

Internship Report

On

**“How CSR is helping IDLC to become sustainable & how it is impacting on SME’s revenue generation”**



Inspiring Excellence

**Submitted By:**

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## Letter of Transmittal

February 17, 2015

Mr. Showvonick Dutta  
Lecturer,  
BRAC Business School (BBS)  
BRAC University

### **Re: Submission of Internship Report**

Dear Sir

Here is the Internship Report on “How CSR is helping IDLC to become sustainable & How CSR Activities are impacting on SME’s revenue generation. This report was the partial fulfilment of BBA program.

I have tried my best to submit a good report with as much information as I could gather during the short time span allotted for writing the report. I made sincere efforts to study related materials, documents, observe operations performed in IDLC Finance Limited and examine relevant records for preparation of the report.

Therefore, I hope that you would be kind enough to accept my Internship Report & oblige thereby.

Sincerely yours,

.....  
Antara Nishat Sharmin  
ID: 11204059  
BRAC Business School  
BRAC University

## Acknowledgement

At the very first of my expression I must admit my gratitude to the almighty Allah for giving me the opportunity to get everything done with my higher study properly and successfully from a renewed university like BRAC University. This report is the product of hard research, study and co-operation of my supervisors both from university and from IDLC. So I am really gratitude to all of them for their help and support. Without their help it would be really difficult for me to be done with this report as well as my internship which is a mandatory part of Bachelor of Business Administration from BARC University.

I am really grateful to get a supervisor like Ms. Ayesha Haque, Head of CSR, IDLC Finance Limited who support me a lot to go through all the process and activities of CSR Department of IDLC Finance Limited. At the same time she helped me out to get some information that I felt the need to done with my report.

I would like to express my honorable gratitude to Mr. Showvonick Dutta Sir who is really helpful and always supported me to done with my internship report successfully. He guided me throughout the whole internship period and show me as well as corrected me while making any mistake in the report. He is really helpful and supportive as well as friendly so that I never feel bored to share problems with him.

Al though I faced a lot of problems and difficulties while preparing my report but these people made my difficulties way and motivate me to come up with a report of quality and full of information. I am really lucky to have supervisors like them.

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## Executive Summary

*CSR Activities are one of the inevitable part of the organization now a days. Almost all the renowned organization perform CSR activities for the sake of society or as a part of their responsibility.*

*However, IDLC Finance limited also performs CSR activities and their CSR is also aligned with their operation. Their first & foremost CSR is Vocational and Skill Development training which is creating income source of underprovided women and youth people.*

*Secondly, Environment Awareness Program which is creating awareness among school children. Followed by, Preventive and curative health care under which RMG workers and mothers are been trained .*

*So throughout the report, I have tried to focus upon the CSR activities of IDLC and how it is contributing IDLC doing sustainable business and how it is impacting on revenue generation of SME. The study also reflects the summary of the project on which I worked. The objective of the project, methodology and limitations is also included in this part. I have also included different parts of my work. Finally, I have analysed the report in my own word.*

*Analysis on the findings in done to sort out the major aspects of my work. At the same time for easier understanding of the report, supporting topics and terms are explained in the light of textbooks and other supplementary documents. Utmost care has been given to explain all necessary aspects related to the subject matter for easier and quick understanding of the report. And I shall be grateful to those persons who will read this report and who shall be benefited from this report at present and in future.*

## Chapter 1

### Introduction

As a part of completing BBA, it is an mandate to do internship in any organization to learn real life things. Bus 400 is that course which has helped to learn from real corporate world where I could relate my learning as well as contribute my knowledge also.

I joined IDLC finance Limited as an intern of CSR department. Being an intern of IDLC, specific tasks it was a great matter of enjoyment whenever I fulfilled my responsibilities and got appreciated by IDLC Finance Limited. The company paid a fixed honorary amount to the interns as a monthly salary basis. I needed to work for three months under CSR Department to complete the internship program. I joined IDLC Finance limited on 6<sup>th</sup> September of 2015 and my internship period ended on 6<sup>th</sup> December, 2015. I got opportunity work with very talented minds at the office which will be leave a greater impact on my upcoming professional life. It was a massive experience to work as an intern in a company like IDLC Finance Limited.

Since, I was an intern of CSR department, my greatest binding was to gather information from other department to complete my internship report but I am Thankful to my Supervisor and whole IDLC Finance limited who helped me through this internship.

IDLC Finance Limited is a leading Non-Banking Financial Institution of Bangladesh. The company is mainly working in the financial sector. However, like every other companies, IDLC has some CSR (Corporate Social Responsibility) activities in Bangladesh, which they call Sustainable Responsibility.

CSR is known as Corporate Social Responsibility. According to Investopedia, "CSR is corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change."

In Bangladesh perspective, CSR is something very philanthropic work. Most of the organizations

perform their CSR activities as a charitable work. In most of the cases, banks and NBFIs perform it very randomly which is eye catching. On the other hand, very few organizations perform it strategically which is aligned with their values & objectives. In an article, (Miah, 2006) said, "These philanthropic activities included donations to different charitable organizations, poor people and religious institutions. Till now, most of the businesses in Bangladesh are family owned and first generation businesses. They are involved in the community development work in the form of charity without having any definite policy regarding the expenses or any concrete motive regarding financial gains in many instances."

Apart from that, there are some issues in Asia, which is particularly connected with CSR. And CSR Asia is telling it as ten emerging issues of CSR. According to CSR Asia, environment & climate change, labor & human rights, transparency & accountability, poverty alleviation, stockholders engagement etc. are some of the core issues of CSR, which need to be addressed by the organization. But in Bangladesh, this concept is hardly followed.

### History of IDLC Finance Limited

IDLC was initially established in Bangladesh in 1985 through the collaboration of International Finance Corporation (IFC) of the World Bank, German Investment and Development Company (DEG), Kookmin Bank and Korean Development Leasing Corporation of South Korea, the Aga Khan Fund for Economic Development, the City Bank Limited, IPDC of Bangladesh Limited, and Sadharan Bima Corporation. As the company evolved, initial foreign shareholding of 49% was gradually withdrawn and the last foreign shareholding was bought out by local sponsors in 2009.

Although IDLC finance initially started with Lease Financing as their core product, IDLC has grown to become the largest multi-product Non-Bank Financial Institution of Bangladesh, with almost equal focus in Corporate, Retail and SME sectors. Moreover, IDLC has a significant presence in the Capital Markets. Their merchant banking arm, IDLC Investments Limited, a wholly-owned subsidiary of IDLC is a premier brand for investment banking in the country. IDLC's stock brokerage arm, IDLC Securities Limited, another wholly-owned subsidiary of IDLC is also amongst the top five brokers in the country.

Over the years, IDLC has attained a significant presence in the corporate sector of Bangladesh. IDLC is highly respected by our clients, peers, employees and regulators for our strong corporate governance, statutory compliance, high ethical standards, a progressive and enabling working environment, and strong commitment to environmental and social development. IDLC continues to play a pioneering role in introducing and popularizing a variety of financial instruments suiting ever-changing requirements of its fast-growing clients. We are continuously expanding our presence to ensure the best quality of service to our clients at all times.

### Vision:

Being the best financial brand in the country.

### Mission:

- Focusing on quality growth, superior customer experience and sustainable business practices.

### Strategic Objectives

- Grow and develop our talent pool
- Fully leverage new core banking platform
- Optimize distribution points
- Grow and diversify funding sources
- Grow sales and service capabilities in Consumer Division
- Aggressively grow SME portfolio
- Focus on top-tier clients in Corporate
- Consolidate capital market operations and enhance capabilities
- Embrace internationally accepted corporate governance and sustainable business practices

## COMPANY INFORMATION

### 2.0 Background of the Company

IDLC Finance Limited commenced its journey in 1985, as the first ever leasing company of the



country. In 1995, IDLC was licensed as a Financial Institution by the country's central bank, Bangladesh Bank, following the enactment of the Financial Institution Act 1993. Over the last two decades, IDLC has grown in tandem with the country's transition into a developing country and has emerged as Bangladesh's leading multiproduct financial institution. To encapsulate the evolving nature of the company, IDLC has changed its name to IDLC Finance Limited from earlier Industrial Development Leasing Company of Bangladesh Limited in August 2007.

Since 1985, when IDLC was formed as the pioneering leasing company in Bangladesh, the company continues to evolve as an innovative financial solutions provider. They are now able to offer customers, integrated and customized financial solutions - all under one roof. Their wide array of products and services range from retail products, such as home and car loans, corporate and SME products including lease and term loans, structured finance services ranging from syndications to capital restructuring and a complete suite of merchant banking and capital market services.

## **2.1 Subsidiaries**

### **2.1.1 IDLC Securities Limited**

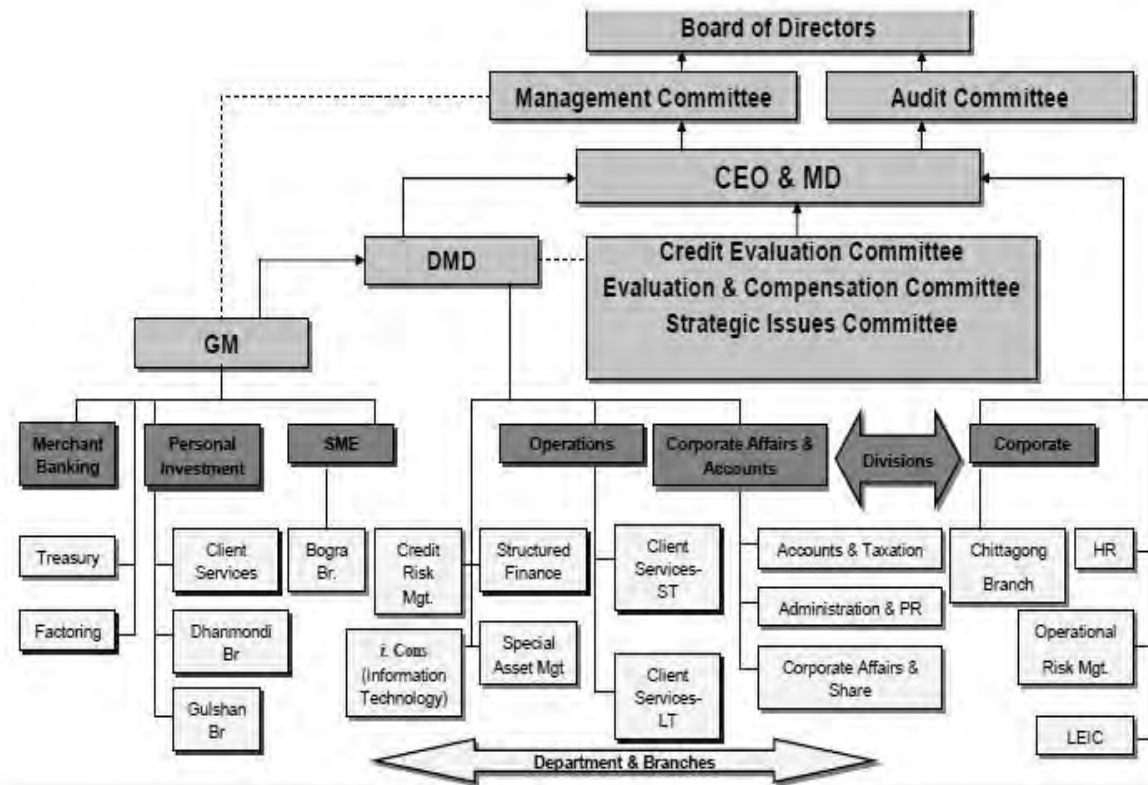
IDLC Securities Limited, a fully owned subsidiary of IDLC, offers full-fledged international standard brokerage service for retail and institutional clients. It has seats on both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. It is also a Depository Participant (DP) of Central Depository Bangladesh Limited (CDBL).

### **2.1.2 IDLC Investments Limited**

As advised by the Securities & Exchange Commission (SEC), the Company formed a separate subsidiary on May 19, 2010 in the name and style "IDLC Investments Limited" to transfer its existing merchant banking activities. The Company has applied to the SEC to transfer the existing merchant banking license of IDLC Finance Limited in the name of IDLC Investments Limited

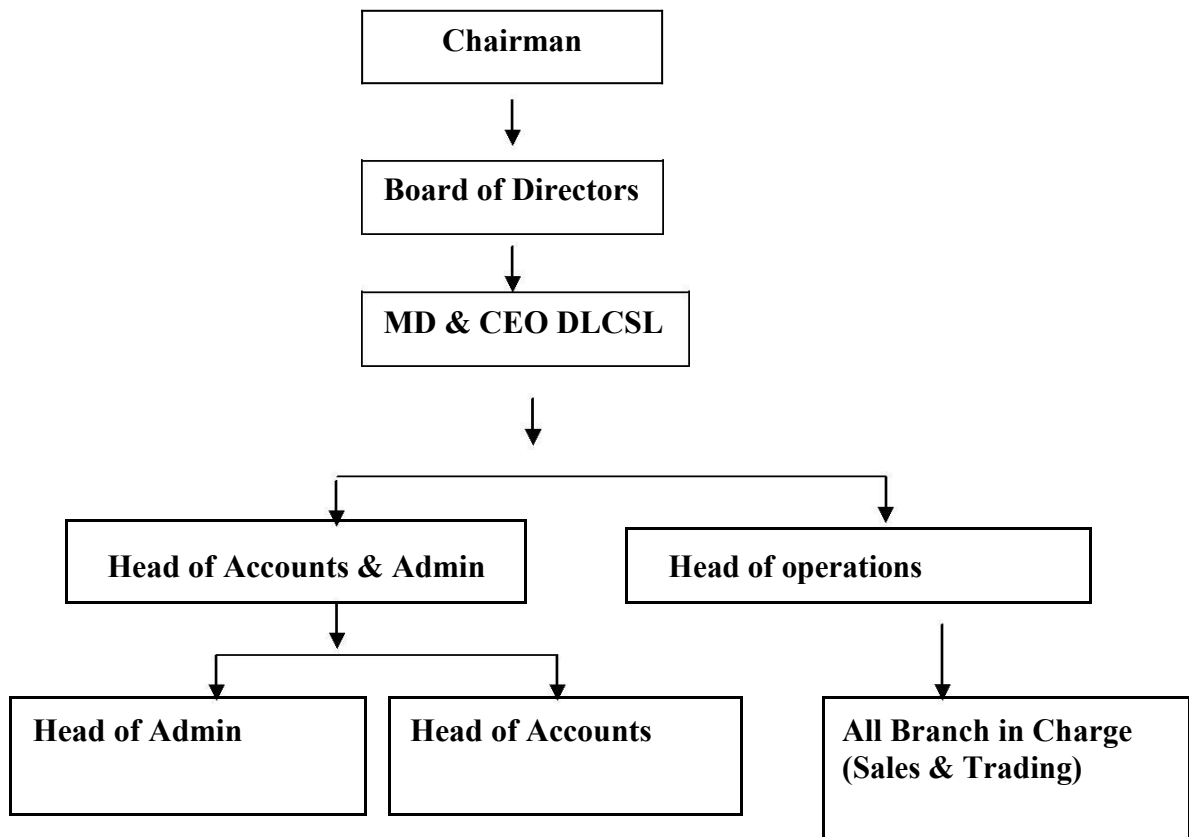
## Organizational Part

### 3.1 Organogram of IDLC



The Board of Directors of IDLC formed two sub-committees of the Board: Executive Committee and Audit Committee. The matter related to ordinary business operations of the Company and the matters that the Board of Directors from time to time, authorizes are vested on Executive Committee. The Audit Committee is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection programs, internal control systems and procedures, accounting policies and adherence to compliance requirements, etc.

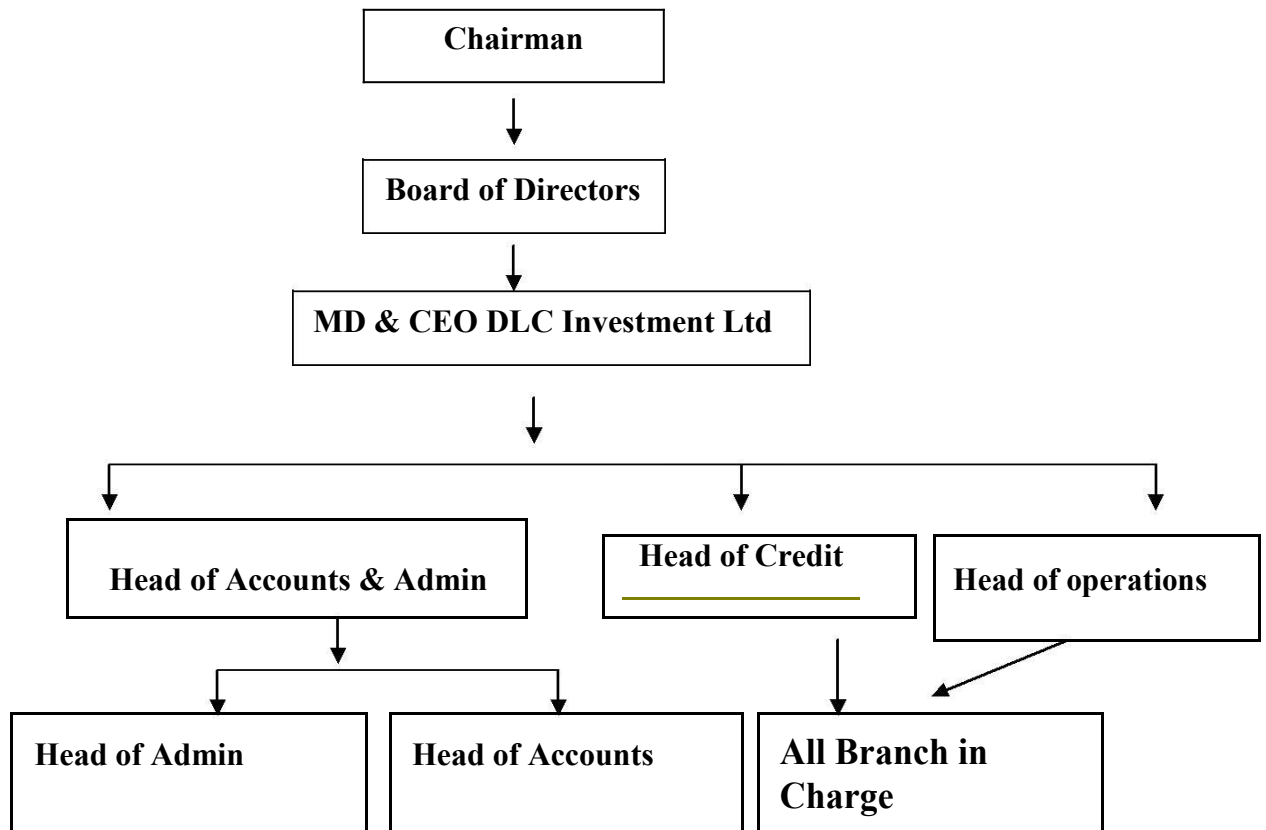
### 3.2 Organogram of IDLC Securities Limited



**Fig 3: IDLCSL Functional areas**

IDLC securities are a fully owned subsidiary of IDLC Finance Limited. The management committee is almost same as IDLC. MD is responsible to maintain all the activities through the chain of command in Head of Admin & Head of operations. Here head of operations mainly deal with sales and trading related activities. Every Branch mainly runs the sales & trading department. They also get support of Merchant Bank division in their Branch.

### 3.3 Organogram of IDLC Investment Limited



**Fig 3: IDLC investment Ltd**

The Credit Committee is empowered, among other things, to analyze the market risk and approve the margin loan for the investor. Head of Accounts and Admin are mainly responsible for the financial transaction and controlling administration. Head of operation controls the account opening and account maintains activities

## Chapter 2

### Description of the Job

As I enrolled in IDLC finance as an intern in Corporate Social Responsibility (CSR) Division so there I had to do different tasks related to the CSR activities. I got chance to work in the CHO (Corporate head office) of IDLC finance and the CSR department operate from there. The CSR department of IDLC is consist of 2 employees, one is Manager who acts as Head of CSR and another one is Executive officer.

The main job of the CSR department is doing all the task for which IDLC is committed to society, environment, healthcare and other responsibilities towards society.

The main task of CSR department of IDLC is following the guideline from Bangladesh Bank's CSR activities and do the commitment towards it's society and sustain their work.

### Responsibilities and aspects of job performance:

As an intern I had to do different types of works in IDLC and all of those activities are kind of support activities. Some time I had to do some major and critical tasks too but I did those under the supervision of Head of CSR and Executive Officer. Here are the specific job responsibilities that I had to obey with in IDLC finance-

- ✓ Attending the sessions in different schools falls under Environment Awareness Campaign
- ✓ Contact and collect materials from school administration
- ✓ Updating information regarding the competition
- ✓ Helping while arranging competition's final phase
- ✓ Writing updates and writing skill development project report
- ✓ Preparing Memo, Bills
- ✓ Doing photocopy and scan of necessary documents
- ✓ Filling

These are the basic and regular task that I had to do in IDLS as an intern but there are some more other tasks that I had to do too in regular basis but those are minor task to mention here. I got a lot of support from my supervisor and from Marketing Communication Team of IDLC Finance Limited to get done with my tasks. At the very beginning they just show me how to get done the tasks effectively and efficiently and then very next time they just ask me to the task and by this process I get learnt to do those tasks.

While doing my appointed task I faced different types of difficulties and critical problems. On that situation I ask for help from my supervisor and she always helped me out.

### **Critical observation and Recommendation:**

While working as an intern in IDLC finance I found out some critical matters and problem that they can easily overcome. As a renewed organization IDLC finance ltd. Is very efficient and effective in their day to day activities but in some point they can be more efficient and effective in the perspective of CSR related activities.

The way to process any kind of bill regarding vendor or other activities such as fund for underprivileged or individual patients, there need to get approval from the CEO & MD, need to get sign by all the respected heads and moreover VAT & TAX excluding or including issue is too complicated to handle. As its CSR department, it is partnered with so many NGO's and they do not sometimes understand the calculation of the fund requested or do not understand how actually NBIF's work. So, make them understand or to deal with them is too difficult.

So, from my observation I can say that, what IDLC can do is, they can make this bill processing bit flexible and VAT & TAX issue should be resolved for NGO's to avoid the confusion.

## Chapter 3

### How CSR is helping IDLC to become sustainable & How CSR Activities are impacting on SME's revenue generation

Corporate Social Responsibility has been characterized as "the joining of business operations and qualities whereby the premiums of all partners, including client, representatives, financial specialists and the earth are reflected in the association' strategies and activities". Corporate Social Responsibility likewise called corporate still, citizenship, social execution, or sensible tried and true business, is a sort of corporate self-regulation joined into an arrangement of activity. Corporate social Responsibility (from this point forward CSR) has transformed into a basic centre f obsession among associations. A late overall survey shows that 76% of troughs trust that corporate social commitment contributes insistently to long haul estimation of shareholders, and 55% of them agree that practicality offers their associations some help with building a strong reputation

A successful CSR program cannot be achieved individually. CSR includes the participation of the society, nature and ethics in making strategy that can improve the competitive position of a company. CSR takes care of the interest of all stakeholders rather than that of the stockholders only. By incurring CSR expenditure, a firm can strengthen its competitiveness, counter the risk of losing the existing market shares and establish its presence in emerging ones. Instead of thinking CSR as a regulatory or discretionary cost, business executives across the globe are starting to see it as an investment that brings long-term benefits for the company. The impacts of CSR are pervasive. CSR significantly improves business house reputation and confidence of

Customers and business partners, and motivates the employees to work for a company they could feel proud of.

Social responsibility is a concept well known in the corporate world and beyond that. All over the world have practiced only profit making actions at past but not for long as the enterprise started to develop complexities and wideness in size and actions so was their reach getting bigger and bigger. As every person has his own social responsibilities towards the society so does the business firms. The idea is that, the business has social obligations and above and beyond making a profit that is corporate social responsibility.

However, it is regretful that though internationally it is being practiced widely, Bangladesh is still lagging behind. The difference between the world standard and the practice in Bangladesh shows the lacking here and the scope for development. In Bangladesh perspective, CSR may be something precise humanitarian worth of effort. Most of the organizations perform their CSR activities as a charitable work. In most of the cases, banks perform it very randomly which is eye catchy. On the other hand, very few organizations performs it strategically which is aligned with their values & objectives.

Corporate Social Responsibility or CSR as an idea is by and large bit by bit joined into the mind of neighbourhood business, be that as it may, the procedure is moderate and just in its earliest stages. The essential and most imperative advantage from actualizing instruments, for example, a code of corporate administration is liable to be felt at the national level with an enhanced worldwide impression of Bangladeshi business methodology including enhanced moral business hones. Thusly, this could prompt a procedure of rejuvenation of the Bangladeshi economy. Huge numbers of the organizations doing CSR exercises are individuals from material affiliations, for



example, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). In spite of the fact that the legislature has no unequivocal approach on CSR, Bangladesh Bank has made it obligatory for Banks to hone CSR, and a percentage of the services, for example, the Ministry of Commerce and the Ministry of Information, are urging private industry to participate in CSR exercises, which are additionally charge deductible. Organizations likewise appreciate the backing of two private foundations with CSR skill: the Bangladesh Enterprise Institute (BEI) and the CSR Center Bangladesh. The BEI encourages associations and projects in the private segment that are attempting to accomplish Bangladesh's improvement objectives, and it likewise sorts out the nearby Global Compact system. By Bangladesh Enterprise Institute (2004) there are various potential advantages and compensates for Bangladesh by enhancing corporate administration, including corporate social obligation, rehearses. In addition organizations are not sufficiently executing social and natural models and gives instruments to offer them some assistance with improving their execution. It additionally serves as a system for the trading of perspectives and encounters. Both organizations give a decent contact point to organizations looking to wind up included in CSR exercises in Bangladesh.

The idea of long haul gainfulness together with social improvement and ecological insurance is quick making strides crosswise over associations around the world. These desires will just increment and increase as more clients, lenders and different partners understand the need to move towards a really economical economy. Accordingly, a Sustainability Report goes about as a basic instrument in understanding this objective.

At IDLC, perceives CSR not as a standalone function, but as an integral part of the overall organisational strategy, operations and management to create the maximum value. Their concern towards our stakeholders, environment, community and good governance is reflected in each of actions and decisions – thus strengthening our position as a responsible and sustainable business.

IDLC’s model for sustainability is based on the 3P approach – People, Planet and Profit:

- People, our stakeholders with whom we engage and the community where we live in
- Planet, our surrounding environment and the planet
- Profit, our profit-generating capacity vital for long-term sustenance

Accordingly, Sustainability Position Statement is: **IDLC is committed to sustainable development by creating long-term value – value for our stakeholders, value for the environment and value for the community.**

To drive meaningful changes, we aim to specialise in areas that are aligned with our organisational vision, mission, values and business objectives and by continually leveraging our experience and expertise. With this view in mind, IDLC, is facilitating socio-economic transformation of the underprivileged, inclusive women and youth groups, through better education, capacity enhancement, income-generating opportunities and other forms of assistance leading to empowerment. We are also engaged in increasing healthcare awareness among the rural and urban poor, financing environment-friendly projects, undertaking green banking initiatives through both in-house management and external activities and being a part of philanthropic contributions such as blanket distribution, blood donation, and emergency disaster

relief and one-on-one donations. DLC is committed to sustainability, for this commitment IDLC is doing CSR activities which is leading them towards sustainability;

IDLC is involving children in environment awareness campaign where students were gone through two sessions and they were taught the benefits of environment and its elements. How they can easily sustain these elements for the coming future and for the betterment of the world. Since, this campaign focused on the 6-8 grades students, they tend to practice those activities by themselves and they are doing it, it reflects when IDLC arranged a competition on Slogan, Poster and Recycle.

IDLC's another main focus is skill-development, where IDLC got partnered with Far East Knitting & Dyeing Industries Ltd. & giving skill development training to underprivileged women from north Bengal that they can start earning and can lead their families by themselves. It also leads to sustainability.

One more thing IDLC is doing, giving vocational training to underprivileged children with physical disabilities and autism. In year 2015 IDLC has given training to 30 children with autism and they are now capable of taking advance level of training. That one is more important and sustaining as well.

Healthcare services in Bangladesh face significant challenges in maintaining its quality – owing mainly to a lack of trained doctors and nurses, expensive healthcare facilities and significant lack of awareness among people regarding basic health and hygiene issues. The people mostly affected are those in the lower ladders of the community. Hence, support from the private sector becomes crucial to complement initiatives of the government and the donor organisations. IDLC

is increasing its investment in the healthcare sector of Bangladesh, focusing mainly on awareness creation in basic health and hygiene issues, ensuring safe drinking water and sanitation for the poor and assisting patients with terminal diseases, among other initiatives. Recently, a healthcare session has also been included for the trainees, in partnership with the TAHN Foundation (Training and Assistance on Health and Nutrition), focusing on female health and hygiene issues such as health and nutrition, personal hygiene, timing of marriage and first pregnancy, safe delivery of the baby and the importance of breastfeeding for both mothers and new-borns. The TAHN Foundation specialises on awareness and training of marginal female groups in Dhaka and Chittagong on female health and hygiene issues.

IDLC is one of the pioneers in the banking and financial sector of Bangladesh to actively leverage its technology platform for continuous efficiency improvement, while minimising its environmental footprint. IDLC is one of the few organisations in Bangladesh to have adopted ICT (Information and Communication Technology) not only to achieve excellence in different operational areas, but also for in-house environmental management. Technologies as sophisticated as video conferencing, connecting major branches with the head office and thus reducing needs for physical travelling, has been in place since 2010. The latest addition is Microsoft Lync, a cutting edge communications solution that has been in place since 2013. Its audio-video conferencing facility helps conduct over 200 online meetings everyday across branches, and allows the staff from different locations to work together on reports and presentations, thus reducing the need for paper printouts. This is in line with IDLC's effort to move towards a paperless environment, whereby except for regulatory, legal and audit requirements, all other operations are being automated to save paper. Some other notable

initiatives in this regard include the usage of revised and more specific formats for reports and appraisals; reducing the number of printers and installing both-side printing as the default option; and limited printing of diaries, calendars and greeting cards every year. Major automation projects under implementation include HR Management System, Staff Salary and Commission System, and Customer 42 sustainability report 2014 Relationship Management System.

IDLC is also adopting an Environmental and Social Management System (ESMS) – upgrading its project appraisal and risk management process by integrating environmental and social perspectives as well.

This is how, IDLC's CSR activities are helping it to become sustainable for a long term.

### Definition of SME

A business that maintains revenues or a number of employees below a certain standard. Every country has its own definition of what is considered a small and medium-sized enterprise. In the United States, there is no distinct way to identify SME typically it depends on the industry in which the company competes.

In the European Union, a small-sized enterprise is a company with fewer than 50 employees, while a medium-sized enterprise is one with fewer than 250 employees.

SME firms tend to spend a lot of money on IT and, as a result, these businesses are strongest in the area of innovation. The need to attract capital to fund projects is therefore essential for small and medium-sized enterprises. To be competitive SME firms require "out of the box" solutions, even if they involve surrendering some functionality.

Small business means the size of which is not big- the size again depends on the yardstick one uses to measure. What is small to one may be medium or even big to some others. Small business is an integral part of the total business scene in any country.

From all of the above definitions we can make a general definition of Small Business-

“A business not dominating in its field, does not engage in any new marketing, workers are local, working at a single location, produced units are relatively small in size, and often all organized by the owner or his family members.”

The definition of SME given by different organization of Bangladesh varies from one another. Some definition are given below-

“Small industry means an industrial establishment or unit which is run mainly by hired labour and not using mechanical motive power but does not normally employ more than 50 work and whose land, building and machinery does not exceed Tk.150, 00,000 in value in either case.” – E. Pakistan Small Industries Corporation Act of 1957.

Definition Stated By the Bangladesh Bank:

The central bank of Bangladesh has come up with a new definition for small and medium enterprises in line with the government's industrial policy of 2010.

The new definition replaced the previous ones formulated in May 2008, incorporating microenterprise and cottage industries.

Under the new definition of Bangladesh Bank, the Bangladesh Bank will deem an individual as an entrepreneur or a small business owner if the person is an owner or proprietor of a privately-run organization, or owns at least 51 percent of share in case of a joint venture or company listed with the Office of the Registrar of Joint Stock Companies and Firms.

The central bank also included- microenterprise and cottage industries in all of its SME loan policies and programmes.

According to the new definition,

**In Manufacturing:**

**Medium-size industry/enterprise**

Assets: Worth Tk 10 crore to Tk 30 crore (excluding land and factory building, but including replacement value)

Employee No. : 100 to 250 workers.

**Small-size industries/enterprises**

Assets: Worth Tk 50 lakh to Tk 10 crore (excluding land and factory building, but including replacement value)

Employee No. : 25 to 99 workers.

**Micro industry/enterprise**

Assets: Worth Tk 5 lakh to Tk 50 lakh (excluding land and factory building, but including replacement value)

Employee No. : 10 to 24 or less

**In both services Industry and Businesses:**

**The medium-size enterprises**

Assets: Worth Tk 1 crore to Tk 15 crore (excluding land and factory building)

Employee No. : 50 to 100 workers

**The small-size enterprises**

Assets: Worth Tk 5 lakh to Tk 1 crore.

Employee No. : 10 to 25 workers

**Micro-enterprises:**

Assets: worth Tk 5 lakh or less (excluding land and factory building, but including replacement value)

Employee No. : 10 or less.

**Cottage industries/enterprises:**

Assets: Worth Tk 5 lakh to Tk 50 lakh (excluding land and factory building, but including replacement value)

Employee No. : 10 to 24 workers or less.

Here a table is given that present the definition of small and medium enterprise business in the perspective of Bangladesh according to the definition of Bangladesh bank.

Particulars	Small	Segment	Medium	Segment
Type of concern	Assets based	Employment based	Assets based	Employment based
Manufacturing concern	BDT 5 mil-100 mil	25-99	BDT 100 mil-300 mil	100-250
Sercive providing concern	BDT 0.5-10 mil	10-25	BDT 10 mil-150 mil	50-100
Trading concern	BDT 0.5-10 mil	10-25	BDT 10 mil- 150 mil	50-100



Classification of SME:

The government of Bangladesh categorized SME into two broad classes and those are-

- Manufacturing enterprise
- Non-manufacturing enterprise.

Manufacturing enterprise are also divided into two parts and those are-

- Small enterprise
- Medium enterprise

Non-manufacturing enterprise are also divided in to tow parts in same ways and those are-

- Small enterprise
- Medium enterprise.

According to the Bureau of statistics different enterprise are defined as:

<b>Enterprise</b>	<b>No. of employees</b>
<b>Micro</b>	<b>0-9</b>
<b>Small</b>	<b>10-49</b>
<b>Medium</b>	<b>50-99</b>
<b>Large</b>	<b>Above 99</b>

## Current state of SME's:

In the perspective of the present economic condition of the country the importance of SME is in high. It plays a vital role to develop the existing business in a rapid way as well as it helps to add more valued new business in the table of economy. Here I short down some identical information to represent the importance of SME in our economy-

- Within the plan of five year a total number of .35 million new jobs were created against the target of 0.4 million.
- Contribution of SME sector in the growth of GDP remained 4.5% during the last calculation.
- SME sector involves in 25% creation of employment of total labour force.
- SME sector helps to reduce poverty.
- Encourage the entrepreneur and the number of new business increases 20% in last five years.
- The new creation of jobs reduce the number of unemployment with a satisfactory number which is 12% within last five years.
- It creates more base for large industries and reduce the dependencies of import some materials.

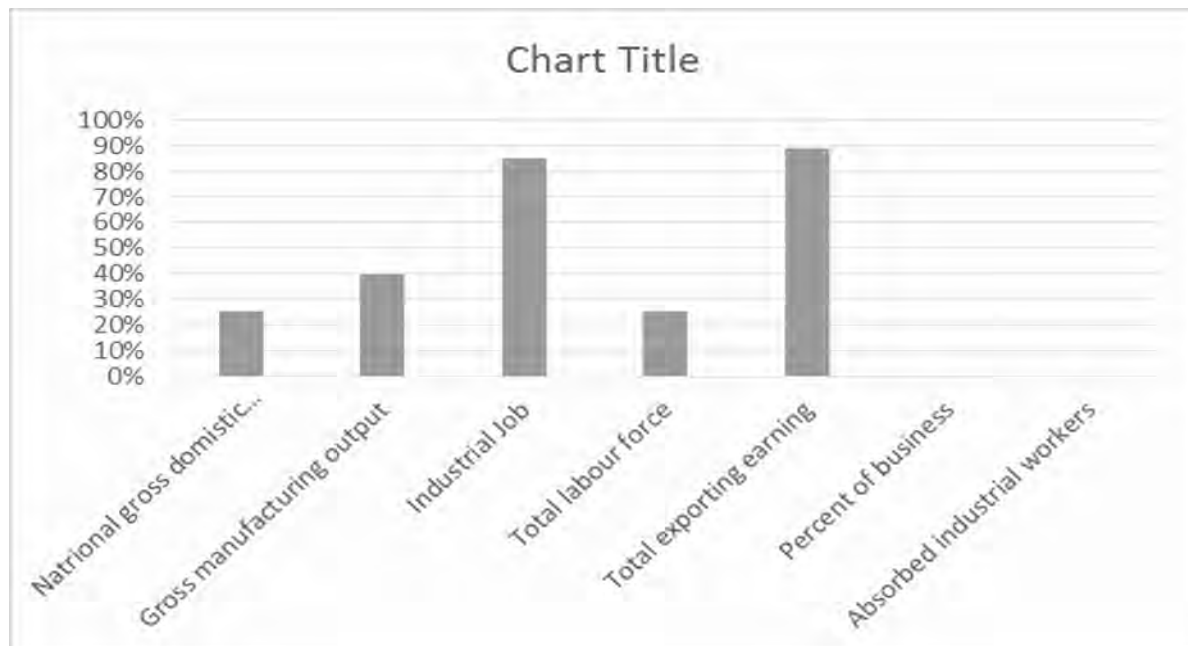
Janata Banks are disbursing significant amount of credit under various programs like Small Enterprise development project Self-help credit program and project for small Entrepreneurs, Special Investment Program and Agro-based Supervisory Industrial Credit etc for the promotion and development of SMEs.

The investment of private sector banks in financing SMEs remains insignificant in Bangladesh. Of all the private sector banks like Pubali Bank, Standard Chartered Bank, Agrani Bank, BRAC Bank, Eastern Bank Ltd. (EBL), Prime Bank Ltd, Dhaka Bank Ltd, Mercantile Bank Ltd, Dutch-Bangla Bank Ltd, Islami Bank Bangladesh Ltd, IFIC Bank Ltd. And some NBFIs like IDLC Finance have the leading role in SME financing.

Bank of Small Industries and Commerce Bangladesh Ltd.(BASIC) and other government and private banks are entrusted with the responsibility of providing medium and long-term loans for promotion and development of small-scale industries. The memorandum and Articles of Association of the bank stipulates that 50% of loan able funds shall be used for financing small scale and cottage industries. The outstanding credit of BASIC stood at 1505.06 crore at the end of June 2012 for small and cottage industries sector.

Here this table represents the contribution of SME in the different financial and business aspects in Bangladesh in the development of economy-

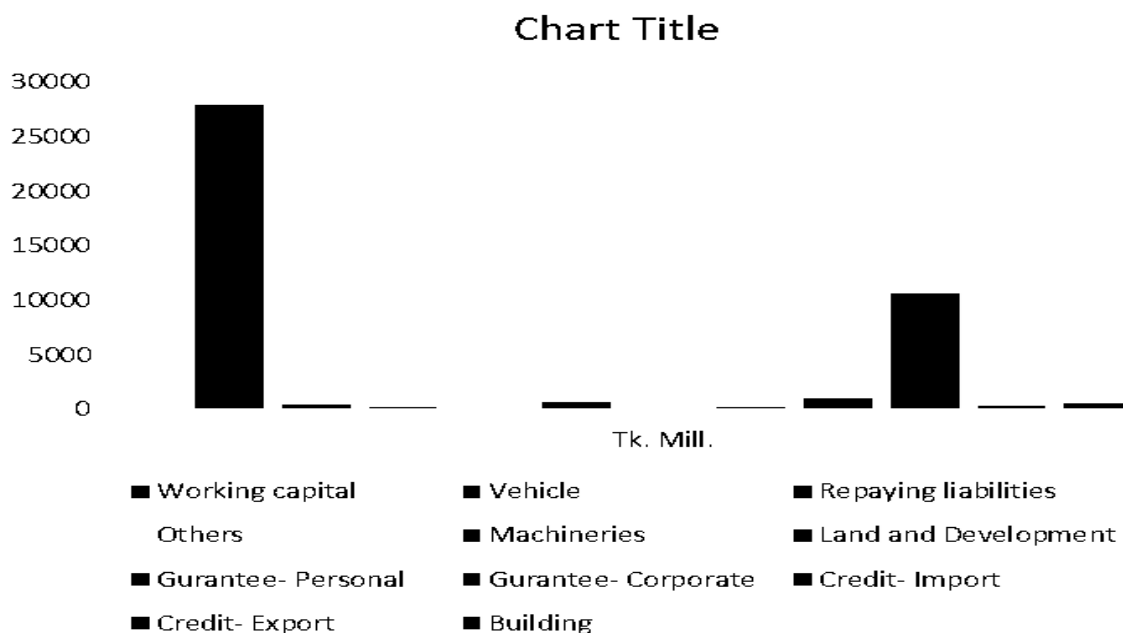
Aspects	Role of SME's
Natrional gross domestic products	25%
Gross manufacturing output	40%
Industrial Job	85%
Total labour force	25%
Total exporting earning	89%
Percent of business	Over 95%
Absorbed industrial workers	70% to 80%



## SME market segmentation database report of Bangladesh bank:

Loan authorized and disbursed by loan purpose:

Loan purpose	Tk. Mill.
Working capital	27930.36
Vehicle	380.77
Repaying liabilities	155.74
Others	1716.44
Machineries	606.72
Land and Development	76.46
Gurantee- Personal	182.72
Gurantee- Corporate	980.95
Credit- Import	10577.6
Credit- Export	322.92
Building	568.34



From the above table we can easily understand that the amount of loan authorized on different sector. Here the highest loan authorized for working capital which is about 27930 million. These amount is not for only the small and medium businesses but also for some giant business industry in the country. It is common that to run the businesses there is huge necessity for working capital and more or less the loans are taken for those purpose.

Credit Import is the second purpose to get top amount of loan disbursement and the amount is 10577 million which is quit high. For import purpose this amount is really high because it can imbalance the structure of the economy of the country and government should take initiative to reduce this amount.

## Overview of SME of IDLC

### **Small Enterprise Finance**

IDLC offers financing facilities to small-scale enterprises for carrying out their trading, manufacturing or service business. Moreover, financing facilities for developing commercial real estate can also be availed by such enterprises.

#### **SME Loan**

SME Loan is a facility designed to finance small-scale trading, manufacturing and service ventures to help them meet short-term cash flow needs and bridge the fund-flow gaps.

#### **Eligibility**

- Entrepreneurs need to have minimum 2 years of experience in the same line of business.
  - The Business must be a going concern with minimum operational experience of 2 years
- Loan Limit
- Minimum Taka 5 lacs to maximum Taka 1.5 crore

#### **Key Features**

- IDLC offers loan without any collateral for up to Taka 15 Lacs.
- They offer partial cash-secured loan up to Taka 70 Lacs.
- They offer loan for Working Capital Finance and/or Lease finance for business.
- Borrowers having loan facilities with other financial institutions can also avail this facility.
- Convenient repayment options are offered, consisting of Equal monthly installments and/or customized repayment schedule.
- IDLC brings fast and quality service at your doorstep

## **ABASHAN Loan**

"ABASHAN" is a loan facility extended to small businesses that will construct or already have permanent structure for commercial rent (popularly known as mess rent), that are located in places surrounding the industrial areas and EPZs across the country.

### **Eligibility**

- Entrepreneurs with minimum 1 year experience in the same line of business.
- Business must be a going concern with at least 1 year in operation.
- Monthly income from rental and other sources must be minimum Taka 60,000

### **Loan Limit**

Minimum Taka 3 lacs to maximum Taka 40 Lacs

### **Key Features**

- IDLC offers loan without any collateral for up to Taka 15 Lacs.
- Borrowers having loan with other financial institutions can also avail Abashan Loan.
- Borrowers enjoy a convenient repayment system through Equated Monthly Installments (EMI).
- We bring fast and quality service at your doorstep

## **Medium Enterprise Finance**

SME-Mid segment offers mid and longer term financial solutions to a wide range of enterprises with the potential of emerging as a promising Corporate House in near future. Our portfolio comprises of various Limited, Partnership and Proprietorship concerns from a wide range of prospective business sectors.

### **Lease Financing**



- IDLC finance offers Asset backed financing against industrial machineries, commercial equipment, office equipment, generators, vehicles, vessels, engines, etc.
- Financing may be extended up to 100% of the cost.
- They offer flexible terms in case of security/collateral against the facility
- Usual financing terms between 2 to 5 years
- Repayment can be made through Equal or Structured (step-up, step-down, bullet, etc.) rentals payable every month
- Legal ownership remains in the name of IDLC throughout lease period, and is transferred back to the client at the end of the term

### **Sale and Lease Back**

- They offer financing against existing assets (already procured/in-use) of a company including industrial machineries, commercial equipment, office equipment, generators, vehicles, vessels, engines, etc.
- Ownership of the asset is transferred to IDLC at the time of financing, and is re-transferred to the client at the end of the lease period
- Financing can be extended up to 100% of the written-down value (cost net of depreciation) depending on the condition of the asset
- Usual financing term between 2 to 5 years depending on the original date of purchase and current condition of the asset
- Repayment can be made through Equal or Structured (step-up, step-down, bullet, etc.) rentals payable on a monthly basis

### **Working Capital Financing**

- They offer Working Capital facilities to companies for carrying out day-to-day business operations
- Financing can be made through various modes including Time Loan, STL, Work-order Financing and many other forms of short-term loan facilities
- IDLC offers competitive interest rates at simple terms against these facilities

### **Specialized Products**

For matching the repayments with cash flows, allowing some more time for repayment, releasing working capital limits refinancing of existing good quality liabilities is made.

### **Refinancing of Existing Liabilities**

- To allow clients to match repayments with cash flows, have more time for repayment, release working capital limits already exhausted from meeting capital expenditures using short-term credit lines), we offer Refinancing facilities against existing good quality liabilities.
- Financing terms and repayments structures are similar to those of Term Loan.

### **Term loan Financing**

For meeting various regular capital/fixed expenditures like balancing of production line, modernization of manufacturing process, expansion of capacity and space, etc.

- IDLC offers Term Financing to meet regular capital/fixed expenditures such as balancing of production line, modernization of manufacturing process, expansion of capacity and space, etc.
- Financial offered usually for a term of 1½ to 5 years
- Repayment through monthly instalments
- Repayment is made through monthly payment of Equal or Structured (step-up, step-down, bullet, etc.) instalments

- Flexible terms are offered regarding security/collateral against the facility

### **Bridge Financing**

- IDLC offers Bridge Financing facilities to meet interim fund requirements of clients
- Financing is offered for a shorter term, considering nature of the facility
- Repayment is generally made through bullet payments
- Deferred repayment structure is available depending on the financial product

### **Long Term Finance for Real Estate Developers**

- IDLC finance Real Estate Developers to meet capital expenditures/construction costs of Real Estate projects, both residential and commercial
- A favourable debt-equity ratio is maintained
- Disbursements are usually made in phases along with the progress of the construction work.
- Financing term can be up to 6 years depending on the nature of the project
- Repayment can be made every month or quarter through Equal or Structured instalments

### **Loan to Corporate Houses to procure Commercial Space**

- IDLC offers financing to Corporate clients for procurement of commercial/office space
  - Loan term may be extended up to 6 years, depending on the feasibility of the project.
  - Repayment can be made every quarter or month through Equal or Structured instalments
- Project Financing.

### **Project Financing – Fixed cost**

For setting up of a new unit as addition to the existing product line and capacity, a new concern of an existing group, a new Joint Venture project of an existing company, etc.

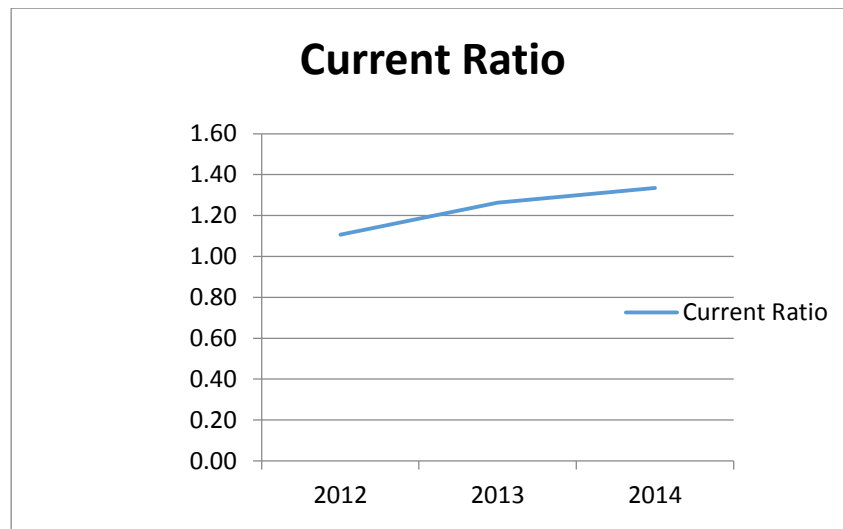
- IDLC offers Project Financing facilities to clients for setting up a new unit in addition to their existing product line and capacity, starting a new concern as part of an existing group, starting a new Joint Venture project with an existing company, etc.
- A favourable debt-equity ratio is maintained
- They can offer a comprehensive financial solution for the entire project by combining the various services offered by us
- The financing terms varies based on the product type. For Fixed-cost financing, the term may be extended up to 6 years

Different repayment structure can be designed depending on the financial product.

Since, 2011 IDLC has started doing CSR activities initially. From 2012 is has started growing up and activities also has started growing up. CSR activities is related business and revenue. How CSR activities of any organization can upgrade its revenue or help to increase it, it can be seen in IDLC's growth rate.

### Current Ratio

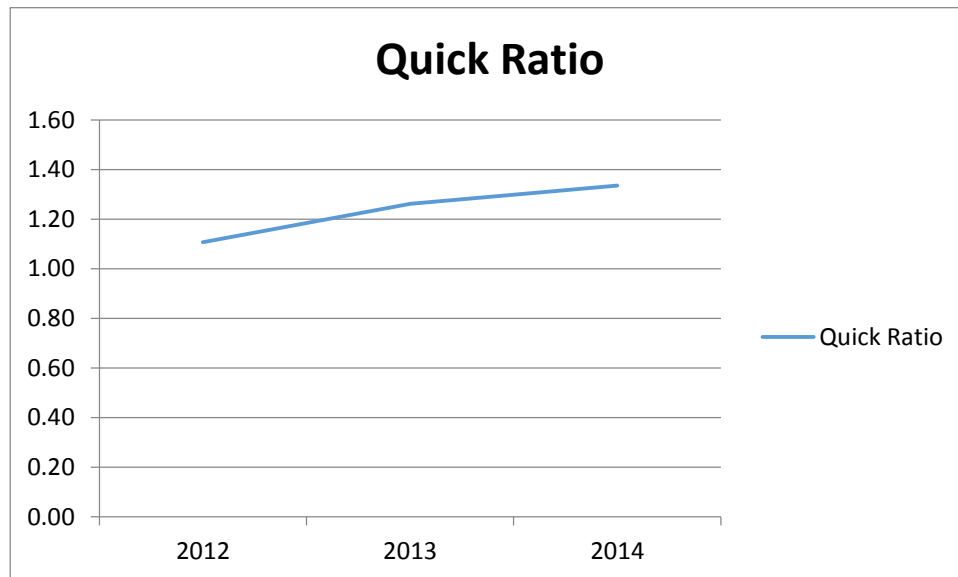
	2012	2013	2014
Current Ratio	1.11	1.26	1.34



In 2012, IDLC’s current assets were 1.11 times higher than their current liabilities. The current ratio has increased in compare to their last year. Although for the last three years it has been consistent. In 2013 both the current assets and current liabilities has increased.

## Quick Ratio

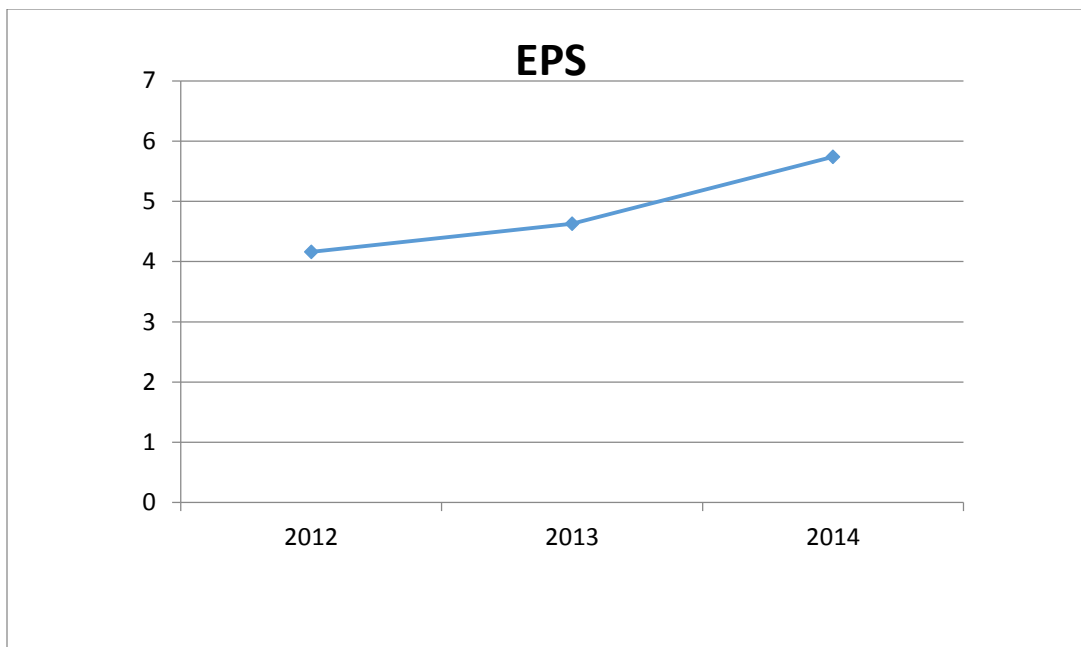
Quick Ratio	(Current Assets- Inventory)/ Current Liabilities	1.11	1.26	1.34
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In 2012 IDLC's current assets excluding inventory is 1.11 times higher than their current liabilities. It has increased compared to their last year's quick ratio. It has been slightly consistent. The current liabilities declined as well as the current asset.

## Earnings per share (EPS)

<b>1.Earnings per share (EPS)=Net Income/number of ordinary shares outstanding</b>			
Title	2012	2013	2014
EPS	4.16	4.63	5.74



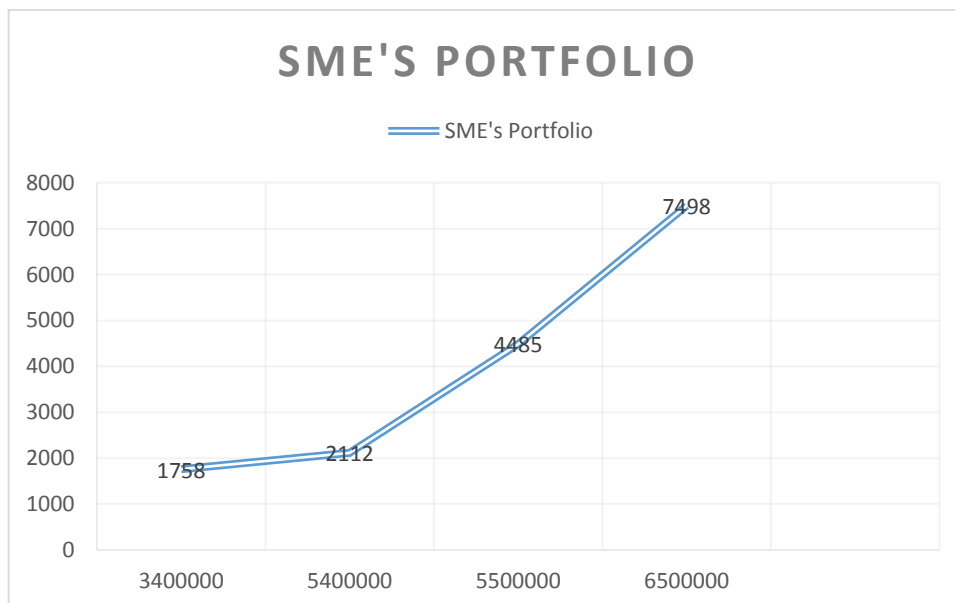
In 2014, the common shareholders of this company had earned BDT 5.74 per share which is in an increasing trend. The ratio was in an increasing trend for last three years.

CSR activities has an impactful result on IDLC’s SME sector. Since, IDLC has started doing CSR Activities its revenue has started up-grading. For a result, CSR activities and SME’s

revenue has  
connected and  
important its

Year	SME's Portfolio	CSR Budget
<b>2011</b>	1758	3400000
<b>2012</b>	2712	5400000
<b>2013</b>	4485	5500000
<b>2014</b>	7498	6500000

mutually  
CSR is how  
shows.





Since, 2011 IDLC has started doing CSR activities and its budget is also increasing and as its contribution is getting up, SME sector also has started getting their portfolio up. As, IDLC's CSR has also doing task with SME division as well as sometimes when SME's customers need any support outside financial, CSR stands there to help them out. These are the things of CSR helps SME's to increase their portfolio.

### Recommendation

To recapitulate my internship experience, learning & contribution, I would like to say, Learning solely depends on a person that whether we will learn from a small thing or waiting for a bigger one. Whatever it is, learning is in every phase of our each and every work. However, the CSR experience that I have learnt it is worthy to mention that, I was lucky to have a cooperative department and its people who helped me to enhance my knowledge through my regular activities.

About the learning part, my initial task is to understand their CSR operations, implementation, alignment with their core values etc.

Apart from the CSR activities, the Learning opportunity from this department was truly a remarkable one. My department deals with the external side of IDLC. For example, , I had to deal with mass media. Any new product launching, or any news that needs press release, I need to cooperate with my manager to select the right medium of communication and appropriate message to deliver through mass media.

The following task was dealing with government affairs. Meet with the high profile person from different ministry, newspapers and television media, set up meeting with them accordingly, choosing a convenient time & place according to everyone's availability, I had to fix those appointment as well. Besides, I need to make profile for whoever is coming in the events. How to communicate within office and outside the office, all the guidelines are prepared by this department.

## Findings

As I have taken all the information of IDLC's SME sector since 2011 to 2015, it shows that CSR has impacted on SME in an immense way and to some extent helped SME to generate revenue.

## Conclusion

To conclude, I would like to say that, although there are some drawbacks of CSR side but again, being a NBIF in Bangladesh, IDLC has improved a lot than ever before. Yet, they have many things to do in future which I have already mentioned. But as they are committed to the society and its people, hopefully with the passage of seconds, they will modify their strategy as well. Thus, their action and implementation will help them to be the Bangladesh's most trustworthy financial institute.

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