

Internship Report on customer perspective of ICB

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Inspiring Excellence

Acknowledgement

I express my deep gratitude to the creator, who created me and nurture in this transitory world. I also express my gratitude to him for giving me an opportunity to successfully complete my internship program as a partial requirement of BBA program.

I acknowledge my sincere gratitude to my honorable teacher Rahma Akter, BBS, BRAC University. Her kind and proper guidance made me possible to prepare this report. Then I would like to thank the head of Human Resource Management department, Assistant General Manager of investment Corporation of Bangladesh, for their kind support for giving me the opportunity to work in the corporation & work on this report.

I also express my gratitude to all the PO, SPO, AGM, and DGM & GM for their helpful company. I am very respectful to the entire executive who discussed with me & share with me in various issues.

Last of all I want to say that I am very pleased as I got chance to do my internship with this big organization.

Letter of transmittal

11th January, 2016

Rahma Akter

Lecturer,

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Subject: Submission of the Internship Report

Dear Sir,

It gives me immense pleasure to submit my report “Customer Perspective of ICB” which was assigned to me as a fulfillment of the course “Bachelor of Business Administration”.

While making this report I came across many hurdles and pleasant experience. But valuable experiences I have gained during the period will undoubtedly benefit me in the years ahead. This report attempts to describe my observations, learning’s and experienced gained in the Investment Corporation of Bangladesh.

I have tried sincerely to comprehend and translate my knowledge in writing this report. My effort will be rewarded only if it adds value to the research literature. I enjoyed this project work and gladly attend any of you call to clarify on my point, if necessary.

Sincerely Yours

Rahbir Farabi Khan

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Executive Summary

The Investment Corporation of Bangladesh (ICB) was established in October 1976, under the “Investment Corporation of Bangladesh ordinance, 1976(No. XL of 1976)”.

ICB was established to develop capital market to mobilize savings. There are several departments in ICB, which are involved in managing investors, accounts, mutual funds, unit funds and others matters related to capital market. My main focus on this report is ICB’s mutual funds. ICB floated eight mutual funds, which are close-end mutual funds. Total paid up capital of eight mutual funds is Tk. 1775.00 lac.

Mutual funds are traded in the secondary market through stock exchange. Price is determined on the basis of demand & supply. The DSE price index is dependent on the movement of the funds. When the price of the fund increases, DSE price index also increases or vice-versa. So, mutual funds have strong impact on the security market. Performance of mutual funds depends on the performance of the securities under each portfolio & how the portfolio is effectively managed. As on 30 June, 2014, the total cost of portfolio of mutual funds is Tk. 15581.39 lac.

In case of this inclusion and exclusion from year to year it is shown that all these activities is done judiciary or not and what be the best alternative through market performance, Fundamental and technical analysis. From the analysis we found that the fund, which was floated earlier, is in much better situation than the other funds. The main reason behind this, there was a government rules that 15% shares of any companies’ have to be sold to ICB at the Initial Public Offering (IPO). That is why they did not have to compete in the open market. But in 1996 government has omitted this rule. Now ICB have to buy shares from the open market by competition.

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Chapter 1

Introduction

1.1 Importance of the Study

I have got the opportunity to work in the Investment Corporation Bangladesh, as a part of the internship program. As I have finished the BBA. It was time for me to get real life experience. Having understanding this I decided to do my internship in renowned organization as Investment Corporation of Bangladesh (ICB). Now a days everybody wants to do there internship in private bank as they are performing well. As I came to know that ICB is an equity financier for the corporate investors and only disburse long term finance, and play a vital role in capital market. I decide to do my internship in ICB.

1.2. Objectives of the Study

The main objective of this study is to identify and familiarize with the objectives of the organization, function and analyzed performance of ICB in the capital Market. Other objectives of this report are as follows:

To evaluate and analyze-

- # To evaluate and analyze the portfolio performance of ICB Mutual Fund
- # To understand the operation and management of investment banking in Bangladesh.
- # To know the role Investment Corporation of Bangladesh as the market maker.
- # To understand the activities and contribution of mutual funds in the capital markets.
- # To obtain the knowledge about how the ICB Mutual Funds are managed.

1.3. Sources and Methods of Data Collection

For the purpose of preparing this report, I have carefully observed all of the departments of ICB and got some information from the responsible officers at certain department. Sources of data collection are as follows:

a) Primary sources:

Primary sources data are those, which are collected from face to face discussion with the help of the officials of various departments of ICB in charge.

b) Secondary sources:

Secondary sources of data include:

- Ordinance of ICB.

- Annual reports of ICB.
- Daily Newspapers, journals and books & various write up of Economic & Business Research Library.
- Monthly review of DSE & CSE.
- General Information.
- Materials & documents of ICB.
- Bangladesh Bureau of Statistics.

1.4. Limitations of the Study

There were some difficulties, which I have faced in preparing this report. I have worked all the departments of ICB one after another. ICB is large corporation and therefore study time two months is too short to prepare a comprehensive report on the Mutual Fund & Unit Fund of ICB in the Capital Market. Other constraints I has faced during the course of study are as follows:

- Secrecy of the official's
- Unavailability of relevant papers and documents.
- Insufficiency of necessary information.
- Relevant data sets, papers & documents were not available for us. These convey their inability for not providing all materials.
- Our capital market is shallow & imperfect that is why various financial analyses cannot be applied to judge the performance of ICB.

Chapter 2

2.1 Overview of ICB:

Investment Corporation of Bangladesh (ICB) is a statutory corporation. It is mainly an investment bank. As an investment bank is a financial institution, which mobilized fund from the surplus economic units by savings securities and developed funds to the deficit economic unit also by buying/underwriting securities. After Liberation in view of social economic changes, the scope for private sector investment in the economy was kept limited by allowing investment in projects up to taka 25 lacks. The new investment policy, which was announced in July, 1972 provides for an expanded role of private sector by allowing investment in a project up to taka 3 crores. The ceiling has further being raised to taka 10 crores in spite of the adequate facilities and incentives provided to the private sectors encouraging response was not for the coming. One of the reasons among other was the lack of institutional facilities, which provides underwriting support (Lick former ICB) to industrial enterprise that was required to raise much need equity fund. Thus, the need for reactivation for capital market, stock market was keenly felt.

The Investment Corporation of Bangladesh (ICB) was established on 1 October 1976, under “The Investment Corporation of Bangladesh Ordinance, 1976” (no. XL of 1976). The establishment of ICB was a major step in a series of measures undertaken by the Government to accelerate the pace of industrialization and to develop a well-organized and vibrant capital market particularly securities market in Bangladesh. ICB caters to the need of institutional support to meet the equity gap of the companies. In view of the national policy of accelerating the rate of savings and investment to foster self-reliant economy, ICB assumes an indispensable and pivotal role. Through the enactment of the Investment Corporation of Bangladesh (Amendment) Act, 2000 (no. 24 of 2000), reforms in operational strategies and business policies have been implemented by establishing and operating subsidiary companies under ICB.

2.2 OBJECTIVES OF ICB:

- To encourage and broaden the base of investment.
- To develop the capital market.
- To provide for matters ancillary thereto.

- To mobilize savings.
- To promote and establish subsidiary companies for business expansion.

2.3 BUSINESS POLICY OF ICB:

- To act on commercial consideration with due regard to the interest of industry, commerce, depositors, investors and to the public in general.
- To provide financial assistance to projects subject to their economic and commercial viability.
- To arrange consortium of financial institutions including merchant banks to provide equity support to projects and thereby spread the risk of underwriting.
- To develop and encourage entrepreneurs.
- To diversify investments.
- To induce small and medium savers for investment in securities.
- To create employment opportunities.
- To encourage Investment in IT sector.
- To encourage Investment in joint venture capital/project.

2.4 BASIC FUNCTIONS OF ICB:

- Direct purchase of shares and debentures including Pre-IPO placement and equity participation.
- Providing lease finance to industrial machinery and other equipments singly or by forming syndicate.
- Underwriting of initial public offering of shares and debentures.
- Underwriting of right issue of shares.
- Managing investors' Accounts.
- Managing Open End and Closed End Mutual Funds.
- Operating on the Stock Exchanges.
- Providing investment counsel to issuers and investors.
- Providing Consumer Credit.
- Providing Bank Guarantee.
- To act as Trusty and Custodian.
- Dealing in other matters related to capital market operations.

2.5 Services of ICB

Underwriting:

In order to raise term debt and equity from the primary market, the govt. bodies, enterprises, corporation or companies may seek intermediary assistance from ICB in the form of underwriting.

Private placement:

ICB is authorized to act as an agent of the issuers and investors for private placement of securities. Under this arrangement, ICB places securities to individuals on behalf of the issuers for which it charges fees.

Manager and banker to the issues:

To act as the manager to the public issue of shares and debentures ICB provides professional services in respect to syndicate underwriting and bankers to the issue.

Mergers and acquisitions:

Companies willing to expand their business through mergers and acquisitions or to divest projects that no longer fit into the present scale of operation may contact of ICB. ICB provides professional services and advices.

Custodian and banker to the issues:

To act as the custodian to the public issue of open end & close end mutual funds, ICB provides professional services. It also acts as the banker to the issuer and provides similar services through the network of its branches. Fees in this regard are negotiable.

Others:

ICB provides some other services. These are corporate financial advices, investors scheme, ICB unit fund, Bank guarantee scheme, advanced against ICB mutual fund certificates scheme, lease financing, consumer credit scheme, ICB mutual fund, advanced against unit certificate scheme.

Chapter 3

3.1 ICB'S ROLE IN THE SECURITIES MARKET

ICB has been one of the architects of the capital market, particularly the securities market in Bangladesh. ICB undertakes diverse activities with the objectives of quickening the pace of industrialization on the one hand and on the other hand, bolster the capital market. ICB and its three subsidiary companies play impressive roles in maintaining a buoyant and sustainable capital market in the country. In this regard ICB participates both in primary and secondary markets. As on 30 June 2010, the number of ICB assisted securities was 139 out of 279 listed securities (excluding 171 Govt. treasury bonds) of Dhaka Stock Exchange Ltd. out of 232 listed securities of Chittagong Stock Exchange were 100. In the reporting year, through the purchase and sale of securities for ICB's investment portfolio, unit fund and mutual funds portfolios and on behalf of investment account holders ICB made significant contribution in maintaining depth, stability, reliability and liquidity of the stock market. During 2009-10 the total trading of ICB and its subsidiary companies in both the bourses was Tk. 12435 crore which was 129.24 percent higher than the previous year. In the reporting year, ICB and its subsidiary companies contribution to total turnover of Tk. 277870.91 crore of both the bourses was 4.48 percent which was 5.32 percent in the preceding year. As the rate of contribution of ICB and its subsidiary companies to total turnover of both the bourses has increased, simultaneously the transaction volume has increased significantly during the year. The activities pertaining to merchant banking, mutual fund operations and stock brokerage functions by the three subsidiary companies of ICB, namely ICB Capital Management Ltd. ICB Asset Management Company Ltd. and ICB Securities Trading Company Ltd. has been remarkable during the year. During the year, all the mutual funds and unit funds managed by ICB Asset management Company Ltd. a subsidiary of ICB declared much higher dividend over 2008-09. ICB motivates companies to float bonds in the securities market. Up to 30 June 2010, 11 bonds of 8 companies of Tk.1007.95 crore have been floated of which one is a listed corporate bond. Ten out of these eleven bonds were floated under trusteeship of ICB.

Chapter 4

4.1 PRODUCTS OF ICB:

Private Placements:

ICB is authorized to act as an agent of the issuers and investors for private placements of securities. Under this arrangement, ICB places securities to individuals/institutions on behalf of the issuers for which it charges fees. ICB also acquires shares/securities for its own portfolio.

Trustee, Custodian and Issue Manager:

ICB is acting as trustee to the issue of debenture and securitized bonds. Up to 30 June 2009 ICB acted as trustee to the debenture issues of 17 companies involving taka 184.15 crore and issues of 7 bonds of 5 companies involving taka 624.36 crore. ICB also under took the responsibilities of trustee to 8 mutual funds involving taka 230.00 crore.

To act as the custodian to the public issue of open-end & closed-end mutual funds, ICB provides professional services. It also acts as banker to the issues and provides similar services through the network of its branches. Fees in this regard are negotiable. However, ICB has, under restructuring programme, discontinued issue management function since 2003.

Lease Financing:

ICB extends lease finance mainly for machinery, equipment and transport. ICB has the capacity to provide professional advice and financial assistance to the prospective clients. The period of lease, rentals, charges and other terms and conditions are determined on the basis of type of assets and the extent of assistance required by the applicants. Since introduction of this scheme in 1999 good response has been received from the intending lessees.

Advances against ICB Mutual Fund Certificates Scheme:

Advance against ICB Mutual Fund Certificates Scheme was introduced in 2003, designed for the ICB mutual fund certificate holders to meet their emergency fund requirements. One can borrow maximum of 50 percent value of last one year's weighted average market price of certificates at time of borrowing by depositing his/her certificates under lien arrangement from any of the ICB offices. The rate of interest on the loan is reasonable and also competitive.

Advances against Unit Certificates Scheme:

Advance against ICB Unit Certificates Scheme was introduced in 1998, especially designed for the ICB unit- holders to meet their emergency fund requirements. One can borrow maximum Tk. 85 per unit by depositing his/her unit certificates under lien arrangement from any of the ICB offices where from such unit certificates were issued. The rate of interest on the loan is reasonable and competitive.

Consumer Credit Scheme:

As part of business diversification program, ICB has introduced "Consumers Credit Scheme" in 2003-04 considering at the need of various household commodities of different employees of govt., semi-govt., autonomous bodies and some established private sector organizations. Under this scheme one can enjoy minimum Tk 1.0 lac but maximum 5 lac credit facilities. The rate of interest on the loan is reasonable and competitive which is fixed by the board of directors of ICB considering the bank rate and with the guidelines of Bangladesh Bank. Under this scheme the cumulative amount of loan disbursed up to 30 June 2010 was Tk. 10.95 crore. No amount has been disbursed during 2009-10

Venture Capital Financing:

With a view to encourage rapid industrialization of high risk but potential industries of the country ICB as part of business diversification has launched venture capital financing scheme. Up to 30 June 2010 ICB has received 5 applications for financing of Tk. 76.62 crore. Among these 5 projects, 3 are electricity generation project in new technology, 1 of investing car without fuel and the other is a project for providing air-conditioning facilities by a new technology.

Equity and Entrepreneurship Fund (EEF):

The Government of Bangladesh (GOB) had set up an Equity Development Fund (EDF) in the budget 200-01 known as Equity and Entrepreneurship Fund (EEF) with a view to encouraging the investors to invest in the rather risky but promising two sectors, namely, software industry and food-processing/agro-based industry. Initially the management of the fund was vested to Bangladesh Bank. Subsequently a sub-agency agreement was signed between ICB and Bangladesh Bank on 1st June 2009. According to this agreement, the management of the fund has been devolved on ICB.

ICB Mutual Fund:

Mutual Funds are also known as close ended Mutual Funds. The issued capital of a Mutual Fund is limited, that is, a Mutual Fund offers a limited number of certificates for sale to the public. The amount of capital and the number of certificates of each Mutual Fund remains

unchanged. ICB Mutual Funds are independent of one another. A Mutual Fund being listed is traded on the Stock Exchanges. Price of Mutual Fund certificates after IPO is determined on the Stock Exchanges through interaction of supply and demand. The market price of a Mutual Fund certificates is available in Stock exchange quotations and in newspapers.

ICB Unit Fund:

ICB Unit Fund was established on April 10, 1981. Its main objective is to mobilize savings through sale of its units to small investors and invest these funds in marketable securities. The schemes provides a potential source of equity and debt to industrial and commercial concerns and thus contribute to the industrial development of the country.

Unit fund is an open ended Mutual Fund. It provides an opportunity to the unit holders to invest their funds in a well managed and diversified portfolio with a high degree of security of capital and reasonable yearly returns.

Investors' Scheme:

The Investors' Scheme was introduced in 1977 with the objective of broadening the base of equity investment through mobilizing savings of small and medium size savers for investment in the securities market. In addition to Head Office, Investment Accounts are also operated at the 7 branch offices of ICB located at Dhaka, Chittagong, Rajshahi, Khulna, Barisal, Sylhet, and Bogra. However in view of strategic changes in policy reform, from 01 July 2002 'ICB Capital Management Ltd.' started opening and managing investment accounts. ICB will continue to provide services to its existing accounts only.

Further steps were undertaken to enhance the quality and speedy service under the scheme like computerization of all activities and installation of merchandizing operation management software. This enables the management to offer better and quick service to the investors including instant supply of the financial statement, portfolio, balance of the accounts, etc. Installation of telephone banking system in Investors' Account enabling investors to collect information and operate their account over telephone was at the final stage of operations. Besides, installation of Electronic display system of DSE online trading on the floor of ICB was in progress.

Bank Guarantee Scheme:

ICB introduced Bank Guarantee scheme in 2002-03. ICB provides

- **Bid Bond** for enabling the business people to participate in any tender or bidding;
- **Performance Bond** for helping the business community to continue their business smoothly by fulfilling their obligations promised by them to their clients; and
- **Customs Guarantee** for solving different disagreements between the customs authority and the business classes at the initial stage. The maximum limit of guarantee is Tk. 2.00 crore and would be issued against at least 20% cash and 80% easily encashable securities or against 100% cash margin. Re-guarantee from other financial institution is required for guarantee against the amount exceeding Tk. 2.00 crore.

Managers and Acquisitions:

Companies willing to expand their business through mergers or acquisitions or to Disinvestment projects that no longer viable into present capacity of operation can contact the Corporation. ICB provides professional services & advices in respect of shaping up the cost and financial structures to ensure best possible operational results. Besides, in case of divestment, the corporation, through network and established business relationship, bring buyers and sellers together, help them to negotiate final agreement and advice on the emerging corporate structure.

Corporate Financial Advice:

Government enterprises and Companies intending to go public issue often seek professional & financial advice on corporate restructuring & reengineering. ICB through its expertise provide such services through its expertise.

Chapter 5

5.1 ICB'S ORGANIZATIONAL STRUCTURE AND MANAGEMENT:

Institutional Framework of ICB:

Investment Corporation of Bangladesh is a corporate body as per section 3 of Investment Corporation of Bangladesh Ordinance, 1976 and deemed to be a banking company within the meaning of the Banking Companies Ordinance, 1962 (L VII of 1962). The shares of corporation are listed with the stock exchange. ICB is an authorized broker of DSE.

Regulatory Framework of ICB:

As the mentioned earlier the regulatory framework of ICB is the, Investment Corporation Bangladesh Ordinance, 1976. This ordinance and regulations laid under the authority of the ordinance is the source of all power and authority of ICB. Through the recent enactment of "The Investment corporation of Bangladesh (Amendment) Act, 200" (XXIV) of 2000, scope of ICB's activities through the formation of subsidiaries have been expanded. In addition to these, to resume its duties and functions, it has to compel by Companies Act 1994, Trust Act 1882, Insurance Act 1983, Security and exchange commission Act 1993, banking companies Act 1993, Foreign exchange regulation 1974, Income Tax act etc.

It is to note that no provision of law relating to the winding up of companies or bank shall apply to the corporation and the corporation shall not be wound up save by order of the government and in such manner as it may direct.

Management of ICB:

The head office of the corporation as per the requirement of the ordinance of ICB is located at Dhaka. The general direction and superintendence of the corporation is created in a board of directors, which consist of 12 persons including the chairman and managing director of ICB. The board of directors consists of the following directors:

- The chairman to be appointed by the government.
- The directors to be appointed by the government from among persons serving under the government.
- One director to be nominated by the Bangladesh Bank.
- Four other directors to be elected by the share holders other than the government, BB, BSB, & BSRS.
- The managing director is the chief executive of the corporation. The corporation has an executive comprised of 5 people including managing director.

Administration & Human Resource:

Investment Corporation of Bangladesh (ICB) is providing different category of financial and banking services. Nature of the different division departments vary, such that Economic and Business Research (EBR) department requires teamwork, Lone Appraisal division requires professional work. Funds divisions need chain work. Managing director is entrusted with authority to transact the regular business of the organization; he may delegate some authority to officials of the Corporations. However, most of the policy decisions are taken by the different committee with the approval of managing director and where required of the board. It is the discretionary authority of the board to constitute the execute committee and to maintain its Chairman to assist the board in the discharging of the function stated under the ordinance. The board may appoint such other committee (s) as it thinks fit to assist it in the efficient discharge of its function. So far, board has appointed two such committees. Economic and Business Research (EBR) committee and Loan Appraisal committee is headed by General Manager.

Organization Manpower:

During 2014-15, 10 officers and 20 supporting staff joined services of the Corporation at different levels. Moreover, recruitment of 60 officers was under process. On the other hand 5 officers resigned and 1 supporting staff retired from the services of the Corporation. During the period, 9 employees including 2 supporting staff retired from the services of the Corporation and 1 employee died. As per direction of the government, the retirement age of the freedom fighters has extended by 2 years to 59 years. According to this direction retirement date of 5 employees of the Corporation has been extended. The total work force as on 30 June 2010 was 478 which were 464 on the same date of the previous year. Out of 478 employees, 290 were officers and 188 were supporting staff. The total number of female employees was 72 including 44 officers representing 15.06 per cent of the total manpower. During the year, 6 officers and 7 supporting staff of the Corporation were promoted at different levels.

Chapter 6

6.1 Departments of ICB:

Personal department:

The main functions of this department are:

- For making a well trained administration must be selected the rules and regulation.
- Appoints the manpower in the corporation.
- Transfer, selects the salary, pension vacation, promotion, confirm the job, etc are the personnel related works.
- Processing the promotion, time scale, vacation related works.
- Processing the retirement.
- Personnel's give the facilities when they are going on retirement such as—gratuity, pension, provident fund are processed and control the attendance.
- To maintain the national salary scale, select the salary, pension, increasing the annual salary etc.
- The function which are related with the annual secret reports of the personnel's.
- Function of personnel discipline.
- Take short term and long term development planning for the executive of a corporation.
- Maintained the relation with the ministry.
- Functions which are all related with the officers union.
- According to need, others functions which are given by administration.

Human Resources department: The main functions of this department are:

- To give and complete the different steps of training for the officers/personnel's in the corporation.
- Inventing the foreign training and organize the training in the foreign countries.
- To organize the internal training for personnel.
- To organize the training for new appointed personnel.
- To maintain the official training center.
- To organize the seminar/workshop, symposium, if needed take specialist.

- To collect the training tools and give facilities of the trainee.
- To select the officer/personnel for attending the different type of important meeting, seminar and workshop.
- According to need, others function given by administration.

Establishment department:

This department deal with purchases of office supplies, office equipment etc, also maintain the utility services like telephone bill electricity bill etc. The cost of this department is divided into two categories *revenue cost* and *fixed cost*. For fixed cost, depreciation is charged at straight-line method basis. There are two purchase committees to accomplish the purchase. There remains a quality control committee to examine the quality of the product purchased. For the purchase of the product, this department gives tender notice to the listed supplies. Quality control committee is formed with two Deputy General Manager (DGM), one Assistant General Manager (AGM) and members from the Establishment Department. In case of selling of scraps and wastage the tender offer in same way.

Secretary's department:

The main functions of this department are:

- Arrange meetings of the Board of Directors, Executive Committee and other Committee.
- Communicate with the directors of the Corporation.
- Call board meeting.
- Prepare work schedule of directors meeting and collect signature of the Chairman.
- Send work schedule to Govt. and board of directors.
- Send decisions of the meetings for implementation of concerned department.
- Maintain attendance registers of directors.
- Preserve the registration of shareowners.
- Share transfer, transmission, split, issue duplicate share and dividend warrant.
- Call Annual General Meeting.
- Select directors.
- Send work schedule of AGM to Govt. and other directors of corporation.
- Distribution of dividend to the shareowners.

- Communicate with shareowners.
- Function related to issuance of right share of corporation.

Public Relations department:

The main functions of this department are:

- Maintain close liaisons with the Ministry of Finance and other concerned officers.
- Help publish all types of official advertisements.
- Furnish management with the relevant newspaper cuttings.
- Help focusing ICB through mass media.
- Meet all adverse comments about the Corporation published in Different newspapers and periodicals.
- Publish internal newsletter or journal.

Shares department:

The department, subject to act as, a custodian of ICB portfolio and investors accounts. It maintains IPO shares, right shares, bonus shares and secondary shares. When sales order placed to the concern department, it needs to justify the physical existence maintain by four volts. As by rule, shares must be delivering within three days of transaction, but in some case fluctuation may be seen because of share's transfer registration.

Securities Reconciliation department: This department is involved in reconciliation of the securities if any discrepancy rises among the settle number of securities and the balance of the ledger. In case of sale concern department go through by the help of shares department for the conformation of physical existence of shares.

Dematerialization department: The main functions of this department are:

- Paper share converted to electronic share.
- 70-75 Companies share has completed to dematerialization.
- Converted to electronic share this department take custody fee.

Investor's department:

The main task of Investors Department is to accumulate the investment of small and new investors of the capital market by helping them open an investment account in the concern department. This department deals with 'Investors scheme'. The following are the main functions of this department:

- Open and maintain Investment Accounts.
- Sanction loans against deposits in Investment Accounts.
- Buy and sale shares on behalf of the investors.
- Counsel investors in respect of building up their portfolios.
- Withdraw funds and shares from Investment Accounts.
- Issue income tax certificates, portfolio statement, accounts statement etc.
- Provide service to Investment Accounts Holder.
- Keep financial records of all Investment Accounts.
- Processing of withdrawal of funds.
- Confirm fund position of individual accounts and
- Posting of all transactions.

System Analysis department:

The main functions of this department are:

- System administration of the entire network setup.
- Performing system analysis wherever ICB feels the need for periodic change in computerization setup.
- Performing miscellaneous small hardware and software related servicing tasks on the many workstations, network system, sever and other components and provide training to staff of other departments about computer usage.
- Any other assignment given by the management.

Programming department:

The following are the main functions of this department are:

- Developing new software for ICB.
- Customizing the software developed in the present computerization phase according to the changes of the requirements of the ICB with time.
- Provide active assistance to the staff of system analysis department for training of the staff of other department about computer usage.

Data Management department:

The following are the functions of this department are:

- Handling peak load of data entry and data processing work for all other department of ICB.
- Any other assignment given by the management.

Planning, Research & Business development department:

This department has a basic decision making function for the organization. The major functions of this department are:

- To make the portfolio management decision in favor of the organization as well as small investors.
- Conduct meeting of the securities purchase and sales committee.
- Convey securities sales or purchase decision to the merchandising division.
- Perform all activities related to South Asian Development Fund (SADF).

Management Information Systems department: This department basically helps the organization in decision making by providing information. The main works of this department are:

- Prepare and distribute Annual Report of ICB, Mutual Funds and Unit Funds.
- Make arrangement for off loading of government portion of shares in different companies and state owned institutions.

- Manage the business development cell, which is established to explore the possibility of business diversification.
- Maintain liaison with ministry of finance, Bangladesh Bank and provide ICB related information to interested parties.

Securities Analysis department:

This department basically analysis the securities in the market and upcoming securities into the market. The basic task of this department is as follows:

- Collect information about DSE, CSE, Public issue and half yearly accounts of the listed company.
- Prepare 5 years performance appraisal reports of the listed companies.
- Prepare board memo regarding declaration of divisions on ICB's own portfolio, Unit and Mutual funds.

Central Accounts department:

All kinds of receipts and payments of ICB are done by the Central Accounts department. The bill of all departments end destination is account department. Account department holds and maintain all separately. For this reason adjustment and rectification of any transaction of all departments become easier to this department. The functions of this department are to:

- ✚ Prepare income tax return and matters relating to accounts.
- ✚ Prepare bills including projects accounts and maintenance of project accounts.
- ✚ Prepare salary statement, overtime statements etc.
- ✚ Prepare final accounts.
- ✚ Keep accounts for Government loan and debentures.
- ✚ Keep accounts of Unit and Mutual Funds.
- ✚ Make correspondence with the Government, financial institutions, branches etc.
- ✚ Maintain liaison with external audit and commercial audit.
- ✚ Maintenance of investor's accounts and portfolio ledgers.
- ✚ Calculation of quarterly interests.

Fund management department:

The main works of this department are:

- Manage overall fund of the corporation.
- Different organization provided FDR
- Different organization taken TDR

Projects Loan Account department:

This department presents up to date information about the project of the given loan from the organization. The functions of this department are:

- Issue check to the projects after getting disbursement order from the Project Finance Committee.
- Maintenance of registers for interest penal interest due and over dues.
- Calculation of interest and preparation of periodical bills.
- Preparation and dispatch of statement of accounts.
- Furnishing of various information regarding disbursements, dues over-dues etc. relating to project loan.
- Any other assignment given by the management.

Law department:

Law department is a specialized department; handle any kind of legal affairs of ICB. ICB takes the resource of legal actions against the defaulting borrowers who did not come forward to repay loans despite repeated persuasion and reminders. The functions of this department are as follows:

- Prepare legal documents, advances agreement, share agreement, demand promissory notes, Memorandum and deposit of title deed etc.
- Arrange exception of underwriting-cum-advance agreement, underwriting agreement and supplementary etc.
- Process litigation cases, prepare legal notices and refer cases to legal advisor in the court.
- Prepare necessary Board Memos for placement in the board meeting relating to litigation and legal affairs.

- Handle the legal issues related to employee's loan facilities and other issues related to law

Documentation department:

The following are the main functions of this department are:

- All important documents are kept.
- Debenture finance.
- Lease finance.
- Asset securitization.
- Equity/ Preferential share finance.

Audit and Methods department:

Department under Audit & Method department are showing in the following:

1. Audit & Method head Office.
2. Audit & Method Branches.

The main functions of this department are:

- Checking out that all rules are properly maintained or not i.e. circulars given by the ICB Board, Government and the method approved by the Board are correctly implemented or not.
- Advising of new method of ICB.
- This department finds out the fault done by other department.

Unit Repurchase department: ICB unit is an open end Mutual Fund through which the small and medium savers get opportunity to invest their savings in a balanced and relatively low risk portfolio. It ensures a continuous and regularly flows of incomes for the holders and is easily cashable. Units are sold through ICB offices and other authorized bank branches. ICB stopped selling of Unit Certificates from 1st day of July after the business operation

starts of ICB Asset Management Company Limited. The main functions of this department are to sale, repurchase and transfer of Unit Certificate:

- Act as manager of Unit Fund.
- Promote sales of Unit Certificates.
- Sell and issue Unit Certificates to the applicants.
- Repurchase Unit Certificates.
- Issue new Unit certificates in lieu of mutilated, lost or defaced Unit Certificates.
- Reconcile the amount received and Unit Certificates send to the agents.
- Transfer the units if applied for the prescribed from.
- Split the units if applied for.
- Transmission of units in case of death of unit holder.
- Issue and distribution of Cumulative investment Plan (CIP) Certificates.
- Making of lien of units, if necessary.

Unit Registration & Procurement department:

The following are the functions of this department:

- Registration and transfer Unit Certificates.
- Maintain a separate register of unit holder under Cumulative investment Plan (CIP).
- Verify signature of transfer deed.
- Issue dividend warrants and CIP certificates to the holders.
- Procure Unit Certificates of various denominations from the printing press.
- Issue Unit Certificates to ICB sale officers/branches as well as appointed bank branches.
- Co-ordinate all activities relating to procurement and issue of Unit Certificates.

Mutual Fund department:

Investment Corporation of Bangladesh (ICB) has so far floated eight close and Mutual Funds. The first Mutual Fund was floated on 25th April 1980 while the eight ICB Mutual Fund was floated in 10th August 1996.

Broadly the functions of Mutual Funds department consist of:

- Act as manager of all Mutual Funds.
- Maintenance of ledger with the name, address and number of certificates along with distinct folio number for each Mutual Fund separately.
- Verify the signature of the holder in the 117 forms.
- Preparation of dividend list from the ledger position.
- Issue dividend warrants to the holders of the certificates.
- Distribution of final dividend warrants to the certificate holders after completing necessary formations.
- In case of change of ownership of Mutual Funds certificate holder facilities the transfer process.
- Make arrangement for re-issue or duplicate copy of certificate in case of loss or damages of certificates.
- Receiving application for the change of address, correction of names and forwarding the same to the computer department.
- Arrange for splitting the share scraps as and when necessary in accordance with the Stock Exchange Rules.
- Arrange for revalidating the date of payment of dividend on Dividend Warrants.

Project Implementation & and follow-up department:

The following are the tasks of this department:

- Placement of IPO.
- Justify the projects terms and conditions.
- Help implementation of sanctioned projects.
- Review progress of implementation of projects and recommend disbursement of funds.
- Submit progress reports to the management regarding implementation.
- Process the case for cancellation of sanctioned projects.
- Inspect the site and books of accounts of projects

- Make recommendations for additional loans in appropriate cases and refer them to LDA.
- Provide counseling for solution of any disputes and problems.
- Inspire the project to go for public as far as possible after commercial operator.
- Contract with the consortium member/main financier regarding implementation of the projects.
- Take necessary steps to re-arrange the consortium commitment during implementation period if necessary.

Recovery Department: Loan recovery and follow-up department is the key operation as it ensures the recovery of funds provided as credit. There remains two ‘Task forces’ and the ‘Review & Monitoring Committee’ for giving necessary guidelines for accelerate process of recovery.

The main functions of this department are:

- To provide and reconcile statements of dues /over dues periodically.
- To visit projects for evaluating operational performances.
- To hold meeting with sponsors of ICB financed projects in connection with recovery of dues.
- To furnish status reports on the sponsors of ICB assisted projects to different institutions.
- To ensure recovery of dues /over dues from sponsors.
- To recommend for making necessary provisions for bad and doubtful debts in the Annual Accounts of the Corporation.
- To prepare memorandum for consideration of the Board of Directors for granting financial relief to projects facing various problems.

- Analyze the problem of sick projects and put forward suggesting for salvation of the same.
- Assist the Law Department of the Corporation to take legal actions against defaulting projects.
- To furnish information to different departments of ICB regarding recovery of loans.

Trustee department:

The main functions of loan appraisal departments are:

- ▶ One of the most important works is to save the self-keeping of the investor, bond holder, Debenture holder.
- ▶ To reserve the resources of the trustee.
- ▶ To maintain the account of trustee.
- ▶ To give the monthly report in the SEC which are related to the trust maintaining
- ▶ The savings money of the trustee is invested for short term.

Public Issue department: The public issue department is a vital department in the ICB as the ultimate objective of sanction loan is to help the project to go for public issue. The department is engaged in:

- ▶ Visit and collect audited financial statement from the sponsors.
- ▶ Analyzing the financial statement of ongoing projects.
- ▶ Advice and pursue sponsors of ongoing projects.
- ▶ Assists in preparing prospectus for issuing shares and debentures.
- ▶ Examines the prospectus submitted by the sponsors and help getting approval.
- ▶ Advise companies in issuing allotment letters and warrants.
- ▶ Make necessary adjustments of bridge loan of the concerned company.
- ▶ Make liaison with the recovery and follow-up department regarding realization of dues and overdue.
- ▶ Help the company in securing approval from relevant institution.

Venture Capital Department:

With a view to encourage rapid industrialization of high risk but potential industries of the country ICB as part of business diversification has launched venture capital financing scheme. Up to 30 June 2010 ICB has received 5 applications for financing of Tk. 76.62 crore.

Equity and Entrepreneurship Fund (EEF) Department:

The Government of Bangladesh (GOB) had set up an Equity Development Fund (EDF) in the budget 200-01 known as Equity and Entrepreneurship Fund (EEF) with a view to encouraging the investors to invest in the rather risky but promising two sectors, namely, software industry and food-processing/agro-based industry.

Chapter seven

7.1 SWOT Analysis of ICB:

As a statutory organization ICB enjoys some discretion in decision making but always it has to be operated under close supervision of Finance ministry.

Strength:

- The internal strengths of ICB are given below:
- Strong financial backup.
- Expert management team.
- Good reputation.
- Diversified financial product.
- Strong network.

Weakness:

- Bureaucratic practice.
- Lack of discipline.
- Lack of authority in officer level.
- Lack of computerization system.
- Most of the employees are inactive.

Opportunities:

- Govt. tries to boost up capital market.
- As the corporate tax is reduced more investor will come to set up new ventures.
- The economy is overcoming the September 11 crises.
- Investors are getting confidence over security market.

Threats:

- A lot of private enterprise caters into the market.
- People have less knowledge about the capital market.
- There are some unethical practices in security market.
- Low rate of dividend declared by the companies.

Chapter 8

My job responsibilities:

Being an intern I was basically introduced to all the works of all the departments. However, I was not assigned to do the task of all departments. Since, ICB deals with much confidential issue, so I was assigned to work only in few departments. They are as following

8.1 Task of Projects Loan Account Department

1. I used to check all the paper of loan before loan disbursement, whether the information given by the loan taker is correct or not. It includes the rechecking of the expected amount of calculated money to finish the project. It is often seen that the loan taker distorted the information and ask for big amount of money. In this regard, I had to check if the information is distorted or not.
2. I used to do the calculation of interest and preparation of periodical bill.
3. I had to keep record of all the disbursement, dues over dues, relating to project loan.

8.2 Task of the public Issue department

1. Very often I had to visit and collect audited financial statement from the sponsors.
2. Assists in preparing prospectus for issuing shares and debentures.
3. Help the company to collect approval from relevant institution.

8.3 Other tasks

1. Since the company is a financial based company, so every single day number of transactions made. So as an intern I had to do lot of photocopies. However, I feel doing a photocopy in ICB is not an easy task. My supervisor used to give me hundreds of paper and I had to photocopy those. If any of the original paper would have lost, then a big mess would have arrived. However, during my internship tenure, I never lost a single original paper.
2. Very often I had to help my supervisor in doing their transaction of their own projects.

Chapter 9

Recommendation

Since I was an intern of ICB, I actually could figure out all the problems from a consumer's perspective. All the problems are mostly related to financial service, loan amount and investment related. However, some of the recommendations are as following.

- Reserve should be kept at a minimum level. It may vary fund to fund but not more than 25% of a fund's income.
- Dividend policy should be fair to all funds so that the investors may be satisfied. Dividend policy should be earning basis, not year basis.
- Investing by costly borrowing funds should be reduced. Management may look for source of less costly funds & reduce expenses & increase income.
- ICB may fix redemption date of each fund, it may redeem, 1st, 2nd & 3rd mutual fund. Because, these funds are established for more than 15 years.
- ICB may take initiative & decision to float more funds for the stabilization of capital market & for gaining of investment confidence to invest in the capital market.
- Investment in any company's shares will need to proceed with conscious & investor's interest should be the first priority. Any decision which will affect the interest the investors will not be complimented, though there are some external pressures.
- Unnecessary documentation & levels in the process of withdraw or securities should be eliminated. For this computerization is needed & training is must.
- More employees are recruited for better service & according to the skill & education background of employee needs to be positioned.
- Office of mutual fund has to establish within the head office of ICB.
- Office curriculums have to be modernized.
- Employees should set up proper positioned according their skill and educational background.
- To properly monitor and evaluate the mutual fun

Conclusion

ICB is a unique name in our country as an investment Bank. It is playing a pivotal role to develop the country's capital market, ICB as the National Investment House is the organization to perform the activities by creating demand for securities and on the other hand to ensure the supply of securities in the Capital Market. ICB's investor's scheme helps to boost up domestic economy through facilitating to invest into the capital market. At a stage, this made an important effect on the capital market and excellent response from the investor's the floatation of mutual funds and issuance of unit certificates by the ICB strengthens the activities of mutual fund.

It has skill and experienced labor force and professional and dedicated management team that enable to pursue the ICB's goals and objectives. But the good scenario does not exist when the problem is in backdated mentality of almost every employee. We know that government organization is the root of all corruption and bureaucratic complexity. So they are too late to all work that hamper proper customer service-when it is said that 'customer is the king'.

To become competitive and keep the leading position in the market ICB must have to take initiative (whether to recruit some creative expertise or to train and motivate present employees) otherwise the day nears when ICB would become only name.

From the sequence of our analysis it is reflected that unit fund has played a pivotal role to develop the country's Capital Market, ICB as the investment Companies was the lone organization to perform the activities by creating demand for securities in the Capital Market. Mutual fund helps to boost up domestic economy though facilitating to invest into the capital market. The floatation of unit certificates by ICB strengthens the supply of attractive securities in Bangladesh Capital Market. It is also reflected from the present study that Mutual fund has contributed a good percentage in the turnover volume and market capitalization of DSE. I am quite optimistic that if the given recommendations of this report are implemented then ICB may be able to overcome its present Mutual fund problems and may contribute in development of Bangladesh Capital Market.

Mutual Fund department is appreciably innovative, explorative and dynamic. ICB should specially continue the operations and management of mutual fund because most of the small investors are key clients of mutual fund. But still, Mutual Funds are not above the shortcomings. So, ICB should concentrate to increase the performance of its mutual fund and way to find out the path for overcoming the problems of operations.

APPENDIX

LIST OF ABBREVIATIONS :

1. EPB = Export Promotion Bureau
2. PRSF = Poverty Reduction Strategy Paper
3. MDG = Millennium Development Goals
4. WTO = World Trade Organization
5. CMC = Compliance Monitoring cell
6. ICT = Information and Communication Technology
7. EU = European Union
8. EPF = Export Promotion Fund
9. ITO = International Trade Organization
10. DITF = Dhaka International Trade Fair
11. NETP = National Export Training Program
12. GSP = Generalized System of Preference
13. CIP = Commercially Import Person
14. TIC = Trade Information Centre
15. EMDF = Export Market Development Fund
16. ERC = Export Registration Certificate
17. ICB = Investment Corporation of Bangladesh.
18. SEC = Securities and Exchange Commission.
19. DSE = Dhaka Stock Exchange.
20. CSE = Chittagong Stock Exchange.
21. EBR = Economic and Business Research.
22. CDBL = Central Depository Bangladesh Limited.
23. IPO = Initial Public Offering.
24. ICT = Information and Communication Technology.
25. BB = Bangladesh Bank.
26. BSB = Bangladesh Shilpa Bank.
27. BSRS = Bangladesh Shilpa Rin Sangstha.
28. IAS = International Accounting Standards.
29. OTC = Over the Counter.
30. ICML = ICB Capital Management Limited.

31. AMCL = Asset Management Company Limited.
32. ISTCL = ICB Securities Trading Company Limited.
33. CDS = Central Depository System.
34. ICAB = Institute of Chartered Accountants of Bangladesh.
35. ITS = Internal Transfer of Shares.
36. IT = Information Technology.
37. MIS = Management Information System.
38. CMDP = Capital Market Development Programme.
39. NSE = National Stock Exchange.

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