



Inspiring Excellence

Internship report on

The lending procedures and loan recovery in Agrani bank limited

Course code: BUS400

Submitted to

Saif Hossain

Senior Lecturer and coordinator (BBA program)

Brac Business School

Brac University

Submitted by

Anita Islam Saiba

14104161

Brac business school

Brac University

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Agrani Bank Limited

Committed to serve the nation

Letter of transmittal

30th August 2018

Saif Hossain

Senior Lecturer and coordinator (BBA program)

Brac Business School

Brac University

Subject: Submission of Internship Report.

Dear Sir,

This is to you inform you that I had completed the report which I had related to total my last course of Brac Business School, BUS400. For the completion of report I had take after all the instructions and directions that I had been given and composed point by point data of my viable work and information.

It feels immense pleasure for me to submit the report on my learning experience in Agrani Bank Limited. I always felt the need of practical experience in an organization which I could relate with my theoretical knowledge. Throughout my internship program of three months I got the opportunity to do that.

I will be obliged, if you kindly accept this report. I am grateful for your valuable support and guidance throughout my internship program.

Regards

Anita Islam Saiba

14104161

Brac Business School

Brac University

Acknowledgement

To begin with, I would like to thank Almighty Allah for giving me enough patience and support throughout my internship journey in Agrani Bank Limited. Then I would like to show my gratitude to my internship supervisor faculty, Mr. Saif Hossain Sir for his valuable contribution in every stage of my internship program. Every time I went to him regarding my report writing queries, he clarified everything with so much patience. Lastly, I would like to thank my supervisor in **Agrani Bank Limited** and all other employees for their assistance and providing me with necessary information required for the completion of this report.

Executive summary

The report is a partial requirement of the internship phase of BBA program. My internship topic was “the lending procedure and loan recovery in Agrani bank limited”. Agrani bank limited plays a vital role towards the nation by providing their best services to the customer. It is trustworthy bank to the customers and the quality of services is increasing day by day. They are also prospering in their loan and advance department. So that I choose my topic from this sector. Throughout my whole report I tried my best to explain the loan process, their quality investment, the loan recovery system and the obstacles regarding loan faced by borrowers. I had interviewed senior officer sir of loan and advance department and also interviewed customers as well to collect more accurate information. Customers shared their experience related loan and also explained about the problems they are facing related loan and recovery. Moreover I had studied their annual reports, training booklets to collect their law and policy of loan. . In my report, I had also talked about some limitations. Furthermore I had added appendix and reference in my report. During my internship periods my colleagues were so much helpful to me to work comfortably with them and also provide information and many lessons regarding my work and internship report. I hope this report will give a brief idea about Agrani bank limited loan application process and the systems of loan recovery.

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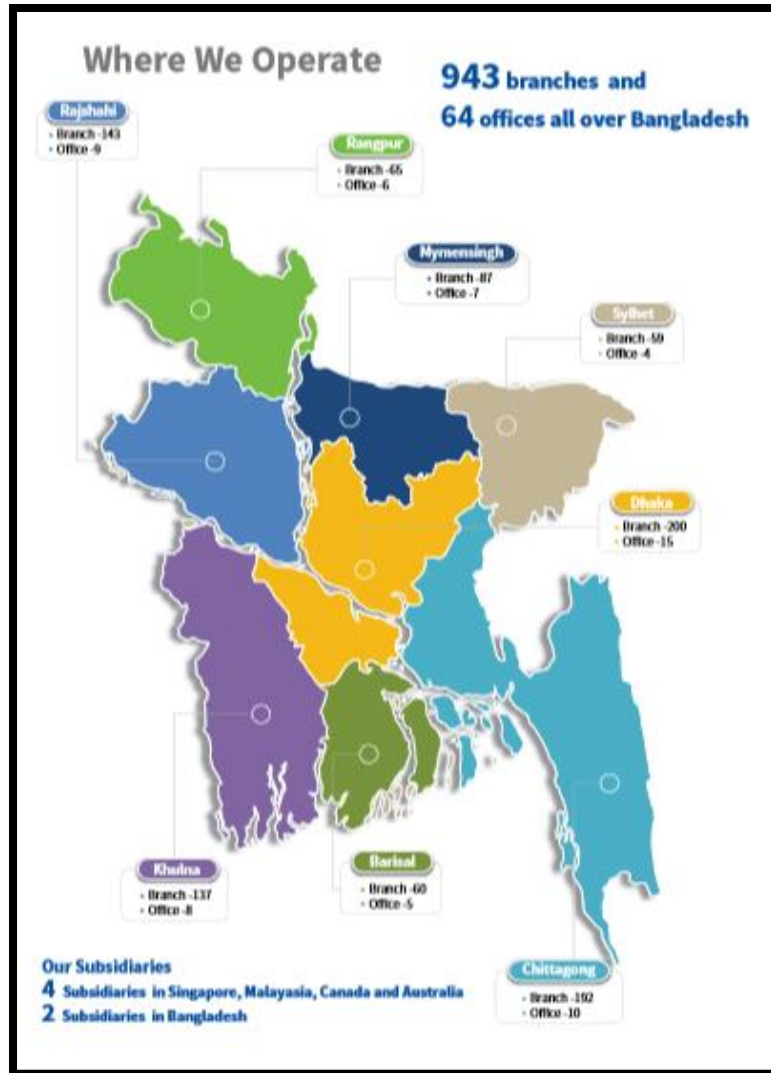
Chapter 1: Profile of the organization

1.1 Introduction:

Agrani Bank Limited provides corporate service, SME and retail clients with a wide range of services such as extensive deposit and loan options that include islami banking, foreign currency and pension schemes. They are offering personal loan, financial services, business banking, commercial and corporate banking, transaction banking, corporate finance, capital market activities, treasury services and clearing services, through our subsidiaries, they also provide asset management, venture capital management, SME finance and foreign remittance services.

1.2 Organizational background

Agrani Bank Limited was incorporated as a state owned commercial bank on 17th may 2007 under the company's act 1994. Agrani Bank Limited emerged as a nationalized commercial bank following the Bangladesh banks (nationalization) order 1972 vise presidents order no 26 of 1972 under which erstwhile habib bank limited and commerce bank limited and renamed as Agrani Bank Limited. On a going concern basis ABL took over the business, assets, liabilities, rights and obligations of Agrani bank through vendors agreements signed on 15 November 2007 between the ministry of finance of the people's republic of Bangladesh and board of directors of ABL with retrospective effect from 1 July 2007. ABL has 943 branches widely distributed and is a technology pioneer, with all branches providing real time online banking. They have also six subsidiaries: a merchant bank, a small and medium sized enterprises financing company and remittance house in Singapore, Malaysia, Canada and Australia. At Agrani bank limited, they believe in being a responsible financial services provider and they are committed to making difference in lives of their stakeholders the lives of our stakeholders and nation of the country. Just as they are dedicated to helping their customers manage their finances wisely and grow their businesses, ABL is steadfast in our support of socio – economic development of Bangladesh.



1.3 Company objective

- To adopt modern approaches to stand supreme in the banking arena of Bangladesh with global presence.
- Gaining competitive advantages by lowering overall cost compared to that of competitors
- Overtaking competitors by providing quality customer services
- Winning at least 6.50 percent share of loans and advances of Bangladeshi market

- Contributing towards the economic wellbeing of the country by focusing particularly on remittance , SME and agricultural sectors
- Strengthening research capability for innovative products
- Achieving technology leadership among the peer group
- Strengthening the banks brand recognition

1.4 Mission

To become the best leading state-owned commercial bank of Bangladesh operating at international level of efficiency, quality, sound management , excellent customer service and strong liquidity.

1.5 Vision

To operate ethically and fairly within the stringent framework set by regulators and to assimilate ideas and lessons from best practices to improve our business policies and procedures to the benefit of our customers and employees.

1.6 Hierarchy of Agrani Bank:

Hierarchy Of Agrani Bank



Chapter 2: Body of the report:

2.1 Introduction with literature review:

My three month internship in the Agrani Bank Limited was a worthwhile experience as it helped me to gain considerable and professional knowledge. The internship that I took in the Agrani Bank Limited to my career interests, it was also an opportunity to compare my experience as an intern at the Bank. During this three month, I observe both positive and negative side of the bank. I had been appointed for general banking sector where I had to work for customers as their needs. I had also worked in the loan and advance division. Where I had learned how a loan has been processed and how it recovered from the customer. While the loan processed and recovered various obstacle arises in the loan and advance division. In my internship period, I had also learned what kind of problems could be faced by customer and how it could be solved. That is why I had been chosen my internship report topic on loan and advance. We all know that private banks are more advanced than public banks but Agrani Bank Limited is in the standard level, they are providing best customer services. Agrani Bank Limited is the competitor of the private banks. Agrani Bank Limited gives loan to the customer with less complexity and more benefit and also recover it with a systematically way. Many researchers state their overview, opinion and reaches findings about the importance of loan process and its recovery. The author claimed that policies and procedures play a very important role by defining an organizations guiding principles, providing detailed task instructions and forming the basic structure of business operations, according to the global post .Banks lend cash to the general public for numerous functions, like purchase or building of a home, for purchase of shoppers items like a TV, music system etc. Banks also finance businesses, both manufacturing and services (Importance of safety for bank loans, 2018). Researcher state that, one of the most important ways a bank can make sure its loans meets regulatory standards and is profitable is by establishing a written loan policy. A loan policy gives loan officers and the banks management specific guidelines in making some loan decisions and in shaping the overall portfolios of the bank. A loan policy must address key credit decision criteria and underwriting factors such as the purpose of the loan, required financial information, collateral risk rating, pricing and exceptions. it may includes metrics that make a particular borrower, industry or loan type acceptable for example , the policy may note debt-to-income or specific debt service coverage ratios, interest coverage ratios , loan to value requirements or appropriate amortization periods. Banks are expected to have and maintain policies and procedures that provide an effective framework to control credit risk through sound underwriting criteria, appropriate

credit file management, and sound documentation. (James L. Adams, 2015). Moreover, researchers Thomas M. Parzinger, John S. Wholeben and Brain E. Zeller (2004) states that Written loan policy , approved by a bank's board of directors and adhered to in practice is of critical importance in ensuring that bank operates within prescribed risk tolerances. In today's fiercely competitive and challenging lending environment, an up to date policy, appropriate to an institutions lending function a business plan may be more important than ever. A sound loan policy established and overseen by the board of directors reflects favorably on the board and management. When a board sets forth its expectations clearly in writing, management is better positioned to control lending risks, ensure the institutions stability and soundness and fulfill oversight responsibilities. An effective and up to date loan policy increases the likelihood that actual loan documents and underwriting practices will satisfy the board expectations. Furthermore, a well- conceived policy clearly and comprehensively describes managements system of controls and helps examiners identify high-risk areas. All banks attach a numerical risk rating or grade to each loan. These appear somewhere in the bank credit file documents or loan related information. The specific numerical risk rating system is usually detailed in the loan policy of loan policy of each bank. (Michael F. Richards, 2017). Author said that, debt recovery is the process of pursuing loans which have not been repaid and managing to recover them by convincing the loonies to make attempts to repay their outstanding loans. Normally, this role of recovering loans is not an easy task as clients will go out of their way to prove inaccessible to the lender (bank). The banking industry in most cases has a debt recovery unit which is in charge of following loans before they become delinquent and make attempts to recover the loans. Develop a more focused debt collection strategy to help reduce costs, save time (James, 2013). When people feel the need to asses emergency cash than they apply for loan and a proper, clear and easy to understand loan process is desired to all borrowers. So it is essential to know about the loan process of Agrani bank limited. In the same way, when it's time to recover the loan clients should know how they can payment their loan and save them from bankrupt or escape from liabilities. On the basis of prudential guideline of Bangladesh bank, Agrani bank ltd, prepared a credit policy manual, which have been approved by banks board of directors is already in force. A separate credit division has been formed at head office, which is entrusted with the duties and responsibilities.

2.2 Objective

When money is deposited with bank, the bank in return makes investment in different forms approved by the Islamic shariah with the intent to earn profit. Profit earning is not the objective of bank; rather welfare of the society through managing its investment is also looked into. The banks generally allow investment in different sectors including priority sector declared the government. Its main areas of investment are trade and commerce, industry, agriculture, real estate and rural development etc. Agrani Bank Limited pays a vital role in those areas. During my internship, I had observed their contribution towards the society and I wanted to learn more about their loan and advance department. So that I set some objective of my study and they are given below:

To know the loan application processes important for both lender and borrower. Loan application process is entire sequence of steps, form the time a loan application is received to the time loan is closed, the loan proceeds are disbursed and the aggregate amount is placed on the lender books as an asset.

The core responsibility for quality investments of Agrani Bank Limited is very essential to them for their income benefits. Agrani Bank Limited operations are based on clearly defined core activities. They are more focused on their core responsibilities and their quality investment. It is a strategy based on a set of clearly defined fundamental critical that seeks to identify Agrani Bank Limited without standing quality characteristics and the quality assessment is processed based on soft and hard criteria.

To learn about the loan disbursement and recovery system. Disburse of the loan is the last stage in the loan process. It refers to the transfer of the money from the financial institutions to ones bank account. It is only after the disbursement of the loan that the amount is accessible to one for usage. The disbursal of the loan is subjected to the verification of one's documents. When anyone applies for a loan and get approval then their documents would be verified and only then your loan would be disbursed. Furthermore, recovery refers to collection of amount due. The normally recovery depends on the purpose time and condition business running process etc. Basically the amount of the loan is recovered by its installment basis. For a bank it is very important to establish a strategy for loan disbursement and its recovery.

To identify problems related to loan and advance. Bank loan is relatively more difficult to get than other types of loans, particularly as banks establish stricter credit standards. A loan can also harm borrowers stress; even can be cause to lose property. A bank loan can negatively affect borrower's credit particularly also can be cause for bankruptcy. Moreover for lender it is also harmful if the customers failed to payment that amount of loan to the bank on a certain time. It decreases the income rate. For this reason, knowing and identifying various types of loan and d advance related problem is very important to solve it in a strategic way.

2.3 Methodology:

To know their loan policy and process, their loan process law and policy should be analyzed. Every financial institution has their policy and process to conduct loan. Though Bangladesh bank controls set some policy both public and private bank but every bank has their unique types of process for loan application. Their policy law is the main source from where I could know about their loan process, steps, requirements, loan investments, interest rate etc. Knowing loan application process is very much essential for both lender and borrower.

Every financial institutions target is to ensure quality investment and for doing this they have some core responsibilities. To knowing the core responsibilities for quality investment, I had collected information from their annual reports and training booklets. Their training booklet is designed to improve the quality of performed task. In the training booklets everything is described properly about how to do the particular task properly and the responsibilities that should be followed by the employee. In their annual report and training booklets there is a huge discussion on their activities, core responsibilities on quality investment. From the annual report and training booklet I could collect my needed information to meet my objective.

After lending the loan, bank recover the amount of loan on the basis of installment. Mr. Rajon Dey the senior officer of loan and advanced department of Agrani bank limited was interviewed about the loan disbursements and recovery system. Though loan is a long process but after lending the loan it is very important to know how to recover it on time for the betterment of the bank.

During the loan period various type of problem can be arise regarding loan. In this brunch there are 182 borrowers in total. Among them, I had selected 5 customers for taking interview. In my internship period I had talked with them and asked them some questions. By interviewing them I had collected the information on obstacles.

2.4 Findings:

According to the methodology I had got some statements and documents containing an authoritative decision. Details are given below:

Part 1 :

Agrani bank loan application process:

The client completes the credit application with the assistance of the branch manager or his/her delegated loan officer. They have set some form on loan process and this form will help sundered that adequate information about the financial condition of the borrower is obtained. The application should be filled in completely as possible to provide sufficient information with which to begin the analytical process, form the basis for an initial site visit and understand proposed collateral.

- **Collection of data :**

At the time of analyzing a credit proposal the following information are to be collected from the borrowers in the prescribed format which is subject to hang as and when needed:

- Full particulars of the borrowers
- Nature of business or place of business
- Purpose of loan
- Up to date CIB report
- Three years audited financial statements
- Statements of personal assets and liabilities
- Certified tax return statement regarding income , expenses , assets and liabilities
- Transaction profile
- Schedule of collateral offer and valuation thereof
- Trade license and environmental department clearance
- Detailed liabilities position with contingent liabilities
- Credit rating which should not be below BBB
- Detail data from large customer to prepare database
- Source of utility

- Invoice
 - Contract between suppliers and customers
 - Interim financial statements
 - Personal financial statement of the owner
- Initial site visit: One of the objectives of thorough initial visits with the client is to determine the client's character, business condition, prospects and to gather supplemental financial information. Identification and appraisal of collateral is also essential during initial visit.
 - Verification of data: The above data should be verified and confirmed and documented in regard to the borrower.
 - Identity
 - Physical address
 - Place of business
 - Nature of business
 - Web address
 - Invoice
 - Contract between suppliers
 - Appraisal analysis: Loan proposal will be appraised with updated market price quality and other information of the merchandise and product. The appraisal and updates will be checked by the concerned higher authority to ensure that it was in order and reviewed time to time. A detailed analysis is documented to arrive at the following aspects:
 - Credit worthiness
 - Guarantor or borrowers cash flow
 - Debt service coverage ratio
 - Benefit cost ratio
 - NPV , BCR , and IRR
 - Break even analysis
 - Margin or liquidity
 - Assessment of working capital
 - Cash flow analysis
 - Environmental issues
 - Ability to penetrate market sectors and comparative factors.

- Exception in credit policy: All exception to the credit policy should be clearly documented on the loan offering sheet, problem loan report and other MIS and to be approved by the ABL's board or a committee thereof before the loan is funded or renewed. Any exceptions in lending policy will be effective after proper approval by the board within their power or authority

- Renewal and extension of credit: Any renewal or extension of credit is made only after obtaining and documenting the current valuation of any supporting collateral as per Bangladesh bank circulars, perfecting and verifying the banks lien position and that reasonable limits are established on credit advance against collateral, the ratio of loan to value and overall debt service requirements .any renewal and extension do credit is made after obtaining and validating current credit information about the borrower and the guarantor sufficient to fully assess and analyze the borrows and guarantors cash flow, debt service requirements, contingent liabilities and liquidity condition and only after the credit officer prepares a documented credit analysis. Any new credit decision for taka 10 core will be required certification by the chief internal auditor in regards to the following

1. Consistency to the credit growth
2. Compliance of restrictions
3. Compliance of credit policy
4. KYC
- 5.CIB

At the time of any loan renewal accrued interest will not be capitalized with the principal amount under any circumstances. Excess over the credit limit must be adjusted before forwarding the proposal for renewal and enhancement. Fresh charge documents must be obtained before affecting any renewal as per law. For enhancement do loan additional collateral to be obtained to cover the loan.

1. The purpose of loan will always be mentioned in the loan application and loan section memorandum
2. Loan proposals will be appraised with updated market price, quality and other information of the merchandise and product. The appraisal will be checked by the concerned higher authority to ensure that it was in order and reviewed time to time
3. All exceptions to the credit policy shall be clearly documented on the loan offering sheet, problem loan report and MIS and to be approved by the ABL's board or a committee thereof before the loan is funded or renewed.

4. Any exceptions in lending policy will be effective after proper approval by the board within their power/authority

5. Any overdraft and C.C hypothecation limit must have 1.5 time collateral in the form of land, building FDR and other eligible security as prescribed by Bangladesh bank and will be documented in safe in and safe out registration and loan documentation check list.

Any exceptions in lending policy will be effective after proper approval by the board.

Agrani Bank Limited will complete the analysis and approval process within the following time frame on complete submission of the papers or documents by the borrowers

	Steps	Renewal	New proposal
a.	Branch	10 days	25 days
b.	Zonal Office	7 days	12 days
c.	Circle office or Head office Division	10 days	15 days

- **Viability:** Financial assistance shall be granted only to those entities whose operations have been evaluated as technically commercially and financially viable and environmentally feasible .for this purpose the bank uses the screening processes with strict pass fail criteria as wheel as a scoring system to determine relative risks for the purpose of pricing and subsequent guidance in the management of loan accounts.
- **Credit worthiness:** Application for financial assistance may be granted only when the entities and their principal proponents or management teams are deemed credit worthy. Credit proposals should be unduly influenced by an over reliance on the sponsor's various business enterprises in case of need. Credit proposals should be based on sound fundamental, supported by a thorough financial and risk analysis. CIB reports are required for all loans and should reflect and incorporate credit limit, outstanding balances and names.
- **Sufficiency:** No funded or non funded credit exposure may be granted unless it is sufficient together with the owner's equity to fully finance the proposed project or business requirements. Where the bank's proposed assistance is insufficient, it may be possible to fulfill the financing requirements through either of the following means: 1. Additional loans from other banks or financial institutions, preferably in syndicated arrangements or 2. An additional loan from the bank, which is fully- secured by an unconditional guarantee from an acceptable local or foreign bank or financial institutions provided. However that the over-all leverage of the complete financial package does not exceed prudential limits.

Agrani bank credit policy:

Agrani Bank Limited has adopted this credit policy as per guidelines in the revised memorandum of understanding signed by Agrani Bank Limited with Bangladesh bank on 29th September. This policy is designed to cover the entire cycle of lending. It is developed by Agrani Bank Limited in order to assure that its objectives are met through sound lending activities and practices that the portfolio of credit risk exposure is diversified, secured and profitable. However, it will need to be updated further from time to time due to the evolving nature of the business and regulatory environment in which the bank operate. The credit policy includes:

- Detailed and formalized credit evaluation / appraisal process
- Credit origination , administration and documentation procedures
- Formal credit approval process
- Approval procedure of credit extension beyond prescribed limits and other expectations to the credit policy
- Risk identification , measurement , monitoring and control
- Internal rating systems including definition of each risk grade and clear demarcation for risk grade in line with BB regulations and policies.
- Risk acceptance criteria
- Credit approval authority at various levels including authority for approving exceptions and responsibilities of official involved in credit operations
- Roles and responsibilities of staffs involved in origination and management of credit
- Acceptance and unacceptance type of collateral security , types of borrowers or geographic sectors on which the bank may focus
- Clear and specific guideline for each of the various types of the credits, including maximum loan to value ratios
- Concentration limits on single party or group connected parties, particular industries or economic sectors, geographic regions and specific products. bank has set stringent internal exposure limits, as long as they are at least as strict as prudential limits or restrictions set by Bangladesh bank
- Pricing of credits
- Review and approval authority of allowances for probable losses and write offs
- Guidelines on regular monitoring and reporting systems including borrower follow up and mechanism to ensure that loan proceeds are used for the stated purpose
- Guidelines on management of problems loans

- Policies on loan rescheduling and restructuring
- The process to ensure appropriate reporting
- Procedures to ensure the establishment of lending policy exception tolerances and
- Procedures to ensure that loan policy underwriting standards are consistently applied.

The bank will not grant loans and facilities are approved for the following types of entities and purposes:

- Bankrupt companies.
- Companies listed on CIB as classified or known chronic defaulters , black listed companies or individuals
- Military equipments or weapons finance
- Highly leveraged transactions.
- Speculative investments.
- Logging, mineral mining or other activities that is ethically or environmentally sensitive.
- Share lending
- Equity stake in borrowers
- Bridging loans relying on equity or debt issuance as a source of repayment
- Name lending

Bank will not consider loan facilities to the following parties:

- A director of the bank
- A stockholder of the bank
- Other related interests as per bank company act. However, loan facilities may be granted under such other terms and conditions that comply with Bangladesh bank regulation.

The policy related to large concentration is determined in line with the MOU and Bangladesh banks guidelines. In order to avoid concentration of large loans the bank will follow the single borrower exposure limits as below:

- The bank's exposure to a single clients or group shall not exceed 15% of the bank total capital. The exposure limits for in fracture development projects. Such as gas exploration, may exceed 15% but shall remain within 25% of the bank's total capital.
- In case of financing in the power sector, BRPD circular no. 22/2010 dated 14-06-2010 shall be applicable instead of the above exposure limit.
- Funded and non funded facilities favoring government organization and stage owned enterprises against which government guarantees exists and loan extending under agricultural credit targets.
- Sections of loan and advance exceeding 15% of the bank's total capital will be subject to syndication through participation with commercial banks
- The bank shall not take over any non performing loan from other banks. While buying performing loans if at all, due diligence will have to be observed by the bank and prior approval from Bangladesh bank is required.
- Special care shall be taken while allowing non funded facilities. So that the allowed non funded facilities do not turned into funded facilities and get classified.
- While granting such facilities under the above mentioned exceptions, immense case shall be taken such that all necessary formalities are accomplished and the exposures remain within the prudent limit decide by board. exceptions are:
 - I. Public limited companies where 50% or more of the shareholdings are public shall not be considered as a single enterprise
 - II. Credit facilities provided against government guarantees to the extent of the amount guaranteed.
 - III. For credit facilities against cash and encashable securities where the actual level of exposure shall be determined by deducting the amount of such securities from the outstanding balance.

The bank shall submit to the Bangladesh bank the "L From" in respect of all actions taken on large loans as defined above.

The bank is currently restricted in its lending activities under a memorandum of understanding with the Bangladesh bank. As per MOU the adjusted loan growth will be limit to percentage of the e adjusted loans of the previous year. The percentage will be fixed by Bangladesh bank from time to time and may vary within the quarters of years. The adjusted loan growth is 2013 is fixed at 10% of the e outstanding

adjusted loan of December 2012 with not more than 2.5% growth in any quarter. The adjusted loan will be calculated by using the following formulas:

Adjusted loan = gross loan – staff loan – agri loan – loan against govt. guarantee

Part 2 :

According to my second methodology I had found the information on their core responsibilities for quality investment. In order to maintain investment discipline, marketing and relationship management function is necessarily be segregated from disbursement approval, risk management and administration function. The purpose of segregation of duties to improve the knowledge level and expertise of the employees in each function to improve control over the disbursements of investment to estimate possible compromise in section disbursement and recovery and to ensure quality assets through transparency. Two main aspects are to be considered while induction of new clients

Qualitative judgment:

It mainly comprises on

1. Social background of the client:

A. Name of the client: name of the client should be clearly spelled out and should be tallied with other documents like trade license etc.

B. Address of the client: address of the business, office and factory, permanent to be seen and tallied with.

C. Academic qualifications: academic qualifications of the client have to be known. In the present situation and incoming days it will have good importance.

D. Professional qualifications and experience: professional qualification and experience of the clients has also to be seen with due importance.

E. Age of the clients and succession: it is also a factor for selection good client.

F. Responsibilities and reputation in the market: responsibilities and reputation of the market is to be seen carefully.

G. Family back ground: family background is also important for selecting them as client.

H. Life style: life style of the client is an in important factor for selection.

2. Business, technical and management approach:

A. Nature of the business: nature of the business of the client shall have to be understood clearly. Sometimes the clients may be involved in different nature of business. It is to be understood whether all the business is managed by the client.

B. Areas and prospect of business: area and prospects of business to be seen and it is understood whether the subject business will be viable in that area .if necessary physical study to be carried out.

C. Main competitor: main competitors of business of the clients are identified and judged whether the client can compete with them.

D. Existing government policy not he sector: this understood whether client is befitting with the policy. E. International market focus: international market focus on the clients business to be understood and be sure that the client is befitting with it.

F. Location of the business: location of the business is justified through physical verification and be sure that it is suitable for clients business.

G. Age of business.

H. Construction of the firm. I. Sister or allied concerns: if the clients have other sister or allied concerns particular of those and its proprietor or partners are justified properly

3. Past performance.

A. Transaction in current account: at least 6 months transaction in current account of the clients is very vital and an indicator of their position and performance.

B. Turnover in CC/OD/term liabilities with other banks: Turnover in CC/OD/term liabilities with other banks is very good indicator for performance of the client in paging bank's dues.

C. Sanction advice of other bank: amount and terms of sanction loan or investment of other bank to be seen.

D. Report of local import person: report of local import person is also needed and it has very good importance.

E. Confidential report: confidential report of other banks of the locally gives import information on client's banking behavior.

F. Reports of good investment clients: reports of good investment clients of some trade provide good and authentic information on the client.

4. Collateral.

A. Value of collateral: value of collateral is adequate to cover investment.

B. Assessment: market and forced sale value are assessed prudently.

C. Location: location of collateral should be prominent and easily reachable.

D. Forced sale: the collaterals should be such that to can be easily sealable at reasonable price under force Circumstances.

E. It must be under possession of the mortgagor.

F. Third party survey and valuation: third party surveyors report and valuation to be obtained as per latest head office guidelines.

Quantitative Analysis:

It consists of

- financial aspects
 - Audited financial statements are to be examined usually for consecutive three years. Financial statements include income statements, balance sheet, cash flow statement, statement of change in equity, and notes to the financial statements.
 - following techniques are commonly used to analyze the financial viability of a project : comparative analysis , common size analysis, ratio analysis, irg analysis , cost of fund and payment schedule, working capital assessment, break even analysis, internal rate of

return, net present value, pay back periods, discounted pay back periods, CIB information etc

- marketing aspects
 - demand supply study of the product
 - distribution channel of the product
 - marketing strategy
 - competitors of the industry
 - external threats and scopes
- economic aspects
 - Contribution of GDP of the representative sectors
 - Employment generation of the respective sectors
 - Tax payment to the government
 - Market capitalization
- swot analysis includes strength , weakness , opportunity and challenges

From the above discussion the criteria for good investment client selection for ensuring quality investment can be started as five C's. Those are character, capacity, capital, condition and collateral.

Part 3:

According to my third methodology the information I had gathered is given below:

The credit administration ensures that the credit application has proper approval before entering facing limits in the ledger or computer system. Disbursements will be effected only after competition of covenant and receipt of mortgage deed of collateral holdings. In case of exceptions necessary approval shall be obtained from competent authorities. It is the strict policy to ensure that all documentation and formalities and in particular those related to large loans and loans to directors officers shareholders or related interests should be executed in compliance with Bangladesh bank and the bank company act. If any fund is released without proper documentation the concerned manager and officer will be held responsible for punishment. Moreover all financial transactions should without exception be properly recorded for accounting and monitoring purposes. Non funded loan cannot be converted in to funded loan until all necessary approval has been obtained from the competent authority and before completion of documentation formalities. Same underwriting standards to be followed consistently for same category of loans. Releases of funds and the issuance e of instruments that bind the bank to potential financial and legal obligations are the final and critical control stage of the credit and investment process. Accordingly these may not be undertaken unless and until the following are accomplished

1. Documentation clearance as have been issued
2. Treasury has been advised of impending of disbursements ahead of time such as 24 hour notice in the case of BDT 1 up to BDT 10 core and 5 working days in the case of amounts of BDT above 10 crore.

Booking of the transaction contemplated in this section should be made at the originating front offices and advised to the international division at head office within 2 hours using a triplicate copy of the transaction sheet. International division will maintain a centralized accounting record of all funded and non funded exposures relating to import and export of the bank for administration and monitoring purposes.

The borrowers shall be communicated by the branch manager or branch officer ahead of time as and when the principal or markup installment becomes due. Any exceptions such as nonpayment or late payment should be tagged and communicated to the management. Proper records and updates shall also be made after receipt.

By interviewing the senior officer of the loan and advance department Mr. Rajon Dey I had came to know about the loan recovery process. When it is time to recover the loan, the appointed officer will make a phone call to the borrower to give him or her reminder about their loan payment. If it fails than officer directly meet with the borrower to give reminder. If the borrower does not payment the loan willingly than a normal notice has been sent to the borrower for payment. By sending letters to borrowers, officer notifies them. After 15 days if it not works than a lower has been implied to send the notice letter to the borrowers.

After that , if the borrower don't response to the letter or payment the loan than according to law 12(3) the court litigate it and their assets against loan will send for auction. In order to law 33(7) bank can take the asset on its name and law 33 (5), bank can grab the asset.

Some of the borrower payment the loan after got the notice. If the loan is cc loan than the client will get back all his or her all the documents which was submitted while taking loan. All the documents again should be registered and bank should return the documents to the client. For other type of loan there is no need of registration the documents. After that bank will also give redemption deed and power cancel deed documents. Finally bank gives a certificate to the borrowers which includes that the particular client is no more liable to bank and the entire loan amount is recovered.

Part 4 :

Finally I had gathered the information on the customer's overview. Generally in Agrani Bank Limited most of the borrowers have no complain. Most of the customers are satisfied with their best customer services and easy loan process. There are 182 borrowers in total in Agrani bank limited. Among them, 5 had been taken interview of five customers. I had asked the same questions to the 5 customers. Everyone gave their own opinion and shared their experience.

- Mr. Abdul Hannan owner of the Farida Hannan Traders said that, duration taken by the bank is sanctioning loan is long enough but the processing charges of the bank were low. He also said that the loan process take too much time. He was satisfied with the employee services but the problem he mentioned is to process a loan in Agrani Bank Limited they required too much documents. According to Mr. Abdul Hannan some of the documents are not necessary but still bank required it.
- Mr. Abdul Awwal owner of the Sotota traders claimed that for the business purpose sometime he wanted money emergency through cheque but for the shortage of money in the bank store, he had been sent to another branch to collect a portion of his loan amount which makes him dissatisfy . He also said that the behavior of the staff is excellent and they are so much helpful.
- Mr. Md Rafiqul Islam the owner of Mesars Loknath Colors state that, the paper formalities of the loan is justified and the duration taken by the bank in sanctioning loan are very little. He has no complain about the loan process but he has suggested that if the bank can give them fast service it will be so much helpful to them.
- Mr. Iqbal hossain satisfied said that employees are helpful and attentive and also the concerned official gave him the satisfactory answer to his queries. He is satisfied with the overall behavior of the concerned official and he didn't had face any problem regarding loan.
- Mr. Proshanto Modok state that the processing charges of the bank is law and the paper formalities of the loan are justified. Moreover he said that duration taken by the bank is sanctioning loan is very little. Recently bank has changed the interest rate. Previous rate was 12% and now it is 9%. He said that for the decreasing of interest rate he will be more benefited. Overall he has no complain related loan and bank services.

After interviewing the customers it can be said that most of them are very satisfied with bank service and they did not face any major problem regarding loan. Moreover employees are so much helpful to them but some of them suggested that they will be more benefited if the required documents of the loan could be lessen and the bank service would be more fast.

2.5 Limitations

During my internship period I had gathered much experience on both work and working environment. To meet my objective I had collected the information from various resources. I had tried my best to represent my report with accurate information but still I think there is some limitations for which my research could be wrong in some specific sector. Limitations are given below:

- Firstly I want to say that I had done my internship in a very small branch of Agrani bank limited. Where I couldnot communicate with managing directors, deputy managing directors. If I got the scope to interviewing them may be I could collect more accurate information regarding my topic.
- Secondly to meet my objective I had interviewed 5 customers about the obstacles they are facing on loan. In that case if I had the opportunity to communicate with all the loan borrowers than I would find more information about the problems related loan.
- Finally I would like to add that Agrani Bank Limited is a state owned bank so their policy and procedure and interest rate could be changed according to Bangladesh bank. This type of changes could be a reason of my inaccuracy of my report.

2.6 Conclusion

After completing my internship, I had been exposed to wonderful working life. Throughout my internship, I could understand more about the definition of a banker and their office activities and prepare myself more responsible, punctual, and creative in future. In my training period I noticed that full concentration in work is main element to do the specific task properly. During my project I communicate with my colleagues and operators to determine how accurately the task could be done. Furthermore this internship indirectly helps me to learn independently, discipline myself, be patient, self – trust, take initiative and the ability to solve problems. In sum, the activities that I had learned during industrial training really are useful for me in future to face challenges in a working environment. Throughout the internship period, I found that several things are important: To organize our individual task and assignment, we need to have proper knowledge about the task. If any problem arises while working, we need to formulate a good solution for the problem and also have to set contingency plan for solution and completing the work. Moreover, in working environment, team work is vital in contributing to a strong organization. Teamwork is also essential in reaching the goals of the organization as an entity, thus communicating and sharing is much needed in the working environment. Therefore we should be respecting each other in the working place and working together as a team, instead of working alone. This is because working together as a team is easier in reaching our targets, rather than working individually. Finally I would like to once again appreciate everyone who has made my internship periods a superb experience.

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Appendix

Interview questionnaires on the obstacles related to various loan and advance

- 1) How much time bank takes to sanctioning a loan?
- 2) Are customers satisfied with the employee behavior?
- 3) Do you think that the processing charges of the bank were high?
- 4) What do you think about the paper formalities of the Loan?
- 5) Was the concerned official gave you the satisfactory answer to your queries?
- 6) Are you satisfied with the overall behavior of the concerned official?
- 7) Do you have any complain or suggestions for bank?