

Internship Report on

# Industry Analysis Process of ULC

United Leasing Company Ltd.

Shahriar  
24/10/11

# Industry Analysis Process of ULC



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October 24, 2011

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**Subject: Submission of Internship Report**

Dear Madam,

Here, I submit the report you permitted me to prepare on the Industry Analysis Process of the United Leasing Company, as a part of the requirement for completion of the BBA Program at the Career Service Office (CSO), BRAC University.

As you will come across in the report, it focuses on the Industry Analysis Process along with actual industry analysis that I have directly dealt with. ULC is one of the largest private sector financial institutes in the country. In the context of the current liquidity crisis in Bangladesh, there is a blatant need for ULC to understand the risk of financing a firm in different industry.

This is an informative report based on primary as well as secondary data. I am indebted to the Marketing Research Team and all my colleagues, especially at the Head Office of ULC for providing me with all necessary information to prepare this report. Thank you, for permitting me to work on the topic. Hope you will like the report I have prepared.

Sincerely,

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# Acknowledgement

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Firstly, I would like to thank my honorable faculty internship supervisor Ms. Samina Haque, Lecturer, BRAC Business School, BRAC University, for providing me with the opportunity and privilege of working with the challenging topic of industry analysis process of United Leasing Company. Moreover I would like to express my sincere gratitude towards Professor Shanzida Shahab Uddin, Career Services Officer, CSO for her invaluable guidance, suggestions and advice.

I would also like to thank my organization supervisor, Tanjila Mahboob, Officer, Markets Department, whose earnest cooperation and guidance has made this project as seamless as possible. I would like to thank my colleagues for their cooperation during the completion of my internship report.

# Executive Summary

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United Leasing Company (UCL) deals with operational, market, credit and other risks on a daily basis. However, in Bangladesh, Risk of financing accounts for more than 50% of the total risk elements that Financial Institutes (FI) must assess (Bangladesh Bank, 2005). Credit risk is the possibility that a borrower or counter party will fail to meet agreed obligations. In this report, detailed analysis of a key component of the Industry Analysis and Analysis of three industries is provided.

In the current liquidity crisis, all FIs have the obligation to minimize risk. This will only result from further quantification and objective assessment of projects. The current system of Industry Analysis is heavily qualitative assessment based and does not take into consideration objective components of a project as proactively as it should.

At UCL, Industry Analysis consists of five distinct steps. First, Selection the Industry that the marketing research team has to work on. Secondly, Developing an Approach means identifying the information needed to do the analysis. Next, Data Collection, here basic information, such as size, market share, and reputation are collected.

In the later phases, Data Preparation and Analysis a Risk Review Matrix (RRM) form or questionnaire is used and later the data are inputted into computer to do the data analysis. The Business and Market risks are considered soon after and that a rating is given to the industry. Every industry is rated out of total 10 points and different rating has different definition. Finally, at fifth step of the process, a report is prepared and the report is presented in front of the Managing Director, Deputy Managing Director, Other Department heads and Relation Managers.

The Industry analysis of three different industries – Plastic Industry, Beverage Industry and Private Education is also included in the report. Of those industries we showed important information like - Size of the industry, Growth rate of the industry, Number of employees working in the industry, Import export scenario, Raw materials name and origin, Price of the raw materials, Machineries name and origin, Name of the key players, Industry life cycle, Market share of the competitors, Entry and exit barriers, and Strength, Weakness, Opportunity and Threats (SWOT) are shown. Among those three industries Private education sector has the higher potential to become successful.

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# Introduction

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As a part of the Internship Program of Bachelors of Business Administration program, I was assigned for doing my internship in United Leasing Company as an intern by the Career Service Office (CSO) of BRAC University. In United Leasing Company (ULC), I was assigned in Markets Department. My project was to explore “**Industry Analysis Process in United Leasing Company Limited**”. This was assigned by my faculty supervisor Ms. Samina Haque, Lecturer, BRAC University, and my organizational supervisor also approved the project and authorized me to prepare this report.

## 1.1 Overview of the Report:

This internship report is mainly about focusing on The Industry Analysis Process of Markets Department of United Leasing Company Ltd. The procedures, methods, data collections and finally preparing the reports on different Industry are described later on the report. There is other areas where I have tried to focus, they are:

- Job Responsibilities
- Company Overview
- Markets department Overview
- Steps of Industry Analysis Process
- Analysis of Three different Industry

Along with this, organizational overview, my job part and other important aspects are also covered in order to make the report more meaningful and efficient.

## 1.2 Objectives of the report

### General Objective:

The main purpose of the report is to provide-

- Full knowledge about how Industry Analysis is done by ULC's Markets Department and also present findings and recommendation for necessary improvement.

### Specific objectives of the study include the following:

- Markets department Overview
- 5 Steps of Industry Analysis Process
- Arranging collected information's
- Analysis of three different industry
- Preparing Risk Review Matrix (RRM)
- Rating the industry
- Findings the best investment option

## 1.3 Scope of the report

The study will focus on the Industry Analysis Process of ULC and analysis of three different industries. The other financial functions of the company will not be considered in the study.

## 1.4 Methodology:

The methodology of collecting data for this report is very specific and analytical and observational in nature. The methodology of the report is provided below:

Information collected to furnish this report is both from primary and secondary in nature.

The primary sources are:

- Practical Deskwork and fieldwork.
- Face to face conversation with different officials.
- Analyzing various implementations of the data collection process.

The secondary sources are:

- Different Manuals published
- Guidelines of ULC
- Publications obtained from different libraries and from internet.
- Library research

## 1.5 Limitation:

The major limitations faced during the preparation of this report are as follows -

- Such a short internship period is not sufficient to collect and understand the insights of an extensive process of Industry Analysis.
- Some policy does not permit to disclose various data and information related to their management policy.

# An Introduction to ULC

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## 2.1 Background

**Leasing Company Limited** is a NON-Bank Financial Institution engaged mainly in lease finance business and bills discounting. It was incorporated on 27 April 1989 as a public limited company under the COMPANIES ACT 1994 with an authorized capital of BDT 1,000 million. From the beginning, ULC managed to grow rapidly with an average operational growth of above 30%. In April, 1994 the company issued 10.71% of its shares for public subscription at 50% premium and was oversubscribed. Now it is listed on the Dhaka Stock Exchange (DSE) and from the date of listing, its shares are enjoying high price. Foreign sponsors of the company are Asian Development Bank (ADB), Commonwealth Development Corporation and Lawrie Group Plc of the UK. Sponsors in Bangladesh are Duncan Brothers (Bangladesh) Ltd, Shaw Wallace Bangladesh Ltd, National Brokers Limited, Octavius Steel & Co. of Bangladesh Limited and the United Insurance Company Limited.

### 2. 1.1 Company Milestones

- |   |                    |
|---|--------------------|
| ▪ Incorporation of the Company                      | April 27, 1989     |
| ▪ Commencement of operation                         | September 12, 1989 |
| ▪ Public Issue of shares                            | March 28, 1994     |
| ▪ Trading of shares on Dhaka Stock Exchange         | June 23, 1994      |
| ▪ First dividend declared                           | April 20, 1995     |
| ▪ Authorized capital increased                      | May 18, 2000       |
| ▪ Launch of Fixed Investment Products               | September 2005     |
| ▪ Commencement of Factoring Operation               | October 03, 2005   |
| ▪ Commencement of Extended Head Office (Noor Tower) | June 13, 2008      |
| ▪ Commencement of Training Centre                   | May 15, 2010       |

(Northern S.R.Tower)

- Commencement of Booth Office  
(Belkuchi, Sirajgong)

September 19, 2010

### 2.1.2 Branches Opened

ULC has opened eight branches so far. The name of the branch offices of ULC with their opening date is given below:

- Chittagong Branch June 16, 1994
- Jessore Branch December 26, 2005
- Gazipur Branch February 19, 2006
- Bogra Branch June 19, 2006
- Sylhet Branch February 27, 2010
- Rangpur Branch November 23, 2010
- Chudanga Branch December 14, 2010
- Bongshal Branch January 23, 2011

### 2.1.3 Board of Directors

#### Chairman

Mr. Imran Ahmed

**: Nominated by**

: Lawrie Group Plc of the U.K.

#### Directors

Mr. Peter John Field

: Lawrie Group Plc of the U.K.

Mr. A. Rouf

: Macalms Bangladesh Trust

Mr. S. Aziz Ahmad

: Surmah Valley Tea Company Limited

Mr. M. M. Alam

: The Allynugger Tea Company Limited

Mr. M. A. Azim

: The Chandpore Tea Company Limited

Mr. M. Moyeedul Islam

: United Insurance Company Limited

## 2.1.4 Shareholding Structure

ULC was formed by reputed foreign and local institutions in collaboration with International Development Agencies. It was granted license under the Financial Institutions Act, 1993.

<b>Particulars</b>	<b>Taka</b>
Authorized Capital	1000 million
Paid-up Capital	528 million

Shareholdings of Associated companies and other related parties:

<b>Name of Shareholders</b>	<b>No of Shares</b>	<b>Shareholding</b>
United Insurance Co. Ltd.	544,845	20.64%
Lawrie Group Plc, U.K.	528,000	20.00%
Surmah Valley Tea Co. Ltd.	218,425	8.27%
Duncan Brothers (Bangladesh) Ltd.	26,400	1.00%
Macalms Bangladesh Trust	25,453	0.96%
Octavius Steel & Co. of BD Ltd.	18,857	0.71%
The Lungla (Sylhet) Tea Co. Ltd.	15,313	0.58%
Camellia Duncan Foundation	3,019	0.11%
The Chandpore Tea Co. Ltd.	1,846	0.07%
The Allynugger Tea Co. Ltd.	1,570	0.06%
Amo Tea Co. Ltd.	1,620	0.06%
Chittagong Warehouses Ltd.	1,572	0.06%
The Mazdehee Tea Co. Ltd.	1,569	0.06%
Duncan Products Ltd.	1,568	0.06%

## 2.2 Business Vision

### 2.2.1 Vision

To be the leading financial institution in the markets we serve.

## 2.3 Target Market

Small and medium scale companies who are at the same time low profile good performers and potential performers as well are the target market of the ULC. The low profile good performers are those who perform very well in business due to sincerity and devotion of the sponsors though they lack proper management structure, and professional financial reporting. The potential performers are the companies which have no proven record but have identified themselves as good projects and are sincere in approach to exploit the business. In a nutshell the main targeted customers of ULC are those companies who have potentiality, sincerity and devotion, but are in a position, that are not favorable to overcome the rigid procedures for loan financing but badly in need of investment in equipment to grow. Since the large, well performing companies enjoy lower business and financial risk, they are persuaded by all financial organizations and they have the opportunity to shop around for cheaper credit package. So leasing is not attractive to them. But due to low credit risk, they may be offered lower rate lease package for their perusal. Among these blue chips, those who want to finance equipment without straining the existing credit line may become within the focus of ULC. Also the sister concerns of well reputed large companies, even though they are green fields may come forward for the services of ULC.



## 2.4 Product and Service Offerings of ULC

### *Products & services*



### 2.4.1.1 Sanchay Scheme

Sanchay scheme allows an individual to deposit on monthly basis and at the maturity he will get a substantial amount of return with interest. It is a safe investment with high return. Any Individual or Firm or Corporate Houses are eligible to participate in the Deposit Scheme of ULC. Sanchay scheme is flexible and diversified product which is tailored to one's needs and require no incidental costs. Premature encashment is allowed after completion of minimum duration.

There are three types of Sanchay schemes:

- Sanchay Scheme (monthly)
- Millionaire Scheme
- Easy Millionaire Scheme

Monthly sanchay scheme does not require initial deposit. Millionaire scheme requires initial deposit and minimum duration is 3 years.

### 2.4.1.2 Term Deposits

Under this scheme, an individual's money is deposited for a fixed period of time and interest is capitalized with the principal at each year. The term deposit cannot be encashed before 1 year. The profit is subject to deduction of AIT accordance to the prevailing govt. rules and regulations. Senior citizens (individuals aged 57+) will get 0.25% higher profit rate under all the

deposit schemes other than fixed term investment schemes (Double money, Sanchay and Millionaire schemes.)

ULC offers following term deposits:

#### Annual Profit Term Deposit

It is a fixed return investment that allows an investor to withdraw or reinvest profit or principal at maturity.

#### Earn Ahead Term Deposit

This scheme offers anyone interested to invest an opportunity to benefit from his investment at the time of opening account. Also allows him to reinvest withdrawal amount for further benefit.

#### Cumulative Term Deposit

Under this scheme profit from anyone's invested amount has been capitalized at the end of each year (after AIT deduction), creating a new principal. Profit for next year is then being calculated on the full amount.

#### Double money return

Due to attractive profit, investors' investment becomes double at maturity.

#### **2.4.1.3 Earner Scheme**

An investor will receive a fixed monthly or quarterly return against your deposit. This is an ideal scheme for senior citizens who wish to preserve their retirement funds and at the same time want to earn interest to meet recurring expenses. Minimum deposit amount for quarterly and monthly earner deposit scheme is Tk 50,000. Earner scheme is available for both individual and institutional customers and term of the scheme is 12 months. Like Sanchay scheme it is also a safe investment with high return and require no incidental costs. Premature encashment is allowed after completion of minimum duration.

There are two types of earner schemes:

- Monthly earner deposit
- Quarterly earner deposit

#### **2.4.1.4 Insured Deposits Scheme (IDS)**

It is an unique monthly savings scheme that gives the depositor an opportunity to save money for the future as well as obtain peace of mind that the scheme benefit will be paid even in case of sudden demise of the depositor.

The monthly installments have built-in life insurance coverage that assures the receipt of the maturity value of the deposit by the nominee of the depositor, in case of depositor's death due to any cause (excluding pre-existing illness/disability, AIDS, suicide, murder or assault, war or warlike operations etc. details of which will be available in the original Group Insurance Policy Contract).

IDS has some terms and conditions like multiple deposit schemes are allowed, but cumulative monthly deposit shall not exceed Tk. 10,000. Installment must be deposited through Cheque/Cash within 25th day of each month at the bank nominated by ULC. Initial deposit must be made by cheque only in favor of ULC. The scheme will be closed if three consecutive monthly installments are not paid within stipulated time and there can be more than one beneficiary for a single IDS Scheme. If share of Multiple Beneficiaries are not specified, all beneficiaries will share equally.

#### **2.4.1.5 Quick loan**

In order to meet someone's unexpected requirement ULC provides quick loan against his deposit amount with ULC. Quick loan can be availed up to 80% on the investment amount but loan interest rate will be 2% higher than the deposit rate.

## 2.4.2 Secured Finance

### 2.4.2.1 Lease Finance

ULC provides lease financing facilities to all market segment of customers, Small & Medium Enterprises, Commercial Houses, Large Corporate organizations. Under this facility ULC provides industrial machinery and motor vehicles at concessionary term, machinery and furniture for hospital use, truck or bus for transportation and equipment or furniture for official use.

ULC provides 80%-100% lease financing for a period of 3-5 years. Thereby, one can avoid capital investment and utilize fund elsewhere. Lease financing at ULC are customized into number of facilities like, lease local, sale & lease back and lease foreign. That allows anyone to lease new or existing asset from local or foreign vendor. As ULC is providing capital or financial lease, at the termination of contracts he will have the opportunity to renew the lease or purchase the asset with a minimum transfer price. Construction of repayment schedule using this method allows one to pay lower interest as principal payments are gradually adjusted with receivables.

### 2.4.2.2 Term Finance

Term finance is designed for the longer term business purposes where main theme is to meet up the purpose of working capital finance, generate profitability and consolidation of the customer's expansion objectives. ULC provides minimum loan amount of Tk1 lakh for new and existing client. A client's installments can be structured as monthly, quarterly, semi-annually or annually to match with his cash flow generation. One can prepay and adjust full or partial amount with the loan account only after adjustment of first six loan installments.

### 2.4.2.3 Small Loan

Small enterprises play an important role in the economic and social development of our country. They create millions of jobs and increase the competitiveness of our economy. To meet their requirement ULC further customize it's facility into small loan facility as follows:

- Nokshi
- Mousumi

- Agrani
- Briddhi

*Nokshi* is a business loan scheme for women entrepreneurs, at a modest rate, for the purpose of working capital finance to the small and medium sized enterprises. It provides a loan amount up to 500,000 BDT.

*Agrani* is a business loan scheme for the purpose of working capital finance to the small and medium sized enterprises. Agrani provides a loan amount up to 600,000 BDT.

*Mousumee* is also a scheme for working capital finance to the small and medium sized agro-based manufacturing industries (agricultural equipment and spare parts). It allows a loan amount up to 500,000 BDT.

*Briddhi* allows a loan amount up to BDT 1200,000.

#### **2.4.2.4 Home Loan**

ULC offers home loans for purchase/construction of house/apartments, renovation/extension of existing house/apartments, construction/purchase of commercial building, construction of commercially viable project like school, hotel, hospital etc. and construction of industrial building like factory, godown, warehouse etc. Maximum loan amount is Tk 50 lacs or 70% of the purchase price/cost, whichever is lower and the repayment term for 15 years for normal facility and 20 years in case of Bangladesh Bank refinancing scheme, but not beyond the 60th birthday of the applicant. Repayment term for commercial loan is maximum 7 years.

### **2.4.3 Corporate Finance**

#### **2.4.3.1 Syndication Loan**

For project requiring large-scale investment, ULC brings other financial institutions to raise funds through syndication where ULC acts as the lead arranger for the financing. ULC's job in this area is to find the right consortium partners and negotiate acceptable terms and conditions

for a customer. The entire process is usually completed within 3-6 months. However, this may vary based on the complexity of the deal. These service requires conducting due diligence of the client, preparing Information Memorandum (IM), distributing IM to the targeted financial institutions and preparing legal documents and coordinating disbursement.

#### **2.4.4 Channel Finance**

ULC provides loan facility up to certain limits. Channel financing refrain a customer from further credit to pay off suppliers, as funds are directed to Channel partners. Suppliers or Customers will receive payments right after the delivery of goods or services. Therefore funds are no longer tied up in receivables. Release of funds from the Balance Sheet results in improvement in financial Ratios.

##### **2.4.4.1 Work-order Finance**

Under this arrangement STF is provided against a client's Work Order, helping him in receiving a significant portion of order amount before the delivery of goods or services. Thereby ensures schedule implementation of his project. Work-order facility is available to all industries that provides services or deliver products to corporate entities i.e. institutional buyer/ debtor.

##### **2.4.4.2 Factoring**

Factoring of Accounts Receivable is a mode of financing receivables arising out of supply of goods or delivery of services on credit. This revolving short term financing facility enables the suppliers/ service providers to realize the maximum portion of the payment soon after the delivery is made to the buyer.

##### **2.4.4.3 Distributor Finance**

This arrangement ensures better flexibility through sales expansion or sales retention without trade credit facility. Also allows a client to impose limits on cash discount, bad-debt losses, and opportunity costs.

##### **2.4.4.4 Revolving Loan**

Revolving loan is a tailor-made credit facility, specifically designed for the companies with seasonal activity, which need to cover their temporary liquidity gaps, until the collection of the

commercial receivables. For revolving loan facility, the entrepreneur must have minimum 2 (two) years experience in the same line of business.

## **2.5 Organizational Structure:**

### **2.5.1 Regional Business Heads**

The regional business manager acts as the regional business chief of ULC in his territory and provides all kinds of services to its customers.

#### **2.5.1.2 Corporate Finance**

The main responsibility of the corporate finance department is to design and offer diversified products and services to the corporate clients. The corporate clients as a market have different financing needs. The services and facilities offered to the corporate clients are different in many aspects from those offered to the small and medium clients. Most of the corporate clients are renowned business conglomerate of the country. So understanding the financing needs of the corporate clients requires understanding the business of clients as well. Since the performance of the corporate clients is affected by the business cycle, understanding the activities requires profound knowledge of the overall economy. The size of funds disbursed to the corporate clients is significantly big compared to the funds disbursed to the other clients. That is why corporate financing activities require greater effort in the risk assessment and risk mitigation process. The services provided by the corporate financing department fall into two major categories which are financial lease and term loan.

#### **2.5.1.3 Factoring**

ULC has always diversified its product basket in order to serve the market in a more proficient way. In this regard factoring department has been established to provide customers factoring product. Factoring of Accounts Receivable is a mode of financing receivables arising out of supply of goods or delivery of services on credit. This revolving short term financing facility enables the suppliers/ service providers to realize the maximum portion of the payment soon after the delivery is made to the buyer.

#### **2.5.1.4 Financial Institutions**

ULC in order to serve the corporate clients in a better way participates in syndicated financing. ULC participates in such financing either by acting as the lead arranger or as a common participant. As a lead arranger ULC finds the right consortium partners and negotiate acceptable terms and conditions for all concerned parties.

#### **2.5.1.5 Investment Marketing**

The Investment marketing department is mainly engaged in the act of deposit marketing. The depositing marketing activities involve selling different deposit products to individuals and thus maintaining a sustainable source of funds for the organization. Since the authorized capital of the NBFIs are restricted to BDT 500 million by the regulation, for funds ULC has to rely on banks or other financial institutions. The long term borrowing from the financial institutions was never a sustainable source of funding. With the introduction of deposit marketing a significant portion of the funds can be now collected from the depositors with relatively low cost of capital. The fund collected from the depositors reduces the overall cost of funding for ULC and dependence on the source of funds. There are different deposit products that allow depositors to deposit their savings for different time spans with varied return. Term Deposit, Earner Scheme, Insured Deposits Scheme are the major products marketed by the Investment Marketing Department.

#### **2.5.1.6 Small Enterprise Financing**

The organization and operation of the small enterprise is different from those of the large enterprises. So it was inconvenient for the corporate financing department to provide services to both the large and small enterprises from the same platform. The Small enterprise financing department works to cater the unique financing needs of the small enterprises. The operations of the small enterprises are unique in many aspects. They do not follow all the standard business practices properly. In many cases it is hard to find necessary documents required for the disbursement of funds. So, financing small enterprise clients requires more judgmental analysis than quantitative or structured analysis. It is also important to maintain strong relationship with the proprietor of small enterprises in order to collect the due amounts from them. Most of the



small businesses do not have any regular or secured stream of cash flow. The unique need for fund has been identified and met through different funds and schemes. The rate of credit default is high in the small enterprise sector but at the same time the margin is also high in this type of financing. The major products that small enterprise financing department offers are Agrani, Briddhi, Mousumee, Nokshi, Bunon, Sristi, Dhara which are explicitly designed to meet the demand of different types of clients.

#### **2.5.1.7 Regional Small Credit Heads**

In order to provide smooth and efficient service to its small credit clients ULC segregated and established regional small credit departments in different branches all over the country. The task was previously performed from the main branch but now the clients can avail the service from regional branches. The decentralization of credit department is aimed to facilitate better and efficient services to its small credit clients who live outside Dhaka.

#### **2.5.2 Risk Management**

Risk management department 1 was established in order to mitigate potential losses resulting from failure of clients to meet their obligation. In this regard the department tries to mitigate future risk of investment exposure by analyzing the current market situation, analyzing client's market specific and business specific risks. The department also applies various risk assessment analysis and appropriate risk management tools in order to assess and find the level of client's exposure to different type's risk, vulnerability of the client to various businesses specific and market specific risk and client's capability to successfully withstand those kinds of risks.

##### **2.5.2.1 Markets**

The Market Department analyzes the current market situation, conducts industry analysis in order to find out industry specific risks and prospect of different types of industry in probable macro economic conditions.

##### **2.5.2.2 Credit:**

Credit department mainly comprises of two different departments, Credit – Corporate, Enterprise financing & Channel financing (CEC) and Small Enterprise Credit (SEC). Credit (CEC)

works in order to ensure that at the time of credit origination, risks are acknowledged and mitigated so that credit losses and collection costs are minimized.

It also recommends appropriate methodologies in order to minimize lending risk for the quantifiable financial risks. It also ensures effective exercise of all credit principals and adherence to all regulatory requirement and company policies in all lending activities. On the other hand credit (SEC) ensures effective execution of credit principles are in place and exercised while maintaining best credit approval processing time for all small enterprise clients at the time of credit origination so that risks are acknowledged and mitigated to minimize credit losses and collection costs.

#### **2.5.2.3 Departmental control**

Basically the departmental control department is in charge of ensuring the compliance by other departments in every step of the credit approval process. It is the responsibility of the departmental control to make sure that all the concerned departments has followed each of the standard procedures in the process of the credit approval. Apart from monitoring the compliance process departmental control is also responsible for smoothening of the credit approval process. One major responsibility of departmental control is to reduce the bureaucratic lingering that is caused in the name of control. So Departmental Control deals with a very tough task that calls for a balance between control and coherence.

#### **2.5.2.4 Product development**

The product development department is in the charge of designing and developing new products and services after studying the market. The process of product development calls for extensive analysis of the economy, market, industry and needs of the client. Strategically product development is a very important department for ULC since it is responsible for ensuring the strong presence of the organization in all the important segments of the market. This department introduces new products so that the organization can cope up with the changing market needs and is always on the right track.

### 2.5.3 Credit Risk management

Risk management 2 department deals with the operational matters needed for execution of disbursements and facilitates all kinds of operational activity which are needed to be done to mitigate any kind potential risks.

#### 2.5.3.1 Operation

The operation department conducts all the required documents prior to the disbursement. Necessary documents include application from the clients, quotation/ bill/ delivery challan/ Bill of entry, relevant organizational papers from the clients and approved credit appraisal. The operation department also sanctions related documents for disbursement and thereby officially executes disbursement order.

The operation department is also liable for import related required works.

The department inspects the particular leased asset in order to find out whether the asset complies perfectly with the documents and ensures the asset quality and appropriateness.

Operation department also maintains various kinds of related documents i.e. master, credit and security documents in order. Operation department also releases security documents against respective lease or loan sanctions.

#### 2.5.3.2 Collection and special asset management

Collection process mainly works for managing Post Dated Check (collected from the operation department) & collecting the respective rent.

#### 2.5.3.3 Administration department

The administration department is primarily responsible for all kinds of administrative activities needed to ensure sound operational environment. The major activities of the department are as follows:

- Maintenance of all office vehicles and requisition related activities of those vehicles.
- Conduct all types of procurement (except IT equipments).
- Checking and verifying the car loan process.

- Maintenance of corporate mobile SIM and set and telephone connection (including PABX, Intercom), and insurance for the same.
- Maintenance of all office equipments & store.
- Administrate the maintenance stuff (peon & drivers).
- Maintenance of all fixed assets and arrange the disposal of fixed asset, expired documents/files, and other materials.
- Arrange day to day miscellaneous fund requirements.
- Branch offices Maintenance, branch office Petty cash bill check and arrange disbursement.
- Brand Management.
- Looking after ULC zonal office rental matter, making agreement, preparing possession paper, payment of monthly rent, development and decoration work, repairing and renovation work etc.
- Maintenance of payroll and deposit associates information (joining, resignation, increment, bank account) update and prepare their salary and commission information.
- Recruitment of security service, making agreement, maintaining and ensuring their services.
- Maintenance of all employees' leave management and attendance record.

#### 2.5.4 Risk Grading

The department analyzes the overall loan and lease portfolio of the organization retrospectively and then tries to construe future potential default probability. The main objective of the department is to mitigate credit risk by analyzing the portfolio and there by forecast about the future effectively. The department also works in order to develop appropriate risk management tools and structured analyzing procedure needed for better understanding of the client's risk exposure. The departments major sub-departments and job objectives are as follows:

#### **2.5.4.1 MIS**

MIS is the centralized reporting department in ULC. The main objective of this department is to provide reliable information in the system. They also organize, analyze and interpret data to produce external reports for different regulatory bodies and internal reports for the management. Internal reports are made monthly and external as per schedule. Ad-hoc reports are also made when required.

External reports are submitted to external bodies such as Bangladesh bank, IFC, CBSF, BLFCA, BOI, SEDF etc on monthly, quarterly, half yearly and yearly basis. Internal reports are made from the verified generated data for internal use only. These are prepared on monthly basis. Major reports include Business Performance, Contract and Disbursement, Overdue, Group Exposure, New Customers, Portfolio, Deposit Mobilization, Collection, Quarterly Management Report etc.

#### **2.5.4.2 Portfolio Review**

The portfolio management team works in order to mitigate the overall credit risk by efficiently analyzing the total portfolio and then effectively predicting the potential credit default probability.

#### **2.5.4.3 Compliance**

The major responsibility of the internal control department is to ensure the adherence to regulations by conducting audit on all the department and branches of the company. It generates audit report and provides the report to the top management in order to acknowledge about various departments' compliance with standard practice and good governance processes.

### **2.5.5 SC**

#### **2.5.5.1 Accounts**

The accounts department is controlled by Chief Financial officer (CFO). The job responsibilities of accounts department are to Prepare Monthly, quarterly and annual statements, which are required to facilitate smooth transaction process internally and externally. It also performs

supervisory duties in order to maintain error free transaction. It also prepares various reports to meet the requirements of various stakeholders like internal audit, shareholders, Bangladesh Bank. The department is also responsible for preparing annual report.

#### 2.5.5.2 Treasury

ULC treasury is controlled by Chief financial officer. The duties and responsibilities of this department include preservation of Credit line including OD facility without long term liability.

- Call market review and fund utilization.
- Asset/Liability management and reporting
- Profit generation from precise fund management
- Banking network enhancement.

#### 2.5.6 Human Resource Management

The HR department of ULC basically controls the most important asset of the organization which is its employees. The team manages the overall work force of the organization and aligns HR management with the strategy of the organization. The HR department of ULC mainly does four most important tasks which are given below.

##### 2.5.6.1 Recruitment

Recruitment refers to the process of attracting, screening, and selecting qualified people for a job. For some components of the recruitment process, mid- and large-size organizations often retain professional recruiters or outsource some of the process to recruitment agencies. The stages in recruitment of ULC include sourcing candidates by advertising or other methods, screening potential candidates using tests and/or interviews, selecting candidates based the results of the tests and/or interviews, and on-boarding to ensure the candidate is able to fulfill their new role effectively.

### 2.5.6.2 Training & Development

In the field of human resource management, training and development is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. The HR department conducts following activities:

- **Training:** This activity is both focused upon, and evaluated against, the job that an individual currently holds
- **Education:** This activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs
- **Development:** This activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate.

### 2.5.6.3 Performance Appraisal

Performance appraisal, employee appraisal, performance review, or career development discussion is regularly conducted by the HR department in order to assess the job performance of employees. The evaluation is usually done (generally in terms of quality, quantity, cost, and time) by the corresponding manager or supervisor. A performance appraisal is a part of guiding and managing career development. It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. ULC has always focused on development of employees by evaluating not only on performance rather on all the necessary aspects for enhancement the quality and productivity of the employees. The HR department regularly conducts training and other performance enhancing activities to bring the best out of its employees.

### 2.5.6.4 Compensation Plan

HR also fixes the compensation package of employees of ULC where salary and other benefit include. They also set up the salary structure for different positions.

### 2.5.7 Information & Communication technologies

Information & communication department provides all the necessary communication platforms needed for effective exchange of information to make the organization dynamic and efficient.

Major job responsibilities ensues:

- Implement infrastructure inclusive of latest LAN components, Hardware and Software, communication equipments for our users to ensure maximum benefit from the network environment.
- Implement and upgrade the programs, software and processes that result in efficiency of users' performance.
- Implement and upgrade security components like Antivirus software, security and monitoring software, administrative features and firewalls to protect company data to the maximum degree.
- Maintain close contact with branches and HO personnel to determine their requirements and provide them support with appropriate problem and change management procedure.
- Maintain IT inventory that includes systems information, hardware, software, LAN and communication equipments to determine status of IT components at any point of time.

#### **Resource Strength**

The resource strength of ULC comprises of following three major catagories:

1. General Management
2. Mid Management
3. Support Stuff.

The total human resource in ULC is 150 employees where 58 of them in the management and mid management level. Rest of them is contractual and support stuff mainly working in the sales department.



# JOB PART

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My internship program in ULC can be divided in two parts according the departmental switches. My first job positioning was in Investment Marketing Department at Noor Tower, Karon Bazar Branch. I worked under Chamely Roy, officer of Account Opening and Deposit Service. My initial responsibility was to help her to complete and prepare the deposit accounts of clients. After that I have been provided orientation of different account opening jobs and for two weeks I was in Investment Marketing Department providing help to the officers of the department. The main task of this department is to open different deposit account that gives various return after maturity of the account. They have different interest rate for different products like- Sancchaya, Insured Deposit Scheme (IDS), Annual Profit Term Deposit (APTD), Cumulative Profit Term Deposit (CPTD), Easy Millionaire Scheme (EMS), Millionaire Scheme (MS) etc.

The next job positioning was in Markets Department and there I worked under Mohammad Mohiuddin Rasti Moshed (Senior Manager of Risk Management -1) and my attachment was with Tanjila Mahboob, Senior Officer, Markets Dept. In this department I have worked for the rest nine weeks. The work in markets department was diversified and exciting. For first few days I have been provided orientation and familiarization of different jobs of markets department in full detail. Then I was assign to collect information from different source of different industry. At the time of collecting information I learnt about the prospect of different industry. I got knowledge about the size, growth rate, number of employees, import export scenario, raw materials name and origin, price of the raw materials, machineries name and origin, name of the key players, industry life cycle, market share of the competitors, entry and exit barriers, strength, weakness, opportunity and threats. I also learnt about dealing with different people and what approach is best for collecting information and building relationships. For my job I had to go to different places like Kamrangirchar, Dholaikhal etc. for this reason I got more geographic knowledge.

### 3.1 Job Responsibility:

The job responsibility in my internship program was mainly in the Markets Department. They are described below:

- Collecting information from different industry by talking to industry experts and associations.
- Visiting different client and non-client business for information.
- Organizing the information.
- Help in preparing Risk Review Matrix (RRM).
- Help in rating industry.
- Give recommendation for investment.
- Help in presenting the report to the key decision makers.

### 3.2 Observation and Recommendations:

There is some critics and observation which I noticed through my internship program. If those problems are solved, the internship program can be more effective for students willing to complete their program in ULC, Markets Department. They are:

- A new intern who joins in Markets Department has to spend the whole program in collecting information for industry analysis. This time period sometimes make interns feel bored and gets uninterested about the job. There should be more job rotation.
- Interns should be given the opportunity to do complex jobs in minimal way to make them feel that their work is adding significant value to the organization. So, they become more inspired to work hard.
- Sometimes interns of markets department have to go to different companies to collect information hiding the identity of ULC and using University identity.
- Many companies don't feel comfortable disclosing their business information to outsiders. Collecting information from them is a tough task.

- Addresses of the companies are collected using internet, and online directory. Sometimes the address turn to be wrong and therefore it becomes a hassle for interns to make contact with the company.
- Interns should have the opportunity to work in all departments to get full overview of NBFi.
- One of the major observations from my program will be the behavior of the officer. They behave very friendly with the interns and make them feel comfortable and also willing to provide any type of help regarding job and also in internship report by providing necessary information's.
- The overall treatment with intern in ULC in terms of behavior was helping, quite good and friendly. Officers of different dept encourage the intern to their job properly; also provide help and support of their jobs which is very remarkable.

# Overview of Markets Department

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The Market Department analyzes the current market situation, conducts industry analysis in order to find out industry specific risks and prospect of different types of industry in probable macro economic conditions. The department conducts following activities:

## **4.1 Industry Analysis and Industry Scoring:**

Industry Analysis is a marketing tool used to analyze several aspects of the industry to determine if the company can make a profit in the market. Analyzing economic factors, supply and demand, competitors, future conditions and government regulations help management decide whether to enter an industry or invest money elsewhere. Markets department prepare the Industry Analysis for different industries. This department also assigns a Industry Score on different industries depending on the factors mentioned before.

## **4.2 Industry Benchmarking:**

Industry Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries. Industry benchmarking process is now under construction under the markets department of ULC.

## **4.3 Risk Review Matrix (RRM):**

Markets department uses Risk Review Matrix as a tool in the risk assessment process. The company management concludes about the risk of financing a firm from RRM. The department finds different information under different categories which is important and influential in the financing decisions and assigns weight to them according to their importance. The point that the individual firm gets under each category is multiplied by the weight assigned to it. The total risk is the sum of the individual risks.

# The Industry Analysis Procedure of ULC

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The industry analysis process can be divided into five steps. Those five steps are described below:

## 5.1 Step 1: Selecting the Industry

The very first thing to do for industry analysis is to select an Industry. The selection of the industry is mainly done by the department Manager of Risk Management -1, Mohammad Mohiuddin Rasti Moshed. The selection is done based on the need for information about the specific industry and to find out the risk of financing on that industry. Because the user of that industry specific information takes major financing decision based on the rating of the industry. After knowing which industry to analyze, the market research team moves on to the next step.

## 5.2 Step 2: Developing an Approach

Development of an approach includes formulating an objective or theoretical framework, analytical model, research questions and identifying the information needed. The first task is to identify objective of the report. In most of the cases our objectives are to find out the prospect of the industry and to find out the risk of financing in the industry. Then we identifying the information needed to do the analysis. Most of the cases we look for the following information:

1. Size of the industry
2. Growth rate of the industry
3. Number of employees working in the industry
4. Import export scenario
5. Raw materials name and origin
6. Price of the raw materials
7. Machineries name and origin
8. Name of the key players
9. Supply Demand Condition

10. future conditions and government regulations
11. Industry life cycle
12. Market share of the competitors
13. Entry and exit barriers
14. Strength, Weakness, Opportunity and Threats (SWOT)

After deciding on what data we are looking for we prepare a questioner. Then we move on to the information collection part.

### 5.3 Step 3: Data Collection

Data collection task involves field force or staff that operates in the field. Here the market research team sends interviewers to different companies of the industry, Association of the industry etc. The data collection is done using two kind data source:

#### 5.3.1 Secondary Data:

Secondary data are data that have already been collected for purpose other than the problem at hand. Secondary data are cost effective, easy to collect and takes less time to collect. For industry analysis most of the secondary data are collected from internet, newspaper, journals, and magazine articles. In some cases government organizations like Export Promotion Bureau and Bureau of Statistics can provide valuable information.

#### 5.3.2 Primary Data:

Primary data are originated by a researcher for the specific purpose of addressing the problem at hand. Primary data are very costly and takes long time to collect. To collect this data research team of ULC have to visit the office and factory of key players of the industry, talk to the industry experts and also visit the associations of that industry. Research team goes to different companies of the industry with a questionnaire and asks them to fill up the questioner form.

If the key players are clients of ULC then the data collection process becomes very easy. As all the clients have to submit their financial report every month. But collecting information from the non-clients is a

difficult job. Most of the companies don't want to share their business information with outsiders. So the job of an interviewer is a tough one. They have to use some tricks to collect the information.

## 5.4 Step 4: Data Preparation and Analysis

Data preparation includes the editing, coding, transcription, and verification of data. After collecting data through Risk Review Matrix (RRM) form or questionnaire the data are inputted into computer to do the data analysis. Each questionnaire or observation form is inspected or edited and, if necessary, corrected. Question of different categories are assigned weight according to their importance. The point that the individual firm gets under each question is multiplied by the weight assigned to it. The total risk is the sum of the individual risks. After that a rating is given to the industry. Every industry is rated out of total 10 points and different rating has different definition. The scores and the definitions are given below:

Score	Grading Definition
10	Satisfactory
8	Above average
7	Average
5	Below average
3	Poor

## 5.5 Step 5: Report Preparation and Presentation

In the report preparation part the report is prepared according to the objective and framework, collected information, and a data analysis procedure adopted, and presents the result and major findings. After that the report is presented in front of the Managing Director, Deputy Managing Director, Other Department heads and Relation Managers.

## 5.6 Plastic Products Industry Analysis

### ➤ **Market concentration:**

- Size of plastic industry in BGD is BDT 9,000 crore.
- Annual growth rate of this sector is above 30%.
- There are above 3,000 small, medium and large size plastic goods manufacturing units in BGD. 1300 units are enlisted with BPGMEA.

Category	Small	Medium	Large
<b>% of plastic industries</b>	65%	33%	2%

\*Source BPGMEA

- Out of 3,000 units 381 are 100% export oriented. Among them 373 are doing deem export, 6 are direct export & 2 are engaged in both deem and direct export. (Source: EPB, NBR & BPGMEA)
- Rests are serving the domestic market of above BDT 8,000 million.
- According to EPB, export of plastic product is increased by 37% in FY 2010-11 in compared with the export amount of FY 2009-10.

### ➤ **Location:**

- Different sized plastic industries are present in different location in BGD.

District	Dhaka	Chittagong	Narayangan	Khulna, Comilla, Bogra & Rajshahi
<b>% of plastic industries</b>	65%	20%	10%	5%

\*Source BPGMEA

### ➤ **Employment:**

- More than 1 million skilled and unskilled people are employed in this sector.
- Based on experience level and job responsibility monthly wage of workers and technicians vary.



Type of the labor	Per month Wage (BDT)
Technicians	10,000-15,000
Workers	4,000-10,000

➤ **Exported Products:**

shopping bags, garbage bags, butcher bags, stove sacks, industrial films, PVC pipes, polythene sheet, plastic hanger, hand gloves, ropes, plastic waste, V-belt, toys, electronic switches, polyester thread, computer accessories, video/audio cassette, melamine tableware, toothbrush, ball pen and artificial flower etc.

➤ **Export to:**

Italy, New Zealand, Poland, China, the UK, Belgium, France, Germany, the US, Canada, Spain, India, Nepal, Bhutan, Australia, Sri Lanka, Malaysia and other countries.

## Raw Materials

➤ **Raw Materials:**

- Almost 100% raw materials are imported.

- Small plastic factories situated in old part of the Dhaka city; are producing plastic products which are recycled from waste.

- Others use different type of thermoplastic resin/polyolefin/petro-chemical products i.e. HDPE, LDPE, polypropylene, polyethylene etc. Based on the type & usage of products, raw materials are used.

- One type of plastic resin, known as polyethylene terephthalate, is used to make products like soft drink bottles, bottles, and waste containers. High-density Polyethylene is used to make milk jugs, bottles for vitamins, and film containers. The plastic wrap that you use in your home to keep food fresh is made from vinyl/polyvinyl chloride. Plastic bags, garment bags, and netting are manufactured from low-density polyethylene.

**# Source of the raw materials:**

- U.A.E., Qatar, Dubai, Thailand, Singapore, China, Poland, U.K., Belgium, Germany, Spain, U.S.A., Spain, Nepal, Australia, Sri Lanka, Japan, Malaysia, Honk Kong, Bahrain, Italy etc. are the major sources of raw materials. "Exxon Mobil" is one of the major raw material suppliers of Pran-RFL.

- India and Korea are the main source of colored master-batch in BGD.

- The multinational petrochemical companies like BASF, SCG, Chevron, Basell & Remex are the major suppliers of raw materials.

#### # Price of the raw materials:

- Price of the raw materials was affected by recession. But situation is stable now.

Time Frame	June- July, 2009	November-December, 2009
Price of raw materials	<b>Minimum:</b> 55,000 BDT/ton	<b>Maximum:</b> 151,800 BDT/ton
	<b>At present:</b> between 82,800-96,600 BDT/ton	

#### # Import of raw materials:

\*BDT in crore

Fiscal Year	Bond category	Non-bond category	Total	Growth
2001-02	300.91	654.07	954.98	-
2002-03	274.00	986.76	1,260.76	32.02%
2003-04	298.52	993.03	1,291.55	2.44%
2004-05	637.48	1,209.90	1,847.38	43.03%
2005-06	663.50	1,987.06	2,650.56	43.48%
2006-07	1,058.44	2,107.82	3,166.26	19.46%

- Bangladesh imports less than 0.1 million tonnes of raw plastic using the bonded warehouse facility. The quantity is about one-tenth of such materials imported by India.

➤ **Government's Policy:**

- 100% bank guaranty provision on imported raw materials is announced in Budget 2010-11.

## Mould & Machineries

- After producing 20,000-30,000 products, usually local moulds are out of work. While, imported moulds are able to produce almost ten (10) lakh products.

### Imported Mould:

- India & China is the main supplier of mould. Processing technology and the equipment initially came from India, Thailand, Korea, Japan, China, Singapore and some European countries.

### Local Mould:

- Because of costly & complex setup; country's policymakers are indecisive over the prospective of plastic industry though many foreign investors. Especially China, France, Malaysia and UAE are interested to invest in the sector.

- Large manufacturing units (i.e. RFL) use 80% imported mould and 20% local mould. RFL is going to introduce the "Mould Industry" in BGD by setting up a mould manufacturing unit for in-house production and for supply to other local plastic manufacturers.

### Price of Imported Machineries:

Name of machineries	Price (BDT)
Chiller machine	Local: 70,000-80,000
	Imported: 1.10-1.40 lakh
Blow moulding machine	13.80-17.25 lakh
Injection moulding machine	20.70-24.15 lakh
Injection-blow moulding machine	41.40-44.85 lakh
Extrusion machine	16.56-24.15 lakh
Socketing/belling machine	8.00-10.00 lakh

Crusher machine	Local: 1.80 lakh
	Imported: 2.00-2.50 lakh

➤ **Export:**

**# Finished Goods:**

- The export of plastic items began in the 1980s in the form of indirect export (deemed export) mainly as backward linkage for RMG sector.

- Now the plastic sector is acquiring 12<sup>th</sup> position in the country's export Market.

- Size of the international export market:

Direct Export	Deem Export
BDT 400 crore	BDT 1200 crore
<b>Total Export Market: BDT 1600 crore</b>	

- BGD plastic goods are exported to 23 countries; worth BDT 3,036 million.

- Major plastic goods export markets are: Poland, India, Sri Lanka, Nepal, China, the UK, Belgium, France, Germany, the USA, Canada, Spain, Australia, Japan, Malaysia, the UAE, Hong Kong, Bahrain, Italy, New Zealand, Netherlands etc.

- BGD market is a major supplier of plastic hangers to many countries. PVC Pipes, PVC bags, insulator (rubber), polythene sheet, hand gloves (rubber), synthetic ropes, plastic waste, V belt, polyester thread, computer accessories, & video & audio cassettes are major export items.

- Total export of plastic goods: \*BDT in crore

Fiscal Year	Deem export	Direct export	Total	Growth
<b>2002-03</b>	426.62	69.87	496.49	-
<b>2003-04</b>	502.88	127.04	629.92	26.87%

<b>2004-05</b>	592.13	221.72	813.85	29.20%
<b>2005-06</b>	796.52	206.18	1002.70	23.20%
<b>2006-07</b>	954.19	682.57	1636.76	63.24%

- Plastic sector have been the share of 10% in earning from garments exporting through garments accessories.

#### # Waste Materials:

- BGD produces different items and after using them, exports the waste materials.

<b>Fiscal Year</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>BDT in crore</b>	39.39	41.98	83.31	58.03
<b>Growth</b>	-	7%	98%	-30%

- With 60% of total plastic waste materials recycling, BGD could make a savings of BDT 27.6 billion in 2005 by avoiding import of virgin resins.

#### ➤ **Product Types:**

- Plastic products can be of different types based on usage, shape, raw materials etc. Based on usage category of plastic products are following:

- i) Furniture & Household Items
- ii) PVC Products (PVC Door & Pipe)
- iii) PET Bottle & Closure
- iv) Plastic Packaging
- v) Others

## **Furniture & Household Items**

#### ➤ **Key Players:**

Furniture	Household Item
RFL Plastic	RFL Plastic
Bengal Plastic	Bengal Plastic
Partex	Partex
GQ (subcontract: Partex)	Meghna Plastic Ltd.
Nilkamal	

➤ **Raw Materials:**

**i) Transparent granules:** mono and co polymer (Polypropylene, Homo polymer, Co-polymer, Random-Co polymer etc)

**ii) White granules:** Calcium Carbonate (CaCO<sub>3</sub>) (to increase hardness)

**iii) Color master-batch:** Colored granules (from India, Korea)

➤ **Name of the Machineries:**

Name of machineries	Price (BDT)
Chiller machine	Local: 70,000-80,000
	Imported: 1.10-1.40 lakh
Blow moulding machine	13.80-17.25 lakh
Injection moulding machine	20.70-24.15 lakh
Injection-blow moulding machine	41.40-44.85 lakh
Crusher machine	Local: 1.80 lakh
	Imported: 2.00-2.50 lakh

➤ **Government's Support:**

- In budget 2010-11 value added tax (VAT) on household plastic is withdrawn.

## PVC Products (PVC Door & Pipe)

### ➤ Raw Materials:

- Almost 100% raw materials are imported.
- For PVC pipes raw materials are used in powder form.

**i) Transparent granules:** Mono and co polymer (Polypropylene, Homo polymer, Co polymer, Random Co polymer etc)

**ii) White granules:** Calcium Carbonate (CaCO<sub>3</sub>) (to increase hardness)

**iii) Color master-batch:** Colored granules (White, gray & green colored pipes are manufactured in BGD based on the type of usage)

- To be specific, along with CaCO<sub>3</sub> and color master-batch; six (6) types of transparent granules are needed in powder form.
- Based on usage, plastic pipes differ in color, thickness and diameter.
- Such as: pipe use to lift up water from ground level is thicker than others.

Name of machineries	Price (BDT)
Chiller machine	Local: 70,000-80,000
	Imported: 1.10-1.40 lakh
Extrusion machine	16.56-24.15 lakh
Socketing/belling machine	8.00-10.00 lakh
Crusher machine	Local: 1.80 lakh
	Imported: 2.00-2.50 lakh

### ➤ Key Players:

Name of the Key Players
Ajj pipes lLtd.
Howlader PVC Pipe Industries

Leera PVC pipe
RFL Plastic

➤ **Export:**

**Finished Goods:**

- The plastic sector is acquiring 12<sup>th</sup> position in the country's export Market.
- Key players export PVC pipe to India mainly. Other PVC pipe manufacturers than key players' quality of the pipe can not be maintained.
- Export value of PVC pipe is given below:

Fiscal Year	2006-07	2007-08	2008-09
<b>BDT in crore</b>	1.37	1.91	0.36
<b>Growth</b>	-	39%	-81%

## PET Bottle & Closure

Name of the Key Players
Luna Plastic Industries Ltd.
Polycon Ltd.
ASTech Ltd.
Progressive Plastics

➤ **Raw Materials:**

- BGD imports resins to manufacture PET products at a cost of about BDT 12,100 -82,800 per tonne.

➤ **Demand:**

- With the increasing growth of soft drinks demand of PET bottle closure is going to be increased.



## SWOT Analysis of Plastic Industry

### ➤ **Strength:**

- **Favorable Duties & Taxes for Importing by GOB:**

- GOB imposed 25% duty on import plastic finished products. It will help the BGD manufacturer to boost up the industry.

Type		Duty
Capital machineries and parts		3%
Basic raw materials		5% Withdrawn 0%
Finished Goods		25%
PSI: 1%	AIT: 3%	VAT: 15%

- **Independent Pharmaceutical Packaging:**

- Packaging of Pharmaceutical industry, which was previously import-dependent is fast attaining self-sufficiency and meeting more than 90% of the need. BGD earned international standard in manufacturing medicine-related plastic products.

- **Backward Linkage:**

Plastic has been playing an important role as backward linkage for garments, medicine and food processing industries apart from direct export of the plastic products.

- **No Labor Unrest:**

No labor unrest and complaints about salary is present in this industry, as the workers are getting good salary.

### ➤ **Weakness:**

- **Import:**

- There is no poly-olefin unit in BGD; so, nearly 100% of polymers are imported.

- BGD imports more than 150,000 MT of plastic raw materials each year and it is continuously increasing.

- **Image Crisis:**

The plastic sector is facing difficulties due to image crises driven by ban on polythene bags. But the fact is plastics are the most eco-friendly materials and the most misunderstood too. With the presence of updated machineries used plastic materials can be refined and can be re-used as raw materials for plastic products.

- **Per Capita Consumption:**

- Developed nations are enjoying the advantages of plastic technology at a much higher rate than those of under developed ones.

\* Per capita consumption on KG

Country Name	USA	Japan	Singapore	Malaysia
Per capita consumption	120	110	105	48.50
Country Name	Thailand	Indonesia	India	BGD
Per capita consumption	32	20	2	Below 2

- **Lack of Local People's as well as GOB's Awareness:**

- **Opportunity:**

- **Dhaka International Fair:**

- In 2008, 5<sup>th</sup> "Dhaka International Fair" local companies received spot orders worth BDT 20 million from overseas buyers. On the other hand, foreign companies got sale orders worth more than BDT 69 million for machinery and materials from local entrepreneurs.

- Again, in January, 2010, in 6<sup>th</sup> "Dhaka International Fair" local companies received almost BDT 70 million spot sales and orders which is 28% more than the previous fair.

- **Recyclable Plastic Goods:**

- It is observed that around 60% of waste generated by the plastic industries gets recycled in BGD and the rest remains unused and harms ecological balance. This large amount of industrial waste and leftover, which has been blamed for massive environmental degradation, including pollution of the

Buriganga River, could rather be recycled commercially for using in other industrial purposes. According to BPGMA, With proper technological support 100% recycling is possible in BGD.

- **Increases Roads Durability:**

- Experts have witnessed that blending plastic waste with bitumen in laying tarmac could enhance road durability , reduce the amount of hazardous non-biodegradable materials and drastically cut maintenance costs by saving the country BDT 1507.60 crore a year.

- LGED implemented this new method of road surfacing in three roads back in 2005-06 using crammed rubber polymers. The trials show that the roads had 84%, 57% and 15% less cracks, depressions and raveling respectively than conventionally-constructed roads.

- **Opportunity to Capture Market of the Developed Nations:**

- Per capita consumption of plastic good is higher than developing one because the developed nations are enjoying the advantages of plastic technology at a rate much higher than others.

- Bangladesh, China and Malaysia are among others, taking advantages and earning the lion's share of US plastic market.

- As China recently has come under the US criticism for dumping products, a window of opportunity has opened up for Bangladesh to export its products to the USA.

- **Threat:**

- **Import of Resin:**

- Import of plastic resin is increasing by 10% per annum.

- **Irregularity in Power & Gas Supply:**

- Expected growth could not be achieved due to power crisis.

➤ **ULC Experience:**

Criteria	Value	Relative value
<b>Exposure(in BDT)</b>	283.41 million	4.00%
<b>Overdue(in BDT)</b>	0.85 million	0.45%
<b>Client No</b>	41	3%
<b>Over-due client-10</b>		

➤ **Industry Score:**

Industry rating: (out of 10), Score definition: Average "7".

## 5.7 Private Education Industry Analysis

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### Market Concentration:

- Education sector of BGD comprises of both public and private initiatives.
  - The 3 main educational systems in BGD, ordered by decreasing student numbers are below.
- Each of these 3 main systems is divided into 4 levels.

Educational Systems	
General Education System	
Madrasah Education System	
Technical-Vocational Education System	
Levels	Year of Schooling
Primary Level	1-5 years
Secondary Level	6-10 years
Higher Secondary Level	11-12 years
Tertiary Level	12 years & above

### Demand- Supply:

#### Demand-Supply in 2005

Class	Primary	Secondary	College	University
<b>Eligible population</b>	18.2 million	17 million	13 million	13 million
<b>Actually Attend</b>	90%	44%	10%	1.60%
<b># of Institution</b>	80,397	18,500	3,150	74
<b>% of Private Institution</b>	54%	98%	92%	62%

### Primary, Secondary & Higher Secondary Level

### Current Scenario & Key Players:

Primary, secondary & higher secondary level of education consists of:

- Bengali medium
- English version of Bengali medium
- English medium

<b>Bengali Medium (SSC Level)</b>		
Rajuk Uttara Model College	Residential model College	Ideal School & College
Viqarunnisa Noon College	Monipur High School, Mirpur	Holy Cross College
<b>Bengali Medium (HSC Level)</b>		
Holy Cross College	Rajuk Uttara Model College	Residential model College
Notre Dame College	Dhaka City College	Viqarunnisa Noon College
Rifles Public School & College	Dhaka College	Cambrian College, Gulshan

<b>English Version of Bengali Medium</b>		
Viqarunnisa	St. Joseph	Notre dame
<b>English Medium</b>		
<b>1.Edexcel-Oxford International</b>	<b>2.Cambridge International</b>	<b>3. International Baccalaureate (only 3 in BGD)</b>
Sunbeams	Sunnydale	American International School
-	Scholastica	The Aga Khan School
-	Oxford Int.	International School Dhaka

### Government Policy:

To get the trade license of any school following information have to give:

1. Total Number of students

2. Total Number of teachers
3. Infrastructure (Rent/own) (to get the permission to take students for S.S.C. exam; own premise is compulsory)
4. In case of English medium school, within 3 years the school has to shift into its own premise.

**Some compulsory documentation is needed for “Primary” & “Secondary” level institutions from the following boards:**

1. Primary Education Board
2. Primary & Secondary Education Board
3. Registration as Secondary School
4. Dhaka Education Board \*

\* Not required for “English medium” school. English medium school requires any one of the following:

**Fees:**

Admission charge	Session charge
Tuition fees	Transport fees
Late fees	Re-admission
Examination fees	Other charge

**Expenditure:**

House rent	Salaries	Advertisement
Festival bonus	Utility service	Government fee
Conveyance	Photocopy	Bank charges
Printing	Stationary	Legal expenses
Maintenance	School functions	Furniture & fixture
Postage	Entertainment	Education equipment
Staff dress	Development & Construction	Sports equipment
Miscellaneous expenses	Employees service	Office equipment

	benefits	
Con. Provident fund	Welfare fund	Vehicle
Land	Building	Bicycle
Audit fee	Tax	Loan & lease to different FI & NBF

## Tertiary Level (University Education)

### Current Scenario:

- Tertiary education in BGD takes place at 34 government and 54 private universities.
- In 54 private universities nearly 20,000 manpower (including full-time and part-time teachers, officers and staff) have been engaged as employees.
- As per UGC Report 2008, private universities in BGD spent over BDT 732 crore (i.e. 14 crore per university on average) thus contributing a respectable amount to the GDP.

### Courses Offered:

- The universities offer their courses based on the demand of job market. BBA and MBA of different majors are the common courses offered in these universities. They also offer courses on different subjects like Computer Science & Engineering, English, Economics, Pharmacy, Law, Architecture and etc.
- Medical colleges & Engineering Colleges are also present. But, quality education is generally given by the public institutions.

### Demand-Supply Situation:

#### 1. Demand:

In 2011, the number of students passing HSC and its equivalent exams is 5,74,261 and among them 34,385 students passed with GPA-5.

#### 2. Supply: \* Date: 17.07.2010



Particulars	# of Institutes	# of Seats
Public universities	34	37,000
Private University	54	70,000
Medical College (Both public & private)	44	5,712
Dental College (Both public & private)	-	980
Colleges (under national university) offering honors courses	199	176,005
Colleges (under national university) offering pass course	1,474	1,53,338

### Medical Colleges:

\* Medical Institutions & Seats as on April, 2010

Institutes & Courses	Institutions		Total Seats
	Public	Private	
Medical college (MBBS)	18	43	5,712
Dental college	3	12	980
Institutes of Health Technology (IHT) (Diploma & BSC in medical technology)	6	67	9,136
Medical Assistant Training Schools (MATS) (Diploma in medical assistantship)	7	25	2,505

### Outcome:

- With the value addition BDT 4,676 million; total output from the private universities are about BDT 6,083 million in 2005-06 which is around 77 times higher than the output of the same in 1996-97.
- It is pleasing to note that more than 20 universities (both public and private) are now producing high quality graduate Pharmacists in our country.

### Fees:

- The structure of fees in this sector can be divided mainly into three parts:

<b>Fee type</b>	<b>Payment Type</b>	<b>Range (in BDT)</b>
1. Admission Fee	One time	10,000-20,000
2. Tuition Fee	Per Credit	3,500-6,000
3. Others*	Annual/Semester	10,000-20,000

\* Source: DGHS

\* Library fee, extra-curriculum fee and etc

### **Revenue & Expenditure:**

- The total revenue generates from tuition fees (40%), admission fee (2%), donations (28%), and other fees (30%).
- In this sector, the major expenditure heads are house rent/office rent (27.18%), wages and salaries (30%), fees given to the Government (10.18%), and repairing and maintenance cost (8.98%).

## **Involvement by Government**

### **Private University Bill-2010:**

#### **According to the law:**

- GOB would form an independent National Accreditation Council (NAC) to look into the implementation objectives.
- Must need provisional permission and/or in some cases, certificate of the GOB.
- Location of the university campus must be approved by GOB. - No discrimination based on caste, creed and color, gender as well as the physically disabled people for higher studies.
- Must fulfill five criterions before applying for seven-year provisional certificate to launch academic activities: own building, sufficient classrooms and teachers, at least three faculties and a curriculum approved by the University Grants commission (UGC).

- Additional two obligations are needed for permanent certificate: permanent structure on at least one acre of land in Dhaka and Chittagong and two acres of land in other parts of the country.
- Presence of board of trustees, syndicate and academic council, dean of faculties, institute, curriculum committee, finance committee, teacher recruitment committee and discipline committee is must.
- Board of Trustees will send proposal to the Chancellor to appoint Vice-chancellor (One; who has at least 10 years of teaching and 10 years of administrative experience), pro-vice chancellor and treasurer of the university and be responsible for physical management and development of the university.
- The syndicate, headed by the Vice-chancellor, would look into the academic, administrative and general management of the institution and suggest on tuition fee of students and salaries of teachers and staffs to the trustee board, the law said.
- Tuition fee and salary structure of teachers and staffs should be approved by the UGC, which is also entitled to investigate into any violation of the law for which one has to suffer at least five year's imprisonment and Taka 10 lakh penalty or both.
- Each university will have to have BDT 5 crore deposited with any scheduled bank approved by the government as Reserve Fund.
- Any private university can conduct distance learning programs or courses with the permission from the government.
- The bill proposed 5 years imprisonment and a fine of BDT 10 lakh for any offence & the authority will cancel temporary approval of any university if the university does not take permanent approval within the stipulated time.

### **Regulations for Medical College:**

- As per the rule, no private medical college can be established in a rented facility.
- A 50-seat medical college must have its own building on 2.5 acres of land or one lakh square feet of space in metropolitan areas while five acres outside the metropolis.

### Signals for Private Universities:

- In December, 2010; Education Ministry of BGD separates 54 private universities based on “Private university bill-2010”.

Signal	Reason to give	# of universities
Green Signal	Maintaining the guideline properly & already shift to their permanent campus	<b>8</b>
Yellow Signal	Till not shift to their permanent campus but at least acquire land:	<b>22</b>
	* Almost end of the construction	5
	** Acquire the plot, but construction is not yet started	9
	*** Acquire plot; but less than the requirement	8
Red Signal	Does not have permanent plot	<b>21</b>
Directed by High-court	Provisional permission was canceled by previous government	<b>3</b>

- Universities which are failed to fulfill the requirements are not allowed to take admission of the students from September, 2011 & will get additional 5 years to complete the session of the existing students.

### SWOT Analysis (University Education)

#### Strength:

##### 1. To Rectify the Irregularities:

Ministry of Education of Bangladesh on recommendation of UGC is stopped 56 local centers of Foreign Universities and have taken decision to stop the 100 outer campuses of the universities to stop irregularities.

## 2. Scholarship for brilliant academic results:

Through this process the private universities expend 25% of their annual income for giving student's scholarship.

## 3. Teachers Ratio (Full time & Part time):

Year	Full time	Part time
2006	54.83%	45.17%
2007	55.17%	44.83%
2008	57.64%	42.36%

## 4. Provision for credit transfer to foreign universities

## 5. Politics free campus & Absence of session jam

### Weakness:

#### 1. Teacher – student ratio:

Year	Teacher-Student Ratio
2006	1:19
2007	1:21
2008	1:22

#### 2. Poor Management:

- Faulty process of recruitment and appointment of vice-chancellors, teachers and officials of the universities
- Inadequate annual budgets and poor allocation of funds for research
- Adverse ratio of teachers and students
- Lack of policy on income and expenditure

#### 3. Absence of proper accommodation facilities for rural students

4. **High tuition fees**
5. **Shortage of senior and qualified faculty members**
6. **Absence of better physical facility & well-equipped labs and libraries**
7. **Lack of quality of students**
8. **Corruption of the sponsors**

## **Opportunity**

### **1. Limited Seat of Public Universities:**

- Public universities can accommodate only 25% of students.
- Because of gradual deterioration of academic environment in public universities, mainly due to campus politics, provided the great impetus for finding an alternative education system in the country which can overcome the vices and unhealthy environment prevailing in public universities.

### **2. Increasing purchasing power of people:**

The private universities are compelled to enhance the quality of education with a view to surviving in this competitive situation. These constructive and positive competitions open the door of well certain possibility of higher education for the talented but poor students by enjoying the waiver facility.

### **3. Scope for Teachers:**

At present the teachers have got a good environment of jobs in education sector with high remuneration according to their market values.

#### 4. **Scope for Furniture Industry:**

A Malaysian furniture maker by signing a MoU with GOB wants to capture the untapped school furniture business of the country; with a sales target of BDT 70 billion by providing furniture to 1,000 educational institutions.

#### 5. **Courses; based on Market Demand:**

The private universities care for need-based modern courses to serve the developing nations in the immediate future.

#### 6. **Diversification on courses offered like Technical degrees**

#### 7. **Increasing number of passing students in new grading system**

### **Threat**

#### 1. **Trend toward different professional degrees like ACCA, CFA arranged globally, which are not linked with any local university:**

#### 2. **Investigation of University Grant Commission (UGC):**

- In 2006, UGC arranged an investigation among 52 private universities and the result is following:

<b>Particulars</b>	<b># of universities</b>
Functioning Satisfactorily	9
Fall short of academic standard	35
Unable to meet minimum requirements	8*

\* Committee had recommended for the cancellation of permission

### 3. Restrictions to take loan by public schools:

Most of the Bengali medium schools are either government/public school or affiliated by government. So, there are some restrictions to take loan from any private institutions.

### 4. Priorities are given for universities out side the Dhaka city:

- Out of 54 universities, 44 (81%) are located in residential areas of Dhaka i.e. Banani, Gulshan, Dhanmondi, and Uttara.
- 3 (three) universities are located in Sylhet, 1 in Rajshahi and the rest 6 (six) are positioned in Chittagong.
- Number of private universities in Dhaka city is more than required. So, GOB is going to give priority to those universities which would want to start their operation out side Dhaka. 42 applications are studying for this purpose.

## Highlights

### Green Signal: 8 Universities

- Green signal to 8 universities who are maintaining the guidelines of the “Private University Bill-2010”.

1. North South University	5. BRAC University
2. Ahsanullah University of Science & Technology	6. Bangladesh University of Business & Technology
3. International University of Business Agriculture & Technology	7. Chittagong University of Science & Technology
4. BGC Trust University Bangladesh	8. International Islamic University

### Yellow Signal: 22 Universities



- 5 out of 22 universities are almost at the end of the construction work. (Yellow-1)

9. Independent University	11. Gono Biswa Biddalaya
10. East West University	12. South East University
13. City University	

- *Concerns are hoping that, "Independent University & East West University" would be able to shift to their permanent campus within 2011.*
- 9 out of 22 universities acquire plot, but construction is not yet started. (Yellow-2)

14. American International University	18. Shanto Mariam University of Creative Technology
15. Asian University of Bangladesh	19. United International University
16. The University of Asia Pacific	20. University of South Asia
17. Daffodil International University	21. Southern University of Bangladesh
22. Dhaka International University	

- 8 out of 22 universities acquire plot; but less than the requirement. (Yellow-3)

23. The Peoples University of Bangladesh	27. Metropolitan University (Sylhet)
24. Manarat International University	28. Premier University (Chittagong)
25. State University of Bangladesh	29. Northern University
26. University of Liberal Arts	30. Dhaka International University

### Red Signal: 21 Universities

31. Darul Ihsan University	42. Uttara University
32. Leading University	43. Victoria University of Bangladesh
33. Sylhet international University	44. Presidency University
34. Bangladesh University	45. University of Information Technology & Science
35. University of Development Alternative	46. Prime Asia University

36. Stamford University	47. Royal University of Dhaka
37. Ibais University	48. Atish Dipankar University of Science & Technology.
38. Prime University	49. Asa University Bangladesh
39. World University of Bangladesh	50. East Delta University
40. The Millennium University	51. Green University of Bangladesh
41. Eastern University	

\* Four groups are claiming ownership of this university & the problem is not yet solved by the court.

#### Directed by High-court: 3 Universities

52. Central Woman's University	53. Queen's University
54. America Bangladesh University	

#### Industry Rating:

Industry rating: 8 (out of 10), Score definition: "Above Average".

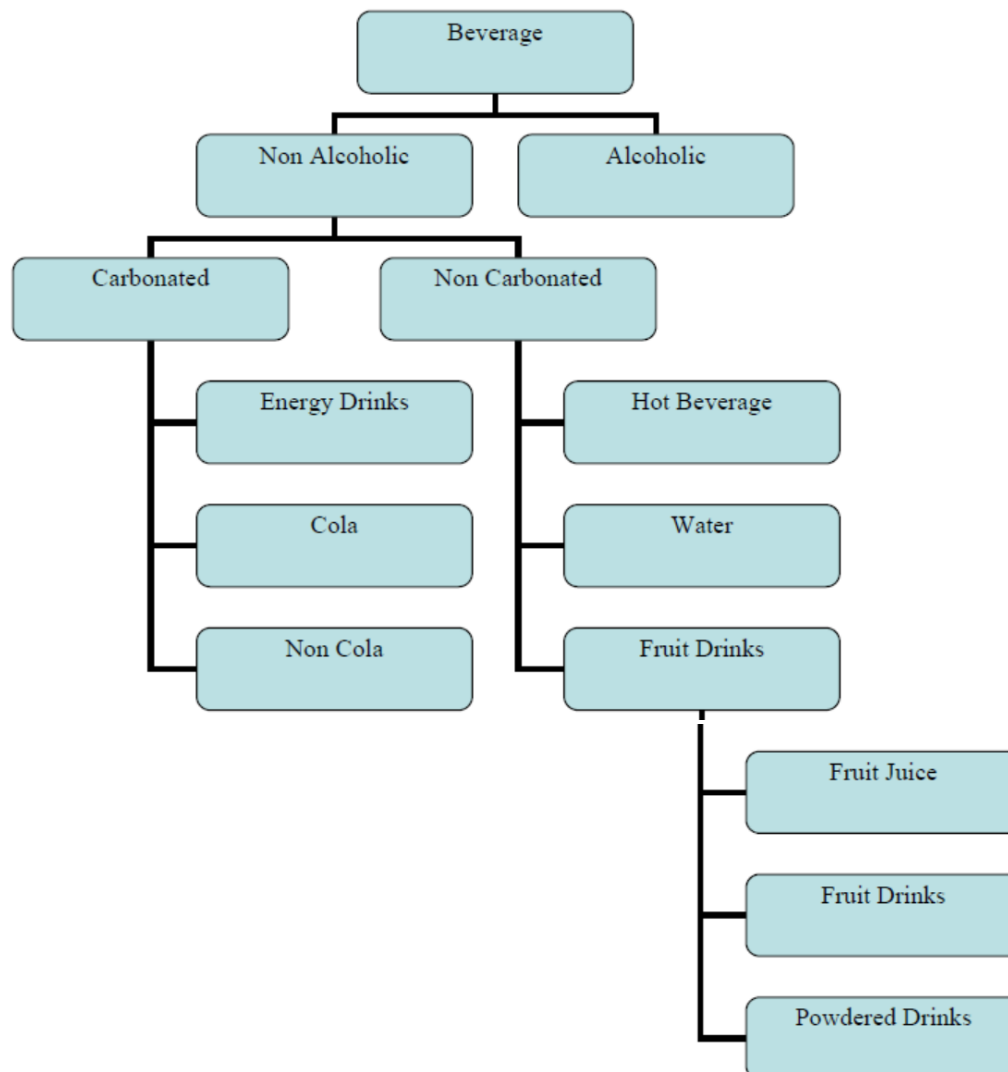
Green Signal			
Rank	Name of the University (4/8)	Score (Out of 10)	Definition
1	BRAC University	9.50	Satisfactory
2	Ahsanullah University of Science & Technology	8.80	Above Average
3	North South University	7.58	Above Average
4	Bangladesh University of Business & Technology	7.38	Above Average
Yellow Signal			
Yellow: 01			
Rank	Name of the University (3/5)	Score (Out of 10)	Definition
5	Independent University	7.97	Above Average
6	East West University	5.86	Average
7	City University	5.30	Average
Yellow Signal			
Yellow: 02			
Rank	Name of the University (3/9)	Score (Out of 10)	Definition
8	Daffodil International University	6.27	Above Average
9	The University of Asia Pacific	5.80	Average
10	University of South Asia	5.02	Average
Yellow Signal			
Yellow: 03			
Rank	Name of the University (2/8)	Score (Out of 10)	Definition
11	Northern University	6.33	Above Average
12	University of Liberal Arts	6.00	Average

## 5.8 Beverage Sector Industry Analysis

### Market concentration:

Beverage (carbonated drink) industry of Bangladesh is fairly concentrated with around 7 (seven) companies providing both local and global brands to the consumers. 4 (four) of these companies are providing global brand through strategic alliance, while the rest are offering their own local brand.

### Type of Beverage in Bangladesh:



### Industry Life Cycle:

- The carbonated beverage and mineral water market is now in the matured stage of the life cycle. Growth in the industry has remained stagnant.
- But the energy drink and other fruit drinks market is still now in the introductory stage and companies are also eager to enter in this market.

### Carbonated Beverage

#### Preference

#### Cola & Non-cola

- Market size of the non-alcoholic carbonated beverage (cola & non-cola) in Bangladesh is around BDT 8,000-10,000 million.
- The sector is growing at a rate of 15% for several years.

#### Key Players:

- Carbonated beverage industry of BGD fairly concentrated with around 7 companies (4 global brand & 3 local brand) providing to the consumers.

Company Name	Product Brand	Type of Brand
Transcom Beverages Ltd (TBL)	Pepsi, 7up, Mirinda	Global
Partex Beverages Ltd (PBL)	RC Cola, RC Lemon	Global
Abdul Monem Ltd (AML)	Coca-Cola, Sprite, Fanta	Global
Akij Food & Beverages Ltd (AFBL)	Mojo, Lemu	Local
Global Beverages Ltd (GBL)	Virgin	Global
Agriculture Marketing Company Limited	Pran Up, Pran Max Cola	Local
Globe Soft Drinks Ltd (GSDL)	Euro Cola, Euro Lemon	Local

#### Market Share:

Product Brand	Market Share
Coca Cola	40%
Pepsi	30%
Virgin	15%
RC Cola	10%

Others	5%
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However, in 2006-07, the sector experienced a sales-drop due to the financial crunch and political uncertainty in the country.

Year	Production/ Sales	Relative Growth
2005-06	BDT 1,000 crore	-
2006-07	BDT 800 crore	<b>-20%</b>
2007-08	BDT 900 crore	12.50%

#### Demand-Supply:

- Sales of carbonated beverage in the capital Dhaka comprise nearly 60% of the country's total market.
- The carbonated beverage industry has produced around 192 million liter (estimated) of to meet the demand.

#### Raw Materials:

Particulars	Source
Sugar	Bangladesh
Concentration (formula for the drink)	Imported
Flavors	Bangladesh
Chemicals (like citric acid, caustic soda etc)	Bangladesh

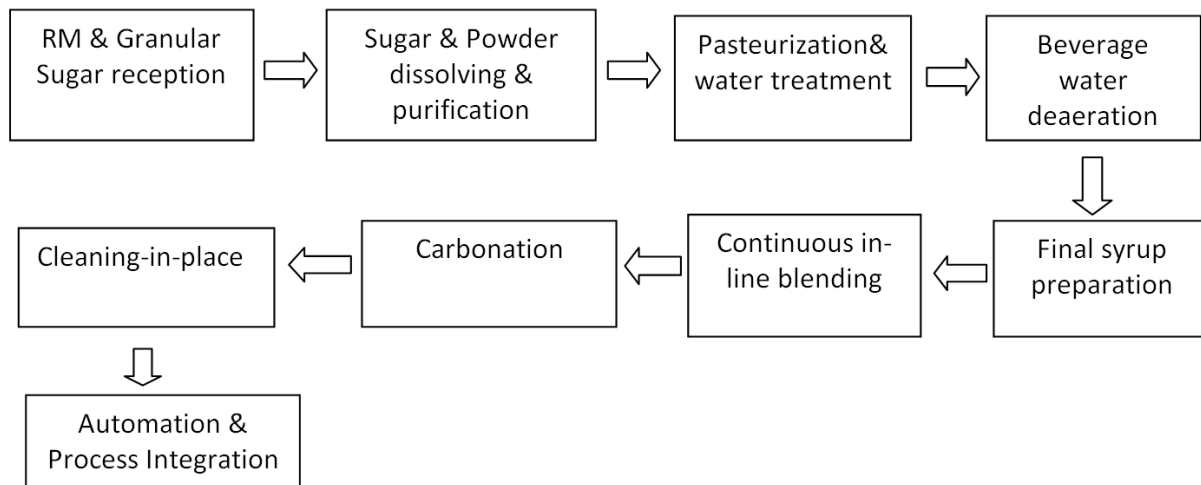
#### Distribution:

The distribution base for the industry is relatively strong and the network is spread in all 64 districts of the country. All companies have their own distribution network to provide its products all over the country.

Company Name	Sales Depot	No of Dealers/ Distributors
Transcom Beverage Ltd	6	400
Akij Food & Beverage Ltd	4	300
Partex Beverage Ltd	6	350
Abdul Monem	4	200

Agriculture Marketing Company Limited (Pran)	-	720
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### Production Process:



### Industry Scenario:

- Pran-RFL Group is investing BDT 2,600 million in new beverage and packaging facilities. A part of the fund is being spent on setting up new soft drink plant to produce around 15 million bottles of soft-drinks under a separate subsidiary of the group called Mymensingh Agro Ltd from late 2010. Reportedly, this factory will produce and bottle Coca-Cola in Bangladesh.
- The company Transcom Distribution Co Ltd brings 'Glucon-D' by US based food company Heinz as the local market for glucose-based products remains three flavors are original, orange and lemon.
- Dada Consumer Products, a sister concern of Elias Brothers, will manufacture and market the new product under the brand name of Icy in four flavored- Icy apple, Icy Strawberry, Icy lemon and Icy Cola.

### Energy Drink

- The total market size of the carbonated beverage (energy drink) is around BDT 2,000 million in BGD which is growing annually at a rate of 45%.

<b>Company Name</b>	<b>Product Brand</b>
Partex Beverages Ltd (PBL)	Big Boss
Akij Food & Beverages Ltd (AFBL)	Speed
PRAN-RFL Group	Power
Globe Soft Drinks Ltd (GSDL)	Royal Tiger

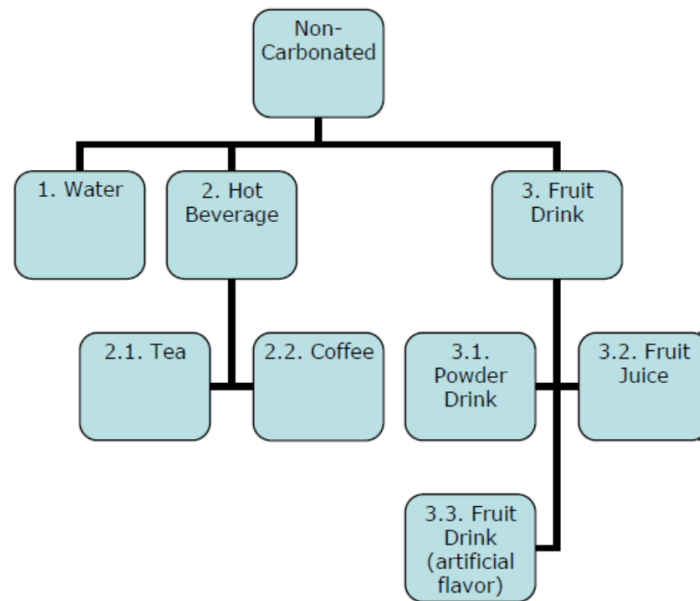
#### **Demand-Supply:**

- Energy drinks comprise 10% - 20% of the total soft-drink market targeting the young and adult people in urban and semi urban areas.

#### **Export:**

- Local three companies (AMCL, AFBL and GSDL) are exporting their energy drinks to India, UK, United Arab Emirates, Malaysia and Bahrain.
- Their target markets for these exported beverages are the Bangladeshis who live abroad.
- In 2007, out of total 70 million export earning, Royal Tiger from GSDL had export sales of around 0.018 million and the rest of the amount belonged to Speed of AFBL and "Power" of AMCL.

## Non-Carbonated Beverage



### 1. Water:

#### Key Players:

- Partex Beverage Industries Ltd with its brand Mum was the pioneer and market leader in the branded bottled water segment till 2007.
- But later, Fresh brand marketed by United Mineral Water and Pet Industries Ltd has overtaken Mum and to become the market leader.

Company Name	Product Brand
United Mineral Water & Pet Ind. Ltd	Fresh
Partex Beverages Ltd (PBL)	Mum
City Pet Ind. Ltd	Jibon
ACME Agrovet & Beverage Ltd	ACME
PRAN-RFL Group	Pran
Bonoful & Company Ltd	Bonoful



Akij Food & Beverages Ltd (AFBL)	SPA
Duncun Water	Duncuns

- Market size of the mineral water in Bangladesh (BGD) is around BDT 2000-2500 million.
- Only Duncan Water is ISO: 22000 Certified and permitted to export their water abroad.
- Growth rate of Duncan water is 15% annually.

### **Demand-Supply:**

- The daily demand for portable water in Dhaka and Narayanganj:

Time Frame	Demand	Supply
2008-09	2,400 million liters	1,900 million liters
1970	60 million liters	-

### **3. Fruit Drink:**

#### **Fruit Drink (artificial flavor added) & Fruit Juice:**

<b>Fruit Drink</b>	
Company Name	Product Brand
Agriculture Marketing Company Limited	Pran Fruit Drink (Apple, Orange, Lichhi, Pineapple, Strawberry, Lemon, Mango)
<b>Fruit Juice</b>	
Agriculture Marketing Company Limited	Pran Mango Juice, Pran Joy Juice, Pran Junior Juice, Frooto
Partex Beverages Ltd (PBL)	Danish
Akij Food & Beverages Ltd (AFBL)	Frutika (Four Flavor)
ACME Agrovet & Beverage Ltd	Premium Classic Mango & Orange juice
Transcom Beverages Ltd (TBL)	Slice

### **Powder Drink**

Company Name	Product Brand
Agriculture Marketing Company Limited	Pran Vita Fresh

Sajeeb Group (trader)	Tang
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**Packaging & Bottling:**

- Four types of packaging are needed in the beverage industry:

1. Returnable glass bottle
2. Aseptic pack
3. Hot filled pet bottle
4. Tin canned

- TBL acquired three modern bottling plants at Dhaka, Chittagong and Bogra.

- AMCL has their own plant for bottling, tetra packaging of juice and mineral water.

**SWOT Analysis****Strength:**

- A huge market demand of beverage is pushing the companies for making profit by selling large volume of products.
- Strong distribution network.

**Weakness:**

- Consumer awareness of health problems arising from artificial drinks.
- The competitive pressure from rival sellers is the greatest competition that many company faces in the beverage industry.

**Opportunity:**

- Export market for energy drink is lucrative.
- Increasing demand of soft drinks due to late arrival of monsoon.
- Health consciousness of the people for the mineral water market.

**Threat:**

- Banderole shortage from government organization.
- Growth of energy drink market is continuously threatening the carbonated beverage market.

**ULC Experience**

Criteria	Value/nos	Relative Value
<b>Receivable</b>	138.97 million	2.00%
<b>Overdue</b>	4.710 million	2.05%
<b>Client</b>	9	0.67%
<b>Overdue Clients: 02</b>		

**Industry Rating:**

Industry rating: 7.4 (out of 10), Score definition: "Above Average"

## 6. Which industry is suitable for an Entrepreneur?

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All of the three industries that we have talked about on this report have received the following ULC rating:

Plastic Industry: 7 (out of 10), Score definition: Average

Beverage Industry: 7.4 (out of 10), Score definition: Above Average

Private Education: 8 (out of 10), Score definition: Above Average

Among those three industries “Private Education” has the higher prospect and probably the most lucrative one for an investor. Not only because it got the higher rating but also because of the following reasons:

1. There is a favorable supply-demand condition exists to establish new universities in this industry. Every year more and more students are passing in the new grading system. But public universities can accommodate only 25% of students. As it is not possible to make accommodation for this increasing number of passing students in public universities, the need for private universities are increasing.
2. Easy to become successful in this industry because competition exists mainly on the top 5 Universities so a new comer with great resource strength can be successful. The success of few universities has set an example for this sector. Like BRAC University and BUBT. Success of BRAC University is remarkable. In 2011 it become the 4<sup>th</sup> best university of Bangladesh and outperformed many the other public and private universities. (Source: CSIC)

3. Now a day the job market is becoming very competitive. Most of the MNC's and reputed companies' wants students that are good in English and have good knowledge on the subjects. Private University students are able to fulfill their needs.
4. Many public & private universities have poor management. The faulty process of recruitment and appointment of vice-chancellors, teacher and officials, inadequate annual budget and poor allocation of funds for research is the main reasons of being unsuccessful. If any university can overcome the management related problems then there is a huge chance to become successful.
5. Increasing purchasing power of people is another reason for becoming successful in the industry. The private universities are compelled to enhance the quality of education with a view to surviving in this competitive situation. As the quality of education is good and purchasing power of people is increasing so more parents are taking their children to private universities.
6. Now days, private universities are now focused in developing better facility and well equipped labs and libraries after a long time of establishment which they should have done before. This process of redevelopment is causing them more money which should have cost less of they have done it earlier. But if an entrepreneur attempts to invest in this sector, he/she can easily minimize the cost of structuring new facility by observing its competitors strategy for founding new facilities.
7. Because of an entrepreneur's late entry in the private education industry, he/she can easily observe its competitors flaws and problems on their structure, labs and facilities and easily can overcome the problems to become a strong competitor.
8. By judging the present scenario of private education industry, innovation is turning out to be a key factor of the core competencies E.g. TARC semester of BRAC University. New

entrepreneurs have a huge possibility for showing its innovation in this industry because they have the chance to observe its competitors. They can easily capitalize on the competitors innovation by following them or providing something new like- Some courses which will be based on outing, Residential semester with longer period and more exiting features, More focus on extracurricular activities and the marks will be added on some course etc.

9. As a new starter in business, by proper strategy and management entrepreneur can easily attract good and efficient teachers for different department.
10. Few years back private education sector was suffering from image crisis but due to session jam problem and campus politics many students are interested to join in private universities. If a new university can capitalize its whole strategy and budget perfectly along with good marketing and creating reputation, the university will be able to attract many qualified students.
11. For the new entrepreneur, there is a huge possibility to take the opportunity of introducing new subjects based on current market demand such as – Hotel Management, Logistic Support, Supply Chain Management etc. By introducing new courses the university can diversify its student’s base and also the students will have more choice in selection of subject by following their interest.

## Conclusion

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In the current liquidity crisis, all FIs have the obligation to minimize risk. This will only result from further quantification and objective assessment of projects. The current system of Industry Analysis is heavily qualitative assessment based and does not take into consideration objective components of a project as proactively as it should.

## Reference:

1. <http://www.ulc.com.bd/>
2. Consejo Superior de Investigaciones Científicas (CSIC),  
[http://www.webometrics.info/rank\\_by\\_country.asp?country=bd&zoom\\_highlight=BRAC](http://www.webometrics.info/rank_by_country.asp?country=bd&zoom_highlight=BRAC)

# Appendix 1

<b>Risk Review Matrix</b>
<b>Plastic Sector</b>
<b>Name of the Client:</b>
<b>Visit Date (dd/mm/yy):</b>
<b>Finance Amount (on BDT):</b>

<b>General Informations</b>		
<b>Size of business (Annual sales in BDT)</b>	<b>Score</b>	
Less than 20 crore	a	2
20 crore to 60 crore	b	4
60 crore to 100 crore	c	6
100 crore to 150 crore	d	8
More than 150 crore	e	10
<b>Client Score</b>		FALSE
<b>Number of Operation Year in the Same Field</b>	<b>Score</b>	
Less than 5 years	a	0
5 to 10 years	b	3
10 to 15 years	c	7
More than 15 years	d	10
<b>Group Support</b>		FALSE
<b>Group Support</b>	<b>Score</b>	
Absence of any group support	a	0
Presence of group with a minimal/no support	b	5
Presence of group with strong support	c	10
<b>Client Score</b>		FALSE

<b>Industry Specific Informations</b>				
<b>Number of Machineries (maintainning minimum standard or not)</b>	<b>Score</b>		<b>Absent</b>	<b>Present</b>
Printing machine - 5 color ( <b>atleast 2</b> )		FALSE	A	P
Coating machine ( <b>atleast 1</b> )		FALSE	A	P
Slitting machine ( <b>atleast 4</b> )		FALSE	A	P
<b>Client Score</b>		0		
<b>Presence of</b>	<b>Score</b>		<b>Absent</b>	<b>Present</b>
Blown film machine		FALSE	A	P





Metal coating / aluminium coating machine		FALSE	A	P
Blister packaging facilities		FALSE	A	P
* Factory with a huge setup usually have thses machihens				
<b>Client Score</b>		0	0	
<b>Contract with Reputed buyer</b>		<b>Score</b>		
No contract with reputed buyer		a	0	
Contract with reputed buyers in a small scale (below 50% of the sale)		b	5	
Contract with reputed buyers in a significant scale (above 50% of the sale)		c	10	
<b>Client Score</b>			FALSE	
<b>Mode of Delivery</b>		<b>Score</b>		
Company has own fleet of vehicle		a	5	
Buyers send their own delivery van		b	10	
<b>Client Score</b>			FALSE	
<b>Presence of Backup Power Supply</b>		<b>Score</b>		
No		a	5	
Yes		b	10	
<b>Client Score</b>			FALSE	
<b>Presence of Child Labor</b>		<b>Score</b>		
No		a	5	
Yes		b	10	
<b>Client Score</b>			FALSE	
<b>Score obtained in percentage (%)</b>		0		
<b>Poor</b>		0		
<b>Score definition</b>		<b>Score</b>		
<b>Satisfactory</b>		10		
<b>Above average</b>		8		
<b>Average</b>		6		
<b>Below average</b>		4		
<b>Poor</b>		2		

## Appendix 2

Risk Review Matrix		
Private School & Colleges		
<b>Name of the Client:</b>		
<b>Visit Date (dd/mm/yy):</b>		
<b>Finance Amount (on BDT):</b>		
1)	<b>Total number of Students</b>	<b>Score</b>
	Less than 100 students	a
	100-500	b
	501-1000	c
	1001-1500	d
	1501-2000	e
	2001-2500	f
	2501-3000	g
	More than 3000 students	h
		<b>Client Score</b>
2)	<b>Average Monthly Fees of the Students (BDT)</b>	<b>Score</b>
	1,000-5,000	a
	5,001-10,000	b
	10,001-15,000	c
	15,001-20,000	d
		<b>Client Score</b>
3)	<b>Teacher-Student Ratio</b>	<b>Score</b>
	1:50 or more	a
	1:40	b
	1:30	c
	1:20	d
	1:10 or less	e
		<b>Client Score</b>
4)	<b>Total Schooling Year</b>	<b>Score</b>
	Below 10 years	a
	14 years	b
	16 years or more	c
		<b>Client Score</b>
5)	<b>Type of land/building used for faculty</b>	<b>Score</b>

	Rent basis	a
	Own land	b
	<b>Client Score</b>	
6)	<b>Age of the Concern</b>	<b>Score</b>
	Less than 3 years	a
	3 to 7 years	b
	More than 7 years	c
	<b>Client Score</b>	
	<b>Score obtained in percentage (%)</b>	0
	<b>Poor</b>	0
	<b>Score definition</b>	<b>Score</b>
	<i>Satisfactory</i>	10
	<i>Above average</i>	8
	<i>Average</i>	6
	<i>Below average</i>	4
	<i>Poor</i>	2

# Appendix 3

Risk Review Matrix		
Beverage Industry		
	<b>Name of the Client:</b>	
	<b>Visit Date (dd/mm/yy):</b>	
	<b>Finance Amount (on BDT):</b>	
<b>1</b>	<b>Size of business (Annual sales in BDT)</b>	<b>Score</b>
	< 100 million	a
	101 to 500 million	b
	501 to 1000 million	c
	1001 to 1500 million	d
	1501 to 2000 million	e
	> 2000 million	f
	<b>Client Score</b>	
<b>2</b>	<b>Type of bevarage produced (1. Cola and Non-Cola, 2.Energy Drink 3.Fruit flavoured juice &amp; Drink, 4. Bottled Mineral water)</b>	<b>Score</b>
	Only one type among the above	a
	Any three type	b
	Any two type	c
	All three categories are produced	d
	<b>Client Score</b>	
<b>3</b>	<b>Total number of distributor</b>	<b>Score</b>
	Less than 200	a
	200 to 400	b
	More than 400	c
	<b>Client Score</b>	
<b>4</b>	<b>Control of Input</b>	<b>Score</b>
	Price of input are moderately volatile	a
	Poor availability of inputs	b
	Quality of input is subject to uncertainties	c
	Very few sources of input	d
	Absence of significant variations in availability of inputs	e
	<b>Client Score</b>	
<b>5</b>	<b>Production facility &amp; TQM</b>	<b>Score</b>
	Modern technology without TQM & ISO certified for all product.	a
	Modern technology without TQM. But ISO certified for one product.	b
	Modern technology without ISO certified for all product. But TQM is present	c

	Modern technology with TQM & ISO certified for one product.	d
	<b>Client Score</b>	
6	<b>Advertising &amp; marketing</b>	<b>Score</b>
	Management is relaxed on marketing issues no advertisement or promotional activity has been undertaken	a
	Management is relaxed on marketing issues few steps has been taken as promotional activity	b
	Management is proactive on marketing issues Major steps like advertisement in media and other promotional strategy has been undertaken.	c
	<b>Client Score</b>	
	<b>Score obtained in percentage (%)</b>	0
	<b>Poor</b>	0
	<b>Score definition</b>	<b>Score</b>
	<b>Satisfactory</b>	10
	<b>Above average</b>	8
	<b>Average</b>	6
	<b>Below average</b>	4
	<b>Poor</b>	2

## Appendix 4

Risk Review Matrix		
Private Universities		
	<b>Name of the Client:</b>	
	<b>Visit Date (dd/mm/yy):</b>	
	<b>Finance Amount (on BDT):</b>	
	Below 30 crore	a
	30.01 to 40 crore	b
	40.01 to 50 crore	c
	50.01 to 60 crore	d
	60.01 to 70 crore	e
	70.01 crore & above	f
	<b>Client Score</b>	
2)	<b>Number of Faculty</b>	<b>Score</b>
	3	a
	4 to 5	b
	6 or more	c
	<b>Client Score</b>	
3)	<b>Type of land/building used for faculty</b>	<b>Score</b>
	Rented	a
	Own land	b
	<b>Client Score</b>	
4)	<b>Age of the University</b>	<b>Score</b>
	Less than 3 years	a
	3 to 7 years	b
	More than 7 years	c
	<b>Client Score</b>	
5)	<b>Group support</b>	<b>Score</b>
	Absence of any group support	a
	Presence of group with a minimal/no support	b
	Presence of group with strong support	c
	<b>Client Score</b>	
6)	<b>Teacher-Student Ratio</b>	<b>Score</b>
	1:50 or more	a
	1:40	b
	1:30	c
	1:20 or less	d

		<i>Client Score</i>		
7)	<b>Average Tution Fees (per credit)</b>	<b>Score</b>		
	Less than BDT 2,000	a		
	BDT 2,001 - BDT 3,500	b		
	BDT 3,501 BDT 5,000	c		
	BDT 5,001 - BDT 6,500	d		
	BDT 6,501 & Above	e		
		<i>Client Score</i>		
8)	<b>Presence of: (Type "Y" for yes &amp; "N" for no)</b>	<b>Score</b>	<b>No</b>	<b>Yes</b>
a.	Board of Trustees		N	Y
b.	Syndicate & academic council		N	Y
c.	Dean of faculties		N	Y
d.	Institute		N	Y
e.	Curriculum committee		N	Y
f.	Finance committee		N	Y
g.	Teacher recruitment committee		N	Y
h.	Discipline committee		N	Y
i.	Tution fees of the students & salary of the teachers are approved by UGS		N	Y
j.	Location of the University Campus is approved by government		N	Y
		<i>Client Score</i>	0	
9)	<b>Color/signal by the Government</b>	<b>Score</b>		
	Red	a		
	Yellow (3)	b		
	Yellow (2)	c		
	Yellow (1)	d		
	Green	e		
		<i>Client Score</i>		
<b>Score obtained in percentage (%)</b>		0		
<b>Poor</b>		0		
<b>Score definition</b>		<b>Score</b>		
<b>Satisfactory</b>		10		
<b>Above average</b>		8		
<b>Average</b>		6		
<b>Below average</b>		4		
<b>Poor</b>		2		