

# **BANK ASIA LIMITED**



**“Foreign Trade Activities in Bank Asia Ltd.”**

**Submitted To**

**Ms. Tasneema Afrin**

**Lectuere, BRAC Business School**

**BRAC University**

**Submitted By**

**Mr. Md. Tawfique Hossain**

**Bu id#07304024**

**Depertment BBS**

January 19, 2012

Ms. Tasneema Afrin  
Lecturer, BRAC Business School  
BRAC University

**Subject:** Submission of Internship report.

Dear Madam,

With the great pleasure I submit the internship report as a partial fulfillment of BBA Program. I tried to give a best effort to prepare this report on “**Foreign Trade activities in Bank Asia Ltd.**” according to your guideline. I also tried to focus my best work sincerely to cover all aspects regarding the matter. Practical exposure is very essential for orientation with the real world- working area. I have learned a sound knowledge and understand on the basic operation of the bank. I have thoroughly enjoyed in preparing this internship report which has contributed significantly to my understanding on the essentials and importance practical knowledge. I express my special gratitude to you for dedicating your valuable time and helping me whenever needed.

At the time of preparing report, some flaws may emerge; hope that you will consider these flaws favorably.

Sincerely Yours,

---

Mr. Md. Tawfique Hossain  
BU Id # 07304024.

# Acknowledgement

First of all I would like to my cordial thanks for almighty Allah whose uniqueness, oneness, and wholeness are unchallengeable guided us in difficult circumstances. All respects are for his holy prophet Hazrat Muhammad (SM) Peace be upon him, who enable us to recognize the oneness my creator.

I am greatly indebted to my respected teacher Ms. Tasneema Afreen who always supported me a lot.

It was a great experience for me in this first meeting of three months with my Practical life; I have the honor of working with some highly talented, initiative, impressive and inspiring banking executives. They guide me in learning the works performed by them in their routine tasks. They always try to find out my own interest in everything that concern banking. For that purpose they always kept me a huge work under pressure. Entire the internship period I got learns so many things which will be better for my future life. Although all the people working in the bank were very supportive, co-operative and friendly, but still I would like to mentioned some names whom I found topping the list to give thanks and expose my gratefulness to Mr. Zahid Hossain VP and manager and Mr. Md. Mazibur Rahman AVP & Sub manager. And Mr. Nur-E-Alam Senior Officer who always supports me during my internship period to provides me a various types of information about the report preparing.

Finally I express appreciation many others for providing me necessary information regarding bank.

# Executive Summary

The report stands for foreign trade activities in Bank Asia Ltd. Foreign trade operation is one of the significant functions of the bank. It plays a vital role in overall economy of the country. Foreign trade contains Import and Export section and foreign remittance department contains inward and outwards remittance. From the beginning to last second of report the entire procedure has been published with the full of required data. All the clauses and steps are clearly mentioned in this report. The details about Letter of credit i.e. classification of L/C, L/C opening procedure, types of L/C, L/C payments moods, required documents, documents checking, transmitting L/C, about pre-shipment inspection when it is needed. Amendment, why it is required and when? Lodgment system. When document is going out retire what the last step of retirement. The entire system about import financing, how could the bank assist to importer through financing. And also disclose the matter about export procedure. The procedure began to get the ERC (Export registration certificate) by chief controller of import & export office. After that, receiving the letter of credit and advising L/C, necessary document collection and negotiation. How the bank assist to exporter through financing. Last but not the list the foreign trade remittance process. And performance and trend analysis. Here expose export & import growth. The export growth is positive impact for economy.

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# Chapter 1

## **Origin of the report:**

The internship program is most crucial part of the BBA students. The entire program duration is 12 weeks ( 3 months) which carrying out a best learning way and to know about the organizational proceedings as well as cope up with those environment as manner of professional employees. These learning could be made the student professional, sincere, well communicator, punctual and also be a smart in various aspect. In order to internship purpose I was appointed to Bank Asia ltd. corporate branch in Sonargaon road. The Organization attachment Started on 24<sup>th</sup> September 2011 and ended on 25<sup>th</sup> December 2011. The internship report is based on “**Foreign Trade activities in Bank Asia Ltd.**”. Corporate branch.

Ms. Tasneema Afrin lecturer department of Brac Business School at BRAC University assign this project to me.

## **Objective of the report:**

### **Broad Objectives:**

- To examine and analysis overall foreign exchange activities

### **Specific Objectives:**

- To learn about foreign trade activities i.e. Export & Import
- To know about how to issuing L/C, Advising L/C etc.
- To be acquainted with the Export & Import required documents
- The consequence process of Transmitting L/C, L/C amendment, & Lodgment system.
- To get a practical knowledge about Export procedure and the system of foreign remittance.

## **Methodology:**

This report has been prepared on the basis of experience gathered during the period of internship and my own learn and understanding. The entire process has been made by collecting primary data which played a vital role and easy to write down the report and secondary data was needed for supportive structured buildup to the report.

### **Primary Data:**

- Direct conversation with the bank officers.
- Daily activity conducted by me at the bank.

### **Secondary data:**

- Annual report of Bank Asia
- Web browsing
- Journals and Books

**Scope of learning:**

With the whole internship period it was a splendid experience to know and got chance to work in the foreign exchange department. It's a great achievement for me to learn and implement by practically the entire procedure of export and import trade. To be trained about the L/C opening, required document checking, payment moods register entry and also got to know regarding Bangladesh Bank reporting. One of the most crucial parts is foreign remittance it also a part of better understand to inward and outward remittance. All of these opportunities I had captured in that practical field and also to expand knowledge.

**Limitations of the report:**

- The organization maintains confidentiality about certain information so they are reluctant to disclose to all. Hence, the report does not have many important information and data.
- Sometimes the concerned personnel may not provide enough time due to rush banking hours.
- As a matter of fact three months is too short after that I had tried to give best effort to my learning purpose.

# Chapter 2

## **History of Bank Asia:**

Bank Asia Ltd. Is third generation bank and scheduled commercial Bank in the private sector which established on 27<sup>th</sup> November in 1999 under the banking company act 1991 and incorporate in Bangladesh as a public limited company under the company act 1994 to carry out banking business in Bangladesh. Bank Asia has been launched by a group of successful entrepreneurs. The management of Bank consists of a team lead by senior bankers with vast experience in national and international market. Within a short period of time Bank Asia is able to disclose its self existence and established its own position in the market as one of the first growing local private bank at present it has 50 branches all over the Bangladesh. Since its inception in 1999, it set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. Again in 2002 the bank acquired the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB). In the year 2003, the bank went public by offering shares to the general investor and in 2004 the listed itself with the stock exchange

## **Mission Statement of the Bank Asia:**

- To assist in bringing high quality service to the customers and to participate in the growth and expansion of the national economy.
- To set high standers integrity and bring total satisfaction to the clients, shareholders and employees.
- To become the most sought after bank in the country, rendering technology driven innovative service by the dedicated team of professionals

**Vision of the Bank Asia:**

- To have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream.
- To build a society where human dignity and human right receive the highest consideration along with reduction of poverty.

**Objective of the Bank Asia Limited:**

- Giving full attention to the customer
- Identifying customer actual needs
- Improving customer service quality
- Creating happy relationship with the customer
- Giving importance even to smallest query
- Attracting new worth through higher sales and profit
- Creating image through serve the best service & product
- Achieving corporate objective through joint effort.

**Slogan of Bank Asia Ltd:**

For a better tomorrow “ does not have to confined with the limited service rather enhanced existing service and brought up new services in order to their existing and potential clients for made the life more easier”

## **Product of Bank Asia:**

- DPS+ (deposit pension Scheme plus) is a 3, 5, 7, 10 and 12 years term. Monthly installment raising from BDT 1000/- to BDT 10000/-
- MB+ (monthly benefit plus) is 3 and 5 years scheme that lets you earn monthly benefit of BDT 1000/-(before tax) for deposit of BDT 1, 00,000/- or it's multiple.
- DB+ (double benefit plus) is a six year scheme. The deposit will be double in 6 year. Minimum initial deposit for the scheme is BDT 1, 00,000/- or it's multiple, maximum is BDT 25, 00,000/- under single name. & BDT 40, 00,000/- under joint name.
- TB+ (triple benefit plus) is a 9 years 6 month scheme. The deposit will be tripled in 9 years 6 months. Minimum deposit for the scheme initially BDT 10, 00,000/- or it's multiple, maximum is 25, 00,000/- under single name. & BDT 40, 00,000/- under joint name.
- FDR (fixed deposit rate) 1 months and 2 months tenure below 2 crore 10% per annum. 2 crore & above 12% per annum. 3 months, 6 months, and 1 year any amount will get 12%. And 1 year above will get 11% for any amount.

## Corporate Information:

- Letter of Intent received: 24/02/1999
- First meeting of the Promoters held: 15/04/1999
- Certificate of Incorporation received: 28/09/1999
- Certificate of Commencement of Business: 28/09/1999
- First meeting of the Board of Directors held: 01/10/1999
- Banking license received: 06/10/1999
- First Branch license received: 31/10/1999
- Inauguration of Bank: 27/11/1999
- Date of Publication of Prospectus: 29/06/2003
- Date of IPO Subscription: 23/09/2003, 24/09/2003
- Date of First Share Trading in Bourse: 08/01/2004
- Date of Agreement with CDBL: 20/12/2005
- Date of First Scrip less Trading: 30/01/2006
- Number of Promoters: 22
- Number of Directors: 12
- Number of Branches: 50
- Number of SME centers: 9
- Number of Islamic Wing: 4
- Number of Brokerage Branches: 2
  
- Auditors: Rahman Rahman Huq  
Chartered Accountants  
9 Mohakhali C/A  
(11th & 12th Floors)  
Dhaka 1212, Bangladesh.
  
- Legal Advisor: Hasan & Associates  
Barristers & Advocates  
Dhaka Chamber of Commerce  
Building (6<sup>th</sup> floor)

65-66 Mothijheel C/A  
Dhaka-1000, Bangladesh.

- Registered Office:

Tea Board Building (1st floor)  
111-113, Motijheel C/A,  
Dhaka – 1000, Bangladesh  
Phone: (880 2) 7177031, 7177032  
7177034, 7160938  
Fax: (880 2) 7175524  
SWIFT: BALBBDDH  
WEB: [www.bankasia-bd.com](http://www.bankasia-bd.com)  
E-mail: [bankasia@bankasia.com.bd](mailto:bankasia@bankasia.com.bd)  
Internet Banking: [www.bankasia.net](http://www.bankasia.net)



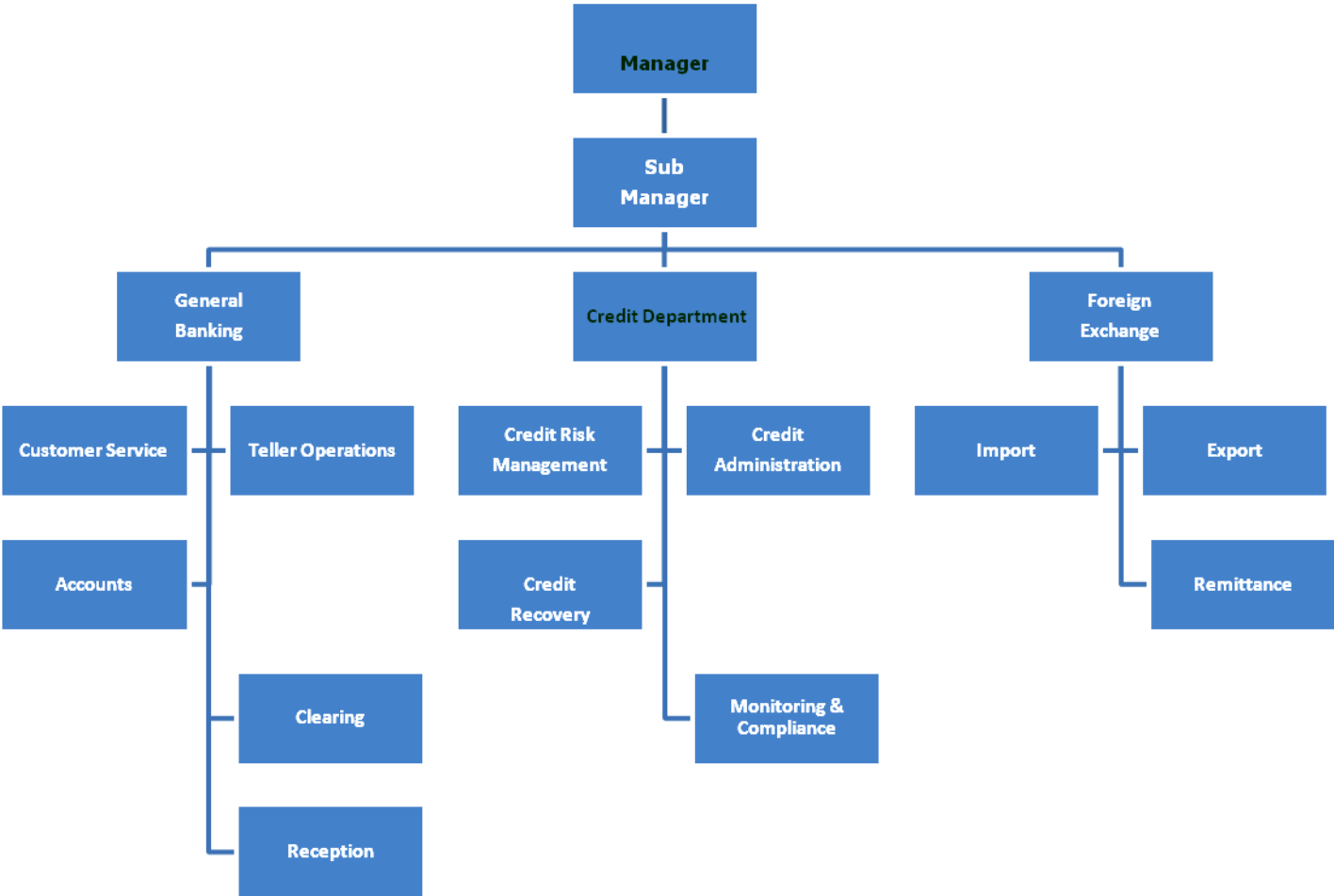
## Hierarchy of Bank Asia:

President and Managing Director
Deputy Managing Director (DMD)
Senior Executive Vice President (SEVP)
Executive Vice President (EVP)
Senior Vice President (SVP)
Vice President (VP)
First Vice President (FVP)
Assistant Vice President (AVP)
First Assistant Vice President (FAVP)
Senior Executive Officer (SEO)
Executive Officer (EO)
Senior Officer (SO)
Management Trainee Officer (MTO)
Officer
Junior Officer (JO)
Assistant Officer (AO)
Banking Officer (BO)
Trainee Officer (TO)

### List of the employees Bank Asia Corporate Branch

<b>SL. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Department</b>
1	Mr. MD. Zahid Hossain	Manager & VP	Branch
2	Mr. MD. Mazibur Rahman	Sub-Manager & AVP	Branch
3	Ms. Shaheen Ara	FAVP	GB & Accounts
4	Ms.Marshia Binte Saad	FAVP	Credit
5	Ms.Krishna Shaha	SEO	Foreign Trade
6	Ms. Sahanaz Begum	SEO	Foreign Trade
7	Mr. Partha Kumar Shah	SEO	Credit
8	Mr. Masudul Bari	EO	Credit
9	Mr. Nur-E-Alam	SO	Foreign Trade
10	Ms. Marina Nargis	SO	Foreign Trade
11	Mr.Mohammad Shohel Rana	Officer	Foreign Trade
12	Ms.Silvia Akter Rini	Officer	General Banking
13	Mr. Abu Sharif Nazmul Ahmad	Officer	Credit
14	Mr. Md. Manzurul	Officer	Customer Service
15	Ms. Jhuma Purification	Officer	Clearing
16	Ms. Farhana Islam	JO	Remittance
17	Ms. Sadia Sarmin	JO	Customer Service
18	Mr. Maniruzzaman	BO	Cash
19	Ms. Raz Sultana Chaity	BO	Accounts
20	Ms. Fariha Hasan	BO	Cash
21	Ms. Sadia Tasnim	Receptions	Dispatch
22	Mr. Sheik Atikur Rahman	ARO	Marketing
23	Mr. Md. Shadat Ullaha	ARO	Marketing

# Structure of Bank Asia Corporate Branch

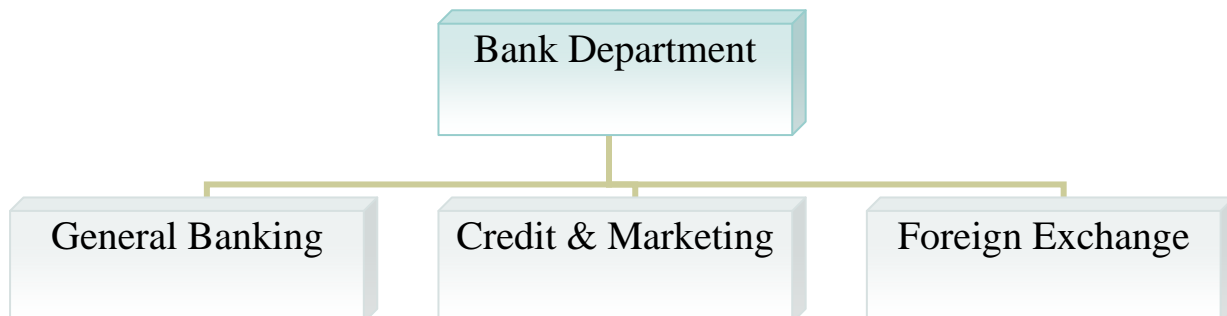


# Chapter 3

## Introduction:

The Bank Asia is one of the recognized private commercial bank in Bangladesh, within a short period of time it has been created a renowned image in the banking sector in spite of existing numerous rivals. From the beginning to till now Bank Asia is strongly committed to provide a better quality service to the customer and at a time the authority is providing an excellent facility to the employees. The Bank contains three departments at a time.

- General banking
- Credit & Marketing department
- Foreign exchange



**Foreign Exchange:** Foreign exchange means the exchange of currency in terms of goods from one country to another country. This is the most well-known and well-organized uniform in world business. Foreign exchange division includes the following departments:

1. Foreign trade department and
2. Foreign Remittance department

**Foreign trade department:** Foreign Trade means exchange of foreign currency for the trade

purpose between two countries. In other words, Foreign exchange deals foreign financial transactions related to trade or business. Foreign Trade Department has two sections. They are-

I. Import Section and

II. Export Section.

Before discussing the Import and Export section, some concepts related to foreign trade should be clarified.

**Concepts:**

Important concepts of foreign trade as per UCPDC 600 are discussed bellow:

**Applicant/Opener/Importer/Buyer:** All of these names are using for the same purpose. Applicant means the party on whose request the credit is issued.

**Opening Bank/Issuing Bank:** A bank is issue credit on behalf of applicant to the opposite party.

**Exporter/Seller/Beneficiary:** Beneficiary means the party in whose favor a credit is issued.

**Advising bank:** Advising bank means the bank that advises the credit at the request of the issuing bank.

**Conforming bank:** Conforming bank means the bank that adds its conformation to a credit upon the issuing bank's authorizations.

**Negotiating bank:** The bank that negotiates the bill of exporter drawn under the credit is known as negotiating bank. If the advising bank is authorized to negotiate the bill drawn by the exporter he becomes the negotiating bank.

**Reimbursing bank:** Sometimes a foreign bank does not relay on the issuing bank because lack

of reorganizations that is why the foreign bank wants to support the other renowned bank's. When the other renowned bank to make sure the foreign bank to get back their payment through the issuing bank, then it is called the reimbursing bank, for this guarantee the reimbursing bank will get charges.

## Import

**Import mechanism:** When a country order to purchase the goods from the other country in order to the scarcity then it is called import. According to import and export control act, 1950 the office of chief controller of import and export provides the import registration certificate (IRC) to the importer. After obtaining this, person has to secure a letter of credit authorization (LCA). And then a person becomes a qualified importer. He is the person who requests or instructs the opening bank to open an L/C. He is also called applicant of the credit.

The things are done in Import Mechanism

**Letter of Credit:** The most important of the payments methods used universally is a Letter of credit, which serves as a bridge between buyers and sellers around the world in the exchange of goods and commodities. Letter of credit is an instrument issued by the bank on behalf of the importer in favor of the foreign supplier or his banker. L/C is the only reliable sources for exporter to get back the money. The L/C is established by the overseas buyer through a bank in his country in favor of the seller and is usually advised to the exporter by an authorized dealer in Bangladesh. In banking parlance, the importer is known as the applicant or opener. The bank opening the credit is the L/C opening bank. The bank advising the credit is known advising bank and the exporter is the beneficiary.

**L/C issuing:** This is the first terms to import issuing the L/C. Letter of credit is the reliable sources of both the parties importer and exporter in order to get payment properly in the right time.

The transaction originates when the exporter in London and the importer in Dhaka enter into a contract of sale. The contract covers all important particulars like value and quantity of goods, the due date for shipment, method of payment etc. on the stipulations is that a letter of credit

should be opened in favor of the exporter.

For opening L/C is contain a required documents which is given below:

1. L/C application form which contains the details about applicant and beneficiary. Total L/C amount, country of origin means the products manufacturing areas, types of payment moods. i.e. ( At sight, DAF, CFR, FOB, Negotiation, and Acceptance etc.). Port of shipment, and date of shipment. Insurance cover note policy also been mentioned. Draft amount, rate of dollar, equivalent TK. of BD, margin, charges, commission and other charges.
2. IMP form is containing H.S code (Harmonize system code), it implies to categories of product. Quantity of goods, Invoice value, Registration no. of L/C authorization form with Bangladesh Bank Registration unit. And the carrier name like air or boat and other terms and conditions.
3. LCA form (Letter of credit authorization) which includes different rules and regulation about the imported items and imports.
4. Agreement form that includes details contract between the parties.
5. Charge Document

After complete all above mentioned appropriately then have to fulfill other papers and documents with verify of the self signature and after that submit it to bank.

Others paper and documents:

1. Trade License
2. Import Registration Certificate
3. Income Tax Declaration of TIN no.
4. Membership Certificate
5. Memorandum of Association ( Only for Limited companies)
6. Registered Deed ( Only for Partnership firms)
7. Photograph
8. Insurance cover note copy and money receipt

9. Pro-forma Invoice copy.

### **Classification of L/C**

Generally L/C has two types these are

- Clean letter of credit
- Documentary letter of credit

Documentary letter of credit also contain two types

- Revocable credit
- Irrevocable credit

**Revocable credit:** A revocable letter of credit may be cancelled or modified after its date of issue, by the issuing bank.

**Irrevocable credit:** An irrevocable letter of credit includes a guarantee by the issuing bank that if all of the terms and conditions set forth in the letter are satisfied by the beneficiary, the letter of credit will be honored.

There are four types of L/C offered by the Bank Asia Corporate branch these are:

**Sight L/C:** Payment must be made within five working days after the document has been received from the exporter.

**Deferred L/C:** Payment must be made on or after the due date i.e. Shipment date or Bill of lading date. It is usually open for 60 days, 90 days and 120 days this is totally depends on the party demand.

**Back to Back L/C:** Usually this type of L/C is opened by the exporter. If exporter needs to



import goods or equipments to manufacture the ordered goods, then he may import those goods or equipments by opening a L/C against mother L/C. the value of the back to back L/C can be 80% of the mother L/C.

**Local L/C:** Local L/C is issue for two general local parties. Because sometimes both the parties could not trust each other to get back the payment for that reason they have seeking out these reliable sources for make sure their payment.

**Document checking:** Usually, Bank Asia Ltd. corporate branch issues import L/C for both the regular and the new importers. For new importers they send a request for approval to open L/C. after the approval bank will open L/C with 100% margin but for their regular importers they open L/C with 10% margin. The rate of margin is decided by the head office.

Followings are the important documents to be obtained by the issuing bank before opening an import L/C:

1. Head office approval. (For new importer)
2. Pro-forma invoice
3. L/C application form duly filled in and applicant's signature verified thereof.
4. Guarantor's signature in the L/C application form, if required.
5. Insurance cover note with money receipt along with the proof of payment of insurance premium.
6. Insurance checked for value (Insured amount must be indent/ PI value plus 10%) validity, goods, mode of transportation, shipment from and to etc.
7. IMP form duly signed
8. LCA (Letter of Credit Authorization form) properly fill up and duly signed.
9. Valid IRC held.
10. Membership Certificate from chamber of commerce / Business association.

11. VAT registration certificate
12. Up to date income tax certificate.
13. Check the goods that are not banned or restricted item as per import policy
14. Check the country of origin for the particular goods.
15. Margin including all L/C related charges realized.
16. Update suppliers or Beneficiary's credit report.

**Pre-shipment inspection:** To check all the imported items have comprised in each boxes according to L/C. There is an appointed inspection agencies whose responsibility is observe and examining the entire product quality, accurate quantity, packing, net weight of the product and scanning the durability before shifted on the board. Usually this agent works on behalf of importer by a certain amount of charges.

**Transmitting L/C:** After examining the L/C application and L/C authorization is transmitted to the advising bank. Letter of credit can be transmitted to the advising bank by three moods. These are Telex, Courier, and SWIFT (Society for world wide inter telecommunication network)

The Bank Asia Ltd. uses the SWIFT when L/C is disposed in the following manner:

1. First two copies sent to the advising bank original for beneficiary and second copy for advising bank.
2. One copy to Head office.
3. One copy is sent to the importer
4. One copy is sent to the Bangladesh Bank
5. One copy is sent to the C.C.I.&E ( Chief controller of Imports and Exports)
6. One copy is retained as office copy.

Exporter receives the L/C through the advising bank. Receiving L/C, exporter produce the goods as per the requirements and ships it before due date. If any amendment is required, exporter contacts with the importer. If the importer agrees to do so, the issuing bank then amendment the L/C.

**Amendment:** After a credit has been issued, it may be felt necessary to alter some of the

stipulations of the credit or delete some or add some more. All these modifications are communicated through the same bank that advised the credit. There can be more than one amendment to the credit. The credit issuing bank intends that all the amendments form an integral part of the original credit issued.

Amendment can be done for various reasons under the guideline of foreign exchange the reason is given below:

1. Extension of date of shipment.
2. Extension of draft amount within L/C limit.
3. Change of specification of commodities, price or quantity to be imported.

After shipments of the goods, the exporters prepare the required documents and submit it to advising bank for payment. Later than shipment, exporters submit the following documents for negotiations.

1. Bill of exchange
2. Bill of Lading
3. Insurance policy
4. Inspection certificate
5. Commercial invoice
6. Packing list

**Lodgment:** Lodgment means payment of import bills or transfer of funds for import bills. Here L/C issuing bank will arrange to make payment against L/C through reimbursement bank or any other way. Through SWIFT a telex message is transmitted to the correspondent bank ensuring that payment has made. After scrutinizing the import-negotiating document, if no discrepancy is found then it treated to be accepted after the end of five banking days for the day of receipt of the document. But if any discrepancy is found then the banker informs it to the importer that whether is accept the bill with discrepancies or not. If the importer does not accept, the banker informs it to the negotiating bank within seven banking days from the date of receipt of the documents, otherwise it is treated to be accepted and the opening bank must bound to pay.

Steps involved in lodgment:

1. At first all the particulars of the document are entered in BLC (Bill under letter of credit) register BLC no. seal is given on all the copies of the document.
2. Convert the foreign currency into Bangladeshi currency.
3. Prepare the lodgment voucher.
4. Send IBCA to the head office.
5. Entry is made to L/C monitoring cell of Bangladesh Bank through its website.

Modes of payments of export Bills under L/C:

**Sight payment:** When the importer will get back the imported commodities perfectly then the payment is being cleared instantly.

**Deferred Payment:** Which payment will be clear after a certain period of time that is fixed by the negotiation between the importer and exporter the payment tenure can be 60 days, 90 days, and 120 days. Which tenure will be select that is depends on negotiations.

**Acceptance Payment:** In acceptance credit, the exporter presents a bill of exchange payable to him and drawn at the agreed tenor (that is, on a specified future date or event) on the bank that is to accept it. The bank signs its acceptance on the bill and returns it to the exporter. The exporter can then represent it for payment on maturity. Alternatively he can discount it in order to obtain immediate payment.

**Retirement of documents:** After lodgment the issuing bank will send the importer an intimation regarding the document arrival notice. On intimation the importer calls on the bank's counter requesting retirement of the shipping documents against payment to the debit of their account by the bill amount and other charges payable.

Steps involved in retirement are:

1. Calculation of interest if any.
2. Entry in the register.
3. Endorsement is made on the back of the bill of exchange as received payment.

4. Acknowledgement received on the office copy of the cost memo from the importer in his authorization agent.
5. Filling of the office copy.

### **Import financing:**

**LIM (Loan against imported merchandise):** When importers get informed that the imported commodities have been arrived, but in that moment importer has not adequate money to release the goods. Then bank will pay the amount and maintain the goods with the own responsibilities. After that the importer will get release the products from the bank by a several payment.

**LTR (Loan against trust receipt):** Sporadically bank grants the importer to pay back the money after seal the products. The goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the advances within a given period. The borrower agree to take delivery of the merchandise as the banks agents and the bank remains owner of the goods and they will holding the goods on behalf of the bank as trustees until complete repayment of the debts to the bank. Usually the loan is granted on the basis of trust and is allowed 60-90 days time to make payment.

**BLC (Bills under letter of credit):** When the importer failed to pay the amount payable the exporter against import L/C, then Bank Asia gives Bills under Letter of Credit (BLC) to the importer. The importer will bear all the expenses i.e. go down charges, insurance fees, etc. and the ownership of the goods is retaining to the bank and the outstanding Bills of Exchange is transferred to Bills under Letter of Credit (BLC) account. Usually the loan is granted and allowed 21 days time to make payment.

## **Export**

### **Export Mechanism:**

When a country sells the product to the other country after fulfill the self demand then it is called export. Export trade can be enormous contribution on the national economy.

The export trade of the country is regulated by the Import and Export control Act, 1950. There are a number of formalities, which an exporter has to fulfill before and after shipment of goods. These procedures are enumerated as follows:

### **Registration of the Exporter**

The primary requirement to engage in the business of import and exports registration with the Chief Controller of Imports and Exports (CCI&E). For this purpose an application in the prescribed, form is require to be submitted to that office along with the following documents:

1. Trade license issued by the municipals authority.
2. Nationality certificate from the local authority.
3. Bank certificate.
4. Income Tax clearing certificate.
5. Payment of registration and renewal fees in a Treasury Chalan.
6. Copies of Contract or L/C (if any).

### **Export Registration certificate (ERC)**

The exports from Bangladesh are subject to export trade control exercised by the Ministry of Commerce through Chief Controller of Imports and Exports (CCI&E). This certificate is very important issue for an exporter to accomplish the export trade to the foreign buyer. No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with CCI & E and holds valid Export Registration Certificate (ERC). The ERC is to be renewed every year.

### **Export Permit Form (EXP)**

After having the registration, the exporter applies to TBL with the trade license ERC, and the certificate from the concerned Government organization to get EXP. the bank is satisfied, an EXP

is issued to the exporter. An EXP contains the following particulars:

1. Name & address of the authorized dealer.
2. Particulars of the commodity to be exported with code.
3. Country of destination.
4. Port of destination
5. L/C value in foreign currency.
6. Terms of sales.
7. Name and address of the importer.
8. Name of caring vessel.
9. Bill of lading.
10. No. & date.
11. Port of shipment.
12. Land custom post.
13. Shipment date.
14. Name and address of the exporter.
15. Sector (Public or Private) under which the exporter falls.

### **Securing the order**

Upon registration, the exporter may proceed to secure the export order. Contracting the buyers directly through correspondence can do this.

Signing of the contract:

- Description of the goods.
- Quantity of the commodity.
- Price of the commodity.

- Shipment
- Insurances
- Inspection

### **Receiving Letter of credit**

Obtaining the sales contract, the exporter should ask the buyer for letter of credit clearly stating terms and conditions of export and payment. The followings are the main points to be looked into for receiving the exports proceeds by means of documentary credit.

- The terms of the L/C are in conformity with those of the contract.
- The L/C is an irrevocable one, preferably confirmed by the advising bank.
- L/C allow the sufficient time for shipment and a responsible time for registration. If the exporter wants the L/C to transferable, divisible and advisable, he should ensure stipulations are specially mentioned in L/C.

### **Advising L/C**

When export L/C is transmitted to the bank for advising, the bank sends an advising letter to the beneficiary showing that, L/C has been issued.

### **Add confirmation of export L/C**

Bank may add additional confirmation to export L/C where there are specific instructions from the L/C issuing bank to do so. Additional confirmation of L/C gives the seller a double assurance of payment. Bank's requiring of adding confirmation:

- Issuing Bank should be a reputed bank.
- Credit line /Arrangement with the L/C issuing bank.
- L/C clause is to be acceptable to confirming bank
- Approval from the competent authority for adding confirmation of exports L/C.
- Confirmation charges are to be recovered as per rules.



## **Shipment of Goods**

The exporter make and shipment of goods as per the agreement.

## **Documents collection**

Exporter prepares the required documents mentioned in L/C are as such:

1. Bill of exchange: The way of collecting export payment to the importer.
2. Bill of Lading: A bill of lading is a document issued by the shipping company or its agent, acknowledging the receipts of goods.
3. Insurance policy: In case of any accident to the product since the conveying period, according to insurance policy the insurance company will bound to compensate the damages product.
4. Certificate of origin: A certificate of origin declares the place of actual manufacturer or growth of the goods.
5. Inspection certificate: These certificates ensure the product accuracy according to L/C.
6. Commercial invoice: A list, in which contain the total description about the product.
7. Packing list: The list would contain the details of goods contained in individual packages.

This helps in identifying the contents of specified packages and thus may facilitate assessment by the custom.

8. Full set of shipping document: The documents to be collected from or endorsed by the customs house.

## **Documents Negotiation:**

These documents should be submitted to the bank for negotiation:

1. Export L/C
2. EXP form
3. Commercial invoice
4. Bill of Exchange
5. Certificate of origin.
6. Bill of Lading
7. Packing list
8. Inspection certificate
9. Insurance document
10. Any other document as per L/C

The respective officer must scrutinize all above documents and make sure about the terms and conditions are right or wrong.

### **Realization of Export Proceeds**

The period prescribes by the Bangladesh Bank within which exporter must receive full foreign exchange proceeds of exporter in four months if the receipt of the full proceeds of any shipment is delayed beyond the period without a special authority from the Bangladesh Bank. The exporter will be liable to action under FER Act, 1947.

### **Export Financing**

- **Pre-Shipment credit:** The purpose of such credit is to meet working capital needs starting from the point of purchasing of raw materials to final shipment of goods for export to foreign country. Before allowing such credit to exporters the bank takes into consideration about the credit worthiness, export performance of the exporters, together with all other necessary information require for sanctioning the credit in accordance with the existing rules and regulations.
- **Packing Credit:** Packing credit is essentially a short term advance granted by a bank to an exporter for assigning him to buy, process, manufacture, and pack the goods. This

sort of credit is sanctioned for the transactional period which starts from dispatch of goods till the negotiation of the export documents.

- **Post Shipment credit:** This type of credit refers to the credit facilities, extended to the exporters by the banks after shipment of the goods against export documents.

## Remittance

**Foreign remittance Department:** Bank Asia corporate branch is an authorized dealer. Foreign remittance represents of foreign currency receiving and converting. There are two types of foreign remittance, Inward foreign remittance and outward foreign remittance.

**Inward Foreign Remittance:** In which remittance is get inside of country from the outside through TT, FDD, MC, and TC with the various purpose such as wage earning remittance means when people send money for family purpose. In export proceed means after getting the commodities and then payment.

Purpose of Inward remittance:

- Family Maintenance.
- Indenting commission/Agency Commission/recurring agents commission.
- Realization of export proceeds.
- Donation/gift.
- Export brokers commission etc.

T.T. (Telegraphic Transfer): T.T. is an order for payment of money sent by telex or Cable. Funds are paid to the beneficiary in the foreign centre usually on the same day. No loss of interest or expenses on stamp duty etc.

M.T. (Mail Transfer): M.T. is an instrument issued by a remitting Bank to the paying Bank advising in writing to make payment of certain amount to specific beneficiary. This involves loss of interest to the purchaser and for this reason banks can afford to make M.T. rate cheaper than T.T. rate.

F.D.D. (Foreign Demand Draft): A foreign demand draft is a negotiable instrument issued by a Bank drawn on other Bank with the instruction to pay of certain amount to the beneficiary of demand.

T.C. (Travelers Cheque): People usually use TC to meet their expenses for overseas travels. It reduces the risk of carrying currency notes. These are drawn in freely convertible currency.

**Outward remittance:** In which remittance is going out from our country that is called outward remittance.

Purpose of Outward remittance:

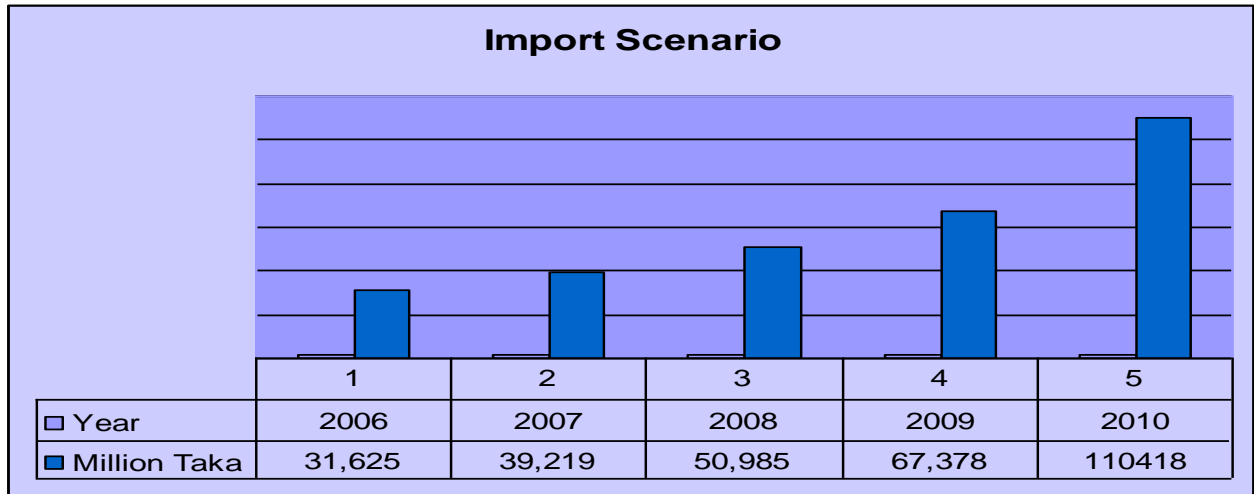
- Education Purpose
- Import Purpose
- Exam fees etc.

### **Foreign accounts of Bank:**

**Nostro Accounts:** Nostro account means our account in foreign banks. It implies that Bank Asia has an account in Commarze Bank in Netherland. When the bank makes a purchase of foreign currency, the foreign bank will credit the Nostro account. When it makes a sale it will result in a debit in the Nostro account.

**Vostro Account:** Vostro Account means their accounts in our Bank. In order to party payment they open an account in the bank.

## Import

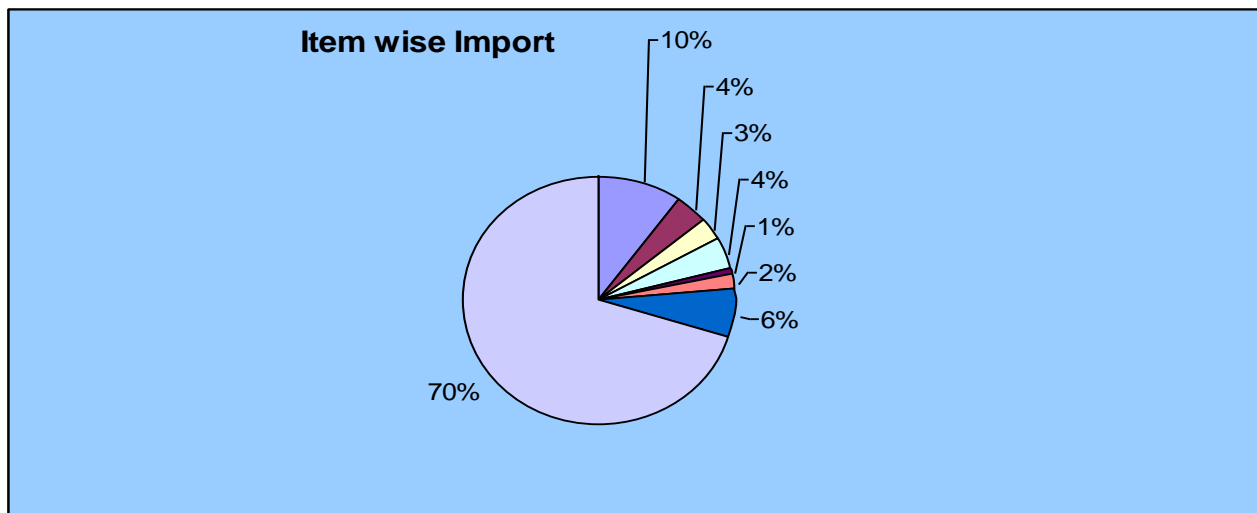


From this graphical presentation we can see subsequent rises of import year to year. In 2006 the total import is 31, 625 million taka. In between 2006 & 2007 the growth of import is 24% which enhanced by 7654 million taka from the previous year and the total import is 39, 219 million taka. After the next fiscal year means 2008 the import also increased 50,985 million taka by 30% growth. The surplus portion of this year is 11, 766 million taka as counted over its previous year. In 2009 by 32% growth the import reaches 67,378 million taka which is more then 16,393 million taka from the fiscal year 2008. Finally more recent counted year 2010 a tremendous growth is occurred, by this year growth is 63.88% which is almost double in the previous year scenarios. In 2010 the total import is 1, 10,418 million taka. And increase amount 43,040 million taka compare to the previous year.

Since 2006 to 2010 in these five years the total amount of import is 2, 99,625 million taka. In the total amount of 2, 99, 625 million taka were used by several sector to import.

- Consumer goods 10%

- Capital machinery 4%
- Textile 3%
- Scarp Vessels 4%
- Petroliam product and oil 1%
- Cotton 2%
- Raw cotton 6% and
- Others 70%



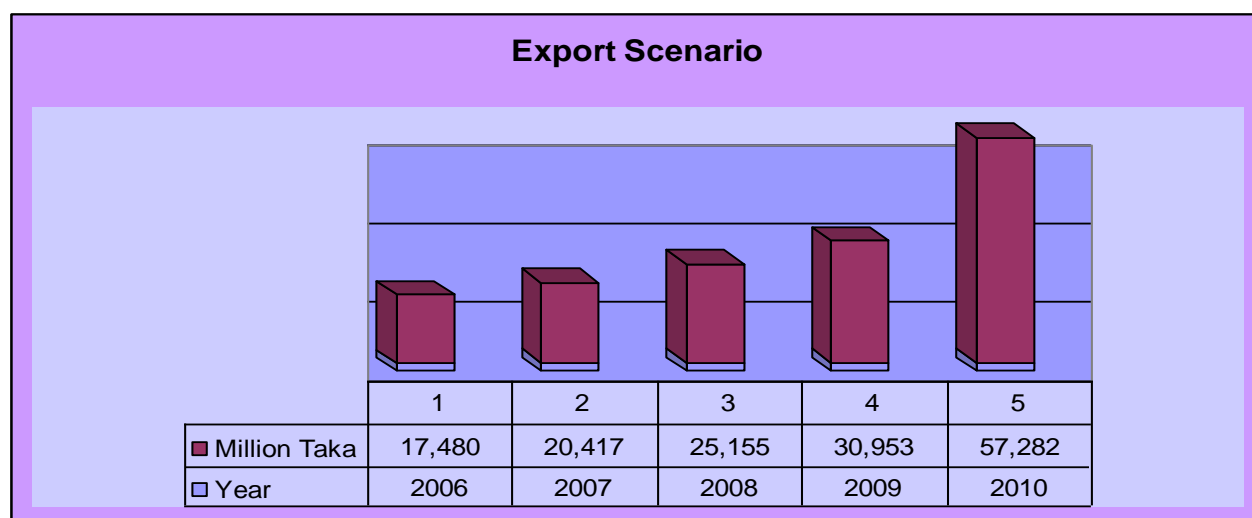
### **Reason behind import:**

The rise in income has the natural tendency to exert excessive pressure on demand in the economy. However, such excessive pressure on demand may be met by increased imports, if not by local production. Imports of consumer goods have been experiencing high growth during the last five years.

To expansion of electronic Media, a huge amount of machineries and electronic devises have been imported. As a matter of fact, we are in under developing country so it can not be possible to produce and invent all the necessary things over night. Because, inadequate resources and also expertise. Another reason for import is inflation. When inflation is increase then the product price also increase. To save the excess amount of money peoples always looks for alternative

sources then they are used to be imported product. Favorable exchange rate is one of the important issues for import. When the local currency is strong against the foreign currency then importer will get benefit. Government borro rice procurement target was 1.2 million metrication, which was aimed to be achieved in between 1<sup>st</sup> May and 31<sup>st</sup> October due to higher price offered by the private traders against government set procurement prices of Taka 25 kg and in addition taka 3 per kg in cash incentive. Only 47% of procurement target was achieve, as a result public stock decline toward the end of 2009-2010 and Government decided to increase to import to rival the stock level.

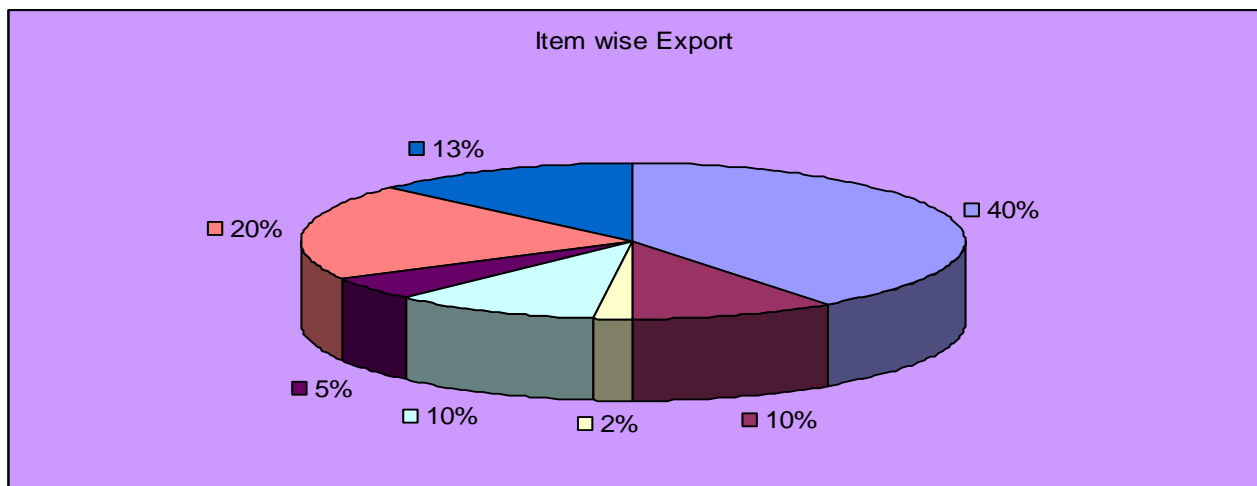
## Export



Since 2006 to 2010 export also increased but the scenario was not like import. In 2006, The total export amount is 17,480 million taka. For the next year in 2007 the total export is 20,417 million taka which enhanced by 2, 937 million taka with 16.80% growth to compare with the previous year. In the same way in 2008 export is increase at 4,738 million taka by the total amount of 25, 155 million taka with 23.20% growth. Exports of fruit and vegetables jumped

almost 40 percent in the first nine months of fiscal year 2007-08. In 2009 total export amount is 30,953 million taka by extant 5, 798 million taka with 23% growth. After one year a tremendous growth we have noticed in 2010 fiscal year. Within this year the product is exported in large scale which growth beyond the last four years 85.04% and the difference is 26, 329 million taka grater then the previous year. That is definitely a positive sign for national economy. The growth trend should have continued for country development. In order to make the strong economy export can play an important role. Large extent of export can create a huge opportunity i.e. employment opportunity, can be made strong local currency against foreign currency, build up strong capital market, reduce the poverty and so on. To keep continue this trend our Government should emphasize on this sector. To extended of cash incentive 20% to 40%. Since 2006 to 2010 the total export was 151, 287 million taka. Exported items which are contributed for better growth those are:

- RMG (Ready made garments) 40%
- Leather 10%
- Medicine 2%
- Frozen food 10%
- Tea 5%
- Jute goods etc. 20%
- Others 13%





**Readymade Garments:** RMG leads the Bangladesh export market, total amount of yearly export 40% is garments goods. About 15 million people are directly dependent on this sector. Cheap labor forces are one of the main reasons for better growth of export.

**Leather:** Bangladesh is capable of producing 180 Million square fit of Leather annually. There are 15 large-scale modern shoe factories engaged in the production of high quality footwear with 2500 smaller footwear units spread all over the country. These units are producing for the domestic market. Over 50 manufacturers are producing various leather items such as travel goods, suitcases, briefcases and fashion accessories, along with belts, wallets, handbags, card holders etc. for overseas export.

**Frozen food:** Fiscal year 2009 and 2010 export of vegetables is over 10,000 MT per year on an average. In fiscal year 2007-08 fruits and vegetable is export almost 40% of the total export. Shrimp is also one of the most important exported items. Around 1.2 million people are directly employed in the capture and culture fisheries. Overall, 120 million people depend on the fisheries and livestock sector, directly or indirectly, for their livelihood.

**Tea:** Tea is the other significant element of export in Bangladesh, each year tea contribute 5% of total export. The main tea growing areas are: Sylhet, Chittagong & Panchagar. Approximately 58 million Kg teas are produced annually. Major importing countries of Bangladesh tea are: Afghanistan, Iran, Pakistan, UAE, Saudi Arabia and Russia. In our country produce organic tea; this main concept is chemical free production. Kazi & Kazi Tea Company produce this tea in Panchagar. Since 2008 they export this tea in United Arab Amirats country.

**Jute and Jute goods:** Since 2009 to 2010 jute made products demands have been created in Europe market. About 20% jute products are exported from Bangladesh over the last two years. As a result, a large scale employment opportunity has created. And it also again contributes to the national economy as like before.

**Medicine:** As of late we have seen, that our pharmaceuticals industry keeps contribution in economy by export earning remittance. The total amount of export 2% is goes for pharmaceuticals industry. SQUARE, BEXIMCO, and OPSONIN kept the big role for this sector.

# Chapter 5

## **Recommendation:**

1. Bank Asia corporate branch is well decorated and also having a talent pull of employees there is no doubt, but there is a shortage of employees.
2. Bank Asia should get enhanced the employee in teller service and customer service as well as foreign trade.
3. Bank should more concentration about all categories client.
4. Bank Asia operating software “STEALER” Should be changed, because most of the time it got problem and hampered working attention and also delayed time.
5. Bank Asia Corporate branch should have reduced the excess number of messenger.

## **Conclusion:**

After end of the report I got learn so many things about foreign exchange related activities such as import, export, procedure foreign remittance, and performance and trend analysis which gave me a vast knowledge about money market, capital market, inflation, deflation, weak currency and strong currency, measuring a percentage of growth year on year. In the retirement of report I would like to give a thanks my academic supervisor whose support me to proceed and finish the report successfully.

## Appendix-1 (for Import)

### Execution on Growth Percentage:

$$(\text{Ending Value} - \text{Beginning Value}) / \text{Beginning value} * 100$$

Year	Value Figure	% Growth
2007	$(31625-39219) / 31625 * 100$	24%
2008	$(50985-39219) / 39219 * 100$	30%
2009	$(67378-50985) / 50985 * 100$	32%
2010	$(110418-67378) / 67378 * 100$	63.88%

### Enhanced Amount:

$$\text{Current year amount} - \text{Previous year}$$

Year	Value Figure	Rising Amount
2007	$(39219-31625)$	7, 594/-
2008	$(50985-39219)$	11, 766/-
2009	$(67378-50985)$	16, 393/-
2010	$(110418-67378)$	43, 040/-

**Total import in last five years:**

Million Taka

<b>Year</b>	<b>value</b>
2006	31, 625/-
2007	39, 219/-
2008	50, 985/-
2009	67, 378/-
2010	1 ,10, 418/-
<b>Total</b>	<b>2, 99, 625/-</b>

## Appendix-2 (for Export)

### Execution on Growth Percentage:

$$(\text{Ending Value} - \text{Beginning Value}) / \text{Beginning value} * 100$$

Year	Value Figure	% Growth
2007	(20417-17480) /17480 * 100	16.80%
2008	(25155-20417) /20417 * 100	23.20%
2009	(30953-25155) /25155 * 100	23%
2010	(57282-30953) /30953 * 100	85.04%

### Enhanced Amount:

$$\text{Current year amount} - \text{Previous year}$$

Year	Value Figure	Rising Amount
2007	20417-17480	2,937/-
2008	25155-20417	4,738/-
2009	30953-25155	5,798/-
2010	57282-30953	26,329/-

## **Total Export in last five years:**

Million Taka

<b>Year</b>	<b>value</b>
2006	17,480/-
2007	20,417/-
2008	25,155/-
2009	30,953/-
2010	57,282/-
<b>Total</b>	<b>151,287</b>

## **Appendix-3**

### Export Prohibited Item

- Any kind of live animals, animal organs or hide/ skin of wild animals as mentioned in the Wildlife (Protection) Ordinance 1973 (President's Ordinance No. 23, 1973, Revised in 1974), except the species mentioned in the first list of the Ordinance.
- Fire arms, ammunition and related materials.
- Radioactive materials.
- Archeological relics.
- Human skeleton, blood plasma, or anything produced from human beings or human blood.
- All types of pulses( except processed ones)
- Cane, wood, wood logs/ thick pieces of wood (except handicrafts made from these materials).

## **Appendix-4**

### **Desk Work during internship period:**

#### **Credit & Marketing department:**

- Prepare different type clients database.(Approximately 15,000)
- Prepare marketing letter and send it daily basis
- Prepare sanction letter for loan
- Prepare and maintain agenda for SME, Consumer credit, and Corporate client.
- Credit recovery
- Actively work for deposit mobilization campaign ( achieve tk.20 crore for FDR)
- SOD filing
- All meeting minutes

#### **Foreign Trade department:**

##### Import section

- L/C opening register writing
- PAD register writing
- LCA form fill up
- L/C posting, BL posting in Bangladesh Bank website
- IMP form fill up

##### Export section

- EXP posting in Bangladesh Bank website
- Document Sorting
- Documentation file writing
- Export IMP fill up
- Triplicate posting in Bangladesh Bank website
- SAM message download (for all)



**General Banking department:**

- IPO share posting
- Cheque book posting in register
- Credit card and debit card Sorting
- Customer account balance checking
- A/C opening form making

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