



Internship Report On

“Foreign Trade Procedure of The Premier Bank Limited”

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Letter of Transmittal

December 18, 2017

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Subject: Submission of Internship Report

Dear Sir,

Here is my report “Foreign Trade procedure of The Premier Bank Limited ” A study on The Premier Bank Limited; which my supervisor **Mr. Sohel Shahrier Akhand** and you have assigned me in order to give a clear concept of actual survival, growth and future potential of The Premier Bank Limited.

In making this report a worthy one, I have tried my best to gather all relevant information by which I could gain access. I hope that it will meet my expected standard.

Especially the given lecture on Writing Formal report of my supervisor **Dr. Suman Paul Chowdhury** made me a lot comfortable and made the hard work easier for me. After analyzing the topic I am submitting this report for any kind consideration and thanking you for any constant assistance and guidance. I will be available for any classification of this report, whenever necessary.

Thanking You,

Yours Sincerely,

Sharmin Chowdhury
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Acknowledgement

No significant achievement can be a solo performance, especially when it comes to preparing a project of this nature. This intern project has by no means an exception. I believe that if it were not for the support, confidence and encouragement of many people, this report would look much different than it does today.

I present sincere thanks to **Dr. H.B.M Iqbal** (chairman of the Board of Directors) for giving me an opportunity to carry out an intern project in Premier Bank Limited). I would like to give sincere thanks to **Mr. Anisul Kabir**(EVP and Head of Corporate CRM and RMG) for his continuous support and guidance during the intern project. The practical and learning inputs, which she provided me during whole program, will always add a great learning experience in my career and personal life. I would also like to thank **Mr.Mashukul Haque, Mr.Maudud Ahsan** of The Premier Bank Ltd. for providing me consistent support by sparing their valuable time and guidance and co-operation to complete my work successfully.

With immense pleasure, I would like to express my thanks to **Dr. Suman Paul Chowdhury**, my **Intern Project Supervisor** for having given me this privilege of working under him and completing this study.

At the end, I take this opportunity to express my deepest gratitude to all those people without whose consistent support, co-operation, guidance, encouragement and understanding, this project would never have been successfully completed.

(SHARMIN CHOWDHURY, ID: 15164008)

Executive Summary

This report on “**Foreign Trade Procedure of the Premier Bank Limited**” is submitted to **Dr. Suman Paul Chowdhury** on 18 December 2018. This report is prepared as a requirement of internship program.

I have worked in the The Premier Bank Limited, Head Office from 2014, September, I had the opportunity to do different types of tasks related to foreign trade, which broadened my perception about The Premier Bank Limited's operation. During this period, I have observed and gained experience about various banking functions and day-to-day operation regarding the foreign trade.

The Premier Bank Limited is incorporated in Bangladesh as banking company on June 10, 1999 under Companies Act.1994. Bangladesh Bank, the central bank of Bangladesh, issued banking license on June 17, 1999 under Banking Companies Act.1991. The Head Office of The Premier Bank Limited is located at Banani, one of the fast growing commercial and business areas of Dhaka city. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS and Net Banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world.

Since beginning, the bank acquired confidence and trust of the public and business houses by rendering high quality services in different areas of banking operations, professional competence and employment of the state of art technology. Thus, the objective of my study has been to find out the foreign trade on bank's current level of online service and to recommend some necessary short term and strategic plans to ensure quality service.

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1.0 INTRODUCTION:

1.1 Rationale for Selecting the Report:Foreign trade is the exchange of capital, goods, and services across international borders or territories. It involves sending what the native country produces the best to other countries and buying what other countries are producing best. International trading decreases poverty, generates employment, develops the economy and increases the income of the nation. In most countries, such trade represents a significant share of gross domestic product (GDP). Now a days it has become a very powerful key driver of our economic growth. So I want to acquire proper knowledge about foreign trade system of bangladesh. By studying this I can understand the ebbs and flows of investment both within and between countries and continents.I would prefer to develop my career in this field in future.

1.2 Background of The Premier Bank Limited : The Premier Bank Limited is incorporated in Bangladesh as banking company on June 10, 1999 under Companies Act.1994. Bangladesh Bank, the central bank of Bangladesh, issued banking license on June 17, 1999 under Banking Companies Act.1991. The Head Office of The Premier Bank Limited is located at Banani, one of the fast growing commercial and business areas of Dhaka city.

1.2.1 Mission:

- To be the most caring and customer friendly provider of financial services, creating opportunities for more people in more places.
- To ensure stability and sound growth whilst enhancing the value of shareholders investments.
- To aggressively adopt technology at all levels of operations and to improve efficiency and reduce cost per transaction.
- To ensure a high level of transparency and ethical standards in all business transacted by the bank.

- To provide congenial atmosphere which will attract competent work force who will be proud and eager to work for the bank.
- To be socially responsible and strive to uplift the equality of the life by making effective contribution for social development.

1.2.2 Vision : The Bank has a clear vision towards its ultimate destiny- to be the best amongst the top financial institutions.

1.2.3 Milestones of The Premier Bank Limited:

1	Incorporation of the company	10-06-99
2	Certificate of Commencement of Business	10-06-99
3	First Meeting of the Board of Directors	15-06-99
4	License issued by Bangladesh Bank for commercial banking	17-06-99
5	Formal launching of banking business	26-10-99
6	Establishment of own training institute	21-06-03
7	Introduction of real time online banking	03-08-03
8	Commencement Islamic Banking Business from IBB, Mohakhali	16-10-03
9	Pioneering VISA Credit Card among the local banks	22-01-04
10	Launching of SMS Banking service	30-01-06
11	Launching of CMS Banking Service	05-08-06

12	Listing with Chittagong Stock Exchange Limited	16-05-07
13	Listing with Dhaka Stock Exchange	23-05-17
14	Trading of shares on DSE & CSE	27-05-07
15	LAUNCHING of Premier ATM Services	28-16-07
16	Introduction to Premier Visa Debit Card & Hajj Card	28-10-07
17	Introduction to Premier Visa Debit Card & Hajj Card	28-10-07
18	Introduction of Bank's Own Remittance Software	12-04-08
19	Number of Branches	102
20	Number of SME Service Centers	10
21	Number of Agricultural/SME Branch	1
22	Number of Brokerage Branches	5
23	Number of Islamic Banking Wing	5
24	Number of ATM booths	Own - 48, Shared-240 (Q-cash), Cash Link (125+)
25	Number of KIOSK	3
26	Number of employee till December, 2016	1600
27	Number of foreign correspondents (in 2010)	655
29	Deposits (as of 31/12/2016)	Tk.8,900.00 corer
30	Advance (as of 31/12/2016)	Tk.7,900.00 corer

31	Export (as of 31/12/2016)	Tk.5,842.00 corer
32	Import (as of 31/12/2016)	Tk.11,140.00 corer
33	Remittance (as of 31/12/2016)	Tk.1,854.00 corer through 1236 pay-out location
34	Total assets (at the end of 2016)	Tk.68,663.20 mln
35	Credit Rating Status	AA2 “ Long Term ST-1 “ Short Term
36	Income tax to Government (in 2016)	959.008 mln or 31.69%
37	Statutory Reserve (in 2016)	457.238 mln or 15.11%
38	Retained for investment and future growth (in 2016)	155.795 mln or 5.15%

1.3 Objectives of the study:The objective of the study is to combine the theoretical exposure gathered from the MBA program with the practical knowledge on banking system and operation. This is a great opportunity to co-ordinate with the theoretical knowledge and the practical experience. The following are objectives:

- To know how LC is opened and what are the required documents
- Gathering knowledge about different kind of LC's and their purpose
- Credit facilities of LC to know how they are giving
- To know about their reporting system to Bangladesh Bank as well as Banks's head office for both export and import
- Acquiring knowledge about the role of Swift for Worldwide Interbank Financial Telecommunication
- To learn how currency fluctuation influence export and import

2.0 ACTIVITIES UNDERTAKEN:

2.1 Foreign Exchange Business

2.1.1 Definition:

The term foreign exchange has different connotations in different contexts. Sometimes it is referred to as the process of conversion of one currency into another, sometimes as the process of transferring money from one country to another. In Bangladesh it has a legal definition too. In terms of Section 2(d) of the F.E.R. Act, 1947, as adapted in Bangladesh, 'foreign exchange' means foreign currency and includes instruments expressed in foreign exchange, all deposits, credits and balances payable in foreign currency as well as foreign currency instruments such as draft, TC, bills of exchange, promissory note and letter of credit payable in any foreign currency.

Bangladesh earns foreign exchange mainly through export of goods and services. Remittances of Bangladesh nationals working abroad, commonly known as wage earners, are also important sources of foreign exchange. Foreign Exchange is also earned from aids, grants and credits from donors. Foreign exchange is used for settlement of international payments for import of goods, freight charges, insurance, banking, debt servicing, travel and education etc.

2.1.2 Responsibilities of International Division

1.AD License:

International Division at the Head office shall be responsible for providing guidance and necessary logistics to the branches and liaise with Bangladesh Bank and other agencies. The Division should continuously identify the branches in various locations that can profitably operate foreign exchange business and then apply to Bangladesh Bank for Licenses to deal in foreign exchange on prescribed form. Bangladesh Bank normally insists on the prospect for adequate business to justify the authorization. The bank also has to have trained manpower as a prerequisite for issue of License.

2Correspondent Relation

International Division should work towards establishing correspondent's relationship with banks in as many countries as is warranted by customers' needs. Agency arrangement involves an agreement between PBL and a foreign bank/branch for conducting international banking and financial transactions emanating from exports, imports and other foreign exchange business. Generally the following points are covered by agency arrangements:

- **Control Documents:** Exchange of authorized signature booklets, Test Key materials, BKE, SWIFT Code etc. between two banks.
- **Area of Operations:** The names of the branch/offices of the two banks, which will be authorized to operate under the arrangement.
- **Subject of Operation:** The instruments which will be used to execute the transactions via: D.D. /T.T. /M.T. /L.G. /L.C. etc.
- **Currency of Operation:** U.S dollar, Pound sterling, Euro, yen etc. in which transactions are to be conducted.
- **Reimbursement:** Mode of reimbursement of drawings on each other through Nostro, Vostro Account and providing of cover against such drawings are set out in the arrangement.

3.Monitoring and Reporting

International Division should strictly monitor the work of the branches to ensure that they observe the rules and regulations and encourage them to apply innovative ideas to attract new businesses

International Division will maintain a calendar of returns to ensure (a) receipt of reports and returns from the branches and (b) transmission of reports and returns to Bangladesh Bank and other agencies on due date

2.2 Import Finance

2.2.1 Exchange and Import Controls

Payments for imports into Bangladesh are regulated by Bangladesh Bank under the Foreign Exchange Regulation Act, 1947. The branches should carefully note Bangladesh Bank's instructions contained in their Guidelines for Foreign Exchange Transactions and also keep track of the changes made in these instructions through Foreign Exchange Circulars, public notices and press notes.

The Ministry of Commerce of the Government of Bangladesh regulates import of merchandise into Bangladesh. Basic rules and regulations as well as the procedure for imports into Bangladesh are announced by the Ministry through Import Policy Order covering a period of 5 years -- the last one being for the period from June 14, 1997 to June 30, 2002. The Ministry, however, may make changes in this order through Notifications or Public Notices. The main features of the Import Policy Order 1997-2002 are the following:

2.2.2 Merchandise that can be imported

Goods and commodities are divided into 4 groups as shown below:

- List of items banned for import;
- List of items import of which is subject to certain conditions;
- Freely Importable Items: Unless otherwise stated, all items excepting those listed in the Banned list and the Conditional lists are freely importable.

2.2.3 Persons/ Items Exempt from Registration

- Government Departments.
- Local authorities and statutory bodies
- Recognized educational institutions.
- Hospitals
- Import of goods, which does not involve remittance of foreign exchange.

- Reading materials or medicine imported for personal use within permissible limit given in the policy in force.

2.2.4 ITC Number

New ITC numbers of at least 6 digits under the Harmonized System as contained in Import Trade Control Schedule 1988 must be used in Letters of Credit Authorization Form (LCAF) as well as letters of credit and other documents. However, in case of goods for which more than 6 digits have been allotted, the same must be used. Seven digit HS codes prepared by the Bangladesh Bureau of statistics may be used within brackets.

2.2.5 Restriction on Sources of Goods and use of Carrier

Import from Israel as well as goods produced in Israel are prohibited. No import can be made on Israel flag vessels. Exports to and imports from Serbia and Montenegro are also prohibited.

2.2.6 Pre-shipment Inspection

Unless otherwise stated pre-shipment inspection of goods imported in the private sector is compulsory.

2.2.7 Declaration of Country of Origin

The country of origin must be clearly written on the packages, crates or containers. A certificate from the importer/ approved authority/ agency must be submitted to the customs authority along with other documents at the time of clearance of goods. However, the condition with regard to country of origin does not apply to import of coal and also import by export-oriented industries. For import of cotton, the condition regarding declaration of the country of origin on each bale does not apply.

2.2.8 Sources of Fund

Import can be made from the following sources:

- Bangladesh's own foreign exchange resources.
- Foreign currency Account of overseas Bangladeshis.
- Foreign aid (commodity aid, credits and grants).
- Commodity Exchange – Barter and Special Trade Agreement. (Barter has now been discontinued.).

Although there are several modes of financing, The Premier Bank Limited, like other banks in the private sector, will be normally required to open LCs and finance imports against cash foreign exchange resources of the country.

2.2.9 Letter of Credit Authorization (LCAF)

1.LCAF as Substitute for Import Licence

Imports into Bangladesh are made on the basis of Letter of Credit Authorization (LCAF) issued by the importer's bank. It serves as proxy for Import Licence. It means that no separate Import Licence from the Import Trade Control authority is required.

2.Dealing with known customers

While issuing an LCA Form or opening an LC the branch must ensure that the customer is known to the branch, has a place of business in Bangladesh and can be easily traced should an occasion arise in future.

3.Imports that do not require LCAF

In the following cases of imports LCA or LC is not necessary. The importers are required to obtain Import Permit or Clearance Permit, as the case may be for the purpose of clearance of goods from the ports:

- Import of books journals, magazines, periodicals, scientific and laboratory equipment against UNESCO coupons;
- Import of the following items on Pay-As-You-Earn Scheme with Bangladesh Bank's permission;
- New and old plant and machinery of less than 12 years, eligible for imports;
- New and old cars of not more than 5 years;
- Steel and wooden passenger or cargo vessels of all descriptions either new or not more than 15 years old. Ocean going vessels of up to 20 years old are, however, importable;
- Export oriented industrial plant and machinery with the permission of the appropriate authority;
- New as well as up to 20 years old sea fishing vessels and trawlers;
- Goods importable under the Baggage Rules;
- Import of samples and advertising material of specific to certain financial limits as mentioned in the Import Policy Order;
- Import of capital machinery contribution to the share of capital of foreign partners under joint venture industries.

4. Documents to be submitted with LCA Forms

The following are required to be submitted to the nominated bank along with the LCA form for opening LC:

- Application for LC duly signed by the importer.
- Indent issued by the local indenter or proforma invoice of the foreign supplier/ seller or manufacturer;
- Insurance cover note.
- Valid membership certificate from a registered local chamber of commerce and industry or an association representing special trade or industry on all-Bangladesh basis.
- Documents evidencing payment of fee for current year for Import Registration Certificate. The branch shall ensure that the renewal fee for the current year has been paid and the particular of the Treasury Challan through which payment was made is recorded in the IRC.

- Note: For import of capital machinery and initial spares to set up a new industry LC can be opened without IRC. Neither any waiver from the Chief Controller of Imports and Exports is necessary for this purpose.
- Declaration by the importer that he has paid income tax or submitted returns to the income tax authority for the last 3 years. Except in case of import for personal use, documents evidencing the importer's tax identification number (TIN) should be produced;
- Insurance cover note and stamped insurance policy, which is required to be submitted to the Customs at the time of clearance of goods.

5. Time Limit for shipment

- Shipment shall be made within 17 months for import of capital machinery and 9 months for other goods from the date of issue of LCA or date of its registration, if applicable, by Bangladesh Bank. For import under foreign aid, shipment shall be made within the time limits specified for each line of credit / grant.
- If shipment cannot be made within the prescribed time for reasons beyond the control of the importer, application can be made to the Controller of Imports and Exports for extension of the dates on case-by-case basis.

6. Transmission of Income Tax Declaration

The branch shall retain one copy of income tax declaration form submitted to the nominated bank by importers in the private sector. Another copy should be sent to the Director (Research & Statistics) National Board of Revenue, SegunBagicha, and Dhaka.

2.2.10 Imports with LC

Most imports into Bangladesh are subject to opening of irrevocable documentary LC.

1. Time Limit for opening LC

Unless otherwise stated, LC should be issued within 150 days from the date of issue or registration of LCA. LC must be opened within the dates specified by the import control authority for imports under loans and credits.

2. Opening of LC

The branch should establish LCs against specific authorization only on behalf of their own customers maintaining accounts with them and are known to be participating in the trade. Payments in retirement of the bills drawn under LCs must be received by debit to the account of the customer or by means of a crossed cheque drawn on the drawer's other bankers. An exception can be made in case of import of articles for private use as permitted in the Import Policy Order.

3. Application for Opening LC

The importer is required to apply for opening of LC in the prescribed printed LC application form available with the bank with 3 (three) Taka special adhesive stamp affixed on it. The importer should carefully fill in this form, keeping in view the terms of his contract with the foreign supplier or the supplier's local agent and submit it to the Bank duly signed and supported by:

- Indents issued by Indenting Agent or proforma invoice issued by foreign supplier;
- Marine Insurance Cover note issued by an approved Insurance Company in Bangladesh, in favor of the Bank, covering the usual marine risks;
- IMP Form duly signed;
- IRC duly renewed.

In the letter of credit application form, the importer signs an agreement to the effect that, in consideration of the bank's opening the credit he agrees,

- that the Bank will have the pledge of document and goods covered by the credit;
- to accept and/or pay on maturity the drafts, if any, drawn under the credit;

- The Provisions of the Articles of the Uniform Customs and Practice for documentary credit 1995 edition - ICC Brochure No.500 shall govern the letter of credit unless otherwise specified by him in the application.

The customer's agreement signifies his obligation to reimburse the bank for payments made under the letter of credit provided, of course, that such payments are made in accordance with the credit terms. It is for this agreement clause in the letter of credit application form that stamps are required to be affixed.

4. Transmission of LC

If the LC is to be advised as full Mail LC, then after typing out the terms and condition and other particulars in the blank space of the Bank's prescribed printed LC Transmission form in quadruplicate, it should be signed by two authorized officials of the LC Department whose specimen signatures are available with the correspondents abroad.

The original and duplicate copy of the signed LC are sent to the correspondent abroad through registered air mail/ courier service for onward transmission of the original copy of LC to the supplier and retaining the duplicate copy for record of the correspondents.

5. Amendment to LC

After opening of LC sometimes alteration/amendments to the original terms and conditions become necessary. These amendments may involve changes in (i) unit price, (ii) extension of validity of the LC (iii) documentary requirements etc. The amendments can be effected only if all the parties concerned i.e. the beneficiary, the importer, the issuing bank and the advising bank have agreed to the amendments.

2.2.11IMP Procedure

All payments for imports into Bangladesh are required to be reported to Bangladesh Bank on IMP form. The importer submits the IMP form in quadruplicate duly filled in and signed by him or by his authorized agent

1. Disposal of IMP Forms

The branch will obtain invoices in duplicate and certify these as usual. After recording in the IMP form the particulars of the remittance the **original copy of the IMP** form along with a copy of the certified invoice should be forwarded to the Bangladesh Bank with usual monthly returns. The branch should retain the duplicate copy of IMP form.

2.Approval of IMP form by Bangladesh Bank

Where the branch does not receive import documents directly from the negotiating bank or if the documents are received from the foreign correspondents on collection basis, **it should obtain prior approval of Bangladesh Bank for the remittance on IMP Form.** Such application should be made only after the goods have been cleared by the customs. The application should be supported by the following documents:

- IMP form duly filled in and signed by the importer and the authorized officials of A.D. branch in the prescribed space.
- Invoice
- Exchange Control copy of valid LCA form.
- Exchange Control copy of customs Bill of Entry for consumption or customs' certified Invoice in case of import by post.
- The remittance should be affected only on receipt of Bangladesh Bank's approval on IMP Form. The sale transactions should thereafter be reported to Bangladesh with Monthly Return as usual.

2.2.12Returns & Reports

1. On the last working day of the month, the returns of bills lodged during the month should be sent to Bangladesh Bank along with original copy of the IMP form.
2. The second copy should be filed with the Bill of Entry after clearance of goods.
3. The branch will also retain the third copy.
4. The 4th copy should be sent to Bangladesh Bank on failure of the importer to submit the Bill of Entry within time.

2.2.13 Miscellaneous

1. Back to Back LCs

The branch may open back-to-back import LCs against export LCs received by export oriented industrial units operating under the bonded warehouse system, subject to observance of domestic value addition requirement (stated in terms of permissible limit of CFR value of imported inputs as percentage of FOB export value of output) prescribed by the Ministry of Commerce from time to time.

2. LC on Deferred Payment Basis

Subject to compliance with other conditions laid down in this chapter and the current IPO, import LCs may be opened on deferred payment (DA) basis in the follows cases:

- Capital machinery up to 360 days usance basis;
- Industrial raw materials for own use of industrial importers (including back-to-back imports discussed later in the section) on up to 180 days usance basis.
- Import of coastal vessels including oil tankers and ocean-going vessels including those procured for scrapping on up to 360 days usance basis;
- Import of agricultural implements and chemical fertilizer on up to 180 days basis;
- Import of life saving drugs on up to 90 days usance basis;

2.3 Export Receipts and Finance

1 Customs and Practices

Familiarity with international customs and practices with regard to cross border transactions is essential for efficient handling of transactions related to exports from Bangladesh. The discussions in this section will concentrate on these practices and customs.

2. Contracts and Letters of Credit

Exports from Bangladesh, as indeed from anywhere else, are normally made either against firm sale contracts or irrevocable LC. Shipments are also some times made without cover of an LC on CAD, DP or consignment basis according to the terms of relevant sale contracts. The sale contracts

must stipulate the requirement of the buyer about the quality, quantity, price, description of the commodity, schedule of shipment, insurance, marks, country of origin and terms of payments, i.e. whether payments to be made against bills drawn at sight, D/P, D.A. or CAD basis.

3. Term of Sale

The sales contract may stipulate the price of the commodity as FOB, CFR, CIF, CIF&C etc.

4. Insurance and Marks

Insurance is taken and marks on the crate/bale are given as mutually agreed upon by the buyer and exporter.

5. Inspection

The buyers and sellers may agree to have goods inspected at the port of shipment or at the port of destination by an internationally reputed inspection agency or other entity including the buyer himself.

6. Arbitration

Dispute or claim regarding short weight or short quantity, moisture, low quality etc. on receipt of the goods at the buyers end is settled by a body composed of seller's and buyer's representatives with Port Trust and Government officials. This arbitration is to be done in the port of destination. For goods like raw jute and jute goods the terms and conditions of the contracts are applied as per the London Jute Association standard contract form and the Bangladesh Jute Mills Association standard contract forms respectively.

7. Payment Methods

The terms of payment i.e. when and how payments are to be received by the exporters are incorporated in the sales contract as per mutual agreement between the buyer and the seller. These are normally the following:

8. Advance Payment: This system of payment is not common in respect of exports from Bangladesh. Under this method exporter may receive value of export in advance before actual shipment of the goods. This may be done by cheque, draft, M.T. or T.T. favouring the exporter. The exporter collects the remittance and subsequently exports goods as per terms of the contract.

9. Prescribed Period for Receiving Payment

The period prescribed by the Bangladesh Bank within which exporters must receive full foreign exchange proceeds of exports is four months.

If the receipt of the full proceeds of any shipment is delayed beyond this period without a special or general authorization from the Bangladesh Bank, the exporter will be liable to penal action under the FER Act 1947.

Payment for goods exported from Bangladesh should be received through an Authorized Dealer in freely convertible foreign currency or from a non-resident account of a bank abroad.

10.Registration of Exporters

The branch should, before certifying any export form, ensure that the exporter is registered with the CCI & E under the Registration (Importers and Exporters) order 1952. The registration number should be quoted on the relative EXP forms. The following institutions are however exempted from Registration with CCI&E:

- Government Departments
- Recognized educational institutions
- Hospitals
- Statutory bodies or local authorities.

11.Receipt and Advising of LC to the Exporter

Letter of Credit may be received from the opening bank either by short cable/telex, full text cable/telex or by airmail letter.

Short cable/telex LC can be treated as only advance information to the beneficiary to the effect that a LC has been opened in his favour, so that he can go ahead with the arrangements for procurement of the goods for shipment.

Subsequently, the relative full airmail LC will be received from the issuing Bank abroad. Short cable/telex LC cannot be used for negotiation of export documents.

LC sent by cable or by other electronic media will be deemed to be operative only if it is so mentioned in the cable.

The branch need not wait for a formal airmail LC. In this case, however, the issuing bank will send by airmail the confirmation copy of the cable.

Full cable LC is valid for negotiation on presentation of the relative shipping documents by the exporter.

12. Receiving the LC and advising it to the Beneficiary

On receipt of the LC the steps to be taken are the following

- ✓ The branch should enter full particulars of the LC in the LC Advising Register allotting separate serial number for each LC. Serial number of the Register should be recorded on the left hand top corner of the printed LC advising form or on the original LC itself as the case may be.
- ✓ In case of cable LC, on receipt of mail confirmation update the record by noting the particulars in the LC Advising Register.
- ✓ Particulars of all amendments (if any) are also to be recorded in the same register before advising the same to the beneficiary.
- ✓ If the credit is an Air Mail LC “ Hand-on-credit”, addressed to the beneficiary, despatch the same in original to the beneficiary under cover of the Bank’s forwarding letter either by registered mail or through messenger, as may be convenient, retaining a photo copy for the bank’s record.
- ✓ If the LC is addressed to the branch, reproduce the text of the LC in the Bank’s printed LC advising format and forward the same under covering letter to the beneficiary by registered mail or through messenger, as may be convenient. Retain the original LC for the bank’s record.
- ✓ In case of full text cable/telex LC, make a photocopy of the LC and forward it to the beneficiary duly attested under the cover of the bank’s forwarding letter by registered mail or through messenger as might be convenient, retaining the original cable/telex for bank’s record. The text of the cable/telex may also be reproduced in the bank’s printed form.
- ✓ Unless requested by the issuing bank we must not add our confirmation on the LC. In such a case the fact that the LC is not confirmed should explicitly be made clear to the beneficiary by incorporating the following clause in the advising letter and/or in the body of the LC advising format as the case may be:
 - “Since we have not been requested by the opening bank to confirm the LC, this advice conveys no engagement or responsibility on our part”.

- ✓ If we are requested by the opening bank to add our confirmation to the credit, forward the case to the Head office (International Division) for authorization. On Head Office's approval advise the credit to the beneficiary incorporating a clause on the following lines either in our advising letter and/or in the body of the LC advising format, as the case may be, under the signature of an authorized official.
 - "This carries our confirmation and we hereby agree with the drawers, endorsers and holders in due course of drafts drawn under this credit that such drafts will be duly honored on presentation provided that all the terms and conditions of the credit are complied with".
 - A register should be maintained for recording such confirmation of LC.
- ✓ The Head Office, before approving the confirmation of the LC, will ensure that the issuing bank is our correspondent and LC confirmation limit has already been sanctioned for this correspondent after proper verification of the credit standing.
- ✓ Branches should neither forward any case to Head Office for approval for adding confirmation to LCs issued by a bank which is not our correspondent or in respect of revocable LC; nor should they add any confirmation to an LC without prior approval of the competent authority in the bank.
- ✓ Any amendment to an LC received from Issuing Bank should be advised to the beneficiary promptly. Only request of Issuing bank for any amendment should be accepted.
- ✓ The branch should carefully check-up the (i) date of shipment, (ii) date of expiry of the LC and (iii) the name and full address of the reimbursing bank and keep proper records of the same.
- ✓ A suitable clause should be incorporated at the bottom of the LC stating that the LC is subject to the provision of UCPDC - ICC Publication No.500,

13.Amendments of LC

Amendments of LC may be initiated either by the beneficiary or the foreign buyer through LC issuing bank. On receipt of a request for effecting amendment of LC, the branch should proceed as follows:

- Time stamp the letter/cable/telex requesting amendment of the LC.
- Take out the work card and LC folder.

- Verify the signature on amending letter/test number on tested amending telex/cable with Test Key.
- **Review the LC amending letter/cable/telex for their clarity, completeness and conformity with the existing rules and regulation/sale contract, etc.**
- Record all particulars of amendment in the LC Advising Register and all other documents/papers connected with the LC.
- Obtain Head Office approval in case of amendment of confirmed LC involving amount or expiry date.
- Prepare LC amendment form and promptly advise the beneficiary and issuing bank.
- Check and obtain official approval signature before dispatching amendment advice.

14. Document required for shipment of Goods

The LC requires submission of various documents by the exporter for payment/negotiation. Detail discussions of these documents are made in Chapter 18. The following important documents should, however, be carefully collected:

- ❖ EXP form in quadruplicate duly filled in and signed by the exporter and certified by the authorized officer of the Bank under seal and signature, for submission to customs.
- ❖ Photocopies of ERC, LC, firm contract.
- ❖ Freight certificate in case of FOB contract.
- ❖ R/R (Railway Receipt), B/R (Barge Receipt), S/R (Steamer Receipt) evidencing dispatch of goods from up country to the port of shipment. If shipment involves finance from the bank these documents should be made out to the order of PBL and should be consigned to bank's approved C&F agent (clearing & forwarding Agent).
- ❖ Shipping instructions containing description of the goods, the name of the bank to whose order the B/L is to be made out; full name and address of the consignee and the notifying party; marks of the goods; freight clause etc., to enable the shipping agents to prepare B/L accordingly.
- ❖ Insurance policy arranged to cover transit risk. In case of bank finance, the policy should be made out in the name of Premier Bank Ltd. The policy normally remains valid for one

month from the date of loading but in case of carriages by rail, the cover remains valid for 72 hours only. In that case, the exporter must obtain jetty cover.

- ❖ In case bank finance is involved the branch should forward the documents to its approved C&F agent to whom necessary instructions should be issued.

15.Certification of Exports

Form Prescribed for Declaring Exports and Certification

- All exports must be declared on the EXP form (Appendix 5/64 of BB Guidelines for Foreign Exchange Transactions, 1996). The branches will collect the forms from the Head Office and supply these to their clients engaged in export trade.
- ‘EXP’ Forms are numbered serially and issued in quadruplicate. Before the export forms are lodged by the exporters with the Customs/Postal authorities, they should get all the copies endorsed by the branch.
- Before lodging the EXP Forms with the Customs/ Postal Authorities, the exporter will approach the branch for certification of the forms.
- On receipt of the EXP Forms the branch will ensure that each set is duly filled in.
- Thereafter, it will record full particulars of the forms in the Export Register to be maintained as per proforma at appendix 5/56 of Bangladesh Bank’s Guidelines and assign a number for each set of the EXP forms in the space provided at the top of each form as follows:

EXP No.	AD’s Number	Code	Register Serial	Year

- The first three boxes of EXP number will bear the branch code prescribed by Bangladesh Bank for the branch and the next 5 boxes are meant for mentioning the serial number of the Export Register (Appendix 5/65 of BB Guidelines for Foreign Exchange Transactions, 1996) of the branch and the last two boxes are meant for mentioning the last two digits of the year of registration.
- The branch will also have to complete the forms themselves by mentioning all the required information/ particulars /code number etc. in the forms at the appropriate spaces and certify the forms in the manner prescribed therein under the seal and signature of the authorized official.

In the export form there is provision for indicating separately,

- FOB value;
- Insurance;
- Freight; and
- Total CFR value.

Therefore, where the exports are on CFR or CIF basis, the FOB value is required to be shown separately. The branch should ensure that in all export forms relating to export of raw jute, FOB value of shipment of raw jute is invariably shown separately, In case of shipment on FOB basis, other columns for insurance, freight and total CIF value should be penned through. The branch while certifying realization of the export proceeds will indicate on the reverse of the duplicate/triplicate forms the FOB value, insurance and freight separately. For this purpose they should use a rubber stamp reading as under:

- FOB / Free Frontier value
- Insurance.
- Freight
- Total CFR /CIF value

16.Submission of EXP Forms to the Customs

- ✓ The EXP Form will be completed and signed by the exporter or his authorized agent.
- ✓ After the branch certifies the form this should be submitted to the Customs/Postal authorities along with the shipping bill.
- ✓ The Customs Authorities after filling in the portion relating to them and affixing their seal and signature will return the duplicate, triplicate and quadruplicate copies to the exporter / his authorized agent.
- ✓ The Customs authority will forward the original copy to the Bangladesh Bank.

17.Submission of Export Documents to the Branch

- On completion of customs and other formalities the exporter must submit all the copies of the EXP Form along with the invoices etc. to the branch within 14 days of shipment.
- An extra copy of the shipper's invoice should be attached to the duplicate copy of the EXP Form for submission to the Bangladesh Bank.
- If the branch negotiates or collects bills relative to export originally certified by another authorized dealer it should communicate the particulars of exports to the said AD to note in the Export Register.

18.Scrutiny of EXP Form with Documents

On receipt of the EXP Form and the document covering the exports the branch should:

- ❖ Compare the signatures appearing on the bills of lading with the specimen signatures of the duly authorized officers of the steamer company on record to ensure genuineness of the documents.
- ❖ Compare the relative bill and other documents with relative form and satisfy that the declaration made on the form is correct. In particular, it must be seen that the amount of bill and invoice drawn by the exporter is not smaller than the export value certified by the Customs. If the difference between the value stated on the form and the amount of the bill/invoice is small and accounted for by legitimate trade charges etc. the branch may

accept the bill / documents for negotiation / collection. The details of such adjustments must be given on the relative form and must be authenticated by the branch under its stamp and signature.

19.Certification by the Branch

After negotiation of the bill or acceptance of the documents for collection, the branch should complete the certificates in the space provided on the duplicate copies of the EXP Form to the effect that they have negotiated bills/received shipping documents for collection for the value stated on the form.

When payment is received the branch shall certify on the reverse of the Triplicate copy of the form retained with them and forward it to the Bangladesh Bank with the usual return. The quadruplicate copy will be retained by the branch for record.

2.3.20 Export reporting:

1. Submission of duplicate and triplicate copy to bank's head office
2. Online posting to Bangladesh Bank's website. The steps are:
 - Issue EXP
 - Duplicate Posting
 - Triplicate Posting

1.Reporting of Overdue Cases

The branch should send to the Head Office a statement on monthly basis showing the total amounts of all export bills including partly unrealized bills outstanding at the end of each month as per the preform prescribed by Bangladesh Bank. The report should reach the HO by the 15th of the month following the month to which it relates for consolidation and transmission to Bangladesh Bank.

3.0 CONSTRAINTS/CHALLENGES AND PROPOSED COURSE OF ACTION FOR IMPROVEMENT:

3.1 Identified/Observed in the Organization:

3.1.1 Legal Constraints: The first and the foremost problems in foreign exchange operations arise due to legal constraints. Since foreign trade indicates exchange of goods and services between two countries and each country has its own laws, rules and regulations, which are different from other countries, so problems arise in foreign exchange operations.

3.1.2 Limited Skilled Manpower: Performing the foreign exchange activities is a very tough job because it involves proper communication with the client, various banks of the country as well as abroad. A single error may cost thousands of dollars. In The Premier Bank Limited there is limited skilled manpower, who can understand and handle the foreign exchange dealings well.

3.1.3 Lack of Stable Policy: Policy and structure are an integral part of any kind of operation. It will suggest us how to perform the operation. But if the policy continues to change frequently it is not easy to plan and perform also. With the changes of Government new policy of the country which is very difficult to cope with. It is hard for the business organizations and businessmen to settle themselves. They are always deviated from the old track, and have to run after the new track.

3.1.4 Limitation of advance technology: Now a day's technology has become a very integral part of foreign trade business as well as overall banking sector. But The Premier Bank Limited is running their business with some back dated computers and limited internet facility

3.1.5 Slow online service: Online service is not dynamic and modernized. Sometimes services are being delayed. For this reasons, customers have to wait for long time, which is a threat for losing customer.

3.1.6 Improper Division of Labor In The Desk: There is lack of division of labor in the branch. Therefore everybody has to handle every type of banking services. This decreases the level of performance of the personnel, though it reduces monotonousness. But lack of division of labor hampers the discipline of working environment. So customers are to wait for some time for the desired service, which is contrary to the Banking's objective.

3.2 Academic Preparation: As a student of Accounting and Finance i have completed ten major courses of accounting and finance. During my internship in The Premier Bank Limited i have found that some of these courses has practical use but courses has no or very limited use in practical businss world. Like:

- We have learned how to keep journal or ledger for future record but practically banks use a specific software and registers for records.
- We have learned cost accounting which talks about industrial operations and its accounts maintenance but here in bank any kind of industrial operations is not occured.

4.0 LESSONS LEARNED FROM THE INTERNSHIP PROGRAM

4.1 Implications to Organization/Company – Based Affiliation:

This internship program has given me a proper idea about foreign trade business. This knowledge will be helpfull to me in future. It has given me a oppotunity to combine the theoretical exposure gathered from the MBA program with the practical knowledge on banking system and operation. A description of my understanding through this internship program is presented below:

- gninepo CL fo erudecorp latoT, processing and reporting.
- smetsys tnemyaP.
- Maintaining their daily register books.
- TFIWS tuoba aedi feirb A.
- How to work in a corporate environment and follow the chain of command.

4.2 Implications to University’s Internship Program:

Through this internship program University has given us a great opportunity to co-ordinate with the theoretical knowledge and the practical experience. University has taught us many courses and those courses have a great use in practical. Like:

- Internship program gave us the oppotunity to know practically how to behave in an organization/corporation which we were learned in our academic course.

- In our academic course we have learned about bank funds and in internship program saw how they create/maintain it.
- In the banking sector, the audit process is very important. It helps in identifying the weaknesses and strengths of the organization.
- Audit is a very common word in banking sector. We have learned about different kinds of audit in academic course but here I have got the opportunity to see it practically.
- The audit process involves the exchange of information between the auditor and the management of the organization.

5.0 CONCLUDING STATEMENTS

5.1 Summary: The main purpose of the report was to focus on the audit process provided by the Premier Bank Limited. Standing in the banking sector, the Premier Bank Limited is doing better and holding a good percentage of market shares in banking sector. Although I did not have much time to learn the whole procedures but it was supportive to understand and gather an initial banking management experience. In the long-term performance of any organization depends on its qualified people and developing them to perform their best as a team, as well as individually. To cope with the recent challenges of banking sector, the Premier Bank Limited is creating an environment where employees are happy to build their career and customers feel good doing business with them.

5.2 Recommendations : It is a large organization and banking is a complex and comprehensive task. So it is difficult for me, by my little knowledge, to recommend solving the problems. But as an eyewitness of some problems I am just giving some instructions, which may be followed. So for the improvement of the service the following measures may be taken:

- To avoid legal constraints every country should use an international law for foreign trade transactions.

- The number of human resources in clearing section and in clearing section is really insufficient to give services to huge number of customers. So, number of staff should be increased in those sections.
- The number of human resources in clearing section and in clearing section is really insufficient to give services to huge number of customers. So, number of staff should be increased in those sections.
- IT is a very important sector for business and for banking sector it is indifferent. Attention should be given on proper maintenance of phone, computer, fax machine and photocopier.
- Online service should be dynamic and modernized. Sometimes services are being delayed. For this reasons, customers are to wait for long time, which is a threat for losing customer.
- To ensure proper service proper division should be maintained.
- University should set up the academic program according to students carrier objectives. University should track career outcomes of students to better understand what jobs their students take and how their careers progress. If the university has a better understanding about where graduates are working, it can be better at preparing students for a variety of different careers and do a better job of preparing them.

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