



Agrani Bank Limited

Committed to serve the nation

**AGRANI BANK
LIMITED**

AN INTERNSHIP REPORT ON LOAN AND ADVANCE OF AGRANI BANK LIMITED

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27th December, 2015

Ms. Rahma Akhter

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Dear Madam,

As per your instructions, I have successfully completed my internship report, focusing on the loan and advance of Financial Institution, Agrani Bank Limited.

I have followed your guidelines and have included ideas that you shared during our discussions. During the period of my internship, I have come to learn a lot about different aspects of the banking industry, particularly of the loan disbursement of Agrani Bank Limited. I thank you very much for letting me have the opportunity to work on my internship report and really hope to meet your expectations and standards.

Sincerely yours,

Nusrat Jahan

Acknowledgements

A report book that requires a lot of information from various concerns is not the work of it authors or prepares only. To prepare a report by collecting the data of many kinds one or group is to depend upon many people and institutions concerned. It is my pleasure to get the opportunity to do my internship report on “Loan and advance”. I express my cordial gratitude to lecturer of department of business administration, of BRAC University for guiding me in the analyzing and preparing this report by providing all kinds of recent updated information which make the report an excellent one.

Finally, I like to thanks those people who helped me directly and indirectly to collect the necessary data and information to complete the internship report

Executive Summary

The dynamics of business has crossed its boundaries set decades back and have introduced strong motives of societal well-beings in dispensing business and fiduciary duties. The wind of globalization has also touched Bangladesh and Agrani Bank Limited is being interwoven into the psyche of local businesses. However, the change process is slow and only in its infancy due to not having the proper acceptance at the senior professional ranks or the board. The definition of banking in general terms, the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to earn a profit. The study of ABL in Bangladesh provides a bird's eye view of how banking engagements are being structured and whether banking initiatives are home grown within organizations or being partnered with other specialized entities. A bank executive suggested that banking has been taken one step up at our organization. We call it sustainability and each bank account holder is also being judged whether he/she is responsible to conduct business with this bank or not. Starting in 1995, the company policy is to have a sustainability fund of 0.75% of net profits to show their commitment to sustaining a CSR initiative. In this report, I have chosen Agrani Bank Limited as a sample. In this report I have analyzed and find out the reasons of dispersion of loan and advance.

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CHAPTER - 1

INTRODUCTION

1.1 Background of the Report

Internship program is a pre-requisite for acquiring BBA degree. Before completion of the degree, a student must undergo the Internship program. As the classroom discussion alone cannot make a student perfect in handling the real business situation, therefore, it is an opportunity for the students to know about the real life situation through this program. And a report is required to be prepared to summarize the intern's analysis, findings and achieved knowledge from this program. This report is a basic academic requirement for the completion of BBA under the Department of BBA, in BRAC University. The program consists of three phases:

- a) The orientation of the Intern with the organization, its function and performance.
- b) The project work pertaining to a particular problem or problems matching with the Intern's area of specialization and organizational requirement.
- c) The report writing to summarize the Intern's analysis, findings and achievements in the proceeding of the followings.

1.2 Objective of the Report

The report has two objectives:

- a) General Objective
- b) Specific Objective

a) General objective of the report:

The general objective of the report is to complete the internship. As per requirement of BBA program of BRAC University, a student need to work in a business organization for two months to acquire practical knowledge about real business operations of a company.

b) Specific objective of the report:

The specific objective of this report is to find and analyze the loan approval and monitoring process of Agrani Bank Ltd. It will also include gathering an idea about the securities behind the loan facilities and issuing different bank guarantees. Also includes the SWOT analysis and HR policies.

1.3 Scope of the Report

Satmasjid road Branch office different division of ABL. is used as sources of information. So scope of this report is the banking activities and accounting systems. So it is said that scope of this report is overall activities and accounting Policy and practices of government bank on the light of ABL.

1.4 Methodology of the Study

a) Report Design

A descriptive research approach has used to conduct the report. According to Business Research Methods by Willium G. Zikmund (Seventh Edition), descriptive research is a type of conclusive research which has its major objective is to provide the description of something-usually market characteristics or functions.

While conducting smooth and accurately study everyone has to follow some rules and regulations. In this report I use both primary and secondary data. The details of the work plan are furnished below:

b) Data Collection Method

Relevant data for this report will be collected primarily by direct investigations of different records, papers, documents, statements, operational process and different personnel. The interviews will administer by formal and informal discussion. No structured questionnaire will be used.

c) Data Sources

The information and data for this report will be collected from both the primary and secondary sources.

- Primary Sources:
 - Face-to-face conversation with the respective officers and stuffs of different section of the Branch.

- Relevant field study as provided by the officer concern.
- Secondary Sources:
 - Annual report of Agrani Bank Limited
 - Different manuals and publications of Agrani Bank Limited
 - Different manuals and publications of Bangladesh Bank.
 - Unpublished data (daily, monthly and yearly statements, ledgers) received from different section
 - Different text books.
 - Official web site of ABL.

1.5 Limitations of the Study

Like any other study the limitations of this study is not out of questions. But the following factors seem to me the main points of weakness of this study, despite all out co-ordination from the bank officials.

- The main constraint of the study is inadequate access to information, which has hampered the scope of analysis required for the study. I could not use some important confidential information of ABL because those may be very sensitive for the county and overall Banking operation of Bangladesh as ABL is a Government Bank. So, I could not use this confidential information in this report.
- Due to time limitations many of the aspects could not be discussed in the present report.
- Since a very few the bank personals have accounting based knowledge, many of official can't provide a good briefing to me.
- Another problem is that creates a lot of confusions regarding verification of data in case of interview from more than one person.
- I carried out such a study for the first time, so inexperience is one of the main constraints of the study.

Chapter - 2

OVERVIEW OF AGRANI BANK LIMITED

2.1 Introduction of Agrani Bank Limited

Agrani Bank Limited, a leading commercial bank with 879 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007.

Agrani Bank Limited is governed by a Board of Directors consisting of 13 (thirteen) members headed by a Chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 25 Divisions in head office, 62 zonal offices and 879 branches including 27 corporate and 40 AD (authorized dealer) branches

2.2 History of Agrani Bank Limited

Agrani bank, in pursuance of Bangladesh banks (nationalization) order 1972 (P.O. No-26 of 1972) came into being in 1971 taking over the assets and liabilities of the east while Habib bank ltd. And commerce bank ltd. Functioning in the then East Pakistan. The bank started operation with 249 branches with its head office in Dhaka. In principle, it changed its motto from class banking to mass banking. As there had been poor banking structure and it failed to build sound banking infrastructure by local entrepreneurs before independence and the newly born independent country was down with enormous economic problem, the new govt. Agrani Bank being one of the largest nationalized commercial bank must shoulder the responsibility of expanding its network in rural area. Presently bank has its 561 branches out of total 891 branches located in rural areas implementing as many as 29 programs targeting rural people. During my internship at Agrani Bank Ltd, I was placed in the Principal Branch under Head office of ABL. I enjoyed my total working with the young, skilled & professional employees and earn my knowledge regarding financial and non financial performance of Agrani Bank ltd. Bangladesh

2.3 Vision and Mission

To become the best leading state owned commercial bank of Bangladesh operating at international level of efficiency, quality, sound management customer service and strong liquidity.

Vision of ABL:

To become the best leading state owned commercial bank of Bangladesh operating at international level of efficiency, quality, sound management, customer service and strong liquidity.

Mission of ABL:

To operate ethically and fairly within the stringent framework set by our regulators and to assimilate ideas and lessons from best practices to improve our business policies and procedures to the benefit of our customers and employees.

2.4 Strategic Objectives of the Bank

- Winning at least 6.50 percent share of deposits and 5.50 percent share of loans and advance of Bangladesh market.
- Gaining competitive advantage by lowering overall cost compared to that of competitors.
- Overtaking competitors by proving quality customer service.
- Achieving technological leadership among the peer group.
- Strengthening the Bank's brand recognition.
- Contributing towards the economic well-being of the country by focusing particularly on SME and agricultural Sectors.
- Strengthening research capability for innovative products.

2.5 SWOT Analysis of Agrani Bank Limited.

SWOT Analysis is the detailed strategy of an organization's exposure and potential in perspective of its strength, weakness, opportunity and threat. This analysis used the organization to make their existing line of performance also foresee the future to improve their performance in comparison to their competitors.

By SWOT Analysis, an organization can also observe their current position. It can also be considered as an important tool for making changes in the strategic management of the organization.

SWOT is an acronym for the internal strength and weakness of a firm and the environmental Opportunity and Threat facing that firm. So if we consider Agrani Bank as a business firm and analyze its strength, weakness, opportunity and threat the scenario will be as follows:

Strength:

- Energetic as well as smart team work
- Good Management
- Lending rate is relatively competitive
- Cooperation with each other
- Good banker-customer relationship
- Strong Financial Position
- Huge business area
- Service charges are comparatively reasonable.
- Strong corporate identity
- Young enthusiastic workforce
- Empowered Work force

Weakness:

- Lack of proper motivation, training and job rotation
- Lack of experienced employees in junior level management
- Lack of own ATM services
- Tendency to leave the bank in quest of flexible environment
- Lack of proficient manpower in some department
- Limited advertising and publicity of bank's products and activities
- Absence of strong marketing activities
- Office environment is not good as private bank environment
- High charges of L/C

Opportunity:

- Growth of sales volume
- Change in political environment
- Launching own ATM card services
- Expansion of banking services into other different services

- Expansion branches of online
- Experienced Managers

Threats:

- Upcoming Banks/Branches
- Different services of FCB'S (Phone Banking/Home Banking)
- Similar products are offered by other banks
- Default Loans
- Financial Crisis
- Existing card services of Standard Chartered Bank or other private Bank
- Daily basis interest on deposit offered by HSBC
- Government has been controlling industrial credit
- Recession of global economy

Intensification of competition in the industry

2.6 Slogan of Agrani Bank Limited

The Slogan of Agrani Bank Limited is *“Committed to serve the nation”*



2.7 Product and Services of Agrani Bank Limited.

1) Deposit

- Taka Account
- Foreign Currency Account

2) Loans and Advances

- Continuous Loan
- Term Loan
- Rural and Agro Credit
- Small and Medium Enterprise Loan

- Import Finance
- Export Finance
- 3) **Treasury**
 - Money Market
 - Foreign Exchange Market
- 4) **Letter of Credit**
- 5) **Letter of Guarantee**
- 6) **Other Foreign Exchange Service**
- 7) **Cash Service**
- 8) **Fund Transfer**
- 9) **Value Added Service**
- 10) **Islamic Banking Service**
 - Deposit
 - Investment

2.8 DIFFERENCE BETWEEN GOVERNMENT BANK AND PRIVATE BANK:

- Private sector banks are owned by the private lenders. The private banks are also managed and controlled by private promoters and these promoters are free to operate according to the market forces.
- The interest rates of private banks are generally slightly costly as compared to public sector banks. Banking has been originated in the form of private banking. Generally, the private banks are looked as a large organization with global operations. A private bank may have retail banking facilities for their clients. They are known for better customer services and investment opportunities. Shareholders of the private banks generally seek short-term profits as their highest priority. The private banks are known for being well equipped with all kinds of contemporary tools and techniques.
- Government holds a major share in public sector banks and thus, important decisions are made by the government. The decisions are generally in the interest of the public. Their

main aim is to carry out the banking activities that cater to all the sections of the society. On the other hand, a private bank mainly focuses on short term interest. These banks do not have much interference of the government but at the same time these banks lack the administrative support of the government. To sustain in the competitive banking sector, the private sector banks have been using the best and latest software's.

- A government bank is formed by taking a bank and its assets into the public ownership. The national government of the country holds the ownership of nationalized banks. In nationalized banks the government controls the bank. This could refer to taking control of the public shares, change in management and new corporate strategy. This is a common practice in the countries of the west, where it is used as an emergency method to help the banks during rough times.
- Government is where majority of the stake in the shareholders that more than fifty percent of the stake is held by them.
- Private Banks majority of the stake owned by private shareholders.
- Fees and services of private banks have made names by providing better service. However, they charge for extra services they provided by them. On the other hand, government banks fees and services are less such as on balance maintenance. A lot of government banks are still picking up in the services.

CHAPTER - 3

THEORETICAL OVERVIEW

3.1 Introduction

A loan is a debt provided by an entity (organization or individual) to another entity at an interest rate, and evidenced by a note which specifies, among other things, the principal amount, interest rate, and date of repayment. A loan entails the reallocation of the subject asset(s) for a period of time, between the lender and the borrower.

In a loan, the borrower initially receives or borrows an amount of money, called the principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time.

The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants.

Although this article focuses on monetary loans, in practice any material object might be lent.

Acting as a provider of loans is one of the principal tasks for financial institutions. For other institutions, issuing of debt contracts such as bonds is a typical source of funding.

3.2 Definition of Loan

The term 'loan' refers to the amount borrowed by one person from another. The amount is in the nature of loan and refers to the sum paid to the borrower. Thus, from the view point of borrower, it is 'borrowing' and from the view point of bank, it is 'lending'. Loan may be regarded as 'credit' granted where the money is disbursed and its recovery is made on a later date. It is a debt for the borrower. While granting loans, credit is given for a definite purpose and for a predetermined period. Interest is charged on the loan at agreed rate and intervals of payment.

3.3 Definition of Advance

Advance is a 'credit facility' granted by the bank. Banks grant advances largely for short-term purposes, such as purchase of goods traded in and meeting other short-term trading liabilities.

There is a sense of debt in loan, whereas an advance is a facility being availed of by the borrower. However, like loans, advances are also to be repaid. Thus a credit facility- repayable

installments over a period is termed as loan while a credit facility repayable within one year may be known as advances. However, in the present lesson these two terms are used interchangeably.

3.4 Loan/Advance Products

a) Continuous Loan

- Cash Credit (Hypo)
- Cash Credit (Pledge)
- Secured Overdraft (SOD)

b) Term Loan

- Inland Bill Purchase (IBP)
- Export Cash Credit
- Industrial Credit (IC)
- Housing Loan (General & Commercial)
- Consumer Credit
- Loan for Overseas Employment
- Weavers' Credit

c) Rural & Agro Credit

- Crop Loan
- Fishery Loan
- Animal Husbandry Loan
- Agri Machinery Loan
- Rural Transport Loan
- Swanirvar Loan
- Poverty Alleviation Loan

d) Small and Medium Enterprise Loan

- Service Sector Loan
- Trading Sector Loan
- Manufacturing Sector Loan

e) Import Finance

- Loan Against Imported Merchandise (LIM)
- Loan Against Trust Receipt (LTR)
- Payment Against Document (PAD)

f) Export Finance

- Export Cash Credit
- Packing Credit (PC)

- Local / Foreign Bills Purchased (FBP)
- Loan Against Export Development Fund (EDF)
- Advance Against Cash Incentive (Subsidy, Assistance)

3.5 Types of Loan and Advance

Bank is a set-vice as well as profit oriented organization. So, making of loan and advance have always been prominent and profitable function of a bank. Sanctioning credit to customers and others out of the funds at its disposal is one of the principal services of a modern bank. Advances made in bank in different natures, such as, Cash Credit (CC), Overdrafts, Small-loans, Demand loans, Bills purchased and discounted, Home building loans and staff loans etc. Bank deals with the money from the deposits repayable on demand.

3.5.1 Cash Credit (CC)

A cash credit is an arrangement by which the customer is allowed to borrow money up to a certain limit. This is a parliament arrangement and the customer need not draw the sanctioned amount at once, but draw the amount as and when required. He can put back any surplus amount, which he may find with him. Thus, Cash Credit is an active and continuous process in which deposits and withdrawals going on frequently. Interest is charged only for the amount withdrawn and not for the whole amount charged. It is operated in the same way as a current account on which an overdraft has been sanctioned. Cash Credit accounts are, however, maintained in a separate ledger. Primary securities under consideration in case of cash credit are goods, products and merchandise. This is most favorite of borrowing by large commercial and industrial concern. On account of the advantage that a customer need not borrow at once. He can either draw or repay; in whole amount or in part, the amount advanced at any time to suit his convenience. Cash Credit are of two types, such as :

- 1) Cash Credit Hypothecation
- 2) Cash Credit Pledge

3.5.2 Overdraft

An overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero. In this situation the account is said to be "overdrawn". An overdraft allows the individual to continue withdrawing money even if the account has no funds

in it. Basically the bank allows people to borrow a set amount of money.

If there is a prior agreement with the account provider for an overdraft, and the amount overdrawn is within the authorized overdraft limit, then interest is normally charged at the agreed rate. If the negative balance exceeds the agreed terms, then additional fees may be charged and higher interest rates may apply. From customer's point of views, this arrangement is advantageous, as he is requires to pay interest on the amount actually he used by him. Overdraft facilities are generally granted businessmen for expansion their business against securities of stock in trade, shares, debentures, government promissory notes, fixed deposit, life insurance policies, gold and gold ornaments etc.

3.5.5 Small Loan

Small loan accounts in its present form of fluctuating. It refers to the lending allowed to small traders, cottage industries, small-scale industries and self-employed persons. The maximum ceiling for this loan is at present TK. 5000/- for small traders and self-employed persons. TK. 2, 00,000/- for cottage industries and small-scale industries.

3.5.6 Demand Loan

Loan (such as an overdraft) with or without a fixed maturity date, but which can be recalled anytime (often on a 24-hour notice) by the lender and must be paid in full on the date of demand is called demand loan. Also, the borrower can pay off a demand loan at any time without incurring early-payment penalties. It is also called call loan or money at call.

A **demand loan** is a loan that the lender may require the borrower (a brokerage house) to repay at any time. It is a loan that must be paid on demand from the lender. Demand loans are often used to fund margin accounts; alternatively, they are common for personal loans with no set maturity.

3.6.7 Staff Loan

Bank provides advances to the staff for buying motor-cycles and motor-cars, for wedding their sons or daughters etc. It is called staff loan. Bank provides this advance at a little or no interest. This benefit is generally calculated as the interest on the loan at a prescribed rate, minus any interest actually paid on the loan within the year or 30 days after year-end.

3.5.8 Home Loan

Home Loan is a Secured loan offered against the security of a house/property which is funded by the bank's loan, the property could be a personal property or a commercial one. The Home Loan is a loan taken by a borrower from the bank issued against the property/security intended to be bought on the part by the borrower giving the banker a conditional ownership over the property i.e. if the borrower is failed to pay back the loan, the banker can retrieve the lent money by selling the property.

3.5.10 Crop Loan

Agricultural loans help farmers run their farms more efficiently. It can be difficult to keep up with all of the costs associated with running a farm, so farmers need low interest agricultural loan to help them stay afloat.

Fortunately, the government often steps in with low interest loans and other subsidies that help farmers turn a profit.

Agrani Bank provides Crop Loan to farmers at a low interest rate.

3.6 Interest Rate

Loan sector	Interest Rate
Crop Loan	8%
Fishery Loan	8%
Poverty Alleviation Loan	8%-9%
SME & Micro Credit	9%-12%
Large & Medium Enterprise Loan	14.50%
Import Finance	15%
Export Finance	7%-15%
Demand Loan	15%
General Home Loan	14.50%
Commercial Home Loan	15%
Commercial Loan	15%

CHAPTER: 4

ANALYSIS of LOAN & ADVANCE

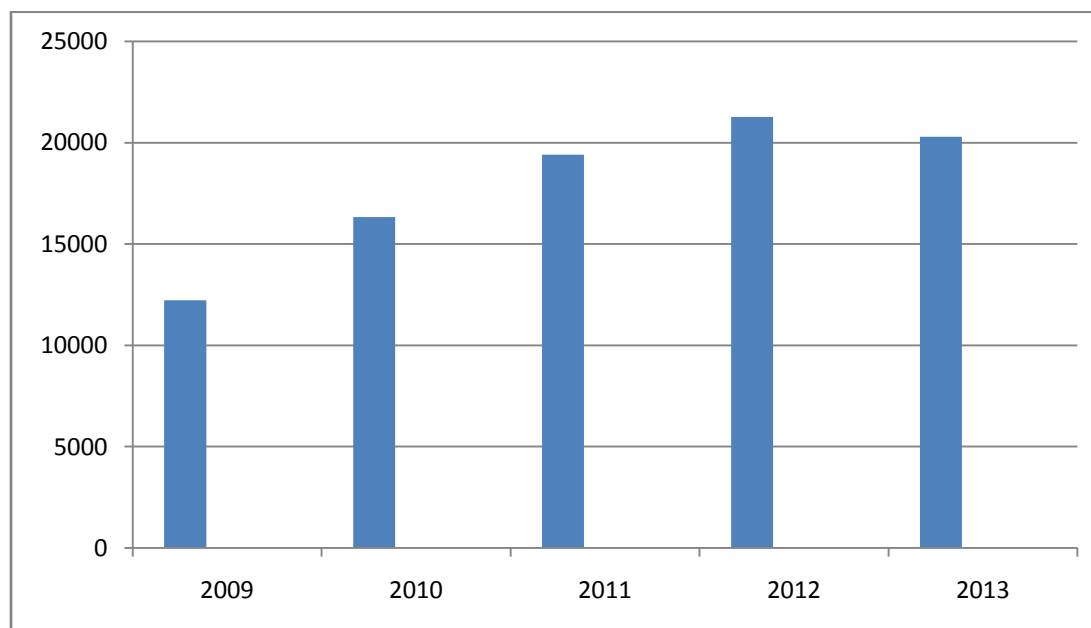
4.1 Total Loan Sanction:

The total sanctions of Loans and Advances of Agrani Bank from financial year 2009 to 2013 are given below:

	Taka in Crore				
Year	2009	2010	2011	2012	2013
Amounts	12,223.61	16,325.62	19,408.56	21,266.30	20,296.54

Data Source: Agrani Bank Annual Report

Graphical Presentation

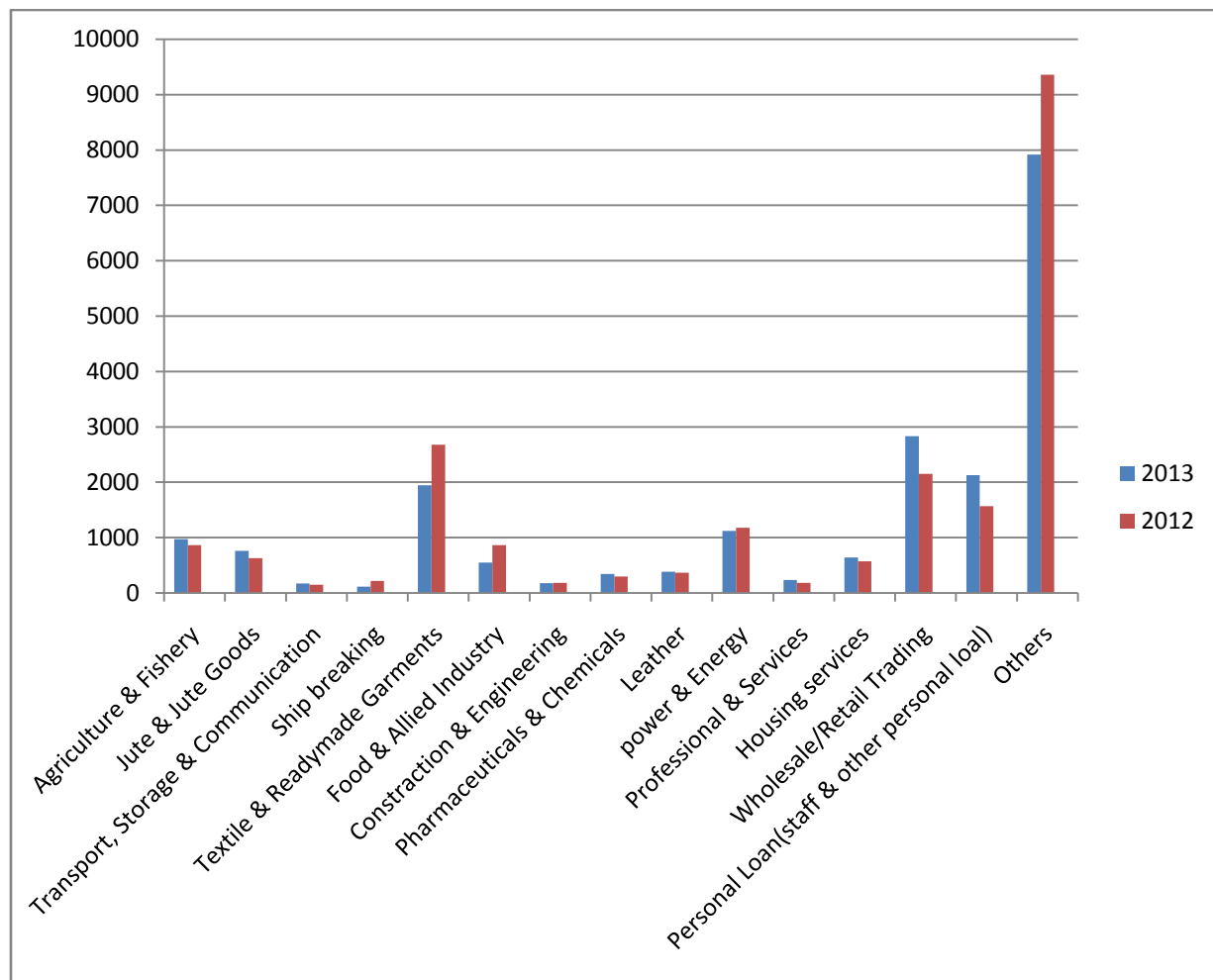


Comment: In the above figure we see that the total loan and advance of Agrani Bank from 2009 to 2012 is increasing trend that indicates better performance in providing loan and advance during this time but after 2012, In 2013 the amount of loan and advance decreased.

4.2 Sector Wise Loan:

Sector-wise Loans	2013	2012	2011	2010	2009
Agriculture and Fishery	972.07	864.64	727.91	740.13	694.33
Jute and Jute Goods	758.19	630.27	798.30	888.43	650.24
Transport, Storage & Communication	174.27	150.03	174.43	252.08	71.49
Ship Breaking	115.72	219.71	220.14	95.48	71.49
Textile and Readymade Garments	1,947.77	2,675.42	3,178.53	1,694.97	1,269.09
Food and Allied Industry	550.84	863.27	985.16	680.84	509.62
Construction and Engineering	175.75	185.05	425.47	314.55	235.52
Pharmaceuticals and Chemicals	345.41	298.07	378.55	427.65	320.19
Leather	380.86	364.10	371.19	534.81	464.47
Power & Energy	1,119.90	1,180.42	746.70	195.73	7.48
Professional and Services	236.95	182.27	140.21	131.03	93.02
Housing Service	638.20	572.12	449.84	1473.82	1,370.80
Wholesale/Retail Trading	2,833.58	2,152.78	2,254.77	2,687.14	2,011.98
Personal Loan (staff loan and other personal loan)	2,128.84	1,569.16	1,490.40	1,379.19	1,293.56
others	7,918.19	9,358.99	7,066.96	4,829.95	3,152.71
Total	20,296.54	21,266.30	19,408.56	16,325.2	12,223.61

Graphical Presentation (Sector wise Loan:2013& 2012)



Comment:In the above figure and graph we see that the percentage of loans in the Textile and Readymade Garments, Food and Allied Industry, Power and Energy, Ship breaking , and Constraction and engineering has decreased.

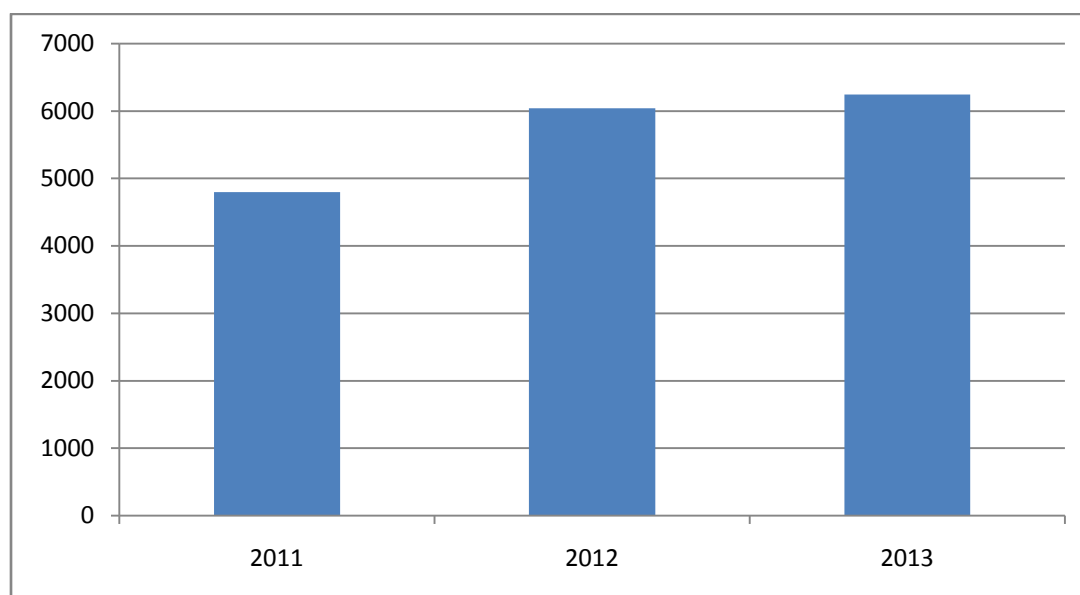
4.3 Industrial Credit:

Taka in crore

Year	2011	2012	2013
Amounts	4797.06	6042.73	6243.50

Data Source: Agrani Bank Annual Report

Graphical Presentation:



Comment: In the above figure we see that the total industrial credit of Agrani Bank from 2011 to 2012 is increasing trend that indicates better performance in providing loan and advance during this time but after 2012, In 2013 the amount of industrial credit has increased not much.

4.3.1 Major Industrial Loan Sectors:

Agrani Bank Limited sanctioned loans in different sectors, the important ones of which are as follows:

Textiles (Spinning, Weaving, Dyeing, Knitting, Finishing)	Education
Export-Oriented Garments Industry	Poverty Alleviation
Dairy and Poultry	Small and Cottage Industries
Leasing	Power Plant
Land Developer	Plastic and Rubber
Fisheries	Cement
Bread and Biscuit	Ceramic
Rice and Flour Mills	Paper and Board Mills
Ice Mills	Tanneries
Forest and Allied	Printing and Packaging
Pharmaceuticals	Engineering
Transportation	Electrical and Electronics
Bricks	Computer
Hotel	Food and Allied
Chemicals	Filling Station
Hospitals and Clinics	Glass and Glass ware
Telecommunication	Commercial Building and Shopping Mall

4.3.2 Performance of Industry Sector: 2012 & 2013:

The comparative study of project loans between 2012 and 2013 is as follows:

Year	Loan Sanctioned		Loan Disbursed		Outstanding
	Number	Amount	Number	Amount	
2012	2,691	7,372.00	2,628	6,042.73	5,172.07
2013	2,716	7,482.00	2,646	6,243.50	5,709.41

Loan Disbursement of Industrial Sector of Agrani Bank from 2009 to 2013 according to various sectors wise is given below:

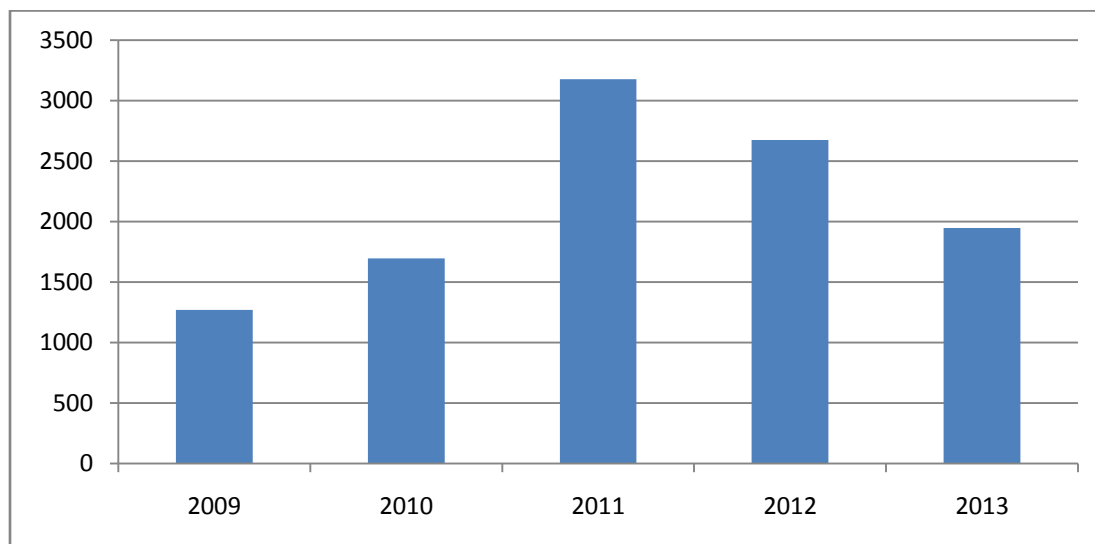
4.3.3 Textile and Readymade Garment Industry Loan:

Taka in Crore

Year	2013	2012	2011	2010	2009
Amounts	1,947.77	2,675.42	3,178.53	1,694.97	1,269.09

Data Source: Agrani Bank Annual Report

Graphical Presentation:



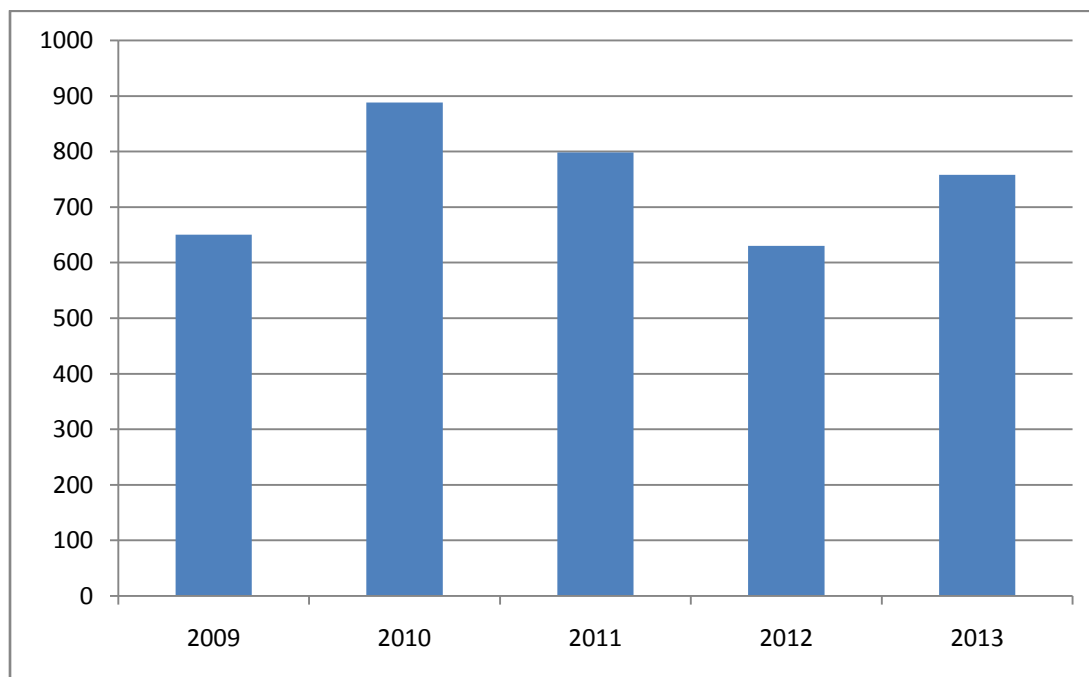
Comment: In the above figure we see that the Loan Disbursement on Textile Industrial Credit of Agrani Bank is increasing from 2009 to 2011 but after 2011 it is continuously decreasing from 2011 to 2013.

4.3.4 Jute Industry Loan:

Taka in Crore					
Year	2013	2012	2011	2010	2009
Amounts	758.19	630.27	798.30	888.43	650.24

Data Source: Agrani Bank Annual Report

Graphical Presentation:



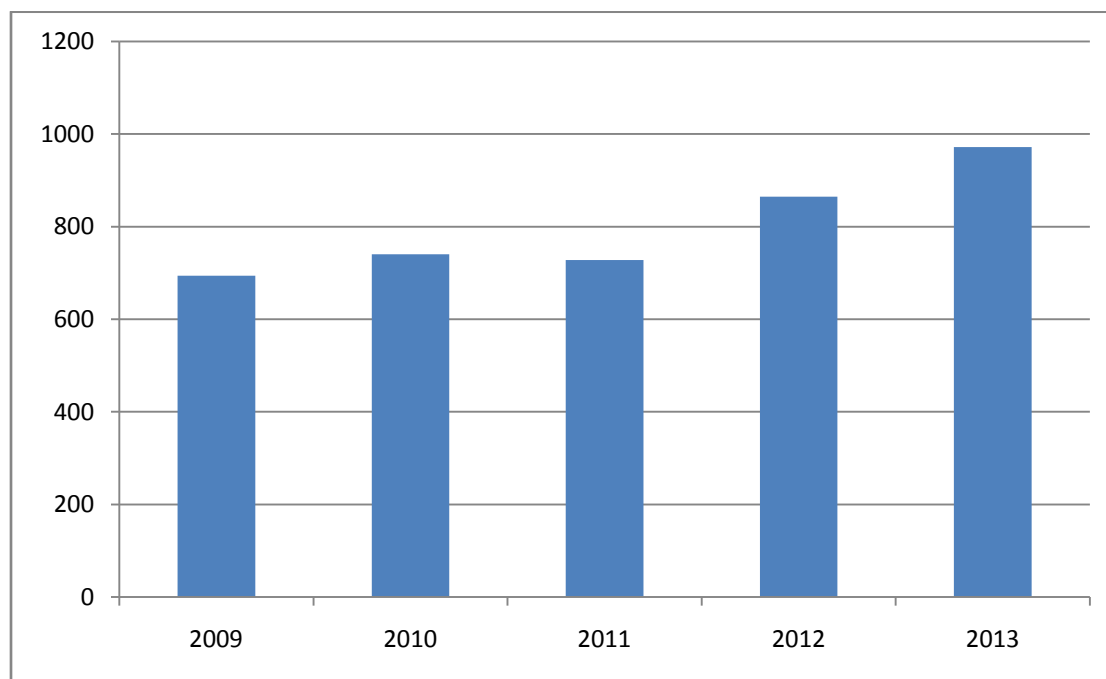
Comment: From the table and graph we see that the Loan Disbursement on Jute Industry is increasing and decreasing. From 2009 to 2010 it's increase and then in 2011 it's decrease, in 2012 it's decrease again and in 2013 it is in increasing trend.

4.4 Agricultural and Fishery Loan:

Year	2013	2012	2011	2010	2009
Amount	972.07	864.64	727.91	740.13	694.33

Data Sources: Agrani Bank Annual Report

Graphical Presentation:



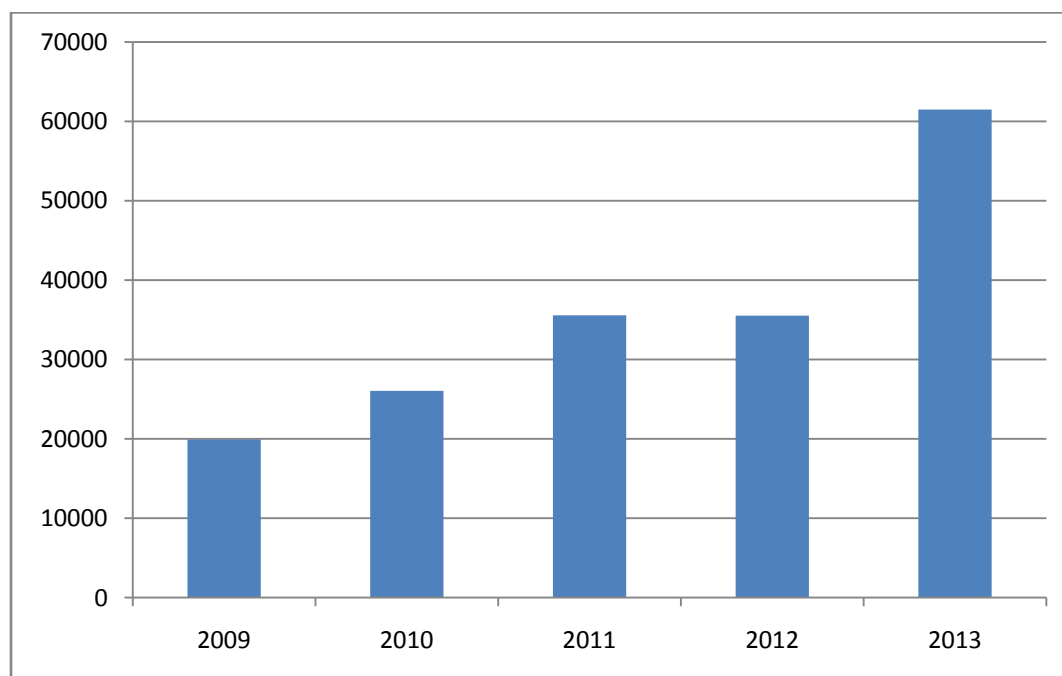
Comment: From the table and graph we see that the agriculture and fishery loan is increasing and decreasing. From 2009 to 2010 it's increase and then in 2011 it's decrease, in 2012 it's increase again and in 2013 it is in increasing trend.

4.5 SME Financing:

Year	Loan Outstanding (BDT in millions)		Loan Disbursed (BDT in millions)	
	Number	Amount	Number	Amount
2009	12,092	8,745	27,262	19,921
2010	14,519	12,100	29,948	26,059
2011	15,030	11,791	33,872	35,553
2012	13,317	12,496	33,551	35,512
2013	15,081	1,403	38,042	61,490

Data Source: Agrani Bank Annual Report

Graphical Presentation:



Comment: From the table and graph we see that the SME financing is increasing and decreasing. From 2009 to 2010 it's increase and then in 2011 it's also increase, in 2012 it's decrease and in 2013 it is in increasing movement.

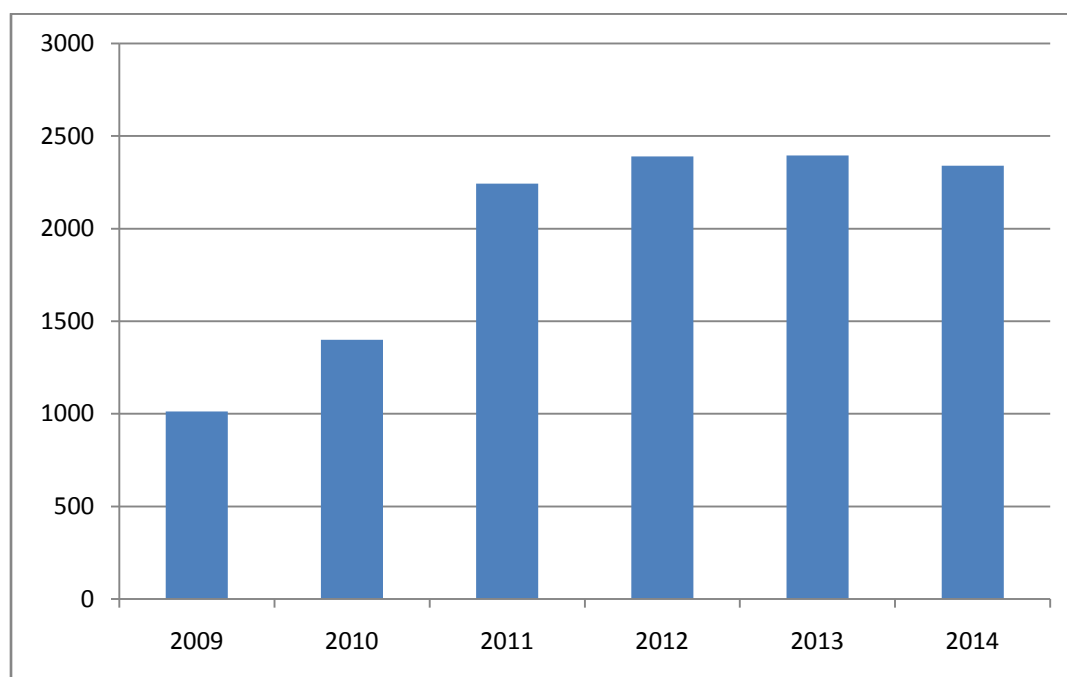
4.6 Interest on Loan and Advance:

Taka in Crore

Year	2014	2013	2012	2011	2010	2009
Amount	2339.48	2394.73	2389.48	2243.47	1399.76	1012.24

Data Source: Agrani Bank Annual Report

Geographical Presentation:

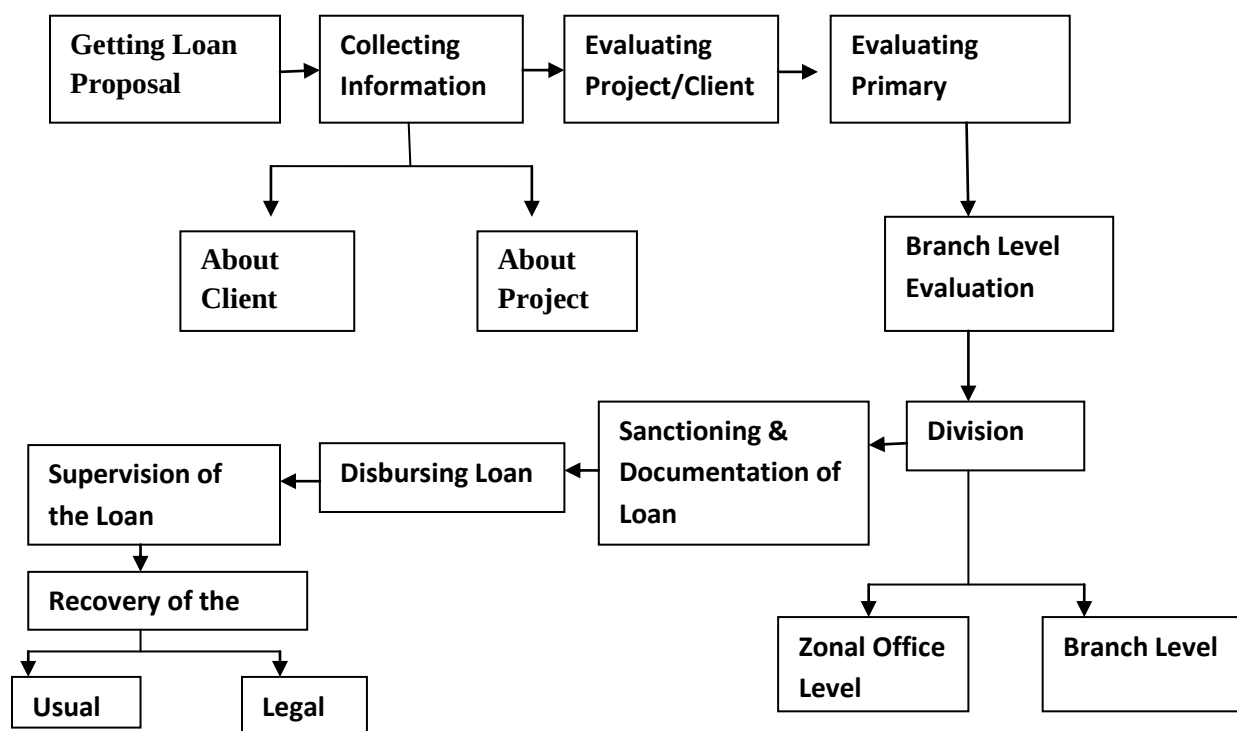


Comment: Here loan and advance from 2009 to 2010 is increasing. Moreover from 2011 to 2012 the trend is increasing in a way and from 2013 to 2014 its decreasing lightly.

CHAPTER: 5

5.1 Sanction Procedure of the Loan:

When a borrower approaches to ABL for a loan, he or she is required to fulfill the following criteria: He or she has to be a client of the bank. He or she needs to apply properly & describing the purpose of the loan amount needed and his or her capacity of repayment.



5.1.1 Getting Loan Proposal:

Bank provides loan facilities to the people who are credit worthy to the bank. Credit worthiness depends on the credibility, financial capability, and feasibility of the project and management ability of the clients to earn profits. When bank is satisfied with all these then the client is provided with the requested loan. At this point it should be mentioned that the client has to go through an interview where his loan potentiality is justified through critical observation. When

loan officer is satisfied with the customer he is asked to submit an application and to fill up a form with specific details.

5.1.2 Evaluating project/ client:

When Credit officer is satisfied with his credit worthiness, financial capability, management ability and feasibility of the project through credit appraisal of clients in a prescribed form, he/she can hope for credit from the bank. Credit appraisal is done through 'credit appraisal form'. Ratio analysis is give importance in case of project finance. But most of the medium quality loans are given on the basis of financial capability of repaying and credit worthiness of the client. Lending risk analysis is done in a prescribed form in case of large amount of loan, above 50 lac. Credit officer prepares a credit proposal along with the prescribed 'Credit Proposal Form'. Credit officer measures the risk associated with the credit facility. No credit proposal can be put for approval unless there has been a complete written analysis. It is absolute responsibility of the proposing officer to ensure that all necessary proposal documentation have been collected before the facility request is sent to the sanctioning officer.

5.1.3 Evaluating Primary Security:

The primary function of the modern bank is to make advance against various types of securities whether moveable or immovable. To bind the charge of those securities, banks create some documents to protect the safe guard of bank interest or bank money.

The documentation varies depending upon the types of securities being accepted & nature of charge being created. Document should execute and stamped according to the law.

Mainly document of the bank is called charged document in which bank may create charge against its disbursement.

Charge Document:

- Letter of acceptance (true copy of sanctioned advice)
- DP note
- Letter of disbursement

- Letter of Continuity with a stamp of BDT. 300.00
- Letter of guarantee
- Letter of undertaking
- Letter of agreement
- Memorandum of deposit of title deed
- Balance confirmation sleep
- Revival letter
- Deed of hypothecation of goods
- Letter of Authority

5.1.4 Decision:

Branch Level:

It is to be headed by the Branch Manager, other members to be selected by the manager in consultation with head office.

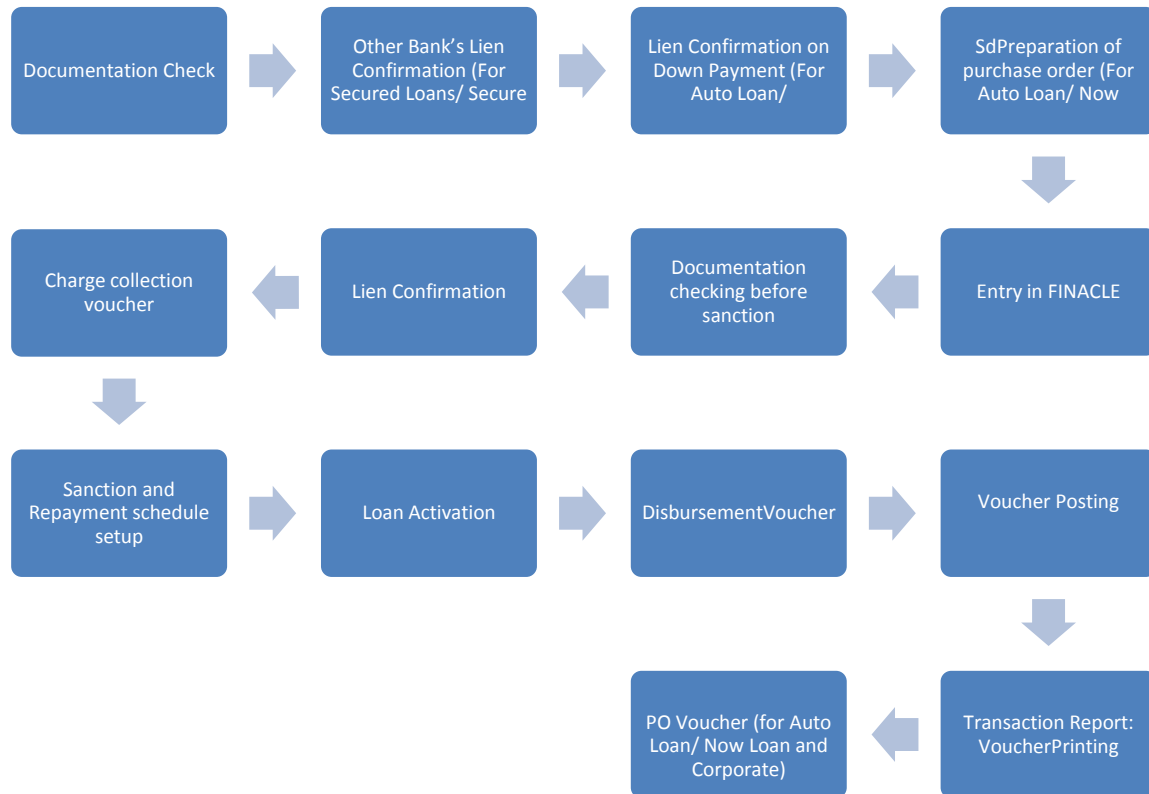
Zonal Office Level:

Zonal office credit in accordance with authority established and delegated by the Board of Directors.

- Reviewing, analyzing and approving extension of credit in accordance with authority established and delegated by the Board of Directors.
- Evaluate the quality of tending staff in the bank and take appropriate steps to improve upon.
- Recommending credit proposal to the executive Committee/Board of Directors which are beyond the delegated authority.
- Ensuring, that all elements of credit application i.e. Forms. Analysis of statements and other papers have been obtained and are in order.

5.1.5 Disbursing Loan:

Process flow for loan disbursement:



5.1.6 Recovery of the loan:

When a problem loan is detected the responsible loan officer takes the corrective action and tries to minimize the loan losses by allowing different facilities to the client. The steps are followed by the Agrani Bank to manage the clients are:

- Open discussion with the borrower
- Discussion with third party to find out the underlying reasons
- Issuing the “1st Reminder” letter to inform the due date and due installments
- If the party does not respond issuing the “2nd Reminder” and the “3rd Reminder” letter
- Revise the loan agreement
- Concession of interest (if the client is difficult to

Chapter – 6

HUMAN RESOURCE MANAGEMENT

6.1 Human Resource Management

Human resource management involves all management decisions and practices that directly affect or influence the people, or human resources, who work for the organization. In recent years, increased attention has been devoted to how organizations manage Human Resources. This increased attention comes from the realization that an organization's employees enable an organization to achieve its goals and the management of these human resources is critical to an organization's success.

6.2 Functions of HRM

- Planning for Organization, Jobs and People
- Strategic Human Resources
- Human Resources Planning
- Job Analysis
- Acquiring Human Resources
- EEO (Equal Employment Opportunity)
- Recruiting
- Selection
- Building performance
- Human Resources Development
- Human Resources Approaches to improving Competitiveness
- Rewarding employees
- Performance Appraisal
- Compensation and Benefits
- Safety and Health
- Labor Relation
- Employment Transitions
- Managing Multinational HRM

6.3 Job Analysis

The procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it.

The process of job analysis is of two types:

1. Job Description
2. Job Specification

A. Job Description

A list of a job's duties, responsibilities, reporting relationship, working conditions, and supervisory responsibilities- one product of a job analysis.

B. Job Specification

A list of a job's "human requirement", that is, requisite education, skills, personality, and so on – another product of a job analysis.

6.5.1 Organizational Practices:

Organizational Practices is not properly followed by Agrani Bank Limited. Job description and specification exists in the organization but in the case of demand and supply of their human resource in different department and branches they usually not assess the demand and supply gap properly, as a result employee surplus and shortage have been found in their several department and branches as well. In this case what they did, if there is shortage of employee they have tried to find out the area and then search employees from other areas and by giving proper training they sent them and if there is any surplus employees exists the branch manager or divisional head usually not informed Human Resource Department.

6.4 Recruitment

When a vacancy occurs and the recruiters receive authorization to fill it, the next step is a careful examination of the job and an enumeration of the skills, abilities, and experience needed to perform the job successfully.

The Recruitment Process of the Organization:

Organization
Vacant or new position occur
Perform job analysis and plan recruiting effort
Generate applicant pool via internal or external recruitment methods
Evaluate applicants via selection process
Impress applicants
Make offer

6.5 Selection:

Selection the right employees are important for an organization. First own performance always depends in part on subordinates. Employees with the right skills and attributes will do a better job for the company. Employees without these skills won't perform effectively and as a result the firm will suffer.

6.7.1 Process of selection:

Selection activities typically follow a standard pattern, beginning with an initial screening interview and concluding with the final employment decision. The selection process typically consists of eight steps:

1. Initial screening interview
2. Completing the application form
3. Employment test
4. Comprehensive interview
5. Background investigation
6. A Conditional job offer
7. Medical or physical examination
8. The permanent job offer.

6.6 Conditional Job Offer:

If a job applicant “passed” each steps of the selection process so far, it is typically customary for a conditional job offer to be made. Conditional job offers usually are made by an HRM representative. In essence, what the conditional job offer implies is that if everything checks out “okay- passing a certain medical, physical or substance abuse test” the conditional nature of the job offer will be removed and the offer will be permanent.

Job offer:

Those individual who perform successfully in the preceding steps are now considered to be eligible to receive the employment offer.

Organizational practice:

Agrani Bank Ltd recruit employees both formal and informal ways. Formal recruitment usually dose through newspaper advertisement, where entry-level employees has been recruited. In the advertisement, criteria are mentioned specially for recruitment. But sometimes they also recruited experienced people in med level and top level. Informal method is also true for this bank. In this case they consider the educational level for entry level i.e. cash officers, junior officers etc. They also recruit mid-level people those who are experienced and good track record. Top level people recruitment also been done on contract basis.

6.7 Training:

The process of teaching new employees the basic skills they need to perform their jobs.

Training refers to the methods used to give new or present employees the skills they need to perform their jobs. Training might thus mean showing a machinist how to operate his or her new machine, a new salesperson how to sell his or her firm’s product, or a new supervisor how to interview and appraise employees. Training basically provide to the entry-level employees.

On the job training: It means learning by doing. It means employees training completed while he works. It is basically a practical oriented training program.

Off the job training: It means training provided to the employees out of the office in a training institute for a particular period of time i.e. for 15 to 20 days. During this time the employee does not have to go to office.

Method of Training and Development:

There are some training and development methods which is given as under:

Training	Development
1. On the job Training 2. Apprenticeship Training 3. Informal Learning 4. Job Instruction Training 5. Lecture 6. Program Learning 7. Vestibule or Simulated Training 8. Computer Base Training 9. Training Via CD- ROM and the internet	1. Managerial on- the- job Training 2. Job Rotation 3. Role Playing 4. Behavior Modeling 5. In HouseDevelopmentCenter

Organizational practice:

Skilled human resource is nucleolus of any service-oriented organization. By keeping this in med- level they give priority in human resource development. For human resource development and making them updated Agrani Bank Ltd. provide training to its employees throughout the year in its well-decorated training institute situated on the Noia Polton. The institute has own trainer and also bring specialist as a guest speaker for provide training. Besides employees are also being sent to BIBM for better training.

6.8Performance Appraisal:

Performance appraisal:

Performance appraisal is defined as evaluating an employee's current or past performance relative to his or her performance standard. The appraisal process therefore involves:

1. Setting work standard
2. Assessing the employee's actual performance relative to these standard and
3. Providing feedback to the employee with the aim of motivating the person to eliminate performance deficiencies or to continue to perform above per.

6.9 Compensations, Rewards and Benefits

Compensation:

Employee compensation refers to all forms of pay or rewards going to employee and arising from their employment, and it has two main components. There are direct financial payments in the form of wages, salaries, incentives, commissions, and bonus and there are indirect payment in the form of financial benefits like employer- paid insurance and vacations.

Pattern of compensation

1. Reward:

Reward basically provided to the employees of the organization for their good performance. It is of two types (1) Intrinsic and (2) Extrinsic.

(1) Intrinsic Reward:

It is the personal satisfactions one gets from the job itself. These are self-initiated rewards, such as having pride in one's work.

(2) Extrinsic Reward:

It includes money, promotions and benefit. Their common thread is that they are external to the job and come from outside source, mainly management.

2. Benefits:

Benefits include mandatory protection programs, pay for time not worked, optional protection programs, private retirement plans and a wide variety of other services.

Pattern of Reward and Benefit

Reward and Benefit
• Increment (Double/ Triple) • Cash Benefit • Promotion • Best performance • Provident fund

- Group Insurance
- Profit bonus
- Gratuity

Chapter 7

Conclusion and Recommendations

Conclusion

Loan and advances granted by Agrani Bank Ltd are highly beneficial for firms, individuals, companies and industrial concerns. Loan may be regarded as credit granted where the money is disbursed and its recovery is made on a later date. It is a debt for the borrower. Advance is a credit facility granted by the bank. Bank granted advances for short term purposes. Loan and advances granted by banks help in meeting short term and long term financial needs of business enterprises. Loan and Advances comprise the most important asset as well as the primary sources of earning of the bank. A prudent bank management should always try to make an appropriate balance between return and risk involved with the loan portfolio and unregulated bank might be with unregulated risk for maximizing its potential return .In such a situation, bank might find itself in a serious financial distress instead of improving its financial health .Consequently not only the depositors but also the general shareholders will be deprived of getting back their money from the bank. Credit Division of Agrani Bank has a very qualified and dedicated group of officers and staffs who are always trying to provide the best service to the clients. They always monitor the credit in different sectors and their position. Before providing the loan they analyze whether the loan will be profitable and whether the client is good enough to repay the loan within the given period of time. Credit department diversified their loans in different sectors classified by them. Among the sectors the bank doesn't provide more loans in the agricultural side. The reason showed that this sector is very risky and depends on natural climate and still didn't expand their service in the rural side. The bank also does not provide more loan in the small & cottage industry. The reason is that the return from this sector is not very good and also the sector is very uncertain. The bank provides most of the credit facility in term loan mainly in long-term loans. Return from short-term loan is very good and also proves to be very safe to finance.

Recommendations

- The procedure of loan sanctioning should be automated to make sanctioning of loan less time consuming and reducing the risk of losing documents of disbursed loans.

- The bank should diversify its loans more to finance small entrepreneurs for better growth of the country.
- The bank can provide student loan, doctors loan etc., this may encourage the students to come forward to do something for the economy. And also increase the amount of personal loan and consumer loan.
- Strong promotional activities should be increased to motivate its present potential loans related clients. More loans can be granted for new entrepreneurs, new businessman and new companies etc, which ultimately reduce “class banking”
- The law and order should be easier for the bank to liquidate the collateral, so that the borrower can be able to pay the debt easily.
- Maximum number of the loan is provided in the long-term industrial loans. Bank’s clients are also limited. So, they can’t serve the economy of the country that much. So, they should diversify their loans more in agriculture, forestry, fishing and new industries etc. for better economic growth of the country.
- Installment period and installment time duration should be increased so that the borrower can utilize their debt facility properly for profit maximization.
- In case of some mortgage problem such as acquisition, proprietorship and problem of asset, the bank should try to avoid this type of loan sanction.
- The bank should try to increase its recovery amount since loan amount each year has been increased. The bank should induce quality client and select best project for risk free rate of interest.
- The bank should update its loan and advances strategy in sustainable and appropriately enough to survive in the market.
- The bank should provide more loans of small scale in different sectors though it will decrease the profit a little. But it will be very safe.
- In a competitive financial market, the bank should innovate its products & services need to be focused more on customer’s needs.

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