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## **An Internship Report**

**On**

***Activities and Performance in Export of the Foreign  
Exchange Operation of National Bank Ltd.(NBL),  
Banani Branch***



**Submitted To**

**Mahmudul Haq**  
Assistant Professor  
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**Submitted By**

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**Date of Submission: 20<sup>th</sup> February, 2015**



## Letter of Transmittal

February 20, 2015

To

**Mr. Mahmudul Haq**  
**Assistant Professor**  
**BRAC University**

Subject: Submission of internship report on the “**Activities and Performance in Export of the Foreign Exchange Operation in National Bank Limited, Banani Branch**”.

Dear Sir

With due respect and humble submission I would like to inform you that I am the student of Master of Business Administration program (MBA). It is indeed a great pleasure to have the opportunity to work on the internship report. I have got the opportunity to work internship report according to your instruction. The topic name is “**Foreign Exchange Operation (Export)** in National Bank Limited, Banani Branch” I will try my best to present all the things to make more informative and supportive.

In fine I will very grateful to you if you give me the permission to work on my internship report on this topic.

I enjoyed working on this report and hope you will find it innovative.

Sincerely yours

.....

**Shereen Sultana**  
ID # 11264042  
MBA  
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At the very beginning, I would like to express my deepest gratitude to almighty ALLAH for giving me the strength & the composure to complete the internship report. Words actually will never be enough to express how grateful I am, but never the less I shall try my level best to express my gratefulness toward some people.

This internship report might never have been completed without the necessary practical knowledge, assistance of many formats, many people's endeavor, websites, and primary data. Thanks to all those persons, who have assisted me, provided co-operation, books and articles. I would like to express my special gratitude to **Mahmudul Haq, Assistant Professor of BRAC University** for his supervision, co-operation and advises. I will always be indebted to him for the valuable suggestions and the time that he had spent for guiding me through the report. I especially give thanks to Mr. Syed Rois Uddin, Manager, Banani Branch, NBL for his support and instructions.

I would also like to thank Farhana Khan-Executive Officer (Foreign Exchange Division), Ms. Tamanna Tanzir- Senior Principal Officer, Banani, NBL for being patient and supporting me through providing necessary information. My endless thanks go to the employees of NBL. Their helping hand supported me to complete my report successfully.

Finally, it was a great opportunity to do internship in The National Bank Limited organization. The experience I have gathered will be a privilege for my future career planning.



## **EXECUTIVE SUMMARY**

An internship program is very important and essential for acquiring experience through learning and spreading the scope of knowledge. I have done my internship program in National Bank Limited: Foreign Exchange Department, Banani Branch. This internship report is aimed at providing a comprehensive picture to the respective department.

At first, the report includes a short introduction of the organization. There is the introduction to the company along with its history. The product and services, organizational organogram, and the mission-vision of the company have also been reviewed.

As a intern there I have some certain responsibilities of mine, I have gathered a lot of new experience and observed many things also had a opportunity to stay in touch with the very helpful employees of NBL all these things are also reviewed.

After words, the main body of the part starts. The different topic are dividend among many chapters for the convenience of understanding. Export as a function of the foreign exchange department. The report has ended with some lesson learn, suggestion for improvement, recommendation and conclusion.



## Chapter 1

### National Bank Limited & its profile



## 1.1 Introduction

Bank can be termed as iron in a financial system of a country. Banking, a pillar of economy, is guided by laws, rules, regulation and parties. The prime objective of the banking industry as a whole is to collect deposit from the public and to invest the same in the form of loan and advances to businesses.

## 1.2 History and Heritage

National Bank Limited has its prosperous past, glorious present, prospective future and under processing projects and activities. Established as the first private sector bank fully owned by Bangladeshi entrepreneurs, NBL has been flourishing as the largest private sector Bank with the passage of time after facing many stress and strain. The members of the board of directors are creative businessmen and leading industrialists of the country. To keep pace with time and in harmony with national and international economic activities and for rendering all modern services, NBL, as a financial institution, automated all its branches with computer networks in accordance with the competitive commercial demand of time. Moreover, considering its forth-coming future, the infrastructure of the Bank has been rearranging. The expectation of all class businessmen, entrepreneurs and general public is much more to NBL. At present we have 179 branches under our branch network. In addition, our effective and diversified approach to seize the market opportunities is going on as continuous process to accommodate new customers by developing and expanding rural, SME financing and offshore banking facilities.

The emergence of National Bank Limited in the private sector was an important event in the Banking arena of Bangladesh. When the nation was in the grip of severe recession, the government took the farsighted decision to allow the private sector to revive the economy of the country. Several dynamic entrepreneurs came forward for establishing a bank with a motto to revitalize the economy of the country.

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National Bank Limited was born as the first hundred percent Bangladeshi owned Bank in the private sector. From the very inception, it was the firm determination of National Bank Limited to play a vital role in the national economy. We are determined to bring back the long forgotten taste of banking services and flavors. We want to serve each one promptly and with a sense of dedication and dignity.

The then President of the People's Republic of Bangladesh Justice Ahsanuddin Chowdhury inaugurated the bank formally on March 28, 1983 but the first branch at 48, Dilkusha Commercial Area, Dhaka started commercial operation on March 23, 1983. The 2nd Branch was opened on 11th May 1983 at Khatungonj, Chittagong.

At present, NBL has been carrying on business through its 179 branches & Agri Branches spread all over the country. Since the very beginning, the bank has exerted much emphasis on overseas operations and handled a sizable quantum of home bound foreign remittance. It has drawing arrangements with 415 correspondents in 75 countries of the world, as well as with 37 overseas Exchange Companies located in 13 countries. NBL was the first domestic bank to establish agency arrangements with the world famous Western Union in order to facilitate quick and safe remittance of the valuable foreign exchanges earned by the expatriate Bangladeshi nationals. This has meant that the expatriates can remit their hard-earned money to the country with much ease, confidence, safety and speed.

NBL was also the first among domestic banks to introduce international Master Card in Bangladesh. In the meantime, NBL has also introduced the Visa Card and Power Card. The Bank has in its use the latest information technology services of SWIFT and REUTERS. NBL has been continuing its small credit program for disbursement of collateral free agricultural loans among the poor farmers of Barindra area in Rajshahi district for improving their livelihood.

NBL focused on all key areas covering capital adequacy, maintaining good asset quality, sound management, satisfactory earning and liquidity. As a consequence, it was possible to a record growth of 175.51 percent with Tk. 8,809.40 million pretax profit in the year under review over the preceding year.

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The net profit after tax and provision stood at Tk. 6,860.34 million which was Tk. 2,070.47 million in the previous year registering a 231.34 percent rise. The total deposits increased to Tk. 102,471.83 million being 33.37 percent increase over the preceding year. Loans and advances stood at Tk.92,003.56 million in the year under report which was Tk. 65,129.289 million representing 41.26 percent rise over the preceding year. Foreign trade stood at Tk. 144,255.00 million in 2010 compared to Tk. 115,939.00 million, increased by 24.42 percent compared to that of the previous year. During 2010, the bank handled inward remittance of Tk. 49,145.30 million, 10.73 percent higher than that of the previous year. Return on Equity (ROE) registered a 77.84 percent rise over the preceding year.

National Bank, has now acquired strength and expertise to support the banking needs of the foreign investors. NBL stepped into a new arena of business and opened its Off Shore Banking Unit at Mohakhali to serve the wage earners and the foreign investors better than before.

Since its inception, the bank was aware of complying with Corporate Social Responsibility. In this direction, we have remained associated with the development of education, healthcare and have sponsored sporting and cultural activities. During times of natural disasters like floods, cyclones, landslides, we have extended our hand to mitigate the sufferings of victims. It established the National Bank Foundation in 1989 to remain involved with social welfare activities. The foundation runs the NBL Public School & College at Moghbazar where present enrolment is 1140. Besides awarding scholarship to the meritorious children of the employees, the bank has also extended financial support for their education. It also provided financial assistance to the Asiatic Society of Bangladesh at the time of their publication of Banglapedia and observance of 400 years of Dhaka City.

The Transparency and accountability of a financial institution are reflected in its Annual Report containing its Balance Sheet and Profit & Loss Account. In recognition of this, NBL was awarded Crest in 1999 and 2000, and Certificate of Appreciation in 2001 by the Institute of Chartered Accountants of Bangladesh.



The bank has a strong team of highly qualified and experienced professionals, together with an efficient Board of Directors who play a vital role in formulating and implementing policies.

### **1.3 Mission of National Bank Limited**

Efforts for expansion of our activities at home and abroad by adding new dimensions to our banking services are being continued unabated. Alongside, we are also putting highest priority in ensuring transparency, account ability, improved clientele service as well as to our commitment to serve the society through which we want to get closer and closer to the people of all strata. Winning an everlasting seat in the hearts of the people as a caring companion in uplifting the national economic standard through continuous up gradation and diversification of our clientele services in line with national and international requirements is the desired goal we want to reach.

### **1.4 Vision of National Bank Limited**

Ensuring highest standard of clientele services through best application of latest information technology, making due contribution to the national economy and establishing ourselves firmly at home and abroad as a front ranking bank of the country are our cherished vision.



## 1.5 Corporate Strategies

- ✚ Developing strong customer franchises that are based on deep customer relationships.
- ✚ Building a high performance organization.
- ✚ Managing our most valuable resource, our people.

## 1.6 Products and Services

Deposit Products	Credit Products	Cards
<ul style="list-style-type: none"><li>• Savings Deposit</li><li>• Current Deposit</li><li>• Term Deposit</li><li>• Foreign Currency Deposit</li><li>• Monthly Savings Scheme</li><li>• Monthly Income Scheme</li><li>• Double Benefit Scheme</li><li>• Millionaire Income Scheme</li></ul>	<ul style="list-style-type: none"><li>• Overdrafts</li><li>• Lease Financing</li><li>• House Building</li><li>• Small Medium Enterprise</li><li>• Consumer Credit Scheme</li><li>• Trade Finance</li></ul>	<ul style="list-style-type: none"><li>• Credit Card</li><li>• NBL Power Card</li></ul>

## 1.7 Organization's Organogram

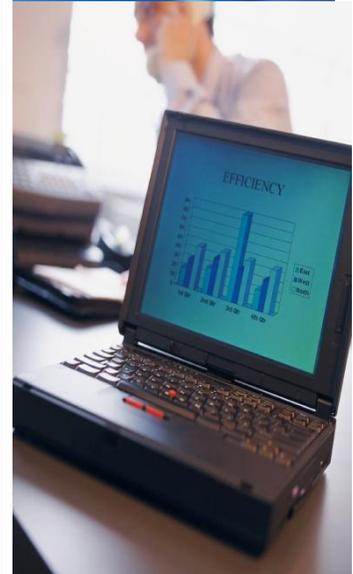


Fig.: Sources of NBL



## Chapter 2

- + Summary
- + Orientation of the project
- + Export of NBL
- + Analysis and results



## 2.1 Summary

The experience and learning I have gathered from my whole internship program with the National Bank Limited (NBL), Banani Branch was really important for me and I enjoyed the whole thing from the first day of my internship program. This internship program assisted me a lot to realize my further career for the coming future. Rather than drawing a conclusion, I would like to say that study was utterly indicated for me for my future career.

During the long three months program, in fact, most of the sections and departments have been observed by me and I had acquired plenty of understanding about these. I had a great scope to match my theoretical knowledge with practical banking knowledge. I have come to know that along with conventional banking service, the NBL also performs some specialized financial activities and CSR activities for the growth of country's economy.

From my understanding by working in NBL's foreign exchange department as an intern, I can include several activities I have performed such as checking the required documents of L/C, calculating the advising and interest charges for the party, put in the register about the acceptance, discrepancy or any changes of his documents, giving entries in the registers of LDBC, LDBP and advising, close entries from the registers when the amount received and interest and advising charges been made, writing forwarding letter for the party and so on. It has also been watched that the amount L/C in the National Bank Limited (NBL) Banani Branch is high, especially the local L/Cs. National Bank Limited is leading private bank in Bangladesh with superior customer bases that are loyal, faithful, worthy towards the bank. The service provided by the young energetic officials of the National Bank Limited is very satisfactory.



## 2.2 Orientation of the project

### 2.2.1 Origin of the project:

This report originated as an academic requirement of MBA Program of BRAC University. After completion of the program a student must submit the report on the assigned topic to the department. The program is three months duration.

### 2.2.2 Objective of the project:

**The main objectives of the project are:**

- To know Export activities of National Bank Limited (NBL)
- To discuss the Export activities undertaken, while working as an intern.
- To evaluate Financial activities of National Bank Limited (NBL)

### 2.2.3 Methodology of the project:

I have used mainly secondary data sources for this report. But primary data has been collected in the form of interviews with various employees of Banani Branch. The interviews are based on informal discussion. I asked questions based on the discussion and they shared relevant information about service, performance, strategies of NBL.

I used the following sources for information-

- NBL Annual Report 2014.
- Daily, weekly report.
- Different publications regarding banking function and foreign exchange operation.
- NBL website.

#### **2.2.4 Scope of the project:**

The scope of the report is the Banani branch of National Bank Limited (NBL) and its operation throughout the country.

#### **2.2.5 Limitations of the project:**

During the study, I have faced the following limitations-

- Three months time is not enough for such an extensive study. It is very difficult to collect all the required information in such a short period.
- Lack of availability of sufficient data.

## 2.3 Export of NBL

### 2.3.1 Export Transaction Procedures of NBL

Export L/C operation is just reverse of the import L/C operation. For exporting goods by the local exporter, bank may act as advising banks and collecting bank (negotiation bank) for the exporter. NBL also has the capacity to support the exporters in Bangladesh. There are basically 2 types of L/C's- Local L/C and Foreign L/C, which for the commercial banks to deal with. NBL also deals with these 2 kinds of L/C's.

#### 2.3.1.1 Registration for the Exporter to Export in Abroad

In the export policy of Bangladesh any one cannot export goods in abroad. To export goods an exporter needs a valid Export Registration Certificate from the Chief Controller of Import and Export (CCI&E). Exporters find an Export Registration Certificate (ERC) number which is incorporate on Export form and papers connected for obtaining Export Registration Certificate. A Bangladeshi exporter has to apply to the controller or joint controller or Deputy Controller or Assistant Controller of Import and Export to get an ERC. The ERC have to renew every year. An exporter can do this registration from Dhaka, Chittagong, Sylhet, Comilla, Barisal, Borga, Rangpur, Dinajpur and from Mymensingh. The following documents are required for ERC-

- National ID card
- Memorandum and Article of Association and Certificate of Incorporation in case of limited company
- Trade license
- Bank Certificate
- Assets certificate
- Income Tax certificate etc.
- TIN Certificate
- Vat Certificate

- Membership of Chamber of Commerce

The Export Registration Certificate has to renew every year. The renewal fee given below-

Export less than \$5000000	TK.3000
Export more than \$5000000	TK.5000

### 2.3.2 Documentary Credit/Letter of Credit (L/C):

Letter of Credit is an undertaking by a banker of the importer to the exporter, to the effect that the amount of the L/C will be duly paid. The banker on behalf of the importer issues the L/C in favor of the exporter (beneficiary) and forwards the same to the exporter to the effect that the bill drawn by him shall be duly accepted and paid. It creates confidence in the mind of the exporter so far as payment of the bill is concerned. It is also facilitate the exporter to get the benefit of discounting the bill before the date of maturity. Now in every bank L/C is transferred and verified through SWIFT which is the genuineness of verification.

#### 2.3.2.1 Types of L/C:

- **Cash or Sight L/C:** Cash or sight L/C means the amount stated in the L/C will be given at the time of shipment with no time period given.
- **Deferred L/C:** Deferred L/C will have a maturity date, where applicant or importer will pay after a period of time like- at 90days or at 120days sight.

#### 2.3.2.2 Parties Involving in L/C Transaction:

- **Applicant:** Applicant is mainly the importer or buyer who opens a L/C in the issuing bank.
- **Issuing Bank:** It is the buyer's or importer's bank. The bank that agrees to the request of the applicant and issues its letter of credit in terms of the instructions of the applicant.



- **Advising Bank:** It is the seller's or beneficiary's Bank. The bank usually situated in the seller's or beneficiary's country (most of the time with which there exists corresponding relationship with the buyer or issuing bank), request to advise the credit, to the beneficiary.

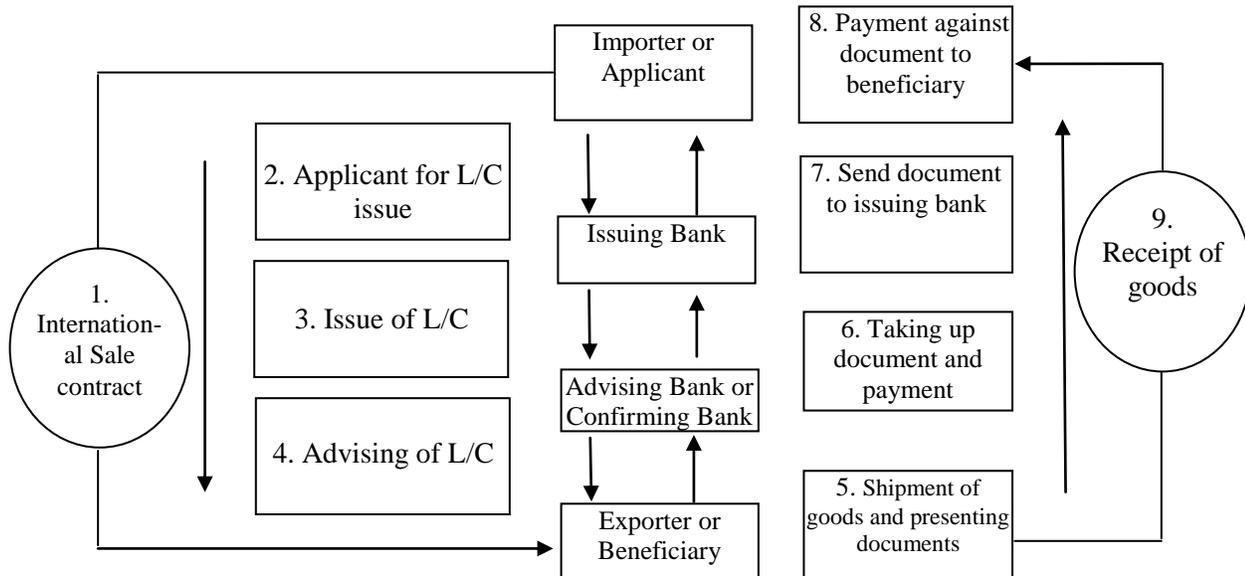


Figure : The Processing of Letter of Credit

- **Nominated Bank:** The bank that is nominated by the issuing bank to pay (nominated bank is known as paying bank) or to accept drafts (nominated bank is known as accepting bank) or to negotiate (nominated bank is known as negotiating bank). Usually the advising bank is request & authorized to be the nominated bank unless the credit allows negotiation by any bank.
- **Beneficiary:** Beneficiary of the letter of credit is the exporter or seller who will export the products to importer and will get amount written in the L/C. All the L/Cs' that NBL works with are irrevocable and transferrable.

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- **Irrevocable Letter of Credit:** An irrevocable credit is one, which cannot be cancelled or amendment able any time without the consent of each party. Through this letter of credit the issuing bank gives a definite, absolute and irrevocable undertaking to honor its obligations, provided the beneficiary complies with all the terms & conditions of the credit.
  - **Transferable Letter of Credit:** Exporter can transfer his / her right of letter of credit in full or partly to a third party. In generally, the exporter is not the supplier but act as a middleman with in the supplier & importer.

### **2.3.2.3 L/C Advising:**

L/C advising means to inform the party (beneficiary) that the L/C has come and it is on his or his company's name. Bank informs him through a forwarding letter.

### **2.3.3 Documents Required in Export:**

Exporters submit documents under the L/C after when the L/C comes to the advising bank. The documents that they have to submit are-

- a) Drafts or Bill of Exchange
- b) Commercial Invoice
- c) Original Bill of Lading
- d) Packing/Weight List
- e) Insurance Documents
- f) Certificate of Origin
- g) Inspection Certificate
- h) Other Documents (if any).

### 2.3.3.1 Certificate of Origin

Certificate of Origin is a document, which indicates the country in which the goods were produced, is required whenever preferential duties are claimed. Sometime, consular legalization of the document is necessary. Also, certification of the document by a Chamber of Commerce is required.

After chocking the stated required documents of a L/C with seal and signs, advising bank will sent the documents to issuing bank for acceptance and put an entry to the FDBC or if it is a local L/C then to the LDBC register along with the advising register. If everything is all right then issuing bank will give an acceptance or if there is any requirement from the issuing bank is missing then they will give a discrepancy. They have to send a discrepancy in between 5 working days otherwise it will be declared as acceptance. But when any discrepancy comes beneficiary has to submit the required documents or demands to get acceptance within 5 days.

There are mainly 5 separate register they maintain for the export transactions-

- i. Local Documentary Bill for Collection (LDBC)
- ii. Local Documentary Bill for Purchase (LDBP)
- iii. Foreign Documentary Bill for Credit (FDBC)
- iv. Foreign Documentary Bill for Purchase (FDBP)
- v. Advising

- **LDBC**

If the export document is not purchase by NBL it is called Local Documentary Bill for Collection. When the document of beneficiary is collected the bank put an entry to LDBC register. At the time of maturity of the export bill NBL collect the payment for the party.

- **LDBP**

Local Documentary Bill for Purchase is a great source of profit for NBL. Here when the export documents come the party wants to get payment without waiting for the maturation date. So NBL finances for that day and charges interest. But the party can sell 90% of the amount as per the rule of the bank. Then it is called LDBP or Local Documentary Bill for Purchase.

- **FDBC**

If the foreign export document is not purchased by NBL it is called Foreign Documentary Bill for Collection. At the maturation date of export bill NBL collects the payment for the party. The collection process is the same as LDBC. Only the postage charge is high. The postage charge is Tk. 800 within SAARC countries within Asia Tk. 1500 and outside Asia is Tk. 2000.

- **FDBP**

Clients submit the bill of export to bank for collection and payment of the back to back letter of credit. After that bank purchases the bill and collects the money from the exporter. NBL subtracts the amount of bill from back to back and gives the rest amount to the client in cash or transfers his account or pays by the pay order. For this purpose, NBL maintains a separate register called Foreign Documentary Bill Purchase (FDBP) register.

- **Advising**

In the advising register, NBL puts an entry after getting the documents from the beneficiary to record their advising charge which the bank will get after the payment comes. In every register, the register number will be for example: 106-700-15. Where 106 is the branch code for Banani Branch which will differ from branch to branch, 700 is the number of L/C documents and 15 is indicating the year- 2015.

#### **2.3.4 EXP Form Procedure during Shipment:**

All exporters must be declared on the EXP Form. On EXP Form statutory declaration is furnished by exporter before shipping goods to countries outside Bangladesh and certificate on it is given by their banker (Authorized Dealer). The Foreign Exchange Regulation Act in force prohibits export of goods outside Bangladesh unless a declaration is furnished on EXP Form that foreign exchange representing the

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full export value of the goods has been or will be disposed of in a manner and within a period specified by Bangladesh Bank. The period prescribed by Bangladesh Bank is four months for receiving full foreign exchange proceed of export by the exporter.

#### **2.3.4.1 Check List for Handling EXP Form:**

On receipt of EXP Form the same shall have to be scrutinized to ensure the following-

- ❖ All columns of EXP Form have been properly filled in.
- ❖ The exporter is registered with CCI&E and the export registration number has been quoted on the EXP Form correctly.
- ❖ A Photostat copy of valid ERC is obtained for branch's record duly verified with the original.
- ❖ The export form has been duly signed by the exporter or his duly authorized agent as recorded with us.
- ❖ Arrangement has been made with the branch for payment of customs duty on export where applicable.
- ❖ Goods intended for export are permissible for export provided the destination the goods are not in Israel or South Africa.

The exporter must submit all the exp documents to the authorized dealer. There are four types of EXP documents. NBL only works with the three copies.

Four types of EXP documents are -

#### **1. Original Copy:**

The Customs authorities will detach the original copy and after filling in the portion relating to them and affixing their seal and signature thereon forward it to the Bangladesh Bank.

#### **2. Duplicate Copy:**

Duplicate copy will be submitted to Bangladesh Bank within 14 days of shipment through bank with invoice.

#### **3. Triplicate Copy:**

Triplicate copy is submitted to Bangladesh Bank after the realization of export proceeds.

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#### 4. Quadruplicate Copy:

Quadruplicate copy kept by NBL for their own record.

NBL permit 50% to 70% loan against mortgage. Other loan facilities are Back to back- 75% of export L/C, Cash credit-90% in FDBP, Packing credit (PC)- 90% of export L/C

Following these steps NBL conducts their export transactions and operations under Foreign Exchange Department.

- **Advising Precede Realization**

**Suppose the amount arrived from the applicant bank is- Tk. 150,000, then the charges will be-**

Account Head	Amount (Tk.)
Dr.: Realized Amount	Tk. 150,000
Cr.: Advising Charge	Tk.500
Cr.: Negotiation Commission	Tk. 750
Cr.: Postage	TK.100
Cr.: Vat on Advising Charge	Tk.75 (500*15%)
Cr.: Vat on Negotiation Commission	Tk. 113(750*15%)
Cr.: Party's A/C- CD 33017581	<b>Tk. 148,462</b>

Here,

- ❖ Advising charge- Tk. 500 is fixed
- ❖ Negotiation Commission-
  - ✓ Tk. 750 (when realized amount is up to Tk. 500,000)
  - ✓ Realized amount\*.15% (above Tk. 500,000)

But the Negotiation Commission will be minimum Tk. 750 to maximum Tk. 2,000.

- ✓ Postage charge- Tk. 100 is fixed
- ✓ Vat on advising charge- (500\*15%)



- ✓ Vat on negotiation commission- (750 or .15% on the realized amount\* 15%)

After deducting these amounts the rest will be debited to the beneficiary's account but if the back to back L/C is opened then the amount that the party has taken loan will also be deduction from the payment given by applicant.

Interest will only be calculated when the L/C is purchased by the advising bank. Interest from L/C opening date to maturity date will be counted with 17.5%, if it has crossed the maturity date the overdue will be charged with 19.5%. Suppose, the payment is 250,000, 80% of the L/C was purchased by advising bank (250,000\*80%) = Tk. 200,000 and the L/C opening date is 15<sup>th</sup> July 2014 and the maturity date is 31<sup>st</sup> October 2014 and it has overdue by 5 days which to 5<sup>th</sup> of November 2014. Then the interest calculation will be-

$(200,000 * 17.5\%) * 109 \text{days} / 360$	= Tk. 10,597
$(200,000 * 19.5\%) * 5 \text{days} / 360$	= Tk. 542
Total Interest-	Tk. 11,139

Now, the LDBP Realization Proceed will be-

Account Head	Amount
Dr: Realized Amount	Tk. 250,000
Cr.: LDBP: (200,000 + 10,597 + 542)	Tk. 211,139
Cr.: Party's A/C- CD 33024256	Tk. 38,861

## 2.4 Analysis and results

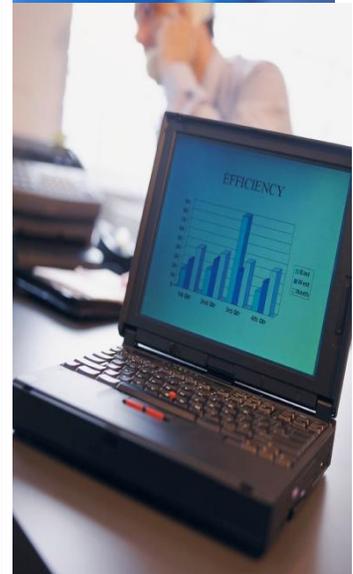
### 2.4.1 Performance evaluation of National Bank Limited(NBL),Banani Branch:

Exporter's Name	Month	November,2014(\$)	December,2014(\$)
<b>Britannia Label BD Ltd.</b>		4,099	14,317.77
<b>Ultimate Fashions Ltd.</b>		810,310.84	5,34,59.41
<b>Ewings Garments &amp; Textile</b>		26,455	40,740.82
<b>Padma Satel Arab Fashion</b>		72,547.17	4,09,587.62
<b>Baig Trimming Ltd.</b>		4,628.94	22,083.35
<b>Total</b>		<b>918,040.95</b>	<b>10,21,288.97</b>

### 2.4.2 Analysis and results:

In 2014 the growth in L/C of Banani branch was Four times higher than November,2014. So from the diagram I can say the performance of Banani branch (NBL) in 2014 was excellent.

**Chapter 3**  
**Activities Undertaken**



### 3.1 Overview of Export in Bangladesh

Export usually means to transfer goods from one place to another. It is a function of international trade whereby goods produced in one country is shipped to another country for future sale or trade. Exports for obvious reasons are listed in the priority sector in all developing economy. There is no dispute in the fact that export trade constitutes the most substantial base for sustaining the long term development and prospects of a country's economy. This is much true for a country like Bangladesh whose import is always higher than export. Naturally Bangladesh is very much keen to boost up its export. But due to non availability of finance and adequate capital in the hands of our exporters, they cannot meet up their trade requirements. For balancing the payment position and enlarging the foreign market for the domestic production, export has to be encouraged by all mean. In view of the paramount importance of export for all developing economy exporters are listed in the priority list. Commercial Banks of our country are the only real base who can play challenging role in this sector and providing adequate export financing at cheaper cost to the exporters. In order to creation of wealth in any country depends on the expansion of production and increasing participation in international trade. By increasing production in the export sector we can improve the employment level of such a highly populated country like Bangladesh. Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters export to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S. Most of the exporters who export through NBL are readymade garments exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

Currently Bangladesh's export trading depends on two products 75 % readymade garments and 6% frozen food. Government of Bangladesh gives many facilities for the exporters. Such as-

- ✦ Exemption in insurance premium.
- ✦ Bond facilities for export oriented industries.
- ✦ Facilities for duty free import of capital machineries for export oriented industries.
- ✦ The export oriented industries will get the advantage of importing 10% spare part of their capital machineries without duty in every two years.
- ✦ Providing alternative facilities to export oriented local textiles and RMG other than duty-bond or duty-draw-back.
- ✦ Tax holiday.
- ✦ Duty-draw-back scheme.

### 3.2 Major responsibilities of the job

In broader aspect the major responsibilities that are performed here-

- ✦ L/C advising
- ✦ Document collection
- ✦ Document negotiation
- ✦ Export financing.

✦ **L/C advising:**

L/C advising means to inform the party (beneficiary) that the L/C has come and it is on his or his company's name. Bank informs him through a forwarding letter.

**+ Document collection :**

Exporters submit documents under the L/C after when the L/C comes to the advising bank. The documents that they have to submit are-

- i) Drafts or Bill of Exchange
- j) Commercial Invoice
- k) Original Bill of Lading
- l) Packing/Weight List
- m) Insurance Documents
- n) Certificate of Origin
- o) Inspection Certificate
- p) Other Documents (if any).

**+ Document negotiation :**

Check the required documents given by the beneficiary according with the L/C. Then if all the documents are okay as par stated in the L/C.

**+ Export financing:**

I have written Credit Voucher for the party after realizing his file that it has been paid by cutting the interest or advising charge.

### 3.3 Different aspects of job performance

As I was in export sector of foreign exchange department in NBL, I have the opportunity to work on-

- + Check the required documents of L/C:** First of all I have attached to the require document with L/C. There are two copies of all documents. One is a set of photocopy and one is a original copy of L/C. Its an important document for foreign trade or domestic trade. I put seals of LDDB on the forwarding letter (only on the real documents, not in photocopy) and put endorsement seal on the back of the Bill of



exchange papers and on the back of Delivery Challan. And write the issuing bank name and branch on it. And put advising and Lien seal on the L/C.

- ✚ **Attaching documents with L/C:** I have to find out the required L/C and attached with other documents like forwarding letter, bill of exchange, delivery challan etc of that party.
  
  - ✚ **Filing the parties documents:** Before putting entry into the LDBC register, the office copy put into a file and the file has its own number by LDBC register like LDBC- 106/0015/2015. Then in the file cover page also carry the parties name, L/C no., L/C date, dollar amount.
  
  - ✚ **To inform about acceptance or discrepancy of these documents:** When NBL send this all documents to the issuing bank then they send a acceptance letter with the maturity date which date shows the payment clearance by the maturity date. If it is the discrepancy letter because there is lacking of information or documents. After that call the party and inform their and write it down beside the LDBC no. in LDBC register.
  
  - ✚ **After put entries in the register of LDBC:** when put it in the register then collect the LDBC no.'s file and who want to purchase/loan from the bank against that L/C. Then put an entry on LDBC of that party with L/C number and date, party name, applicant's name, issuing bank's name and branch, amount.
  
  - ✚ **Advising the L/C and other documents:** When the LDBC done then my job has to advising them and put entry on the L/C register with LDBC number It means that the L/C documents are registered and the bank have to have a Provence about L/C through this entry.
  
  - ✚ **Document endorsement:** I have endorsed the documents of the party, this kind of paper are two copy but the parties copies are attested and sealed and then sending the papers to them for purchase.
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- ✦ **Put entries in the registers of LDBP:** After starting purchasing processes I have entered the entries into LDBP register and wait for purchasing, after purchasing then I have to go back put it into realization to the entries. When the purchase will done then it put under the realization. Then if the L/C is purchased by opening a back to back L/C then I put the entry in LDBP register.
- ✦ **Forwarding the documents:** I have also written forwarding letter for the party to inform their documents as par the L/C will be sent to the issuing bank for acceptance.
- ✦ **Preparing pay orders:** I have also prepared pay orders for the parties. Bank collected their cheques and put those amount into party credit vouchers and one day it into house (Bank) and then released it day after tomorrow.
- ✦ **Calculate the advising charge and the interest for the party:** I used their format to do calculation the advising charge and interest for the party. These kinds of interest are being beneficiary of both parties.
- ✦ **Close the entries from registers:** when the purchase payment done then I used to put the entries into the register. Which are being paid and interest and other things charged by the bank for different purpose in different way.

### **Other relevant activities:**

Some activities that I have also done which are relevant with Export-

- ✦ Filing the office copy of the documents given by the beneficiary for the L/C and writing the name , LDBC and LDBP no., branch name, party's name, A/C no., amount of the L/C etc. in the front cover of the file.

- ✦ Arranging the vouchers of advising and interest and calculate the Dr. and Cr. Amounts to make it-0(Zero).
- ✦ Calculate the amounts in the registers and put the total in every page for a month.
- ✦ Write “Realized on” with date on cover of the files of which the amounts are paid.
- ✦ Take the seal and signatures on forwarding letters and on the documents of cheques of LBDP loans from the senior officers, department head of foreign exchange and manager.

### **Other Organizational Wide**

- ✦ As I have worked in the Foreign Exchange departments I know this department widely but I had to face the auditors when auditors came to visit our organization. They came here to justify the activities of the organization. They had their discussion with our departments Officers. As the intern of that department I also joined the discussion.

## **3.4 Observations**

While working in the NBL, sometimes this place seemed to me as very challenging place to work for me. I experienced the reality of current challenge of the present job market which moves on more intensely due to increase competition. These parts of the report will emphasis on the factors of challenges faced in the organization.

- ❖ **Gathering Overall Information:** NBL is a big organization in general term and there are lots to be considered to study their foreign exchange operations specially the Export activities thoroughly.

However, picking all the aspects of their overall activities and covering everything precisely was a real challenge for this report.

- ❖ **Timing Problem with Official:** Regular interaction with the officials was the pre-condition of getting various information. As the bank officials were busy in their own role, it was difficult to discuss with them about various important things.
- ❖ **Shorter Period of Time:** The major problem of the study was shorter time period. For an analytical purpose, adequate time is required. But I was not given adequate time to prepare such as in-depth study.
- ❖ **Limitation of the Study:** Such a study was carried out by me for the second time. So, in-experience is one of the main factors that constituted the limitation of the study.
- ❖ **Hard to Observed:** The banking system seemed to me as very traditional and modernization was hardly observed.
- ❖ **Too much Gathering:** There were a number of interns, 4 interns to be exact in the Banani Branch of National Bank and 2 interns in the Foreign Exchange Department. So, the work for the interns got divided. Therefore, getting the complete knowledge and experience about the export sector was a challenging job for me.
- ❖ **Being Busy:** To be in the good eyes of the management and department members was a tough job because of they are always busy with their work.

### 3.5 Recommendations

By observing and being as a interne in the National Bank Limited (NBL) face many things & here there have some of recommendations for-

- ❖ **Communication Problem:** There is no scope to make students familiar with some business related software use and its implication.
- ❖ **Unrelated Programs:** There is no course related documentation process with different practical banking like software package for statistics. If In the academic courses would be given the knowledge to operate some banking software, server etc then we could make our internship report more precisely and professionally.
- ❖ **Providing Online Service:** If all branches give their statement in online system, then it is easy to work and time also reduces.
- ❖ **Idea about Job:** Accounting and finance department may open subject which will give students an idea on bank's job.
- ❖ **Innovating New Deposit:** They should innovate other type of deposit to attract more customers for investing more and more like student scheme.
- ❖ **Different Banking service:** NBL should keep on adding different banking service with its traditional interested based business to generate more non-interest revenues.
- ❖ **Improving the Strategic Planning:** NBL should develop more strategic planning as to compete with its rival banks.



## Conclusion

National Bank Limited has been trying to operate its business successfully since 1983. The bank has already developed good image and goodwill among its clients by offering excellent services. As a newly established Branch, National Bank Limited (NBL) Banani is serving at its locality with utmost satisfaction of the customer. So, NBL Banani Branch has to compete with those banks as well as other Commercial Banks. Today, the whole Banking sector is facing a tough competition and challenge. In this situation our Branch is in good position than any other Bank of its locality and day-by-day we are increasing our activities & goodwill. Within 20 years of its operation, the bank has grabbed a position in the banking sector. According to the CAMEL rating (which is a supervisory rating system originally developed in the U.S. to classify a bank's overall condition) the banks performance are 3, which is satisfactory. It is expected that in a year the rating will be 1, which is strong. So we can say that overall performance is good in banking sector of Bangladesh.

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