

Internship report
On
Foreign Exchange Practice
Of
SOUTHEAST BANK LIMITED



Southeast Bank Limited

A Bank with Vision

Conducted on Behalf of

Southeast Bank Ltd.

Banani Branch, Dhaka- 1213

An Internship Report

Under the Guidance of and Submitted To

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Submitted By

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Letter of Transmittal

September 10, 2013

Suntu Kumar Ghosh
Asst. Professor & Supervisor
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Subject: Submission of Internship Report

Dear Sir,

I Forhad Ahmed have the pleasure to submit here with the internship report on “**Foreign Exchange Practice of Southeast Bank Ltd.**” and for your kind evaluation.

It is a matter of immense pleasure for me to have the opportunity to analyze the “Foreign Exchange Practice of Bangladesh”, one of the leading banks in Bangladesh. I am certain that the knowledge and experience acquired while conducting the study will help me in many ways in future.

I have tried my best to present my ideas and findings as clearly as I could within the time and resource available. I hope that the idea presented in the report will provide a clear picture about Southeast Bank Ltd.

I would like to mention that there might be some unintentional errors in the report. I am optimistic and strongly believe that you will consider my shortcomings while you evaluate my paper.

Thanking you,

Sincerely Yours,

Forhad Ahmed
ID No: 09104137
BRAC Business School
BRAC University

Acknowledgement

At the very beginning of the paper I would like to convey my sincere gratitude to the all mighty for providing us or the human, the unique ability of analytical understanding and capacity to discover the knowledge throughout the life span.

I am very much grateful to my honorable supervisor and Suntu Kumar Ghosh for assigning me to prepare this report which enriched my academic as well practical knowledge and attitude. I have the pleasure to submit this term paper on '*Foreign Exchange Practice of Southeast Bank Ltd.*' for your kind evaluation.

I wish to express my deepest thanks and appreciation to the honorable *Asstt. Vice President Farhana Khan*, Foreign Exchange head of of Banani Branch for giving her valuable time, guideline, advice, in preparation of my internship report. I would also like to show my gratitude towards **Sharmina Banu, VP** and MO, Banani Branch.

I am very much great full or thanked to my officials of Southeast Bank Ltd. who extended their whole hearted co-operation from during my operation period. I would like to extend my gratitude to *Md. Sadequr Rahman (SO), Mr. Azhar Mahbub (EO), Mr. Mosharrof (PO)*, for their valuable suggestions time to time.

It also great full to me that my classmates, well wishers and BRAC University library authority for providing their supportive role in preparing this report.

As an intern I never felt vulnerable as they always guide me through out my entire duration of the internship period. And this study excelled my depth of knowledge for the future professional career.

Without all this support this paper was not supposed to be published, submitted and I thanked them again from the bottom of my heart. I try my label best to make this report accurate and exceptional. However there might be some errors due to my limited aptitude and time constraints. In this regard I seek your kind consideration as I am in the process of learning.

Executive Summary

A Bank is an economic institution whose main aim is to earn profit through exchange of money & credit instruments by providing satisfactory services to the customers. It is a service oriented as well as profit oriented organization. To perform those two functions simultaneously, the Bank divides its operation mainly in three parts- General Banking, Loan & Advances and Foreign Exchange. Bank also invests their money into different financial security and also in different types of project to diversify the risk and getting more profit.

Southeast Bank Limited is one of the leading private commercial Banks having a spread network **98 branches** across Bangladesh. General banking is the starting point of all the banking operations. General banking department perform the majority functions of a bank. In fact, bank operates with the people money and this process start with general banking. Foreign exchange plays a vital role in export and import of a country and it is most important department in SEBL.

Foreign trade refers to the trade between the different sovereign nations of countries. Foreign trade are mainly categorizes into export trade and import trade. For development of the economy in a country foreign trade is important. Lending is the core function of commercial bank. For a bank good loans or credits or advances are most profitable assets. The largest portion operating income is derived from lending. A commercial bank usually wins over its competitor only on the quality and quantity of lending. And the financial analysis indicates the condition of Southeast Bank Limited. The overall performance of the Southeast Bank Limited as a whole is said to be quite standard.

This report is presented in several parts in sequential manner. This report has several chapters and each chapter discuss different aspect regarding the topics. At first I have highlighted the general introduction about the Southeast Bank limited which includes

Introduction, background, origin, rational, objective, scope and limitation of the study and also discuss about the methodology and the source data. Secondly I have discussed about the banking sectors and the profile of SEBL. And I briefly discussed about the foreign exchange which is the main topic in the project. In the area of foreign exchange, I discuss the foreign exchange mechanism and required elements to do it. I have analyzed the last six years data of SEBL in area of export and import and I have done some comparisons among the export,

import and total foreign exchange. I find out some problems and solutions in the area of foreign exchange.

I have completed my internship in the Banani Branch of Southeast Bank Limited. During my internship period I found here a good job environment and also got a lot of cooperation from every department and every person. It is a great task to prepare a report on a big branch and at this moment I feel very happy to complete this. I found that Southeast Bank gained success very early because they have a very strong backup to provide financial as well as administrative support. Within a very short time this bank has become very much popular to the people. They gained success from the very beginning of their operation and were capable enough to hold the success year after year.

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[Sources; - All the charts and information collect from Southeast Bank Limited, Banani Branch, their employees and the annual reports.]



Chapter One

Introduction



1.1 Introduction:

Theoretical knowledge doesn't highlight reality as clearly as practical knowledge. Theoretical knowledge is guideline, but practical knowledge is experience. So both are required. When I go to work field in order to gain practical knowledge is called internship training and when we achieve theoretical knowledge applied on actual work then it is called internship knowledge.

Internship training is divided into two parts:

- (a) Practical part: When any particular subject is directly observed and it is analyzed on the basis of theoretical knowledge.
- (b) Theoretical part: The pre-requisition of practical knowledge is known as theoretical knowledge. As by reading different books, lecture etc.

1.2 Background of the study:

As a requirement for my BBA program, I have conducted this report on Southeast Bank Ltd. During the internship, a student is required to prepare a report on the organization where he or she has been attached. I have got the opportunity to perform my internship at Banani Branch of Southeast Bank Ltd. It was a great opportunity for me to know about export and import operations. It was a four months long practical orientation program. My supervisor teacher is **Suntu Kumar Ghosh, Assistant Professor**, BRAC Business School, BRAC University. The internship has learnt a lot of things by this incentive program.

1.3 Origin of the Report:

The report has been prepared as a requirement of the internship program which is based on the financial organization Southeast Bank Ltd. this report will definitely increase the knowledge of other students to know the banking industry of Bangladesh, and various services SEBL is providing to sustain as leading bank in Bangladesh.

A **bank** is a government-licensed financial institution whose primary activity is to lend



money. Many other financial activities were allowed over time. For example banks are important players in financial markets and offer financial services such as investment funds. In some countries such as Germany, banks have historically owned major stakes in industrial corporations while in other countries such as the United- States banks are prohibited from owning non-financial companies.

Banks have influenced economies and politics for centuries. Historically, the primary purpose of a bank was to provide loans to trading companies. Banks provided funds to allow businesses to purchase inventory, and collected those funds back with interest when the goods were sold. For centuries, the banking industry only dealt with businesses, not consumers. Banking services have expanded to include services directed at individuals, and risk in these much smaller transactions is pooled.

Banks today are under great pressure to perform towards achieving the objectives of their stockholders, employees, depositors and borrowing customers, while somehow keeping government regulators satisfied that the bank policies, loans and investment are sound. But the principal reason banks are chartered by state and federal authorities is to make loans to their customers. Indeed, making loan is the principal economic function of banks to fund consumption and investment spending by individuals and businesses. How well a bank performs its lending function has a great deal to do with the economic health of its origin, because bank loan support the growth of new business and jobs within the bank's trade territory and promote economic vitality. As banking organizations have grown in recent years in Bangladesh, many of them have been forced to turn to the money and capital markets to raise funds by selling stocks and bonds. Banks entry into the open market to raise funds means that their financial statements are increasingly being scrutinized by investors and by the general public. This development has placed management under great pressure to set and meet bank performance goals.

At the same time, competition for banks traditional loan and deposit customers has increased dramatically. Bankers are dealing with risk—especially the risk of loss due to changing interests rates. Today banks are highly complex organizations. Bankers have been called upon to continually reevaluate their loan and deposits policies, review their plans for expansion and growth, assess their returns and risk in the light of this new competitive environment. Thus the effective management tools can be marshaled in a coordinated fashion



to handle many of the risks banks face.

In BBA program, everything we have learnt is purely theoretical. It was needed to do some practical work for more clarification. Because of my great interest on Foreign Exchange procedure of bank, the internship had chosen the Southeast Bank Ltd., Banani branch.

1.4 Rationale of the study:

With the rapid growing competition (due to free market economy) among nationalized, foreign and private commercial banks as to how the banks operates its banking and how customer service can be made more attractive, the expectations of the customers have immensely increased. Reciprocating the sentiment, commercial/private banks are trying to evaluate their traditional banking service to a better standard. Under the above circumstance, it has focused its attention towards the improvement of the customer service. That's why it is quite justified to make improvement .The study may help formulating policy regarding the ideas relating to the feeling of the customers and banks. Furthermore, Southeast Bank Limited actually executes the policies undertaken by the top management will have a chance to communicate their feelings and will have the feedback about their dealings with the customers.

1.5 Objectives of the Study:

The general objective of the study is to get an on-the-job experience to practical business world and an opportunity for translation of theoretical concept into real life situation. However the specific objectives of the study are as follows:

- To present theoretical aspects of Southeast Bank's Foreign Exchange mechanism.
- To achieve Practical idea about overall activities of Bank regarding Foreign Exchange.
- To study the Foreign Exchange mechanism of Southeast Bank Ltd.
- To familiarize with practical job environment.
- To observe banker-customer relationship.
- To find out some problems and limitations of Southeast Bank and its Foreign Exchange mechanism.



- To suggest some possible remedial measures to overcome the problems of Foreign Exchange Division.
- To have an exposure on the financial institutions such as banking environment of Bangladesh.
- To relate the theories of banking with the practical in banking.

1.6 Scope of the Study:

In twenty-first century's world without banking, any organization can't run in any moments. Basically my topic is "**FORIGEN EXCHANGE PRACTICE OF SEBL**". Here knowing scope is available but time is very short. There are many things, which are not invented yet. So there are many scopes for further internee.

1.7 Limitations of the study:

There are many limitations; the internship tries to mention some of them as below;

1. Convenience sampling created sampling error.
2. The sample size was small.
3. The survey was made at Banani Branch office of the Foreign Exchange Department of Southeast Bank Limited.
4. The main constraint of the study was insufficiency of information, which is highly required for the study. It was unable to provide some formatted documents and data for the study.
5. Since the bank personnel were very busy, they have no ability to give me enough time to complete the report.
6. The clients were very busy. So, they were unable to give me much time for interview.
7. Such a study was carried out by me for the second time. So, inexperience is one of the main factors that constituted the limitation of the study.
8. I have got idea about Foreign Exchange Transaction only from the employees, Department of Foreign Exchange, Southeast Bank Limited, Banani branch.
9. The employees couldn't maintain their schedule / time due to their business, as well as busyness.

1.8 Methodology:

Methodology of the study is an essential part of the study. It is designed in a way so that it correspondent to achieve the objectives of the study. It includes designing samples, sources of data, collection procedure of data, analysis techniques data, etc. It was an exploratory study. So the methodology of this study the internship has used was observation and sometimes discussion with the executives of the bank. Besides the internship have talked with various clients of the bank. For more clarification the internship have discussed with top management of the bank. Beside the internship, the internship has taken help from various papers made by Southeast Bank Limited.

1.8 Sources of Data: The sources of data were of two types-

1.8.1 Primary Sources-

- Discussion with employees (unstructured questionnaire)
- Keen observation
- Conversation with clients.

1.8.2 Secondary Sources/ External Sources-

- Official papers of Southeast Bank Ltd.
- Web site of Southeast Bank Ltd and other bank's web site.
- Annual report of Southeast Bank Ltd and other banks.
- Various journals of various Banks.
- Various leaflet of Southeast Bank Ltd.
- The archive of the Southeast Bank Limited
- Bangladesh Bank Report.
- Newspaper, magazines



Chapter Two

Profile of Southeast Bank limited



2.1 Banking Sector in Bangladesh:

The Jews in Jerusalem introduced a kind of banking in the form of money lending before the birth of Christ. The word 'bank' was probably derived from the word 'bench' as during ancient time Jews used to do money -lending business sitting on long benches. First modern banking was introduced in 1668 in Stockholm as 'Savings Pis Bank' which opened up a new era of banking activities throughout the European Mainland. The number of banks in all now stands at 52 in Bangladesh. Out of the 52 banks, four are Nationalized Commercial Banks (NCBs), 36 local private commercial banks, 12 foreign banks and the rest five are Development Financial Institutions (DFIs). Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 foreign banks, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank, Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector.

The number of total branches of all scheduled banks is 6,038 as of June 2000. Of the branches, 39.95 per cent (2,412) are located in the urban areas and 60.05 per cent (3,626) in the rural areas. Of the branches NCBs hold 3,616, private commercial banks 1,214 foreign banks 31 and specialized bank 1,177. Bangladesh Bank (BB) regulates and supervises the activities of all banks. The BB is now carrying out a reform programmed to ensure quality services

- BB
- NCBs
- PCBs
- Specialized bank

2.2. About Southeast Bank Ltd (SEBL)

Southeast Bank Limited is a fast growing second generation bank. SEBL has been achieving a continuous growth rate in different spheres of banking operations since its establishment in the year 1995 The philosophy of the bank is "A Bank with Vision" that indicates its sincerity, integrity as well as the strength of mind to cope with the global competitiveness and advancement.



Overview of Southeast Bank Limited

Table no-1 Overview of Southeast Bank

Name	Southeast Bank Limited
Head Office	Eunoos Trade Center,52-53 dilkusha C/A
Date of Incorporation	12th March 1995
Principal Activity	Commercial Banking
Number of Branches	99
Chairman	Mr. Alamgir Kabir, FCA
Telephone No.	(8802) 9550081,9567271-2
website	<u>www.sebankbd.com</u>

2.2.1 Bank Profile:

Southeast Bank Limited is a scheduled commercial bank in the private sector established under the ambit of Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank started commercial banking operations on May 25, 1995. During this short span of time the Bank is successful in positioning itself as a progressive and dynamic financial institution in the country. The bank had been widely acclaimed by the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top-rated corporate borrowers for its forward - looking business outlook and innovative financial solutions. Thus within this very short period of time it has been able to create an image and earn significant reputation in the country's banking sector as a Bank with Vision.

Southeast Bank Limited has been licensed by the Government of Bangladesh as a Scheduled commercial bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank within a period of 18 years of its operation achieved a remarkable success and met up capital



adequacy requirement of Bangladesh Bank. It has been growing fast as one of the leaders of the new generation banks in the private sector in respect of business and profitability as it is evident from the financial statements for the last 18 years.

Southeast Bank Limited has 99 branches throughout Bangladesh and its aim is to be the leading bank in the country's principal markets. The bank by concentrating on the activities in its area of specialization has achieved good market reputation with efficient customer service. The Bank is committed to providing continuous training to its staff to keep them up to date with modern practices in their respective fields of work. The Bank also tries to fulfill its share in community responsibilities. By such measures the Bank intends to grow and increase shareholders' earning per share. Southeast Bank Limited pledges to maximize customer satisfaction through services and build a trusting relationship with customers, which has stood the test of time for the last fourteen years.

2.3 Vision of SEBL:

It is especial!" important for managers and executives in any organization to agree upon the basic vision that the firm strives of achieve in the long term. A clear vision provides the foundation for developing a comprehensive mission statement. So the vision statement should be established first and foremost. Southeast Bank has established their vision statement to achieve their long-term Objectives, Their vision is to stand out as, **“To be a premier banking institution in Bangladesh and contribute significantly to the national economy”**.

2.4 Mission of SEBL

A business mission is the foundation for priorities, strategies, plans and work assignment. Nothing may seem simpler or more oblivious than to know what a company's business is. Southeast Bank is very much concern about their mission because divergent views among managers can only be revealed and resolved through the mission statement.

The mission of the hank is stated below:

- ❖ High quality financial services with the help of latest technology.
- ❖ Fast & accurate customer service.
- ❖ Balanced growth strategy.



- ❖ High standard business ethics.
- ❖ Steady return on shareholders' equity.
- ❖ Innovative banking at a competitive price.
- ❖ Deep commitment to the society and the growth of national economy.
- ❖ Attract and retain quality human resource.

2.5 Core values of SEBL:

Southeast Bank has established their objectives to achieve their strategic and financial targets to have strong competitive advantage in the banking sector. Their core values or the principles are given below:

- ❖ Integrity
- ❖ Fairness
- ❖ Harmony
- ❖ Courtesy
- ❖ Commitment
- ❖ Insight and Spirit
- ❖ Enthusiasm for Work
- ❖ Business Ethics

2.6 Some Achievements of SEBL in 2012:

A fair evaluation of any bank's performance should start with the sources of fund and whether the funds have been utilized properly by the internship to earn profit at short run and to maximize stakeholders' wealth in the long run. For SEBL, the sources of fund are: share capital (IPO), term deposits (in the form of FDR, STD balances, savings account balances, etc. which are also called core deposits) and reserve capital (the unutilized portion of annual profit). The key performance points are highlighted below:

Deposits:

Since the commencement of banking operation, Southeast Bank Limited has not only gained enormous popularity but also succeeded in raising the deposit unto Tk. 9666.90 crore



throughout the long fourteen years of its operation. The growth rate was 29.16% than that of the previous year.

Advances:

The advance portfolio of the bank is well diversified and broad based covering various sectors of the economy. The bulk of its credit facilities are extended to the private sector For trade, project finances as well as to meet working capital finances. Southeast Bank Ltd. recorded an overall loan growth of 28.33% in FY2012 than that of the succeeding year.

Foreign Exchange Business:

The foreign trade operation of the bank is very strong. At the early years of its banking operations the bank could establish a large network of foreign correspondents covering most of the important business centers around the world. Moreover, the foreign exchange dealings were further enhanced by joining the international electronic fund transfer network S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication). Over all these years the foreign exchange business of the Bank grew from Tk.233.69 crore in 1995 to Tk. 11630.74 crore in 2012.

Investments:

With the increase in investment the amount of risk weighted assets of the Bank have also increased. Therefore, the need to raise capital base of the bank has arisen considerably because the Bank is allowed to take exposure of a group or a single individual unto a maximum of 25% of its paid-up capital in the case of funded credit facility and 50% in the case of non-funded credit facility. The proceeds from issuance of right shares are employed to meet capital adequacy of the Bank to maintain a steady growth. The credit portfolio of the Bank was Tk.27.70 crore in 1995 which stood BDT. 5687.92 million on 31.12.2012. That is 4.47% of total loans and advances of the bank.

Profit:

The bank has increased its net profit dramatically. The highest net income earned during the year 2001. Even though the profit decreased after that but the bank is trying to increase their investments as well as earnings. The operating



profit was Tk.3.34 crore in 1995 and increased to 461.50 crore in 2012. The net profit of 2012 was Tk. 187 crore.

2.7 SEBL Services:

2.7.1 General Banking Services:

- Accounts Opening
- Account maintaining.
- Account closing
- Issuing Pay order.
- Bank draft.
- Demand draft.
- Opening of Fixed Deposit.
- Clearing of Bank cheques.

2.7.2 Foreign Exchange Business Services:

- Letter of credit
- Parties to Letter of Credit
- Operations of Documentary Letters of Credit
- L/C Application
- Scrutiny of Documents
- Scrutiny of L/C Application

2.7.3 Investment Services:

- Investment Scheme for Doctors
- Small Business Investment Scheme
- Housing Investment Scheme
- Small Transport Scheme
- Car Loan Scheme
- Transport Investment scheme.



- Agriculture Implements Investment Scheme Rural Development Scheme

2.7.4 Other Consumer Savings Schemes:

- Pension Savings Scheme (PSS)
- Education Savings scheme (ESS)
- Marriage Savings Scheme (MSS)

2.7.5 Sanchaypatra schemes:

- Eight years Protirakha Sanchaypatra (PSP)
- Five years Bangladesh Sanchaypatra (BSP)
- Sanchaypatra Interest on half yearly rest (SP)
- Sanchaypatra Interest on quarterly rest (SP)

2.8 Technology:

At present, all banking transactions of Southeast Bank are fully automated. Moreover, all activities of trade and operations are being done through computers and other automation tools Such as ATM, SWIFT. The bank is the member of the shared ATM Network provided by Electronic Transaction Network Ltd. (ETN). At present 55 ATM booths are available all over Dhaka city and in the cities of Chittagong and Sylhet.

In order to provide round-the-clock and correct information on the bank to the business community all over the world, the bank has a web page which can be accessed under the domain name: www.southeastbank-bangladesh.com. Bank has made an agreement with Square Informatics Ltd to have real time on-line transaction facility. The bank facilitates its clients to deposit, draw or remit funds from their accounts from one branch to another by providing on-line banking services.

2.9 Management of SEBL:



For any financial and non-financial organization, management are the most valuable and important resources of any kind of organization. And, a well-organize management provides the organization to reach its ultimate goal. Management means planning, organizing, staffing, directing and controlling of all financial and non- financial recourses of am organization. Different aspects of manage4menat practice in SEBL are discussed below.

Planning:

SEBL have done its planning within the preview of the corporate plan. The overall planning approach in SEBL is top-down. Each branch can plan according to the goal imposed by the corporate level. It doesn't plan independently. And, SEBL has a planning division. This is mainly responsible for the overall planning.

Organizing:

SEBL is organized as per the existing business locations. It has fifty three branches, each of which is a separate entity. Each unit is responsible for its performance and each is headed at least by a senior assistant vice president (SAVP) in designation followed by manager (operations). He is directly responsible for the performance of their unit. Within each branch, it is organized functionally.

Staffing:

The recruitment in SEBL is done in two ways. One as a "Provisional officer" for the management program and it has a probation period of two years. Another one is non-management level as "Trainee officer". Provisional officers are recruited in officer category and their career path is headed towards different managerial jobs.

Directing:

The management approach in SEBL is top-down or authoritative. Each information just seeks through lower management layer. Works are designed in such a way that one cannot leave without clearing the task as he is assigned for a day. Sitting arrangement in all office is done



in way that the superior can monitor the subordinate all time. Management (HOB) and manager operation all time watch the operation of the bank through CC camera. Security is maintained properly. Budgeting, rewarding, punishing etc are also practice as control program.

Controlling:

SEBL doesn't believe in the traditional banking. It tries to increase and maintain its market share in the private banking sector through two types of control techniques:

- Feed forward control
- Feedback control

Feedback control technique monitor output of a process and feed into the system to obtain desired outputs. On the other hand feed control technique monitors inputs into a process to ascertain weather these are as planned; if they are not, the inputs are changed in order to get the desired result.

2.10 Operation Strategy:

Presently the bank uses bank Ultimus branch banking software developed by leads C Corporation developed on SQL on windows platform. The head office and some branches use the software for book keeping, automatic interest calculation, daily transaction listing and audit trails, auto maturity and auto renewal of FDRs, automatic integration of customers ledger position including balance of subsidiaries, monthly income and expenditure position etc. the bank has joined the shared ATM Network Bangladesh offered by ETN along with eight other member banks. This service is presently available in Dhaka, Chittagong and Sylhet. SBL is member of SWIFT. It has also installed Reuter System at the Head Office to have live access to information from international money market for dealing in Foreign Exchange. But from the viewpoint of ideal requirement for modern bank, competing with international banks, the IT facilities of SBL need further improvement.

2.11 Top-Down Management Strategy:



The dimension of organization structure of Southeast Bank is centralization. In this dimension, the decision-making authority resides at the top of the organization char. Different works being assigned under strict control and monitoring to the lower level employees.

2.12 Organogram:

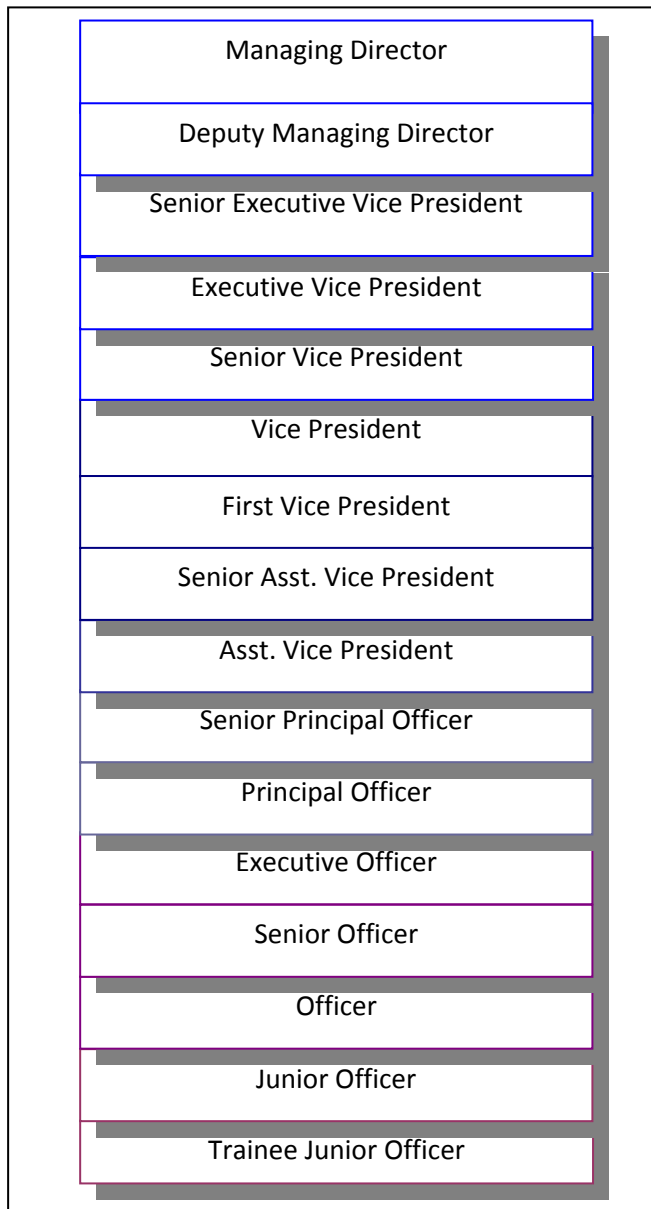


Figure 1. Hierarchy of Southeast Bank Ltd

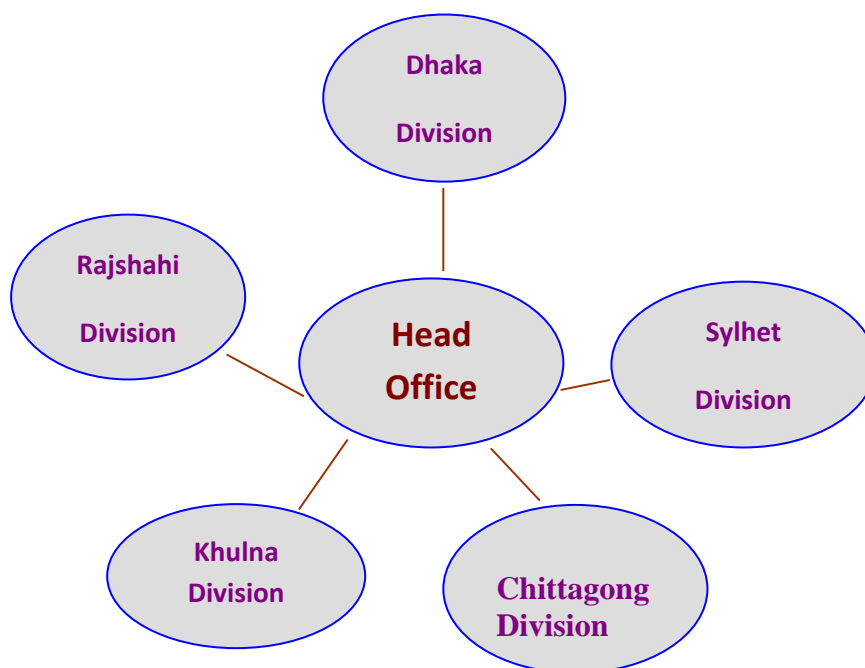
2.13 Network of the Branches:

Southeast Bank has 48 existing branches and some other proposed branch all over



Bangladesh to provide better services to their valuable customer. The objective of SEBL is not only to earn profit but also keep the social commitment and to ensure its co-operation to the persons of all levels, to the businessmen, industrialists-specially who are engaged in establishing large scale industries by consortium and the agro-based export oriented medium and small scale

industries by self inspiration. SEBL as the largest private bank is committed to continue its endeavor by rapidly increasing the investment of honorable shareholders into asset. The network of this bank is centralized.



Centralized Networking System [Figure: 2]

2.14 Human Resource Department of the Bank:

The Human resource department of Southeast Bank performs many different roles and



responsibilities. They take full responsibility for human activities like employment are recruiting, training and development, employee services, employee and community relations, personnel records, rewarding employees etc. The HR officers of this bank are very much concern to design and deliver efficient and effective HRM system, process and practices. They spend a lot of time to ensure employee's satisfaction. They work on finding creative ways to ensure a positive and encouraging work environment.

2.14.1 Recruitment Policy:

The goal of an organizational recruitment program is to ensure that the organization has a number of reasonably qualified applicants to choose from when a vacancy occurs. As Southeast Bank is concern to bring about their long- term objectives so that they accomplish the recruiting process cautiously. The process for the recruitment of Management Trainee and Provision Officer is:

- Circular / Advertisements placed in notice boards of different educational institutions and news dailies.
- Written test
- Checking the test scripts.
- Call for interview
- On the job training
- Outside training (e.g., foundation training at BIBM)
- Confirmation

Whole process takes maximum of one to two months. The incumbents are appreciated who have practical experience and knowledge in the relevant fields.

2.14.2 Training

The bank is very much conscious for the training of their employees to make them master in



knowledge, skill and behaviors in their day-to-day activities. It the bank retains and motivates employees. Generally, Southeast Bank United arranges training for junior level officers at BIBM, Mirpur, Dhaka to enhance their skill and efficiency. Executive officers are also required for training attending seminars in abroad to develop their managerial and operational proficiency. Every year, officers attended training courses at BIBM whereas this executives or officers were sent abroad for training o" international Trade, Credit management and other areas of banking and financial services.

2.14.3 Job Evaluation:

Job evaluation is very much necessary to measure internal job worth of an organization SEBL follows a performance evaluation strategy to evaluate their employees as well as to make them more effective and efficient in their responsibilities. The branch managers monitor their employees to give performance feedback to the Head Office. They complete a "Performance Appraisal Form" to rate their employees. Generally it is conducted at the end of each year. SEBL encourages the industrious and active employees by giving promotion or bonus to make them more productive.

2.14.4 Rating is mainly done on following factors:

Professional knowledge: Knowledge of assigned, current trends and developments in functional area.

Planning: Ability to plan activities in advance and to accomplish by setting priorities.

Analytical Ability: Ability to analyze, assimilate and present facts clearly and concisely.

Judgment: Ability to take decisions and the quality of the decisions taken.

Attitude: How does he/she look upon his/her job and his/her associates? Can he/she make positive effect on others?

Communication: The force and felicity with which thoughts are expressed /conveyed in



writing are to be considered.

Innovation: Extent of imagination and the practicability of the ideas as applicable to the job.

Leadership: Ability to inspire subordinates and to develop them.

Interpersonal relationship: Ability to get along with superiors, equals, subordinates and customers.

Resourcefulness: Reaction towards difficulties and the drive and initiative displayed to overcome them.

2.14.5 Pension Policy:

The employees are provided the following benefits during their pension:

- Insurance
- Gratuity
- Provident fund

2.14.6 Other Facilities:

SEBL also provides the following facilities to their employees:

- House building -can
- Marriage leave
- Maternity leave
- Festival bonus
- 10 days as core leave
- 24 days as privileged leave
- 14 days of sick leave
- Specially approved leave-without-pay.



Chapter Three

Project Part: Foreign Exchange

3.1 Foreign Trade:

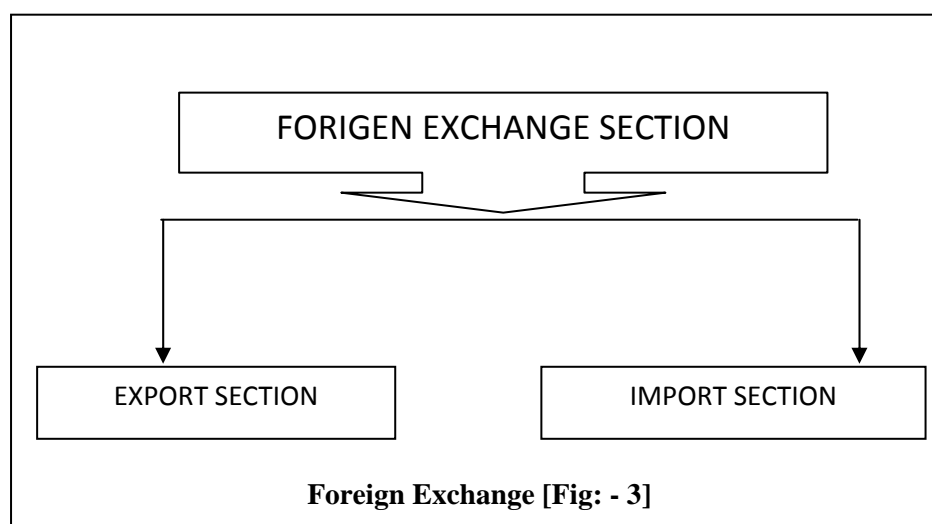
The foreign trade department deals with the export and import business of various clients. The clients open L/C for importing and exporting goods from and to abroad through this division. In the case of import, the bank usually works as the issuing bank and in the case of export the bank works as advising bank or negotiating bank or as both. In importing goods from abroad the clients have to give a percentage of total cost of goods, as advance. The clients also have to flay a certain amount of commission to the bank. After receipt of the goods in .ports, the clients have to pay the rest or me money to the banks to clear the goods from the ports. Foreign trade mainly deals with various kinds of documents and papers. These documents and papers work as claim of the credits.

International and Foreign Exchange Business:

One of the major businesses of the International Division is Foreign Exchange dealing. Southeast Bank Limited, Banani Branch earned substantial amount from this wing's operation.

Southeast Bank Limited, Banani Branch has already established correspondent banking relationship with many important countries of the world to facilitate cross boarder trade and payment.

Below the internship present the **FORIGEN EXCHANGE SECTION** of Southeast Bank Limited, Banani Branch.



3.1.1 Import Section:



Import of merchandise involves two things: bringing of goods physically into the country and remittance of foreign exchange towards the cost of merchandise and services. In case of Import, the importers are asked by their exporters to open a letter of credit .So that their payment against goods is ensured. Documentary credit has emerged as a vital system of trade payment. It is a key player of foreign trade. This Department is mainly done two tasks, i.e.

- 1) Import
- 2) BLC

3.1.2 Export Section:

According to Foreign Exchange Regulation Act, 1947, nobody can export by post and otherwise than by post any goods either directly or indirectly to any place outside Bangladesh, unless a declaration is furnished by the exporter to the collector of customs or to such other person as the Bangladesh Bank may specify in this behalf that foreign exchange representing the full Export value of the goods has been or will be disposed of in a manner and within a period specified by Bangladesh Bank. Payment for goods exported from Bangladesh should be received through an Authorized Dealer in freely convertible foreign currency or in Bangladeshi Taka from a Non-Resident Account. The Export section deals with two types of Letter of credit that are as follows-

1. Export Letter of Credit
2. Back-to-Back Letter of Credit

3.2 Remittance Section:

Remittance means transfer of fund. If we pronunciations of the word "Remittance" we understand transfer of fund through a Bank from one place to another place which may be executed the country or between two countries. Remittance which is affected within the country is called Local Remittance and which is affected between two countries is called Foreign



Remittance. Remittance plays a vital role in the development of the country. Without effect of remittance no country can develop her. Bangladesh is rich enough in respect of human resources. So Inward Remittance has great importance in our country. Below discuss in shortly.

3.2.1 Inward Remittance:

The remittances, which are received from abroad and paid to the beneficiary, are Inward Remittance. In ward remittance are mainly received in US Dollar, pound sterling and Taka Currency. Very few remittances in miscellaneous currencies are also received.

Mode of inward Remittance:

1. T.T ----- Telegraphic Transfer.
2. M.T ----- Mail Transfer.
3. D.D ----- Demand Draft.
4. P.O ----- Payment Order.
5. I.M.O ----- International Money Order.
5. T.C ----- Traveler's Cheque.

3.2.2 Outward remittance:

The Remittance in Foreign Currency which are effected from our country to abroad is called outward remittance. Form remitter's point of view is called outward Remittance and from payee's point of view is called Inward Remittance.

Mode of outward remittance:



The Remittance may be made by means of T.T, D.D& T.C, etc. Ideation to these the sale of Foreign Currency under letter of credit against retirement of bill is including as outward remittance.

3.2.3 Procedure of payment:

To make payment the points mentioned below are to be observed.

Demand Draft:

1. The D.D must be in original
2. The name of bank, name of Branch, Date, name and A/C number of the payee, amount in word and figures must be mentioned.
3. The D.D must be as per prescribed format or specimen copy supplied earlier.
4. The amount is protecting graphed.
5. Payment is not stopped.
6. Draft is not reported lost.
7. Verification of drawer's signature.
8. Telex confirmation from the issuing Bank, if the amount exceeds the limit as per agreement made earlier.

Telegraphic Transfer:

1. The message must be in original.
2. It must be authenticated under test, Test must be decoded and found correct.
3. T.T. must contain the name of Bank, name of Branch, name and A/C number of the beneficiary.

If the above points are Okay, payment made to the beneficiary as soon as possible.

1. Capital Area 24 hours.
2. Major Cities 48 hours.
3. Other Towns 72 hours



4. Remote Areas 120 hours.

Settlement of claims:

As the remittance is received from abroad or remote places, some claim, may occur for non receipts of fund. These claims may arise by the Beneficiary or remittance through issuing/Remitting Bank. As such the claims are to be settled.

If the TT is lost or stolen, remitter will report to the remitting bank. R/B will ask / advise the Beneficiary. Bank to mark stop payment or not to make payment. Beneficiary bank

Will confirm the stop payment to the Remitting. Bank if the DD is not paid earlier. If the DD is paid earlier the mode of payment is to be confirmed to the Remitting, Bank. If necessary a duplicate DD is to be issued to make payment to the beneficiary for settlement of the claim.

If the TT contains any wrong information, Beneficiary. Bank is to contact with the issuing / Remitting Bank for correct information. On getting the correct information payment is to be made accordingly.

Above Remittance Section's all works were done by General Banking (GB) Section in SEBL; BANANI Branch. The internship doesn't discuss this section in broadly in another Chapter; so, the internship discusses this section in here shortly, because this Report's topic is **“FORIGEN EXCHANGE PRACTICE OF SEBL”**



Chapter Four

Foreign Exchange Mechanism: A conceptual Frame Work

4.1 Letter of Credit:

**Definition:**

Letter of credit (L/C) can be defined as a 'Credit Contract' whereby the buyer's bank is committed (on behalf of the buyer) to place an agreed amount of money at the seller's disposal under some agreed conditions since the agreed conditions include amongst other things, the presentation of some specified documents the letter of credit is called documentary letter of credit. The uniform customs & practices for documentary credit (UCPDC) published by the International Chamber of Commerce (ICC) 2007 revision publication No. 600 defines documentary:

Any arrangement, however named or described, whereby a bank (the "Issuing Bank"), acting at the request and on the instructions (the "Application") or on its own behalf,

- 1) Is not to make a payment to or to the order of third party (the beneficiary), or is to accept and pay bill of exchange (Drafts) drawn by the Beneficiary, or
- 2) authorizes another bank to effect such payment, or to accept and such bills of exchange (Draft),
- 3) Authorizes another bank to negotiate, against stipulated document(s), provided that the terms and conditions are complied with.

Types:

Documentary credits either:

- 1) Revocable or,
- 2) Irrevocable.

4.1.1 Revocable Letter of Credit:

According to Foreign Exchange Regulation Act, A Revocable Credit is one which can be amended or cancelled by the issuing Bank at any moment and without prior notice to the beneficiary, but the issuing bank is bound to reimburse the negotiating bank for any payment made prior to receipt of notice of cancellation, against shipping documents which are apparently in accordance with the terms of L/C. So this is clear that Revocable L/C can be amended any time without prior notice to the beneficiary.

4.1.2 Irrevocable Letter of Credit:



As per Foreign Exchange Act, an Irrevocable unconfirmed L/C cannot be cancelled or amended without the consent of all the parties, particularly that of the beneficiary. It is a definite and absolute undertaking of the issuing bank to make payment for goods supplied on presentation of stipulated shipping documents, if all the terms and conditions of the credit are complied with. Of any indication, it will be deemed as an irrevocable Letter of Credit.

Sometimes, Letter of credits is marked as either, " With recourse to drawer" or " without recourse to drawer".

4.1.3 Forms of Documentary Credit:

The Letter of Credit can be either Revocable or Irrevocable. It needs to be clearly indicated whether the L/C is revocable or irrevocable. As per **Uniform Customs and Practice for Documentary Credit (UCPDC) ICC Publication No 500, 1993, in the absent.**

4.1.4 Types of Letter of credit According to Payment Method:

On the basis of time of payment, Letter of Credit can be of two types-

- i) **Sight L/C:** In case of Sight L/C, the bank makes payment against presentation sight Draft and documents drawn strictly as per terms under the letter of credit. Here issuing bank release fund immediately on presentation of stipulated documents.
- ii) **Deferred L/C:** Deferred Payment means delayed payment against L/C. The amount availed of, is not put at the seller's disposal immediately on presentation of documents, but only after a specified period. The credit wording always specifies duration of the period and time at which the payment will be effected against presentation of documents drawn under the letter of credit.

4.1.5 Special Documentary credits:

- 1) **Revolving credit:** The revolving credit is one which provides for restoring the creditor the original amount after it has been utilized. How many times it will be taking place must be specifically mentioned in the credit. The revolving credit may be either cumulative or non-cumulative.



- 2) **Transferable credit:** A Transferable credit is one that can be transferred by the original beneficiary in full or in part to one or more subsequent beneficiaries are not prohibited.
- 3) **Back to Back Credit:** The back to back credit is a new credit opened on the basis of an original credit in favor of another beneficiary. Under to back to back concept the seller as the beneficiary of the first credit offer it as "security" to the adducing bank for the issuance of the second credit .The beneficiary of the back to back credit may be located insider or outside the original beneficiary's country.
- 4) **Anticipatory Credits:** The anticipatory credits make provision for pre-shipment payment, to the beneficiary in anticipation of his effecting the shipment as per L/C conditions.
- 5) **Red Clause:** When the clause of the credit authorizing the negotiating bank to provide pre-shipment payment to the advance to the beneficiary is printed/ typed in red, the credit is called 'Red Clause Letter of Credit'.

Under the above mentioned clause, the opening bank is liable for the pre-shipment advances made by the negotiated bank, in case the beneficiary fails to repay or deliver the documents for negotiation.

4.2 Parties to Letter of Credit:

A letter of credit is issued by the bank at the request of an importer in favor of an exporter from whom he has contracted to purchase some commodities or services. Generally the letter of credit is transmitted to the beneficiary through a bank in the beneficiary's country. Therefore, parties of letter of credit are mainly:

4.2.1 Obligatory Parties:

- a) Importer / Buyer/ Applicant
- b) Opening Bank / Issuing Bank
- c) Advising Bank / Notifying Bank
- d) Exporter /Seller / Beneficiary

Besides, there are one or more than one banks who are involved in various capacities and various stages to play an important role in the total operations of credit which are as follows:



4.2.2 Optional Parties:

- a) Negotiating Bank
- b) Confirming Bank
- c) Transferring Bank
- d) Reimbursing / Paying Bank

4.2.3 Involved Parties:

a) Importer/Buyer/Applicant

Importer is the person who requests/instructs the opening bank to open a L/C. He is also called opener of Applicant of the credit.

b) Opening/Issuing Bank

Opening Bank is the bank which opens/issues a L/C on behalf of the importer. It is also called the importer's/buyer's bank. Exporter / Seller / Beneficiary is the party in whose favor the L/C is established.

c) Advising / Notifying Bank

Advising Bank is the bank through which the L/C is advised to the exporter. It is a bank situated in the exporting country and it may be a branch of the opening bank or a correspondent bank. It may also assume the role of confirming and/or negotiating bank depending upon the conditions of the credit.

d) Exporter/ Seller/ Beneficiary

Beneficiary of the L/C is the party in whose favor the letter of credit is issued. Usually they are the seller or exporter.

e) Negotiating Bank

A Negotiating Bank is the bank nominated or authorized by the issuing bank to negotiate the documents and to pay the amount to the beneficiary, to incur a deferred payment liability, to accept draft. If the negotiation of the documents is not restricted to a particular bank in the L/C, normally the negotiating bank is the banker of the beneficiary.



f) Confirming Bank

The Bank, which under the instruction in the letter of credit, adds guarantee to the credit, thereby undertaking the responsibility of payment/ negotiation/ acceptance under the credit in addition to that of issuing bank. A confirming bank does so if requested by the issuing bank having arrangement with them.

g) Transferring Bank

Original beneficiary may transfer the L/C to second beneficiary as per clause of the L/C. transfer may be made once only. The bank of the original beneficiary authenticates the transfer and the bank is known as transferring bank. Normally transferring bank authenticate the transfer and keeps record of transfer without any engagement on their part.

h) Reimbursing Bank / Paying Bank

A reimbursing Bank nominated or authorized by the issuing bank to make payment against stipulated documents, complying with the credit terms. Normally issuing bank maintains an account with the reimbursing bank to make the payment.

Details regarding the rights and obligations of the different parties involved in the documentary credit operations may be had from UCPDC (Article Nos. 13 to 19).

4.3 Operations of Documentary Letters of Credit:

The following five major steps are involved in the operation of a documentary letter of credit:

- ❖ Issuing;
- ❖ Advising;
- ❖ Amendment (if necessary);
- ❖ Presentation; and
- ❖ Settlement.

4.3.1 Issuing a Letter of Credit:

Before issuing a L/C, the buyer and seller located in different concludes a 'sales contract' providing for payment by documentary credit. As per requirement of the seller, the buyer then instructs the bank the issuing bank-to issue a credit in favor of the seller (beneficiary). Instruction/Application for issuing a credit should be made by the buyer (importer) in the



issuing bank's standard form. The credit application which contains the full details of the proposed credit, also serves as an agreement between the bank and the buyer. After being convinced about the 'necessary conditions' contained in the application form and 'sufficient conditions' to be fulfilled by the buyer for opening a credit, the opening bank then proceeds for opening the credit to be addressed to the beneficiary.

4.3.2 Advising a Letter of Credit:

Advising through a bank is an apparent authenticity of the credit to the seller. The process of advising a credit consists of forwarding the original credit to the beneficiary to whom it is addressed. Before forwarding, the advising bank has to verify the signature (s) of the officer (s) of the opening bank and ensure that the terms and conditions of the credit are not in violation of the existing exchange control regulations and other regulations relating to export. In such act of advising, the advising bank does not undertake any liability.

4.3.3 Amendment of Credit:

Parties involved in a L/C, particularly the seller and the buyer, can not always satisfy the terms and conditions in full as expected due to some obvious and genuine reasons. In such a situation, the credit should be amended.

In case of revocable credit, it can be amended or canceled or canceled by the issuing bank at any moment and without prior notice to the beneficiary. But in case of irrevocable credit, it can neither be amended nor canceled without the agreement of the issuing bank, the confirming bank (if any) and the beneficiary.

4.3.4 Presentation of Documents:

The seller being satisfied with the terms and conditions of the credit proceeds to dispatch the buyer and after that, has to present the documents evidencing dispatching of goods to the negotiating bank on or before the stipulated expiry date of the credit. After receiving all the documents, the negotiating bank then checks the documents against the credit. If the documents are found in order, the bank will pay, accept or negotiate to the issuing bank. The issuing bank also checks the documents and if they are found as per credit requirements, either.



- a) Effects payment, or
- b) Reimburses in the pre-agreed manner

4.3.5 Settlement:

Settlement means fulfilling the commitment of issuing bank in regard to effecting payment subject to satisfying the credit terms fully. This settlement may be done under three separate arrangements as stipulate in the credit. These are:

- a) **Settlement by Payment:** Here the seller presents the documents to the paying bank and the bank then scrutinizes the documents. If satisfied, the paying bank makes payment to the beneficiary and in case this bank is other than the issuing bank, then sends the documents to the issuing bank. If the issuing bank is satisfied with the requirements, payment is obtained by the paying bank from the issuing bank.
- b) **Settlement by Acceptance:** Under the arrangement, the seller submits the documents evidencing the shipment to the accepting bank accompanied by the draft drawn on the bank (where credit is available) at the specified tenor. After being satisfied with the documents, the bank accepts the document and the draft and if it is a bank other than the issuing bank, then sends the documents to the issuing bank stating that it has accepted the draft and at maturity the reimbursement will be obtained in the pre-agreed manner.
- c) **Settlement by Negotiation:** This settlement procedure starts with the submission of documents by the seller to the negotiating bank accompanied by a draft drawn or the buyer or any other draw, at sight or at a tenor, as specified in the credit. After scrutinizing that the documents meet the credit requirements, the bank may negotiate the draft. This bank, if other than the issuing bank, then sends the documents and the draft to the issuing bank. As usual, reimbursement will be obtained in the pre agreed manner.

4.4 L/C Application:

L/C Application is a sort of arrangement between client and the bank. Southeast Bank Limited provides a printed form for opening a L/C to the importer. A special adhesive stamp of **value Tk.150 is affixed** on the form. While opening, the stamp is cancelled. Usually the importer expresses his desire to open a L/C quoting the amount of margin in percentage. The importer gives the following details-

- Full name and address of the Applicant.
- Full name and address of the Beneficiary.
- Draft amount (both in figure and word)
- The form of credit whether Revocable or Irrevocable.
- Whether the credit is available by payment, acceptance or negotiation.
- On which party the draft are to be drawn and the tenure of such draft.
- A brief description of goods, including details of quantity and unit price.
- Whether the freight is to be prepaid or not.
- The country of origin
- The port of shipment and destination.
- Whether the transfer of goods from one vessel to another, or from one mode of transport to another, en route, is prohibited or allowed.
- The last date of shipment.
- Partial shipment is allowed or not.
- The date and place of expiry of the credit.
- Negotiation period.
- Details of the documents required and mode of transmission of documents(Swift/ mail/ telex).
- The time bar within which the documents should be presented.
- Whether the credit is to be transferable one or not.
- Sales terms (FOB/ C&F/ CIF)
- Shipping Mark
- IRC Number and LCA Number
- Insurance cover note



Documentary Credit Application		
Applicant DESIGNER JEANS LTD. 87 BERON, ASHULIA, SAVAR, DHAKA. BANGLADESH PH: 88 02 7790783, 7702509 FAX: 88 02 7790783		Account number
Issuing Bank Southeast Bank Limited 134813040754 Dt. 24.02.2013		Date and place expiry of the credit 20.08.2013
Date of this application 23/07/2013		Beneficiary Master Working Ltd 2886, College Road, Chatterman Bari, Dhakkhin Kanan, Dhaka-1230
<input type="checkbox"/> Issue by (air) mail/Courier <input checked="" type="checkbox"/> With brief advice by telettransmission <input type="checkbox"/> Issue by telettransmission (which shall be the operative credit instrument) <input type="checkbox"/> Transferable credit		Amount US\$ 7,500.00
Confirmation of credit to the beneficiary <input type="checkbox"/> not requested <input type="checkbox"/> requested		Credit available with <input type="checkbox"/> by sight payment <input checked="" type="checkbox"/> by acceptance <input type="checkbox"/> by negotiation <input type="checkbox"/> by deferred payment at against the documents detailed herein <input type="checkbox"/> and beneficiary's draft at on 90 DAYS
Partial shipments <input checked="" type="checkbox"/> allowed <input type="checkbox"/> not allowed Transshipment <input checked="" type="checkbox"/> allowed <input type="checkbox"/> not allowed <input type="checkbox"/> Insurance covered by us		Goods (brief description without excessive detail): Accessories for 100% export RMG in Pen Partanna Invoice No. MWL/024/01/2013
Loading on board/despatch/taking in charge at/from <i>Bonheary</i> <i>Factory to openers factory</i> not later than 05.08.2013 for transportation to		<input type="checkbox"/> FOB <input checked="" type="checkbox"/> C&F <input type="checkbox"/> CIF Other terms
Stipulated documents: As per Documentary Credit Application continuation form enclosed :		
Documents to be presented within <input checked="" type="checkbox"/> 15 days after the date of issuance of the transport document (s) but within the validity of the credit.		
Additional instructions : <input checked="" type="checkbox"/> This L/C number must appear on all documents. <input type="checkbox"/> The following must appear on the invoice and the Transport Document : HS Code No. IRC No. <i>DA 07A72</i> LCA No. Shipping Mark Bangladesh Bank Registration No. <input type="checkbox"/> The invoice must bear Export L/C number <i>M005725 Dt: 17-07-2013</i> <input type="checkbox"/> All charges outside Bangladesh are on account of <input type="checkbox"/> Shipment by Israeli Liner prohibited <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
We request you to issue your irrevocable documentary credit for our account in accordance with the above instructions (marked with an X where appropriate). The credit will be subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision, Publication No. 600 of the International Chamber of Commerce, Paris, France) insofar as these are applicable. In consideration of your issuing the documentary credit in accordance with the details set out above we agree to be bound by the above terms and conditions and the terms and conditions overleaf and without prejudice to the generality of the same we specifically instruct you to pay or accept all drafts drawn pursuant thereto, and if no drafts are called for, to pay or incur a deferred payment undertaking, as the case may be for our account.		
A/C No. _____		DESIGNER JEANS LTD. Name, stamp and authorized signature (s) of the applicant <i>[Signature]</i> DIRECTOR & C.E.O. C.F.O.

FEX - 03



Continuation of Documentary Credit Application		
Applicant DESIGNER JEANS LTD. 7 BERON, ASHULIA, AVAR, DHAKA. BANGLADESH PH: 88 02 7790783, 7702509 FAX: 88 02 7790783		Account Number Issuing Bank S Southeast Bank Ltd. Date and place of expiry of the credit
Stipulated documents		
<input type="checkbox"/> Signed Commercial Invoice in six copies bearing the clause : "We certify that (a) this invoice is authentic, (b) it is the only invoice issued by us for the goods described herein. (c) it shows their exact value without deduction of any discount, (d) their origin is		
<input type="checkbox"/> Combined Transport Bill of Lading		
<input type="checkbox"/> Marine Bill of Lading		
<input type="checkbox"/> to order of		
<input type="checkbox"/> endorsed		
<input type="checkbox"/> marked "Freight Prepaid" <input type="checkbox"/> marked " Freight payable at destination"		
<input type="checkbox"/> notify :		
<input type="checkbox"/> Duplicate of Railway Receipt		
<input type="checkbox"/> Airway Bill		
<input type="checkbox"/> Other transport document		
<input type="checkbox"/> Insurance Policy/Certificate covering		
<input type="checkbox"/> Insurance covered by us (cover note enclosed). Details of shipment under this L/C must be advised by the beneficiary immediately after shipment direct to us and to referring cover note number _____ of _____ and this L/C number A copy of this advice to accompany each set of documents.		
<input type="checkbox"/> Certificate of Origin in _____ Copies issued by _____		
<input type="checkbox"/> Packing List in _____ copies.		
<input type="checkbox"/> Pre-shipment Inspection Certificate in _____ copies issued by _____		
<input type="checkbox"/> Other documents :		
		DESIGNER JEANS LTD. DIRECTOR & C.E.O. C.F.O.
Telephone No.	Name, stamp and authorized signature (s) of the applicant	
FEX-04		

L/C Application page 2



TRUST RECEIPT

To : Southeast Bank Limited

..... Branch

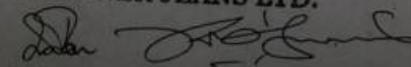
Dated _____

Dear Sir,

1. We request you to kindly hand over import shipping documents to us drawn in terms of your Back to Back Letter of Credit No. dated opened against Export Letter of Credit No. dated in our favour to enable us to clear the goods against our acceptance of the Drafts duly sealed and signed by us. We hereby confirm that you will have lien on the concerned shipping documents, fabric and other accessories and also on garments manufactured out of this fabric for eventual export against the aforementioned Export Letter of Credit and/of otherwise.
2. In consideration of your handing over the shipping documents we hereby undertake to receive and store the goods in our bonded warehouse and hold the said goods as Trustee (s) for your Bank and to keep the transactions separate from other transactions and that we also undertake that we shall submit to you export shipping documents along with invoice, Inspection Certificate and other related papers within..... to enable you to pay the import bills at maturity, out of the export proceeds. In the event of non-payment of the export bill, we shall remain liable to you and place requisite funds to you for settlement of the transaction as per direction of Bangladesh Bank from time to time. In the event of our default to submit the export-shipping documents, you are entitled to take any action as you may deem fit.
3. We also confirm and undertake that we shall not sell these goods (fabric and accessories) or any part thereof locally but will utilize the same to manufacture garments in terms of the concerned Export Letter of Credit. We shall keep the fabric etc. and/or manufactured garments for your inspection at all time and we hereby authorise you or any of your authorised officers to enter our bonded godown/warehouse and also take possession of the goods / manufactured garments at any time in case of our default to comply with our undertaking and/or commitment.
4. We also undertake and declare that the goods covered by this Trust-Receipt shall be kept by us separate and segregated from all other goods under similar Trust Receipt.
5. That in case of breach of any of the terms hereof, your Bank shall be at liberty, without any notice, to take back possession of the goods or any portion thereof under this Trust Receipt wherever the same may be found and without prejudice to the order rights and remedies of your Bank and to sell the goods in a manner permissible under the law. In the event you are compelled to sell the goods in a mentioned herein above and if the sale proceeds are not sufficient to cover the amount of the Bill with interest and charges, you shall be entitled to recover the shortfall from us as simple money claim and if the same be not paid to you immediately on demand, you shall be entitled to take such proceeding for recovery thereof as you may deem fit.

P.T.O.

DESIGNER JEANS LTD.


DIRECTOR & C.E.O

C.F.O

4.5 Scrutiny of L/C Application:

On receipt of L/C Application, the branch officials scrutinize the same very carefully giving emphasis to the following.

- ✚ The terms and conditions of the L/C must be complied with UCPDC 500 and Exchange Control & Import Trade Regulation.
- ✚ L/C application is stamped as it is a guarantee of payment.
- ✚ All the information mentioned in different columns has been furnished.
- ✚ Eligibility of the goods to be imported.
- ✚ If L/C is opened against indent, Bangladesh Bank's permission, valid registration, authority to issue indent by indenter are to be checked.
- ✚ The L/C must not be opened in favor of the importer or his agent.
- ✚ L/C must be signed by the importer agreeing all terms and conditions mentioned in the application.
- ✚ IMP form duly filled and signed.
- ✚ Validity of IRC.
- ✚ HS code of the goods.
- ✚ Insurance cover note with date of shipment.
- ✚ Radioactivity report in case of food items.
- ✚ Survey reports or certificate in case of old machinery.
- ✚ Certificate declaring that the item is in operation not more than 5 years in case of car.

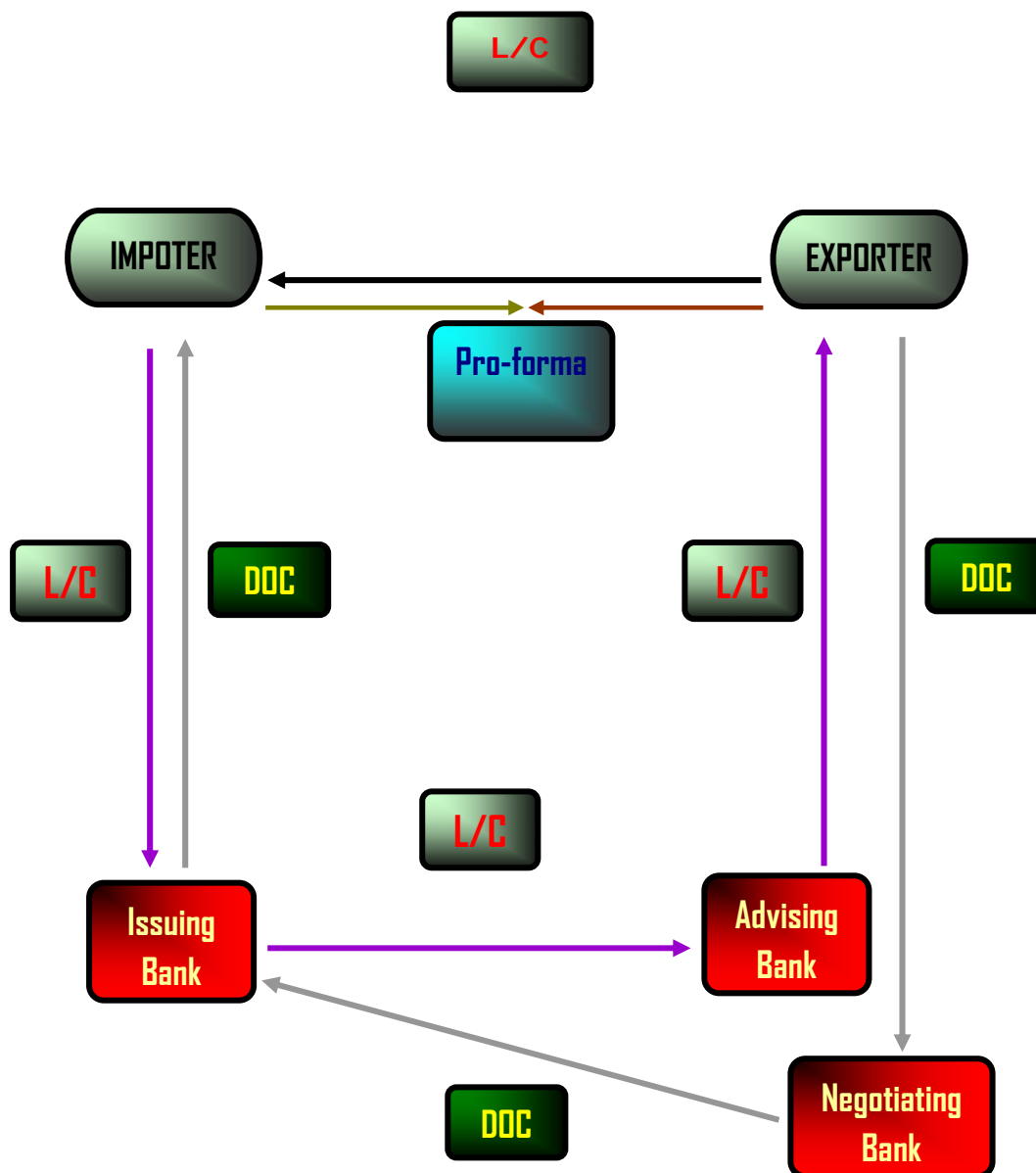
4.6 Scrutiny of Documents:

First of all it must be ensured that full set of documents as mentioned in the L/C has been received. The branch will proceed carefully look into some main points of each of the documents keeping in view the terms of L/C. Some key check points for the documents are as follows-

- ❖ Bill of Exchange
- ❖ Commercial Invoice

- ❖ Bill of lading
- ❖ Certificate of Origin
- ❖ Other Documents

Other documents called for in the credit such as packing list, weight list, inspection certificate etc. to be checked whether drawn and issued in accordance with the terms of the credit.



Fig# 4: L/C Opening Process.



Chapter Five

Export Mechanism



5.1 Export Procedure:

According to Foreign Exchange Regulation Act, 1947, nobody can export by post and otherwise than by post any goods either directly or indirectly to any place outside Bangladesh, unless a declaration is furnished by the exporter to the collector of customs or to such other person as the Bangladesh Bank may specify in this behalf that foreign exchange representing the full export value of the goods has been or will be disposed of in a manner and within a period specified by Bangladesh Bank. Payment for goods exported from Bangladesh should be received through an Authorized Dealer in freely convertible foreign currency or in Bangladeshi Taka from a Non-Resident Account. The Export section deals with two types of Letter of credit that are as follows-

- A) Export Letter of Credit
- B) Back-to-Back Letter of Credit

Export financing can be done by Pre-shipment Credit and Post-shipment credit. In case of pre-shipment financing 90% is financed by the bank. Of the portion 75% is by Back-to-Back L/C and 15% by cash credit. Below the internship stated in broadly those two types of L/C.

5.2 Export Letter of Credit:

The other type of L/C facility offered by Southeast Bank Limited Banani branch is Export L/C. Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitting and wove) jute, jute-made products, frozen shrimps, tea are the main goods that the Bangladeshi exporters export to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to USA and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to USA. Most of the exporter who exports through Southeast Bank Limited



Banani branch is readymade garment exporters. They open L/C in this branch to export their goods, which they open against the import L/C opened by their foreign importers.

5.3 Services against Export L/C:

5.3.1 Advising of Export L/C:

The advising bank getting the import L/C sent by the issuing bank located abroad will advise the L/C to the beneficiary without any engagement or responsibility on their part. It will see the following only:

- i. Authenticity of L/C (Test agreed in case of Telex L/C and signature verified in case (air mail L/C).
- ii. Merchandise specified in the L/C is permissible and clauses incorporated in the L/C are not against country's regulations.

5.3.2 Add Confirmation of Export L/C:

Bank may add additional confirmation to export L/C where there is specific instruction from the L/ C issuing bank to do so. Additional confirmation of L/C gives the seller a double assurance of payment. Bank's requirement of adding confirmation:

- i. Issuing Bank should be a reputed bank.
 - ii. Credit line/Arrangement with the L/C issuing bank.
 - iii. L/C clause are to be acceptable to confirming bank
 - iv. Approval from the competent authority for adding confirmation of export L/C.
- Confirmation charges are to be recovered as per rules.

5.3.3 Negotiation of Export Bill:

'Negotiation means that negotiating banker pays to the drawer the value of the bill on the assurance given by the opening banker. When documents are presented for negotiation



under letter of credit, the same is thoroughly examined from the point of view of correctness and completeness in all respect of terms of credit. The exporter submits the documents to bank as per requirement of bank.

5.3.4 Acceptance of Export Bill:

In this case, the exporter presents a bill of exchange payable to him and drawn on a specified future date or event, to the bank that accept it. The bank signs its acceptance on the bill and returns it to the exporter. The exporter then can present it for payment on maturity or he can discount it in order to obtain immediate payment.

5.4 Formalities for Export Letter of Credit:

The Export trade of the country is regulated by the Import & Export (Control) Act, 1950. There are a number of formalities that an exporter has to fulfill before and after shipment of goods. These formalities or procedures are enumerated as follows-

5.4.1 Export Registration Certificate (ERC):

The exports from Bangladesh are subject to export trade control exercised by the Ministry of Commerce through Chief Controller of Import & Exports (CCI&E). No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with CCI&E and holds valid ERC. The ERC is required to be renewed every year. The ERC number is to be incorporated on EXP (Export) Forms and other documents related with export.

5.4.2 The EXP Form:

After having the registration, the exporter applies to Southeast Bank Limited, Banani branch with the Trade License, ERC and the Certificate from the concerned Government Organization to get EXP Form. If the branch is satisfied, an EXP Form is issued to the exporter. An EXP Form usually contains the following -

- i. Name and address of the Authorized Dealer.
- ii. Particulars of the commodity to be exported with description and code number.
- iii. Name and address of the exporter
- iv. Name and address of the importer



- v. Country of origin
- vi. Port of shipment
- vii. Port of destination
- viii. Quality
- ix. L/C value in foreign currency
- x. Terms of sale
- xi. Bill of lading/ Railway Receipt/ Airway Bill/ Truck Receipt number and date.
- xii. Shipment date
- xiii. CCI& E's registration number and date

5.4.3 Securing the Order:

Upon registration, the exporter may proceed to secure the export order. This can be done by contracting the buyer directly through correspondence.

5.4.4 Signing of the contract:

While making a contract, the following points are to be mentioned: (a) description of goods, (b) quantity of the commodity, (c) price of the commodity, (d) shipment, (e) insurance and marks, (f) inspection.

5.4.5 Procuring the material:

After making the deal and having the L/C opened in his favor, the next step for the exporter is set about task of procuring the merchandise.

5.4.6 Registration of Sale:

This is needed when the proposed items to be exported are raw jute and jute-made good.

5.4.7 Shipment of Goods:

The following documents are normally involved at the stage of shipment: (a) EXP Form, (b) registration certificate, (c) contract, (d) copy of L/C (e) freight certificate from the bank in case of payment of freight, if the port of lading is involved, (f) truck receipt, railway receipt,(g) shipping instruction,(i) insurance policy.

The following points should be checked-

- ✚ The follows terms of L/C are in conformity with those of the contract.
- ✚ The L/C is an irrevocable one, preferably confirmed by the Advising Bank.



- ✚ The L/C allows sufficient time for shipment and reasonable time for registration.
- ✚ If the exporter wants the L/C to be transferable, advisable, he should ensure those stipulation are mentioned in the L/C.

At last the exporter submits all these documents along with a Letter of Indemnity to Southeast Bank Limited, Banani branch for negotiation. An officer scrutinizes all the documents. If the documents are clean one the bank might decide to purchases the documents within the limit sanctioned to the exporter, after verifying the confirmed order covering each export. This is known as Foreign Documentary Bill Collection (FDBC).

5.5 Procedure for Foreign Documentary Bill Collection:

After purchasing the documents, Southeast Bank Limited, Banani branch gives the following Entries-

Before realization of proceeds:

FDBC A/C.....Debit

Customer A/C.....Credit

Adjustment after realization

Southeast Bank, Head office General A/C.....Debit

FDBC A/C.....Credit

A FDBC register is maintained for recording all the particulars. The salient contents of a FDBC register are as follows-

- i. FDBC Ref. No
- ii. Date
- iii. Drawer/ Beneficiary
- iv. Drawee / Applicant



- v. Foreign currency
- vi. Rate
- vii. Local currency
- viii. Margin (% of amount)
- ix. Modes of transport
- x. Merchandise
- xi. Documents
- xii. L/C no. and name of the opening bank
- xiii. Name of the collecting bank
- xiv. Initial, due date, date realized, bank charges recovered with remarks

5.6 Negotiation:

If the documents are free from Discrepancy or if the discrepancies are covered by Indemnity of the party, Bank has to negotiate the Export Bills. For negotiation of cash export bill buying rate prevailing on the date of negotiation is applied for conversion of the foreign currency into Bangladesh currency. For this, the following entry is given

Foreign Bills Negotiated A/C.....Debit

Party A/C.....Credit

Before the close of the business, a consolidated voucher is passed against the total amount of all the bills negotiated on that particular day.

Southeast Bank, Head office General A/C.....Debit

Foreign bills negotiated A/C.....Credit

All the transaction is reported to the Head Office. The Head Office credits the Foreign Bills Negotiated A/C by debit the balance with Foreign banks abroad A/C.

After negotiation of the export bill, the documents are to be sent abroad (Normally to the L/C issuing bank) as per the instruction of L/C and claim Reimbursement of the proceeds from the Bank as mentioned in the L/C.



5.6.1 Risk Involved in Negotiation:

If the bank failed to identify any discrepancy in documents, prepared by the Exporter, on that time if the amounts are paid to the exporter then the Bank face a great loss. In this situation the Negotiating Bank try to contact with the party and if they agree to deliver the required documents, the Bank get rid of the huge loss.

5.7 Inland Letter of Credit (ILC):

Inland letter of credit means L/C within the country. This type of L/C is opened when seller does not have trustworthy relationship with the buyer though they are in the same country and also in the case where the business involved a big amount. This L/C's are two types:

- 1) Local L/C (without EPZ)
- 2) EPZ (Export Processing Zone) L/C

Settlement of Local Bill

The settlement of local bill is done in the following ways-

- The customer submits the L/C to the branch along with the documents to negotiate;
- The branch officials scrutinizes the documents to ensure conformity with the terms and conditions;
- The documents are then forwarded to the L/C Issuing Bank;
- The L/C Issuing Bank gives the acceptance and forwards an acceptance letter;
- Payment is made to the customer on either by collection basis or by purchasing the documents.

Accounting entries are made for purchasing the local bill-

Local Bill Purchase A/C.....	Debit
Client's A/C.....	Credit
Commission.....	Credit
Interest A/C.....	Credit



A Local Bill Purchase (LBP) Register is maintained to record the acceptance of the issuing bank. Until the acceptance is obtained, the record is kept in a collection register.

5.8 Back-to-Back Letter of Credit:

Back-to-Back L/C is a secondary L/C opened by the seller's bank based on the original/master L/C to purchase the raw materials and accessories for manufacturing of the export products required by the seller.

Under the 'Back to Back' concept, the seller as the beneficiary of the master L/C offers it as a security to the advising bank for the issuance of the second L/C. the beneficiary of the Back to Back L/C may be located inside or outside the original beneficiary's country. In case of Back-to-Back L/C, the bank takes no cash security (margin). Bank liens the Master L/C and the drawn bill is a Time bill.

Readymade garment industries and specialized Textile units have been allowed the facility of importing fabrics and other material/accessories needed for manufacturing garments/specialized textile, free of duty under bonded warehouse system against back-to-back L/C arrangement, without involving cash foreign exchange from Bangladesh Bank. The Bangladesh Bank has therefore allowed the authorized dealer to open Back-to-Back L/C for import of raw materials by the readymade garment industries/ Specialized textile unit to carry out their export orders against export L/C.

In our country, export oriented Garment Industry, operating under bonded warehouse system are availing Back-to-Back facilities. In Southeast Bank Limited, Banani branch most of the Back-to-Back L/Cs opened on Garment Industry Account. Therefore the discussion is based on account of Garment Industry in Bangladesh.

5.9 Opening of Back-to-Back L/C:

Besides normal formalities and requirements for L/C opening, the following points are considered.

- a) No Back-to-Back L/C on account of Garment industries should be opened without prior approval from Head Office. Branches are required to obtain prior approval from Head Office Division/ Credit Committee for opening all Back-to-Back L/Cs.
- b) While opening of Back-to-Back L/C following instruction should be followed-
 - i. Separate L/C number should be used for Back-to-Back L/C and are to be recorded in separate Register.
 - ii. L/C opening commission and charges are to be realized as usual.
 - iii. The following contingent liability voucher is to be passed at the time of opening the L/C.

Customer liability for Back-to-Back L/C.....Debit

Banker's liability for Back-to-Back L/C.....Credit

5.10 Documents Required for Opening a Back-to-Back L/C:

In Southeast Bank Limited, Banani branch, following papers/documents are required for opening a Back-to-Back L/C-

- ✚ Master L/C
- ✚ Valid Import Registration certificate (IRC) and Export Registration Certificate (ERC).
- ✚ L/C Application and LCAF duly filled and signed.
- ✚ Performa Invoice
- ✚ Indemnity or undertaking
- ✚ No objection from previous bank (if any)
- ✚ Factory Inspection Certificate
- ✚ Insurance cover note with money receipt.
- ✚ IMP form duly signed.
- ✚ VAT Registration
- ✚ In addition to above documents, the following are also required to export oriented garments industries while requesting for opening a Back-to-Back L/C-

- ✚ Textile Permission.
- ✚ Valid bonded warehouse license.
- ✚ Quota Allocation Letter issued by the Export Promotion Bureau (EPB) in favor of applicant for quota items.
- ✚ BGMEA Membership

In case the factory premises is a rented one, the Letter of Disclaimer duly executed by the owner of the house / premises to be submitted. A check list to open a Back-to-Back L/C is as follows-

- i) Applicant is registered with CCI&E and has bonded warehouse license;
- ii) The master L/C has adequate validity period and has no defective clause;
- iii) L/C value shall not exceed the admissible percentage of net FOB value of relative master L/C;
- iv) Usage period is up to 180 days;

5.11 Payment of Back-to-Back L/C:

Payment of import bills against Back-to-Back L/Cs are made from relative export proceeds of export oriented Garment Industry operating under bonded warehouse system. Therefore at the time of negotiation of export bills on account of garment factory, bank retains a portion covering to Back-to-Back liability to a separate foreign currency account from the export proceeds. The amount is kept in Deposit Awaiting for Disposal (DAD) A/C and in Retention Account (Exporter can bear this money without given any answer to customs, if one's will go aboard.) if customer had given indication. After realization of export proceed, payment against import bills are made from DAD A/C. L/C wise and party wise A/Cs are maintained in DAD A/C ledger.

On 30/60/90/120/180 days of maturity period, deferred payment is made. Payment is given after realizing export proceeds from the L/C Issuing Bank. For garment sector, the duration can be maximum 180 days. In case of export failure or non realization/ short realization of export proceeds forced loan i.e. OAP has to be created in order to settle the Back-to-Back L/C payment.

Vouchers and accounting treatments are the same normal L/C opening except margin.



In this case, no margin is taken by the bank. After lodgment, maturity date of the import bill is intimated to foreign bank as per L/C terms. The documents are delivered to the order of opener duly endorsed for clearance of goods from custom authority. Goods are cleared through approved clearing and forwarding agent of the bank.

5.12 Accounting Treatment of Back-to-Back L/C:

Negotiation

Foreign Bills Purchase.....Debit

FBPARA/C.....Credit

(Foreign Bills Purchase Acceptance Register)

Party's A/C.....Credit

(Deducting import & other liability)

On realization of export proceeds, usual realization vouchers are passed for adjustment of FBP. After realization of export proceeds payment of import bills are made from FBPAR A/C and following vouchers are passed

FBPAR A/C.....Debit

(Foreign Bills Purchase Acceptance Register)

Southeast Bank, Head office General A/C.....Credit

If the party is paid in foreign currency, BC rate is applied in this regard. Foreign remittance department takes the T.T & O.D rate.



5.13 Maintenance of Register:

The sanction must be recorded in the following register:

- ❖ Document execution register. All the charge documents must be recorded in this Register.
- ❖ Limit register
- ❖ Liability ledger.

5.14 Test Key Arrangement:

Test key arrangement is a secret code maintained by the banks for the authentication of their telex messages. It is a systematic procedure by which a test number is given and the person to whom this number is given can easily authenticate the same test number by maintaining the same procedure. Southeast Bank Limited has test arrangements with other banks for the authentication of L/C messages and transfer of funds.

5.15 Confidential Report (C.R) of Beneficiary of L/C:

According to exchange control regulations bankers are required to obtain confidential report of the beneficiary of L/C before opening the same, if the amount of L/C exceeds **Tk.5.00 lac**. bank can open L/C below **Tk.5.00 lac** without obtaining **C.R** .Bankers can write to their foreign correspondents to supply the **C.R**. But from practical experiences foreign correspondents of different country are not supply timely.

To overcome the above situation bankers can consult reference books i.e. MUWN / DUNN / BRADSTREET / Trade directory of various Chambers of Commerce of different countries.

On receipt of **C.R** from any source the banker can accumulate the same in one master file.

5.16 Disposal of L/C & LCA Form Copies and Filing:

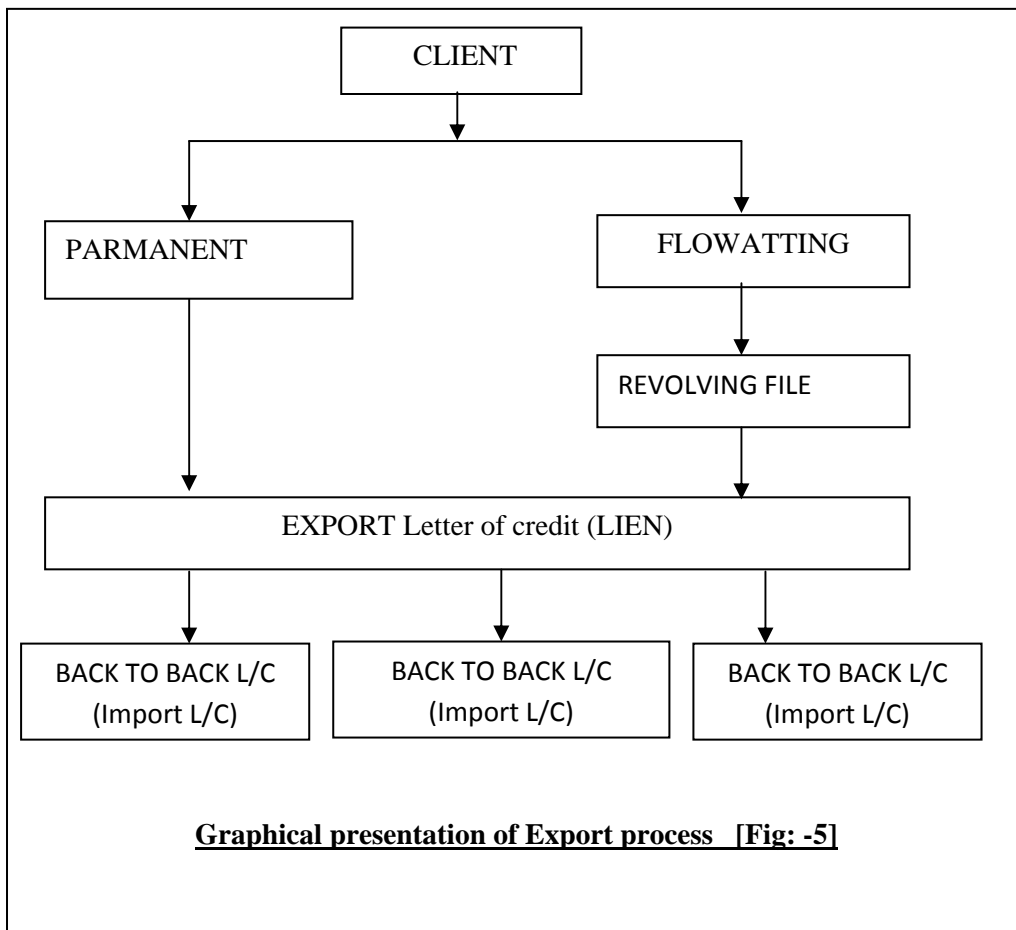
L/Cs is normally typed in respective banks printed format in many folds. The original L/C is sent to the advising bank for beneficiary's and **2nd** copy sent to the above bank at the same time for their own purpose **3rd** copy for importer, **4th** copy for reimbursing bank **5th** copy office copy of the bank, **6th** for Bangladesh Bank & **7th** copy for **CCI & E**. One copy for importer is sent to them along with the memo of charges incurred by the opening bank for the

L/C stating the amount has been so debited for the amount of Memo including that amount of margin.

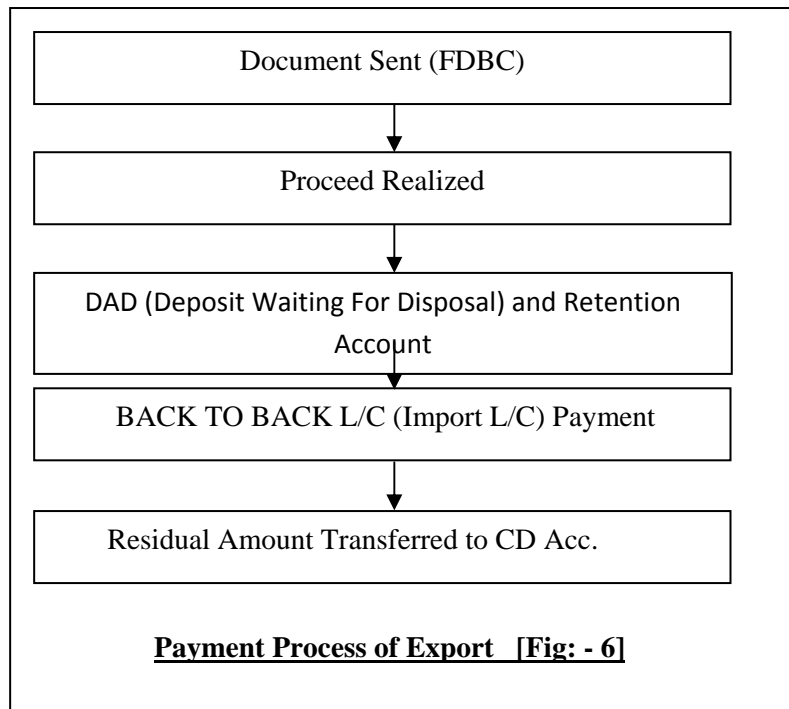
LC authorization forms consisting of six copies. **1st** copy for exchange control purpose, **2nd** copies for the licensing authority, **3rd** and **4th** copy for Bangladesh Bank and customs, **5th** copy for the registration unit and **6th** is the office copy of the bank.

5.17 Diagrammatic Representation of Export:

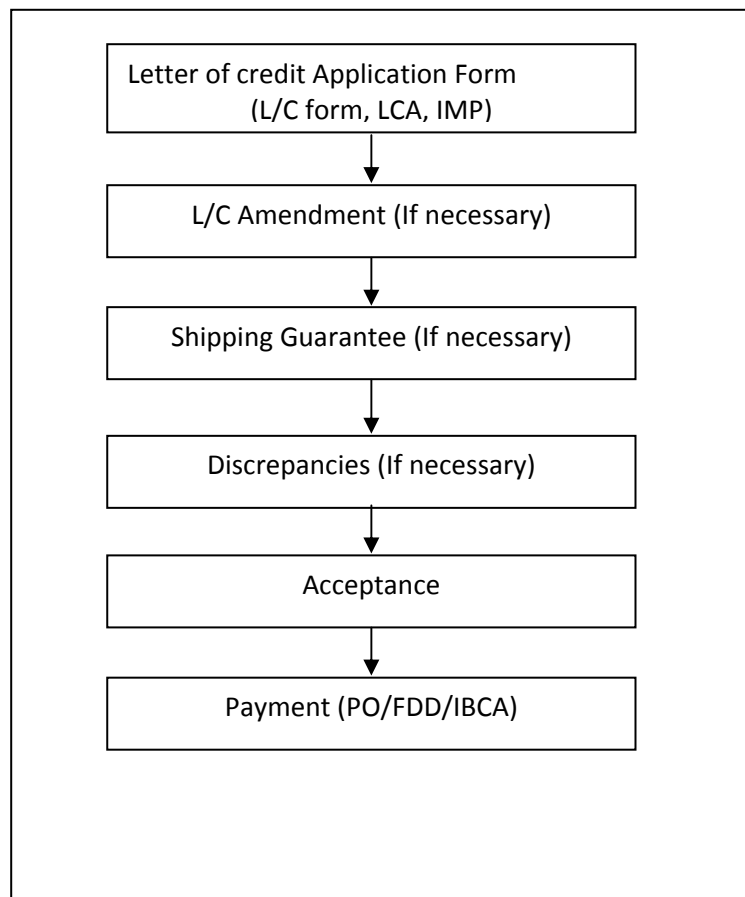
A) Export process: At a glance



B) Payment Process of Export:

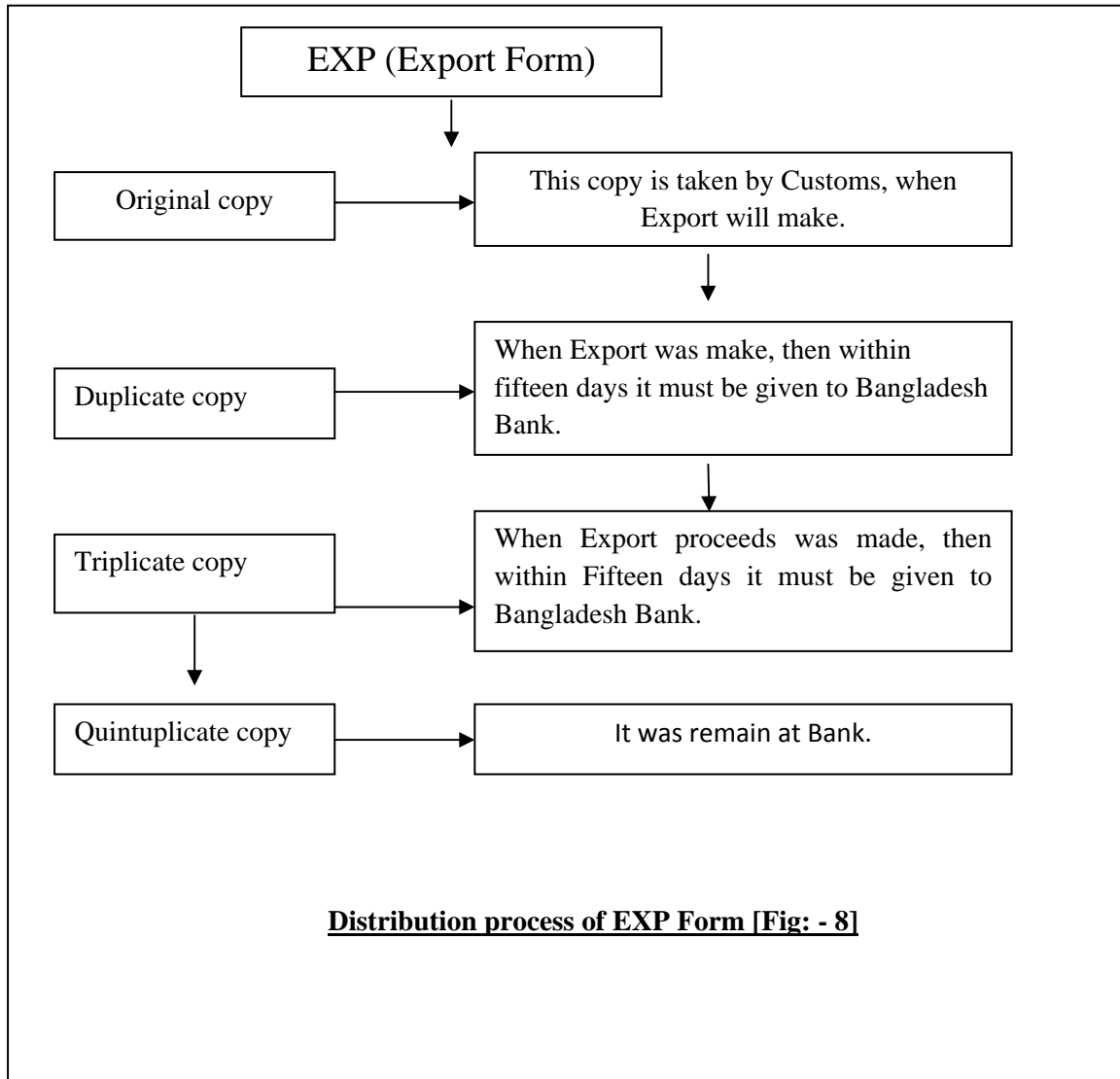


C) Core Process:



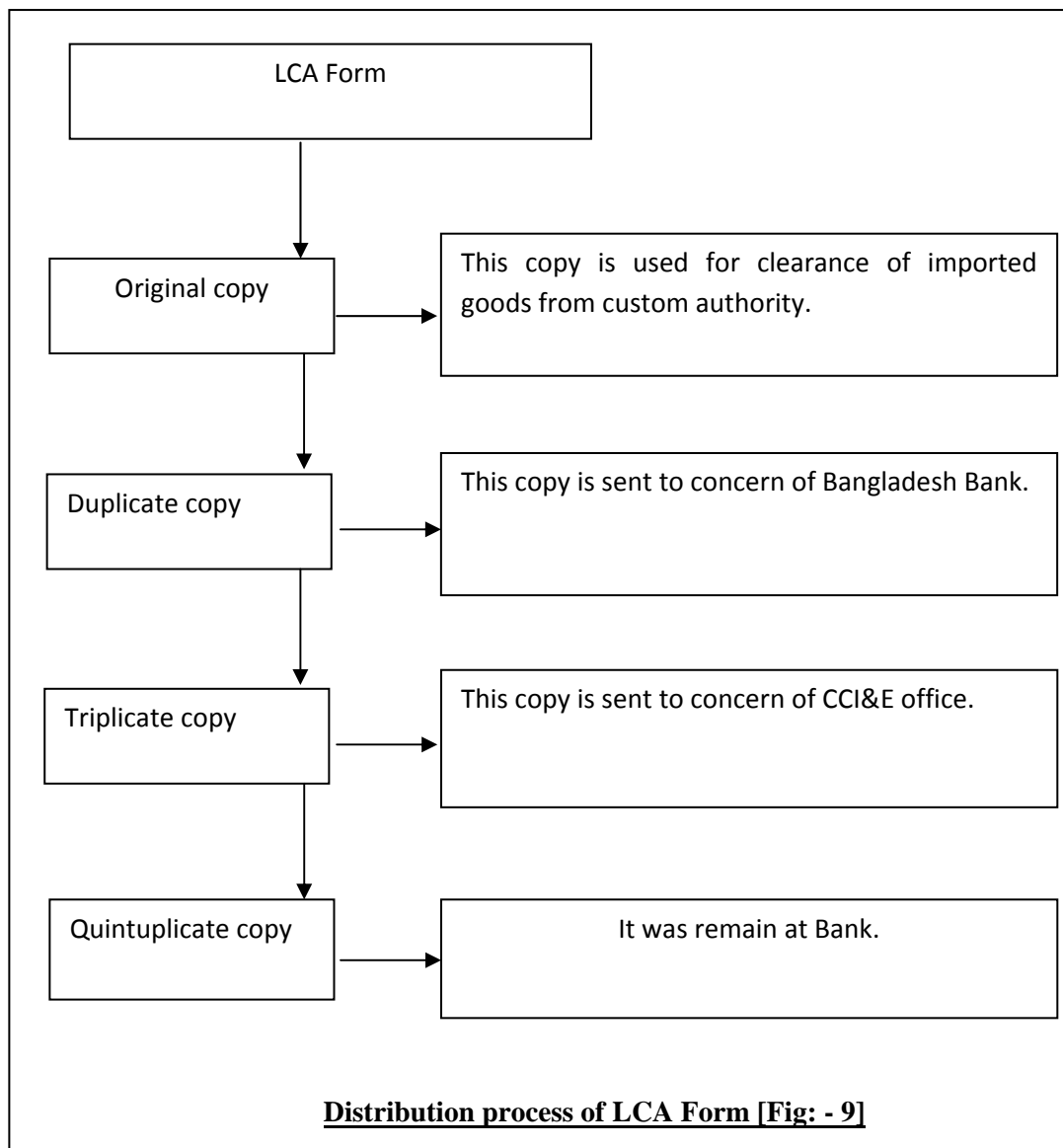
Core Process [Fig: - 7]

D) Distribution process of EXP Form:



Distribution process of EXP Form [Fig: - 8]

E) Distribution process of LCA Form:





Chapter Six

Import Mechanism

6.1 Introduction:

Import of merchandise involves two things: bringing of goods physically into the country and remittance of foreign exchange towards the cost of merchandise and services. In case of Import, the importers are asked by their exporters to open a letter of credit. So, that their payment against goods is ensured. Documentary credit has emerged as a vital system of trade payment. It is a key player of foreign trade.

6.2 Classification of Importer:

Importers are those who are authorized by the import Trade Control Authority that is CCI& E for import of goods essential for consumption or for production purposes.

There are mainly three types of Importer, viz :-

- Commercial Importer
- Industrial Importer.
- Importer under Wage Earner Scheme. (WES)

(1) Commercial Importer:

It means an importer registered under the importers, exporters and indenture registration **order 1981** who import goods for sale.

(2) Industrial Importers:

When issued to an industrial consumer, gives the items of import as raw materials and packing materials and spare parts, the value of entitlement and ITC classification.

(3) Importers under WES:

It means registered importers who import only under the WES. WES importers can be importing all permissible items as declared by the import policy and notification. Besides all registered commercial and industrial importer also can import under WES.

Another Importer is as follows:

- ◆ Lease Financing Import.
- ◆ Govt. Sector Importer.
- ◆ Import under Bonded Ware-House System.
- ◆ Import by Actual Users.
- ◆ Import by E.P.Z.

6.3 Import Mechanism:

An Importer is required to fulfill some conditions/ criteria to be eligible as an importer as per provisions of Import Policy Order and Guidelines for Foreign Exchange Transaction. An importer is required to submit the following documents along with L/C application to get a license to import goods through Southeast Bank -

- ✚ An account with Southeast Bank Limited, Banani Branch.
- ✚ Import Registration Certificate (IRC)
- ✚ Proforma Invoice/ Indent
- ✚ Tax paying Identification (TIN) Number
- ✚ Membership Certificate from recognized Chamber of Commerce & Industry.
- ✚ Letter of Credit Authorization (LCA) Form duly attested.
- ✚ L/C Application duly signed by the importer.
- ✚ One set of IMP Form
- ✚ Insurance Cover note with money receipt

To import, a person should be competent to be an 'Importer'. According to Import and Export Control Act, 1950, the Office of Chief Controller of Import and Export provides the registration (IRC) to the importer. After obtaining this, the person has to secure a letter of credit authorization (LCA) from Bangladesh Bank and then he becomes a qualified importer. He is the person who requests or instructs the issuing bank to open a letter of credit. He is also called applicant of the credit.



6.4 Letter of Credit Authorization Form (LCAF):

The Letter Of Credit Authorization Form is the form prescribed for the authorization of opening letter of credit or payment against import and used in lieu of import license. The authorized dealers are empowered to issue LCA forms to the importers to allow import in Bangladesh. If foreign exchange is intended to be bought from Bangladesh Bank against a LCAF, it has to be registered with Bangladesh Bank's Registration Unit located in the concerned area office of the CCI&E. the LCA forms available with the authorized dealers are issued in a set of five copies each.

First copy is exchange control copy, which is used for opening of L/C and effecting remittance.

Second copy is the custom purpose copy, which is used for clearance of imported goods from custom authority.

Triplicate and Quadruplicate copy of LCAF are sent to concerned area of CCI&E office by authorized dealer / Registration Unit of Bangladesh Bank.

Quintuplicate copy is kept as office copy by Registration Unit.

6.5 Accounting procedure in case of L/C opening:

When the L/C application is found to be in order and the client has sufficient approved credit line for opening an L/C, vouchers are prepared to record the contingent liability for the L/C opened and realized margin, commission, telex charges, postage etc. as per bank's schedule of charges/sanction letter. Accounting treatment at the time of L/C opening are as follows-

a) For recording contingent liability -

Customers liability.....Debit (In equivalent. BDT)

Bankers liability.....Credit

b) For realization of margin, commission, telex and other charges -

Customer's A/C.....Debit (In equivalent. BDT)

Margin on L/C.....Credit

Commission on L/C.....Credit



Telex/Postage charge.....Credit

Misc. charges.....Credit

After that, L/C number and above entries are given in the L/C register. L/C opening register has following details-

- ✚ Date, L/C number, Name of the customer, Foreign currency amount, Exchange rate, Taka equivalent and source of import.
- ✚ Goods, country of origin, advising bank, Expiry date, Margin.
- ✚ Charges: commission, postage, SWIFT.

6.6 Distribution of L/C:

After giving the accounting entries the transmission of L/C is done. Southeast Bank takes the following steps, Through SWIFT to advise the L/C to the beneficiary.

- a) Send the signed original L/C together with the copy to the Dispatch section for mailing to the L/C Advising Bank and L/C Reimbursement bank respectively by courier/Airmail.
- b) Send the approved text of L/C and reimbursement authorization to SWIFT service-charge for their onward transmission to advising bank and reimbursing bank respectively.
- c) Deliver the customer copy of the L/C along with the debit advice to the customer over the counter or send the same to the dispatch section for onward delivery to the customer.
- d) Send the original accounting vouchers in batches to the Accounts section for capture and updating of the data-base/ records.
- e) Check the L/C file to ensure that all the related documents i.e. L/C application with supporting documents, approval, L/C copy, reimbursement instruction copy and copy of accounting vouchers are filed properly.

6.7 Amendment of L/C:

Parties involved in a letter of credit, particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some genuine reasons. In such a situation, the letter of credit is amended. In Revocable letter of credit, it can be amended or cancelled by the issuing bank at any moment and without prior notice to the beneficiary. But in case of irrevocable letter of credit, it can never be amended or cancelled without the agreement of the issuing bank, the



confirming bank (if any) and the beneficiary. When the customer approaches for amending the terms and conditions of a letter of credit opened at his request, Southeast Bank checks the following:

1. The type of amendment the customer is asking for-
 - Whether it is concerning an increase or decrease in the L/C amount.
 - whether it is concerning extension of shipment/ expiry date of the L/C
 - Whether it is relating to change in the merchandise/ mode or route of transportation.
2. Depending on the type of amendments, bank has to review the matter in the same way as applicable while opening a letter of credit in accordance of the provisions.

Amendment Procedure:

On receipt of a request letter for amendment of L/C from the customer the bank takes the following steps-

- a) Record the date and time of receipt of the application.
- b) Read the request letter for amendment briefly to ensure that concerned L/C number and the instructions mentioned are clear.
- c) If found in order check the request letter for amendment together with all supporting papers.
- d) In case the letter of amendment is not complete or required papers are not submitted, the customer should be contacted promptly for rectification of the defects.
- e) In case the customer does not have approved credit line for increasing/ amending the L/C, the import section has to submit proposal to the Executive Committee of the Board and keep pending of amending the L/C till its approval.
- f) When the request letter for amendment with all papers is found to be in order, record the particular of amendments with date in appropriate column against the relevant L/C in the L/C register.
- g) Prepare the letter of amendment either in mail, Swift or telex format.

Accounting Entries of Amendment:

After preparing the letter of amendment, the bank prepares the vouchers so amend the amount of contingent liability for increase (in case of increase in L/C value) and commission & charges. In case of decrease in L/C value, refund the margin to the credit of customer account if the L/C was established under 100% margin, otherwise management consent is required. The Accounting treatments are-



i) For amending contingent liability

a. Increase of L/C value

Customer liability.....Debit

Banker's liability.....Credit

b. Decrease of L/C value

Banker's liability.....Debit

Customer liability.....Credit

ii) For increase of L/C value

Customer A/C (in BDT).....Debit

Margin on L/C.....Credit

Commission on L/C.....Credit

Misc. charges.....Credit

Telex/ Postage charges.....Credit

iii) For refunding customer liability (after the amendment by the advising bank)

Margin A/C.....Debit

CD account customer.....Credit

Southeast Bank Limited, Banani branch transmits the letter of amendment to the advising bank and L/C reimbursing bank respectively by Courier/ Airmail. A letter of amendment executed by issuing bank becomes enforceable / valid only after agreement of the parties in documentary credit operation.

6.8 Adding Confirmation:

Sometimes beneficiary or supplier of the goods insists the importer for adding confirmation to L/C or to issue L/C with added confirmation. In that case, at the request of the importer, the issuing bank request the advising bank or the third bank to add their confirmation to the L/C. Normally the charge of confirmation is borne by the beneficiary and it differs from bank to bank.



6.9 Examination of Shipping Document:



The seller being satisfied with the terms and conditions of the credit proceeds to dispatch the required goods to the buyer, has to present the documents evidencing dispatching of goods to the Negotiating Bank. The exporter will submit those documents in accordance with the terms and conditions as mentioned in L/C. Generally the Exporter sends the following documents.

1. Commercial invoice
2. Bill of lading
3. Packing list
4. Certificate of origin
5. Bill of exchange
6. Clean report of finding (CRF)
7. Weight list
8. Insurance cover note
9. Pre-shipment certificate

The negotiating bank carefully checks the documents provided by the exporter against the credit, and if the documents meet all the requirement of the credit, the bank will pay, accept, or negotiate in accordance with the terms and conditions of the credit. Then the bank sends the documents to the L/C Issuing Bank /opening bank.

Scrutiny of Documents:

First of all it must be ensured that full set of documents as mentioned in the L/C has been received. On receipt of shipping documents from the Negotiating bank, Southeast Bank officials check whether these documents have any discrepancy or not. 'Discrepancy' means the dissimilarity of any of the documents with the terms and conditions of the L/C. the same. If any discrepancy noticed or there is any deviations of the terms and conditions of L/C , the same should be immediately brought to the notice of the importer for his written instruction before lodgement. If the importer refuses to accept the documents it should be notified to the Negotiating bank advising them within reasonable time but not more than 7 working days from the date of receipt of the shipping documents. Some of the usual discrepancies are—

-  L/C expired
-  Late shipment

- ✚ Amount drawn in excess of the letter of credit
- ✚ Bill of Exchange not properly drawn
- ✚ Description of the goods differ
- ✚ Interest clause is missing in Bill of Exchange
- ✚ Bill of Lading or Airway Bill stale or Bill of Lading is issued under a charter party.
- ✚ Insurance cover note as per terms of L/C and insurance does not cover the entire voyage and insurance policy is not properly stamped.

The branch will proceed carefully look into some main points of each of the documents keeping in view the terms of L/C. Some key check points for the documents are as follows-

1. Bill of Exchange:

Bill of exchange is an unconditional order written (signed) by the drawer, to another person (the drawee) which directs to pay a certain sum at sight or at fixed or further determinable date to the order of the party which is to receive payment. Officials check the following-

- ✚ That the bill of exchange has been properly drawn and signed by the beneficiary as mentioned in the L/C terms.
- ✚ That the draft amount drawn does not exceed the amount available under the credit.
- ✚ That the amount is identical with that amount mentioned in the invoice.
- ✚ That the bill of exchange is in order and endorsed properly.

2. Commercial Invoice:

Commercial Invoice issued by exporter is the book keeping instruments for the importer. The invoice is the list of articles containing their particulars and prices. Here the following points are checked-

- ✚ That the merchandise is properly invoiced by the beneficiary.
- ✚ That the merchandise is invoiced to the importer on account of whome the L/C was opened.
- ✚ That the description of the merchandise as shown in the invoice correspond to that required in the L/C.
- ✚ That the unit price of the merchandise in the invoice tallies with that of the unit price stipulated in the L/C and indent.



- ✚ That the invoice has been correctly and properly drawn and signed by the beneficiary as per terms of L/C.
- ✚ That the relevant LCA form number, IRC number of the importer alongwith the Registration number of the indentor with Bangladesh Bank, are correctly incorporated in the invoice.

3. Bill of lading:

A bill of lading is a document generally issued by a carrier to a shipper, usually stipulated in a credit when exporter dispatches the goods. It is an evidence of a contract of carriage, and is a document of title to goods. It also constitutes a document that is or may be, needed to support an insurance claim. The key check points are-

- ✚ That the bill of lading is clean “Shipped on Board” B/L showing freight prepaid and properly endorsed.
- ✚ That the bill of lading covers the merchandise described in the invoice.
- ✚ That the port of shipment, port of destination, date of shipment, the name of the consignee etc. shown in B/L are in agreement with those mentioned in the L/C.
- ✚ That the bill of lading is properly signed by authorized signatory of the Shipping Company or by their authorized agents.
- ✚ That the bill of lading is not stale and has been produced in full set as per terms of L/C.

4. Certificate of Origin:

In case of certificate of origin the officials check that the certificate of origin of the merchandise is in conformity with that stipulated in the L/C.

5. Other Documents:

- ✚ Other documents called for in the credit such as packing list, weight list, inspection certificate etc. to be checked whether drawn and issued in accordance with the terms of the credit.



6.10 Lodgment of Import Documents:

On scrutiny, if it is found that the documents drawn in conformity with the terms of the credit, Southeast Bank BANANI branch lodges the documents in Inland Bill Purcshe(IMP) register/ database giving a bill reference serially in numerical order.

The bank that opens the letter of credit is bound to honor its commitment to pay for import bills when these are presented for payment, if drawn strictly in terms of letter of credit. The opening bank will lodge the shipping documents to their book and will respond to the debit advice originated by the foreign correspondent to the debit of “Inland Bill Purcshe A/C” or “Bills of Exchange A/C” and present the bill to the importer for payment.

The following steps are involved in lodgement-

- ✚ First all the particulars of the documents are entered in the IMP register and IMP No. Seal is given on all the copies of the received documents.
- ✚ Convert the foreign currency into Bangladeshi currency.
- ✚ Reverse the contingent liability and entry made in the liability register.
- ✚ Prepare lodgement voucher.
- ✚ Send IBCA to the Head Office.
- ✚ Make intimation to the importe Worry

Accounting Entries

Payment Against Document A/CDebit
Head Office General A/C.....Credit
Exchange Earnings.....Credit

For Contingent liability the reversal entries are as follows-

Bankers Liability.....Debit
Customer Liability.....Credit



After realizing the charges, the shipping documents are then stamped with IMP number and are entered in the IMP register. Intimation is given to the customer calling on the bank's counter requesting retirement of the shipping documents.

6.11 Retirement of Documents:

The importer receives the intimation and gives necessary instruction to the bank for retirement of the bills or for the disposal of the shipping documents to release the imported goods from the customs authority. The importer may instruct the bank to retire the documents by debiting his account with the bank. During delivery of the documents the following accounting entry is given-

Customer A/C or LTR a/c (with IMP interest).....Debit
 Margin on L/C A/C.....Debit
 IMP A/C.....Credit
 Interest/ Commission A/C.....Credit

6.12 Shipping Guarantee:

In the absence original documents, goods may be cleared by non-negotiable copies of documents against shipping guarantee issued by L/C opening bank. The importer requests the bank to issue shipping guarantee/ indemnity for clearance of consignment against non-negotiable copies of documents received directly from the exporter as per clause incorporated in the L/C. before issuance of shipping guarantee, bank recover full value of import documents and collect an undertaking from the importer that they will accept original documents inspire of any discrepancy and bear rate fluctuation of foreign currency at the time of lodgment.

Voucher to be passed:

Reversal of contra voucher passed at the time of opening of the L/C

Banker's liability for L/C.....Debit
 Customer liability.....Credit

Contra voucher

Customer liability on Shipping Guarantee.....Debit
 Banker's liability on Shipping Guarantee.....Credit



Importer A/C.....Debit

Margin on L/C.....Debit

Margin on shipping Guarantee.....Credit

Commission/ charges.....Credit

On receipt of original documents, lodgment of the same is made as usual and on retirement following vouchers is passed.

Reversal of contra voucher passed at the time of issuance of Shipping Guarantee

Banker's liability on S.G.....Debit

Customer liability on S.G.....Credit

Margin on shipping guarantee.....Debit

Importer's A/C.....Debit

Payment against document.....Credit

Charges/ interest A/C.....Credit

6.13 Import Financing:

If there is no available in cash in importer's hand, he can request the bank to grant loan against the documents for the purpose of post import finance. There are two following forms of import finance-

1. Loan against imported merchandise (LIM).
2. Loan against trust receipt (LTR)

LTR facility is available in SoutheastBank,BANANI Branch, but LIM is not provided.

The following steps are involved for retirement of documents-

- ✚ Calculation of interest.
- ✚ Calculation of other charges.
- ✚ Passing vouchers.
- ✚ Entry in register.



- ✚ Endorsement made on the back of the bill of exchange as ‘Received Payment’ and bill of lading or other transport document is endorsed under two authorized signatures of the bank’s officers.
- ✚ Finally documents are delivered to the Importer.

1. Loan Against Imported Merchandise(LIM):

On the arrival of goods and lodgment of import documents, importer may request the bank for clearance of goods from the port (custom) and keep the same to bank godown. Proper sanction from the competent authority is to be obtained before clearance of consignment.

In case of Loan Against Imported Merchandise, L/C department alongwith credit department take prior approval of Head Office credit committee with other necessary instructions regarding payment of duty and other taxes and mode of transportation from Chittagong/ Chalna. After getting approval from H/O, bank grants loan in the form of either LTR or LIM. This facility is not available in SoutheastBank, BANANI Branch.

2. Loan against Trust Receipt Facility (LTR):

Loan against Trust Receipt is post import finance, offered by SoutheastBank, BANANI Branch. From bank’s point of view; it is risky because usually no security is taken. When customer’s commitment is as good as cash, LTR is then issued. Loan is sanctioned based on trust receipt (prescribed form) only, in this case the title and possession of goods both lying with the customer. Documents are also handed over to the importer against LTR facility

For clearance of the goods, the goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the advances within the specified period.

Accounting treatment:

While creating LIM facility following vouchers to be passed-

Margin on L/C.....Debit



LTR A/C.....Debit

IMP A/C.....Credit

On delivery of goods part/ whole the LTR liability should be adjusted part/ whole to comply the instruction of Head Office sanction advice passing following vouchers-

Customer A/C.....Debit

LTR A/C.....Credit

Interest on LTR.....Credit

6.14 Making Payment Of Foreign Bill:

The L/C issuing bank, after getting the documents, checks immediately and if they are in order and meet the credit requirements, it will arrange to make payment against L/C through reimbursement bank and documents will be handed over to the importer or his duly authorized clearing or forwarding agent for clearance of the goods from customs at his own account. But if there is any discrepancy in the documents, the L/C issuing bank send message to the negotiating bank to rectify it under its risks and responsibilities. Payment is the most sensitive task of import department. The officials have to be very careful while making payment.

6.15 Procedure for Obtaining IRC (Import Registration Certificate):

To perform the import business registration with the licensing authority of the area is an urgent. Through public notice the chief controller of Imports and Exports invites applications usually for registration of importers. For getting this registration the following papers/ documents are required for submission to CCI&E or area office of CCI &E for import registration certificate: -

1. Application form
2. Nationality certificate
3. Income tax registration certificate
4. Trade License from the municipal or the local authority
5. Membership Certificate



6. partnership Certificate (for partnership concern)
7. Certificate of Registration with the registrar of joint Stock Company.
8. Memorandum of Association in case of Limited Company.
9. Bank Certificate.
10. Ownership documents or rent receipts of the place of business.
11. Original Copy of Treasury Challan being payment of registration fees.
12. Other documents prescribed in the import policy.

The nominated bank of the applicant will examine the papers/ documents and verify the signature of the applicant and forward the same to the concerned office of the CCI&E with a forwarding schedule through Bank's representative. The duplication copy of the same bearing the acknowledgment of CCI&E office of the receipt of the documents is received back by the bank and is preserved.

If the documents are found in order and the CCI&E is satisfied the IRC is issued to the applicant and sent direct to the nominated bank. The pass book is also issued by the CCI & E simultaneously to the importer and sent direct to the nominated bank.

The IRC and pass book are security documents issued under embossing seal of the CCI & E and duly signed by the authorized official of CCI & E.

The IRC is to be renewed every year on payment of usual fees through Bangladesh Bank challan or cash payment in their bank's A/C directly.

Fees shall be paid in Bangladesh Bank or in the Government Treasury or in Sonali Bank under the Head **"42 Trade & Commerce fees realized under Import and Export Control Act, 1950"**.

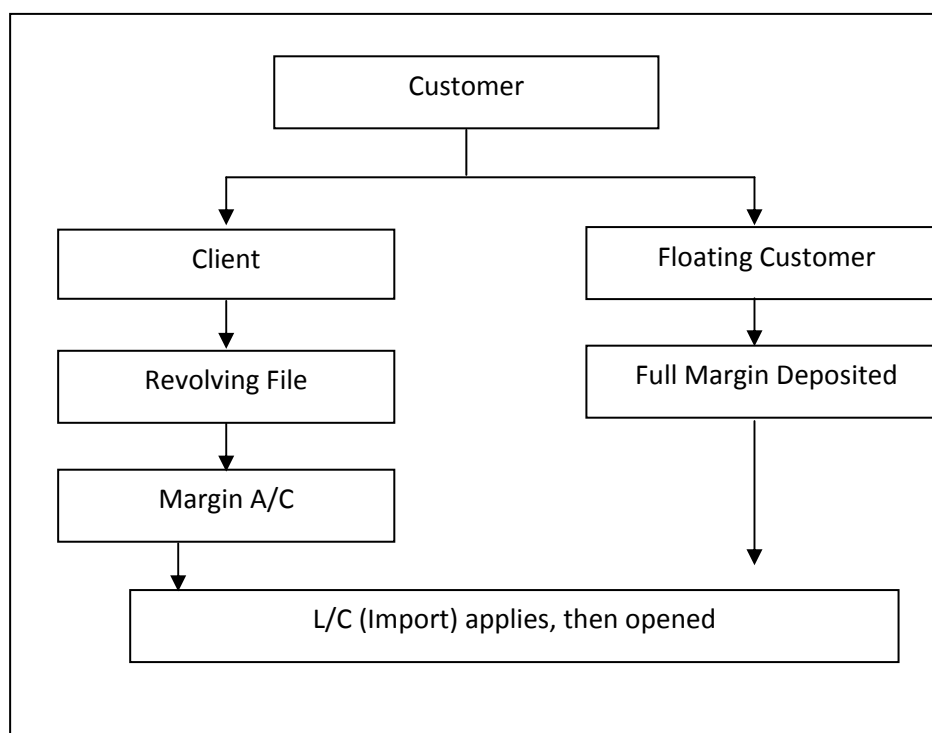
6.16 Reporting to Bangladesh Bank:

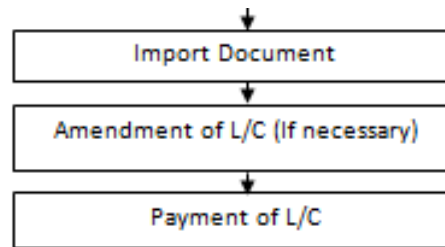
At the end of every month, the reporting to Bangladesh Bank regarding the following information is mandatory-

- i. Filling of E-2/P-2 Schedule of S-1 category that covers the entire month's amount of import, category of goods, currency, country etc.
- ii. Filling of E-3/P-3 Schedule for all charges, commission with T/M Form.
- iii. Disposal of IMP Form that includes:
 - (a) Original IMP is forwarded to Bangladesh Bank with invoice and indent,
 - (b) Duplicate IMP is kept with the branch along with the Bill of Entry/ Certified invoice,
 - (c) Triplicate IMP is kept with the branch for office record,
 - (d) Quadruplicate is kept for submission to Bangladesh Bank in case of import where documents are retired

6.17 Diagrammatic Representation of Import:

a) Diagrammatic Presentation of Import Procedure:





Diagrammatic Presentation of Import Procedure: [Fig.:-10]

b) Payment Procedure of Import:

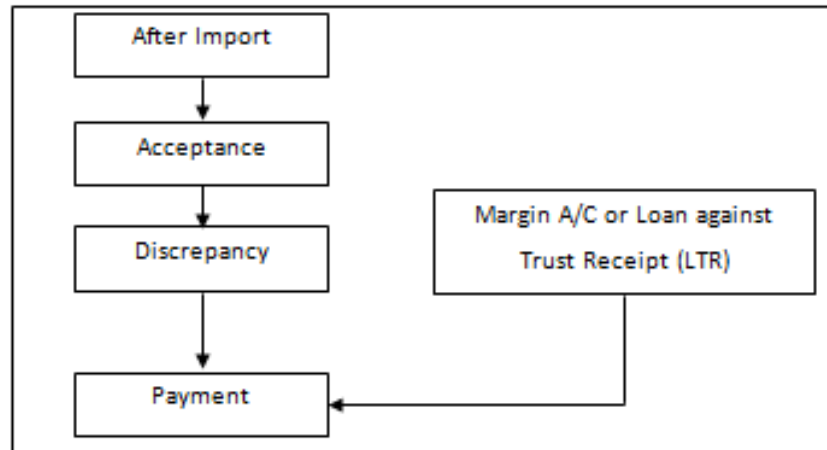


Chart of Payment Procedure of Import: [Fig:-11]

c) Core Process of IBP (Inland Bill Purchase) in case of Importer:

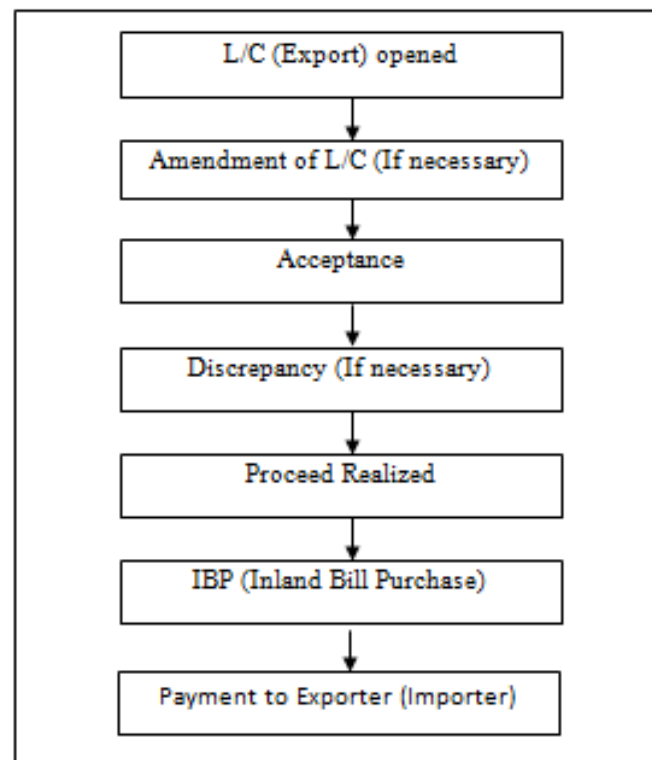
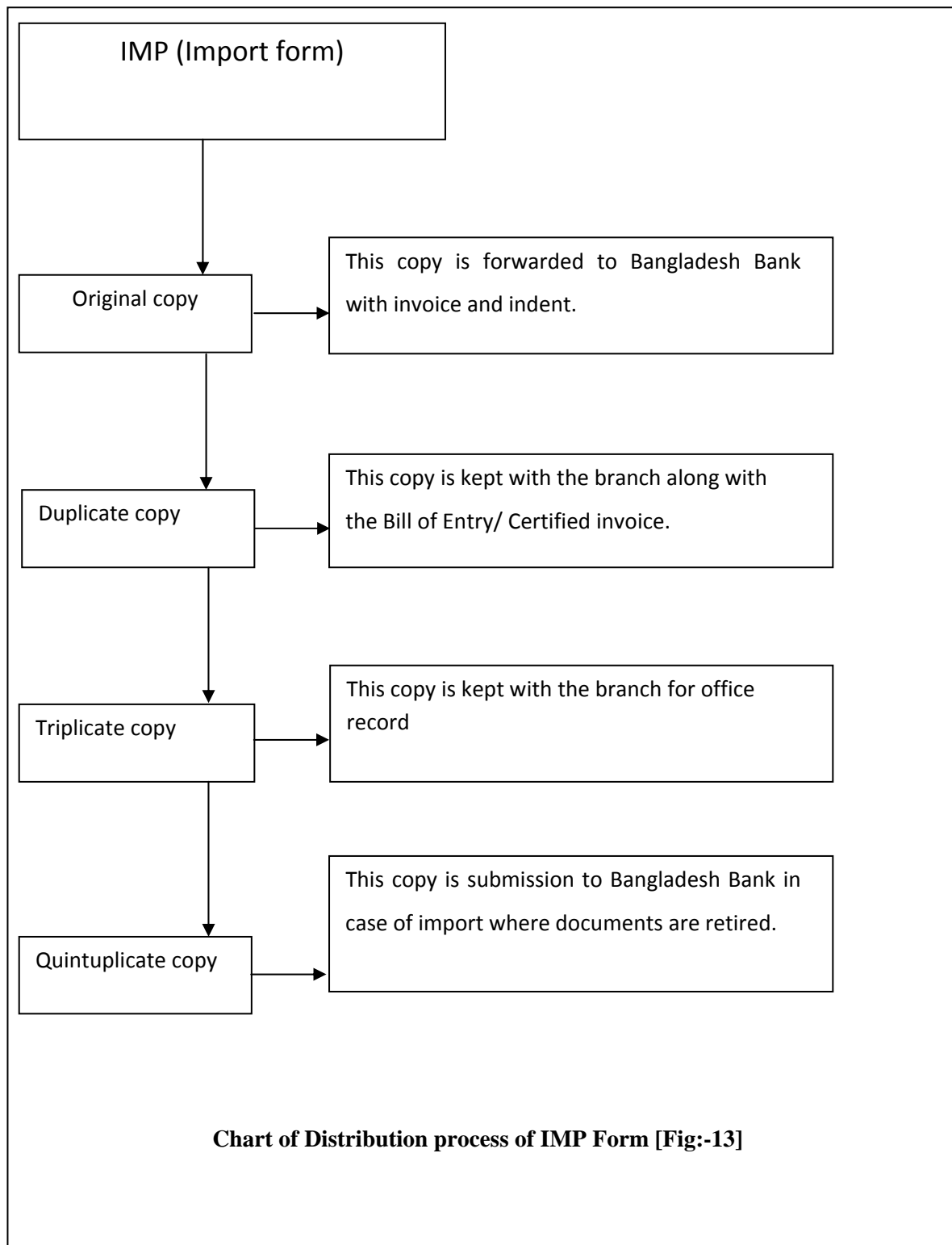
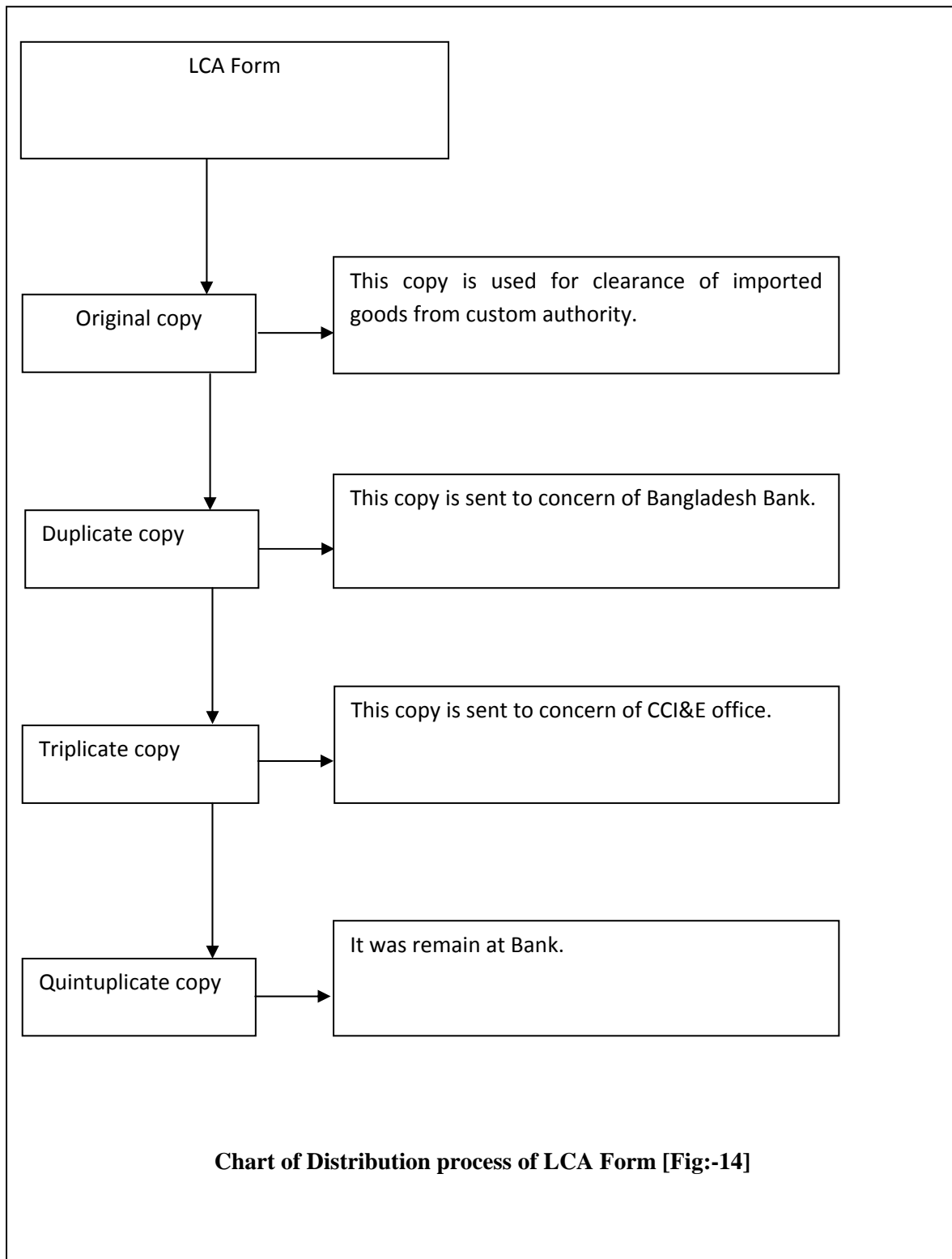


Chart of Core Process of IBP: [Fig:-12]

d) Diagrammatic Presentation of Distribution process of IMP Form



e) Distribution process of LCA Form





Report Header

Application: Alliance Messenger
 Report type: Message Preparation - Message Details Report
 Operator: SADEQUR
 Alliance Server Instance: swp01
 Date - Time: 2013/07/10 19:20:13

Message

Start of Message

Message Identifier

Message Preparation: Alliance Messenger
 Application:
 Unique Message Identifier: I SEBDBDDHUTT 700 700 LOCAL BD YAR (suffix 711230)

Message Header

Swift	Input	fin.700	FIN MT700 - Issue of a Documentary Credit
FIN			
Sender:	Unit:	BAN	
	Sender Logical Terminal:	SEBDBODHA	
	Institution:	SEBDBDDHBAN	
Receiver:	Institution:	MBLBDDH001 MERCANTILE BANK LIMITED (MAIN BRANCH) DHAKA BD	
Options:	Priority:	Normal	
	Monitoring:	None	
	User PDE:	No	

Message Text

```

F27: Sequence of Total
      1
      1
F40A: Form of Documentary Credit
      IRREVOCABLE
F20: Documentary Credit Number
      134813040689
F31C: Date of Issue
      130710
F40E: Applicable Rules
      UCP LATEST VERSION
F31D: Date and Place of Expiry
      130810
      NEGOTIATING BANK'S COUNTER
F50: Applicant
      BD KNIT DESIGN LTD.
      SHARIFFPUR, NATIONAL UNIVERSITY,
      GAZIPUR, BANGLADESH.
F59: Beneficiary - Name & Address
      SHAMEEM COMPOSITE MILLS LTD
      SHAFIPUR, GAZIPUR
F32B: Currency Code, Amount
      USD [ US DOLLAR ]
      26802.50 #26802,50#
F39A: Percentage Credit Amt Tolerance
      5
      5
F41D: Available With...By... - NamesAddr
      ANY BANK IN BENEFICIARY'S COUNTRY
      BY ACCEPTANCE

```

https://172.17.1.42/swp/messenger7_0_60/com.swift.sawa.messenger.Messenger/reportD... 10/07/2013



F42C: Drafts at...
120 DAYS SIGHT.

F42A: Drawee - FI SIC
SIBURDOHRAN
SOUTHEAST BANK LIMITED
(BANANI BRANCH)
DHAKA BD

F43F: Partial Shipments
ALLOWED

F43T: Transshipment
NOT ALLOWED

F44E: Port of Loading/Airport of Dep.
ANY PORT OF BANGLADESH BY TRUCK

F44B: Pl of Final Dest / of Delivery
APPLICANT'S FACTORY SITE BY TRUCK

F44C: Latest Date of Shipment
130725

F45A: Descriptn of Goods &/or Services
YARN FOR READYMADE GARMENTS INDUSTRY:

DESCRIPTION, QUANTITY, QUALITY, UNIT PRICE, SPECIFICATION AND ALL
OTHER DETAILS OF GOODS ARE STRICTLY AS PER PROFORMA INVOICE NO.
SCHMLP130288 DATED 04.07.2013, ISSUED BY THE BENEFICIARY.
DELIVERY TERM:CFR, APPLICANT'S FACTORY SITE,GAZIPUR.

F46A: Documents Required

1. DRAFT AT 120 DAYS SIGHT FROM THE DATE OF ACCEPTANCE DRAWN ON US FOR INVOICE VALUE OF GOODS MENTIONING CREDIT NUMBER AND DATE.
2. YOUR SIGNED INVOICE IN 06 (SIX) COPIES CERTIFYING MERCHANDISE TO BE OF BANGLADESH ORIGIN.
3. FULL SET OF 'TRUCK RECEIPT/DELIVERY CHALLAN' DRAWN ON OR ENDORSED TO THE ORDER OF SOUTHEAST BANK LIMITED, BANANI BRANCH, DHAKA, BANGLADESH SHOWING 'FREIGHT PREPAID.'
4. DELIVERY CHALLAN/TRUCK RECEIPT DULY SIGNED BY THE APPLICANT'S AUTHORIZED SIGNATORY (IES).
5. PACKING LIST IN TRIPLICATE.
6. CERTIFICATE OF ORIGIN IN 03 (THREE) COPIES ISSUED BY THE BENEFICIARY.
7. APPLICANT'S CERTIFICATE TO THE EFFECT THAT THEY HAVE RECEIVED THE GOODS IN GOOD ORDER AND CONDITIONS STRICTLY AS PER SPECIFICATIONS OF BENEFICIARY'S ABOVE PROFORMA INVOICE.
8. A SATISFACTORY CONFIDENTIAL OPINION AS TO THE MEANS, STANDING REPUTATION AND CREDIT WORTHINESS OF THE SUPPLIER MUST BE SUBMITTED BY THE NEGOTIATING BANK WITH THE ORIGINAL DOCUMENTS.
9. A CERTIFICATE FROM BTMA QUOTING THE L/C NUMBER TO BE FURNISHED CERTIFYING THAT THE SUPPLIED YARN ARE OF BANGLADESH ORIGIN.
10. GP2/PRODUCTION CERTIFICATE MUST BE SUBMITTED WITH THE ORIGINAL DOCUMENTS.

F47A: Additional Conditions

- 1) DOCUMENTS EVIDENCING SHIPMENT MUST NOT BE DATED EARLIER THAN THE DATE OF OPENING OF THIS CREDIT.
- 2) SHIPMENT TO BE EFFECTED BY TRUCK FROM BENEFICIARY'S FACTORY TO OPENERS FACTORY NOT LATER THAN 25.07.2013.
- 3) ALL OTHER CHARGES OUTSIDE OUR COUNTER ARE ON BENEFICIARY'S ACCOUNT.
- 4) DRAFT(S) MUST BE MARKED 'DRAWN ON SOUTHEAST BANK LIMITED, BANANI BRANCH, DHAKA' UNDER CREDIT NO.134813040689 DATED 10.07.2013.
- 5) DELIVERY CHALLAN SHOULD BE TREATED AS TRUCK CHALLAN.
- 6) ALL DOCUMENTS MUST BEAR THE WORDS RAW MATERIALS FOR READYMADE GARMENTS INDUSTRY UNDER BACK TO BACK LETTER OF CREDIT NO. 134813040689 DATED 10.07.2013 ISSUED UNDER EXPORT L/C NO.BDKDL/OFFTEX/40/2013 DATED 03.07.2013.
- 7) MATURITY DATE OF THE DOCUMENTS SHALL BE COUNTED FROM THE DATE OF ACCEPTANCE BY THE APPLICANT AT OUR COUNTER.
- 8) THE OPENER SHALL HAVE THE OPTION TO SETTLE THE RELATIVE IMPORT BILL(S) PARTLY/FULLY BEFORE THE MATURITY DATE.
- 9) INTEREST FOR THE ACTUAL USANCE PERIOD AT LIBOR AND OVERDUE INTEREST AT THE RATE OF 13.50 PERCENTAGE WILL BE PAID BY THE APPLICANT.

https://172.17.1.42/swp/messenger7_0_60/com.swift.sawa.messenger.Messenger/reportD... 10

10:MERCHANDISE TO BE USED FOR EXPORTING 40,180 PCS (M/-S)
CTY OF T-SHIRTS.

68: Period for Presentation
WITHIN 15 DAYS FROM THE DATE OF
SHIPMENT BUT WITHIN THE VALIDITY
OF THE CREDIT.

69: Confirmation Instructions
WITHOUT

76: Instr to Payr/Acceptg/Negoty Bank
1. UPON RECEIPT OF DOCUMENT IN ORDER WE SHALL ARRANGE PAYMENT AT
MATURITY IN USD.
2. ALL DOCUMENTS TO BE SENT TO SOUTHEAST BANK LTD, BANANI BRANCH
PLOT NO.71, BLOCK NO.8, KEMAL ATATURK AVENUE, BANANI,
DHAKA-1213, BANGLADESH BY COURIER IN ONE LOT.
3. NEGOTIATING BANK MUST OBTAIN PRIOR APPROVAL FROM L/C OPENING
BANK BEFORE NEGOTIATING ANY DISCREPANT DOCUMENTS.
4. A FEE FOR USD50.00 WILL BE CHARGED FOR EACH PRESENTATION OF
DISCREPANT DOCUMENTS.
5. THE AMOUNT OF NEGOTIATION MUST BE ENDORSED ON REVERSE OF THE
CREDIT.
6. A FEE FOR USD30.00 WILL BE DEDUCTED AS REIMBURSEMENT CHARGES.

57A: 'Advise Through' Bank - FI SIC
HBLBDD0001
MERCANTILE BANK LIMITED
(MAIN BRANCH)
DHAKA BD

72: Sender to Receiver Information
PLEASE ADVISE THE BENEFICIARY
IMMEDIATELY UNDER INTIMATION TO US.

End of Message

Report Footer

Number of Entries 1
End of report



Designer Jeans Ltd.
Confidence Building Through Partnership

Ref No: DJ/SBL/COM/431/2013
Date: 23.07.2013

To,
The Senior Executive Vice President
Southeast Bank Ltd
Banani Branch,
Dhaka.

Sub : Application for BTB (Back to Back) L/C.

Dear Sir,

Please open BTB (Back to Back) L/C for US\$: 7,500.00 (US\$ Seven Thousand Five Hundred) only in favor of Accessories supplier of which details are given below:-

Name of Supplier : **MASTER WASHING LTD**
Address : 2886, College Road
Chairman Bari
Dakkhin Khan
Dhaka-1230.

Proforma Invoice No. : MWL/DJL/01/2013 Dated 13.07.2013
Export L/C./Sales Contract No. **M005725** Dated **17.01.2013**

Your early action in this regards will highly be appreciated.

Thanking you,
Sincerely yours,

DESIGNER JEANS LTD.
[Signature]
DIRECTOR & C.E.O
[Signature]
C.F.O

Southeast Bank Lim.
Banani Branch, Dhaka.
23 JUL 20
RECEIVED CONTENTS NOT VERIFIED
Initial:.....

10. 991

87 Beron, Ashulia, Savar, Dhaka, Bangladesh, Tel : 8802-7702 783, 7702 509, Fax : 8802-7
E-mail : info@designerjeansbd.com; Web : www.designerjeansbd.com

LC Forwarding



Master Washing Ltd.

(100% Export Oriented Washing Plant)
2886, College Road, Chairman Bari, Dakkhin Khan, Dhaka-1230.
Contact : Phone – 01672255507, mail - masterwashing06@gmail.com

Date: 13/07/2013

Proforma Invoice

MWL/DJL/01/2013

M/S: DESIGNER JEANS LTD.
87, Beron, Ashulia, Savar
Dhaka.

Sl No	Style No.	Type of Wash	Qty	Unit Price/ Dzn in US\$	Total US\$
01.	DIOR1	Whicker, Hand Brush, PP, Tagging, Enzyme, Bleach Wash	15000 Pcs 1250.00Dzn	6.00	7500.00
Total US\$:					7500.00

Amount in Word : US\$ Seven Thousand Five Hundred Only.

Terms and Condition:

- SHIPMENT :** Part shipment/Part delivery to be allowed and shipment will be made through delivery Challan.
- PAYMENT :** Payment of the invoice value must be made in USD \$ of export rate prevailing on the date of maturity.
If the payment makes to in schedule time extra 16% over due charge must be made by the buyer.
Document discrepancy charge not allowed
L/C more than 60/90 day's sight not be accepted
The L/C opening should give the reimbursement authority to the L/C negotiation Bank.
- DELIVERY :** From our factory at chairman Para College Road, Dakkhin Khan Uttara, Dhaka.
- OFFER VALIDITY:** 15 (Fifteen) days from the date of PI Issue
- NEGOTIATION:** 10 (ten) days from the date of the shipment delivery.

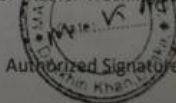
Bank: JAMUNA BANK LTD. GULSHAN BRANCH, LANDVIEW, COMMERCIAL CENTRE 28, GULSHAN NORTH, C/A GULSHAN CIRCLE-2, DHAKA-1212.

DESIGNER JEANS LTD.

DIRECTOR & C.E.O

C.F.O

For Master Washing Ltd.



Proforma Invoice



Chapter Seven

My Job Responsibilities & what I have learned

7.1 Introduction:



Working with Southeast bank was a very good experience of the practical job field. Foreign Trade is always plays vital role for any Bank. As I was working in the Export part of Foreign Trade I got know lots of important stuffs that is very much essential for business graduate to be aware of. As in the Export Mechanism bank follows both Import and Export practices due to back to back LC.

As we already know that whole export mechanism is huge and it cannot be one man job to do. So there are well balanced coordination teams in the Bank where each single employee will be doing the classified works for export mechanism. By participation of the whole team the Export Department runs and this whole Foreign Trade system is monitored by Mrs. Farhana Khan, AVP, Banani Branch.

As I was assigned there as a Internee my main job was to assist Export department by doing all the return stuffs which includes Bangladesh Bank reporting of both Foreign LC and Back to Back LC.

Through out doing my job I came to know how to report LC documents to Bangladesh Bank both Manually and Online as well.

According to Bangladesh Bank rules All the LC documents of current months has to be submitted to Bangladesh Bank by the 5th of every next month.

So reporting is an important task for Foreign Trade. And um really lucky to do that job four times on May' 13, June' 13, July' 13 and finally August' 13.

7.2 My Job Responsibilities :

1. Online LC opening in “Bangladesh Bank Online Monitoring System”
2. External Reporting Bangladesh Bank



3. Import Reporting Bangladesh Bank
4. Monitoring Export Development fund

All my job responsibilities are described below:

1. Online LC opening in “Bangladesh Bank Online Monitoring System”

After all the manual processing of LC documents we have to open the Online LC into the Bangladesh Bank system. Bangladesh Bank records all the LC documents both manually and online. It is not only because of the security issue of the documents but also for the quick search of the any particular document among the thousands of LC's.

For Foreign Trade works Bangladesh Bank has an Online Monitoring System in their official Website which can only access by the particular bank computer with the proper authorization of that bank and Bangladesh Bank give access after having the proper user id and Password. As this is a highly confidential work between Bangladesh Bank and the Local Bank so highest security is ensured about the LC data entry. **Bangladesh Bank Online Monitoring System** allows to entry data from 10am to 6 pm. So in between entries can be edited of any wrong entry inserted.

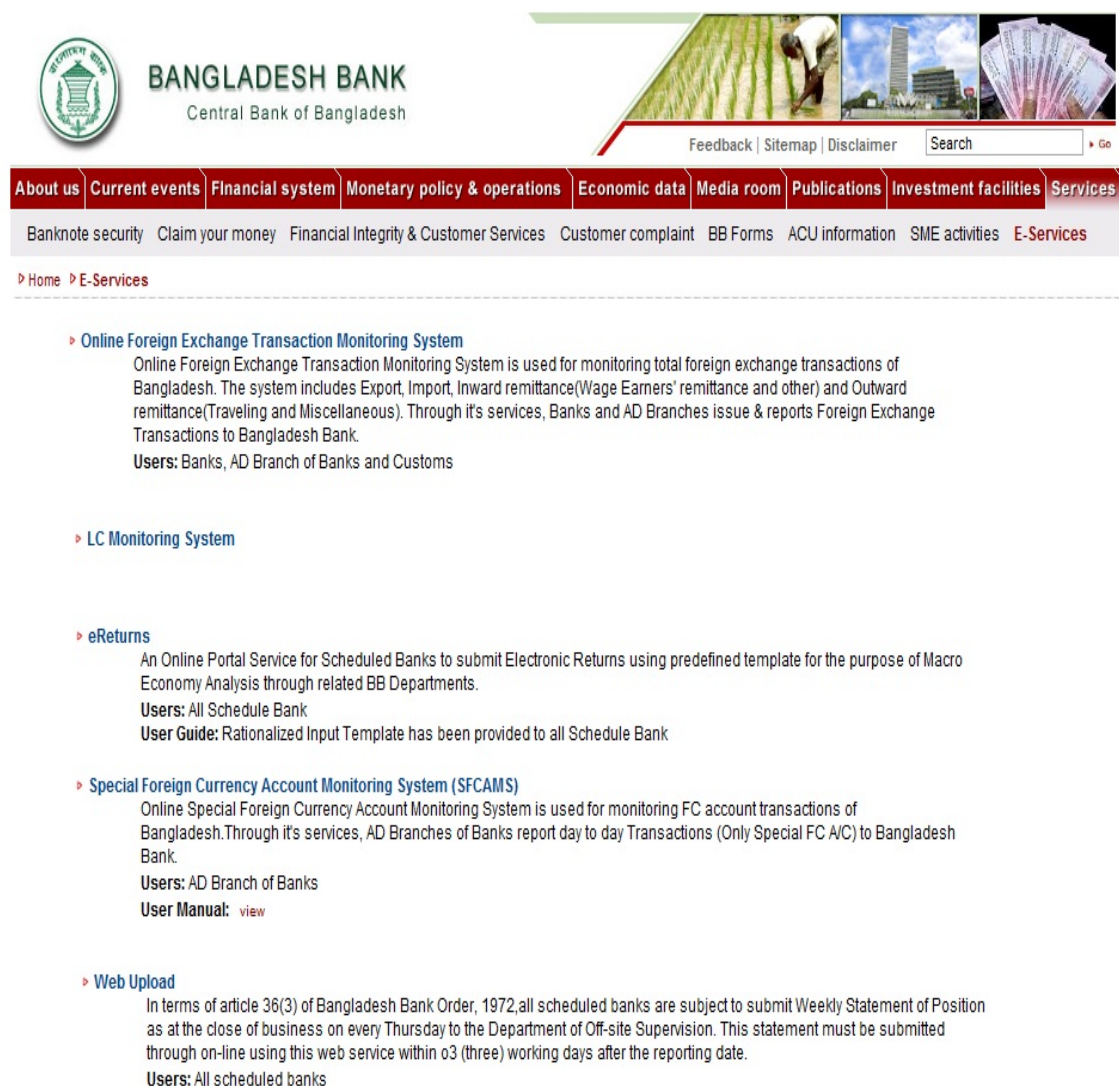
2. External Reporting Bangladesh Bank:

External reporting is basically all the manual document submission to the Bangladesh Bank which has to be submitted the current months LC documents by the 5th of every next month.

In this process we have to submit original and duplicate copy of LCAF with related documents of that certain LC document like Commercial Invoice, Proforma Invoice, Bill of exchange documents or any short shipment document if any short

shipment was made. All these documents are attached and after proper authorization by Head of Foreign Trade are sent to Bangladesh Bank.

This is the official website of Bangladesh Bank for Foreign trade works. I used to work in first two points



The screenshot shows the Bangladesh Bank website. The header includes the Bangladesh Bank logo and name, along with navigation links like Feedback, Sitemap, Disclaimer, and a search bar. Below the header is a red navigation bar with links for About us, Current events, Financial system, Monetary policy & operations, Economic data, Media room, Publications, Investment facilities, and Services. A secondary navigation bar lists various services like Banknote security, Claim your money, Financial Integrity & Customer Services, Customer complaint, BB Forms, ACU information, SME activities, and E-Services. The main content area is titled 'E-Services' and lists several systems:

- Online Foreign Exchange Transaction Monitoring System**
Online Foreign Exchange Transaction Monitoring System is used for monitoring total foreign exchange transactions of Bangladesh. The system includes Export, Import, Inward remittance (Wage Earners' remittance and other) and Outward remittance (Traveling and Miscellaneous). Through its services, Banks and AD Branches issue & reports Foreign Exchange Transactions to Bangladesh Bank.
Users: Banks, AD Branch of Banks and Customs
- LC Monitoring System**
- eReturns**
An Online Portal Service for Scheduled Banks to submit Electronic Returns using predefined template for the purpose of Macro Economy Analysis through related BB Departments.
Users: All Schedule Bank
User Guide: Rationalized Input Template has been provided to all Schedule Bank
- Special Foreign Currency Account Monitoring System (SFCAMS)**
Online Special Foreign Currency Account Monitoring System is used for monitoring FC account transactions of Bangladesh. Through its services, AD Branches of Banks report day to day Transactions (Only Special FC A/C) to Bangladesh Bank.
Users: AD Branch of Banks
User Manual: [view](#)
- Web Upload**
In terms of article 36(3) of Bangladesh Bank Order, 1972, all scheduled banks are subject to submit Weekly Statement of Position as at the close of business on every Thursday to the Department of Off-site Supervision. This statement must be submitted through on-line using this web service within 03 (three) working days after the reporting date.
Users: All scheduled banks

3. Import Reporting Bangladesh Bank:

Import reporting is almost like external reporting and is also manual document submission. But still there are some differences. As we have already discussed



earlier about the Back to back LC. Here 100% tax free raw materials import are made for 100% produced export of goods.

4. Monitoring Export Development fund

This is another important part of Foreign Trade operations. Each and every single client has a definite account balance in the bank. This is very important because this balance is in dollar and all the transactions that is made by the client should not exceed that balance. So it is important to update that. The update should be reported to Bangladesh Bank as well. For example if it seems if any client is about to cross that balance than due to the regulations of Bangladesh Bank all LC documents should be paused unless they refund their balance.

Though I got to do very tiny part of Export mechanism as my Job responsibilities but I got to learn lots of things besides my job responsibilities by observing my supervisor and the total Export Department of Southeast Bank Limited. The whole working environment was so friendly and each of them were so cooperative to me. Whenever I got any problems or any quarry during my work they always helped me within a single knock. Indeed it was not only pleasure to work with them but also it is my honor to complete my internship with such an wonderful organization mostly with a very supportive working team. Perhaps my journey of Internship seems to end at this part but I am taking lots of knowledge and practical experience that will surely help me in my future life.



Chapter Eight

Analysis & Findings

8.1 Introduction:



We know that Analysis and Findings are most important part in any Internship Report. After stated all procedure, now we have to analyze for getting some findings and to reach conclusion. For the purpose of analysis use various bar diagram, trend analysis and standard deviation, co-efficient of variance etc. All these are effectively used in most of analytical report.

8.2 Import Business Analysis:

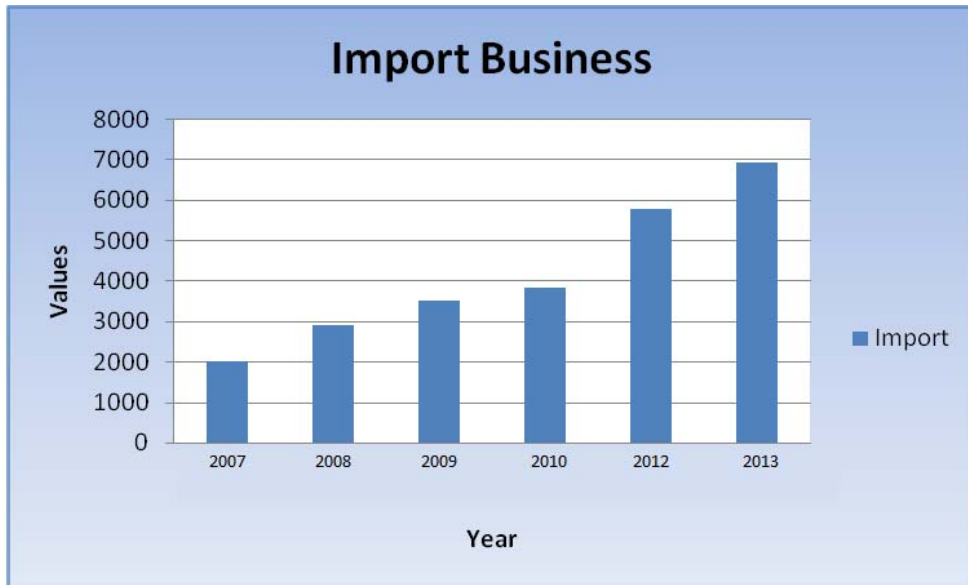
Table no -2

Import Business Analysis Table (In million taka)

Year	2007	2008	2009	2010	2011	2012	Average	STD	CV
Import	2022.96	2907.93	3512.51	3847.03	5801.97	6958.29	4605.55	1704.3187	37%
Growth rate		30.43%	17.21%	8.70%	33.69%	16.62%			

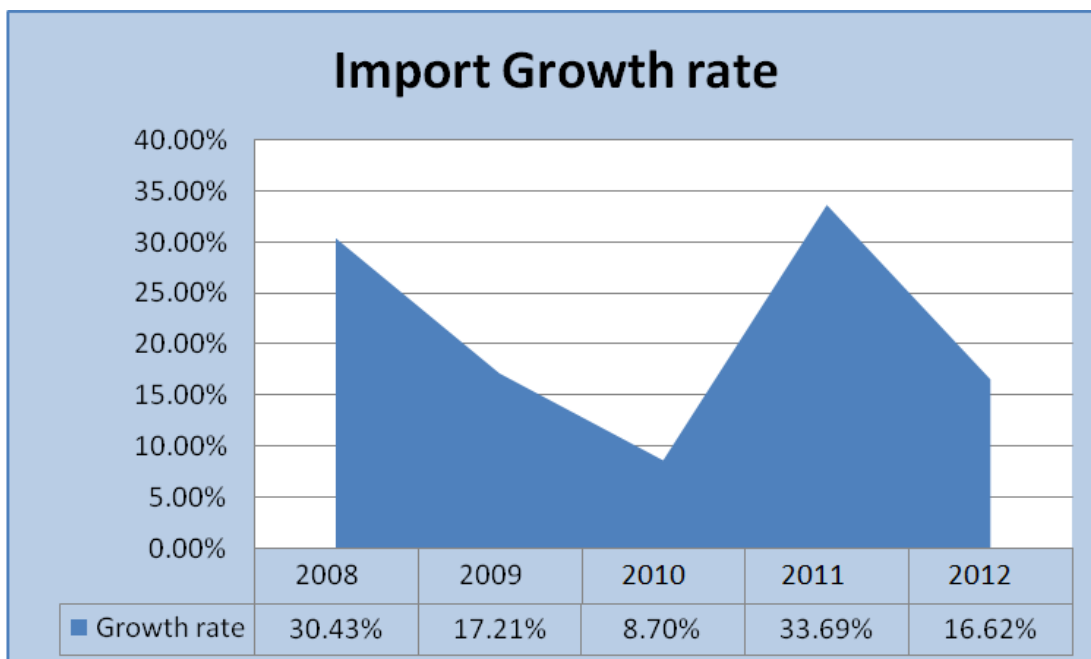
Sources: Apendix-1

Explanation: From Table- 2, we find that the average Import is Tk.4,605.55(million), where STD (Standard Deviation) is 1704.3187 & CV (Co-efficient of variation) is 37%, which is the sign of medium degree of variation. Here CV didn't cross 50% so, this is reasonable and indicate positive situation. Here growth rates are also increased. So we can easily comment that Import of SEBL is very stable and good in position. We have explained the above table with representation of various graphs.



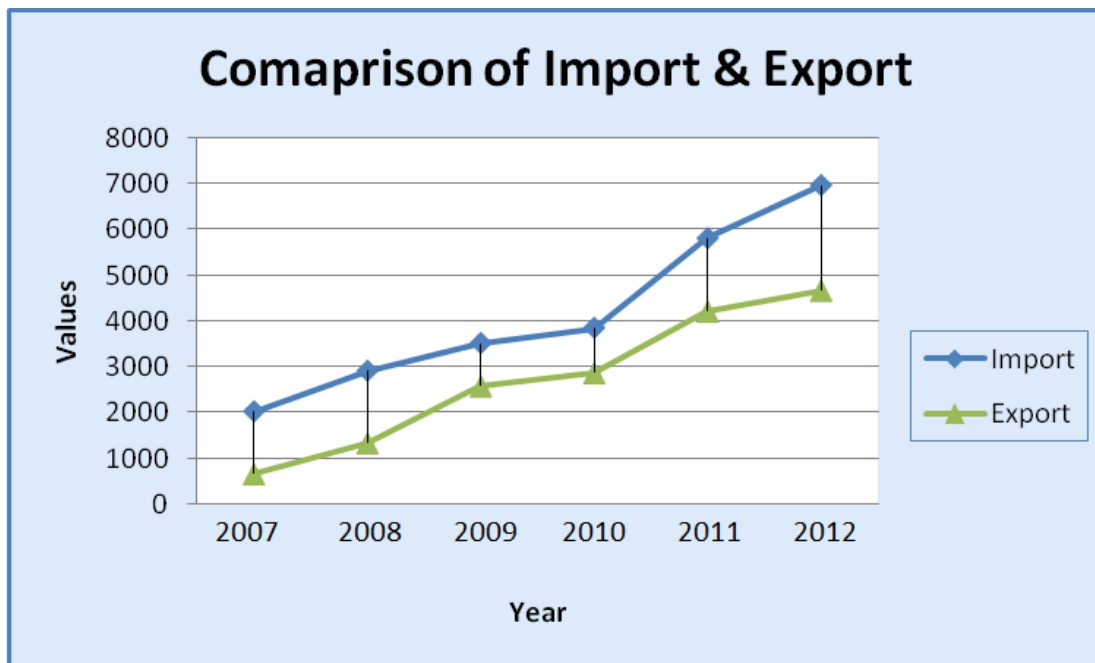
Graph no-1: Year wise Import

Explanation: From graph no-1, we find that the Import of 2012 is 6958.29 (Tk in million), which is the Highest in position of Bar diagram. On the other hand the Import of 2007 is 2022.96 (Tk in million), which is the worst in position of Bar diagram. So we can easily comment that Import of 2009 is very good in position and there have positive growing tendency.



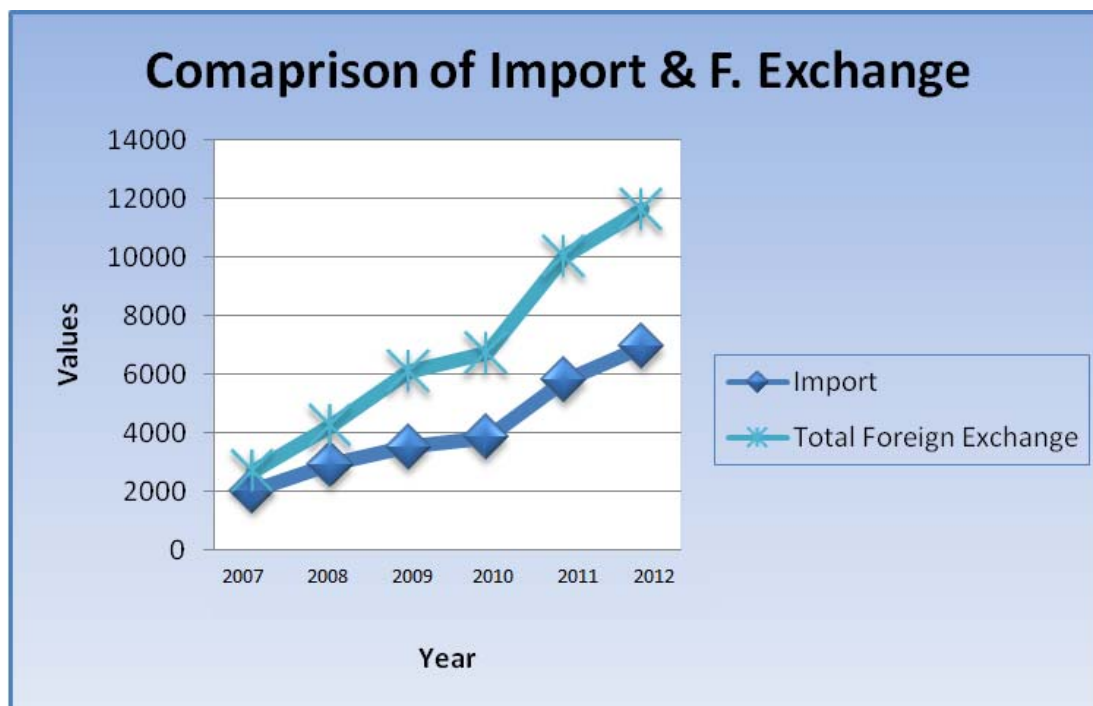
Graph no-2: Year wise growth of Import

Explanation: From graph no-2, we find that the Import growth rate of 2012 is 16.62%. On the other hand the Import of 2008 is 30.43% and in the middle years the growth were fluctuated. But the growth is always in increasing. So I can command that the growth is moderate compare to the others in a reason that there are lots of competitions in this sector.



Graph no- 3: Comparison of Import & Export

Explanation: From graph no- 3, we find that the Import growth rate of SEBL is higher than the Export growth rate of SEBL in position of diagram. So we can easily comment that Import position of SEBL is better than Export position of SEBL. But there have positive growing tendency in both sections.



Graph no- 4: Comparison of Import & Foreign Exchange

Explanation: From graph no-4, we find as usually the Import growth rate of SEBL is lower than total Foreign Exchange growth rate of SEBL in position of diagram. But Import section occupied large part of Total Foreign Exchange Business. So we can easily comment that Total Foreign Exchange position of SEBL is better and in positively growing situation.

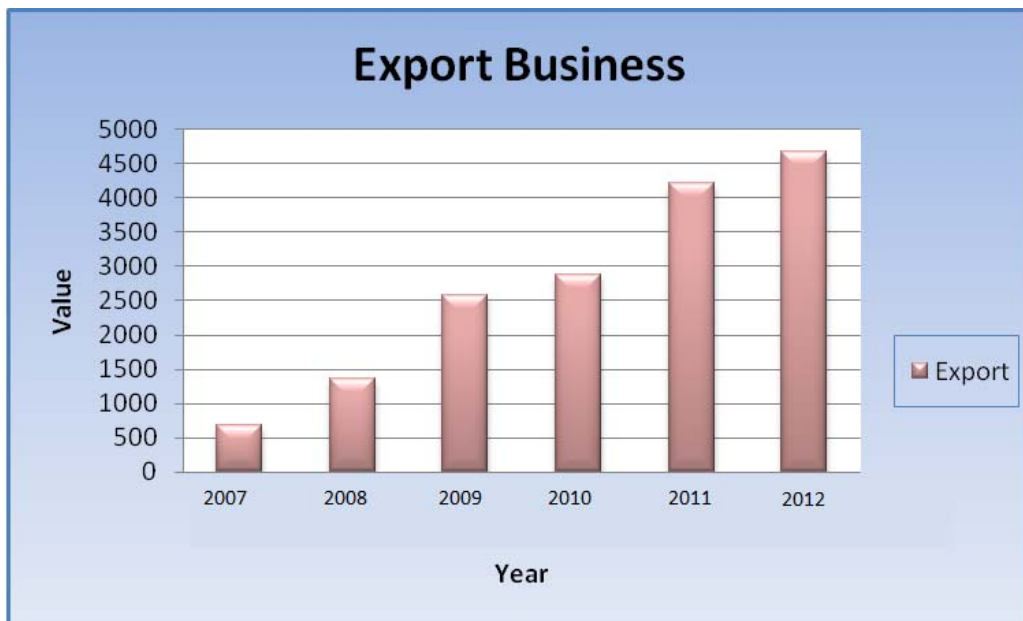
8.3 Export Business Analysis:

Table- 3: Export Business Analysis

Year	2008	2007	2009	2010	2011	2012	Average	STD	CV
Export	676.19	1351.11	2587.46	2877.14	4217.86	4672.45	3141.20	1330.85	42.37%
Growth rate		49.95%	47.78%	10.07%	31.79%	9.73%			

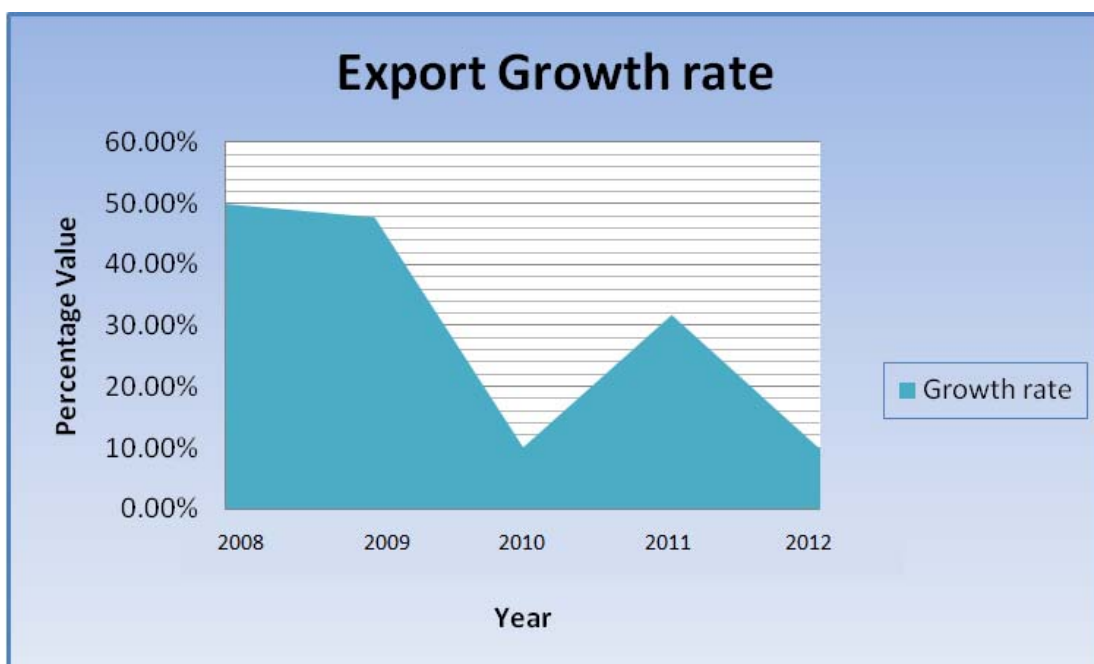
Explanation: From Table- 3, we find that the average Export is Tk.3,141.20(million), where STD (Standard Deviation) is 1330.85 & CV (Co-efficient of variation) is 42%, which is the sign of medium degree of variation. Here CV didn't cross 50% so, this is reasonable and indicate positive situation. Here growth rates are also increased. So we can easily comment

that Export of SEBL is very stable and good in position. We have explained the above table with representation of various graphs.



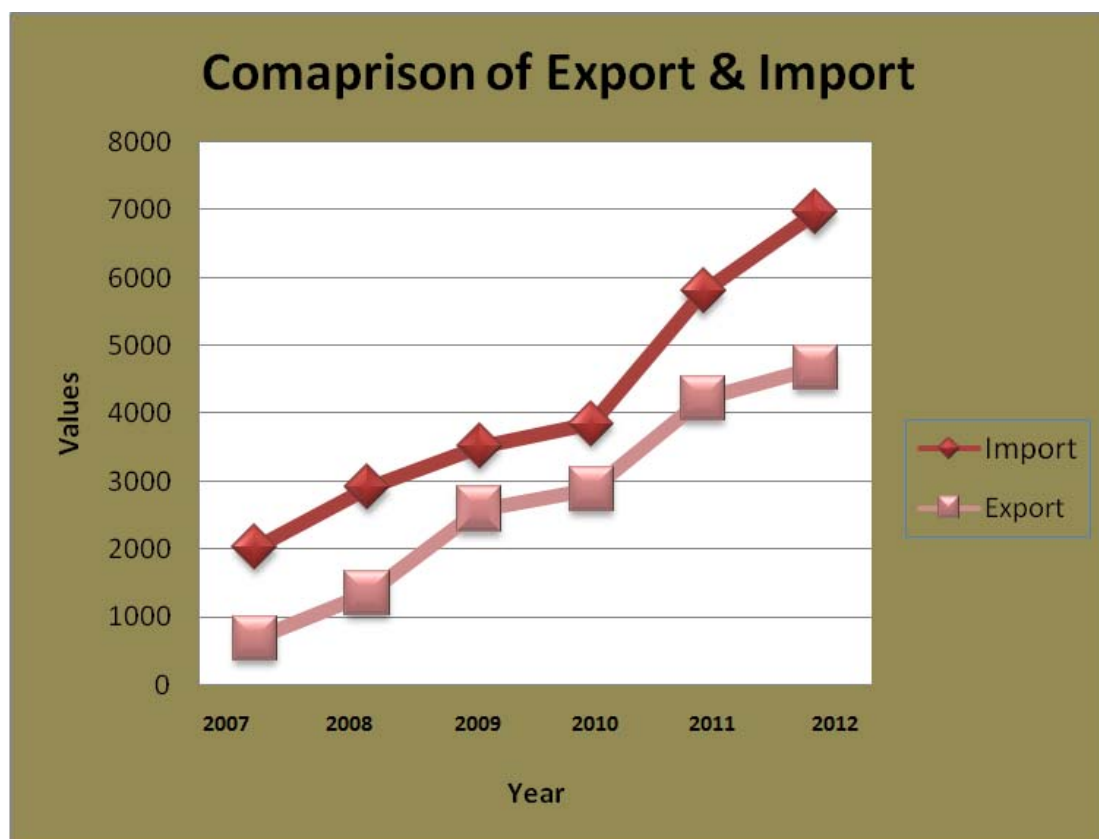
Graph no- 5: Year wise Export Business

Explanation: From graph no- 6, the internship find that the Export of 2005 is 1351.11(Tk in million), which is the Highest in position of Bar diagram. On the other hand the Import of 2002 is 226.35 (Tk in million), which is the worst in position of Bar diagram. So we can easily comment that Export of 2005 is very good in position and also there have positive growing tendency.



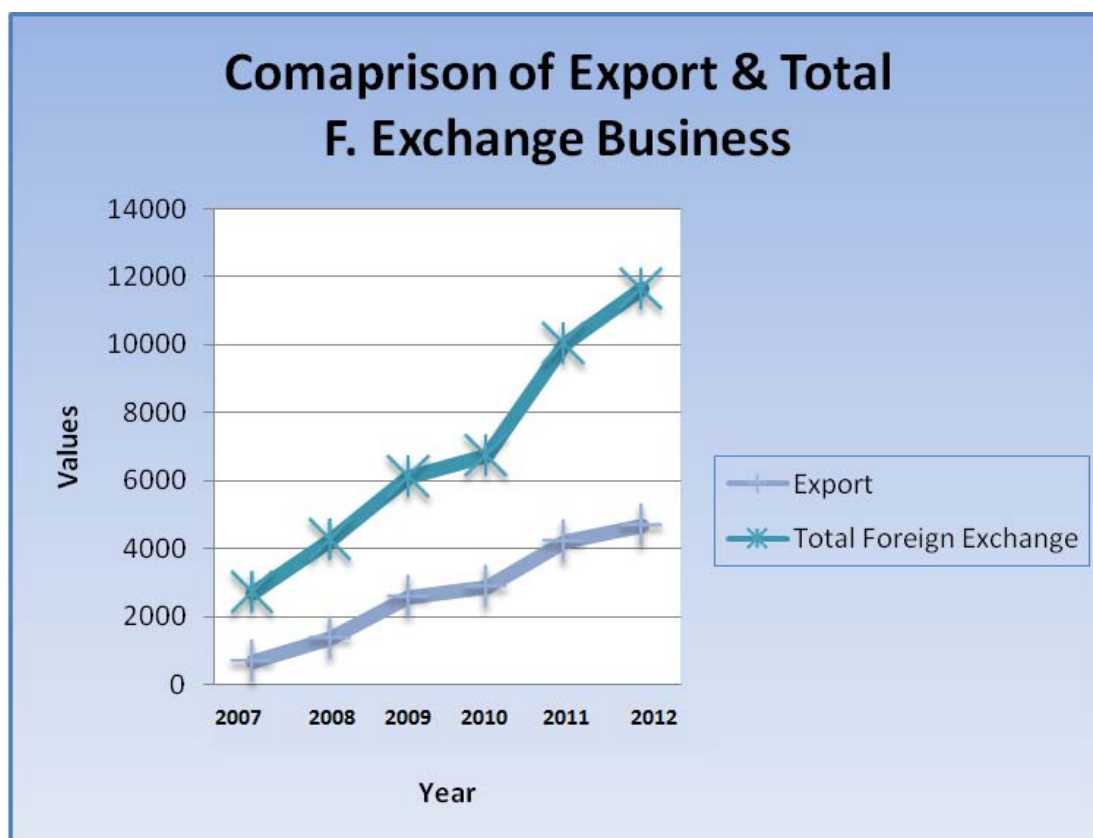
Graph no- 6: Year wise growth rate of Export Business

Explanation: From graph no-6, we find that the Export growth rate of 2005 is 49%; which is the Highest in position of diagram. On the other hand the Export of 2007 is 10 %, which is the worst in position of Bar diagram. So we can easily comment that Export of 2005 is the best in position and 2007 is the worst. But more importantly there have positive growing tendency.



Graph no- 7: Comparison of Export & Import Business

Explanation: From graph no-7, we find that the Import growth rate of SEBL is higher than Export growth rate of SEBL in position of diagram. So we can easily comment that Import position of SEBL is better than Export position of SEBL. But there have positive growing tendency in both sections.



Graph no- 8: Comparison of Export & Total Foreign Exchange Business

Explanation: From graph no- 8, we find that the Export growth rate of SEBL is lower than total Foreign Exchange growth rate of SEBL in position of diagram. But Import section occupied a part of total Foreign Exchange Business. So we can easily comment that Total Foreign Exchange position of SEBL is very good and in positively growing situation.

8.4 Total Foreign Exchange Business Analysis:

Table no:-4: Foreign Exchange Business Analysis

Year	2007	2008	2009	2010	2011	2012	Average	STD	CV
Total Foreign Exchange	2699.15	4259.04	6099.97	6724.17	10019.83	11630.74	7746.75	3007.30	38.82%
Growth rate		36.63%	30.18%	9.28%	32.89%	13.85%			

Sources: Apendix-1



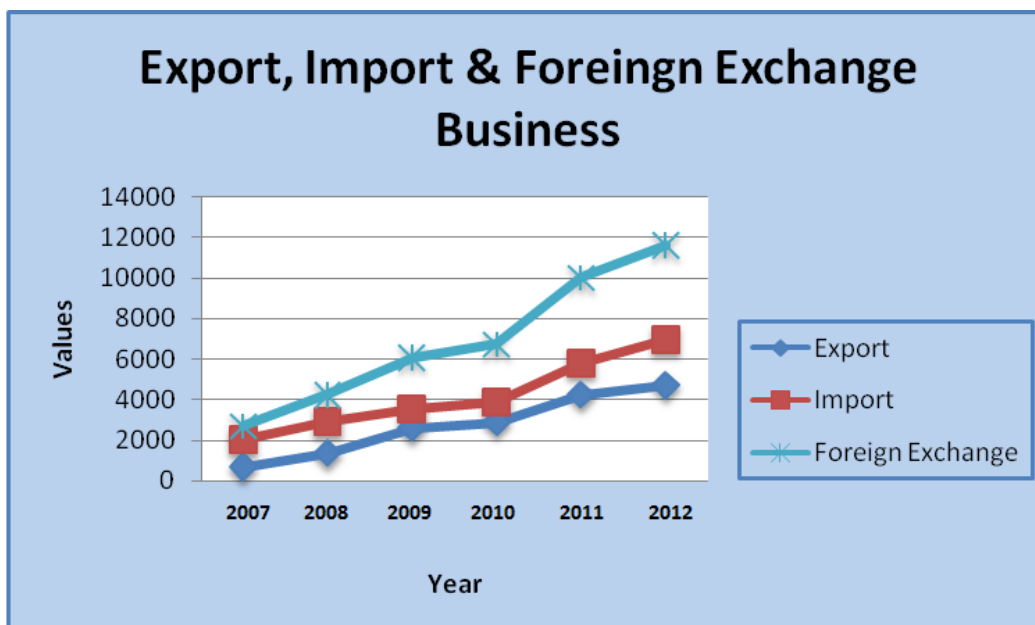
Graph no- 9: Year wise Foreign Exchange Business

Explanation: From graph no- 9, we find that the total Foreign Exchange Business of 2007 is 11,630.74(Tk in million), which is the Highest in position of Bar diagram. On the other hand the Import of 2001 is 2699.15 (Tk in million), which is the worst in position of Bar diagram. So we can easily comment that Export of 2012 is very good in position and also there have positive growing tendency.



Graph no- 10: Year wise growth rate of Foreign Exchange Business

Explanation: From graph no-10, we find that the Foreign Exchange growth rate of 2008 is 36%, which is the Highest in position of diagram. On the other hand the Foreign Exchange growth rate of 2010 is 10 %; is negative situation, which is the worst in position of Bar diagram. So we can easily comment that Foreign Exchange of 2008 is the best in position and 2010 is the worst. But most of there have positive growing tendency.



Graph no- 11: Comparison between Export, Import & Foreign Exchange Business



Explanation:

From graph no-11, we find as usually the Total Foreign Exchange growth rate of SEBL is higher than Import & Export growth rate of SEBL in position of diagram. Here Import bar position is in the middle and Export bar position is in the lower level. So we can easily comment that Total Foreign Exchange position of SEBL is very good and in positively growing situation in both two wings (Import &Export) of it.

Table no- 5: Year Wise Progress of Import, Export & Foreign Exchange Business

Year	2007	2008	2009	2010	2011	2012	Average	STD	CV
Import	2022.96	2907.93	3512.51	3847.03	5801.97	6958.29	4605.55	1704.3187	37%
Growth rate		30.43%	17.21%	8.70%	33.69%	16.62%			
Export	676.19	1351.11	2587.46	2877.14	4217.86	4672.45	3141.204	1330.8551	42.37%
Growth rate		49.95%	47.78%	10.07%	31.79%	9.73%			
Foreign Exchange	2699.15	4259.04	6099.97	6724.17	10019.83	11630.74	7746.75	3007.239	38.82%
Growth rate		36.63%	30.18%	9.28%	32.89%	13.85%			

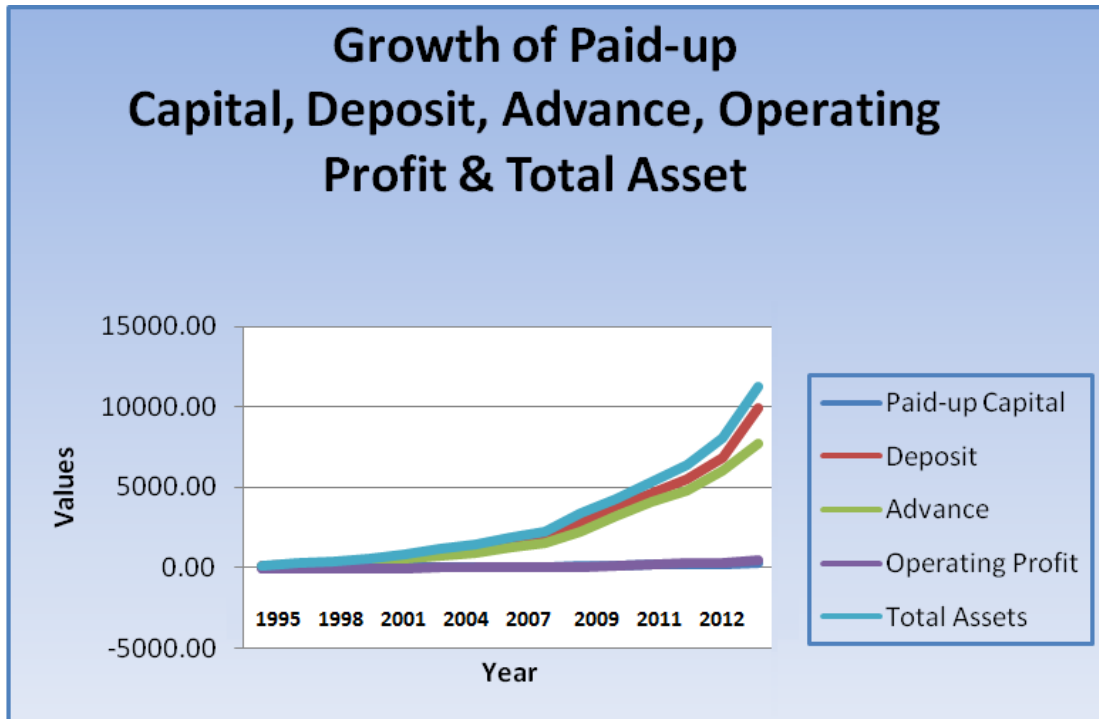
8.5 Other Analysis of SEBL:

Table no- 6

Year	Paid-up Capital	Deposit	Advance	Operating Profit	Total Assets
1995	20.00	117.45	13.86	-12.58	153.27
1996	20.00	237.38	123.10	3.35	327.55
1997	20.00	328.60	258.83	10.50	442.32
1998	20.00	483.34	340.22	17.07	596.27
1999	30.00	660.25	505.19	20.18	833.62
2000	33.00	1030.97	706.19	33.73	1171.06
2001	36.30	1263.03	917.80	49.21	1446.87
2002	39.93	1659.85	1302.71	49.26	1888.25
2003	67.72	2011.88	1554.15	66.52	2314.24
2004	88.03	2793.08	2200.17	80.87	3374.50
2005	105.64	3825.82	3255.11	147.34	4329.48
2006	211.27	4605.61	4114.73	206.26	5370.61
2007	228.17	5547.41	4816.46	291.62	6437.07
2008	285.22	6871.46	6028.13	301.25	8118.15
2009	342.26	9966.91	7749.76	461.47	11267.70
2010	355.45	10970.81	8879.12	567.98	12876.09
2011	375.89	12985.65	9870.76	768.98	13768.90
2012	388.97	13998.23	10486.65	980.76	14765.98

Sources: Apendix-1

From the above table we Find that the growth rate of most of factors are positive. The graph of these variables is given below.



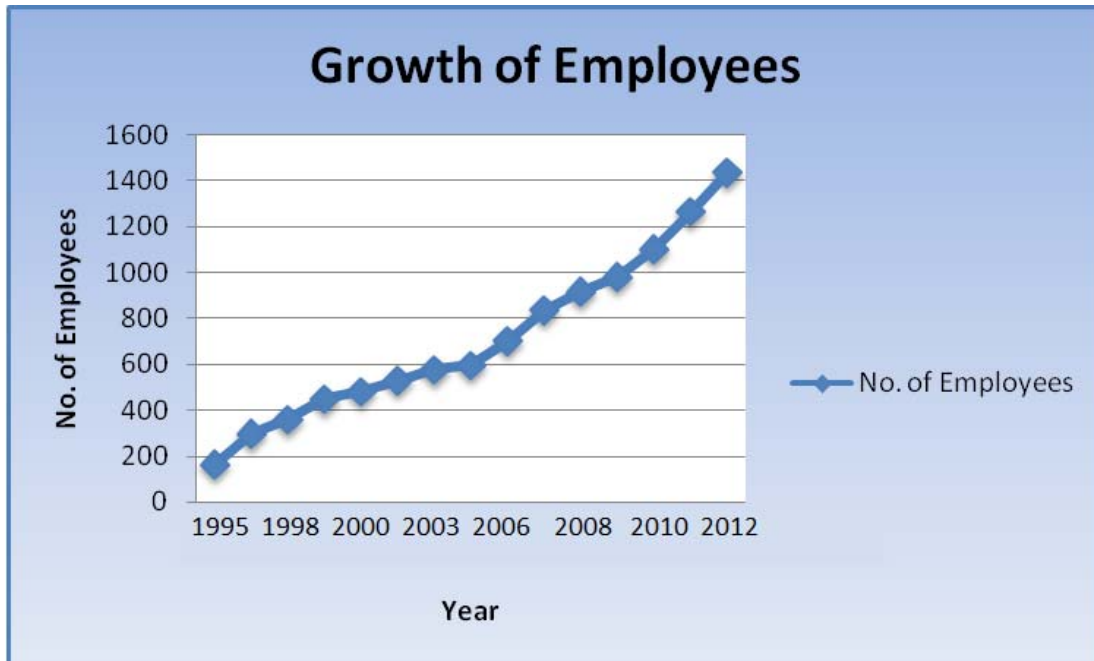
Graph No-12: Comparison of Paid-up Capital, Deposit, Advance, Operating Profit & Total Assets

Explanation: From the above graph no-12, we Find that the growth of total asset, advanced, deposit, was increased highly, but paid up capital and operating profit was also increased slowly. Here growth rate of total asset was increased gradually.

Table -7: Employee, Branches & Correspondent

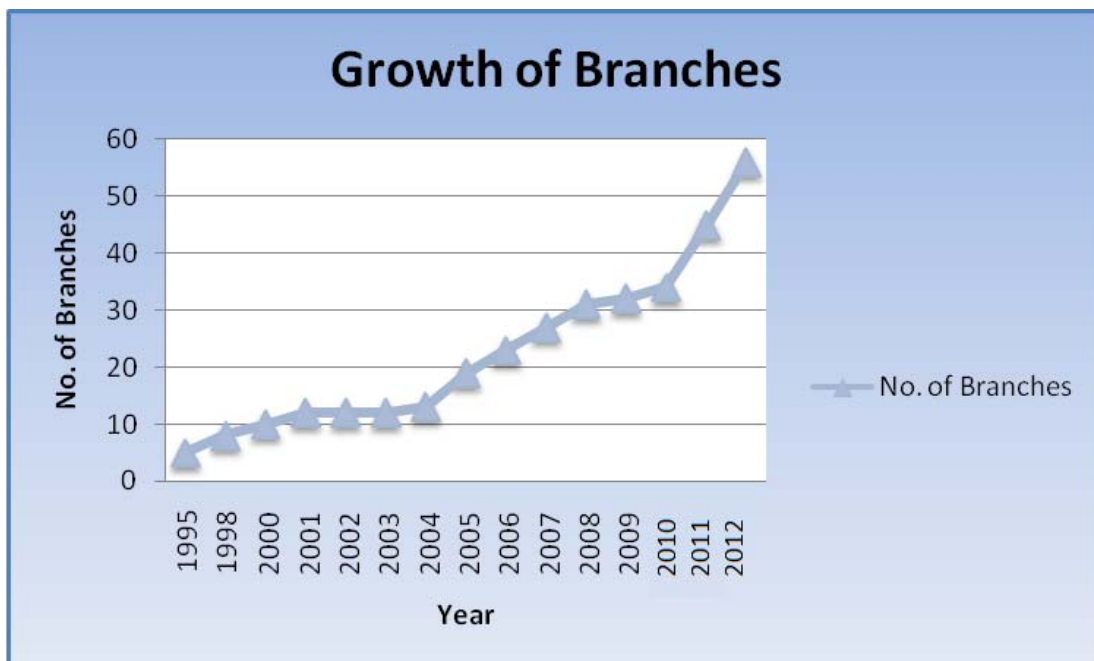
Year	No of Employees	No of Branches	No of Correspondent
1995	162	5	20
1996	295	8	28
1997	358	10	30
1998	447	12	23
1999	480	12	34
2000	528	12	39
2001	575	13	40
2002	595	19	45
2003	701	23	80
2004	835	27	122
2005	915	31	130
2006	980	32	160
2007	1100	34	220
2008	1265	45	330
2009	1435	56	441
2010	1507	67	543
2011	1684	86	617
2012	1730	99	723

Explanation: From the above table, we find that the growth of total Employees was increased highly, but Branches was also increased slowly. Here growth rate of Correspondent was increased gradually. The graph of these variables is given below:



Graph No-13: Growth Employees

Explanation: From the above graph no-13, we Find that the growth of Employees, was increased highly & gradually.



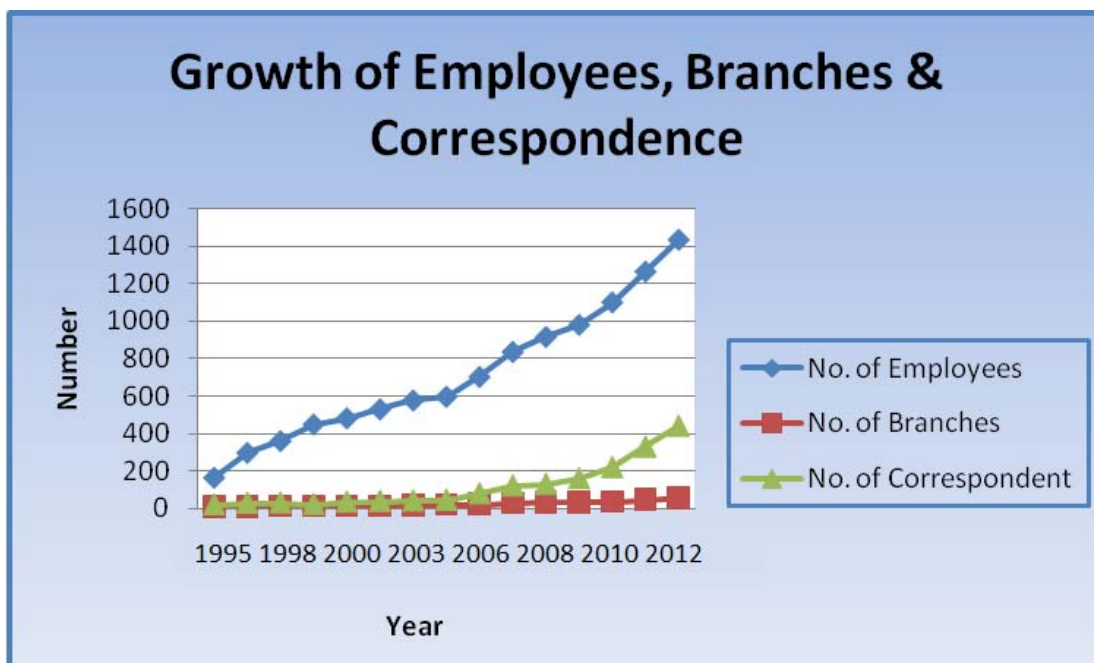
Graph No-14: Growth of Branches

Explanation: From the above graph no-14, we Find that the growth of Branches, was increased slowly but gradually.



Graph No- 15: Growth of Branches

Explanation: From the above graph no-15, we Find that the growth of Correspondents, was only decrease in 1998, others years increased gradually and some times highly.



Graph No- 16: Growth of Employees, Branches & Correspondence



Explanation: From the above graph no-16, we find that the growth of employee was increased highly, but branches and correspondent were also increased slowly. Because branches and correspondents required more employment, so those are indicted; the SEBL has in good position.

Table no-8

Return on Equity (ROE)								
Year	2008	2009	2010	2011	2012	AVG	STD	CV
Return on Equity (ROE)	17.64	17.98	19.9	12.06	16.51	16.818	2.9265201	17.40%

The above table represents return on equity ratio during the study period of 2008 to 2013. The average of the ratio is 16.81 whereas the standard deviation is 2.92. The co-efficient of variation is 17.4% which is the sign of medium degree of variation.

Table no- 9

Earning Per Share(EPS)								
Year	2008	2009	2010	2011	2012	AVG	STD	CV
Earning Per Share (EPS)	35.42	59.71	42.88	31.11	54.64	44.752	12.229157	27.32%

The above table represents return on equity ratio during the study period of 2008-2013. The average of the ratio is 44.75 whereas the standard deviation is 12.22. The co-efficient of variation is 27.32% which is the sign of medium degree of variation.



8.6 SWOT Analysis:

SWOT analysis facilitates the organization to make their existing line of performance and also foresee the future to improve their performance in comparison to their competitors. As though this tool, an organization can also study its current position, it can also be considered as an important tool for making changes in the strategic management of the organization.

STRENGTHS

SEBL has already established a favorable reputation in the banking industry of the country with its significant business growth. Within a period of 14 years, SEBL has already established a firm footing in the banking sector having tremendous growth in the profits and deposits. All these have led them to earn a reputation in the banking field.

SEBL is showing upward trend in profitability which can indicate the fact that the bank is growing to its potential year by year and achieving business growth steadily.

SEBL has established a firm footing in the banking industry of Bangladesh. They have already achieved a high growth rate accompanied by an impressive profit growth rate in 2009. The number of deposits and the loans and advances are also increasing rapidly from year to year.

Southeast Bank Limited has strong financial resources to run the banking business. It is expected that in the near future the bank's financial resources will get much stronger.



WEAKNESSES

The greatest irony is that despite claiming to be "A Bank with Vision" which is used as its advertising platform and mission statement, the bank as of today has failed to develop a prescribed set of vision as it embarks in to the cyber age of twenty first century. The bank still could not identify the core area of business and where it should concentrate in its business, as the new millennium is about to start. The bank does not have any long-term strategies of whether it wants to focus on retail banking or become a corporate bank. Till now, the bank is in a nowhere situation. Unofficially, retail banking is discouraged but at the same time the bank is not being able to pull itself away from retail banking. At the same time SEBL has failed to be a full-fledged corporate bank. The path for the future should be determined right now.

Significant shortage in capital adequacy is another major setback that Southeast bank Limited is facing in recent years. Its capital adequacy ratio is just above the requirement of 9.00% set by Bangladesh Bank and this aspect needs to be improved.

This has also become growing problem at SEBL. Currently there are "Too many heads but few hands." Again this is related to the problem of reference appointment. There are people who are only drawing salaries at the end of the month but making a minimum or no contribution towards the organization. On the other hand there are officers who work hard but are not appraised accordingly.

OPPORTUNITIES

SEBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting client service in its merchant banking division. There are several opportunities for SEBL to expand its product line. In this competitive environment SEBL must expand its product line to enhance its Sustainable Competitive Advantage (SCA). As a part of its product line proliferation, SEBL can concentrate more on SME & Agro based industrial loan because these two sectors have huge potential. If SEBL can grab this opportunity then it will be better for the bank

SEBL should move towards the real time on line banking operations. It is high time that they should go for this because the foreign banks as well as some local banks are already in to the total on line banking operations.

Table (8.7): SWOT Analysis of SEBL.

<p style="text-align: center; font-size: 2em; font-weight: bold;">S</p>	<ul style="list-style-type: none"> ✿ Sound profitability and growth with good internal capital generation. ✿ Larger corporate client base. ✿ Experienced and efficient management team and human resource. ✿ Quality product and service. ✿ Better infrastructure facilities. ✿ Company reputation and goodwill.
<p style="text-align: center; font-size: 2em; font-weight: bold;">W</p>	<ul style="list-style-type: none"> ✿ Small market share. ✿ High concentration on fixed deposits and large scale loans. ✿ Lack of full scale automation.
<p style="text-align: center; font-size: 2em; font-weight: bold;">O</p>	<ul style="list-style-type: none"> ✿ Scope of market penetration through diversified product. ✿ Automation of transaction processes and online branch banking. ✿ Regulatory environment favoring private sector development. ✿ Value addition in products and service. ✿ Increasing purchasing power of people. ✿ Increase trend in international business
<p style="text-align: center; font-size: 2em; font-weight: bold;">T</p>	<ul style="list-style-type: none"> ✿ Increased competition for market share in the industry. ✿ Frequent change of banking rules by the Central Bank. ✿ Market pressure for lowering of lending rate. ✿ National and global political unrest. ✿ Default culture of credit.

THREATS:

Multinational Banks: The emergence of the multinational banks and their rapid expansion poses a potential threat to the new PCB's. Due to the booming energy sector, more foreign banks are expected to arrive in Bangladesh. Moreover, the already existing foreign banks such as Standard Chartered are now pursuing an aggressive branch expansion strategy. These banks are establishing more branches countrywide and are expected to get into for operation soon. Since the foreign banks have tremendous financial strength, it will pose a threat to local banks to a certain extent in terms of grabbing the lucrative clients.

Upcoming Banks: The upcoming private local banks can also pose a threat to the existing PCB'S. It is expected that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against an onslaught of foreign banks.

Mergers and acquisitions: The worldwide trend of mergers and acquisition in financial institutions is causing concentration in power in the industry and competitors are increasing in power in their respective areas.

Contemporary Banks: The contemporary banks of SEBL such as Dhaka Bank, Prime Bank Eastern Bank and Dutch-Bangla Bank are its major rivals. Prime Bank and others are carrying out aggressive campaign to attract lucrative corporate clients as well as big time depositors. SEBL should remain vigilant about the steps taken by these banks as these will in turn affect SEBL strategies.

8.7 Finding of the study:

I have found the following things in my study-

- a) Southeast Bank is very much expert in export import trade handling.
- b) Southeast Bank is also cautious in export import trade financing to avoid any types of fraud.
- c) The culture of Southeast Bank is very much suitable.
- d) Clients are also very pleased on their services.
- e) All documentary credit is following the UCPDC rules and regulations.
- f) Most of the years, import and Export Both are positively increased.
- g) As usually Bank's branches, employee and also Correspondent's growth rate is highly increased.

Moreover Southeast Bank limited controls their foreign exchange operation based on process guideline. According to data analysis this study gets some information about clients, growth and performance of foreign exchange operation. Those are also noticed below-

- ❁ Letter of Credit is highly regulated by local and international rules and norms and there is less scope for deviations. As a result, the bankers are compelled to follow these rules and regulations meticulously which is a tough work for them.
- ❁ Sometimes, due to lack of instant solution, when a client has a query but reporter do not have knowledge against that query. So, it is not possible all time to provide right solution to the clients.



- Having lack of practical knowledge, sometimes they cannot perform well. Moreover SEBL followed traditional training procedure for its employees and they do not require training them in other special training Institution like BIBM.

- Compare with other bank the number the number of employee is very few in the foreign exchange department. So most of the time it is very difficult for the few employees to handle the transaction pressure. As a result clients are not all time get on time service.

- Independent marketing and research unit is not available for import section.

- There is lack of innovative services.

- Customized and effective marketing for foreign exchange business is absent.

- Low speed internet service.

- There is a short time training course for the employees.

- Management is less careful about the assets of the bank as well as employees needed.



8.7 Comparison:

There are some differences among Foreign Trade activities with other Commercial Banks. As all the Foreign Trade activities are done according Bangladesh Bank instructions but still there are little differences that varies from banks to bank. Mostly the commission process varies. Due to the relationship with the clients banks charges less or high commissions. As we know LC payment dues credit for the client so by submitting the documents clients receive their due payments before the due date and that's how bank gains profits by giving the payments earlier due to some conditional charges that banks named as their commissions.

A list of differences among different commercial banks commission charges on LC payments are given below:

Bank Name	Commission Rate			
	LC opening rate	Acceptance Commission	Communication Charge (SWIFT- Local)	Amendments
Southeast Bank Limited	25%	30%	750-500	700-600
Shajalal Islami Bank Limited	26%	32%	800-550	800-550
Dutch Bangla Bank Limited	30%	35%	700-600	700-600
Prime Bank Limited	28%	40%	750-500	800-550
Standard Bank Limited	29%	38%	850-550	750-500
HSBC Bank Limited	30%	36%	800-550	850-550



Chapter Nine

Suggestions and Conclusion

9.1 Suggestions:



In the light of above studies we have found that banking sector requires to be studied in right perspective and individual bank has mapped out of its own course of action /business strategy to survive and to do good with the nation of survival of the fittest. Here we have attempted to draw some recommendations in the light of my study of Southeast Bank Limited.

1. Though the Southeast Bank is very much specialized on export import dealing so it is very much necessary to take care of export import department.
2. Few persons are working in export import department. So, more should be recruited.
3. One stop care service point should be opened to give better service to the clients.
4. Modern technology should be installed to cope up in this competitive era.
5. Customer's waiting room in Foreign Exchange Section is essential.
6. More space should be required in Foreign Exchange Section.
7. Recording and Filling system should be up dated.
8. Banking is a service -oriented marketing .Its business profit depends on its service quality. That's why the authority always should be aware about their service quality.
9. To provide quality service to the customer it is necessary to have a trained team of an organization or an institution .For this reason the bank should recruit more fresh, bright and energetic persons such as MBA, BBA, MBM etc.
10. The bank has a provision for internship program, but it is not well organized. Although the officials are very careful and cooperative with the interns, the authority should be more structured .If they can properly make them trained it will be very fruitful to recruit



them. Because they learn overall banking in the internship period, so in the beginning of the job they can work as experienced persons. It is also very important that they should give an honorarium to the intern.

11. As soon as possible the bank should start more branches in Dhaka city as well as the other cities of the country.
12. One of the business strategies is promotion. Successful business depends how they can promote their products or service to the customer. In this connection to improve the business status bank should introduce more promotional programs.
13. The recruitment process of the bank is very lengthy. The bank should reduce the cost and select the employee by restructuring the lengthy process.
14. In addition with the present services, they should include more services. It is badly needed to provide more services to the customer in order to compete in the market.
15. Sufficient books on banking and financing and other necessary journals are not available in the bank, the bank authority should enrich its collection in order to keep all necessary reference available to the employees as needed. This step will be able to make employees knowledgeable on banking different critics and current banking events.
16. Southeast Bank limited should give special gifts like key ring, pen, moneybag etc. embossed Southeast Bank's monogram to be provided to the customer.

9.2 Conclusion:



Southeast Bank Limited has been a more successful second-generation bank. The Bank has followed a slightly conservative and balanced banking which has enabled it to achieve steady growth in profit and wealth together. Besides these, blended recruitment of new and experienced bankers in all the levels of management level has been very fruitful. The recruits have carried forward their social connections and ultimately contributed to strengthen the asset and liability base of the bank. Although Southeast Bank limited is good in operation of export import trade handling and financing.

The Bank's vision has always been to give customer service one step forward from its competitors and ultimately contribute to the national economy. The fact of being successful in its journey of 18 long years speaks for itself and the Bank is hoped to continue its competitive edge in the coming years.

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