilitate the war – devastated banking o Bangladesh, the government promulgated a law called Bangladesh Bank (temporary) Order, 1971 (Acting President's order No.2 of 1971). By this Order, the state bank of Pakistan was declared to be deemed as Bangladesh Bank and offices, branches and assets of said State Bank was declared to be deemed as offices, branches and assets of Bangladesh Bank. On that date there existed 14 scheduled banks with about 3042 branches all over the country.

On the 16th December 1971, there existed the following 12 banks in Bangladesh, namely:

1. National Bank of Pakistan
2. Bank Bahawalpur Ltd.
3. Habib Bank Ltd.
4. Premier Bank Ltd.
5. Commerce Bank Ltd.
6. United Bank Ltd.
7. Union Bank Ltd.
8. Muslim Commercial Bank Ltd.
9. Standard Bank Ltd.
10. Australasia Bank Ltd.
11. Eastern Mercantile Bank Ltd.
12. Eastern Banking Corporation Ltd.

Nationalization of Banks in Bangladesh:

Immediately after the Government of Bangladesh Consolidated its authority, it decided to adopt socialist pattern of society as its goal. Hence in order to implement the above mentioned state policy; the Government of Bangladesh decides to nationalize all the banks of the country accordingly on the 26th March, 1972, Bangladesh Banks (Nationalization) Order, 1972 (President Order No.26 of 1972) was Promulgated.

<u>Existing Bank</u>	<u>New Bank</u>
1. National Bank of Pakistan. 2. Bank Bahawalpur Ltd. 3. Premier Bank Ltd.	Sonali Bank Ltd.
4. Habib Bank Ltd. 5. Commerce Bank Ltd	Agrani Bank Ltd.
6. United Bank Ltd. 7. Union Bank Ltd.	Janata Bank Ltd.
8. Muslim Commercial Bank Ltd. 9. Standard Bank Ltd. 10. Australasia Bank Ltd.	Rupali Bank Ltd.
11. Eastern Mercantile Bank Ltd.	Pubali Bank Ltd.
12. Eastern Banking Corporation Ltd	Uttara Bank Ltd.

Profile of Sonali Bank Limited:

2.1 History of the Sonali Bank Limited:

Soon after independence of the country Sonali Bank emerged as the largest and leading nationalized commercial bank by proclamation of the Bank's Nationalization Order 1972 (Presidential order- 26)liquidating the then National Bank of Pakistan, Premier Bank and Bank of Bhawalpur. As a fully state owned institution, the bank had been discharging its nation- building responsibilities by undertaking government entrusted different socio-economic schemes as well as money market activities of its own volition, covering all spheres of the economy.

The bank has been converted to a Public Limited Company with 100% ownership of the government and started functioning as Sonali Bank Limited from November 15, 2007 taking over all assets, liabilities and business of Sonali Bank. After corporatization, the management of the bank has been given repaired autonomy to make the bank competitive& to run its business effectively.

Sonali bank limited is governed by a Board of Directors consisting of 13(thirteen) members. The Bank is headed by the Chief Executive Officer & 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 Bank's Core Business:

Corporate banking

Project banking

SME Finance

Consumer finance

International Trade

Loan Syndication

Foreign Exchange Dealing

NGO Linking Loan

Investment

Government Treasury Function

Money Market Operation

Capital Market Operation

Remittance

Vision & Mission:

2.3 Vision:

Socially committed leading banking institution with global presence.

2.4 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.

2.5 Slogan:

Your trusted partner in innovating banking.

2.6 Corporate Profile:

Name of the Company	: Sonali Bank Limited
Chairman	: Quazi Baharul Islam
CEO and Managing Director	: Md. Humayun Kabir
Company Secretary	: Zaheed Hossain
Legal Status	: Public Limited Company
Genesis	: Emerged as Nationalised Commercial Bank in 1972, following the Bangladesh Bank (Nationlisation) 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 2000.00 core
Paid-up Capital	: Taka 1125.00 core
Number of Employee	: 21,839
Number of Branches	: 1196
Phone-PABX	: 9550426-31, 33, 34, 9552924
FAX	: 88-02-9561410, 9552007
SWIFT	: BSONBDDH
Website	: www.sonalibank.com.bd
E-mail	: itd@sonalibank.net.bd

2.8 Some notable features of the Bank are as follows:

Capital Structure:

Authorised Capital :Tk. 2000.00 Core

Paid up Capital :Tk. 1125.00 Core

Branches & Subsidiaries:

Total Branches :1196

Branches in Urban
areas :341

Branches in Rural areas :853

Overseas Branches :2

Subsidiaries :3 :

1. Sonali Bank (UK) Limited having 1(one) branch and 6 (six) booth offices in UK.
2. Sonali Exchange Company Incorporated (SECI) having 10 (ten) branches in USA.
3. Sonali Investment Limited (Merchant Banking) having 4 (four) branches at Motijheel, Paltan, Uttara, Mirpur in Dhaka, Bangladesh.

Representative Office :3 :

- 1(one) in Jeddah, KSA; 1 (one) in Riyadh, KSA and 1 (one) in Kuwait.

Correspondent :581

2.9 Ancillary Services:

Sonali Bank Limited offers multiple special services with its network of branches throughout the country in addition to its normal banking operations.

Collection:

- Gas bills.
- Electricity bills.
- Telephone bills.
- Water/Sewerage bills.
- Municipal holding Tax.
- Passport fees, visa fees and Travel tax.
- Customs & Excise duties.
- Source tax and VAT.
- Jakat fund.
- Hajj deposit.
- Land development tax

Payment:

- Pension of employees of Government and other Corporate Bodies.
- Bangladesh Bank employees' pension.
- Army pension.
- British pension.
- Students' stipend/scholarship.
- Govt. & Non-Govt. Teachers' salary.
- Food procurement bill on behalf of the Govt.

Social Services:

- Old age allowances.
- Widows, divorcees and destitute women allowances.
- Freedom Fighters' allowances.
- Maternal allowances for poor women.
- Disability allowances.

Sale & Encashment/Purchase:

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

Misc. Services:

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

2.10 Automation status:

Digitalization status of Sonali Bank Limited

1. **Branch Computerization:** 1148 branches are on live Operation. Out of 1194 branches at home, 1179 branches have already been entered in the automation network.

2. **Foreign Remittance :** Bank's own in-house software "Remittance Management System" (RMS+), having, among others, 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.

3. **ATM:** Sonali Bank Limited is a member of Q-Cash ATM network. At present the bank has 53 ATM booths. Sonali Bank's ATM cardholders enjoy the access to the ATMs and POS of Dutch Bangla Bank Ltd. and Brac Bank Ltd. besides those of Q-Cash consortium. Sonali Bank recently launched Credit Card.

4. **Online and SMS Banking:** At present 109 branches of Sonali Banks are included in the Online Any Branch Banking (ABB) network. SMS Banking service is running in 73 branches. The bank is seriously working on connecting all branches in the Real-time Online Banking network gradually. Branches having ABB facility are also rendering SMS banking services.

2.11 Sonali Debit Card Facilities:

Sonali Bank Limited is one of the member banks of Q-Cash Consortium. Card holder of Sonali Bank Limited can use ATMs of consortium member banks, Dutch-Bangla bank and BRAC bank limited. Member Banks of Q-Cash Consortium:

- Sonali Bank Limited
- Basic Bank Limited
- IFIC Bank Limited

- Janata Bank Limited
- National Bank Limited
- Pubali Bank Limited
- Trust Bank Limited
- ICB Islamic Bank Limited
- Social Islamic Bank Limited
- Bangladesh Commerce Bank Limited
- State Bank of India
- Eastern Bank Limited
- Jamuna Bank Limited
- Markentile Bank Limited
- NCC Bank Limited
- Shahjalal Islamic Bank Limited
- The City Bank Limited
- Standard Bank Limited
- Uttara Bank Limited
- Bank Asia Limited
- Mutual Trust Bank Limited
- Debit and Credit card holder of Sonali Bank Limited can use under mentioned ATM Booth and shopping centre and Point of Sale (POS):

Name of the Banks	No. of ATM	No. of POS
Q-Cash Consortium Bank (21 Banks)	363	3000

CHAPTER THREE (Theoretical Part)

(Internship Position & Duties and Learning Points)



Your trusted partner in innovative Banking

- Duties Performed in the General Banking
- General Banking of the Sonali Bank Limited
- Local remittance section
- Telegraphic transfer (TT)
- Demand Draft Issue
- Pay order (PO)
- Mail transfer (MT)
- Clearing house section
- Duties of the loan and advance

2.2. Introduction:

General banking includes deposit service, local currency remittance, locker facility etc. It should be mentioned that cash management is also an important part of general banking.

General banking in practice that I saw in the branch is discussed below:-

2.3. Types of Account:

Accounts department is the most important functional area of this branch. The following types of accounts are maintained in this bank:

1. Fixed deposits A/C
2. Short term deposits A/C
3. Deposit pension scheme (DPS) A/C
4. Sonali Bank special deposit & pension scheme A/C
5. Savings deposits A/C
6. Current deposits A/C Call deposits A/C and
7. Sundry deposit Accounts.

2.3.1. Fixed deposit A/C:

This account is opened for a fixed period of time this type of account is very popular to the fixed income earners. Sonali Bank, Mirpur Shilpa Elaka Branch, Dhaka maintains different terms of this deposit and interest rate varies with the variation of term. The minimum term is 3 months. The branch maintains fixed deposit account for maximum term of 5 years. A fixed deposit account holder has to deposit his money with the bank at a time and the amount of deposit is drawn at the maturity of the account. But in case of emergency a fixed deposit A/C holder can withdraw his money before maturity. Interest rate on this account varies according to term of deposit. Sonali Bank, Rajshahi medical college hospital Branch, pays the following interest rates on Fixed deposit A/C:

Duration	Rate of interest
1 months or more but less than 3 months	5.25%
3 months or more but less than 6 months	5.50 %
6 months or more but less than 1 year	6.00 %
1 Year or more but less than 2 year	6.25 %
2 Years or more but Maximum 5 year	6.25 %

Source: Central Accounting & Fund management department. Date: 20-04-03.

2.3.2. Short term deposit A/C:

This item includes the deposit which are deposited for a of period ranging 7 days to 89 days. These types of liabilities are payable by a special notice or after specified period. Some of these types of deposited are of nature of time deposited. Its interest rate is 3%.

2.3.3. Deposit pension scheme (DPS):

Deposit pension scheme is a nature of time deposit and it was introduced in 1983. According to this scheme the investor was required to deposit a fixed amount of money per month Tk 100/-, TK 200/-, TK 500/- for a period of 10 years and 20 years. Interest on the invested amount is compounded at the rate of 15% and calculated on yearly basis. At present bank has stopped to take such types of deposits by the Bangladesh Bank on the 28th February, 1999.

2.3.4. Sonali Bank Special Deposit & Pension Scheme (SDPS) A/C:

It was started from 1996. The term of Sonali Bank special deposit & pension scheme is 5 year and 10 years. The Bank pays interest at the rate of 10% per annum on SDPS of 5 years, 12% per annum on SDPS of 10 years.

2.3.5. Savings Deposits Account:

Normally Savings Account is used by individual or service oriented organization. In this account, a depositor can deposit money as many times he/she wants. But the account holder cannot withdraw his deposited money frequently. In this case he has to follow some stipulated rules and regulations. The Bank pays 3.5% interest on savings deposit.

2.3.6. Current Deposits Account:

This account is used by the persons or institutions that need frequent deposit or withdraw money. The depositors of this A/C can deposit or withdraw money more than one time as they need in a working day. Normally current A/C is used by the businessmen. No interest is paid on this Account. Two types of current A/C are maintained by the branch i.e. personal and institutional.

2.3.7. Call Deposits A/C:

Tender money is deposited in this account. In order to participate in tender invited by any private or public institution, the participants have to deposit a particular amount of money as security. It is called tender money. The tender inviting institution receives tender money under this account through bank. The deposited amount in this account remains up to opening of tender. After opening of tender, the tender inviting institution can withdraw fund from this account, at any time. The bank pays no interest on this account.

2.3.8 Sundry Deposit Account:

This account is also called special purpose deposit account. The following items are deposited in this account:

- Employees contributory provident fund
- Employee's general provident fund
- Sonali Bank employee's pension fund
- Sonali Bank employee's pension and death cum-retirement benefit fund.

2.4. Account Opening:

We have gathered practical knowledge about opening of bank accounts. Various types of bank accounts are opened with the Sonali Bank greater road branch, Rajshahi. We were taught how a current deposit (CD) A/C, savings deposit (SD) A/C are opened.

2.4.1. Procedures of opening a CD A/C:

To open a current deposit A/C, an individual has to carry out the following procedures-

- Obtain a prescribed application form from the bank
- Submit the duly completed form with necessary papers to the concerned officer.
- Face a brief interview
- Put specimen signature in the signature card supplied by the bank.
- Deposit of money
- Get counter folio of the payment slip.

- Once these formalities are carried out in appropriate manner, an account number is posted against the application. Then a check book is issued in favor of the applicant and he is considered as a valid account holder of the bank.
- With the prescribed application form, the applicant should submit the following papers and information's.
- Nationality certificate from the appropriate authority.
- Two copies of recent passport size photographs.
- If the applicant is a service holder he should collect employee certificate from his employer and is to be submitted.
- The applicant's signature should be identified by an introducer who has a CD A/C with the respective branch.
- The applicant should deposit minimum taka 100/- to open an account.

2.4.2. In case of joint account, the applicant must furnish the following information and papers:

- Name of the parties who will operate the account and sign the checks.
- At the event of death either or any of the account holders how the balance will be paid and to whom the securities (if any) will be delivered. The documentary requirements are almost the same as individual accounts. Account opening form and the special instructions must be signed by all the joint account holders to signify their consent.
- If the client is a partnership company the company has to submit partnership deed to the bank.
- If the applicant is a sole proprietorship business, the client has to submit trade license collected from the appropriate authority & seal of the institution.
- If the client is a private or public limited company, the company has to submit Memorandum of Association (MOA), Article of Association (AOA) and other necessary documents. Name and specimen signature of the people who are authorized to open and operate the account and the source of their authority.

2.4.3. Procedures of Opening a Savings Deposit (SD) A/C:

The procedures of opening a SD A/C are almost same as the CD A/C. Some of the rules and regulations regarding to operate a SD A/C are mentioned below:-

- Only savings account holder or a CD account holder of the respective branch can be introducer of the applicant of opening SD A/C.
- Two copies of recent passport size photographs of the applicant should be attested by the introducer. In this case the introducer will mention his/her account number.
- The applicant should deposit Tk. 100 is required to open this account.
- If the client is private or public limited company, the people authorized to open and operate the account should put joint signature where it is necessary.

2.5. Closing an Account:

During the study work we were taught how to close a bank account before maturity. In order to close an account before maturity the holder has to place a written application to the bank. After receiving the application the bank will deduct service charge at an amount necessary for the respective account as closing fee from the balance and rest of the money is given to the account holder.

2.6. When bank closes an Account:

The relationship between bank and his customer is a contractual one and may be terminated by either of them. Bank closes an account in the following situations:-

- If a customer places written application to the bank to close his account.
- If the customer does not properly follow the rules and regulations necessary to operate his account.
- If the bank is notified the message of death of a customer.
- If the bank receives a notice regarding the insanity of his customer.
- If the bank receives a garnishee order from court.
- Others.

2.7. General Banking Functions of Cash Department:

Cash department is another important functional area of this branch of Sonali Bank.

2.8. Cash Payment:

In this section I gathered practical experience about how a check is honored and how cash is paid. The formalities involved in check honor and cash payment are stated below:-

- Presenting the check: If any A/C holder would like to draw money from his A/C he at first has to issue a check supplied by the respective bank. Then he has to present the check to the concerned officer after duly signed.
- Token Issue: After receiving the check, the officer examines the followings-
 - a. Account number of customer
 - b. Issuing date of check
 - c. Amount of money mentioned in the check.
 - d. Amount position/balance position of the customer.
 - e. Whether the customer has signed behind the check or not.
 - f. After that, the officer enters the amount of money, token number, and account number in the daily transaction register. The register is usually called day book. Then, the token is issued & given to the customer. The number indicated in the token is written behind the check.
- Verifying the check: At this stage, the check is sent to the principal officer (second officer) to verify it. To examine the validity of the check, the second officer compares the customers signatures given on the check with that on the signature card kept in his custody.
- Honoring the check: If all the factors are satisfactory, the check is honored by the second officer.
- Check cancellation: At this stage, the officer signs across the check to pay the money.
- Drawing money: After the check is signed by the second officer, the customer returns the token to the cash payment section and draws his money.

2.9. Cash Receipt:

Customer's deposits are received in this section of bank. Then the amount received is credited to the customer's A/C in the ledger book. The formalities that are followed to receive a customer's deposit (cash) in the cash receipt section are stated in the following flow chart-

2.10. Check Dishonored by Bank:

During the internship program, I was taught how a check is dishonored by bank. The statutory duty of a bank is to honor his customer's check. But a bank can dishonor a check for various reasons. Some of the reasons for that a bank dishonors his customer's check are stated below-

- If the customer's account position is not okay, that is if the amount of money mentioned in the check is greater than customer's deposit.
- If the check is torn.
- If the check is postdated or a stolen checks.
- If the customer's signature given on the check is a forged one or does not tally with his specimen signature kept in bank custody.
- If the check is not submitted to the customer within banking hour.
- If the duration of issuing the check is more than 6 months
- Others.

2.11. Profit and Loss Ledger:

In this ledger banks all incomes and expenditures are shown separately. It is prepared at yearly basis. Sonali Bank, Mirpur Shilpa Elaka Branch, Dhaka prepares its profit and loss ledger at the date of 31st December of every year.

2.12. Statement of Affairs:

The branch prepares a statement of affairs and sends it to the head office weekly. This statement including the assets and liabilities of a bank. The statement is prepared from cash book cum-general ledger. After supplementary balancing, the figures are posted in cash book-cum-general ledger. After posting closing balance of each head of account is drawn in order to have a clear-cut view of the daily financial position of the branch. The closing balances of various heads of account are incorporated in the statement of Affairs.

2.13. Check Clearing Through Clearing House:

A clearing house is an institution of credit where reciprocal liabilities of local banks are counter-balanced against each other. Clearing Houses provide mechanism for clearing transactions among banks. It involves offsetting reciprocal claims against each bank and setting such balances of differences remains outstanding.

Clearing is usually done twice a day; the first at 9.30 a.m. and the second at 2.30 p.m. At the time of first clearing, officer/clerk delivers checks and claims. At the second, clearing members confirm each other payment or nonpayment. The members of clearing house maintain accounts with the Bangladesh Bank, through which the amount payable or receivable is usually settled.

2.14. Remittance:

The system of transmitting or sending money from one branch to another branch of the same bank or from one bank to another bank within a country or outside the country is known as remittance. It is one of the important functional areas of a bank. A bank can earn handsome fees as commission from the dealings of money remittance. During my internship program I have gathered practical experience about how money is remitted from one branch to another branch of a bank or from one bank to another bank.

2.15. Types of Remittance:

Remittance can be of two types, i.e.

- A) Inland Remittance
- B) Foreign Remittance.

A) Inland Remittance:

When money is remitted within a country through proper banking channel, it is termed as inland remittance. Sonali Bank, Rajshahi medical college hospital Branch deals a lot of inland remittance at every working day.

a. Modes of Inland Remittance:

- 1) Demand Draft (DD): DD is the most widely used instrument of remitting fund. It is order to pay money drawn by one branch of a bank upon another branch of same bank for a particular amount of money that is payable to order and demand.
- 2) Procedures of remitting money through DD:
 - The procedures of remitting money through DD are stated briefly in below-
 - At first, the sender of money is advised to fill up a form and deposit the cash. The form is usually called DD application form or credit voucher.
 - The senders of money fills up the voucher appropriately and place it with cash before the officer at cash receipt section.
 - After receiving the voucher and cash, the officer counts the money and charges a fee as commission. Here it is mentionable that the commission for DD up to tk 10,000 is Tk. 10 for per 1000 and Tk. 1 for every thousand above Tk. 10,000.
 - After that, the voucher is sent to the concerned officer of remittance section.
 - Here the officer prepares a paper instrument called “Demand Draft (DD)” and enters the amount in the draft issue register.
 - Draft book and DD along with the register are then sent to the officer in charge for checking. If everything is Okayed, the officer signs the DD and voucher and keeps the register and counter foil of the DD.
 - After that the DD is issued to the sender of money. At this stage he can send the DD to the receiver branch by post or any other ways,
 - After issuing the DD and handing over it to the sender of money, the DD issuing branch sends an advice to the receiver branch about DD.

- Finally, the DD receiver branch makes payment to the bearer of DD. i.e. payee after completing the necessary formalities.
- 3) Mail Transfer (MT): MT is another widely used instrument of remitting fund from one branch of a bank to another branch of the same bank. It is not used to remit fund from one bank to another. MT is nearly same as DD.
- 4) Procedures of remitting money through MT:

The procedures of remitting money through MT are almost same as the procedures of remitting fund through DD. But there are some exceptions in this system”-

- In case of MT, the sender of money is not provided with the MT paper but a receipt. The branch sends the MT paper under its own responsibility by mail to the MT receiving branch.
 - The commission for MT up to Tk. 10 for per 1000 and Tk 1 for every thousand above Tk 10,000.
 - The postal charge is Tk 10 for every MT issue and any amount of money.
 - The MT issuing branch has to send a secret message i.e. Test to the MT receiving branch. It is must for any amount of money. Here the amount of money, issuing date and other particulates are mentioned.
 - To maintain the secrecy of the message sent, the issuing branch codes the message by a particular number consisting of different digits. After receiving the message, the paying branch decodes it by using the predetermined techniques. This process is called test. If everything is Okayed, the paying branch makes payment to the payee.
- 5) Telegraphic Transfer (TT): TT is the fastest means of remitting fund between two branches of the same bank. Fund cannot be remitted from one bank to another bank through TT.
- 6) Procedures of remitting money through TT: The primary formalities that have to be maintained to remit money through TT are same as DD and MT.
- The commission for MT up to Tk. 10,000 is Tk 10 per TK 1000 and Tk 1 for every thousand above Tk 10,000.

- Here a fee of Tk 20 is charged as telegraphic charge for every TT issue and for any amount of money.
- In case of TT, no paper instrument is sent to the paying branch. Rather the TT issuing branch sends a TT advice through telephone, telegraph, Fax or telex to the paying branch. In sending message, the branch keeps necessary secrecy.
- Side by side, the TT issuing branch sends an advice to the head office of the bank.
- After receiving the message, the paying branch tests to decode the message. If everything is obeyed, then the branch makes payment to the payee. After that the branch sends an advice to the head office to reconcile the accounts of both branches.
- In case of TT, test is must for every issue and for any amount of money.

B) Foreign Remittance:

The procedure to transfer money from one country to another country through bank or other govt. authorized agencies is called foreign remittance. The Sonali Bank, Mirpur Shilpa Elaka Branch, Dhaka does not provide foreign remittance facility to its customer directly.

2.16. Customer Services:

Sonali Bank, Mirpur Shilpa Elaka Branch, Dhaka offers the following customers facilities:

Customers check collection

Collection of bills for public or private organization

Payment of Pension (Govt.)

Payment of Allowance

Selling prize bond

Pay order

Examination fee

Salary payment

Pension (Board)

Same bank

Other bank

3. Duties Performed in the General Banking:

General banking is the one of the most important department of every banking transaction. During the internship period I learn most this section. I did my work in the following section under general banking Division.

1. Account opening.
2. Account closing.
3. Cheque Issue.
4. Local Remittance.
5. Clearing House Section..
6. Dispatch section.

3.1 General Banking of the Sonali Bank Limited:

General banking is the banking of collection procedure occurs. Other service like cheque enhancement, account opening, account transfer, account closing bills and remittance are provided here, so general banking section is the life blood in the banking service.

3.2 Local remittance section:

One of the most important aspects of the commercial banks is rendering service to its customer. Among different services rendered by a commercial bank to its customer's remittance facilities are very well known and popular to the customers. The word "

remittance” means sending of money from one place to another place through post & telegraph .banks also extend this facility to its customers by means of receiving money from one branch the bank and making arrangement for payment to another branch within the country.

There are two type of remittance:

1. Inward
2. Outward

The commercial banks remittance facilities to its customer is to enable them to avoid risk arising or loss in carrying cash money from one place to another or making payment to someone in another places. Banks tame the risk and ensure payment to the beneficiary in exchange of a little bit benefit known as exchange or commission. Considering the urgency and nature of transaction, the mode of bank remittance may be categorized as:

Demand Draft (DD)

Mail Transfer (MT)

Telegraphic Transfer (TT)

Payment Order (PO)

3.2.1 Telegraphic transfer (TT):

At fast customer fulfill the TT application from are as follows- Name of the payee and address, Name of the branch, amount in taka, customer name , address, A/C number, phone number and his signature. Then he sands the form and the TT amount to cash counter.

Now the bank officer takes the amount and registers the entry book and send to the A/C section. A/C section officer entry to the TT registers boom, serial number as a TT number and wrote the advice number into the TT form, then send to the authority to signature and

test the TT. The minimum commission of the TT 20 and then 0.1% of the amount, govt. tax of the commission in 15% and telephone charge TK.30.

Service charges of TT, MT, and DD are as bellows:

Amount	Commission	Vat	Total
1000	20	3	23
1000-100000	30	5	35
100000-499999	50	8	58
500000-above	100	15	115

Total = total +advice charge + telephone expense

.....+20+30

Telegraphic transfer (TT): Responding: At first authority take the TT with the phone then he/she sent to the responding paper to the cash officer the cash officer take the entry to the TT responding book. Debit to the Sonali Bank A/C for sending branch, consumer credit to the bank A/C and write the TT responding voucher.

3.2.2 Demand Draft Issue:

First the customer fill up the DD application form are as follows name of the payees and address, name of the branch, amount in taka, customer name, address, A/C number, Phone number and his signature. Then he sands the form and the DD amount to cash counter.

Cash officer received the DD, entry to the register book and send it the accounts department accounts officer entry to the both think for authority to signature. The commission of the DD is minimum Tk. 20.

3.2.3 Pay order (PO):

At first the customer fill up the PO application form are as follows-name of the payee and address, name of the branch, amount in taka, customer name, address, A/C number, phone number and his signature. Then he sands the form and the PO amount to cash counter.

Now the bank officer takes the amount and registers the entry book and send then send the authority to signature

The commission of the DD is minimum TK .20.

3.2.4 Mail transfer (MT):

The facility of transferring money by mail is available to the customers having some sort of an account with the Bank. There matter despite the amount to be transferred with small commission with the remitting branch. It is an advice issued by a branch to another branch for crediting the specified amount to the account of the payee maintain with them. It is a non –negotiable instrument and generally is not handed over to the customer rather sent through post office to the connected branch for credit to the respect idea mount.

3.3 Clearing house section:

The clearing housing in the Sonali Bank is locally operating scheduled banks for exchange of cheque; drafts and other demand instrument drown in each other and received from their respective customers for collection. The house meets at the appointment hour on all working days under the chairmanship of the central bank or its agent as the case may be, and works within the regulations framed therefore on the basis of prevailing banking practice in Bangladesh clearing house sites at Bangladesh bank but where there in no office on the Bangladesh bank Somali bank acts as agent of Bangladesh bank.

There are two types of clearing systems in Bangladesh bank such as

- 1) Internal clearing or inter branch clearing
- 2) External clearing on inter- banks clearing

The entire member if banks representative daily conduct and handover cheque drafts etc. passed, which are drown upon them.

Dispatch section:

Dispatch includes all correspondence, letters, statement and returns and telegrams .this dispatch is also known as mail. The dispatch is primarily divided into two categories.

- 1) Inward: It means what are received from the outside.

- 2) Outward: It means what are sent to the outside.

The dispatch also divided into ordinary registered and local every correspondence should have an office copy and one additional copy is also retained in the masts file of the office.

Working procedures for inward Mail:

- 1) Registered the inward mail registered
- 2) A local mail registered
- 3) Currency note received and money order will be entered in a special notebook.

Working procedures for outward Mail

- I. Registered the mail in the lout ward registered
- II. Equitable sum is advance for postage by debit to charge account and credit to postage book under the authentication of the manager.

3.4 Duties of the loan and advance:

Credit section of the Sonali Bank limited:

Credit section is the heard of the banking activities, because the main bank profit comes from this section. In the Sonali Bank ltd offer lot of loan side in the real life and business life, such as auto loan consumer loan rural loan, easy loan, pension saving scheme, Education loan, diagnostic loan, home loan, industrial loan, medical loan, it deposit scheme. Loan section main risk is loan defaults, sometime customer takes the loan and one or two installment will be but next time there are not payment their installment. So this is main fall of earning this should be very care full process and the leady process. Sometime take two or three month for work in this section. The following work in do in this department.

- 1) Loan types
- 2) Information required for preparing the loan proposal
- 3) Documents required for preparing the loan proposal
- 4) Important aspect of the loan sanctioning
- 5) Credit product. Stock valuation of the customer

3.5 Duties of the Foreign Exchange:

Foreign exchange means foreign currency. If we consider Foreign Exchange as a subject then it means all kinds of transaction related to Foreign currency as well as currency instruments such as DD, TT, MY, TC, payment order & Foreign Trade. In other words Foreign Exchange deals with foreign Financial Transactions.

3.6 Activities of Foreign Exchange:

There are four transactions kinds of Foreign Exchange Transactions.

- Import
- Export
- Remittance
- Foreign Currency A/C

3.7 Learning points: I have learnt many things from Sonali Bank

Limited:

- To learn how to open an account.(current account, saving account)
- How to issue DD
- How to issue TT
- How to issue MT
- How to issue PO
- How to open L/C
- How to issue Cheque book
- How to entry the cheque for payment cash
- How to issue the consumer loan
- How to issue the industrial loan
- How to issue the general loan
- What types of requirement are necessary for loan
- How pay cash account holder

CHAPTER FOUR

“Disbursement of Loan and Recovery System”



Your trusted partner in innovative Banking

- Loan Disbursement Process
- Principles Lending: of Sound
- Credit Risk Assessment
- Credit Principals
- Organizational Structure and Responsibilities
- Process of Loan Recovery in short
- Loan Classification – Provisioning
- Classification

4.1 Loan Disbursement Process:

Loan Disbursement process needs some pre-requisites. They are following:

4.1.1. Principles Lending of Sound

It is necessary to develop a sound lending principle and modern lending techniques to ensure the performances of the credit provided by the bank. Credit is very much dependent on the judgment of the sanctioning authority. Banker's ability in taking proper prior measures to minimize the risk is very important. To do this a Bank must follow the "Guiding Principles of Sound Lending" which include:

Principle of Safety:

The first lending Principle of sound lending is safety. The very existence of a bank depends upon the safety of its advances. Safety should not be sacrificed for profitability. So utmost care should be exercised to ensure that the funds go to the right type of borrower, are utilized in such a way that they remain safe and the repayment comes in the normal course.

Principle of Purpose:

The Bank should not lend money for any purpose for which the borrowers demand loan, the purpose should be productive. So another important point to be considered by a credit officer before lending is the purpose for which the loan is required and also the resources through which the borrower is expected to repay.

Principle of Liquidity:

The banker while making advance must see to it that the money lent is not locked up for a long time because, majority of Bank's liabilities are payable either on demand or after short notice. So the banker should make sure that the loans are liquid enough to meet the banks liability structure. Liquidity means availability or readiness of bank funds on short notice. The liquidity of advance means its repayment on demand on due date or after a short notice. The loan must have fair chances of repayment according to repayment schedule. Otherwise, the liquidity position of a bank may be threatened.

Principle of Security:

The security offered by a borrower for an advance is insurance to the banker. It serves as the safety value for an unforeseen emergency. So another principle of sound lending is the security of lending. The security accepted by a banker to cover a bank advance must be adequate, readily marketable, easy to handle and free from any encumbrance.

Principle of Profitability:

Commercial Banks obtain funds from shareholders and if dividend is to be paid on such shares it can only be paid by earning profit. Even in the case of public sector banks although they work on service motive they also have to justify their existence by earning profit. This is not possible unless funds are employed profitably. So the fund should be employed in reliable and profitable sources, but for the sake of profitability, the other two principles safety and liquidity cannot be sacrificed.

Principle of Diversification:

The advance should be as much broad based as possible and must be in conformity with the deposit structure. The advances should not be in one particular direction/ industry/ activity or one or few borrowers because adversity faced by that particular industry will have serious adverse effect on the bank.

Principle of National Interest:

The development of banking has reached a stage where a banker is required to identify his business with national policies. Banking Industry has significant role to play in the economic development of a country. So, the savings of the people which are mobilized by banks must be distributed to those sectors which require development in the country's Planning Program.

Others:

Creditworthiness of a borrower:

A) Character:

-To determine whether the borrower has a responsible attitude towards borrowed funds and whether he will have every effort to repay what is owed.

-Responsibility, truthfulness, serious purpose, and serious intention to repay loans make up the characters of the borrower.

B) Capacity:

-Whether customer requesting loan has the authority to request loan and have the legal standing to sign loan agreement and documents.

C) Economic Condition/ Assets:

-Whether borrower has sufficient assets to repay the loan.

-Other loans and liabilities of the borrower.

D) Credit history/Credit habit:

-Whether loans borrowed by the customers previously and how those earlier loans were handled.

-Whether there is any loan default earlier.

-Whether legal action has ever been taken against him for recovery of default loan.

E) Credit Rating:

-Credit Ratings of the borrower by credit rating agencies.

4.1.2. Credit Risk Assessment:

A thorough credit risk assessment should be conducted prior to the sanctioning of credit facilities. Thereafter it should be done annually for each relationship. The result of this assessment shall be presented in the credit proposal originated from the Relationship Manager (presently branch).

The Relationship Manager (presently Head of Branch) should be the owner of the customer relationship and must ensure the accuracy of the entire credit proposal submitted for approval. Relationship Manager must be familiar with the Bank's Lending Guidelines and should conduct due diligence on the borrower, principals and guarantors. They must conduct necessary KYC (Know Your Customer) part on the customer and Money Laundering Guidelines be adhered to.

Following risk areas in the credit proposal should be addressed and assessed before sending to Head Office.

Borrower Analysis: i.

- a. Share holding
- b. Reputation
- c. Education
- d. Experience – success history
- e. Net worth
- f. Age etc.

ii. Industry Analysis:

- a. Industry Position/Threat/Prospect.
- b. Risk factors pertaining to the industry.
- c. Borrower's position / share in the industry.
- d. Strength, weakness of the borrower compared to the competitors etc.

iii. Supplier/ Buyer Risk Analysis

- a. Concentration on single/few buyer/supplier is addressed.

Iv. Demand Supply position

v. Technical feasibilities / Infrastructural facilities

Vi. Management Teams Competence

vii. Seasonality of demand

viii. Debt-Equity Ratio

ix. Historical financial analysis:

- a. An analysis of 3 years historical financial statements.
- b. Earning – its sustainability.
- c. Cash flow
- d. Leverage
- e. Profitability
- f. Strength and reliability of Balance Sheet etc.

x. Projected Financials:

- a. Sufficiency of cash flows to service debt repayment.
- b. Debt Service Coverage Ratio.

Xi. Trade Checking:

xii. Account conduct:

- a. For existing customer the repayment history, credit turnover, study of account statement
- b. If the customer is proposed to be migrated from other Bank, statement of account from present Banker is required: a) Allied deposit with our Bank. b) Other business with our Bank.

xiii. Security:

- a. A current valuation of collateral security by Professional Enlisted Surveyor be obtained with photograph and site map. Collaterals within command area of the respective branch location are preferred. Third Party property and vacant land should be discouraged.
- b. Loans should not be considered based solely on collateral.
- c. Adequacy and extent of Insurance coverage should be assessed. Insurance Policy should be obtained from approved Insurance Company. Premium should be paid through Bank, duly stamped money receipt be obtained. Insurance Policy be held by the Bank. The Policy be renewed in time. Letter of authority be obtained from the customer to debit account to pay premium for renewal/enhancement of the policy.

xiv. Succession issue:

Margin, volatility of business, high debt (Leverage / gearing), over stocking, huge receivables with long aging, rapid expansion, new business line, management change, lack of transparency should be addressed.

- xv. Adherence to credit guidelines:
 - a. It should be clarified whether the customer is agreeable to comply with guidelines in respect of regulatory requirement and Bank's policy requirement.
 - b. Any deviation be clearly identified and maintained.
- xvii. Mitigating Factors:
 - a. Risk factors be identified and side by side mitigating factors of those risks should also be mentioned to justify the proposed facility.
- xviii. Environmental factor:
- xviii. Employment generation and contribution to the national economy

4.1.3. Credit Principals:

- The Bank shall provide suitable credit services and products for the market in which it operates. Product innovation shall be a continuous process.
- Loans and advances shall normally be financed from customers deposit and not out of temporary fund or borrowing from money market.
- Credit facilities shall be allowed in a manner so that credit expansion goes on ensuring quality i.e. no compromise with the Bank's standard of excellence. Credit is extended to customers who will complement such standards.
- All credit extension must comply with the requirements of Bank's Memorandum and Articles of Association, Bank companies Act as amended from time to time, Bangladesh Bank's instructions Circulars, Guidelines and other applicable laws, rules and regulations.
- The conduct of the loan portfolio should contribute, within defined risk limitation, to the achievement of profitable growth and superior return on the Bank's capital.
- Credit advancement shall focus on the development and enhancement of customer's relationship and shall be measured on the basis of the total yield for each relationship with a customer (on the global basis), though individual transactions should also be profitable.

- Credit facilities will be extended to those companies/persons, which can make best use of the facility thus helping maximize our profit as well as economic growth of the country. To ensure achievement of this objective lending decision shall be based mainly on the borrower's ability to repay.

Other four things to consider:

- Diversification:

The portfolio shall be well diversified sector wise, Industry wise, geographical area wise, maturity wise, size wise, mode wise, and purpose wise. Concentration of credit shall be carefully avoided to minimize risk.

- Remunerative:

If Credit facilities are granted on a transaction/one-off basis, the yield from the facility should be commensurate with the risk.

- Loan pricing:

Loan pricing shall depend on the level of risk and type of securities offered. Rate of interest is the reflection of risk in the Transaction. The higher the risk, the higher is pricing. Interest rate may be revised from time to time in view of the change in the cost of Fund and market condition. Effective yield can be enhanced by requiring the customer to maintain deposit to support borrowing activities. Yield may be further improved by realizing Management fee, Commitment fee, service charge etc where possible.

4.4 Process of Loan Recovery in short:

Recovery plan is one of the components of performance plan. It is a future intended action in respect of recovery. In other words, it is a conscious and deliberate effort to recover all current dues and overdue loans.

Days past Due	Collection Action
1-14	Soft call requesting payment.
15-29	1 st reminder letter
30-44	2 nd reminder letter + Single visit
45-59	<ul style="list-style-type: none"> • 3rd reminder letter • Group visit by team member • Follow up over phone • Letters to Guarantor, Employer, and Reference all above effect follows. • Warning on legal action by next 15 days.
60-89	<ul style="list-style-type: none"> • Call up loan • Final reminder & Serve legal notice. • Legal proceedings begin. • Repossession starts.
90 and above	<ul style="list-style-type: none"> • Telephone calls/Legal proceedings continue. • Collection effort continues by officer & agent • Letter to different banks / Association.

4.6 Loan Classification – Provisioning

4.6.1 Classification

Classification of loan is mandatory for all scheduled commercial banks. It has become obvious due to the bad culture of fabricating the income by window dressing of the financial statement of the commercial banks. It has been observed that sometimes bank income is being calculated by showing the unrealistic expected income. To protect this ill practice, classification of loan has come to the effect basing upon a standard criterion.

Loans are classified into three categories on the basis of the length of overdue. These are:

- i) Substandard : If the loan remains overdue for 9 (nine) month & above
- ii) Doubtful : If the loan remains overdue for 24 months and above
- iii) Bad or loss : If the loans remain overdue for 36 months and above

The criteria of loan classification are:

- i) Overdue
- ii) Required payment
- iii) Limit overdrawn
- iv) Legal action
- v) Qualitative judgment

Sl. No.	Classification & Functional Criteria	Type of Loan	Definition
1	Unclassified	All	Current loans with required adequate eligible security
2	Substandard-loans that there is a reasonable prospect that the condition of the loan can be improved	Continuous	Overdue >3 mo but <6 mo
		Demand	Overdue >3 mo but <6 mo from date of notice
		Term <5 yrs	If defaulted amount =or> 6 mo of installments
		Term 5 yrs or more	If defaulted amount = or > 12 mo of installments

		Short term Agricultural or Micro loan	Overdue > 12 mo but less than 36 mo
3	Doubtful-probability of recovering the loan is uncertain	Continuous	Overdue >6 mo but <12 mo
		Demand	Overdue >6 mo but <12 mo from date of notice
		Term <5 yrs	If defaulted amount = or >12 mo of installments
		Term 5 yrs or more	If defaulted amount = or >18 mo of installments
		Short term Agricultural or Micro loan	Overdue >36 mo but less than 60 mo
4	Bad/loss-no hope of recovery, including cases where: no collateral; borrower is not traceable; barred by statute of limitations	Continuous	Overdue >12 mo

CHAPTER FIVE

(Analysis & Findings of SBL)



Your trusted partner in innovative Banking

- **Loan & advances**
- Sources of Credit Investigation
- Preparation of credit report
- Loan documentation
- Classification on the basis of time
- Loan classification
 - Unclassified
 - Classified
- Loan issue
- Loan issue process
- Loan renewal
- Types of loan offered by the Sonali Bank Limited
- Sonali bank limited credit facility
 - Industrial finance
 - House loan
 - Consumer credit
 - Loan Facilities Diagnostic center
 - IT Financing
 - Monthly Earning Scheme (MES)
 - Agricultural Loan
 - Agro-based industrial Finance
 - Project Loan
 - Packing credit
 - Rates of interest




5. Loan & advances:

Principles of loans and advances:

All lending will be adequately secured with requirements as lay down by the head office Credit Committee.

- ❖ Loans and advances shall be normally funded from customers deposit of a permanent nature, and not out of short- term temporary funds or borrowing from other banks or thorough short -term money market operations.
- ❖ Credit evaluation will include:
 - a) Prevalent credit practices in the market place.
 - b) Credit worthiness, background and track recorded of the borrower.
 - c) Financial standing of the borrower supported by financial statement and other documented evidence.
 - f) Legal jurisdiction and implications of applicable laws.
 - g) Effect of any applicable regulations and laws.
 - h) Purpose of the facility.
 - i) Tenure of the loan.
 - j) Viability of the business proposition.
 - k) Cash follow projections.
 - l) Quality and adequacy of security, if available.
 - m) Risk taking capacity of the borrowers.
 - n) Entrepreneurship and managerial capacities of the borrower.
 - o) Reliability of the sources of repayment.
 - p) Volume of risk in relation to the risk taking capacity of the bank company concerned.
 - q) Profitable of the proposal to the bank or company concerned.
- ❖ Exception will require approval of the board of Directors.

For investigation the manager have to enquiry about:

-  Who is the borrower?
-  Nature of business
-  Location/ site business

- ✚ Living standard /living style of the Borrower
- ✚ Experience if the business
- ✚ Equity in the business
- ✚ Purpose of borrowing
- ✚ Duration of loan
- ✚ Source of repayment
- ✚ Means and security offered
- ✚ Physical verification of security
- ✚ Profitability of the transaction
- ✚ History of accounts operated by borrower
- ✚ Market reputation regarding character, honesty, integrity etc.

5.1 Sources of Credit Investigation:

The following are the sources of credit information

- ✓ Loan application
- ✓ Financial statements (profit and loss account, Balance sheet, cash flow statement).
- ✓ Study of accounts
- ✓ Market reputation
- ✓ Other sources, i.e.
 - Income tax statement
 - Registration office
 - Press report
 - Revenue and municipal rent receipt register of joint stock company
 - VAT return
 - Report from CIB
 - Confidential report from fellow banks.
 - ✓ CRG
 - ✓ FSSA
 - ✓ Personal interview
 - ✓ Personal visit

5.3 Preparation of credit report:

On the basis of investigation the branch manager will prepare a credit report as per format provided by their head office.

After preparing credit report banks ask for loan documentation.

5.4 Loan documentation:

As other commercial banks one of the main functions of Somali bank is to extend credit facilities of its valued customers. The credit facilities are given against varies types of securities. These are mainly:

- ✚ Personal i.e. credit worthiness of the proposed borrower and guarantor.
- ✚ Moveable i.e. FDR, shanchaypattra goods and commodities balance of deposit A/C etc.
- ✚ Immoveable i.e. land building etc.

Before rendering credit facilities bank has to create charge over the securities through a number of agreements .papers etc. which are called documents.

What is a document?

Section 3 of evidence act- 1872 states, “Document means any expected or described up on any substance by means of letters, Figures or marks or more than one of those means intended to be used for the purpose of recording that matter”.

Purpose of document:

The entire purpose of the document is that reliance can be place up on the truth of the statement contains in them. Mainly three questions may be examined when document is produced in the court. These are

- 1) Is the document genuine?
- 2) What is it's contain?
- 3) Are the statements in the document true?

The documents should correctly be taken by the bank in order to create required charges on the securities defectively in favor of the bank the proper and correct documentation is essential from the point of view of the safety of the banks interest.

Steps of the documentation:

For proper and correct documentation a banker has to go through the following steps:

- 1) Prepare a list of require document
- 2) Verify the legal capacity of the executor
- 3) Affix properly valued adhesive stamp or type on a duly stamped paper
- 4) Execution
 - ✚ In presence of manager
 - ✚ In one sitting and with indelible ink
 - ✚ Any correction altercation etc. must be authenticated with full signature
 - ✚ Correctly dated
 - ✚ If several pages execution must put their full signature in all pages
- 5) Witness
- 6) Registration.

5.5 Classification on the basis of time:

There are many public, private and foreign banks in Bangladesh. Every banks have own loan policy and pan for selling their loan. But all banks loan activities are become monitoring by Bangladesh bank so better monitoring loan sector is classified are as following:

1. Continues loan: These are advances having no fixed repayment schedule but have a date at which it is renewable on satisfactory performance of the clients. such
2. Demand loan: The loan that becomes repayable on demand by the bank will be treated as demand loan demand loans mainly include PAD, LIM and LTR.
3. Term loan: These are the advances made by the bank with a fixed repayment schedule. Term loan mainly include CCS, hire purchase, and staff loan.

5.6 Loan classification:

Monitoring can be done through loan classification. Loan is mainly classified to understand that which loan account are performing well (regularly interest payment, timely repayment, and timely renewal etc.) and which are not. In classifying the loan and advance there are four classes in the loan review practiced in SBL. They are as follows as the table.

5.6.1 Unclassified

The loan account is performing satisfactory in the terms if its installment and no overdue is occurred.

5.6.2 Classified:

The loan account is not performing satisfactory in the terms of installments and overdue is occurred. These types of loan need close monitoring to stop the deteriorating position.

A) Substandard:

The main criteria for a substandard advance are that despite these technicalities or irregularities no loss is expected to be arise for the bank. These accounts will require close supervision by management to ensure that he situation does not deteriorate further.

B) Doubtful:

This classification contains where doubt exists on the fully recovery of the loan and advance along with along is anticipated but cannot quantifiable at this stage.

C) Bad & Loss

A particular loan and advance fall in this class when it seems that this loan advance is not collectable or worthless even after all security has been exhausted.

In the following table the criteria to be fall in classified category are summarized:

Substandard	Doubtful	Bad & Loss
3 months and above but less than 6 month.	6 month and above but less than 12 month.	Not recover within more than 12 months.

5.7 Loan issue:

Required document:

- 1) Current issue trade license.
- 2) Tax receipt copy.
- 3) Property tax receipt copy.
- 4) Tax broad application for proper paid tax.
- 5) One Sonali Bank account.
- 6) Three copy photo.
- 7) Two guarantors.
- 8) Fixed property or business document (Original copy will be submitted in to the bank)

5.8 Loan issue process:

- 1) Loan holder application.
- 2) Bank application.
- 3) Loan proposal prepared by the bank (For Respective customer)/ loan holder.
- 4) Stock valuation of the business product or the property (prepared by bank or the loan holder).
- 5) Enterprise valuation up 1 to 6 month.
- 6) Loan holder detail information.
- 7) Bank will be verifying the information.
- 8) Property verification.
- 9) Application sends to the head office.
- 10) Head office send to the Bangladesh bank for inquiry of the loan holder.
- 11) Bangladesh bank sends to the loan holder.
- 12) Head office sends the list of the document which is required.
- 13) The bank collects the entire document to the loan holder and sends to the head office.
- 14) Insurance of the loan and its copy.

5.9 Loan renewal

The Sonali Bank Ltd offered by the customer to the consumer credit loan which is the maturity date in the one year so loan holder renewal their loan the renewal of the loan takes some steps this are a follows:

- 1) Application of the loan holder.
- 2) Inquiry of the Bangladesh Bank, credit information bureau (CIB).
- 3) Inquiry of the loan issue bank.
- 4) Current trade license.
- 5) New valuation copy of business product.
- 6) Bank Application.
- 7) New insurance copy.
- 8) Document sanction for the head office which is send for new loan issue time.
- 9) Bank authority letter.
- 10) Valuation of the property which is doing by the bank and loan proposal from.

5.10 Types of loan offered by the Sonali Bank Limited:

Sonali Bank Ltd provides the following types of loan offered to the customers. These are as follows.

- ❖ Agricultural loan.
- ❖ Rural credit.
- ❖ Industrial project loan SME loan.
- ❖ Agro base industrial project loan.
- ❖ Small cottage industries loan.
- ❖ Working capital loan.
- ❖ Housing building loan consumer credit special small loan.
- ❖ Export import trade loan.

From the above different types of loans, I have described some of the loan on the basis of information.

Credit section of the Sonali Bank Limited:

Credit section is the heard of the banking activities, because the main bank profit comes from this section. In the Sonali Bank Ltd. offer lot of loan side in the real life and business life, such as auto loan consumer loan, rural loan easy loan, pension saving scheme, education loan, diagnostic loan, defaults, and sometime customer takes the loan and one or two installment will be but next time there are not payment their installment. So this is main fall of earning, this should be very care full process and the lindy process. Sometime take two or three month for work in this section.

The following work in do in this department:

- 1) Loan types
- 2) Information required for loan section
- 3) Documents required for preparing the loan proposal
- 4) Important aspect of the loan sanctioning
- 5) Credit product
- 6) Stock valuation of the customer

5.11 Sonali bank limited credit facility:

5.11.1 Industrial finance:

Credit scheme:

Long term loan for setting up new industrial units and BMRF of existing units including working capital finance are extended by Sonali Bank ltd to cottage industries, small-medium large scale industries and also to self-employed person with a view to creating employment opportunities, development of resources, increasing GDP and overall industrial development of the country. Currency the following credit schemes are on offer the bank:

Some of the main credit: industrial financing for trust sectors scheme sonali bank industrial credit scheme.

- Special investment scheme for cottage and small industries.

- Financing large scale industries through banks consortium.
- Financing software development and data processing.

Designated Branches about 100 branches including all the corporate and district headquarters branches are designated to handle industrial credit

Interest Rates:

- Project term loan : 12.00% to 13.00%
- Working capital : 13.000%

5.11.2 House loan:

Housing building finance corporation HBFC is the main institution to meet the requirement in the field but Sonali Bank also supplement to this sector. Advances for construction of residential houses against real state as primary securities as allowed by banks up taka 5 lacks per part (including cost of land) minus any loan taken from, HBFC for these purpose. Sonali Bank grant advances for constructions of commercial building also real states.

5.11.3 Consumer credit:

With the steady development of the industrial and the service sectors in Bangladesh, the level of personal consumption has recorded progressive growth. To cater to the growing demand for consumer durables, sonali bank limited has launched the consumer credit scheme with the following features:

Eligibility	: Permanent employees with 5 years' service in Govt. semi-Govt. organization and autonomous recognized bodies.
Loan Limit	: Maximum Tk 1.00 lack
Debt- equity ratio	: 75:25
Interest Rate (w.e.f.20, May 2012)	:14.00%
Mode of repayment	: Monthly installment.
Period of loan	: Maximum 3 year.

- Security : a) Hypothecation of consumer goods to be purchased
 b) Letter of guarantee from the employer.
 c) No objection certificate & salary certificate firm employer.
 d) Lien on provident fund/ gratuity.

Designated branches : all district branches and the corporate branches.

5.11.4 Loan Facilities Diagnostic center:

Sonali Bank Limited has launched a new loan scheme for diagnostic center to promote medical facilities the features of the scheme are as follows:

- Nature loan : Cash credit hypothecation
 Debt- equity ratio : 60:40
 Interest rate (w.e.f.20, May 2012) : 14%
 Primary security : Stock of Chemicals, X- ray, Medicine etc.
 Collateral security : Collateral Security twice the value of the loan is required.
 Period of loan : 1 Year

5.11.5 IT Financing:

IT project financing for growing international markets for software and data processing this scheme provides long term and short term credit facilities on easier terms to set up and run IT based projects

- Eligibility : Entrepreneurs of them at least two with recognized degree / diploma in computer science or electrical Engineering /Telecommunication /applied physics, Electronics, forming a private limited company may apply. Experience in the related field will be preferred.
- Loan Limit : Maximum Tk 1.50 million in deserving cases up to Tk 10.00 million may be considered.
- Debt- equity ratio : 80:20
- Period of Loan : Maximum 6 year including 1 year grace period.

Security : In case of rented premises collateral of immovable at last covering prayed loan is needed. In case of project with own land & building no collateral security other than the personal guarantee of the loans is required.

Entrepreneurs offering collateral security will be preferred. Or loan may be consider with personal guaranty of worthy person (Third party) and in such case original certificates on academic achievements of the sponsor are required,

Interest rate (i.e. 20, May 2012):11.00%

5.11.6 Monthly Earning Scheme (MES)

Nature of loan	: Monthly earning scheme
Debt- of equity ratio	: 80.20
Interest rate (i.e. 10 May, 2012)	: 3year -9% 5 year11%
Interest paid	: Monthly
Collateral security	: Fifty thousand or twice

5.11.7 Agricultural Loan:

With the to augmented agricultural output, create employment opportunities generate income of the rural people, Sonali Bank Ltd. Intensified its efforts to extend credit facilities to all sections of rural population under various rural credit schemes, program and project peddtdaining agricultural and off forming activities.

Interest rate: 2%_10%

5.11.8 Agro-based industrial Finance:

Economic development of Bangladesh mainly depends on agriculture. A large number of people the country are directly or indirectly involved in agriculture. As the largest commercial bank of the country, Sonali Bank Ltd is playing an impotent role in industrial development of the country by extending credit facilities to agro- based industries.

Interest rate: 10.50%_ 12.50%

5.11.9 Project Loan:

Project loan consider as long term investment of the bank if the project is helpful to improve the economy and has a wide market then the bank thinks about giving project loan to give this kind of loan the bank observes the willingness of the customers the capacity and his ability to run the project. Having obtained this kind of information the bank makes a credit report about the customers loans proposal interest rates on loan various from project ratio of Investment of customer and bank various from customer to customer as the customers relationship with the bank.

5.11.10 Packing credit:

Advance allowed to a customer against specific L/C firm contract for processing packing of goods to be reported from processed of the relevant export within 180 days advances must be a dusted from processed of the relevant export within 180days Interest rate 7%+1% service charge.

Medical and nursery project, Micro- enterprise program 'Unmesh' in Moulavibazar district, MSFSCIP in kurigram district, Loan for Disable persons etc. Deserve special mention for channeling the financial resources into the various potential avenues of micro-finance.

Sonali bank limited jointly with Swanirvar Bangladesh BRDB and ADB has been providing huge invisible funds into the different upazillas within the country. 152 divisions has provided taka 179.09 core to 68 NGO's under its widely accepted bank NGO linkage programed on whole sale basis and whose recovery rate is 100% specially, for the disable people disable loan program has been undertaken to bring the disable section for the people under the micro credit facilities. The goat rearing program undertaken by this division has been running with a remarkable impact in reduce rate of massive scale rural poverty Sonali Bank has already disburse 46.47 cores up to 31 December, 2007.

Further, in order to create employment opportunities and to generate income of the rural people two loan scheme under the name and style "Rural small farming loans scheme and rural small business loan scheme have been introduced in- 2004. in both the programs the

is a provision of collateral free loan up to Tk.5000 in 2006 anew program has been introduced named “Daridra Bimochane sahayta karmasuchi”for the extremely conga affected rural people moreover in 2007a special program has been introduced for SIDR affected 12areas in which there is a provision of collateral free loan up to Tk.20, 000/.

Up to December 2007, Tk. 3299.47 core has been disbursed under various project programs of this division whereas this disbursement figure was Tk 3056.63 core up to December 2006. The key features of some running projects/programs of micro credits gives as follows:

Sonali Bank Limited

Highlights on the overall activities

SL. No.	Particulars	2010 Taka	2009(Restated) Taka
1.	Paid-up Capital	9,000,000	9,000,000
2.	Total Capital (as per Capital Adequacy)	38,763,230	33,803,594
3.	Capital surplus/(deficit)	6,456,326	10,650,574
4.	Total Assets	649,267,923	550,857,429
5.	↓ Deposits	478,134,085	406,151,569
6.	Total Loans and Advances	286,098,070	254,022,505
7.	Total Contingent Liabilities and Commitments	131,053,502	67,799,303
8.	Credit Deposit Ratio	59.84%	62.54%
9.	Percentage of classified loans against total loans and advances	23.88%	27.49%
10.	Profit after tax and provision	2,737,610	3,490,198
11.	Amount of classified loans	68,314,855	69,833,477
12.	Provisions kept against classified loans	45,481,659	43,380,164
14.	Cost of fund	6.74%	6.24%
15.	Interest earning Assets	403,286,217	323,647,663
16.	Non-interest earning Assets	245,981,706	227,065,074
17.	Return on investment (ROI)	9.39%	7.11%
18.	Return of Asset (ROA)	0.03%	0.43%
19.	Income from investment		

		5,896,207	7,709,249
20. Earnings per Share		30.42	38.78
21. Net income per Share		30.42	38.78
22. Price Earnings Ratio		N/A	N/A
Chairman Director & CEO	Director	Director	Managing

Investments have been recorded at market price and adequate provision for probable Future losses as per Bangladesh Bank guidelines. Market value of securities has been Determined on the basis of the value of securities at the last trading day of the year

5.11. 11 Rates of interest:

Deposit	Interest rate
Current deposit	0.00%
Saving deposit	
Urban area (city corporation, sador municipality)	5.00%
Rural area	6.00%
Deposit by foreign remittance	6.50%
Short term deposit	4.00%
Fixed deposit(FDR)	
3 month or above but less than 6 month	9.00%
6 month or above but less than 1 year	9.50%
1 year or above but less than 2 year	10.00%
1 year or above but more than3 year	10.50%
DPS	15%
SDPS	
5 Years	8%
10 years	10%
SDS (Year)	8.50%
EDS (10Years)	8%
MDS (10Years)	8%
RDS (7 Years)	9%
MES (3 Years)	9%

MES (5 Years)	10%
MSS (10 Years)	8.50%
Loans & advance General loan	11% to 14%
Agricultural loan & rural loan	2% to 10%
Micro credit	6.25% to 11%
Agro based industry loan	10.50 to 12.50%
Industrial project loan	12 to 13%

CHAPTER SIX

SWOT ANALYSIS







Your trusted partner in innovative Banking

➤ SWOT Analysis



6. SWOT analysis:

Strengths:

There are 1191 branches it is a great opportunity to serve the customer.

-  Very strong relation with Bangladesh bank.
-  Corresponded relation with other bank: They have corresponded relationship with other bank so the bank can provide the services of their customer.
-  Strong remittance bank office support.
-  Interlink relationship between every team: They have strong relation between every team.

Weakness:

-  The services are very slow.
-  The bank is so slow modernization.

Opportunities:

- Since the Somali bank has many branches so it is great opportunities to capture the banking sector
- The bank offers the different type of loan then other bank in Bangladesh.
- Product based on need of NBR people live in abroad can avail the quick and safe remittance service Sonali bank limited under the NBR services so the bank increase these type of service.

Threats:

- Increase the competition of the banking sector.
- Increasing the on line banking.
- More number of banks of other banks has commenced business as outlets for western union.
- About remittance business these days many bank are showing greater interest in the remittance business HSBC bank standard chartered bank.

CHAPTER SEVEN

“Recommendations and Conclusion”



Your trusted partner in innovative Banking

- Conclusion
- Recommendations
- Reference

6.1. Conclusion:

Sonali Bank Limited, the largest & leading commercial Bank of the country, came in to being in 1972 immediately after the emergence of Bangladesh as an independent state. A fully state owned enterprise, the bank has been discharging its nation-building responsibility by under taking government entrusted different socio - economic schemes as well as money market activities of its own volition, covering all spheres of the economy. Sbnali Bank Limited singularly enjoys the prestige of being the agent of the Central Bank Bangladesh in such place where the guardian of the money marker has chosen not to act by itself.

All the branches of SBL are providing Small Enterprise & consumer financing. Under the small enterprise & consumer financing the provided the different type of credit facility, this are: Diagnostic Center loan, Micro Credit, Term Loan, SME loan, Sonali Bank Deposit scheme, Rural credit facility, Micro Credit, Industrial Financing Trade Financing etc. under the consumer financing it provided by the following services: Education Loan, Medical Loan, Monthly Earning Scheme, Any purpose loan, consumer credit, Marriage Saving Scheme, Special Small Credit Scheme etc. The Rural credit and Micro credit are offered by the Bank to the customer, these two loan type are offered only by the Sonali Bank Limited.

Bank provides the most number of loans in Cash Credit (Hypothecation) is 11% Demand loan (consumer) is 20% small loan 6% staff scheme and RSD 8% most of the loan provided by the overdraft is 76%.

By providing the several type of loan of the Bank is playing the vital role for the development of the Bangladesh Economy. It provides their service in the every class of people. The branch of the SBL in all over the country, so people can get their service easily.

During the course of my practical orientation I have tried to learn the practical banking activities to realize it with my theoretical knowledge, which I have greathearted and going to acquire from various course of my BBA program.

6.2. Recommendations:

Every think have some recommendation in my three months working experience in SBL Mirpur Industrial Area Branch at different department lead to recommendation on the following issues:

- The branches should be developed.
- The branch's technology should be increased because the customers are changing.
- The online service should be started for quick service.
- Branch decoration and the customer hospitality service should be developed soon.
- The staff of the Bank is not qualified about technology.
- The Bank should Decrease the loan sanction time.
- The bank's rules and condition are very strong, so the customer pays their loan for facing lots of problem.
- Increase the ATM booth.
- Bank should be increased the amount of Q cash withdrawn from the booth.

- The bank activities should up dated compare with the other bank.
- If the enter general Banking system is computerized then the SBL satisfy the customer by providing fast service
- If the SBL establish Networking system with their branches it can easily transfer data within short time.

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International Financial Management (9th Edition), Jeff Madura.

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Part Three

Appended Part

- Bibliography
- Appendices

Appendix-1: Questionnaire
Appendix-2: Annual Report
Appendix-3:

Appendix-1

Questionnaire

Name:

Designation:

Address:

Mobile no:

Housing Building Loan

What is the Nature of loan?

What are the limits of loan?

What is the interest rate?

What is the Security?

What is the period of loan?

Export -Import loans

1) Export Loan

What is the Nature of loan?

Are the limits of loan?

What is Debt-Equity ratio?

What is the interest rate?

What is the Security?

What is the period of loan?

2) Import loans

What is the Nature of loan?

What are the limits of loan?

What is Debt-Equity ratio?

What is the interest rate?

What is the Security?

What is the period of loan?

Agricultural loans (Department of Rural credit)

1) Special Agricultural credit program

What are the objectives of SACP?

What is limitation of loan?

What are period of loan?

How the interest rate of SACP?

2) Fisheries loan (in the Pond)

How many branches are sanctioning the loan?

What are the objectives?

What is the limit of loan?

How long period?

What is the debt-Equity ratio?

What is the interest rate?

3) Sugar cane credit program loan

What are the objectives?

What is the limit of loan?

How long period?

What is the interest rate?

4) Special investment credit loan

What are the objectives?

What is the limit of loan?

How long period?

What are debt -Equity ratio:

What is the interest rate?

Industrial project loan SME loan

What is the Nature of loan?

Who create the credit report about the customers' loan proposal?

What are the limits of loan?

What is Debt -Equity ratio?

What is the interest rate?

What is the Security?

What is the period of loan?

Personal Loan What is the Nature of loan?

What are the limits of loan? What is Debt -Equity ratio?

What is the interest rate?

What is the Security?

What is the period of loan?

IT Financing

What is the Nature of loan?

What are the limits of loan?

What is Debt -Equity ratio?

What is the interest rate?

What is the Security?

What is the period of loan?

Consumer credit

What is the Nature of loan?

What are the limits of loan?

What is Debt-Equity ratio?

What is the interest rate?

What is the Security?

What is the period of loan?

What is the procedure?