Internship Report

Topic- Impact of Covid’19, natural disasters, environmental and social factors on credit defaults

Nowshin Sharmilly

ID: 17204108

An internship report submitted to Brac Business School in partial fulfilment of the requirements for the degree of Bachelor in Business Administration

Brac Business School
Brac University
28 August, 2022

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.

2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.

3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.

4. I/We have acknowledged all main sources of help.

Nowshin Sharmilly

Student’s Full Name & Signature:

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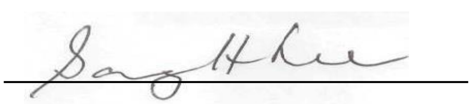
Nowshin Sharmilly

17204108



Supervisor’s Full Name &amp

Dr. Sang H. Lee

Dean, BRAC Business School

BRAC University

Letter of transmittal

22nd May, 2022

Sang H Lee

Professor and Dean

BRAC Business School

BRAC University

Subject: Internship report on "Impact of Covid'19, natural disasters, environmental and social factors on credit defaults"

Dear Sir,

This is my pleasure to submit you my internship report on the impact of Covid'19, natural disasters, environmental and social factors on credit defaults in Rangs Motors Ltd. I have prepared this report on the basis of my experience and practiceatRangs Motors Ltd during the three months internship period.

Through this internship report,I am accomplishing my final step of completing the Bachelors of Business Administration (BBA) degree under BRAC Business School of BRAC University. I have got to learn so many things while completing this report as well as the internship program. It was an exploration ofgaining knowledge and learning experience working as an intern in the Lease and Credit Department of Rangs Motors Ltd.

Here I have given my best to conclude the report according to the internship guidelines and standards of BRAC University and also provided the important data in a comprehensive manner which will add a significant impact to the report. I am thankful to you for guiding us, motivating us with your thoughtful insights and valuable time.

Sincerely yours,

Nowshin Sharmilly

ID-17204108

BRAC Business School

BRAC University

Acknowledgement

I want to thank my honorable supervisor Mr. Sang H Lee, Professor & Dean of BRAC Business School, BRAC University, for his assistance with the study I did and the report I wrote. He has helped me throughout the whole process of writing these internship reports and has also greatly aided my comprehension of the report themes. I also want to express my gratitude to my co-supervisor Mr. Mohammad Mujibul Haque, Professor & Associate Dean of BRAC Business School, BRAC University, who gave me the assistance I needed and answered my questions as I was putting my report together.

Working and learning as an intern with Rangs Motors Ltdhas been one of the best experiences of my life. I want to thank Rangs Motors Ltd for allowing me to serve as an intern. Additionally, I am grateful to the organization for letting me conduct research and for helping me in any way they could throughout my internship.

I'd like to express my sincere gratitude to SohanaRouf Chowdhury, Managing Director of Rangs Motors Limited for developing this exciting internship program for students. I want to thank the helpful and innovative team members of Rangs Motors Limitedlease and credit department, especially my on-site supervisor Harecur Rahman Saikatfor helping me and giving me the chance to learn about Rangs Motors Limited’s organizational culture and procedural practices.

Finally, I would like to express my profound thanks to BRAC University for providing the BRAC Business School students with an internship program that helped to mold and prepare us for the corporate world.

Executive Summary

Rangs Motors Ltd is a well-known auto mobile company in Bangladesh, was created in 1998, to take over the marketing of commercial vehicles from Rangs Limited. In Bangladesh, it serves as the distributor for Mitsubishi Fuso, Mahindra, and Eicher. In their internship program, they allow the students to get involved with brand and its customers as well as to make the interns know how they deal with credits, sales and finance for their company. They maintain a very strict corporate environment at their office where each of the employees follows hierarchy and company policies.They create a bridge among the products and the customers so that the customers can easily meet their demands. They have made diversity as their key which helped them to sustain in the market. They have branches all over Bangladesh so that reaching to the customers is not a difficult task for them. Here in this report the credit segment of Rangs Motors Ltd to their customer will be highly portrayed. According to the standards and guidelines for BRAC University internship reports, the report has three chapters. An outline of the internship is provided in the first chapter. This section provides details on the student's internship experience, as well as its results, including the student's contribution to the firm, any advantages they received, any challenges they encountered, and suggestions for improving the internship program. The organizing section is in the second chapter. This section provides an overview of Rangs Motors Ltd. as well as information about the company's marketing, management, accounting, and information system operations. contains a competitiveness and industry analysis as well. The project portion of the internship report is the third and final chapter.

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Chapter 1: Overview of Internship

1.1 Student Information

Name: Nowshin Sharmilly

ID: 17204108

Program: Bachelors of Business Administration

Major/Specialization: Finance

Minor: Human Resource Management

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address

The name of my organization from where I have completed my internship is Rangs Motors Ltd. It was a three-month internship program. I have worked in their lease and credit department. I have worked in their head office as well as their center.

Head/Corporate Office Address: 117/A, (Level-4), Old Airport Road, Bijoy Sharani, Tejgaon, Dhaka-1215

Phone: +88 02 48120715

Fax: +88 9130895

Web: www.rangsgroup.com

1.2.2 Internship Company Supervisor's Information:

Supervisor's Name- Harecur Rahman Saikat

Position- Assistant Manager

Department- Lease and Credit

1.2.3 Job Scope

As an intern I had to perform different tasks in the organization which were my core duties at office. And these are-

- Updating the formats and schedules of legal deeds as per my supervisor's instructions.
- Preparing sales deeds according to the customers' details and credit commitments.
- Creating credit schedule, calculating EMI of customers and updating those on documents.
- Communication with agents and customers to take the feedbacks of our products and update those on the system.
- Checking the errors of credit history on documents and adjusting those by creating a new one.
- Helping employees to prepare sales certificates of sold vehicles.

1.3 Internship Outcomes

1.3.1 Contribution to the organization

As an intern I was appreciated by my supervisors for putting my best efforts to the work. I believe that I have obviously added some value to my organization in terms of my work. These contributions are like-

- Modified important documents and have updated the formats of the deeds.
- Prepared legal sales deeds which helped to create sales certificates for sold products.
- Made excel files of EMI amounts of every customer profile according to their vehicle's engine and chassis numbers.
- Communicated with the clients and agents to get their feedback and solve their problems by answering queries.
- Checking the files of client's data and its accuracy to the official system of the company.
- Correcting all the errors of documents while updating and printing the legal deeds as these deeds are very important to take legal action in future.

1.3.2 Benefits for me

Working in such a corporate environment at Rangs Motors Ltd itself is a great experience for me. This is the first time I have worked officially for any company which gave me immense knowledge about the workplace policies apart from all the academic knowledge I had. I have learnt about the corporate etiquette and policies. I have met some talented seniors and co-interns from whom I have learnt a lot of practical applications of sales and credit policies. Some mentionable benefits are-

- Got to know how automobile sector functions in the market.
- Learnt about the credit policies of automobile sectors to sustain in the industry and grab more customers.
- It gave me the knowledge of how we can use the credit background of customers to make legal documents.
- I practically got to know about corporate culture.
- It tremendously helped me to increase my typing speed and accuracy.
- Through interacting with customers and agents, it developed my experience in handling clients.
- It helped me to build a good relation with other employees in the company as well to create good contacts in corporate life.
- It has definitely developed my communication skill.

1.3.3 Problems/Difficulties faced during internship

There are just few problems that I have faced which are not that much severe. Working in a new environment with so many people generally create some common difficulties. The difficulties that I faced are-

- When I was new in the work, coping with the high pressure was a bit difficult for me. But after some days I fulfilled my targets on time.
- As I was shifted to the Rangs Center from the main head office later on, communicating with my supervisors got a bit difficult for me. But then I got the access of the main system and managed so get the problems solved in other ways.

1.3.4 Recommendations for the company

Mostly the essential points are already followed by Rangs Motors Ltd. But still, I can add some recommendations from an intern's perspective and these are-

- A formal training for the intern as it will help them to understand work easily and there won't be any mistakes when they will actually start working.
- For lease and credit intern, if they are provided with the access of the official system from the very beginning then they can easily collect the missing information of the customer's profile. It won't hamper both the supervisor and intern's work and will save a lot of time.

Chapter 2: Organization Part

2.1 Introduction

Rangs Group has many concerns among which one is Rangs Motors Limited. They have started their business in 1998 from being the business traders to the sole distributers of famous automobile brands EICHER and MAHINDRA & MAHINDRA. The motto of the business is to provide the customers with the service and product selection. They create a bridge among the products and the customers so that the customers can easily meet their demands. They have made diversity as their key which helped them to sustain in the market. They have their branches all over Bangladesh so that customers can easily reach to them and they can do their best sales as well. RML has a huge customer base as they provide loans to their customers and the customers can make their payments in installments. It helps the small entrepreneurs as well to establish their business and other customers to buy their products. As it's already mentioned that the company is always looking for diversification, it tries to get new product ideas and services which can add value to their business constantly. After all the challenges it faced still it's providing the best service it could and ruining their business in this competitive market.

2.2 Overview of the organization

One of the most well-known corporate giants in Bangladesh is Rangs Group. Since its founding in 1979 as a vehicle dealer, it has grown into a multi-business, multi-discipline organization. Rangs is today a well-known brand in the distribution of automobiles, public transportation, building development, real estate, medicines, interior design, telecommunications, and FMCG products. Diversification has been a top objective under the direction of Mr. AbdurRouf Chowdhury, the group's founder and chairman.

Since its establishment in 1998, RML has a significant presence on the Bangladeshi automotive market. They included some of the biggest global automakers, including Volvo-Eicherand Mahindra. They have collaborated with several well-known worldwide automobile brands, including Mahindra & Mahindra, AJAX, and Volvo-Eicher.

Mission

RML believes that it’s theirresponsibility to live up to their clients' high standards for world-class products which is set as company’s mission.

Vision

To lead by example in a diverse business sector that meets the expanding needs of all people.It is mandatory to have integrity, commitment, speed, growth and determination**.**

Core Values

One of Rangs Group's main beliefs is being a responsible and sustainable business. As a reputable company, Rangs Group sees it as their responsibility to contribute responsibly to the communities where they operate in order to guarantee that they advance toward a more sustainable future. Providing the customers with best service can allow the company to have ultimate success is company’s goal.

2.2.1 Overview of the Business

Rangs Motors Ltd is a part of Rangs Group which is a conglomerate in Bangladeshi industry. It has spread its business into many parts and RML is one of them. Rangs Motors basically deals with vehicles which make it a product-based company. But apart from this it also provides services for its customers whenever there is any problem in the vehicle. Customers can reach out to their service centers paid and unpaid services. They have many branches all over Bangladesh which make their business more accessible to their customers.

2.2.2 Business Functions

RML basically works like a dealer between the customers and the actual brands. It imports the vehicle and sell them to the local customers. This is their main function and providing services related to that are other functions of Rangs Motors. They give customer services, help customers to transfer the ownership of the vehicles, tracking the vehicles for customers in case of any emergency is also a service that RML provides. Surrounding all these they do their marketing, branding, financing, sales etcetera. They try their best to satisfy their customers with every possible chances as without the customer satisfaction and sales, the business won't grow and make profit.

2.2.3 Business products and services

RML is a product-based company where selling the maximum vehicles are their target. They set targets and according to that they function their sales. Rangs Motors doesn't manufacture these products, they work like distributors through their agents, showrooms, sales concerns etcetera. The product they distribute are-

MAHINDRA- In business, one needs to provide diversified products regarding size and usage to meet the need of different customer range. Because of this, Automotive Division of Rangs has developed the broadest selection of large truckswhich is for cargo transportation. Because of their superior engine designs and robust construction, Mahindra vehicles can easily navigate both rough country terrain and slick city streets. Along with the automotive solutions, Mahindra is now focusing into the electrical market of Bangladesh.

EICHER- With the creation of India's first farming tractor in 1959, the principal firm of the Eicher Group, Volvo-Eicher Commercial Vehicles Ltd (VECV), served as a major impetus for the country's green revolution. VECV has made a name for itself as a significant participant in the Indian car sector. The RANGS GROUP's extensive nationwide network has allowed VECV to join the Bangladesh market and connect with a variety of customers. Due to its superior aftermarket services, the brand holds a 60 percent market share in Bangladesh's commercial vehicle industry.

VTS (Vehicle Tracking System)- RML now provides their customers with VTS services which is a tracking system for the vehicles which are lost or which needs to be tracked. If any customers come to Rangs Motors to find or track their bus, truck or any other vehicle then the company helps them with the tracking machine. This machine is basically fitted in the engine and RML has the control to shut it down in its current spot. So, whenever the customers come with this type of problem they track the vehicle, switch of the engine and then catch them on spot. For setting up the device into the engine, customers need to pay extra money while purchasing the product.

Servicing Centers- Rangs Motors have their own servicing centers from where customers can avail up to 3 free services (according to their products and issues) and after that they can take paid services. For the betterment of the vehicles, repairing in RML service center are always advised to the customers as they know the vehicles more than local servicing centers. So, there might be risk of permanent damage if customers go for local ones.

2.3 Management Practices

2.3.1 Rangs Motor's Organogram

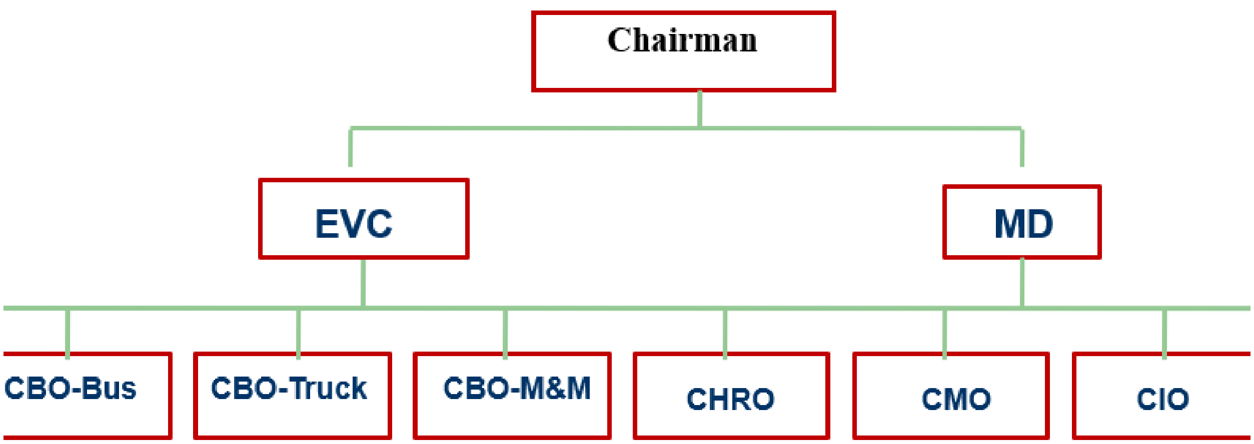


Fig: Company's Organogram

2.3.2 Leadership Style of Rangs Motors

Basically, the leadership style of Rangs Motors is Authoritative which mean the control and decision-making power is in the boss's hand. The top management takes the major decision which will forwarded to the employees later on. This doesn't mean that the employees can't share their ideas, they have the full freedom to express their thoughts with the line manager or manager, then the manager will pass it to the higher authority and if it's a good one then it will be implemented.

The reason behind this authoritative leadership style is that the company is running for a very long type and in its initial days they used to follow the same leadership style. Still the company holds their old tradition which give them the best output. And other major reason is that in automobile sector the leading style has to be very strict and formal. RML deals with a huge number of credits and has to make difficult decisions which is why authoritative leading is needed.

Advantages-

- It makes the decision process easier and hassle free.
- For automobile sectors, this leadership leads to good output.
- It saves the time comparing to other leadership style.
- Hierarchy is quite maintained and the official activities run properly.

Disadvantages-

- Sometimes the ideas of junior employees are ignored.
- Group input might be disrupted.
- Employees get depended on the boss and don't generate own ideas.

2.3.3 HRM Practices

RML follows few steps when it comes to human resource management and practices. To run a company successfully, it has to have a good human resource team as it will recruit the best persons for the organization and will allocate them to their right places.The process they follow is given bellow:

- Recruitment- For recruiting employees the primary step is the written exam which is taken in the supervision of HR officials. The questions are mostly set according to the position they are offering. For example, if it's for accounts department then it will include questions related vat, tax, journals, annual reports and other accounting stuffs.The selected applicants will be called for the first interview where their knowledge for the required job is tested. The interviewers mostly ask the job-related questions which will show their skills to perform the job in future. Their previous experience of working will be also checked. Then the selected applicants of the first interview will be called for the second interview where again their knowledge will be examined in a broader level and here the other skills like communication, confidence, smartness etcetera will be prioritized. Then the finals selected applicants are given the appointment letters to become an employee of the company.

- Training- The appointed employees are provided with their needed trainings. For that the assistant manager of HR collect the TNA which is training need analysis and according to that trainings are given.
- The other elements are constantly checked by the HR team like the feedbacks of employees and their line managers, payrolls etcetera.

2.4 Marketing Practices

RML follow basically two types of marketing practices. There are some other tactics like target market, positioning, marketing through channels but main two type of practice are-

1. On Ground Marketing-

This is the field marketing practice of RML where they try to attract the retail customers. This is also called KAP (Key Activity Performance) which have different tactics and strategies. These tactics are-

- **Auto Fair-** Usually the vehicles of Rangs Motors are exhibit in the fair at different districts so that the customers can visit and buy their suitable product. Here vehicles are also showcased for reselling. The existing customers who didn’t pay the EMIs, they give back their vehicles to RML and through auto fairs company resells those.

- **Bus and Truck Stand Campaign-** Here the promotions are on spot where the maximum customers belong. They can easily get to know about the details of the vehicles. This is a quite easier option comparing to go to showrooms and ask the queries.

- **Roadshows-** This is another marketing practice of RML where a unique tactic is done which is test drive for the customers. Test drives are not provided by the others companies so it gives RML extra advantage and customer satisfaction.

2. Digital Marketing-

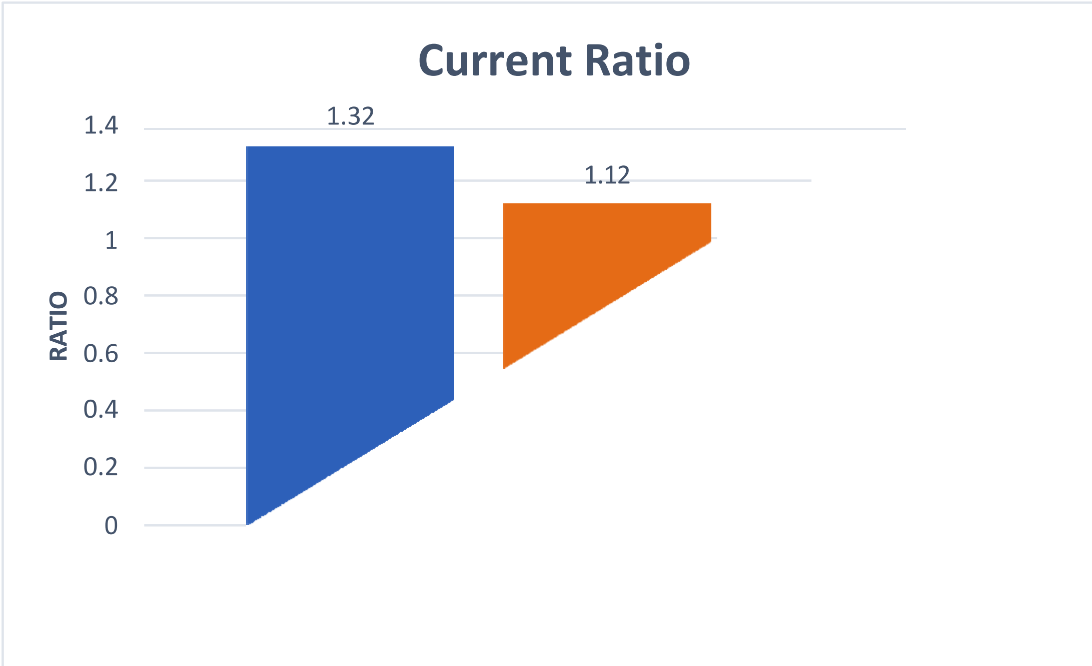
Here through digital platforms like Facebook, LinkedIn, YouTube are done. They segment the customers thoroughly and according to that post different elements and keep the profile of Rangs Motors Ltd updated.

2.5 Financial Performance and Accounting Practices

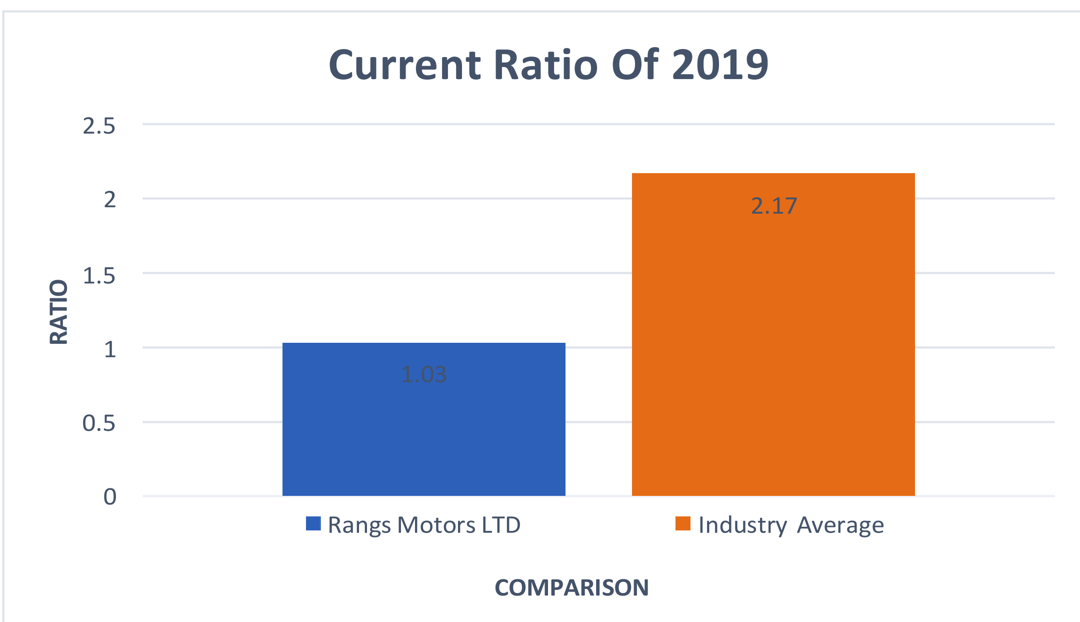
Here the financial performance of Rangs Motors Ltd will be shown in different measures like liquidity and solvency, profitability, asset management etcetera. There will be time series analysis along with industry comparison analysis which will help to give a broad insight of the company's position in the market. All the information and data that are used in those analysis is taken from Rangs Motor's authority which they provide to their interns. The analysis is based on the fiscal year 2017, 2018 and 2019 as just these are provided from the authority.

Current Ratio

Current ratio is measured to fulfil the short-term dues of a company so that it can run properly without any hassle. When the current assets are divided with current liabilities, the current ratio can easily be calculated. The current ratios of Rangs Motors Ltd were like 1.32in 2017, 1.12 in 2018, 1.03 in 2019.



Trend Analysis – We can see a constant decrease in the current ratio of RML from 2017 to 2019. Though the amount of decreased value is not that much but it clearly shows that the company faced high debt for short term obligations or the amount of current assets might be decreased.

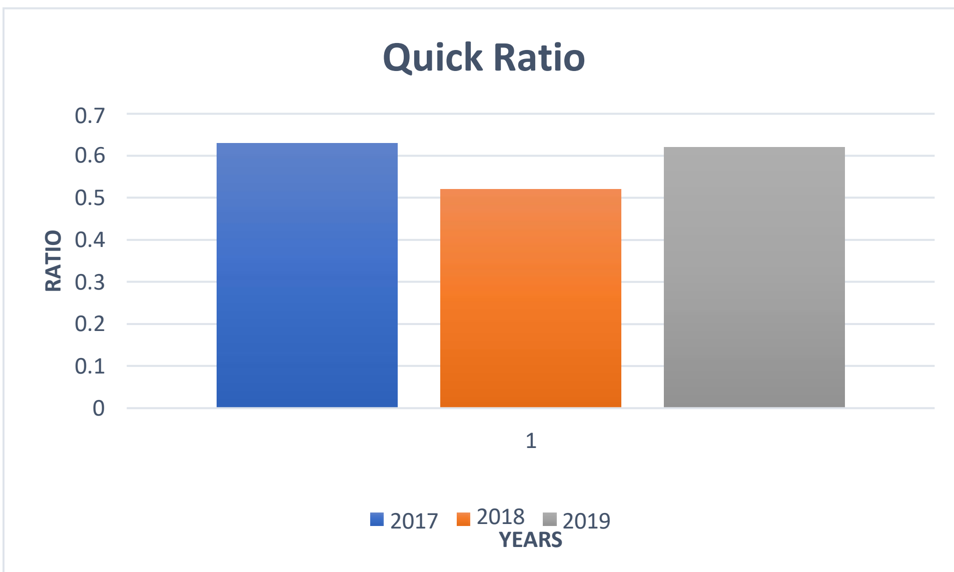


Industry Comparison Analysis- The industry average of current ratio in 2019 is 2.17 which is higher than the ratio of Rangs Motors. So, we can consider the current ratio of RML is below average.

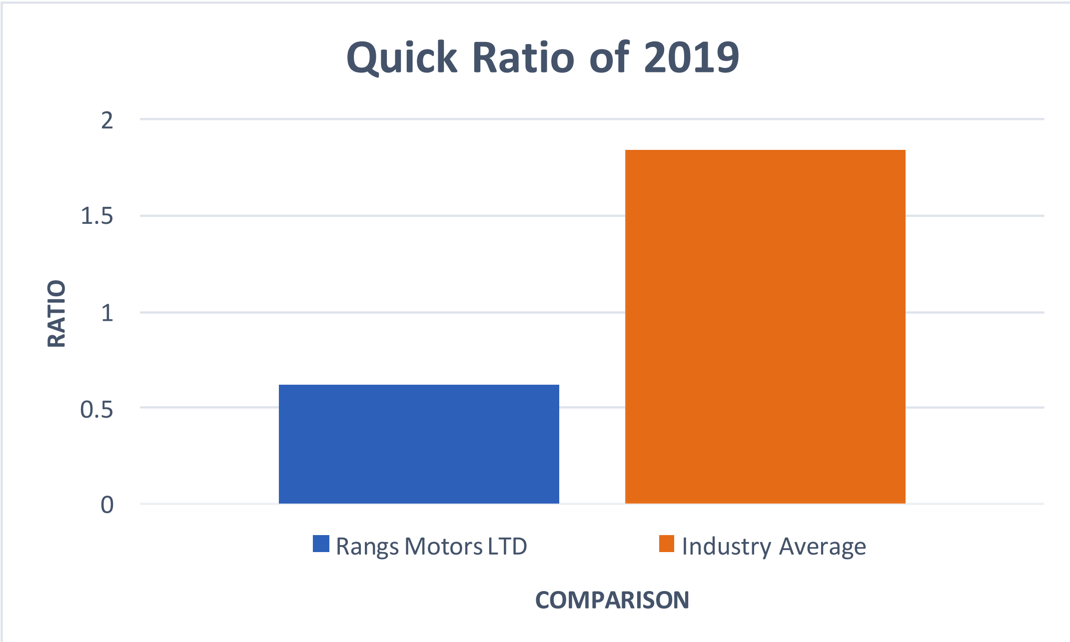
Suggestion- To increase the amount of current ratio, the company needs to pay it creditorsfaster than what they are doing. They can also increase their current assets by collecting the accounts receivable, cash, inventories etcetera.

Quick Test Ratio

This test is done to measure that the company can pay back to its creditors which indicates that it has sufficient money. It is very important for a company to stand in the market because when the company defaults on credit it creates a bad reputation. In the case of Rangs Motors, in 2017 the quick ratio was 0.63, in 2018 it was 0.52 and in 2019 it slightly changed and went up to 0.62.



Trend Analysis- We can see a bit up down in the quick ratio of RML. In 2018 it went to the lowest which was 0.52 from the previous year of 0.63. Then again it increased and became 0.62 which shows that it's getting back to form.



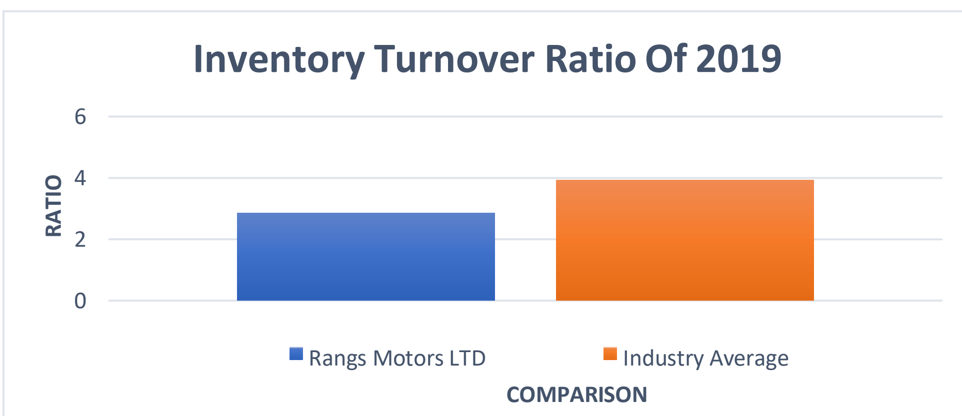
Industry Comparison Analysis - The industry average of quick ratio in 2019 was 1.84 and RML had 0.62 which indicates it is lagged behind than the industry.

Suggestion- It is very essential for RML to pay off their creditors on time as it will build a good impression of them in the market. If they work on their sales, collection of account receivables or have sufficient cash then it will be easy to increase the quick ratio.

Inventory Turnover

It shows how many times an organization has restored its inventory through selling those products. It indicates that the sales are going well or not. If the inventory turnover is less then it means the sales are bad and the inventory is not in use and if the turnover is high then the scenario is opposite. The inventory turnover of Rangs Motors is like 1.71 in 2017, 1.94 in 2018 and 2.86 in 2019.

Trend Analysis- Here we can see that the inventory turnover of RML has gradually increased over time. It shows a positive transform of inventory turnover and high number of sales. From being 1.71 in 2017 to 2.86 in 2019 is a good jump that Rangs Motors made. Increased numbers of sales had a good hand on this.

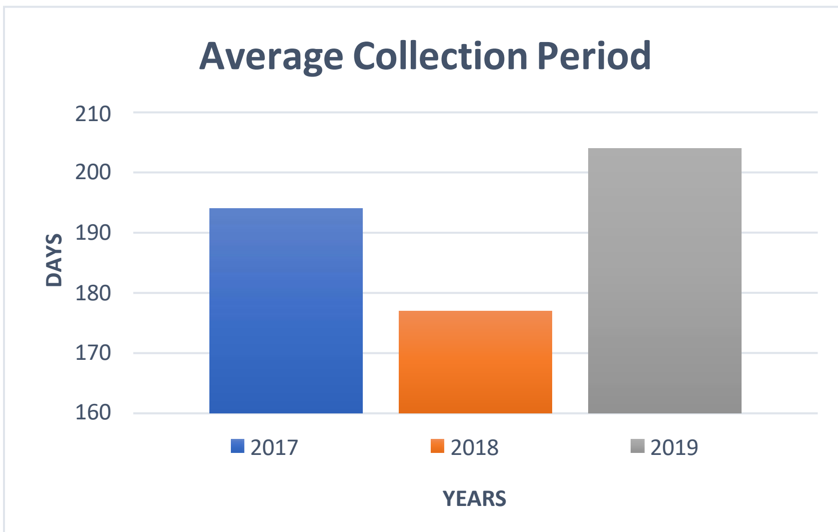


Industry Comparison Analysis - Industry Average of inventory turnover was 3.93 in 2019 and RML had 2.86 which is still low comparing to the industry. But as the number is gradually changing, further it can have a good comeback.

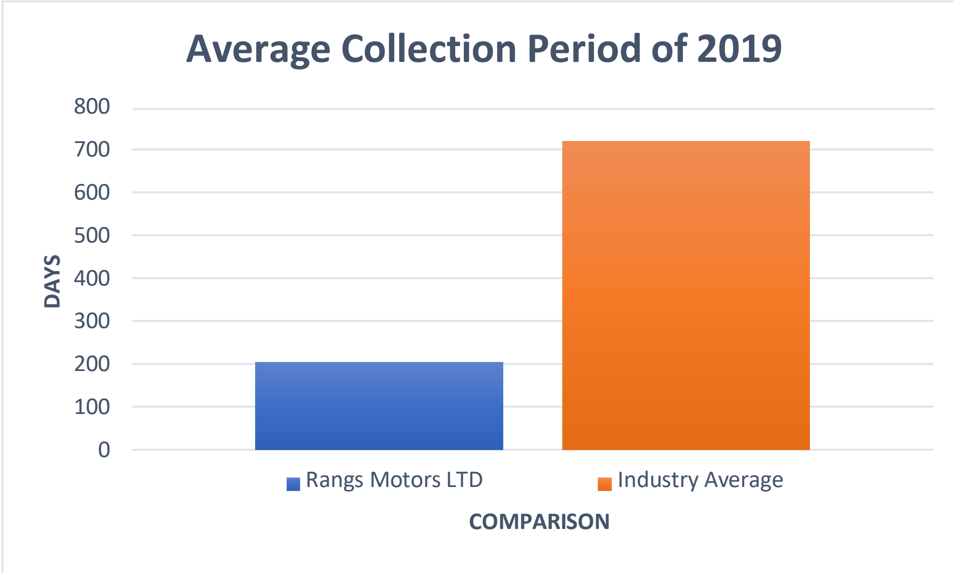
Suggestion-RML needs to do better on their sales and only this way they can increase their inventory turnover. They need to do good marketing and targeting the market to improve their sales.

Average Collection Period

It describes the average time that it takes to collect the payments and receivable from creditors and customers. The less the collection period, the fast reinvestments for the company. The days for average collection period of RML are 194 in 2017, 177 in 2018 and 204 in 2019.



Trend Analysis- From the data its visible that the days of collection period improved in 2018 from 2017 as it came to 177 which is lesser than 194 in 2017. Then again it increased a bit and became 204 in 2019 but as we know due to covid'19 every company faced the same problem.



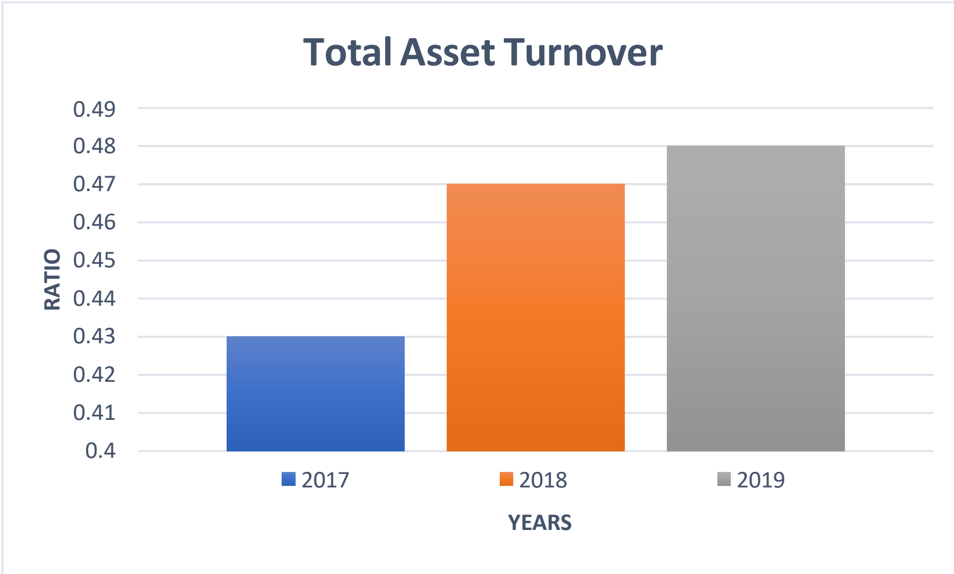
Industry Comparison Analysis- RML is doing very well in average collection period comparing to the industry average. Where in 2019 Rangs Motors the days of collection period was 204, the industry average was 720.

Here basically RML tries to collect the payments within 3 to 6 months. Most of the times they collect within the time but after that they consider it as a default. The customers pay the monthly EMI but if they fail then they are given an extended time of 3 to 6 months. Here the performance of RML is good comparing to the industry average because when a customer failed to pay even after the extended time, the company seizes the vehicle and release it only after getting the defaulted payments. And if the vehicles are seized for more than 45 days, it will go for reselling.Thus, they manage to collect the payments within time comparing to industry average.

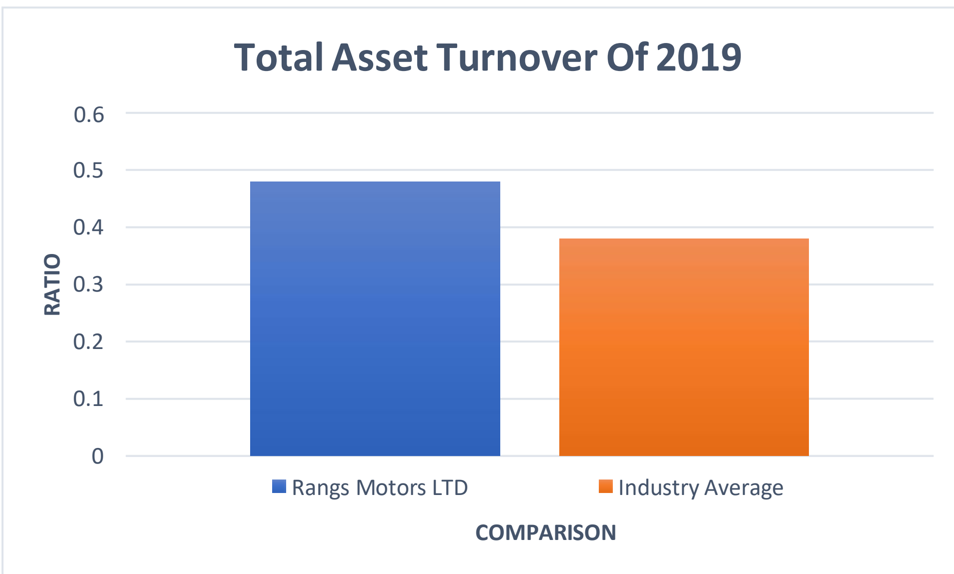
Suggestion- Rangs Motors must maintain this performance in future by increasing sales and collecting the dues as soon as possible.

Total Asset Turnover

Through this ratio one can measure the effectiveness of assets to create more profit and sales. This is why asset turnover is important for every company.Rangs Motors asset turnover is quite good. In 2017 it was 0.43, in 2018 it increased a bit to 0.47 then in 2019 again it increased and became 0.48.



Trend Analysis- From 2017 to 2019, the amount of asset turnover increased gradually which is a good sign for RML. In 2017 it was 0.43 which increased .04 percent in 2018 and again increased .01 in 2019.



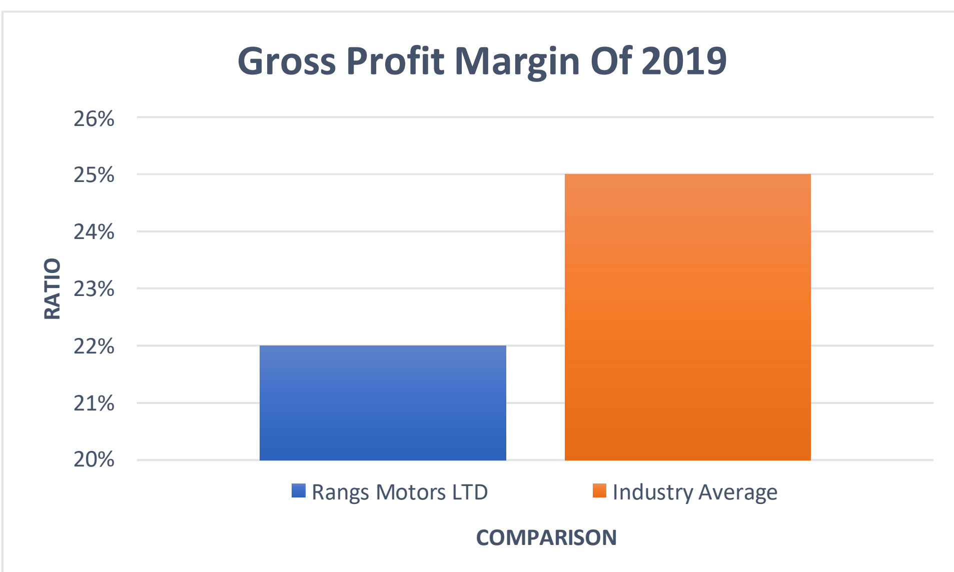
Industry Comparison Analysis- The industry average of asset turnover in 2019 was 0.38 and RML's asset turnover in the same year was 0.48 which means it was better than the industry.

Suggestion- RML needs to hold on to it and do progress in asset management according to the current need of investments to increase sales.

Gross Profit Margin-

It is a company's profit when it just paid it cost of goods sold which means it the first part of the profit. The initial profit can be determined by having the gross profit. In 2017 RML had a gross profit of 22% where as in 2018 it increased to 22% and in 2019 it became 25% which is quite good.

Trend Analysis- There is a constant increase in the gross profit of Rangs Motors which can be considered as a good performance. It increased 1% each year from 2017 to 2018 then 3% in 2019.



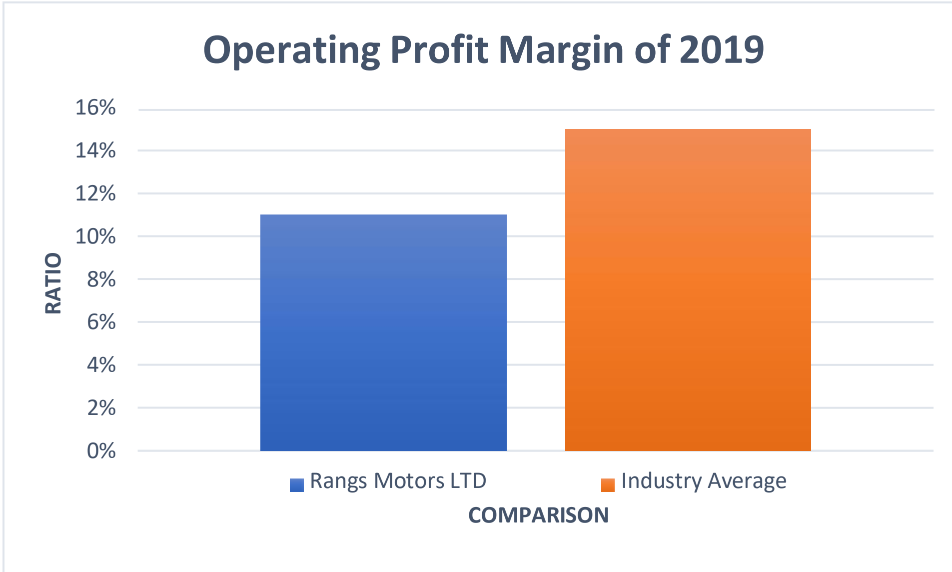
Industry Comparison Analysis- The industry had the gross profit of 22% during 2019 which is less than the gross profit of RML. It had 25% gross profit margin in 2019 which is quite good.

Suggestion- This gross profit margin impacts the net profit margin so RML should be careful and try to increase this profit with high sales and cost cutting.

Operating Profit Margin

Through the operating income, the profit is gained is considered as operating profit margin. It gives a true idea of operating income and expenses which needs to be controlled. In 2017 the operating profit of Rangs Motors was 10%, in 2018 it remained same 10% and it increased in 2019 which is 11%.

Trend Analysis- The growth of operating margin is not much but still it increased 1% in 2019 from the previous two years. If the amount would have decreased then it might have been a big concern.



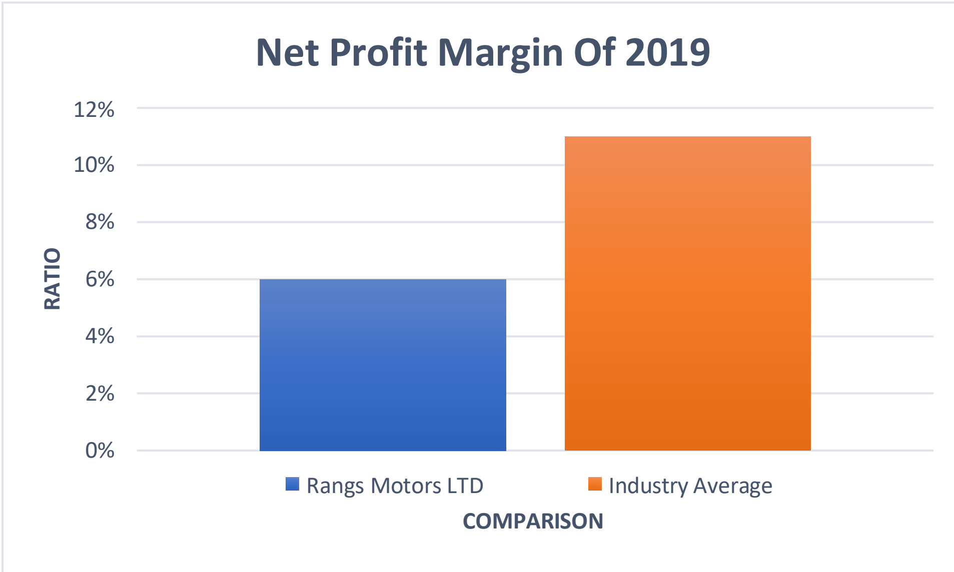
Industry Comparison Analysis- RML got 11% operating profit where the industry average is 15%. Here Rangs Motors have performed below average which is a big problem for net profit.

Suggestion- RML must improve their margin in operating profit as it impacts on net profit. They can do it by cutting down expenses or increasing sales.

Net Profit Margin

It is the ultimate profit of a company after deducting every expense and tax which makes it very important. Net profit margin proves a company's solvency in the market and how successful the company is. Rangs Motors got 4% net profit in 2017, again 4% in 2018 and6% in 2019.

Trend Analysis- From 2017 to 2019 we cannot see any major growth as it was 4% in both year 2017 and 2018. After that in 2019 it increased 2% and became 6%.



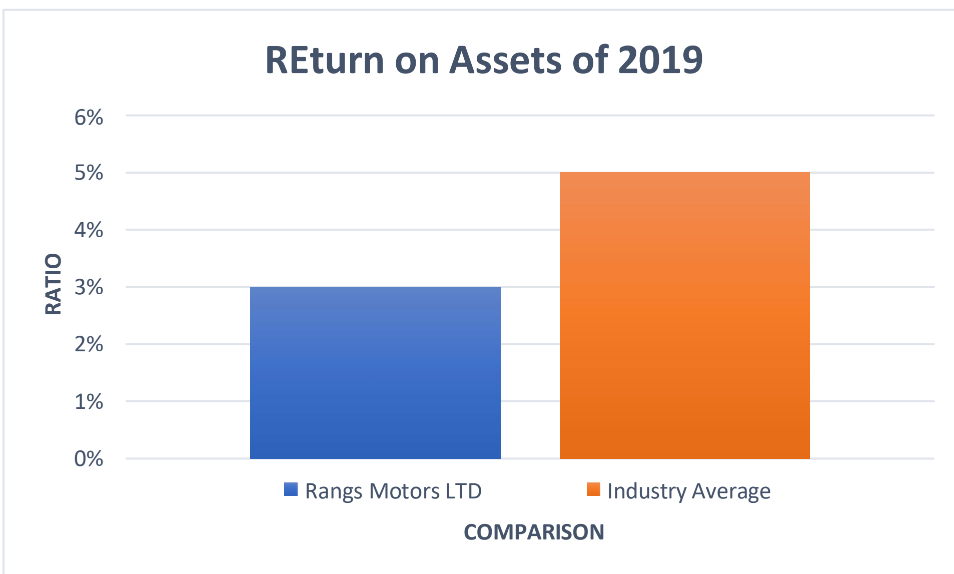
Industry Comparison Analysis- Comparing to the industry average which is 11%, RML had 6% in 2019 and that is half of the industry. This is a bad performance for the company as net profit margin is a vital element for any organization.

Suggestion- They have to reduce all the excess expenses which bis hampering their profit. Efficiency in sales and importing also be helpful for a long run.

Return on Assets

This ratio is needed to judge the efficiency of assets that an organization is profitable or not comparing to their assets. In 2017 Rangs Motors had 2% return on assets, in 2018 it was again 2% and in 2019 it became 3%.

Trend Analysis- In the year 2017 and 1018, the return on assets were constant without growing which is 2% then in 2019 it moved forward a bit and became 3%.



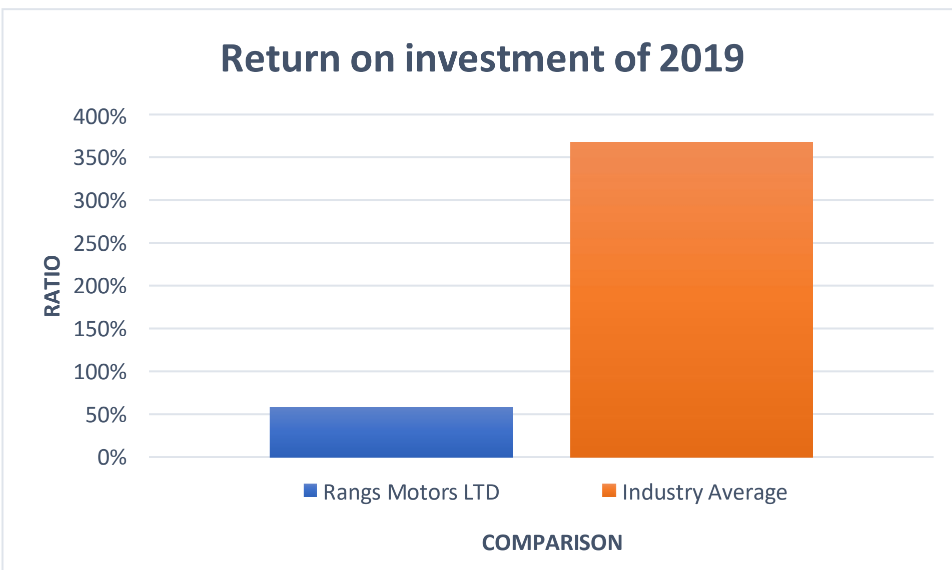
Industry Comparison Analysis- Industry average for return on assets are 5% in 2019 where RML got 3% which shows it is lagged behind.

Suggestion- RML needs to utilize their assets in a way that they can improve the ratio. They can reduce their expenses.

Return on Investment

It shows how much a company gained or lost in a year comparing to how much it invested in that year. In 2017 RML had a profit of 32%, in 2017 it was 36% and it went up to 58% in 2019.

Trend Analysis- We can a prominent growth of profit in RML's graph. In the year 2017 it was 32% and went a bit up in 2018 which was 36%. But in 2019 it jumped to 58% which is a good score for the company.



Industry Comparison Analysis- Though Rangs Motors had a growth in their profit but still they were far behind from the industry average of return on investments. In 2019 the industry average was 368% where RML score just 58% which is not a satisfactory performance.

Suggestion- It needs to structure its overall procedure of investments to get the highest profits. From the expenses to scope of investments they have to be very strict in this regard.

2.6 Operations Management and Information System Practices

IT department has two types of operation which are Software based and another one is Network of hardware. The whole functions of the company arestored and done through the help of these software and hardware.

1. Software

There are multi types of ERP (Enterprise Resource Planning) softwarewhich works like company's mother operation. All the necessary information and data of Sales, Accounts, Supply Chain Management, Lease and Credit, Customer Service, HR etcetera are there in the Orbits. If one needs the customer's information, they can find out in the ERP software, all accounts information, reconciliation of finance, payrolls of HR everything is there. It makes the work lot easier as employees don't need to rush here and there. They have the access to check everything.

2. Networking of Hardware

The whole company of RML is in a network umbrella. This makes everything connected and reaching towards employees are also easy in this way. There are few security systems as well as other networking system here which are-

- Firewall- It saves the network from hacking and outsideinvasion. This is very important to protect the data of the company.
- Mail Server- All the mails of the employees are sent and received through this server which creates no chances of missing important mails.
- AD & Exchange- To controlthe computers and server this is an important system.

2.7 Industry and Competitive Analysis

Having the full knowledge of the industry and the competitors are very important to establish and run a business successfully. This also helps to have the idea of a company's own capacity and capability with the matter to work on. Every business must have this before proceeding to the market for avoiding certain risks of damage.

2.7.1 SWOT Analysis

SWOT is one the most essential tools of analyzing internal and external environment. Through strength and weakness one can get to know about company's internal situation that what is its capacity, in which field it is good at and also can get the idea of where it needs to improve or how to tackle the weaknesses in this competitive market. On the other hand, opportunities and threats are the external factor by which company can sustain in the market. By using the opportunities, it will flourish and overcoming the threats will help it to sustain in the market.

Strengths-

- Rangs Group have a good reputation in the market since so long which gives RML an advantage of having a good brand name as well as trust of the customers. This brand value helps them to grab the market, a good communication power, trust of the customers and suppliers, sustainability in the market.
- They provide good quality vehicles as Mahindra and Eicher are well known brands. So, they don't compromise with the quality for their customer's satisfaction.
- RML has a very strong backup because of being a part of Rangs Group. If the company goes with a hard time, then they can ask for support and guidance from the other concerns. This is a strong strength of Rangs Motors.

Weaknesses-

- The marketing sector of RML is not strong. They are way to focused on sales but now a days businesses are so into marketing and advertising. If they can follow up to this, their sales will grow much more. Different marketing strategies will give them new clients or to have a good face value in the industry.

- They do not have versatile product segments which narrow down their position in the market. To be in the market and compete with others RML has to increase their product segment so that customers of different needs can have their service.

Opportunities-

- As already mentioned, that the company has a good face value and brand name so it easily can increase their product segments to launch new vehicles. It will help them to grab more market share, sales and customers.

Threats-

- RML's biggest threat is their competitors who have huge product segment in the market. For example, if we talk about runners, with their motor bikes they hold a good share in the market. So, to sustain in the market RML has to judge the competitors and proceed according to that.

2.7.2 Porter's Five Forces

Porter's Five forces are widely used to analyze the five forces of the business which shows different aspect of the organization's power, opportunities, weaknesses and all. It can showcase the inner strength of the business as well as the threats it has.

Threat of new entrants-

Entering into automobile industry is not that easy like other business as it needs huge number of investments and strong communication. Selling vehicles are not like selling some other products. Situation gets very rough in this business of automobile sectors as it depends on credit and credit collection is a tough process. Any normal new entrant won't take this risk usually but if some existing big companies want to shift to it then there might be competition. So, the threat of new entrants is low here.

Bargaining power of suppliers-

In this case, the supplier must have the ultimate power of bargaining as they are the brands like Mahindra and Eicher which give them much priority. As RML is the sole distributers of these brand's vehicles so they must hold the superior power being the supplier.

Bargaining power of customers-

There are two groups in case of holding customer powers like the big companies who buy large vehicles from Rangs Motors definitely hold some bargaining power but if we talk about the local customers like drivers or rent a car business then they don't have that much of power. So here the bargaining power depends on the position of the customer.

Threat of Substitutes-

The threats of substitutes are high because RML just had few options in their products segments as already mentioned but companies like Runners, Nitol etcetera they have wide range of vehicles like motor bikes, cars and all to offer to their customer. In a country like Bangladesh people are moving to bikes a lot so bikers' market is huge for pathao and uber. For big vehicles there are risk as well.

Industry Rivalry-

Rangs Motors have some obvious competitors in the market so the industry rivalry is high here. Its rivals are ACI Motors, Aftab Motors, Runner Automobile etcetera which gives tough competition to RML.

2.8 Summary and Conclusions

We can say that RML plays an important role in the automobile field of Bangladesh. It provides large and medium vehicles to the general people with so many facilities. When the customers fail to pay full payment while purchasing, their loans help them the most. Thus, the business of the small customers flourishes at the same time. The overall profit of the company is low than the industry but it didn't stop them to run their business. They have enough resources and loyal customers in the market. The buses that run in the roads of Dhaka are mostly EICHER which indicates the demand of RML's vehicles. They take care of their customers quite good and any customer can visit to their office any time with their problems. There are employees who are always assisting them whenever the customers arrive with problems. Customer feedbacks are taken seriously to make the products and service even better. The whole organizing and management team of Rangs Motors Ltd is so well structured and focused towards their work. Their employees are also very dedicated to the company and in return the company also takes care of the employees.

2.9 Recommendations

To be a more profitable organization RML needs to increase their sales and cover up the credit defaults. Its internal structure is good so changes in this sector is not needed. They just need add more product ranges and update their branding styles.

- It needs to diversify their products and update the vehicles according to the market's demand. Now electric vehicles are quite in demand in the market so RML can go for modern vehicles.
- Proper branding through all the existing branches in the country with some exclusive features like more free services and extended backup EMI payment.
- The company can launch a new line where they can do the job of truck transport or renting other vehicles. Now a days in the city many people need large vehicles in case of changing homes or offices and for many other events. This can be a profitable one.
- Invest in R&D which will always give them the benefits and ideas to overcome the problems that business might face.

Chapter 3: Project Part

Topic- Impact of Covid'19, natural disasters, environmental and social factors on credit defaults.

3.1 Introduction

Big companies with so many concerns, branches and variety of products usually deal with credit every now and then. Especially in the field of automobile sectors, credit plays an important role. But when a business deals with credit, it often feels pressure from the other side. Getting back the money on time from the customers is not a common on contrary company has to chase customers for money. Credit defaults are frequent in business and automobile company faces this problem in a larger scale because they sell vehicles which are usually high in price and customers cannot pay the whole money at once. Due to many reasons the credit defaults happen like when a country's economy is suffering, political unrest in the society, flood or accidents etcetera. But recently the most impactful factor that affected the credit defaults badly is Covid'19 pandemic. It didn't only bring sufferings to human health but also major problems for the businesses. Many businesses were shut down and the others faced tremendous loss. The credit defaults due to covid'19 became huge as where normal people couldn't manage their livelihood how can they pay the credits of the companies.

If we take the example of Rangs Motors Limited, we can clearly see that how much credit defaults they faced due to covid'19 and apart from that for usual environmental, social factors. It's an automobile sector which is why they are highly depended on the payments of customers. So, credit defaults make their profit out of way.In 2018 the credit defaults by the customers wereapproximately 30% which increased to 46% in 2019, in 2020 it continued to 36% the in 2021 it decreased and came to 20% as the effects of covid'19 was fading away slowly (Credit Report of RML, 2021). According to Harecur Rahman Saikat (Assistant Manager, Lease & Credit Dept, Rangs Motors Ltd),the overdue before covid'19 was 120 crore and after covid'19 it was 150. So, the total amount increased due to Covid'19 is 30 Crore and the number of customers (Defaulters) were approximately 769 which is almost 7.69% of the total customers.

3.1.1 Background

The basic factors that affect the credit collection of Rangs Motors Ltd are social factors like change in the economy, unemployment, political imbalance and environmental factors like climate change which transfers in to natural disasters like flood. When there are economic sufferings, people cannot afford basic necessities so expecting them to pay the loans of the company is not wise. Recently in the flood off Sylhet in 2022 has caused a very good credit default of Rangs Motors as the customers who have their trips on those areas couldn't make it which occurred loss and they failed to pay EMI on time.

According to Harecur Rahman Saikat (Assistant Manager, Lease & Credit Dept, Rangs Motors Ltd), in 2018 the amount of credit collection was 372 crore taka which dropped tremendously in 2019 and became 310 crores. In 2020 it went up a bit to 337.2 crore and again dropped in 2021 which is 308.4 crore. Here we see a massive impact of Covid'19 in the credit defaults. Customers feedbacks were like that they couldn't drive the vehicles in the pandemic, they didn't have any work there were no income so how could they pay those loans of Rangs Motors Ltd. The amount of credit defaults in 2019, 2020 and 2021 were respectively 14 crore, 10 crore and 6 crores so in total it was 30 crore credit defaults and the company and customers considered covid'19 as a major reason behind it.

3.1.2 Objective

Broad Objective-

Through broad objective one can know the main purpose of the study. The reason behind the study is the broad objective which needs to be justified through the study. Here the broad objective of my report is-

- Portraying that covid'19, natural disasters, environmental and social factors have major impact on credit defaults.

Specific Objectives-

Surrounding the broad objectives, studies have few specific objectives which will help to fulfil the broad objective. These are-

- Knowing about what credit default is and how it occurs.
- Understanding how covid'19 made the customers defaulters and finding out the reasons behind it.
- Finding out the effects of accidents, covid'19 and economic sufferings on customer's buying capacity.
- Making the audiences concerned about how to tackle the situation and have precautions about credit defaults.

3.2 Methodology-

A proper methodology is very important to complete research. It makes the process easier and logical of a study which proves to establish the topic of the report. For my research I have taken few methods which will make my statements clear for the study. These are:

Collection of Data- For my research I had to collect many data through surveys and the existing feedbacks of the customers which we collected through communicating with them. In this process I took the help of my supervisors and some other employeesofRangs Motors so that we can get the authentic data. This a major part of my research to conducts the tests I need to make.

Correlation Testing- Through this test, the relationship between credit defaults and covid’19, natural disasters, environmental and social factors will be shown. So, we will get a positive or negative relations of the factors with credit default.

Variables for Correlation-

- Number of credit defaults- The variable here is number of credit defaults that customers made and credit default is the unit.
- Impact of covid’19, natural disasters, climate change and economic sufferings on credit defaults- These are the other variables to correlate with no. of credit defaults.

Paired Sample T Testing- Here we will have the comparison of the before and after effect of covid’19 on credit defaults with this test.

Variables for Paired Sample test-

- Number of credit defaults before covid’19- here how many times customers have defaulted credits before covid’19 is considered as a variable.
- Number of credit defaults after covid’19- how many times customers have defaulted credit after covid’19 is considered as anothervariable.

3.3 Findings and Analysis

Impacts on credit defaults due to covid’19, natural disasters, environmental and social factors-

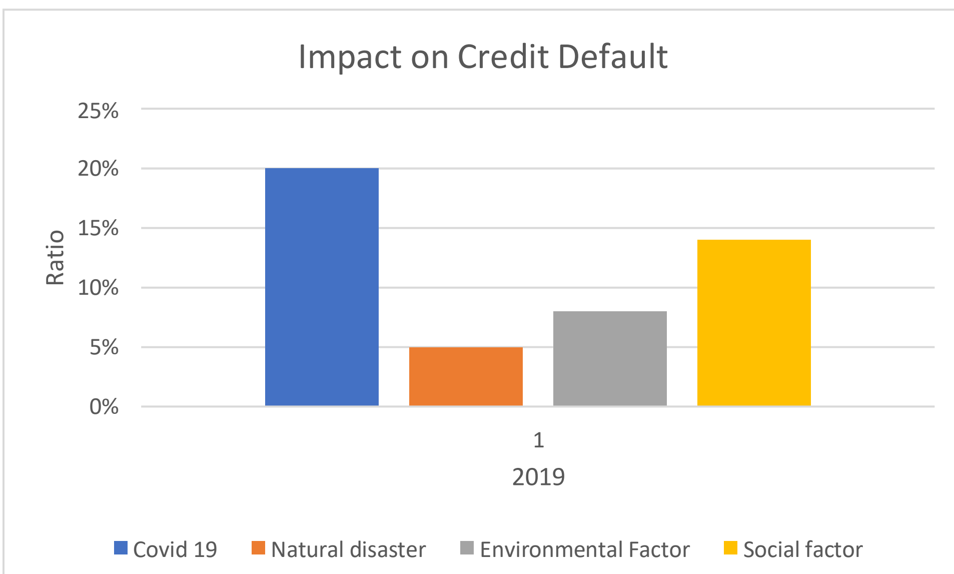
According to Harecur Rahman Saikat (Assistant Manager, Lease & Credit Dept, Rangs Motors Ltd), the credit defaults from 2019-2021 are like this:

Amount of Credit Defaults (In Taka)		
2019	14 Crore	47%
2020	10 Crore	33%

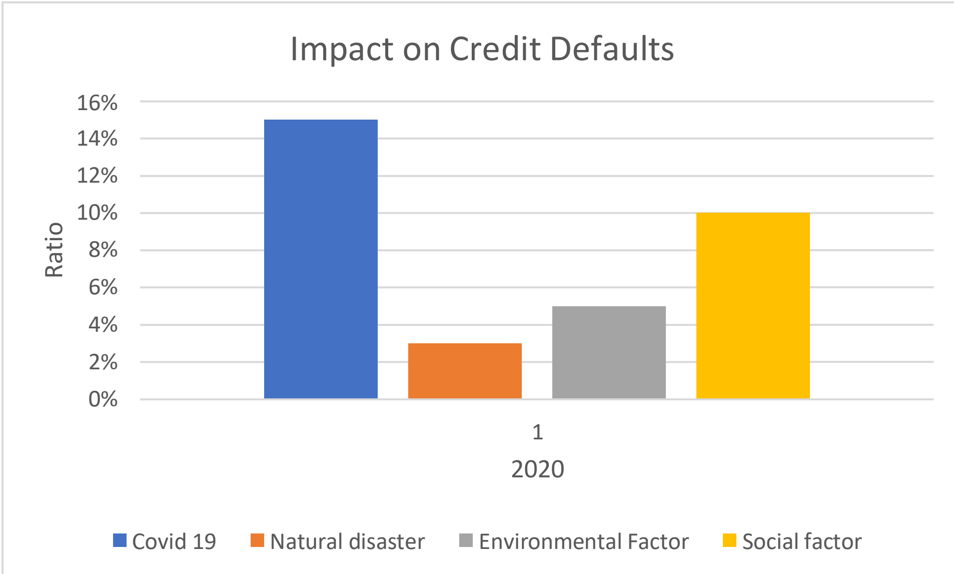
2021	6 Crore	20%
Total	30 Crore	100%

This amount of credit defaults happened due to Covid'19, Natural Disasters, Environmental and Social Factors. Though the percentage of each factors effecting the credit default is different in different years. According to the customers survey done by Lease and Credit Department of Rangs Motors Ltd:

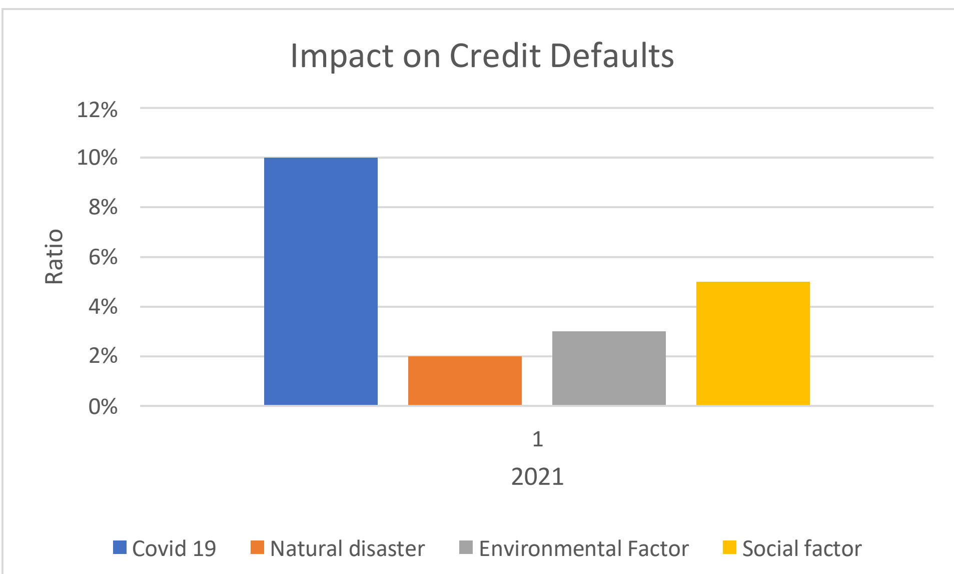
In 2019-Among the 47% of credit default, 20% happened due to covid'19, 5% from natural disasters like flood, land erosion, 8% from environmental factors like climate change which led to accidents in sudden rainy weathers, 14% is for social factors like economic sufferings, inflation, increased expense for livelihood which made customers unable to pay the loans of the company.



In 2020- Among the 33% of credit default, 15% is due to covid which is bit less than previous year as at the end of 2020 the effects were reducing, 3% for natural disaster, 5% for environmental factors and 10% for social sufferings which is also reduced than previous year because for heavy use of grocery and other supplies in pandemic business needed pickups.



In 2021-In this year the credit defaults were moreover in under control as among 20% of total credit default, 10% was from covid'19, 2% from natural disasters, 3% from environmental factors and 5% from social factors.

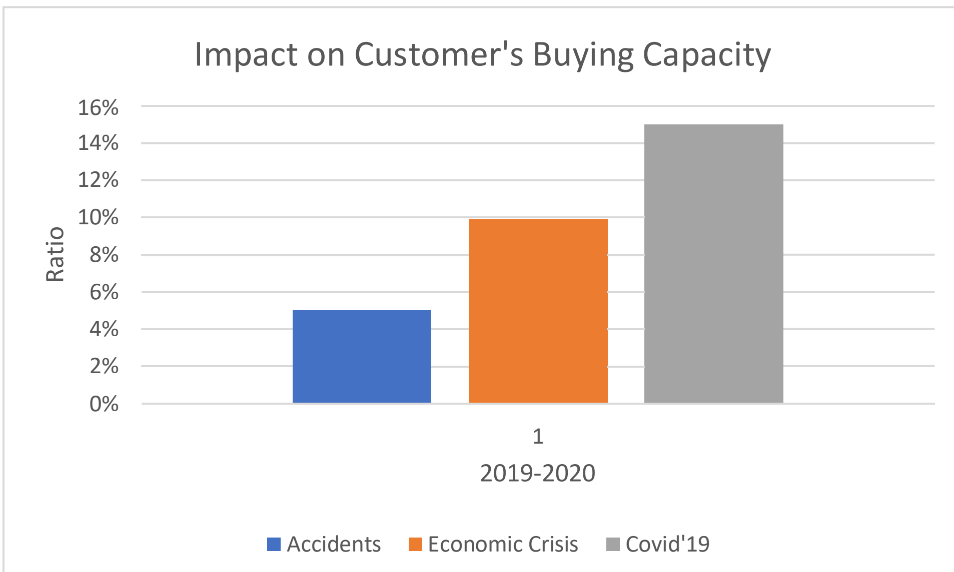


Customer's Perspective-

Covid'19 has a major effect on credit defaults from customer's perspective as when the pandemic started buses were totally for regular transportation. The profit that the businessmen used to earn through those buses were totally stopped and thus they couldn't pay the EMI. The normal drivers also faced the same problem. That's how covid'19 made the customers' credit defaulters.

When there are natural disasters like flood, the usage of the vehicles gets hampered which also led the customers towards credit defaults because their earnings are not enough to pay EMI in those situations. Environmental factors like heavy rainfall led to accidents which is also a reason for credit defaults. And economic crisis, sudden inflation etcetera makes the life of customers very difficult sometimes which create the situation of credit defaults. Thus, all these factors have great impact on customers not paying the EMI which led to credit defaults.

Impact on customer's buying capacity-



According to the customers survey done by Lease and Credit Department of Rangs Motors Ltd, customer's buying capacity has been affected due to some factors from 2019-2020. Here, due to accidents the buying capacity was affected by 5%, 10% by economic crisis and 15% by covid'19. When a customer purchases a vehicle, he utilizes it for earning profit and from that profit he buys more vehicles in future. So, whenever any casualty happens, the profit from customer's existing vehicles drops and it decrease customer's buying capacity further. Same thing happened in covid'19, many businesses that runs through pickup vans or trucks failed to flourish as they lost the capacity of buying during the pandemic.

According to the customer's survey and feedbacks, they expressed their willingness to purchase other vehicles but due to the existing vehicles accident, economic crisis and other factors like covid'19 they couldn't buy.

Statistical Methods

To find out the relation between credit defaults and covid'19 along with natural, environmental and social factors, some hypotheses are needed. Through these hypotheses the judgement of correlation and regression test will be done. So, the first hypothesis for correlation test is:

Correlation Testing-

H_0: There is no positive relation between the increased amount of credit defaults and impact of covid'19, natural disasters, environments and social factors.

H_1: There is positive relation between the increased amount of credit defaults and impact of covid'19, natural disasters, environments and social factors.

Correlations

Correlations		How many times you have defaulted credit?	Did covid19 had an impact on your credit default?	Did natural disasters had an impact on your credit default?	Did climate change had an impact on your credit default?	Did unemployment,economic sufferings had an impact on your credit default?
How many times you have defaulted credit?	Pearson Correlation	1	.656**	.623**	.551**	.438**
	Sig. (1-tailed)		.000	.000	.001	.008
	N	30	30	30	30	30
Did covid19 had an impact on your credit default?	Pearson Correlation	.656**	1	.764**	.582**	.583**
	Sig. (1-tailed)	.000		.000	.000	.000
	N	30	30	30	30	30
Did natural disasters had an impact on your credit default?	Pearson Correlation	.623**	.764**	1	.841**	.764**
	Sig. (1-tailed)	.000	.000		.000	.000
	N	30	30	30	30	30
Did climate change had an impact on your credit default?	Pearson Correlation	.551**	.582**	.841**	1	.764**
	Sig. (1-tailed)	.001	.000	.000		.000
	N	30	30	30	30	30
Did unemployment, economic sufferings had an impact on your credit default?	Pearson Correlation	.438**	.583**	.764**	.764**	1
	Sig. (1-tailed)	.008	.000	.000	.000	
	N	30	30	30	30	30

**. Correlation is significant at the 0.01 level (1-tailed).

Fig- Correlation Test

Interpretation of Correlation Test- The null hypothesis is rejected because r is more than 0.5 and the value of p is less than .01 in every variable. If we take the number of credit defaults and the impact of covid'19 on credit default as variables we can see that r is .656 and p is .000. Again, in case of credit default number and impact of natural disaster r is .623 and p is .000.

Same goes with the rest of two variable if we see the above chart of correlation figure. So, this proves that the null hypothesis can be rejected which means there is positive relation between the increased amount of credit defaults and impact of covid'19, natural disasters, environments and social factors.

Here, we cannot directly say that covid'19, natural disaster or other factors had caused credit defaults but it definitely proves that due to the covid'19 or natural disaster or social factors the credit defaults increased and the customers claimed them as major reasons.

Paired Sample T Testing-

H_0: There is no difference between the mean credit defaults before covid'19 and after covid'19.

H_1: There is difference between the mean credit defaults before covid'19 and after covid'19.

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	How many times you faced credit defalults before covid19?	6.8000	30	1.98963	.36325
	How many times you faced credit defaluts after covid19?	14.0667	30	7.26794	1.32694

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	How many times you faced credit defaluts before covid19? & How many times you faced credit defaluts after covid19?	30	.177	.348

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	How many times you faced credit defaluts before covid19? - How many times you faced credit defaluts after covid19?	-7.26667	7.18683	1.31213	-9.95027	-4.58306	-5.538	29	.000

Fig: Paired Sample T-Test

Interpretation of Paired Sample T-Test – Here the means of credit defaults before and after covid are statistically significantly different because the t (-5.538) value is bigger than the critical value (for degree of freedom 29 here the cv is 2.045), p value is also less than .05 and lastly the 95% confidence interval is not having 0 in both sides. This is why we can reject the null hypothesis here as well which means that the credit default before and after covid'19 is significantly different.

3.4 Summary and Conclusion

Business that provides credit to their clients and customers are very common scenario but in automobile sector this is a major part of the business. Generally, the automobile companies sell large vehicles along with some other middle range vehicles and mostly these are high in price. And paying all the money together while purchasing the product is mostly not possible by the clients so they take loans and pay through EMI's. Though the companies check the background of the customers and other information but it doesn't always go according to their plan. Credit defaults happen due to many reasons. It's not like the customers don't want to pay back.

In Rangs Motors Ltd, providing credits are a vital element in their business as they know their most of the target audience won't be able to pay that huge sum of money at once. By profession, many customers are drivers or people that lends the vehicles to drivers. Their source of income is driving the vehicle that they purchase and then they pay the EMI on monthly basis. So, whenever there is any obstacle like flood, accident, lockdown, economic crisis etcetera they couldn't make the income they were supposed to which make the payments of EMIs delayed and the company faces credit defaults.

Through observing all the tests and data of RML's credit defaults and customers' perspective, we can consider that the factors like covid'19, natural disasters, environments and social factors have an increased the amount of credit defaults in last few years. So, the impact of the factors is quite influential on the credit defaults. Through the correlation test, the positive relation between credit defaults and covid'19, natural disasters, environments and social factors have been showed. The same thing happened with customer's buying capacity. Whenever there were sudden changes like climate change or covid'19 or sudden inflation, customers have lost most of their buying capacity. And these are mostly taken from the customer's feedbacks and through their payments. Apart from customers' point of view, the employees of the company also agreed positively that the impact of covid'19, natural disasters, environments and social factors directly affects the credits.

For these reasons the companies must adapt major measures like proper down payments with safety money or funds for these incidents so that it won't harm the normal process of function the organization properly. As automobile companies especially Rangs Motors are mostly depended on the credit payments of the customers so all the focus should be there to collect the money with different tactics.

3.5 Recommendations

Natural calamities, accidents and factor like covid'19 pandemic these situations are not controllable. Companies have to cope with all these and try to devalue the negative impacts on their businesses. Due to the recent pandemic many clients and customers are demoralized to get back on track, to pay the EMIs or even to purchase vehicles. To get the customers back into the business again Rangs Motors can adopt-

- Additional fund for credit defaults so whenever there is any sudden incident like the pandemic, company can use this fund to function all the activities like they normally do.
- The credit collection unit has to be more connected to the customers so that they can easily reach to them.
- Target some big companies who works with large vehicles because collecting payments from them are comparatively easier from the drivers and other categories of clients.

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