

Report On
How to Improve Efficiency of SME Division in IDLC Finance
Limited

By
Hridita Kader Trisha
15104038

An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration (BBA) Program

BRAC Business School
BRAC University
August 2019

©2019. BRAC University
All rights reserved.

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Hridita Kader Trisha
ID: 15104038

Supervisor's Full Name & Signature:

Mr. Md. Fazla Mohiuddin
Lecturer, BRAC Business School
BRAC University

Letter of Transmittal

August 25, 2019

Mr. Md. Fazla Mohiuddin

Lecturer

BRAC Business School

BRAC University

Mohakhali, Dhaka-1212.

Subject: Proposition of Internship Report on How to Improve Efficiency of SME Division in IDLC Finance Limited

Dear Sir,

It is a gladness for me to put forward the internship report on “How to Improve Efficiency of SME Division in IDLC Finance Limited”. I have conducted this report as an important part of my graduation and theoretical representation of my internship. I put my highest endeavor to end the report in a successful researchable way. I Have completed this report underneath your hegemony and observation. It was difficult for me to finish the report without your support.

Finally, I would be obliged if you receive this report and give your worthy counsel and remark for this.

Sincerely yours,

Hridita Kader Trisha

ID- 15104038

BRAC Business School

BRAC University

Date: August 25,2019

Non-Disclosure Agreement

This agreement is made and entered into by and between IDLC Finance Limited and the undersigned student of BRAC University.

Student's Full Name & Signature:

**Hridita Kader Trisha
Student ID:15104038
BRAC Business School
BRAC University**

Field Supervisor's Full Name & Signature:

**Md.Qumruzzaman
Branch Manager, IDLC Finance Limited
Elephant Road Branch**

Acknowledgement

All-inclusive I intimate my gratitude to all powerful Allah, the most benevolent and gracious, for making me the most capable to achieve the internship report on “How to improve efficiency of IDLC Finance Limited”. First of all, I would like to express my sincere and earnest gratefulness to Mr. Md. Fazla Mohiuddin, Lecturer of BRAC Business School for his immensurable and monumental backing, advice and instruction for this report. Without his direction and overseeing it was tough for me to conclude my internship report. Secondly I want to disclose my gratitude to Md. Qumruzzaman , my supervisor and branch manager. He gave me full access to overall loan procedure, provided me my flexible time schedule and give his best aid and contribution to make my research a fruitful one. Thirdly I would thank two sales team managers Md. Saidur Rahman and Md. Sabbir Al Ansary for their provided information regarding my report. Then I want to show my appreciation to my beloved colleagues, relational managers Sarjana Afrin, Mohammad Shohag Miah, Swasti Barai and Tanzir Ahmed, Mohammad Nahian Mursalin from CRM Department for helping me in my internship journey. Lastly I would like to show my heartfelt acknowledgement to BRAC University for giving me this kind of opportunity to do an internship on a practical internship environment and complete my internship as a part of my graduation.

Executive Summary

I covered the topic on “How to Improve Efficiency of SME Division in IDLC Finance Limited”. As the research is done on IDLC Finance Limited, a brief description of the organization, the products it is offering, SME division of it, it’s history, achievements and related things are given on company profile. Then the job description during three-month internship was written in job responsibility. The introduction of the report is a bigger image of why the report is done, its opportunities and barriers. Then the methods are described in research methodology, factors on which performance of the organization will be verified and procedure of doing overall internship is written. Then the SME situation in Bangladesh is described. After that the overall loan process is prescribed. Then in research part the problems were identified regarding delay of loan disbursement and finally the solutions were given in recommendation part. The objective of the conclusion was to end the report in a good way informing how IDLC is taking part in country’s economy and social activities.

Table of Contents

Declaration.....	ii
Letter of Transmittal	iii
Non-Disclosure Agreement	iv
Acknowledgement.....	v
Executive Summary	vi
Table of Contents.....	vii
List of Tables.....	ix
Table of Acronyms.....	x
Glossary	xi
Company Profile	2
Job Responsibilities.....	6
Introduction.....	8
Origin of the report.....	8
Research Objectives.....	8
Specific Objectives	9
Scope of the Report:.....	10
Limitation of the Report:	10
Literature Review:	11
Research Methodology:	14
Primary Research:	15
2.Secondary Research:	16

SME Division in Bangladesh.....	17
Loan disbursement process in IDLC finance Limited:	21
Analysis:.....	22
Recommendations:.....	28
Conclusion:	29
Bibliography:.....	30
Appendix:.....	33

List of Tables

Table 1: Comparison among IDLC Finance limited, IPDC Finance Limited, BRAC Bank and City Bank.....	16
Table 2: The sectors where SME loan is distributed.....	17
Table 3: Type of Owners who are qualified for SME loan.....	18
Table 4: Description of SME as per Bangladesh Bank.....	19
Table 5: The classification of loan of IDLC.....	21
Table 6: Comparison among different organizations on the basis of important criteria.	22

List of Acronyms

CIB	Credit Information Bureau
CED	Customer Experience Department
OCAS	Online Credit Appraisal System
UDC	Undated Check
PDC	Post Dated Check
CRM	Credit Risk Department
KYC	Know Your Client
CPV	Contact Point Verification
SAM	Special Asset Management
CAD	Credit Administration Department
BEFTN	Bangladesh Electronic Funds Transfer Network
RTGS	Real Time Gross Settlement

Glossary

SME

Bangladesh Bank has reset the definitions of small and medium enterprises (SME) as per the National Industrial Policy Order 2010. ... In service industry and in business, medium enterprises will be those which employ 50 to 100 and have assets (defined as above) worth Taka 10 to 150 million.

Part A

Company Overview

Company Profile

IDLC Finance Limited is in the first position of all non-banking financial institutions in Bangladesh. The loan portfolio of IDLC finance Limited is 34687M Taka. The organization went through a path full of dissents and a huge incident are backward today's prosperity.

A cooperation took place in 1985. International Finance Corporation, German Investment and Development company, Kokmin Bank and Korean Development Leasing corporation of south Korea, the Aga Khan Fund for Economic Development, the city bank limited, IPDC of Bangladesh Limited and Sadhan Bima Corporation put their shares together and the company was created. The main outcome was lease financing. They are now handling corporate, retail and SME division. The company was listed in Dhaka stock Exchange in 1993. They started giving loan on building home in 1997. They started pay to low periodic loans. The maiden SME based branch was introduced in Bagura in 2006. IDLC securities Limited which is a full supplementary of the organization was initiated in 2006. IDLC Asset Management Limited was taken on hand on 2006. Open mutual fund was commenced in 2017.

Mission:

The mission of the company is to concentrate on accrual of efficiency, higher client feeling well grounded trade application.

Vision:

The vision of the organization is to be the number one monetary sign of the country.

Strategic Objectives:

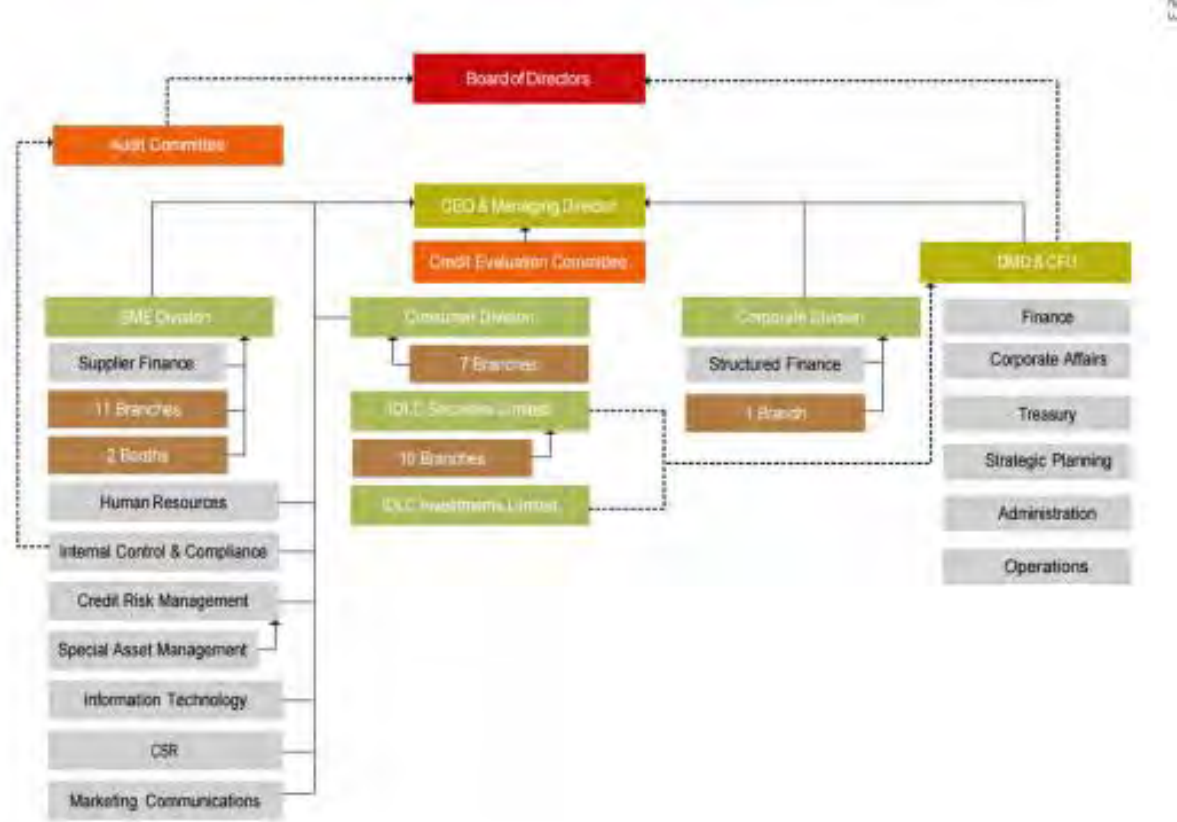
The company has a bunch of strategic objectives. They are:

- Cultivate and improve their genius resources
- Wholly support the main banking entresol.
- Ensuring Hopeful distribution system
- Having a well-grounded SME portfolio
- Improve and increase sales and services in corporate part
- Show intentness on apex layer clients
- Corroborate capital market operations and increase abilities
- Fastening internationally adopted collective administration

Core Values:

- Fairness
- Make client focal point
- Faith and Favor
- Same scope
- Crucifixion
- Plainness

Organogram of the Company:



Awards and Recognition:

IDLC Finance Limited has a history of getting many awards and reorganizations. They are like SAFA Best Presented Annual Report Award 2017 for ultimate champion and also for Integrated reporting winner, 18 th ICAB National award for best presented annual reports 2017 for ultimate champion. It is the highest tax paying institution among non-banking financial institutions. It was also awarded as Best Investment Bank in Bangladesh in 2018. The company is right now the best SME bank in Bangladesh.

Product Description:

The organization is trying to confirm both long term growth and competitive advantage over other organizations. IDLC diversified its portfolio into a huge range of products and services. At first it increased its market by launching home loan and short term loan. After that it got the license of selling securities. Now it has products in different sectors. They are SME, consumer, Corporate Division. The products under SME division are described below:

SME Division:

1.Small Enterprise Finance

- Small Enterprise loan and lease
- Seasonal Loan
- Woman Entrepreneur Loan
- SME Deposit
- SME Sachal loan

2.Medium Enterprise Finance:

- Medium Enterprise Lease of Loan
- Commercial vehicle Finance
- Machinery Lease
- Healthcare Finance
- Revolving Short term loan

- SME Deposit

Job Responsibilities

1. I wrote Credit information bureau or undertaking forms.
2. I wrote booklet which is used for loan file submission process.
3. I went to field visit for client hunt. I communicated with clients, describe them about the company's products. I did participate on overall sales part of the company.
4. I went with overdue collection team also to get back the company's belated payment.
5. I did work in customer experience department to place check, cash and deposit also.
6. I did the branch's internal excel work to accumulate the data.
7. I gave input in OCAS (online credit appraisal system) through loan processing unit. I also scanned and send documents for disbursement.
8. I wrote checks both UDC and PDC of clients.
9. I went to CRM department visit to assess risk related to loans.
10. I wrote personal guarantor pages, KYC forms, CPV (Contact Point Verification), Specimen, Bangla pages, any applications required for loan disbursement and FDR forms for partial secured loan.

Part B

Research on SME Division of IDLC

Finance Limited

Introduction

Origin of the report

I was assigned to do this report under a three-month internship period as per my university policy. The course title is BUS400. It was denominated by my advisor Md. Fazla Mohiuddin. I joined in IDLC financing Limited. I was attributed in all the departments of SME division. My field supervisor was Md. Qumruzzaman, manager of SME division. The topics I covered are description regarding the organization, departments of SME division of IDLC Finance Limited, products' information, how everyone is working in each department, how they handover certain amount of loan to customers' hand, how much efficient it could be, what problems they are facing and how it could be done in shortest time. I included the duties I have served in each departments. And finally I have added the solutions briefly in this report related to problems.

Research Objectives

Broad Objectives:

Generally, eight to ten working days are required for whole loan sanctioning and disbursement procedure in this NBF. Whereas many banks and NBF are giving loans in shorter period. The

main motive was to find out the problems and giving solutions on how the loan procedure would be fastest regarding recent condition.

Specific Objectives:

- 1.To learn aggregate operations from SME division.
- 2.To recognize the basic documents required for loan sanction
- 3.To be aware of the archives needed for loan disbursement
- 4.To know how to write a CIB form to Bangladesh Bank
- 5.To be acquainted of how to fulfil requirements and needs of clients as a relational manager
- 6.To study on how to assess the loan amount
- 7.To learn how to put information on central system database.
- 8.To learn how to collect money from overdue clients
- 9.To learn how NBFIs are doing transaction
- 10.To find out the ways to help clients during loan instalment period.

Scope of the Report:

The experiment was completed on IDLC finance Limited. I took information from branch managers, relational managers, Sales team managers, employees working at Credit Risk Management Department to make report, learn the whole loan sanction, disbursement process and find out the problems and how to solve them. I got the necessary papers like product program guidelines, annual reports from the workplace.

Limitation of the Report:

I have to collect facts from one SME branch duo to time limitation and other issues. There was some crucial information which were not allowed to represent in public. The research was needed full fact in relation to every types of product which was not prepared properly

Literature Review:

Working skill of relational managers:

The main factor considered for efficiency improvement of SME division is working skill of relational managers. The process starts from them. The efficiency depends on how fast they can do file documentation or submit client's papers for loan. They hunt clients, identify the need of clients and finance them. Their job responsibilities are like good product sense, best communication skill, good group coordination in sales team, better understanding of industry where they want to give loan and correct decision making power. According to Charles E. Pettijohn , Linda s. Pettijohn and A. J. Taylor (28 March,2007) the improvement of relational managers depends on various factors like disposal execution, dedication to own company, less intensive to revenue. The efficiency of relational managers is determined in two ranges. They are common selling proficiency and specialist intended disposal attitude (Pettijohn, Pettijohn and Taylor,2013). Md. Alauddin and Mustafa Manir Chowdhury (2015) recounted the problems faced by SME division in Bangladesh. There is incapacity to create required SME products, sustain standard of the substance (Alauddin and Manir,2015)

Time duration of loan disbursement:

Another important reason behind improvement the efficiency of SME division time duration of loan disbursement. The knack of SME department will improve if this time duration is less as much as possible. In many finance companies it takes one to two months from file documentation to loan disbursements. But in many banks and NBFIs it takes a few days even it can be done urgently. Mr. Shehnur Azad Chowdhury, Md. Kazi Golam Azam, Serajul Islam (2013) did a survey on SME division. Hazards like lengthy process of file disbursements is 50%, Too much paper work is 30% (Chowdhury, Azam and Islam,2013).

Technological efficiency of the Organization:

Technological efficiency is the measurement of company's technological updating; how much strong their IT sector is. It is another necessary factor regarding growth of SME division. The more works are done through technology; the SME divisions of the financial institutions are more workable. The overall loan process can be faster Through better technology. They can commute among internal departments related to loan process more easily and send documents in a short time. Shubhashis Gangopadhyay (2009) described about how banks and non-banking institutions can cut cost when they vocation with impoverished people through technology, how to create a technological program where loan processing related problems will be solved, how technology can be a part of better finance service in these institutions(Gangopadhyay,2009).

Agility of clients:

Agility of clients is required to increase competency of SME division for faster loan disbursements service. As soon as the clients can provide updated documents the loan process will be faster. Many clients could not give essential documents timely. This delay makes the loan process slow. Most of the clients of SME division are less conscious and do not understand the process. Many of them are less experienced in business or entrepreneurs. According to Mr. Shehnur Azad Chowdhury, Md. Kazi Golam Azam, Serajul Islam (2013) 20% of clients have lack of ability to draw trade program. They told through their report that 40% of clients are connected to agro processing products in export or import (Chowdhury, Azam and Islam,2013). Zahid Bakht and Dr. Abul Basher (2014) prescribed the technics to improve SME sector of Bangladesh. They recited that there is absence of expert workforce practical and professional knowledge. (Bakht and Basher,2014).

Internal relationship among the related departments:

Internal relationship among the related departments matters highly in activities of SME division. The loan process starts from field and ends at credit risk management department. So coordination among the teams are necessary. Thus they can work more swiftly. It also depends on ratio of relational managers to credit risk management employees whether they are sufficient or not. Both departments are always in a negotiation when it comes to determine loan amount. Loan process

period depends on it also. According to Mr. Shehnur Azad Chowdhury, Md. Kazi Golam Azam, Serajul Islam (2013) survey one of the hazards in SME sector is institutional barriers which is 20% (Chowdhury, Azam and Islam,2013).

Quantity of required documents:

Quantity of required documents is also considerable in SME sector. There is a certain amount of documents needed for loan disbursement which varies from financial institutions to banks. If the documents are huge in number, then it takes time to put them together and move the work to next department. The vice versa could also happen. Timothy Green, Albert V, Ogrodski, Jr Frank D and Tuttle (2010) mentioned that the files of loan processing are viewed clearly for Federal, State and Local possession. So that related companies could be assured whether the client could give regular installment or not (Green, Ogrodski, D and Tuttle, 2010).

Research Methodology:

The loan sanction and disbursement process is sort of different from bank because they transfer fund through check not in cash. They give more concentration on SME division than other loan units or deposits than bank because SME is their main business. The working process of SME division is little bit difficult because the loan application process has to go through three

departments and that is also more than once. First of all, I have learned the whole loan and disbursement process of loan sanction and disbursement. I did literature review. Then I found out some criteria or scales to measure their productivity. I compared IDLC with IPDC and other two banks to find out IDLC's position in current field on these criteria and try to give solutions based on primary research if required. The scales are working skill of relational managers, time duration of file disbursement process, technological efficiency of organization, agility of clients, internal communication of the relational managers, quantity of required departments. On the basis of these measurement points I have done my qualitative research.

I have collected information in my report in two ways. They are primary research and secondary research.

Primary Research:

I have gathered information regarding whole loan process and efficiency related information by taking interview of my branch manager (SME division), two sales team managers, some relational managers and colleagues from credit risk department of my branch.

2.Secondary Research:

The secondary sources for my information collection are day to day newspapers which contain reports about IDLC Finance Limited. Many previous reports which were done on this organization explored through internet for further datum. I took help from last updated annual report of the company, website of IDLC, various treatise, magazines and communal media.

Table 1: Comparison among IDLC Finance limited, IPDC Finance Limited, BRAC Bank and City Bank

	IDLC Finance Limited	IPDC Finance Limited	BRAC Bank	City Bank	Source
Portfolio	401.7 Million Taka	46.5 Billion Taka	27,954 Million Taka	65 Billion	Primary and Secondary Research
Size of Clients	13500	6845	2000000	5500	Primary and Secondary Research
Market price per share	52.90 Taka	26.5 Taka	62 Taka	29.60 Taka	Secondary Research

Source: Author's construction, annual reports of organizations and news portals

I compared IDLC Finance Limited with one Non-Banking Financial Institution and another two banks BRAC Bank and City Bank. I took these two banks. These two banks were selected because of their portfolio, size of clients, market price per share which are most important. And also they are showing most competitive position right now with IDLC Finance Limited in target market. I took information of other organizations from their branch managers and relational managers of SME division.

SME Division in Bangladesh:

In perspective of Bangladesh SME banking (Small and Medium enterprise) means fund or money supplied by banks and non-Banking financial institutions for little and moderate traders. According to Bangladesh Bank rule 20% of money from Central bank has to be disbursed through SME. Bangladesh Bank took a new strategy on 31/12/2009 to move onwards SME segment and application of SME loan administration and specific steps. They invented a new division named SME and special program division. These took a certain amount of plan, product program and insurance for the improvement of small and medium enterprise.

Table 2: The sectors where SME loan is distributed:

SME Sectors	No	Percent
Trading	30	30%

Agricultural products(Export and Import)	10	10%
Furniture made from timber and utensil	20	20%
Companies which serve ocean service	10	10%
Exporters and Importers in International Markets	20	20%
Common percentage agent	10	10%
Total	100	100%

Source: Chowdhury, Azam and Islam (2013)

Table 3: Type of Owners who are qualified for SME loan:

	No	Percent
Only Proprietor	70	70%
Fellowship	30	30%
Public Organizations	0	0%

Private Organizations	0	0%
Total	10	10%

Source: Chowdhury, Azam and Islam (2013)

The central bank of Bangladesh revealed comprehensive credit policy on SME. (Dr.Md. Golam Mustafa ,2010) Bangladesh bank set a target of certain amount of money which will be given as SME loan. According to banks and financial institutions' rules the amount of money for SME purpose is 23995 crore taka. The target people will be small, medium businessmen and women entrepreneurs. SME divisions of banks and NBFIs are placed in industrial production or market area. Through SME sector is improving but higher interest rate is an issue here. But available fund is more important to this tiny trader. The industrial and service traders have 100% priority of refinancing. The financial organizations can give up to 25 crores without indemnity. It is called unsecured loan. One of the eligibility of the borrowers is he or she cannot be defaulter. The finance companies have to send disbursement reports to central bank. Bangladesh Bank gave instruction to financial institutions to make product program guideline considering clients as niche market.

Table 4: Description of SME as per Bangladesh Bank

Business	Factors	Barter	Production
Little Business	Number of employees(Not less than)	Ten to Twenty Five	Twenty five to ninety

	Permanent Property	Five lac to ten crore taka	Fifty lac to ten crore
Large Business	Number of employees (Not less than)	Fifty to Hundred	Hundred to two hundred fifty
	Permanent Property	One crore to fifteen crore taka	Ten crore to thirty crore

Source: Dr.Md. Golam Mustafa (2010)

The participation of SME division in GDP of Bangladesh is 25%. It is playing a vital role to transform the country from developing to developed country. The 7th five-year plan of Bangladesh SME has a three-layer strategy. At first they will enter into secular mart. Then they will go to sell overseas and finally make a reputation in overseas market.

There are some barriers in SME sector. They are given below:

- There are insufficient accounts in name of clients in business.
- The trades are less fruitful
- The clients cannot take loss of their trade and commerce.
- There is less safety for their business.
- The entrepreneurs should have proper training.
- Liquidity or fund crisis in banks and financial institutions is another problem in Bangladesh now.

Loan disbursement process in IDLC finance Limited:

The relational managers go to market to find clients. They always follow up their clients whether they need loans and describe businessmen about their products. When their need match with the company's criteria then they take loan from IDLC finance limited through relational managers.

Table 5: The classification of loan of IDLC

Secured Loan		Partially Secured Loan	Unsecured Loan
14%		15.5%	16.5%
Mortgage		10% Fixed Deposit Receipt is required (Below 50 Lac) 20% Fixed Deposit Receipt is required(Above 50 Lac)	Need strong sales record and two third party guarantor

Source: Author's construction

The relational managers collect all necessary documents from clients to submit loan application to Credit Risk Department. The Loan Processing Unit put all information in a software named OCAS (Online credit appraisal system). LPU is a part of CRM department. The CRM department go for

visit to business and analysis loan related risk through some financial calculation like DSCR (Debt service coverage ratio) and debt to equity ratio. Then they give a loan amount for the client. The files again go to Business unit. They did some further paper works and send them to Credit Administration Department for loan disbursement. They also did the BEFTN (Bangladesh Electronic Funds Transfer Network) or RTGS (Real Time Gross Settlement). Then clients can pick their money from banks.

Analysis:

A comparison is done among different bank and non-banking financial institutions in Bangladesh. I have compared IDLC Finance Limited against IPDC Finance Limited, BRAC Bank and City Bank on the basis of factors identified in literature review part.

Table 6: Comparison among different organizations on the basis of important criteria

	IDLC Finance Limited	IPDC Finance Limited	BRAC Bank	City Bank
Working Skill of Relational Managers	Highly trained and expert in client dealing	Negotiation capacity, Communication skill	The relational managers are trained up not	The relational managers

		and better industry knowledge	only on product programme guidelines but also on financial calculations to assess the credit risk of the loan which is done by Credit department	are trained up on product program guideline and also practically in the market where they work
Time Duration of loan disbursement	7-10 days .In case of urgency 2-3 days	21 working days	15 working days	4 working days
Technological Efficiency of the organization	Required soft- wares are created and installed for file documentation and credit risk determination	Most of the works are done manually	Clients go with required documents to central office means the process is manual	Documents are sent to operation department through messenger means the

				process is manual
Agility of Clients	Average	High	High	Average
Internal Communication of the Relational Departments	Average	High	Average	Average
Quantity of Required Documents	Huge	Moderate	Moderate	Moderate

Source: Author's construction

The relational managers are highly trained. New ones get orientation programs which occur in every six months. He or she also gets training immediately after their recruitment. They know how to represent IDLC in front of clients, match their need with company's scheme, convince them to take a loan from their company. The documents required for loan sanction, disbursement and program product guidelines are always in their minds. So that they can describe these to clients fluently. They are always professional and have a corporate look during field visit. They try their best to collect required files from clients as soon as possible. If credit risk department wants more specific or additional documents after visit the client's business relational managers take a little time to manage them. The two problems faced by them are interest rate of SME division is higher (16.5%) than other NBFIs in case of unsecured loan and clients have to give a certain amount of processing fee which the clients feel as burden. The NPL of IDLC Finance Limited is 2.33%. The

percentage is tiny considering other banks or financial institutions. Relational managers and their sales team managers have to always keep would be clients in follow up so that they could give loan to right clients, the regular installment giving clients. Relational managers are also responsible if client's check is dishonored on correct date or if IDLC do not get the installment timely.

IDLC is providing loan within 7 to 10 days. There are credit risk management in every branch. They are doing their own branches' files' credit risk analysis. They do not depend on central credit risk management department. In case of urgency the CRM department do their information input, trade visit and analysis in short time. But when it comes about Credit Administration Department from where disbursement procedure is finally done the process becomes a little bit slow. Because there is only one Credit Administration Department. The documents are also needed to send to main office which is another reason for lengthy. The regional manager can give permission for even 2 crore loan. There are two ways to handover money. They are BEFTN and RTGS. Through BEFTN clients get money on next day. But it only takes a few moments through RTGS.

Technological efficiency is good in IDLC Finance Limited. When a file goes to loan processing unit from business department all the documents are updated in the system by relational managers and employees from loan processing unit give input that information. The LPU and CRM departments have own accessed internal webpages where they do their parts. The CRM department gives input of client information, depreciation, sales, expenditure of the business, sales, personal net worth, actual business condition after visiting the business and talking with traders from

neighbor businessmen. The CRM calculates two financial assessments to determine the loan amount or whether they could give the client loan or not. These two are DSCR and debt to equity ratio. These are automatically calculated through their internal software once they put values. $DSCR = \text{Operation Income} / \text{The total amount of all installments from all other bank where he took loan}$. It must have to be 1.75. The another ratio is debt to equity ratio. That mean the proportionate of debt and equity has to be must 1:1. Otherwise they cannot provide loan. The LPU unit sends all the required documents through their website to CAD for loan disbursement. The relational managers give input their day to day activities through their personal tablets so that related higher authorities can see them. Thus many of the works of loan process in IDLC are done through their web side or these works are dependent on IT. This means IDLC is quite good in technology.

The clients are either small or medium level businessmen. Most of them are not highly educationally conscious or average academic knowledge gainer. Often they could not understand how they will manage the documents required for fund provided by IDLC. Many client's trade license or E Tin certificates are not updated, many cannot take loan statements related to banks and other documents which are provided by governmental offices. Many small and new businessmen do not have accounts on their business name or having accounts with zero transaction. In these cases, IDLC cannot finance them. The other problems are like not getting gurrenters from business circle or third party gurrenters. Thus clients and other external factors have impact on loan process also.

The internal relationship of the departments is average. There are some conflicts between CRM and Business departments when it comes to determine the loan amount, sometimes after business visit and assessment the CRM even decline the files. Because the project cannot convince the CRM department to give loan. There main work of the CRM is to decrease the risk regarding loans or IDLC. The work of business department is to get more clients. Each department has individual intensive based on their performance. Thus they are sometimes in a conflict situation. There is sometimes information gap between these two departments. The higher authority negotiation is required in some cases.

The quantity of documents required for loan is comparatively more than other SME divisions of competitors. The company wants trade license, National Identification card, Tin Certificates, sales of one year, expenditure of ne year, personal net worth of client and his gurrenters, information of one personal gurrenters and two third party gurrenters, bank statements if he or she has loan from other banks, NOC, LC performance papers, stock amount in business showroom, employee amount, rental deed, electricity bill, transaction statements from banks, sometimes clients are very demotivated when these huge amounts of documents are asked to him or her. This also delays the process a little bit. But post service or IDLC is god. Thus people are having more loans from here.

Recommendations:

- 1.The relational managers can follow up their clients through phone or email regarding file collection to save time.
- 2.The business department and CRM department can maintain more flexible relationship in each cases.
- 3.In the end of month there are huge files on CAD waiting for disbursement. In that time IDLC can provide more human resources on this purpose for making disbursement process fast.
- 4.CRM should visit in a regular basis to business so that files could be sanctioned or pending are given fast.
- 5.Relational managers could send additional required documents by CRM in that moment through tablets when they are in touch of clients.
- 6.The relational managers should have more knowledge on which purpose client is taking loan or exact information which will be visited by CRM again along with their sales team manager. Thus they will also understand the loan amount determined by CRM department.
- 7.Relational managers should provide clear documents and correct information to CRM department.
- 8.Higher authorities should take fast decision on loans which contain a high amount of money.
- 9.Part time employees are needed in CRM department if the flow of files is more than casual.

10. The relational managers should be trained up on financial calculation regarding credit risk of loans provided by the organization. So that there would be less conflict when CRM will assess them again.

Conclusion:

To conclude the overall report, it can be said that right now IDLC is the best ranked organization in SME sector of Bangladesh due to a lot of criteria. But still it needs to improve in some cases. Efficiency is one of them or taking less time to disburse a loan. They can correct their internal problems as described before. The external factors should be solved by government and other financial institutions. IDLC is providing SME service through twenty-eight SME branches overall Bangladesh. Many tiny and women entrepreneurs are having benefits from here. They might not get fund through normal banking process. IDLC is doing many corporate social activities, training up women entrepreneurs is one of them. Recently they are offering a small amount home loan for middle class people as SME product. Overall IDLC is providing money to business sector as far as possible which is a crucial improvement for our country's GDP.

Bibliography:

1. The Financial Express. (2019, February 15). Prospect of SME banking in Bangladesh. Retrieved from <https://thefinancialexpress.com.bd/views/prospect-of-sme-banking-in-bangladesh-1550240624>
2. Chowdhury, M. A., Azam, M. G., & S. I. (n.d.). Retrieved November 2, 201`3, from <https://abc.us.org/ojs/index.php/abr/article/view/111/223>
3. T. A. (2019, February 11). Promoting SMEs for sustainable economic growth. Retrieved from <https://www.dhakatribune.com/opinion/op-ed/2019/02/11/promoting-smes-for-sustainable-economic-growth>
4. M. H. (2019, April 22). Untapped potential of SME sector. Retrieved from <http://m.theindependentbd.com//post/196589>
5. Ahmed, D. U. (n.d.). THE SMALL AND MEDIUM ENTERPRISES (SME) IN BANGLADESH: AN OVERVIEW OF THE CURRENT STATUS. Retrieved from http://pdf.steerweb.org/d07b1_smetf1.pdf

6. D. B., & D. B. (n.d.). Strategy for Development of the SME Sector in Bangladesh ... Retrieved from [http://bidslink.bids.org.bd/bidsorgbd/completed_research/Strategy for Development of the SME.pdf](http://bidslink.bids.org.bd/bidsorgbd/completed_research/Strategy%20for%20Development%20of%20the%20SME.pdf)

7.M. A., & M. M. (2015). Retrieved from <https://journalofbusiness.org/index.php/GJMBR/article/view/1763/>
<https://idlc.com/public/images/uploads/B4ccX8QEtDymBTFXPIVn2O.pdf>1665

8.Gangopadhyay, S. (2009, May 1). How Can Technology Facilitate Financial Inclusion in India? A Discussion Paper - Shubhashis Gangopadhyay, 2009. Retrieved from <https://journals.sagepub.com/doi/abs/10.1177/097492920900100206?journalCode=rmia>

9. IDLC Annual Report 2018. (n.d.). Retrieved from <https://idlc.com/public/images/uploads/B4ccX8QEtDymBTFXPIVn2O.pdf>

10. (2019, August 8). Retrieved from <https://www.dsebd.org/displayCompany.php?name=IDLC>

11. (2019, August 8). Retrieved from <https://www.dsebd.org/displayCompany.php?name=IPDC>

12. (2019, August 0). Retrieved from <https://www.dsebd.org/displayCompany.php?name=CITYBANK>

13. (2017). IPDC AT A GLANCE. Retrieved from <https://www.ipdcbd.com/aboutus/ataglance>

14. Rahman, S., & Uddin, Z. (2019, May 27). City Bank embracing digital innovations with gusto. Retrieved from <https://www.thedailystar.net/business/news/city-bank-embracing-digital-innovations-gusto-1749985>

15. (2017, March 14). Customer Satisfaction in Retail Banking of BRAC Bank. Retrieved from <https://www.assignmentpoint.com/business/banking/customer-satisfaction-in-retail-banking-of-brac-bank.html>

16. (2017). Annual Report 2016 BRAC Bank. Retrieved from [https://www.bracbank.com/old/financialstatement/Annual Report 2016.pdf](https://www.bracbank.com/old/financialstatement/Annual%20Report%202016.pdf)

Appendix:

The questions which were asked during qualitative research:

- 1.What are the job responsibilities of business unit, Credit Risk management and Credit Administration department?
- 2.How much time do the company need for loan disbursement?
- 3.What problems are faced by each department regarding other departments?
- 4.What documents are required for loan sanction and disbursement process?
- 5.What external factors can harm loan disbursement process?