



**INTERNSHIP REPORT ON LOAN DISBURSEMENT AND RECOVERY SYSTEM
OF JANATA BANK LIMITED, FARIDPUR CORPORATE BRANCH, DHAKA**

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17th December, 2018

To

The Supervisor

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Subject: Submission of internship report

Dear Sir,

This is my pleasure to submit the report on “Loan disbursement and recovery system of Janata Bank Ltd.”. As the requirements of BUS-400 course, I have got the opportunity to work in Janata Bank. for my internship program which is essential part of my academic program. Last few months, here I have gained several knowledge and practical experience by doing my internship. I was assigned supplementary department where I worked on to gather information about all kind of transaction and documentation.

I have tried my best to gather all kind of information identified with the topic of this paper over the internship months. There was different troubles confronted while setting up this report. This Internship gave me the opportunity of practical experience of the activities that takes place at a commercial bank. I would like to thank you for your supportive suggestions and helping me to carry on the whole study. I shall be very grateful for any clarification when needed. I will be highly obliged and thankful if you are kind enough to approve this internship report.

Sincerely yours

Md. Imran Hossain

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BRAC Business School

Acknowledgement

Internship is one of the most important partial requirements among all the courses of BBA program. I would like to thank all the faculty members of BRAC University who helps me to complete my courses.

It is a synopsis of my study on “loan disbursement and recovery system” at Janata Bank Limited as a part of my internship program. At the very beginning, I want to thank the great Almighty who give me the opportunity to finish this report effectively and smoothly. Without Almighty, nothing is possible to do.

I would also like to thank my honorable teacher N M Baki Billah sir, faculty of BRAC Business School, BRAC University, for helping me to finish the report. I will always remain indebted to him for his valuable suggestions, directions for preparing the report.

I was assigned at Faridpur corporate branch of Janata bank as an intern. The staffs of that branch was very helpful and co-operative. They helped me to gather various data, guideline and direction. I am especially grateful to Md. Yousuf Ali (AGM), Manager of Janata Bank Limited for his necessary support and help. All of them help to adapt the environment of the bank very quickly. It would be very difficult for me to learn the practical knowledge without their cordial assistance.

Index

Executive Summary	.....	1
Company Overview	.....	3 to 15
1.1 Inception	.....	3
1.2 vision Of The Bank	.....	4
1.3 Mission Of The Bank	.....	5
1.4 Awards And Recognition	.....	5
1.5 Innovation	.....	5
1.6 SWOT Analysis	.....	6
1.7 Financial Highlights	.....	10
1.8 Product And Service	.....	13
1.9 Organizational Structure	.....	14
1.10 Objective Of The Report	.....	15
1.11 Methodology	.....	15
Lending process	.....	17 to 25
2.1 Selection Of Loner	.....	18
2.2 Security Selection	.....	20
2.3 Visit Business	.....	20
2.4 Fund Requirement	.....	21
Valuation Technique	.....	26
Recovery Process	.....	26
Recommendation	.....	29
Conclusion	.....	30
References	.....	30

Executive Summary

Janata Bank Limited (JBL) is the second largest commercial bank of Bangladesh for its net asset or value and it has 901 branches. The mission of Janata Bank Limited is that it want to be an effective commercial bank by achieving a stable and constant growth strategy, offering high valued financial products, delivering excellent customer service. The United Bank Limited and Union Bank Limited were nationalized after the liberation war and re-launched as Janata Bank.

This report is prepared mainly on the basis of my three and half month practical work at Janata Bank Limited, Faridpur corporate branch. This internship period helps me a lot to know more about the practical scenario and the environment of a financial institution. Loans or credits is comprised as the most important asset and also the primary source of earning for the banking institutions. On the other hand, loan/credit is also considered as the major source of risk for the bank management. The management of bank always tries to make an appropriate balance between its return and risk involved with the loan portfolio. From this report, I have learned about how Janata Bank distributes loan to its client and how they recover it. I have also learned about their credit policy system which is applying for disbursement and recovery of distributed loan. The data is used to furnish this report have been collected from both the primary sources and secondary sources. Among primary and secondary sources, I took most of the information from the secondary sources. Some information or data is used based on secondary data collected from different website, official website of Janata Bank, JBL manual, Desk report sheet of the related section or department and training sheets also.

Chapter -1

Company Overview

1.1 Inception

After the liberation war the United Bank Limited and Union Bank Limited were nationalized. This two bank afterwards is known as Janata Bank. This bank operates as state owned bank and it becomes public limited company in 21 may 2007 as per company act 1994. Janta bank has 904 branches across the country including 4 overseas branches in United Arab Emirates (UAE). It has 12391 (2017) employees and has tied up with 1202 foreign agent all over the world. At the end of 2017, it have Deposit BDT 649,440 million, Advance BDT 459,580.05 million with Authorized capital BDT 30,000 million and paid up Capital BDT 19,140 million.

Features	Values
Name	Janata Bank Limited
Genesis	Janata Bank Limited is the second largest State Owned Commercial Bank (SCB) in Bangladesh. It is playing a vital role in the financial activities in the country. The Bank got the tittle “Janata Bank” by combining two bank named United Bank Limited and Union Bank Limited through the nationalization order (President's Order- 26) of 1972. After that, it becomes Limited company in 2007. This Janata Bank contributes to the socio-economic development of Bangladesh from its birth and its also helping to build a concrete financial ground of the country.
Registered Address	Janata Bhaban, 110, Motijheel Commercial Area Dhaka - 1000, Bangladesh.
Legal Status	Public Limited Company
Chairman	Luna Shamsuddoha
Managing Director	Md. Abdus Salam Azad (F.F)

Company Secretary	Hussain Yeahyea Chowdhury
Date Of Incorporation	21 may 2007
Authorized Capital	BDT 30,000 million
Paid Up Capital	BDT 19,140 million
Face value Per Share	BDT 100 Per Share
Shareholding Pattern	100% Share Owned By The Government Of Bangladesh
No. Of Employees	12,391 (2017)
Phone	+88 02-9560000, 9566020, 9556245-49, 9565041-45, 9560027-30
Fax	88-02-9554460, 9553329, 9552078
SWIFT	JANBBDDH

(Janata Bank Limited)

1.2 Vision Of The Bank

To become the effective largest commercial bank in Bangladesh to support socio-economic development of the country and to be a leading bank in South Asia. (Janata Bank)

1.3 Mission Of The Bank

Janata Bank Limited will be an effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking network. (Janata Bank)

1.4 Awards And Recognition

Financing program for Women Entrepreneurship of Janata Bank Limited had highly been commended as a Runner-Up in the Micro-Finance Product or Program category of the Asian Banking awards 2004. The Awards were presented by the Asian Bankers Association (ABA) and Bank Marketing Association of the Philippines (BMAP) in the Asia Pacific Bankers Congress (APBC) 2004 on 26 March 2004 in Manila, Philippines. The Asian Bankers Association (ABA) and Bank Marketing Association of the Philippines (BMAP) recognized Janata Bank with Asian Banking Awards 2005 for its Credit Scheme for Handicapped People in the Asia Pacific Bankers Congress (APBC) on 17 June 2005 in Manila, Philippines. ICICI Bank, Hong Kong recognized Janata Bank Limited with Quality Recognition Award 2009 for the Bank's achievements in ensuring quality in services. New York based Financial Magazine "Global Finance" recognized Janata Bank with the 'Best Bank-Bangladesh Awards' for a couple of years for the Bank's accomplishments in different fields including growth in assets, profitability, customer service, product innovation and advanced technology. Janata Bank Limited received the awards from the magazine in the following years:

Best Bank Bangladesh 2009

Best Bank Bangladesh 2008

Best Bank Bangladesh 2007

Best Bank Bangladesh 2006

Janata Bank also awarded as Productive Location Champion 2010 award from Western Union. It has also earned Business Asia Most Respective Award-2012 by Business Asia. Business Asia identified winning bank based on overall performance of the bank.

1.5 Innovation

Janata Bank Limited invites to all to investigate the universe of dynamic Banking in Bangladesh. Janata Bank is constantly cautious to build up its market possibilities path before others. Janata Bank is the first among to begin SWIFT activity to limit transmission cost in lieu of the wire

framework and at the same time increment remittance business and foreign trade. It has mechanized 174 branches and late year 326 branches will be utilize online banking system. In addition, 20-application software created by its own technical staff, which has decreased internal costs and advances operational effectiveness too.

1.6 SWOT Analysis

SWOT analysis refers to analysis of strengths, weaknesses, opportunities and threats of an organization. This facilitates the organization to make its future performance improved in comparison to its competitors. An organization can also study its current position through SWOT analysis. For all of these, SWOT analysis is considered as an important tool for making changes in the strategic management of an organization. Through direct observation and discussion with the JBL officials I am able to point out some major strength and weaknesses as well as some threats and opportunities regarding the various issues of the Bank such as –

- Organizational identity
- Service level
- Operational efficiency
- Technology
- Employee efficiency etc. along with many other issues.

1.6.1 STRENGTH

a) Top Management

The Janata Bank Limited is operated by a very efficient management group. The top management officials have all worked in reputed banks and their years of banking experience, skill, and expertise will continue to contribute towards further expansion of the bank. So, the top management of the bank is the major strength for JBL.

b) Corporate Culture

JBL has an interactive corporate culture. The working environment of JBL is very friendly, interactive and informal. And, there are no hidden barriers or boundaries while communicate between the superior and the employees. This corporate culture works as a great motivation factor among the employees of the bank.

c) Various Products and Services

JBL offers various types of products and services to their clients. So those, Customers can choose the right products that will fulfill their needs. Strong employee bonding and belongings JBL employees are one of the major assets of the company. The employees of JBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards JBL. The strong organizational culture of JBL is the main reason behind its strength.

d) Efficient Performance

It has been seen from customers' opinion that JBL provides hassle-free customer services to its client comparing to other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.

e) Strong Financial Position

It has been seen that the net profit has been gradually rising over the years. Furthermore, JBL is not just sitting on its previous year's success, but also taking initiatives to improve.

1.6.2 Weakness

Dependent on long term deposits Janata Bank heavily dependents on fixed deposit. The bank have to pay large amount of interest for the just because of highly depend on fixed deposit

a) Real time online banking

Today online banking is the best way to earn profit for the bank. So, JBL have to earn more profit by developing online banking system to most of its branches through automation.

b) Absence of strong marketing activities

JBL currently don't have any strong marketing activities through mass media e.g. Television. TV ads play vital role in awareness building. JBL has no such TV ad campaign. Although they do a lot of CSR activities compared to other banks.

c) Product Difference

Not enough innovative products In order to be more competitive in the market, JBL should come up with more new attractive and innovative products.

d) Discouraging small entrepreneurs

JBL provides Loans to mostly of its solvent clients. However, they need to increase rural and green loan and SME loan.

1.6.3 Opportunities

a) Country wide network

The ultimate goal of JBL is to expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase JBL's profitability but also will secure its existence in the long run.

b) Introducing more branches to rural area and foreign country

There are many important places in Bangladesh as well as foreign country, where customers are eagerly waiting for doing banking transactions. But no existence of banks is in those places. Although JBL already has branches to provide services to its customers, it must also open more branches in those places where people needs banking facilities.

c) Introducing special corporate scheme

JBL can introduce special corporate schemes for the corporate customers or officers who have an income level higher from the service holders. At the same time, they can introduce schemes or loans for various service holders. And the schemes should be separate according to the professions, such as engineers, lawyers, doctors etc.

d) Creation of brand image

As we know that brand creates value. So JBL need to develop their brand image by developing their products and services.

1.6.4 Threats

a) Similar products

Similar products are offered by other banks Now-a-days different foreign and private banks are also offering similar type of products with an almost similar profit margin. So, if all competitors fight with the same weapon, the natural result is declining profit.

b) Classified Loans

The problem of non-performing loans or default loans is very minimum or insignificant. JBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.

c) Industrial Downturn

Bangladesh is economically and political unstable country. Flood, draught, cyclone, and newly added terrorism have become an identity of our country. Along with inflation, unemployment also creates industry wide recession. These caused downward pressure on the capital demand for investment.

d) Increased competition

In banking sector day by day competition are increased and lots of new bank are coming into the competition. So it is big threat for JBL.

1.7 Financial Highlights

Financial situation of Janata Bank Limited of several years is given below:

Particular	2017	2016	2015	2014	2013
Paid Up Capital	19,140	19,140	19,140	19,140	19,140
Total Capital (Tier- I+ Tier- II)	44,596.31	43,189.82	37,128.33	36,468.38	34,301.04
Required Capital	44,341.90	40,408.89	36,562.52	35,420.25	33,392.33
Surplus/(shortage) of Capital	254.41	2,780.93	565.82	1,048.13	908.71
Capital to Risk Weighted Asset Ratio (CRAR)	10.06%	10.06%	10.16%	10.30%	10.27%
Total Assets	805,988.41	778,603.91	683,157.58	628,415.27	586,082.99
Total Deposits	649,440.78	641,819.15	568,911.14	516,010.74	478,535.57
Total loans and advances	459,580.05	403,037.41	349,861.30	319,773.25	285,747.65
Credit deposit ratio	70.77%	62.80%	61.50%	61.97%	59.71%
Total classified loans	75,995.50	59,359.80	43,181.70	37,375.67	31,766.86
Percentage of classified loans against total loans	16.54%	14.73%	12.34%	11.69%	11.12%
Import	143,582.20	126,650.00	147,181.80	144,556.80	176,671.00
Export	139,920.90	154,454.20	145,373.60	154,079.70	153,252.00
Foreign remittance	72,022.00	90,081.80	106,336.30	106,677.10	103,982.00
Income from investment	14,414.82	16,597.90	18,260.44	16,742.67	13,736.50
Operating profit	11,369.48	10,038.29	10,720.50	10,683.34	12,127.10
Profit after tax and provision	2,686.50	2,605.48	4,807.88	3,813.15	9,551.39
Cost of fund	7.28%	8.05%	7.94%	8.82%	9.23%
Cost of deposit (%)	4.47%	5.49%	6.76%	7.34%	7.75%
Average return on loans and advances	8.04%	8.54%	9.35%	11.44%	12.39%
Interest spread	3.58%	3.05%	2.59%	4.10%	4.64%
Net spread		1.48%	1.77%	2.06%	2.45%

Earning assets	610,004.45	605,444.04	548,634.47	496,866.59	461,290.06
Non-Earning assets	195,983.96	173,159.87	134,523.10	131,548.69	124,792.92
Return on investment (ROI)	6.90%	7.19%	8.61%	8.47%	9.39%
Return on assets (ROA) after tax	0.33%	0.33%	0.70%	0.61%	1.42%
Return on equity (ROE)	5.23%	5.22%	11.44%	9.66%	30.09%
Earning per share (EPS)	14.04	13.61	25.12	19.92	86.31
Net operating income per share	59.40	52.45	56.01	55.82	63.36

- Figures are in million.

(Janata Bank Limited)

Comment:

- Paid-up-capital means money is not borrowed. It is received directly from the investor through share selling.
- Tier-I is a core capital of a bank and Tier-II is supplementary capital. This two together measures bank's capital. Here every year total capital have increased which is a good sign for bank's financial health.
- Capital to risk weighted ratio (CRAR) is used to protect depositors and promote the stability and efficiency of financial system around the world. Thus the higher the capital adequacy ratio, the higher the degree of protection of depositor's assets. Ratio rate 10% is the common requirement for regulatory body. So, In this case, Janata Bank Limited is doing good.
- Number of total asset, total deposit and total loan and advance have increased year by year. It indicates bank is doing better in these areas. There is also a risk factor because they have huge amount of deposit on hand idle. It increases their cost which is bad for the bank as they have paid interest on deposit.
- Credit deposit ratio indicates how much of a bank's core funds are being used for lending, the main banking activity. A higher ratio indicates more reliance on deposits for lending

and bank may has not enough liquidity to cover any unforeseen fund requirements. On the other hand if the ratio is low that means the bank may not earnings as much as it could be. The idle rate for this ratio is 80 % or 90 %. Janata Bank Limited had 70.77% last years and the number has increased since couple of years. That means bank might not doing so good presently but as the ratio is increased, so it has chance to earn more.

- Classified loan is any bank loan that is in danger of default. This type of loans have unpaid interest and outstanding. Here, Janata Bank Limited have classified loan which is increasing year to year. The rate of classified loan against total asset is also higher than previous years. It shows bank is unable to recover their sanctioned loan. So, it can be said bank is not doing good in this area. It is alarming for the bank as they have high rate of classified loan. If it happens in future bank will occur a great loss.
- Foreign remittance is a good source of fund as like deposit for the bank. Here JBL had good amount of remittance on their account previous years but last two years it was decreasing. So, it is a negative sign for the bank. They need to attract more remittance to do good in future otherwise they might face decreased in loanable fund.
- Income from investment is decreasing year to year and operating profit is not also stable and amount is not good enough of JBL.
- Cost of fund and cost of deposit is decreasing. It will be beneficial for the bank. On the other hand, if the cost of fund and deposit becomes low, then depositors will be demotivated to deposit at the bank as they get lower interest rate. So, in future bank will lose fund for insufficient deposit and will not be able to sanction new loan and it will cause loss for the bank.
- Earning asset includes stocks, bonds, income from rental property and certificate of deposit (CD) and other interest and dividend earning account. It provides a steady income which is good for the bank. Year to year earning asset is increasing. So, it is a good sign for the bank.
- Non- earning asset includes infrastructure, IT facilities. Non-earning asset is increasing year to year which is not good for the bank. Bank should minimize this amount.
- Return on Investment (ROI) measures a gain or loss generated on an investment related to the amount of money invested. JBL has a lower rate of Roi and also decreased year to year

which is not good for the bank. Bank might not do well that's why it had not generate higher return on investment.

- Return on Equity measures the amount of a company's income that is returned as shareholders equity. Here Janata Bank Limited had lower return on equity and also decreased year to year.
- Earnings per share serves as an indicator of a company's profitability. JBL had lower EPS since couple of years. It shows that they have not able to generate much profit.

Janata Bank Limited have not doing well overall as it has quite high rate of classified loan and the amount is increasing year to year. Also, most of the profitability ratio is down and decreased year to year. All these shows bank is not in the right way. For the future betterment it should need to take initiatives.

1.8 Product And Services Offered

Janata Bank offers different products and services for the client. They try to serve superior service to its client. Different products are:

Types Of Loan	Target Customer	Interest Rate	Tenure
Cash Credit (Hypo)	Individual/Wholesaler	9%	1 to 2 years
Cash Credit (Pledge)	Individual/Wholesaler	9%	1 to 2 years
Working capital Credit	Businessman	9%	1 year
Staff Loan	Bank Official	5%	2 years
House Building Loan	Individual	9%	15 years
Personal Lone	Service Holder	9%	1 to 3 years

SME Loan	Businessman	10%	1 to 3 years
Car Loan	Individual/Businessman	9%	5 years
Tannery Trading	Businessman	12%	1 year
Education Loan	Individual	9%	5 years
Rural Loan	Farmers/Business	9%	1 to 2 years
Import Loan	Businessman	7%	
Export Loan	Businessman	7%	
Doctor Loan	Doctor	9%	
Industrial Loan	Businessman	9%	1 to 5 years
SOD(F/O)	Individual	11%	1 to 3 years
Work Order Loan	Businessman	9%	1 year
General Loan (F/O)	Individual	9%	1 to 3 years
Specialized Loan	Individual/Businessman/ Freedom Fighter	9 to 13 %	1 to 5 years
Consumer Credit	Individual/ Businessman	9%	1 to 5 years

(Janata Bank Limited)

1.9 Organizational Structure Of Janata Bank Limited

There are 13 individuals from Board of Directors look after Janata Bank Limited. For productive task of the bank the Board of directors form an Executive Committee of 19 individuals. In addition, an administration Committee takes care of the issues of the bank. The Bank keeps up straightforwardness in its whole works. All choices of the administration come through discussion in right forum.

1.10 Objectives Of The Report

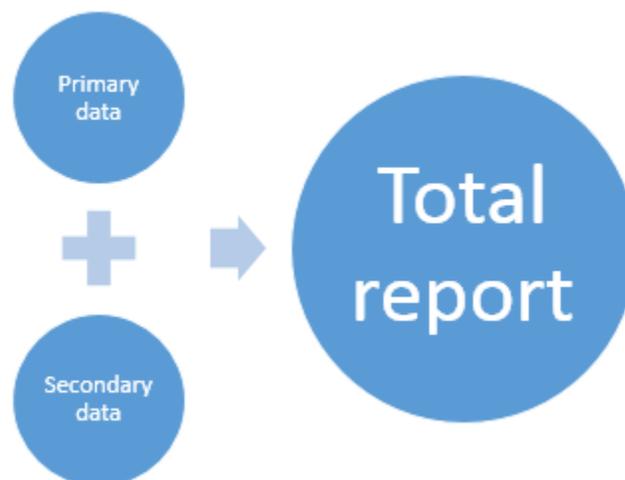
This Study was conducted to know the detail process of lending and recovery system. I might tell about the best practice if there is any problem. Here are some objectives:

- To identify the problems related to various loans of JBL.
- To explain how the bank sanction loan to the client.
- To analyze the disbursement and recovery process of the bank to find out if the bank has any field or area to improve.

1.11 Methodology

For this report, two ways was used to collect data. One was

- i) Material public information analyze and another
- ii) By taking short interview



Chapter -2

Lending procedure

Janata Bank Limited, Faridpur branch mainly deals with different term loan. They sell small business development scheme loan, Medium and large business loan. They generally keep mortgage of property as a collateral securities. And the interest rate is fixed based on the rate published for those loan. The overall lending process is given below:

Selection of Loner



Security Selection



Visit Business



Fund Requirement

2.1 Selection Of Loner

Select a suitable borrower from a pool of borrowers. Bank must find a borrower who should properly invest the loan amount and repay the interest and payment timely. On the other hand, borrower should make a belief to the bank that he will invest the money in an appropriate channel and repay the payment timely. To make this belief, borrower have to some qualities and before sanctioning the loan the lender have to evaluate those qualities. Like,

2.1.1 Character

If loner is honest and reliable, he/should invest the loan amount properly and repay the interest timely. So, identifying loner's character is so much important. To identify loner's honesty

- Evaluate borrower's document
- Past record of borrower
- Evaluate borrower transactions
- Find different information of borrower

Evaluate Borrower's document: Loaner submits different documents document while applying for loan. Banker should verify all the documents to test the honesty of the loner.

Past record of the loner: Bank should analyze borrower past business record and financial statement to test the truth about his present business condition.

Evaluate borrower transactions: Bank should analysis borrower transection of bank which tells about the business transaction and issuing the check will tell about the borrower honesty.

Find different information of borrower: If bank collect information from the living area of the borrower, it will help to identify the borrower's character.

2.1.2 Capacity

Bank should look for the borrower's production capability, business capability, cash flow capability and marketing capability. To show business capability, business should be maintained solid business growth, sales growth for last three years. A great cash flow in recent years also tells the capacity of the borrower.

- Business Capability
- Production Capability
- Marketing Capability
- Cash flow Capability

2.1.3 Condition

Condition means sector condition which is actually the overall sector risk, threat and growth. All these conditions tell about the business sector.

- Business Condition
- Sector wise Condition
- Government Support
- Competitive Condition

2.1.4 Collateral

- Collateral asset should have right documentation
- Asset Should be real
- Collateral asset value must be more than the borrowing amount
- Asset can be sellable

2.1.5 Capital

If the borrower has huge amount of investment in the business, this means the borrower has an interest in that business. He should also find new opportunities in the business and new investment as he has interest in it.

Bank also find more additional information about the loner like,

- Details of deposit and liabilities with other bank
- Earnings received for the period
- CIB report collection from Bangladesh Bank
- Market reputation
- Other income source
- Other investment sources
- Experience of business
- Credit worthiness of the client
- Balance sheet, income statement for couple of year
- Income tax statement

2.2 Security Selection

Security selection is the most challenging part of loan disbursement process. When borrower become default that time accurate selection of security gives bank an upper hand. There are 6 modes of charging of securities. Such as i) Pledge ii) Hypothecation iii) Lien iv) Assignment v) Set-off vi) Mortgage. Janata Bank Limited, Faridpur branch actually keep land/building/ factory as mortgage as the collateral securities.

2.3 Visit Business

By visiting the business, bankers get the solid information about the business. It also help to evaluate the security properly.

2.4 Fund Requirement Analysis

Situation of business tells that why borrower need fund. Dispersion of loan is very low if the bank advance team find that loan requirement is valid. To avoid default loan, bank's advance team goes through a process.

Bank Advance team follows a procedure to give advance to the borrower. Like:

- i) Application For Loan
- ii) Filling The Form
- iii) Collecting CIB Report
- iv) Processing Loan Proposal
- v) Sanction Letter
- vi) Documentation
- vii) Disbursement

2.4.1 Application For Loan

A borrower first need to submit an application form at the desired bank's branch for loan. Borrower put all the necessary information here. After that, Bank officer verify all the information carefully and also check the account of the borrower maintain with the bank. At last, bank will provide the borrower a prescribed application form of bank if the banker satisfied with the provided information.

2.4.2 Filling The Form

Borrower will get a prescribed application form from the branch that will contain information of the borrower. It contains every details of the borrower like official address, factory name and location, details of past and present of business, type of loan etc.

2.4.3 Collecting CIB Report From Bangladesh Bank

Bank sends a letter to Bangladesh Bank for a report after receiving the application from borrower for advance. This report is called Credit Information Bureau (CIB) report. This report tells whether the borrower has taken loan from any other bank. Janata Bank Limited, Faridpur branch and other branch also generally takes this report from the Head Office Of Janata Bank Limited.

2.4.4 Processing Loan Proposal

Banks create a lot of documents before the disbursement of loan. These documents are required to be signed by the borrowers before the sanction of loan. Some of the documents are technically called charge document. Necessary steps and document:

- Loan application form duly signed by the customer
- Trade license
- Acceptance of the term and conditions of disburse advice
- Copy of registered partnership deed duly certified as true copy if it is partnership firm or a partnership deed on non-judicial stamp of taka 150 denomination duly Notarized
- Demand promissory notes
- Personal letter of guarantee
- Letter of hypothecation of stock and goods

2.4.5 Sanction Letter

When Head-Office gives the approval, the branch issues the sanction latter to the loner. A sanction latter consists of:

- Name of borrower

- Purpose
- Rate of interest
- Period of the Investment and mode of adjustment
- Facility allowed
- Security and other terms and condition

2.4.6 Documentation

The Documentation starts when the borrower accepts the sanction letter. Documentation is a written evidence of certain transaction covering the legal sites duly signed by the person who has legal status. The Janata Bank Limited used some most common documents for sanctioning different kinds of investment are:

- Letter of Arrangement
- Joint Promissory Note
- Letter of Disbursement
- Letter of Continuity
- Trust Receipt
- Letter of Installment
- Stock report
- Letter of Lien
- Counter Guarantee
- Acceptance of sanction terms on duplicate copy of Sanction advice
- Mortgage deed
- Irrevocable power of attorney for sale the mortgage property
- TIN certificate
- Original Trade License
- Legal Opinion
- Original Deed
- Bia Deed
- CS, RS, SA and Hal Parcha
- Mutation with DCR

- Site Map

2.4.7 Disbursement

Advance officer should disburse loan after the completion of all procedures and sanction. The officer issues cheque and handed to the loner. Loner must have an account at that branch so that he/she can withdraw the money through the account.

Chapter-3

Valuation Technique

Generally bank has panel of civil engineer for the valuation of the collateral asset. Janata Bank Limited, Faridpur branch also follows this technique. They contact with a city corporation's assistant civil engineer. He actually give the valuation for the bank. After getting the report from the authorized engineer, bank goes for the further steps.

Recovery Process

Bank generally lends depositors money. So, bank's main duty is to recover the lended fund within the time period. If the loner fails to repay the borrowed money within the time period, bank will declare the loner as a defaulter. Then bank will recover the fund by selling the securities providing by the loner or by making a suit against him or by freezing his account. Janata Bank Limited, Faridpur branch follows three steps method for recovery loan. Like:

- a) Persuasive
- b) Voluntarily
- c) Legally

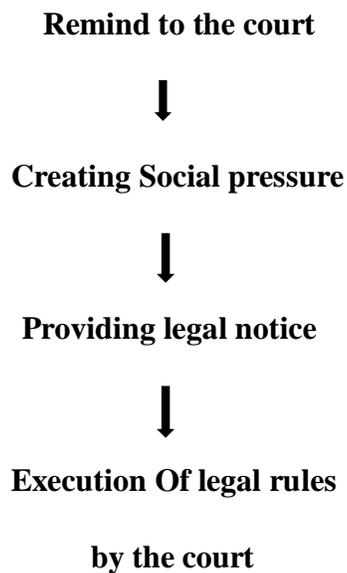
Persuasive: If the loner does not repay the loan, bank's first step is to communicate privately with the loner. By doing this bank will able to advice the borrower some paths for repaying the loan. This also put some mental and social pressure on the borrower mind.

Voluntarily: Bank follows some steps for recovering loan in this method. Those are:

- Offer discount of interest rate
- Loan rescheduling policy

- Conducting seminar
- Task Force formulation

Legally: Bank should try its best to keep an account regular. When loner unable to pay the installments timely and all attempts fails to keep an account active then bank can take legal action against the borrower. In this case, bank can claim under “**संश्लेषण विधि**” for collecting the amount. This legal action has four steps to recover the loan. Joint action of Bank, Society and Legal Institution is the key to success of this procedure. Steps are:



Chapter-4

Recommendation

Janata Bank Limited, corporate branch is doing quite good but the future is alarming. Since, I have worked here for last three month, so from my experience and learning I have several suggestions for corporate branch. They can implement these for their improvement. Like:

- Janata Bank corporate branch might increase more loan products.
- Corporate branch should not stick to only mega project or big client. They should invest on small business also. This will help them to grab more client.
- Loan and advance department should increase the number of expert executives in corporate branch for providing good service to the loner.
- Head office and Divisional office should not interfere in the branch manager decision. It will help corporate branch to choose right client.
- The proposal evaluation process should be shorten.
- Branch should concentrate on more foreign exchange and remittance service.
- They should formulate separate loan recovery cell or monitor team at the corporate branch to reduce classified loan.
- Facilitate more training programs for the loan and advance department's executives at home and abroad. Also can fixed recovery target for respective officer.
- Make sure executives should regularly visit the loner business place.

Conclusion

Janata bank Limited is a renowned state owned bank. It has already establish its goodwill among the client. This happens because of dedication, dynamic leadership, commitment among its management team over the period. JBL now one of the leading state owned bank in the banking sector of our country.

Janata Bank Limited maintains and follows ethical principles very strictly in their every banking operation. Loan and advance division is always trying their best to improve their situation and increase the profit. They deals with depositors' money. So, they want to make sure that they can utilize the money in a proper way as they deal with others money. They want to provide loan to the right client to minimize the loss. They are doing better comparatively other state owned bank. They have classified loan but the rate is quite lower than other government bank. They provide loan by analyzing whether the loan will be profitable or not and whether the borrower will be able to repay the loan within the time period.

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