

AN INTERNSHIP REPORT ON LOAN AND ADVANCE OF AGRANI BANK LIMITED

By

Md.Shadman Ali
ID: 16304056

An internship report submitted to the Department of BBA in partial fulfillment of the requirements for the degree of Bachelor in Business Administration

BBA Department
Brac University
September 2022

© 2022 Brac University
All rights reserved.

Declaration

It is hereby declared that

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

Student's Full Name & Signature:

Md. Shadman Ali

Student ID: 16304056

Supervisor's Full Name & Signature:

Co Supervisor's Name: Raisa Tasneem Zamaan

Designation:

S. Lecturer

BRAC University

Letter of Transmittal

28th September, 2022

Ms. Rahma Akhter

Senior Lecturer

BRAC Business School

BRAC University

Dear Madam,

I have finished my internship report at Agrani Bank Limited as per your instructions. My work focused on the bank's lending and advance policies.

I've used the format you provided and included the suggestions you made throughout our talks. During my internship at Agrani Bank Limited, I was introduced to several facets of the banking sector and gained extensive knowledge of the loan disbursement process. I appreciate the chance to complete my internship report and do my best to live up to your high standards.

Sincerely yours,

Md. Shadman Ali

ID: 16304056

Literature

The bank is one of the many financial institutions available. However, a bank is separate from other businesses in that it accepts deposits from customers and loans money to those same customers. Consequently, banks serve as middlemen between savers and those in need of loans. The bank's liability for depositors' funds. The bank's interest rate can only remain at a high level if deposits are kept (Shelagh, 2005).

The bank keeps financial records, including a balance sheet, income statement, and other accounts, so that its financial health may be monitored and evaluated. Customer deposits are the bank's primary funding source. On the books, deposits show up as a liability. The bank puts these funds to use in several ways. That's money in the bank's vault. Bank capital is the difference between a bank's total liabilities and assets. To counter this, financial institutions have been raising their capital by issuing bonds and stock (Casu, 2006).

A reliable financial institution serves as a community's economic nerve center and provides aid in every way it can. Financial institutions like banks are vital to the growth of economies everywhere. To get insight into the inner workings of an organization, financial analysts synthesize and summarize financial and operational data. In terms of profitability, service quality, customer happiness, and other metrics, a bank's financial performance may be defined as the level of success the bank has achieved. That's according to research (Mustafa, 2017).

Acknowledgement

There is more to putting up a comprehensive report book than just the writers and preparers. When one or more persons compile data from several sources for a report, they need the help of numerous other people and organizations. I am grateful for the chance to write a report on the topic of "Loan and advance" for my internship. Sincere appreciation goes to my instructor in the business administration department at BRAC University, who helped me immensely with the analysis and preparation of this report by giving me with a wealth of relevant, up-to-date data.

In conclusion, I'd want to express my appreciation to everyone who assisted me, whether directly or indirectly, throughout my internship report research.

Executive Summary

Internship is a great way to get practical experience while also expanding one's horizons intellectually. As part of my internship, I was able to get experience in the banking industry at Agrani Bank Limited. The purpose of this internship report is to provide an in-depth analysis of the loans and advances department of Agrani Bank Limited. Sections of the report are provided for easy reading. The sections include an introduction, a summary of Agrani Bank Limited (ABL), an account of the intern's duties and experiences, a discussion of loans and advances, an examination of the information collected, a discussion of the results, a proposal for future action, and a list of references. When it comes to Bangladeshi government banks, Agrani Bank Limited is among the biggest. The primary goal of the Bank is to provide all types of banking to the public. When it comes to approving loans and advances, this bank strives to provide superior customer service.

Table of Contents

Chapter 1: Introduction	9
Background of the Report:	9
Objective	9
Scope.....	9
Methodology	9
Data collection method	10
Data source	10
Data Analysis Tool:	10
Significance of the study:	10
Limitation of the report	11
Chapter 2:.....	12
Company overview	12
History of ABL.....	13
Mission.....	13
Vision	13
Objectives.....	13
Slogan of Agrani Bank Limited	14
Organogram of Agrani bank:	14
Competitive analysis:	15
SWOT Analysis:.....	15
Difference between government bank and private bank.....	16
Chapter 3: Details of loan section:	18
Theoretical Overview of Loans and Advancements.....	18

Conceptual framework:	25
Chapter 4: Loan sanction	26
Loan Sanction process:	26
Loan proposal process:	26
Client evaluation:	27
Security evaluation:	27
Documents required:	27
Major decisions:	28
Loan disbursement process:	29
Loan recovery process:	30
Chapter 5: Internship experience:	32
Chapter: 6	33
Analysis of Loan & Advance provided by Agrani Bank	33
Chapter 7: Recommendation and Conclusion	38
Recommendation:	38
Future scope and limitations	39
Conclusion	40
Reference:	41

Chapter 1: Introduction

Background of the Report:

Internships are required for students pursuing a Bachelor of Business Administration. A student must participate in the Internship program before graduating. Since classroom discussion alone is not enough to fully prepare a student for the challenges of the business world, this program gives students a chance to get exposure to the actual world of business. Interns are also expected to provide a report that encapsulates their research, discoveries, and newfound expertise as a result of their time in the program. This report serves as a foundational assignment for BBA students in the BBA program at BRAC University. Each part of the program has its own distinct purpose and duration. Project work including a specific issue or problems that meet the Intern's area of specialty and organizational demand; and acquainting the Intern with the organization, its function, and performance.

Objective

The main objective of this report is to understand how the Agrani Bank handles its loan and advancement departments and analyze the different types of loans and advancements provided by the organization and it is doing on the market.

Scope

Information is gathered from ABL's Babubazar Branch office, which is part of a distinct department inside the company. The banking industry and related accounting procedures are the focus of this paper. This report's purview, therefore, extends to all of the operations and accounting procedures at the government bank in question as seen through the lens of ABL.

Methodology

The report is the result of a descriptive research strategy. Business Research Methods, Seventh Edition, by William G. Zikmund defines descriptive study as "a sort of conclusive research whose principal purpose is to produce a description of anything"; in this case, a market's features or functions. Everyone must abide by the rules and regulations set out to ensure a smooth and accurate research. Both primary and secondary sources are used throughout this work. The following are the specifics of the action plan:

Data collection method

The majority of the research for this study will consist of interviews with relevant individuals and observation of processes and procedures. Formal and casual conversation will be used to conduct the interviews. The use of a structured questionnaire has been used for the interview.

Data source

The report's information and data gathered from both primary and secondary sources.

Primary:

To gather the data in the primary section I have conducted face to face interview with some of the officials and office in charge.

Secondary:

Apart from the primary section there are some secondary sources are being used those are given below.

- Annual report of Agrani Bank Limited
- Different manuals and publications of Agrani Bank Limited
- Different manuals and publications of Bangladesh Bank.
- Unpublished data (daily, monthly and yearly statements, ledgers) received from different section
- Official web site of ABL

Data Analysis Tool:

For the data analysis I have used Excel and different charts to reflect the key findings in my report.

Significance of the study:

Information is gathered from a variety of sources, including the Babubaza Branch office and other ABL divisions. The value of this report is so much based on the accounting procedures and banking operations. According to what has been said, the purpose of this report is to examine the general operations, accounting policies, and procedures of the government bank in light of ABL.

Limitation of the report

The scope of this study may be limited, as is the case with every research project. However, despite extensive collaboration from bank representatives, I find the following to be the study's primary limitations.

- Access to data has been a major hurdle because of the study's need for in-depth examination. Since ABL is a government bank, I was unable to utilize key crucial ABL internal data that might have major implications for the banking system in Bangladesh as a whole. Accordingly, I was unable to use this private data into my report.
- Since just a small percentage of bank employees are accounting savvy, most of the officials are unable to give me a thorough briefing.
- A second issue is that it causes a great deal of uncertainty when trying to confirm information after interviewing many people.
- Since this is the first research of its kind that I have conducted, my lack of prior expertise is one of its major limitations.

Chapter 2:

Company overview

Agrani Bank Limited was established on March 26, 1972 by the merging of two defunct Pakistani banks, Commerce Bank and Habib Bank (Kashem, 2022). The Bangladeshi government owned the whole bank. The Agrani Bank board consisted of twelve directors, chaired by a chairman. The Agrani Bank Limited was incorporated on May 17, 2007 as a Public Limited Company with the intention of acquiring the operations, assets, liabilities, rights, and responsibilities of the Agrani Bank, which had been established as a nationalised commercial bank in 1972, shortly after Bangladesh's independence from Pakistan. The bank is a leader in Bangladesh's commercial banking industry, with 879 branches strategically located in almost all of the country's commercial cities. The Vendors Agreement was signed between the Ministry of Finance, Government of the People's Republic of Bangladesh, on behalf of the former Agrani Bank, and the Board of Directors of Agrani Bank Limited on November 15, 2007, with retroactive effect from July 1, 2007, allowing Agrani Bank Limited to commence operations as a going concern on that date. Each of the thirteen (thirteen) Board of Directors members of Agrani Bank Limited reports to the Chairman of the Board. The Bank is headed by the MD&CEO, who is assisted by the Deputy MD&CEOs and General Managers (Yesmine, 2022). There are 879 branches in all, 27 of which are corporate offices and 40 of which are AD (authorised dealer) offices. Additionally, there are 11 Circle offices, 25 Divisions in the main office, and 62 Zonal offices.



History of ABL

The Bangladesh Bank's Order 1972 established Agrani Bank in 1971 to assume the East's assets and liabilities, but Habib Bank Ltd. continued to operate independently. And the Bank of Commerce, Ltd. Having operations in what was then East Pakistan. With its headquarters in Dhaka, the bank launched with 249 branches around the country (Moon, 2022). As a general rule, it shifted its focus from catering to a privileged clientele to serving the needs of the general public. Since the country's financial system was weak and local businesspeople had failed to set up a reliable banking infrastructure in advance of independence, the newly formed government faced serious economic difficulties. Since it is one of the major nationalized commercial banks, Agrani Bank is responsible for developing its presence in the country's outlying regions. Currently, the bank has 561 out of a total of 891 branches situated in rural regions, with as many as 29 of those programs aimed specifically at rural residents. As part of my internship at Agrani Bank Ltd, I worked at the Babubazar Branch, which reports directly to ABL's headquarters. I learned a lot about the financial and non-financial performance of Agrani Bank Ltd. while having a great time working with the youthful, competent, and professional staff. Bangladesh.

Mission

The bank's long-term goal is to achieve an "international level of efficiency, quality, sound management, customer service, and strong liquidity" and "international level of leadership" among Bangladesh's state-owned commercial (Agranibank, 2022).

Vision

To do business in an honest and forthright manner within the strict restrictions imposed by our regulators, and to incorporate the ideas and lessons learned from best practices into our own business operations for the benefit of our customers and staff (Agranibank, 2022).

Objectives

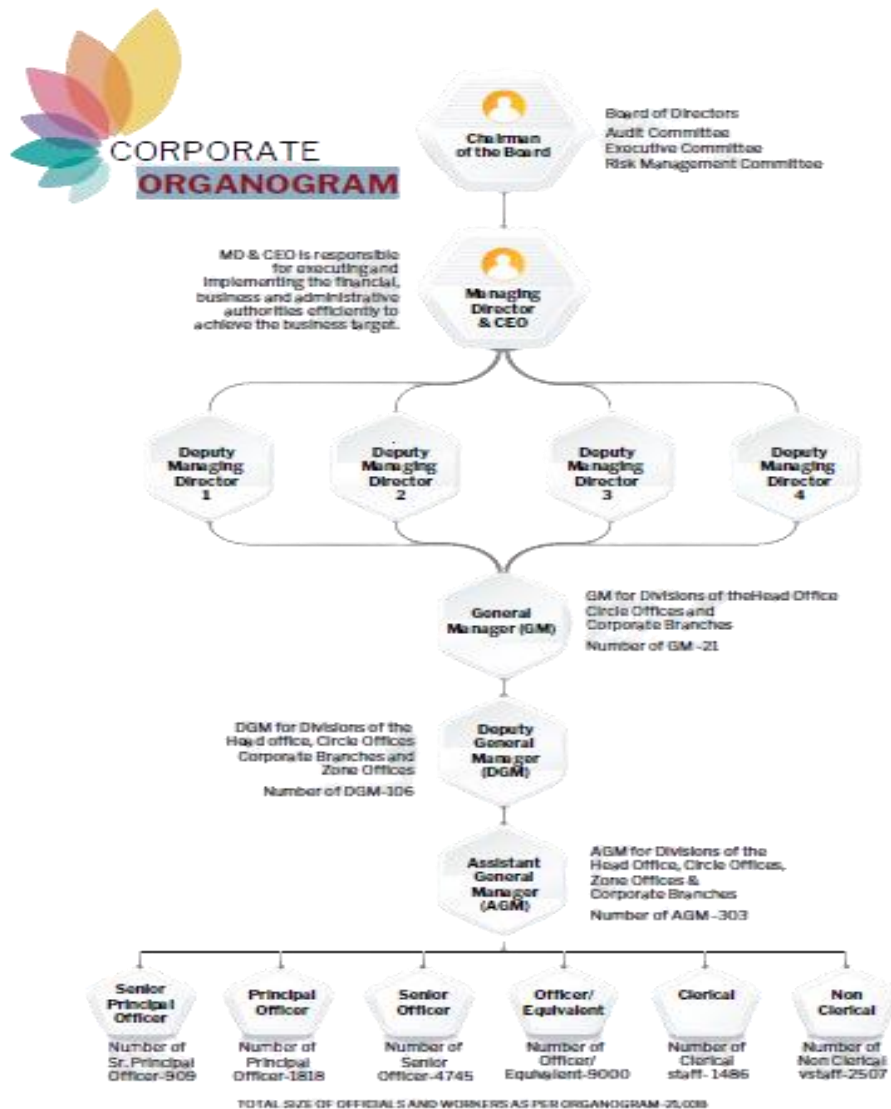
- Winning at least 6.50 percent share of deposits and 5.50 percent share of loans and advance of Bangladesh market. .
- Gaining competitive advantage by lowering overall cost compared to that of competitors. Overtaking competitors by proving quality customer service.
- Achieving technological leadership among the peer group.

- Strengthening the Bank’s brand recognition.
- Contributing towards the economic well-being of the country by focusing particularly on SME and agricultural Sectors.
- Strengthening research capability for innovative products.

Slogan of Agrani Bank Limited

The Slogan of Agrani Bank Limited is “Committed to serve the nation”

Organogram of Agrani bank:



Source: (Agrani Bank Annual Report)

Competitive analysis:

SWOT Analysis:

An organization's strengths, weaknesses, opportunities, and threats are analyzed in depth in a SWOT analysis. To put it another way, this enables the company to achieve progress along their current performance line and to plan forward for the future with an eye on outperforming their rivals. Because of its usefulness in assessing the present state of the business, this instrument may be an integral part of the strategic management process.

Identification of Strengths, Weaknesses, Opportunities and Threats of the Organization

Strength.

- The Agrani Bank is equipped with a dedicated research department.
- Agrani Bank's reputation among its clientele is already high.
- In order to ensure that every employee at Agrani Bank is able to give the highest possible level of service, the bank provides its staff with outstanding and continuous training.
- Possibilities for varied reward structures and low transaction fees

Weakness:

- There are several places where employees lack motivation.
- The advertisement for Agrani Bank is not very compelling.
- Lack of proper advertising
- There is a dearth of skilled workers in several departments at Agrani Bank.
- Credit facility procedures take too much time.

Opportunities:

- Agrani Bank has the potential to improve its services by using cutting-edge innovations.
- By providing a pleasant workplace, Agrani Bank is able to attract and retain a talented staff.
- A large number of outlets may be set up in outlying areas.

- The potential exists for its spread over the whole nation.

Threats:

- It's an issue that mergers and acquisitions in the banking sector are becoming a global trend.
- The constant depreciation of the currency and the fluctuations in the value of other currencies are problematic.
- Many new banks offering innovative products and services are entering the market.
- The government is always enforcing more stringent restrictions.

Difference between government bank and private bank

- Lenders from the private sector own the banks in the private sector. Private promoters oversee and govern private banks, and these promoters are unrestricted in their ability to respond to market conditions (Thamae, 2022).
- Private banks often have somewhat higher interest rates than their public sector counterparts. Private banking was the first kind of banking to emerge. Private banks are often seen as multinational corporations. To better serve its customers, a private bank may provide traditional retail banking services. Both their customer service and investing options are superior than the competition. The majority of private banks' shareholders put a premium on short-term earnings. A common perception is that private banks have the most cutting-edge technology available.
- Since the government owns a sizable stake in public sector banks, it is able to exert substantial influence over these institutions. The choices are often made with the public good in mind. The primary objective of these banks is to engage in banking operations that are accessible to all segments of society. While a public bank looks at the big picture, a private bank prioritizes the here and now. These banks are mostly free from governmental oversight, although they get little in the way of administrative assistance from the state. The private sector banks have been employing the most advanced and cutting-edge technologies to remain competitive in the banking industry.

- If a bank and its assets are nationalized, we have a government bank. Financial institutions that have been nationalized are owned by the central government. When a bank is "nationalized," the government assumes operational management (Thomas, 2022). This might mean a shift in management or a new direction for the company as a whole. This is a popular practice in the western world, where banks often turn to it in times of crisis.
- More than half of the stock of a company must be owned by the government for it to be considered the main shareholder.
- A large number of private investors have a stake in private banks.
- Private banks are well-known for their superior service, which is reflected in their higher fees and services. However, their supplementary services come at an additional cost. Fees and services provided by government banks, on the other hand, are more affordable, particularly when it comes to keeping a positive bank balance. Many state-owned financial institutions are actively expanding their service offerings.

Chapter 3: Details of loan section:

Theoretical Overview of Loans and Advancements

Loan

A loan is the provision of money, products, or services to a debtor in return for future payment of principal plus interest and sometimes additional financing charges (Krasniqi, 2022). Both fixed loan amounts and revolving credit lines up to a certain maximum are available. Personal loans, business loans, secured loans, and unsecured loans are just a few examples.

When one is short on cash, he approaches financial institutions like banks and corporations for loans. Lenders may need him to give his financial history, Social Security number (SSN), and other information, although their requirements may differ.

The debt-to-income ratio is one factor that lenders consider when deciding whether or not to provide a loan. The application is the basis on which the lender makes their decision to grant or refuse the loan. There must be an explanation from the lender if the application is turned down.

Advances

Finance is given by banks in the form of advances to businesses for the purpose of meeting their immediate cash flow needs. As a credit facility, it must be returned within a year in accordance with the Reserve Bank of India's lending terms and conditions and the programmes of the relevant bank. Advances are returned in the same way as loans are. A loan is a kind of credit that may be repaid in monthly or annual instalments, whereas advances are often short-term forms of credit that are due within a year (Pilloni, 2022). These two phrases are synonymous in the current lesson, though.

Loans Provided by Banks

Nearly all banks in Bangladesh provide their customers some kind of credit or loan to alleviate financial hardship and improve their quality of life. A variety of enticing deals are available from banks in exchange for clients paying a minimal amount of interest. All bank loans are detailed here.

Business Loan: Loan contracts between company owners and financial institutions or individuals who invest in the firm are known as business loans. To get off the ground and begin making a profit, or to support ongoing operations, businesses need funding. Money is available in advance from banks and other lenders, provided it is repaid on time and with interest (Javeed, 2022). Various outstanding company ideas may be funded via a variety of channels, each with its own set of advantages and drawbacks depending on the source of the money and the length of time given to repay the investment.

- **Term Loan:** One such loan is a term loan. They represent the standard concept of a loan. The "term" of the loan is the time frame in which the loan is granted and repaid. Different types of term loans may have terms ranging from one year to twenty-five years or more. Lenders consider the health of the borrower's company and the borrower's credit standing when deciding on a term length.
- **SBA Loans:** Faced with competition from multinational conglomerates, small firms have a tough time. Starting any kind of business, no matter how modest, from the ground up may be challenging. SBA Loans are the government's approach of helping out small companies in this situation.
- **Fixed-asset loans:** If the borrower of a loan agrees to pledge an asset as collateral, the loan is considered secured. The asset serves as security for the loan and may be in the form of stock, equipment, or other property (Zulfiqar, 2022). In the case that the borrower fails to repay the loan and interest, the lender will be entitled to repossess the asset.
- **Bank line of credit:** A business line of credit is a sort of debt financing that differs from a traditional loan in a number of ways. A bank line of credit functions more like a credit card for a company, only without the associated plastic card, in that the borrower may use the line of credit whenever necessary and repay it over time. The company just borrows the amount it needs, so there's no danger of overspending on interest.

Car Loan: Consumers may often take out loans in order to finance the acquisition of automobiles. These loans go by a variety of names, including car loans, auto loans, and automotive loans. The

term "loan" is often used to describe the act of lending money to another party, whether it be a person, a company, or any other legal body. Lender refers to the person providing funds, while borrower refers to the party receiving those funds. A borrower who obtains a loan promise to repay the principal (the actual money borrowed) plus interest (a rate of return on the loan's principal, commonly expressed as a percentage and computed on an annualised basis) by a certain date.

Consumer Loan: A consumer loan is a loan issued to customers to fund certain sorts of expenses. Simply put, any credit extended to an individual is considered a consumer loan. Either the borrower's assets or the lender's collateral might be used to secure the loan (not backed by the assets of the borrower).

Education Loan: In order to cover the costs of attending college or university, many students take out education loans. Loans for higher education may cover not just expensive courses, but also the cost of essentials like room and board and books and supplies. Interest rates on school loans tend to be lower than those on other forms of loans, and repayment is often postponed until after graduation.

Home Loan: As opposed to commercial or industrial property, homes are the most common collateral for mortgage loans, which may be obtained from a variety of financial institutions. For the duration of the loan, the property's owner (the borrower) transfers ownership to the lender, with the understanding that it would be returned to the borrower after all payments and other conditions of the mortgage have been fulfilled.

Overseas Job Loan: For people who are not able to go overseas due to financial crisis but are promising candidates for overseas jobs are given overseas job loans. The bank ensures that the person does (Ramesha, 2022).

Personal Loan: Money borrowed as a personal loan might be used to any number of uses. Personal loans may be used for everything from debt consolidation to house improvements to wedding expenses. You may get a personal loan through a bank, a credit union, or even a website. Loans are debts that must be returned over a period of time, usually with interest. The expenses associated with obtaining a personal loan might vary from lender to lender.

Loan products provided by Agrani Bank

Agrani bank is one of the oldest banks that has been active in the market. It is also one of the most established banks around the country in terms of stability and the profit margins. So, it is normal that the company excels in providing different types of loans. The loans that are currently offered by Agrani Bank are:

Continuous Loan: Continuous Loans are those in which the borrower is not required to reveal the loan's intended use and, as a result, no hypothecation is placed on the collateral to be used as payment. The different continuous loans that are provided by Agrani Bank are:

- Cash Credit (Hypo)
- Cash Credit (Pledge)
- Secured Overdraft (SOD)

Term Loan: Borrowers get a large quantity of money up front in return for agreeing to certain loan conditions with a term loan. Term loans are often reserved for more established small firms that can demonstrate a solid financial foundation. In return for a predetermined loan amount, the borrower accepts either a fixed or variable rate of interest and a repayment plan. Different types of term loans that are provided by Agrani Bank are:

- Industrial Credit (IC)
- Housing Loan (General & Commercial)
- Consumer Credit
- Loan for Overseas Employment
- Weavers' Credit

Rural and Agro Credit: There are different types of loans that are given to the rural and Agro people for the betterment for the country's rural side. These loans are usually called the rural and agro credit. The rural and agro loans provided by Agrani Bank are:

- Crop Loan
- Fishery Loan

- Animal Husbandry Loan
- Agri Machinery Loan
- Rural Transport Loan
- Swanirvar Loan
- Poverty Alleviation Loan

Personal Loan: Personal loans is the loan scheme through which Agrani bank provides loans to every person who is an employee of the bank or the people who get their salaries through this bank.

The personal loan scheme has its own requirements. Such as the loan will be applicable for any salaried person in Agrani Bank Limited. The limit of this loan is 20 lacs. The age limit for this loan is 18-55 years and the rate of interest on this loan is 9%. The major benefit the loan will be able to provide is that the loan can be sanctioned without any securities and the processing of this loan is very easy due to which a lot of consumers are willing to take this loan (agranibank, 2020).

Any purpose Loan: Any purpose loan scheme offers the loans to people other than the regular employees and users of Agrani Bank. This scheme offers loans to people who have been a service holder for at least five years. The limit for this loan is up to 3 lacs and is needed to be repaid within the two first two years of the loan being sanctioned. The rate of interest for this loan currently is also 9%. But in order to get this loan the clients will need a personal guarantee and a guarantee from a solvent person.

Freedom Fighters Loan: Freedom fighters' loan is a loan that is actually sanctioned to the freedom fighters who avail the subsidies provided by government from the Agrani Bank. Not only this, the sons and daughters of the freedom fighters can also avail this loan. The loan limit of this scheme is up to 12 lacs and the rate of interest at present is 8%. The people taking this loan needs to repay the loan within 7 years (agranibank, 2019). Moreover, the loan processing of this scheme is also easy in order to help the freedom fighters.

Loan against pension vata of retired govt. Officer/staff: Agrani Bank also provides loans to the retired government officers against their pensions. But still the loan has an age limit of 65 years.

The people who take the loan needs to provide an interest rate of 9%. The loan limit is up to 5 lacs and it will be adjusted from the pensions that the person gets from the government. As this loan is easy to collect there is not actually much of a complex loan processing in this scheme.

Loan for overseas worker: This is a special loan scheme of Agrani Bank which provides the workers who live in overseas or the workers who are willing to go to the abroad for working. Anyone with a current work visa for another country is eligible for this loan, as do those who want to relocate for employment overseas. People who have finished or partly completed Passport, Training, Visa, Health Exam, Smart card, and Airline Ticket are also eligible to apply for this loan. The age limit for this loan is 18-50 years and this loan can be limited to 50 thousand to 3 lacs. This loan is needed to be repaid within 15-18 months and has an interest rate of 9%. The loan also needs a personal guarantee of client's close relatives who is present in the country.

Green Banking Finance: This loan scheme assists in obtaining money for initiatives, businesses, industries, and technology that promote environmental sustainability. Solar home systems, micro grids, irrigation pumping systems, biogas plants, hydropower plants, plants that recycle PET bottles, make LED bulbs, recycle solar batteries, treat effluent, etc. Collateral security, a guarantee from you or your company, and postdated checks are needed for this loan. This loan also has an interest rate of 9%.

Short Term SME Loan: Short term SME loan is a type of loan that is given to the small businesses for a small period of time. The person who is taking this loan needs to have 3 years prior experience and the age limit of getting this loan is 18-60 years. The person can get up to 3 lacs of loan and needs to pay a 9% of interest rate ((agranibank, 2021). The loan must be repaid within years period through installments and needs a personal guarantee and guarantee of a solvent person. Different SME loans that are provided by the Agrani Bank are:

- Service Sector Loan
- Trading Sector Loan
- Manufacturing Sector Loan
- Women Entrepreneurs Loan

Import Finance: Import finance is the loans that are given to the businesses who import products from outside of the country. Usually, banks help these businesses and the government also encourage the banks to help these businesses as they play a vital role in the country's GDP. Some of the loans of this category Agrani bank provides are:

- Loan Against Imported Merchandise (LIM)
- Loan Against Trust Receipt (LTR)
- Payment Against Document (PAD)

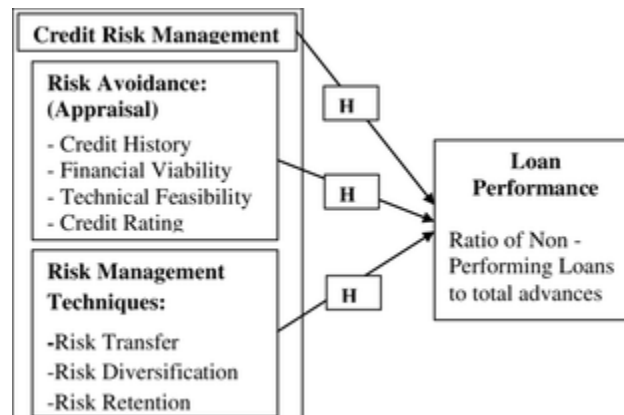
Export Finance: In order to export products to different countries, businesses need a lot of funds and helps from the government and banks. The loans banks provide to these businesses are called Export finance. The government encourages these loans the most as they bring all the foreign currencies to the country which one of the major elements of a country's economical growth.

- Export Cash Credit
- Packing Credit (PC)
- Local / Foreign Bills Purchased (FBP)
- Loan Against Export Development Fund (EDF)
- Advance Against Cash Incentive (Subsidy, Assistance)

Other Loan Products: There are some other loan products that Agrani Bank provides to different types of consumer bases. They are:

- Agrani Bidesh Jawar Loan (ABJL)
- Green Finance

Conceptual framework:

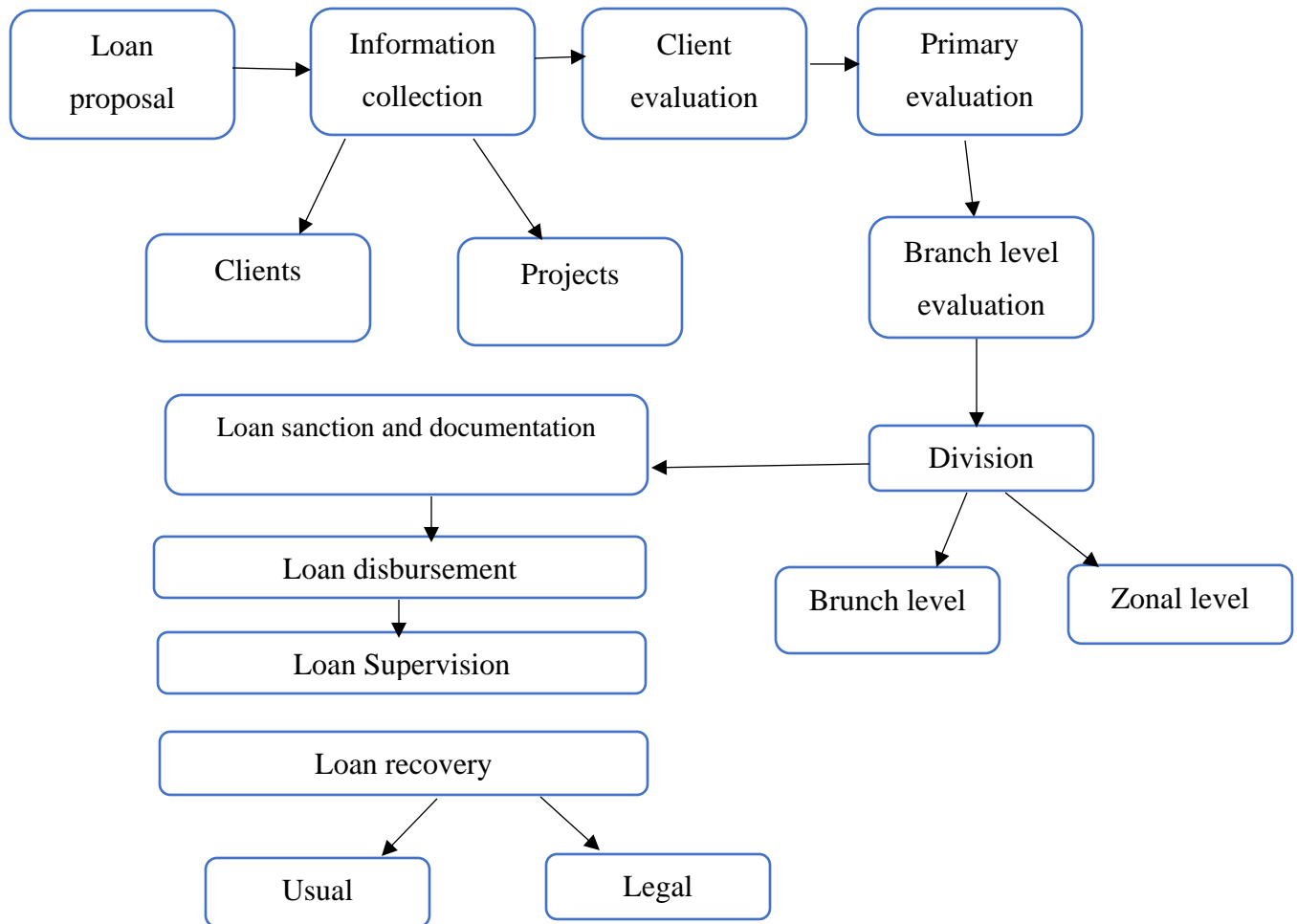


There are some factors that directly or indirectly influence the loan and advancement section. In the organization ABL two different criteria impacts the loan performance of the organization. Those are loan avoidance and the loan risk management technique. In the loan section risk management is very important because without proper risk management the organization will not be able to circulate the money and gain profit. Although the branch in Babubazar has a specific team who are busy with the risk management and minimization forecasting. On the other hand, they also try to find out the policies by which the organization can easily avoid the risk. This reflects in the success of the loan and advancement section.

Chapter 4: Loan sanction

Loan Sanction process:

In order to be eligible for a loan from ABL, a borrower must first become a customer of the banking institution. A complete application includes explaining why and how much of a loan is required, as well as the applicant's ability to pay it back.



Loan proposal process:

People who have shown themselves as creditworthy to the bank are given access to lending facilities. The management team's profit-seeking prowess and the project's credibility and financial viability are key factors in determining a client's creditworthiness. The loan is given to the customer if and only if the bank is pleased with all of these. It is important to note that the customer

must go through an interview process in which his loan potential is justified via critical observation (Mumpuni, 2022). Once the loan officer has determined that the client is a good candidate for a loan, the consumer will be requested to submit an application and fill out a form.

Client evaluation:

A client's chances of receiving credit from a bank depend on the Credit Officer being happy with his or her credit worthiness, financial capabilities, managerial skills, and the project's viability, all of which are determined by a credit evaluation of customers in a defined form. The "credit appraisal form" serves as the tool used in the process of evaluating a client's creditworthiness. Project financing places a premium on ratio analysis. On the other hand, the capacity to repay and creditworthiness of the customer are the primary considerations when approving a loan of medium grade. If you're applying for a loan of more than 50 lac, the lender will do a risk assessment using a standard form. The credit officer completes the required "Credit Proposal Form" in addition to the credit proposal. The credit risk is assessed by the credit officer. The approval of every credit proposal is contingent upon a thorough written evaluation. Before sending the facility request to the sanctioning officer, the proposing officer must make sure that all required proposal material has been obtained.

Security evaluation:

Whether the collateral is movable or immovable, a contemporary bank's fundamental role is to loan money against it. Banks produce papers to safeguard bank interest or bank money and bind the charge of such securities. Different types of securities and different kinds of charges need different sorts of paperwork. All legal documents must be signed and notarized. A bank's primary documents are charged documents because they allow the bank to place a charge on its payments.

Documents required:

- Letter of acceptance
- DP notes
- Letter of disbursement
- Letter of Continuity with a stamp of BDT. 300.00

- Letter of guarantee
- Letter of undertaking
- Letter of agreement
- Memorandum of deposit of title deed
- Balance confirmation sleep
- Revival letter
- Deed of hypothecation of goods
- Letter of Authority

Major decisions:

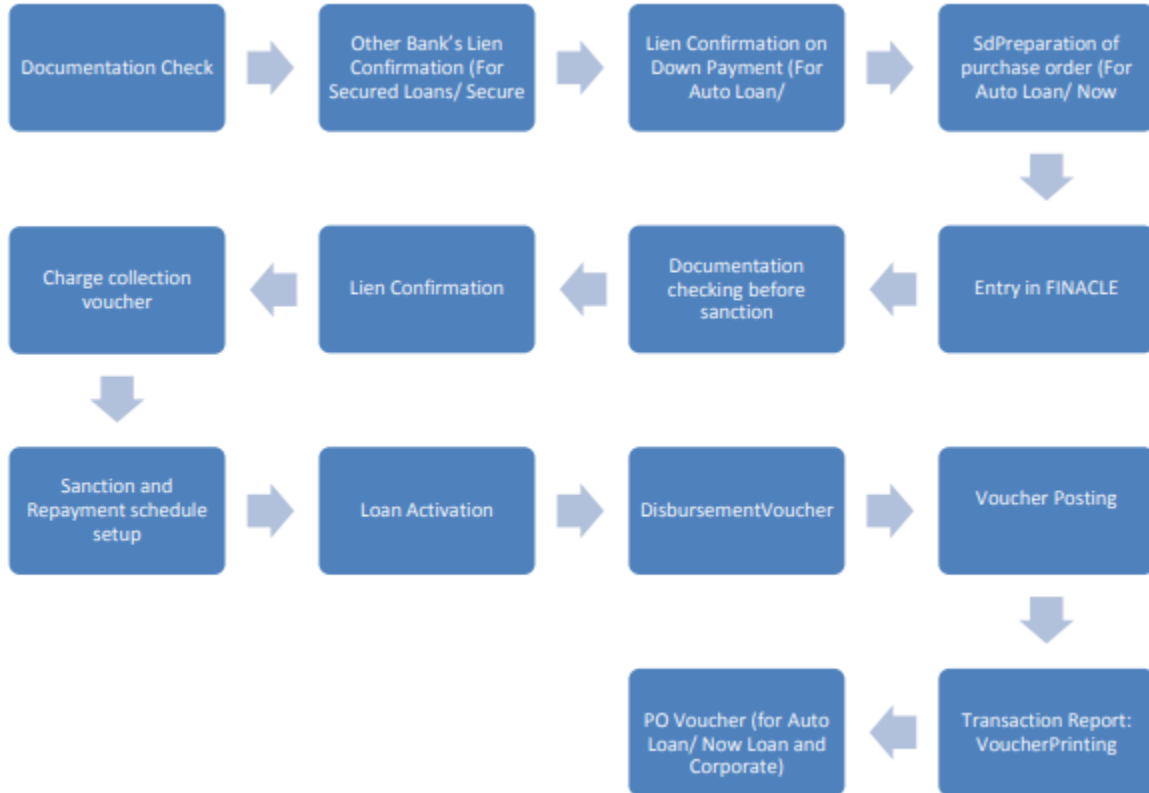
Branch Level:

The Branch Manager will act as the committee's head, and he or she will work with corporate to choose which employees will serve on the committee.

Zonal Office Level:

- Credit for regional offices in line with procedures set out and assigned by the Board of Directors.
- Conducting due diligence on loan requests and making lending decisions within the scope of power granted by the Board of Directors.
- Take stock of the bank's caring workers and figure out how to make them better.
- Making credit-related suggestions to the executive committee or board of directors, which are beyond the scope of your current responsibilities.
- Completeness of the required documentation for a credit application. Statements and supporting documents have been collected and organized for analysis.

Loan disbursement process:



Loan recovery process:

Through analyzing the fraud theory, we can determine the scope of the fraud landscape. Keeping this in mind, the organization is centered on the most common method used to identify fraud, the fraud triangle theory created by Donald R. Cressey (1950). The purpose of this study is to explore the elements that lead to corporate fraud and analyze the numerous fraud models that have been expansions of the fraud triangle theory.

When a problem loan is identified, the official in charge of it takes remedial action and makes every effort to reduce the loan's losses by granting the borrower more privileges. Agrani Bank's customer management procedures consist of the following steps:

- An honest exchange with the debtor
- Engaging a third person in conversation to uncover causal factors
- We are writing this "1st Reminder" to remind you of your upcoming payment deadline.
- After sending a "2nd Reminder" and a "3rd Reminder," if the other person still doesn't react, the letter will be considered a "For
- Loan terms should be renegotiated.
- Interest-rate capitulation

I interviewed 7 people with expertise on almost every sector of the bank. The experienced staff gives each credit proposal they submit the thorough examination that requires. When it comes to banking, the bank's slogan is "Prevention is better than cure." The bank will initiate contact with the relevant person and request the appropriate paperwork for processing. I had already gathered any and all appropriate Information. Also, from the interview it is being found that in recent years, fraud and forgery have emerged as serious problems. These have a significant influence on our economy and stunt its growth. Manager of the branch of Agrani Bank has given me the information that the bank always placed a premium on preventing and detecting instances of fraud and forgery via the implementation and maintenance of reliable control systems. These days, fraud and forgeries take many shapes. Agrani Bank has established a Vigilance Division/ MD's squad, which operates under the direct supervision of the Managing Director, to combat fraud and forgery. Independently responding to both internal and external fraud and forgery cases, this department

handles them all. Apart from that this section also conducts research, analyzes the root of the problem, and provides a report to the appropriate authorities. I also asked them about the bank's Internal Control & Compliance Division also houses a Compliance Department where the manager replied that the goal of the investigative team is to safeguard the bank and its stakeholders by determining who was responsible for the occurrence and why. The company or functional unit is advised on corrective actions to be taken, such as the implementation of process changes, the recovery of the stolen funds, the recalculation of the operational loss, and the initiation of appropriate action against the offender. The Board's Audit Committee also receives investigation reports for use in making decisions. Ample provisions have been kept in the books of account, and all incidences of fraud and forgery that were discovered in 2020 were reported to Bangladesh Bank in accordance with requirements. However, management is making every attempt to recoup the funds lost through fraud. Although from the interview from the loan section manager it was being found that the babubazar brunch has very low number of outstanding dues. Mainly they provide loans on the basis of house and other assets. As a result, most of the loans are being repaid by the clients.

Chapter 5: Internship experience:

I just finished an internship with a top government commercial bank in Bangladesh. For my internship report, I choose to focus on "Loan and Advances Management at Agrani Bank." This document is the result of an internship that lasted from June 8, 2022, to September 9, 2022, and it is based on the knowledge and skills acquired during that time. Over the course of that time, I worked for three different divisions. Operations, Clearinghouse, and Loan Management at a Bank. Working with the Babubazar Branch's management, I took in as much information as I could throughout my sessions. Things I have done through out mt internship days are given below:

- Processing new account openings
- Handling general banking facilities
- Cheque book charge facilities
- Actively work on loan and disbursement section
- Customer service duty also being done.

Chapter: 6

Analysis of Loan & Advance provided by Agrani Bank

1. Total Loan:

Total Loan provided by Agrani Bank during 2021 – 2017 are given below:

Year	2021	2020	2019	2018	2017
Amount	97,902	51,944	46,583	39,575	31,912

Source: Annual report Agrani bank

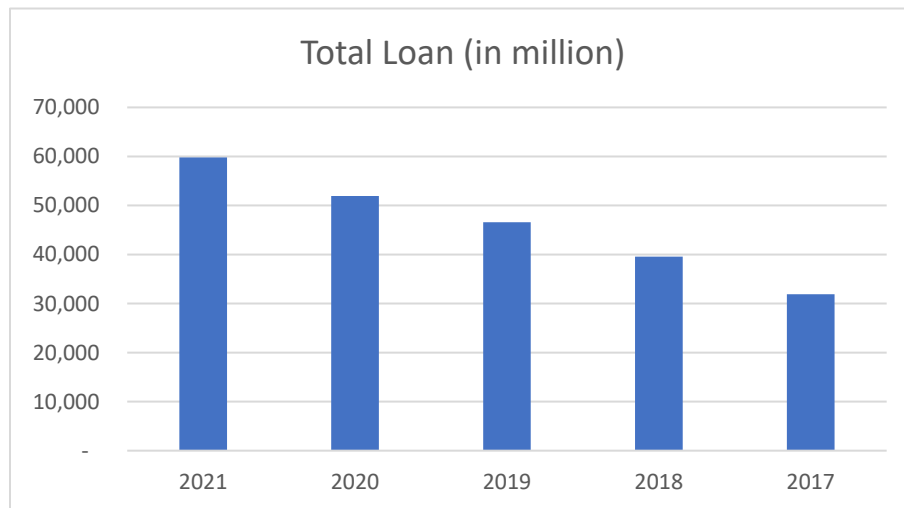


Fig 1: Total loan

2. Regional Loan and Advancement:

Regional Loan sanction percentage of 2020 is given below:

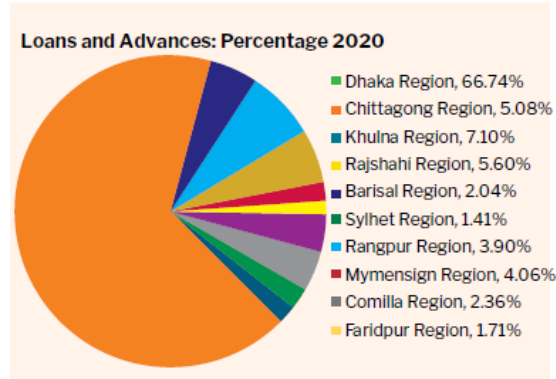


Fig 2: Loan and advance percentage 2020. **3. Rural Credit:** The rural credit provided during 2021 – 2017 by Agrani Bank is given below:

Year	2021	2020	2019	2018	2017
Amount	210	197	177	162	148

Source: Annual report Agrani bank

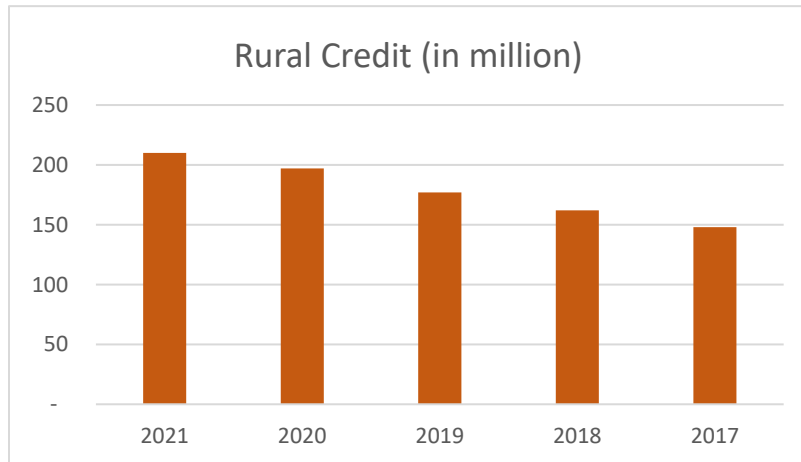


Fig 3: Rural credit

4. Weavers Credits: Weaver’s credit provided by Agrani Bank during 2021-2017 are given below:

Year	2021	2020	2019	2018	2017
Amount	5	13	7	7	7

Source: Annual report Agrani bank

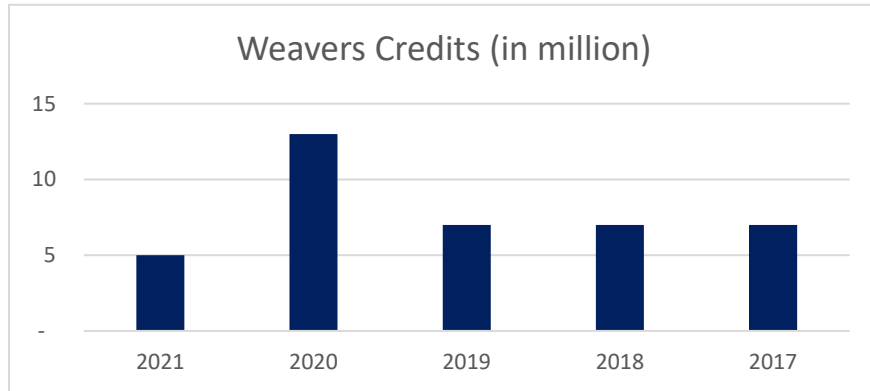


Fig 4: Weaver Credits

5. Industrial Credits: Industrial credit provided by Agrani Bank during 2021-2017 are given below:

Year	2021	2020	2019	2018	2017
Amount	1,555	1,380	1,209	9,864	8,747

Source: Annual report Agrani bank

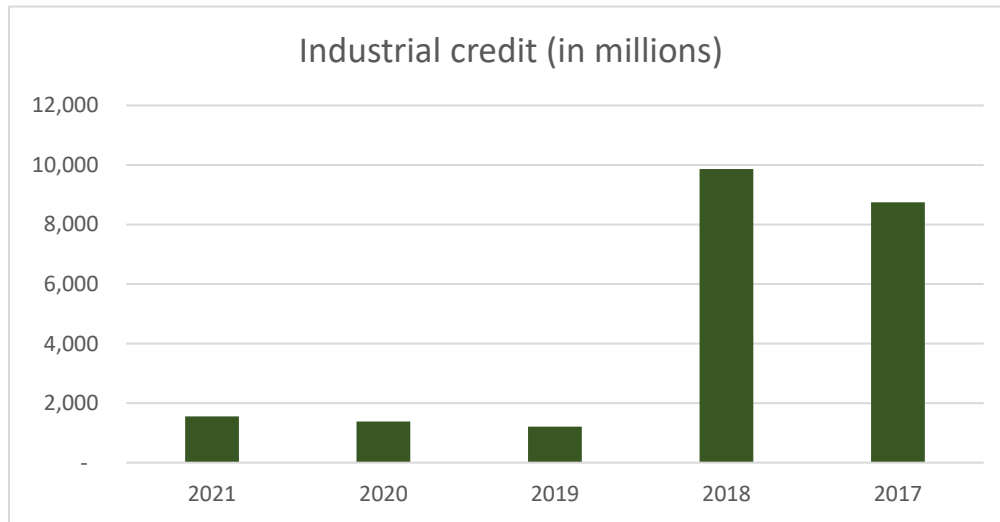


Fig 5: Industrial Credit

6. SME Sector Advances: SME Sector Advances provided by Agrani Bank during 2021-2017 are given below:

Year	2021	2020	2019	2018	2017
Amount	11,275	2,646	2,922	731	569

Source: Annual report Agrani bank

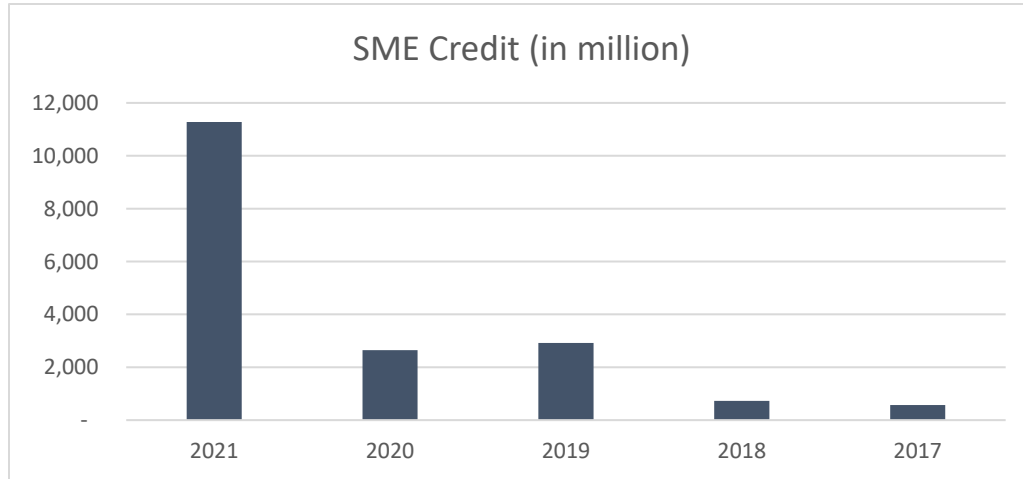


Fig 6: SME Credit

From 2017 to 2021, the total loan and advance of Agrani Bank shows an upward trend, indicating a higher performance in terms of loan and advance provision throughout this time period. The rural credit will continue to rise steadily from 2017-2021, whereas Weaver's credit is expected to remain relatively unchanged from 2017-2019. The Weaver's credit had a significant increase in 2020, but then a significant decline the following year (2021). After 2018, the amount of industrial credit has decreased, and the increasing rate is quite low until 2021. This can be seen in the figure that was just presented to you, which shows that there was an upward trend in the total industrial credit of Agrani Bank from 2017 to 2018. This trend indicates that the bank was more successful in providing loans and advances during this time period.

The final result indicates that the Babubazar Branch office of ABL has a very high loan return rate. This is due to the fact that they provide loans secured against tangible propitiates. Another one of their many advantages is that they handle the management of the risks associated with loan issues extremely capably.

Chapter 7: Recommendation and Conclusion

Recommendation:

The success of an organization in the banking industry is directly tied to the level of service it provides. That's why the higher-ups constantly need to be cognizant of how they're doing in terms of service. What follows are a few suggestions on how the bank may stand to improve.

These are only recommendations for how Agrani Bank Limited might better serve its customers and earn their loyalty; they should not be interpreted as binding choices. In light of the research and analysis, the following suggestions have been made:

- Long-term industrial loans have the highest lending limit. Additionally, the bank's clientele is restricted. Since this is the case, they are of little use to the national economy. For the sake of national economic development, they should spread their loans more widely among sectors including agriculture, forestry, fishery, and emerging businesses.
- To save time and prevent the potential loss of loan documentation, the loan sanctioning process should be streamlined via the use of automated systems.
- Students may be more motivated to contribute to the economy if banks offered them access to student loans, medical student loans, and so on. As well as a rise in the total amount of unsecured consumer and personal loans.
- For the sake of national development, the bank has to increase the diversity of its loan portfolio by providing capital to small businesses.
- For the borrower to be able to make debt payments, the law and order should make it simpler for the bank to liquidate the collateral.
- To remain competitive, the bank must adapt its approach to loans and advances in a responsible and adequate manner.
- To inspire its current and future consumers to take out loans, it has to ramp up its promotional activity. This will lead to less "class banking" since more loans will be available to new company owners, managers, and startups.

- The bank should aim to avoid sanctioning this sort of loan in the event of mortgage problems such acquisition, ownership, and asset problems.
- Long-term industrial loans have the highest lending limit. Additionally, the bank's clientele is restricted. Since this is the case, they are of little use to the national economy. For the sake of national economic development, they should spread their loans more widely among sectors including agriculture, forestry, fishery, and emerging businesses.
- In order for the borrower to make the most of their loan capacity for profit maximization, the timeframe and duration of the installments should be extended.

Future scope and limitations

Loan and advance department should expand the number of knowledgeable executives in the corporate branch in order to provide excellent customer service.

To decrease classified loans, they should establish a dedicated loan recovery cell or monitoring team at the corporate branch.

Facilitate additional domestic and international training programmes for the loan and advance department's executives. Also, able to set a recovery objective for each officer.

Corporate branches should not limit themselves to just megaprojects and large clients. They should further invest in small businesses. This will help them get more customers.

Conclusion

There are both government and private banks operating in Bangladesh. They're busy doing what they do best, which is a boon to the economy of the country at large. Not least among them is ABL Bank Limited, whose contributions to the economy are not to be underestimated. They're carrying out their duties, which is good for the economy and the bank. The bank engages in standard banking, Loan-advance, foreign exchange, and other similar services. Therefore, they are successfully raising funds and contributing to economic growth. There are certain gaps in the services they provide, but overall, they are doing fantastic work for the economy. Their success in Bangladesh's banking industry will improve if they eliminate unnecessary restrictions and use novel strategies. With nonperforming loans in his portfolio, a banker can't rest easy. Ineffective management of the loans and advances portfolio is the primary cause of commercial bank collapse. Any bank should thus be particularly careful with its credit policy and loan portfolio. Agrani Bank Limited's categorized loan rate has remained very low because to the bank's careful management of its credit portfolio. It is now obvious from the discussion in this paper that loans & advances management is a complicated and continuing process, and so financial institutions must take a serious approach in addressing these challenges. They must be up-to-date with all the relevant processes and staff themselves with capable individuals to handle such intricate issues.

Reference:

Annual Report of Agrani Bank Limited.2017

Annual Report of Agrani Bank Limited.2018

Annual Report of Agrani Bank Limited.2019

Annual Report of Agrani Bank Limited.2020.

Annual Report of Agrani Bank Limited.2021

Annual Report of Agrani Bank Limited.2022

Bank Statistics. Bangladesh Bank.

Credit Risk Management policy of Agrani Bank Ltd.

www.agranibank.org

www.wikipedia.org

www.banglapedia.org

<https://www.adb.org/news/250-million-ADB-loan-support-Bangladesh-social-resilience-program>

Kashem, M.A., 2022. Impact of Covid-19 Pandemic on the Financial Performance of the Banking Sector of Bangladesh. *International Business Research*, 15(8), pp.1-44.

Yesmine, T., Hossain, M.E., Khan, M.A., Mitra, S., Saha, S.M. and Amin, M.R., 2022. Benchmarking the banking sector of Bangladesh: a comprehensive analysis of performance and efficiency. *Asian Journal of Economics and Banking*.

Moon, Z.K. and Hasan, M.M., 2022. Impact of COVID-19 on Green Financial Practices of Banks and Financial Institutions in Bangladesh. *Journal of Business and Social Sciences Research*, 7(1), pp.21-40.

Thamae, R.I. and Odhiambo, N.M., 2022. Nonlinear effects of bank regulation stringency on bank lending in selected sub-Saharan African countries. *International Journal of Emerging Markets*, (ahead-of-print).

Thomas, S.S., Bansal, M. and Ahmed, I.E., 2022. Investigating the disclosure compliance of Basel III in emerging markets: a comparative study between UAE and Indian banks. *Journal of Financial Regulation and Compliance*, (ahead-of-print).

Krasniqi, D., 2022. The Loan Agreement and Interest Rates in Kosovo. *Journal of Intellectual Property and Human Rights*, 1(6), pp.21-29.

Pilloni, M., Kádár, J. and Abu Hamed, T., 2022. The Impact of COVID-19 on Energy Start-Up Companies: The Use of Global Financial Crisis (GFC) as a Lesson for Future Recovery. *Energies*, 15(10), p.3530.

Javeed, S.A., Teh, B.H., Ong, T.S., Chong, L.L., Abd Rahim, M.F.B. and Latief, R., 2022. How Does Green Innovation Strategy Influence Corporate Financing? Corporate Social Responsibility and Gender Diversity Play a Moderating Role. *International Journal of Environmental Research and Public Health*, 19(14), p.8724.

Zulfiqar, G.M., 2022. The social relations of gold: How a gendered asset serves social reproduction and finance in Pakistan. *Gender, Work & Organization*, 29(3), pp.739-757.

Ramesha, N., 2022. Machine Learning Based Approaches to Detect Loan Defaulters. In *International Conference on Advances in Computing and Data Sciences* (pp. 336-347). Springer, Cham.

Mumpuni, Y. and Arly, I., 2022. Juridical Study of Liability Execution Auctions Limit Value Below the Value of Loans. *Khazanah Hukum*, 4(1), pp.61-79.