



**Internship Report on
“Foreign Trade Activities of Bank Asia Limited
(MCB Banani Branch)”**

BUS 400-Internship



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Letter of Transmittal

07.09. 2016

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Sub: Submission of the Internship Report.

Dear Sir,

I am glad to submit this report, which I have prepared for the requirement of internship Program. The report entitled “**Foreign Trade Activities of Bank Asia Limited**”. I have tried my level best for preparing this report and to bring out a Meaningful insight within the constraints. I have faced some difficulties while gaining Information for the project. Besides, the study has given me the chance to relate lots of theoretical and financial knowledge with the practical world. I have gathered a sound knowledge and know the basic operation of the bank. I have always enjoyed for making this internship report which has a lot of contribution significantly to my understanding on the essentials and importance of practical knowledge. I express my special thanks to you for dedicated your precious time and helping me whenever I wanted.

I was thankful for your kind inspiration, cooperation, endurance and suggestions regarding this report which will definitely help me to go ahead as a brilliant instruction. I will be available for any query and Clarification as regards this report whenever necessary.

Sincerely yours,

Tanzeela Hasan

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Acknowledgement

All thanks to Almighty ALLAH, the creator and the owner of this universe, the most merciful, beneficent and the most gracious who provided me direction, strength as well as abilities to complete the whole internship report properly.

I am especially thankful to Ariful Ghani Sir my internship supervisor, for his help, guidance and support in completion of my project. I would like to thank the School of Business of BRAC University and Bank Asia Limited for giving me the opportunity of having an Internship program. I have gathered an enormous full of experience while going through the internship period and groundwork of this report.

I strongly believe that, these will assist me a lot to make me more professional and building my future professional career. I am very grateful to, Sir Ariful Ghani. All the people working in the bank were very supportive, co-operative and friendly.

Finally, I would like to express our sincere gratefulness to our beloved parents, brothers and sisters for their love and care. I am grateful to all of our friends who helped me directly or indirectly to complete my internship report.

Executive Summary

The economic development of a country depends mainly on the activities of commercial Banks. Especially a country like Bangladesh, our agricultural, industrial and economic developments are very much depending on horizontal operation of Banks. So we have to ensure the efficient and effective performance of this sector.

Bank Asia Ltd is one of the largest profitable Bank of Bangladesh. The main purpose of the Bank is to give all of banking services at the doorsteps of the people. The bank plays a modern role in handling foreign exchange transactions.

This internship report is aimed at providing a full picture to the areas of "Foreign Exchange Activities" of Bank Asia Limited. Foreign trade operation is one of the important functions of the bank. It plays a vital role in on the whole economy of the country. In Foreign trades it has Import and Export section and foreign remittance department it has inward and outwards remittance. In the report, the entire procedure has been published with the full of essential data. All the clauses and steps are undoubtedly mentioned.

The details about Letter of credit i.e. classification of L/C, L/C opening procedure, documents checking and transmitting L/C Amendment, types of L/C, L/C payments moods, required documents, why it is required and when is required and lodgment system. When document is going out go off what the last step of retirement and reports to the Bangladesh Bank and also disclose the matter about export procedure. The process 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 also reports to the Bangladesh Bank. At the end of time, export section, bank issued PRC (Proceeds Realization Certificate) for the exporter. At last, the foreign trade remittance process and performance analysis.

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CHAPTER 01

Organizational Overview: Bank Asia Limited

1.1 Introduction

Bank Asia Ltd is one of the top private sector commercial banks in Bangladesh. It is a new entrant in the private banking development of Bangladesh. As we all know that achievement of high economic growth is the crucial purpose of the present economic policy of Bangladesh government. To achieve this objective, the banking sector plays an important responsibility and Bank Asia Limited is one of them. It also operates in Bangladesh for a long time as a country's one of the good quality bank. Bank Asia Limited conducts all kinds of commercial banking activities. The core service or business comprises of Import/Export finance, Working capital finance and corporate finance. Foreign trade operation is very important activities of the bank. It helps corporate clients construct their businesses by providing financial and strategic guidance and goods. Foreign trade contains Import and Export section as well as foreign remittance department contains inward and outward remittance (Tahsin, 2015).

1.2 History of Bank Asia Limited

Bank Asia Limited is a third generation bank as well as scheduled commercial Bank in the private sector, which has been established on 27th November in 1999 under the banking company act 1991 and incorporate in Bangladesh as a public limited company under the company act 1994 to hold out banking business in Bangladesh (Tahsin, 2015). It has been launched by a group of successful entrepreneurs with renowned standing in the society. Bank Asia is able to disclose its self existence and established its own place in the market as one of the first growing local private banks within a very short period of time. The management of the bank consists of a team led by senior bankers with decades of apply in national and international markets. The senior Management team is capably supported by a group of professionals, many of whom have publicity in the international market. At present it has 107 branches all over the Bangladesh because its inception in 1999, it sets a landmark by acquiring the Bangladesh operations of the Bank of Nova Scotia in Canada, opening in the banking history of Bangladesh (Bank Asia Limited, 2016). All over again in 2002 the bank acquired the Bangladesh operations

of Muslim Commercial Bank Ltd. (MCB). In the year 2003, the bank went public by contributing shares to the general investor and in 2004 the listed itself with the stock exchange. The asset and liability expansion has been notable. Bank Asia has been vigorously participating in the local money markets as well as foreign currency market without revealing the bank to helpless positions. The bank's investment in treasury bills and other securities went up clearly opening up opportunities for attractive income in the context of an organization of gradual interest rate (Bank Asia Limited, 2016).

1.3 Product/Service Offerings

Product and service offerings of Bank Asia Ltd are given below (Tahsin, 2015):

- Fixed Term Deposit (FDR) is a deposit. It gives guarantees interest on deposit. It has flexible tenure and it has 90% loan facility against fixed term deposit. Besides, it gives different types of interest rate depends on the scheme or period.
- Monthly benefit plus or MB+ is an attractive service offering. It has attractive and competitive interest rate. it gives Monthly return up to 700 taka for every one Lac taka deposit.
- Triple benefit plus has also attractive and competitive interest rates. The amount will be triple in 12 years. It has no hidden charges. Here, loan facilities are also available against TB+.
- Deposit pension scheme plus is a very common deposit offering. It has 3, 5, 7, 10, and 12 years tenure. Customers enjoy charge free savings account as well as there is no hidden charge
- Shanchay plus is an attractive return on deposit amount. It has SOD loan facilities. It has 12 months, 24 months, and 36 months flexible tenures.
- Double benefit plus is a 9 years scheme. The scheme will double the deposited amount in nine years.

1.4 Vision Statement

Bank Asia's vision is to continue to develop a service oriented environment utilizing a development-focused human resources expert team, and accept the responsibility to evaluate and improve their dedication to be responsive, supportive and polite to the organization throughout motivation, honesty, cooperation and collaboration (Tahsin, 2015).

1.5 Mission Statement

To implement, develop, support programs also processes what insert value to the Bank Asia Limited as well as its employees, leading to enhanced employee welfare, empowerment, growth, and retention, while devoted to the Bank's key business drivers, its management and prosperity for its employees, customers and stakeholders (Bank Asia Limited, 2016).

1.6 Objective

The main objectives of Bank Asia are given below (Tahsin, 2015):

- To identify customer actually needs and wants.
- To develop customer service quality.
- To give full concentration to the customer.
- To give importance even to smallest question.
- To achieve corporate objectives from first to last joint effort.
- To create a blissful relationship with the customer.
- To attract new worth through higher sales and profit.
- To create image through serving the best service and goods.

1.7 Core Values

The main objectives of Bank Asia are given below (Bank Asia Limited, 2016):

- Place customer interest and also satisfaction as a primary priority as well as provide customized banking.
- Be an obedient institution through adhering to all regulatory requirements.
- Contribute extensively to the betterment of the society.
- Ensure higher degree of motivation and dignified working atmosphere for our human.

- Committed to project the situation and go green.
- Capital and respect most favorable work-life balance.
- Value addition to the stakeholders throughout attaining excellence in banking operation.
- Maintain high ethical standard and clearness in dealings.
- Goods and Services.

Operational Network of Bank Asia:

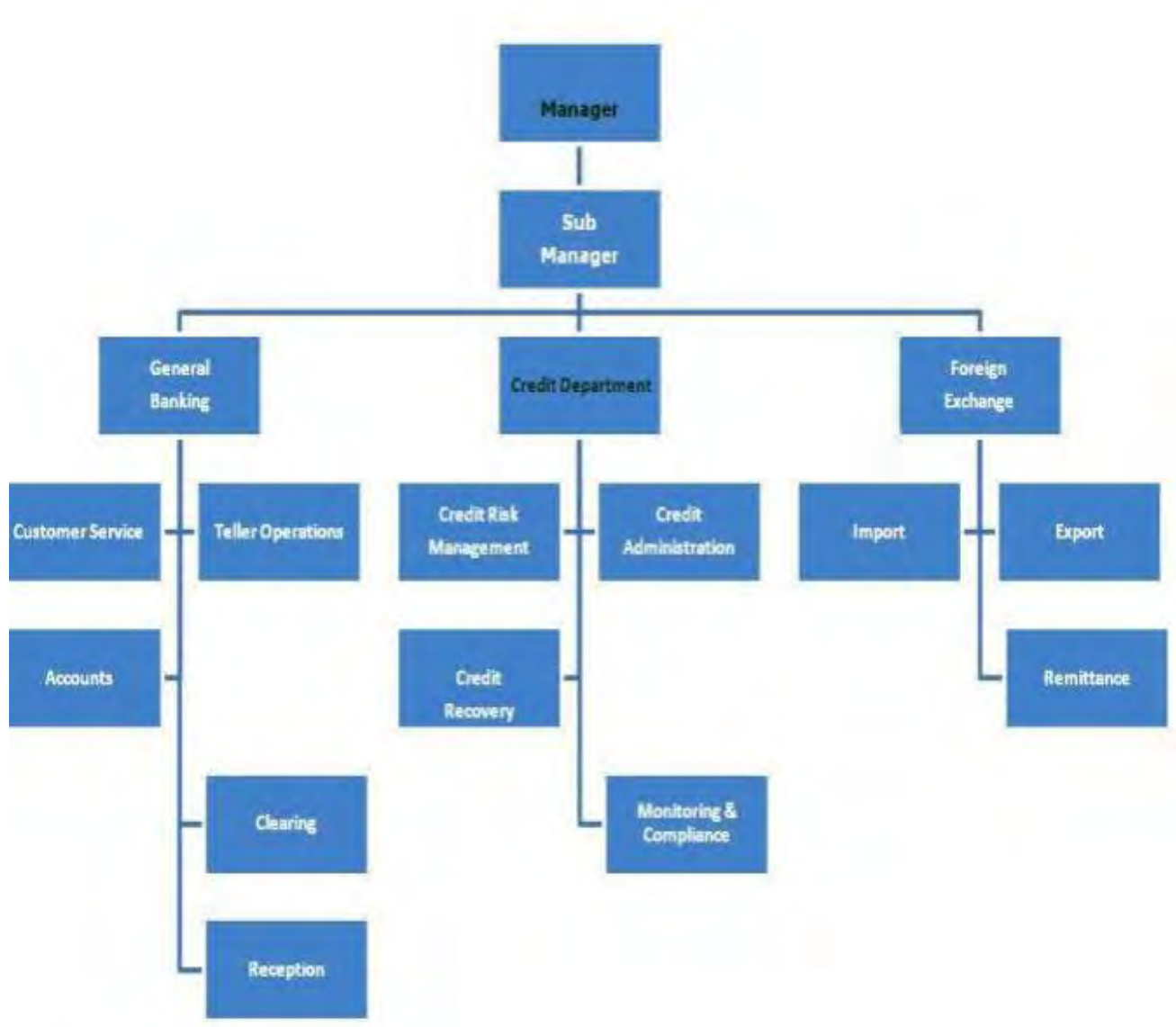


Figure 01: Organogram of Bank Asia (Piya, 2014)

Organizational Chart of Bank Asia:

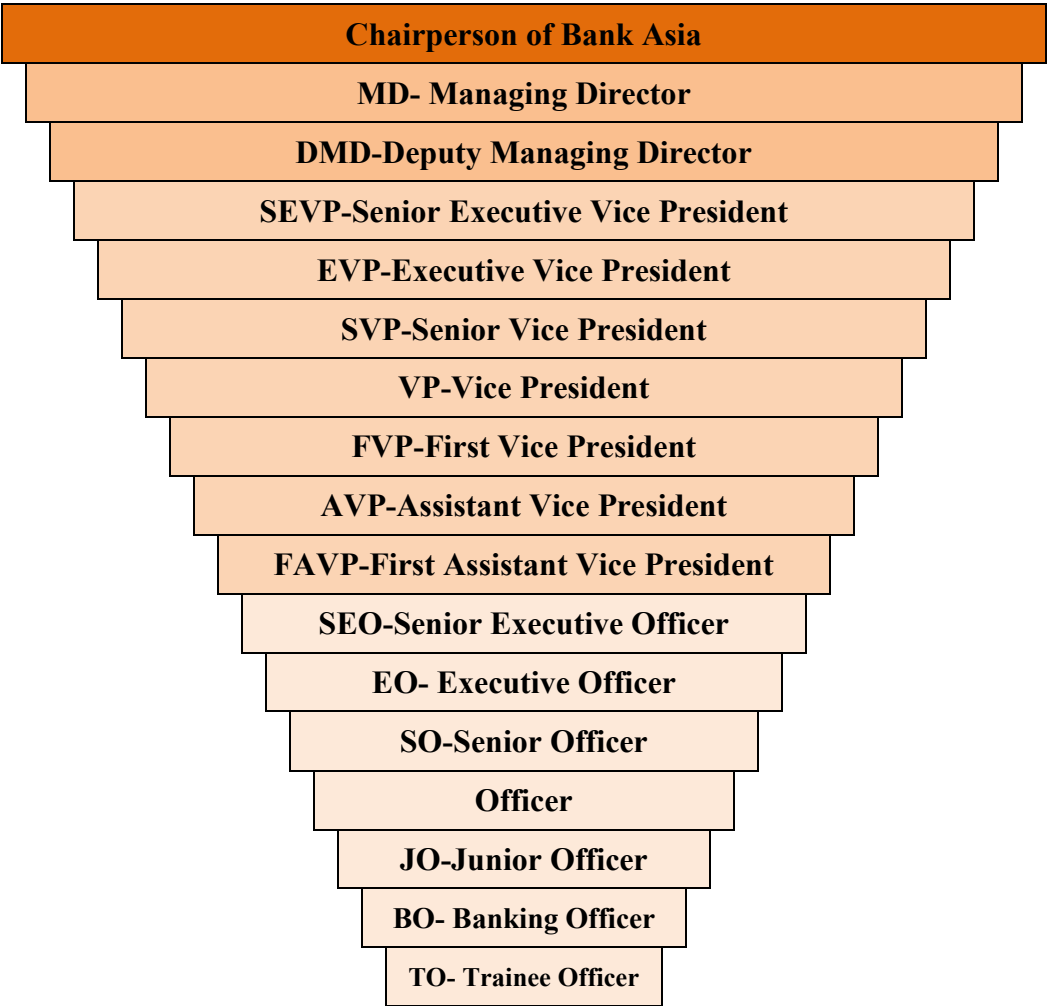


Figure 02: Hierarchy of Bank Asia

CHAPTER 02

Job Description

The internship program is one of the important parts of BBA students. The whole program duration is 12 weeks (3 months) which carrying out a most excellent learning way and to know about the organizational procedures as well as cope up with those surroundings as manner of professional employees. These learning could be made the student professional, sincere, well communicator, punctual and also be a smart in various side.

In order to complete my graduation from BRAC University, I have done my internship in Bank Asia Limited (MCB Banani Branch). I was assigned to assist Mr. Alamgir Hossain, Senior Vice President & Head of the Banani Branch.

It was really a great chance to work as an intern in a well reputed bank in Bangladesh. I worked there for 3 months under the foreign trade department and general banking department but more than 2 months I worked in foreign trade department. It really gave me lots of experience about practical work life and improved my skills a lot. For this reason, I will be always grateful to Mr. Alamgir Hossain because he guided me always in the right way thus I can fulfill the tasks in right manner.

2.1 My Specific Task

At the beginning, I worked general banking sector. There, I opened savings accounts of the clients. I guided clients that how to open saving accounts we need some documents for verifying as well as I opened their accounts manually. There are two types of savings accounts form. One is individual and another one is company. Then I shifted foreign exchange department. I posted import LC (letter of credit) to Bangladesh Bank and used to make FDD (foreign demand draft). Besides, sometimes, I gave entry their import LC in their register book as well as prepared check list for all L/C file.

2.2 My Responsibilities and Duties

My responsibilities and duties were to come in just time and I worked their assigned job. I always completed my daily specific task. Besides, it was my also responsibilities to complete the every single task timely and properly.

2.3 Existing Employee Performance Appraisal System of Bank Asia

Bank Asia conducts a performance appraisal program to evaluate performance of executives, officers, and staffs. Regular employees' performances are evaluated annually. They take written and viva exam. Then newly recruited probationary officers are to undergo training on essential training course (both practical and theoretical) for two months from their joining. Evaluation of training for probationary officers contains evaluation criteria like direct functions and indirect functions. Direct functions consist of general banking, credit management and investment, treasury management, and foreign exchange etc. and indirect functions include dress up/ with ID card, promptness/ attendance, manner/etiquette, familiarity with chain of command, system & environment, departments, behavior with senior colleagues, filling procedure/ record keeping, cleanliness, communication techniques / skills, silence, etc. The evaluation is done according to BA (Below Average), Good, Excellent and Outstanding where BA (Below Average) = 50%, Good 60%, Excellent=80% and Outstanding=100% on criteria wise performance of each trainee. Other newly recruited employees are to undergo training on foundation course for six months and afterward a specialized training for three months. During that probationary period all employees are appraised monthly to see their expertise, progress, and potential. The bank uses two types of forms for appraisal one for lower level employees like assistant, receptionist, teller, typist, etc. and the other for assistant officer and above. Bank Asia has adopted these forms from Central Bank Bangladesh Bank. Both forms contain items for qualitative and quantitative Judgment of behavior, performance and potential of appraise. Appraisal form used for the lower level employees contain appraisal criteria like knowledge of job, amount of work, quality of work, dependability, ability to learn, capacity and desire for future growth. Each of these items is well defined. Evaluation is done on each of the items on a four point scale outstanding (4 points), excellent (3 points), Good (2 points) and Below Average (1 point). According to this rating procedure, reporting officer appraises yearly performance (Bank Asia Limited, 2016).

2.4 Critical Observation

I took interview and asked some questions regarding the problems I faced in my workplace. Their answers are quite similar to my experience. They also feel that their system software Staler is slow that is why they are facing problem to complete their assigned work timely and properly.

It kills time and they feel monotonous for that reason. So, their opinions are that the system software needed to be updated. Otherwise, it is much more time consuming as each and every day huge number of transactions are mandatory to be processed, so it is hard for them to work if the authority sits idle and do nothing regarding the matter. They mentioned another work related trouble, that is, their Export Register is not available in the system so it is not easy for them to work (Tahsin, 2015).

2.5 Recommendation

In my opinion, there is no doubt that Bank Asia is one of the leading Banks in banking sector and its performance is getting better day by day. But to improve even more I have some suggestion points which should help the company to have more growth in the foreign trade sector. The points are described below (Piya, 2014)-

1. As this particular branch is regularly visited by all kinds or categories of people, it should concentrate more on these categories clients.
2. The software that the Bank use for operating purpose is very slow and do not work accordingly most of the time. This hampers employees both concentration and time. So, in my suggestion it should be changed.
3. As employee satisfaction is the key for all the companies growth, the employees should be rewarded or awarded for their over time or good performance.
4. The bank should have “Employee of the month” competition in each section. This will bring a lot of excitement in the employee’s dull and monotonous work life and bank’s annual productivity will increase.
5. In my opinion the foreign trade section has a little shortage of employees which is a barrier for the growth of that section. Hiring more good and skilled employees would surely be helpful in the growth of the section.

As now-a-days clients are starting to believe more on “Quality of Service” rather than on “Quantity of Service”, my recommendation to Bank Asia is that the bank should concentrate a little more on quality service for both client and employee to be the best in the banking sector.

CHAPTER 03

Project Part

3.1 Report Summary

It is known to us that import and export activities are main part of the foreign trade department of banking sectors. These import and export activities play an important part in the economic development of our country. In this report I have discussed the strategies for international trade that the company is going to follow. In addition I have discussed about some performance analysis diagrams of the sectors for three years.

3.2 Description of the Project

As the title of the proposed research topic is “**Foreign Trade Activities in Bank Asia Limited (MCB Banani Branch)**”, this research contains the detailed description of the import and export section or foreign trade sector of Bank Asia and their analysis. This report also contains Bank Asia’s history, organizational structure, functions, performance etc.

3.3 Objective of the Project

As this report is a compulsory part to fulfill the Internship course, the main objective of this course is to give the students the opportunity to gather real life experience before entering in the real world job sector. But the main objective of this report is to examine the activities of foreign trade sector through elaborate study. Some other specific objectives are given below:

- To have practical experience about foreign trade activities.
- To get familiar with Export & Import related documents.
- To get practical knowledge about opening or issuing and advising L/C.
- To learn the process of Transmitting L/C, L/C amendment, & Lodgment system.
- To have practical experience about Export procedure and the foreign remittance section of Bank Asia.

3.4 Methodology

This report was developed based on self-learning and understanding and also on the knowledge and experience gathered during the time of internship. Moreover to complete the report some external data sources were also needed. These sources are described below:

- **Primary resources**
 - Direct face to face conversation with the people associated with the bank.
 - Informal chatting with the clients.
 - Practical learning while working with the colleagues.
- **Secondary resources**
 - Annual report of Bank Asia.
 - Internet resource.
 - Journals and papers.

3.5 Limitations

While conducting the study during the period of Internship, I faced some problems that partially interrupted the fluency of the analysis of the report. These limitations are given below:

- The accurate financial data about the organization could not be collected because they maintain strict confidentiality in these sectors.
- Because of the job constraint, it was very difficult to collect some information related to this research.
- Lastly three months are too short to deeply study and analyze this kind of sectors.

3.6 Foreign Trade Activities of Bank Asia Limited (MCB Banani Branch)

Foreign trade is a very important part of a bank. It does not create money. It actually works as an intermediary that move money from the capital markets to the businesses and institutions. Without commercial banks, the international finance and import-export industry will not exist. Bank Asia always tries to provide a better service to their clients from the beginning to the end. Moreover, Authorities always see facilities of the employees. The bank has generally three departments at a time. They are:

- General Banking
- Credit Department
- Foreign Trade Department

Foreign trade department mainly earns more revenue than other department. So, it is not only brings more money to the bank but also enhances our economic growth and conditions (Piya, 2014).

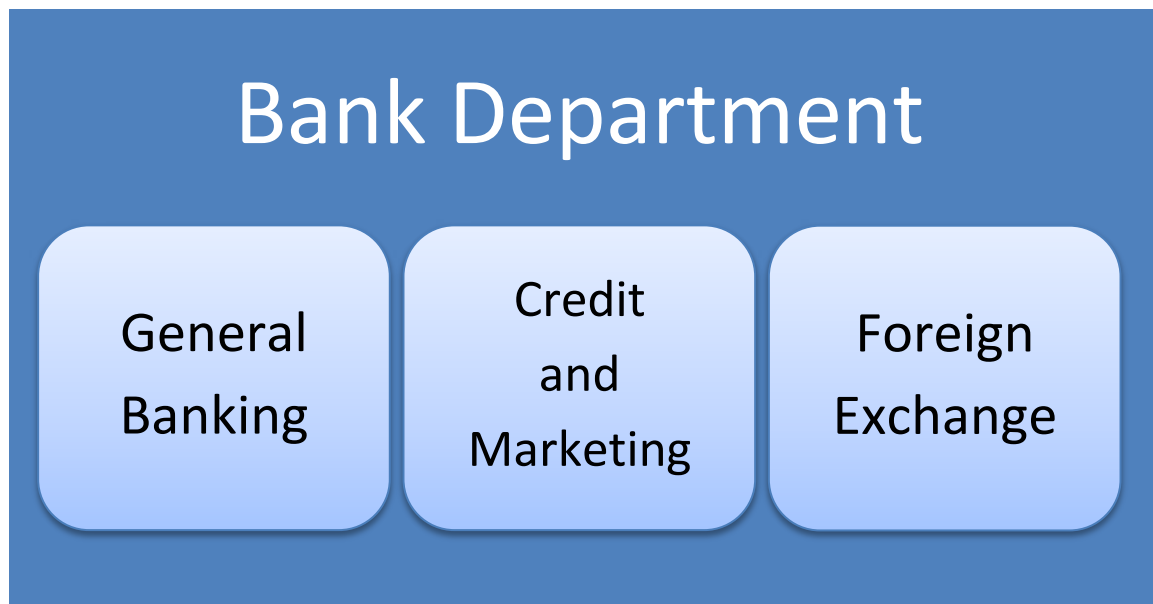


Figure 03: Departments of Bank Asia

Foreign Exchange

Foreign exchange is the exchange of currency or money from one country to another country in terms of products.

It has very systematic way and the way is approved worldwide. It has two departments under the foreign exchange. They are:

- Foreign Trade department and
- Foreign Remittance department

3.6.1 Foreign Trade Department

Foreign trade department maintains relationship between two countries. Foreign trade means the exchange of currency for the business purpose. It has two activities. Those are (Piya, 2014):

- Export and
- Import

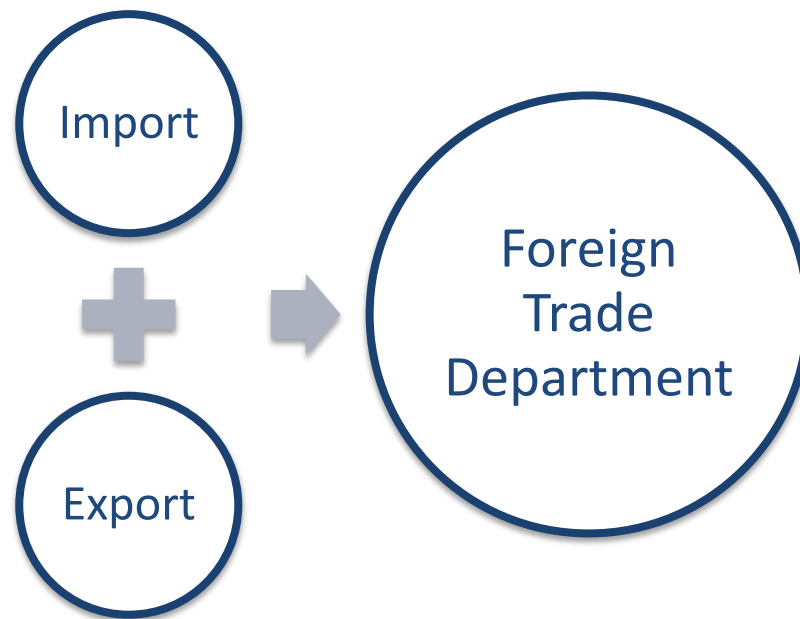


Figure 04: Activities of Foreign Trade Department

Before discussing the import and export section, some definitions are needed to be cleared. These following are:

A. Concepts

If a person tries to know or learn about foreign trade activities, he or she must be clear about some concept of foreign trade department. Concepts are as follows (Tahsin, 2015):

- **Opening Bank or Issuing Bank:** A bank always issue or open credit to the exporter after getting the buyer's order.
- **Importer or Buyer:** Importer or buyer both are same thing. Bank does open credit by request of the applicants or buyer.

- **Exporter or Beneficiary:** Bank helps exporter to give credit. So, beneficiary has liability because bank does finance to exporter.
- **Advising Bank:** According to the demand of the issuing bank the bank which advises hat is called advising bank.
- **Nominated Bank:** The bank which has sufficient credit called as Nominated Bank. If banks do not mention in the credit as nominated bank, all banks will be nominated bank.

B. Methods of Payment in International Trade

Payment method plays an important role in international trade. Trade has a risk. The important part of trade is getting payment on time and properly. Otherwise, there is no value doing a business.

Appropriate payment method helps a business to expand. Besides, it helps a bank to build a relationship with their client. Moreover, appropriate payment method minimizes the payment risk. So, every individual business uses their suitable method. There are basically four payment methods for international transactions (Piya, 2014).

- **Advance Payment:** When importer gives order to the exporter, it has time limit and specific delivery time or shipment time. If importer pays before the shipment that is called advance payment. This is less attractive to the importer because it has risk. Importer thinks if they pay advance, exporter will not work seriously. It can create unfavorable circumstances.
- **Consignment Payment:** Consignment is totally opposite of advance payment. Here, importer gives payment after the shipment of the product and also when the products have sold by the foreign delivery to the end customer. Exporter does not want consignment payment because it has exporter's high risk. This consignment payment method uses in developed countries.
- **Documentary Collections:** Documentary collection is very famous payment method. Most of the country's businesses follow this payment method. It is enough secure. Here, importer and exporter both make an agreement between them according to shipping documents such as original bill of lading, packing list, certificate of origin, bill of exchange, pro-forma invoice etc.

- **Letter of Credit (L/C):** In today's world letter of credit is most popular payment method of international trade. Most of the countries practice this method. Importer's bank gives assurance to the supplier that bank will pay written amount in the agreement, if exporter meets the terms and conditions of the letter of credit. The first job of Letter of credit is it plays an intermediary role to complete the trade transactions. The bank only deals with documents even they does not inspect the goods or commodities. This total rules are applicable in whole world. It is produced by the International Chamber of Commerce and Industries (ICC).

C. Letter of Credit (L/C)

L/C maintains strong relationship between buyer and seller. Letter of credit basically a term that means a bank does finance to the business for the exporters and importers personal sake.

L/C is more secure method than others. The bank advises credit is known as advising bank as well as the bank what opening the credit is called the L/C opening or issuing bank. Besides, the bank which has enough money called nominated bank. If nominated banks are not mentioned, all the banks will be nominated.

L/C is a liability of the exporter which a bank gives advantage of the exporter to do business on behalf of the importer. Importer and exporter both are getting benefits directly or indirectly.

Procedure to open a Letter of Credit (From import and export perspective):

The cart below shows how participants are involved in the method of opening and payment of L/C:

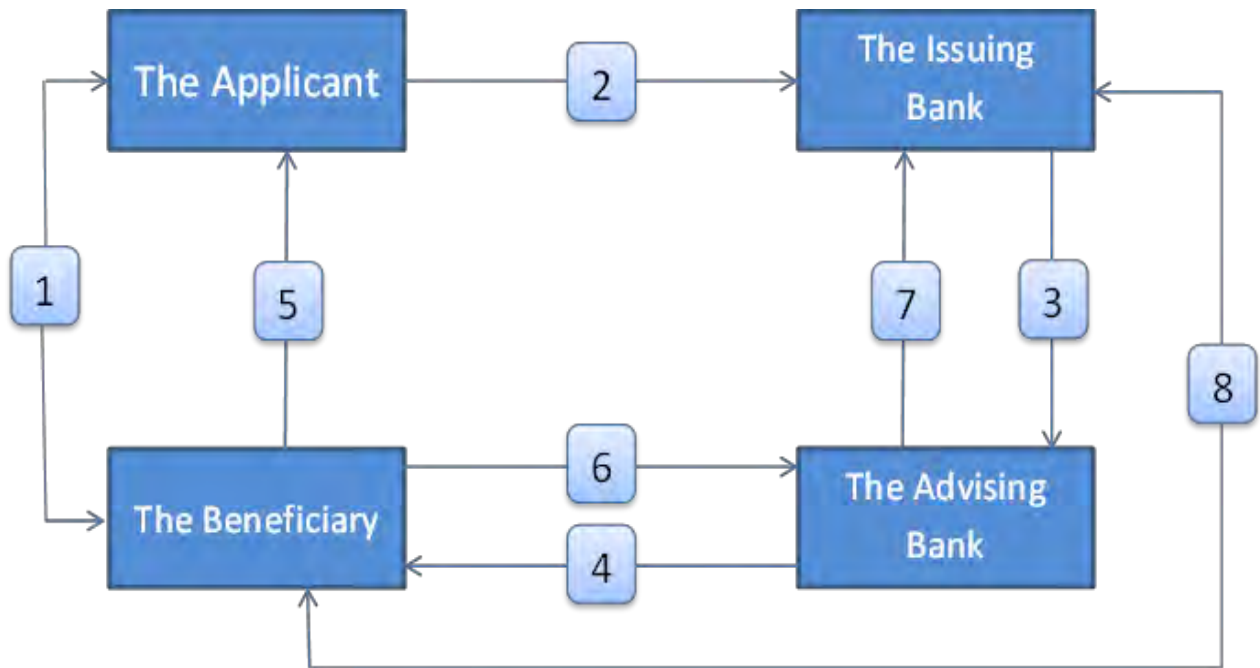


Figure 05: Procedure to open a Letter of Credit (From import and export view)

- The applicant and the beneficiary negotiate terms and conditions of the letter of credit as per the agreement.
- The Applicant applies to the issuing bank to submit an application.
- The issuing bank wants some documents from the applicants:
 - Importer and exporter both do agreement between them.
 - Invoice both pro-forma and commercial
 - Purchase order. After the inspection all the documents the bank issues the L/C and forwards it to the Advising Bank.

After all the inspections, the bank forwards them to the advising bank. Then, advising bank does the following works.

- Advising bank check the papers as well as advises the LC to the beneficiary.
- The beneficiary matches them with the main or original contract to identify any major mistakes.
- If no mistakes found, the beneficiary draws the plan and presents too the advising bank
- Advising bank inspects all the papers with references to terms and conditions of the forwards them to the issuing bank.

- The opening bank confirms that the documents comply with the letter of credit and makes payment as per types of LC. It can be sight or deferred.

Classification of L/C:

There are three types of Letter of Credit in Bank Asia MCB Banani Branch (Tahsin, 2015):

- Sight LC
- Deferred LC
- Back to Back LC
 - **Sight L/C:** LC payment should be made within five working days after receiving the documents from the seller.
 - **Deferred L/C:** LC payment should be made on shipment date or due date. It is normally open for 120, 90, 60 days. So, it is totally depends on the demand of the party.
 - **Back to Back L/C:** Back to Back LC usually wants to open the exporter to import goods to produce their ordered goods and to deliver. Exporter opens back to back LC against or you can say to keep lien their master LC or original LC. It can be 80% of the master or original LC.

Modes of Payments L/C:

The modes of export's payments under the LC:

- Sight payment
- Deferred payment

Sight payment: The payment clears immediately when importer will get back the imported goods or products appropriately.

Deferred Payment: By the negotiation between the buyer and seller the payment time can be fixed such as: 120 days, 90 days, as well as 60 days. So, the payment must be cleared after a specific period of time which time will be selected this is depends on the negotiations between them.

D. Export and Import

Export

According to act 1950, the export trade of the country keeping pace by the import and export control. There are some of official procedures which an exporter has to fulfill before and after shipment of the products.

After satisfying the self-demand when a country sells the products to another country then it is called export. Export businesses keep huge contribution in our country's national economy.

The procedures are provided below (Piya, 2014):

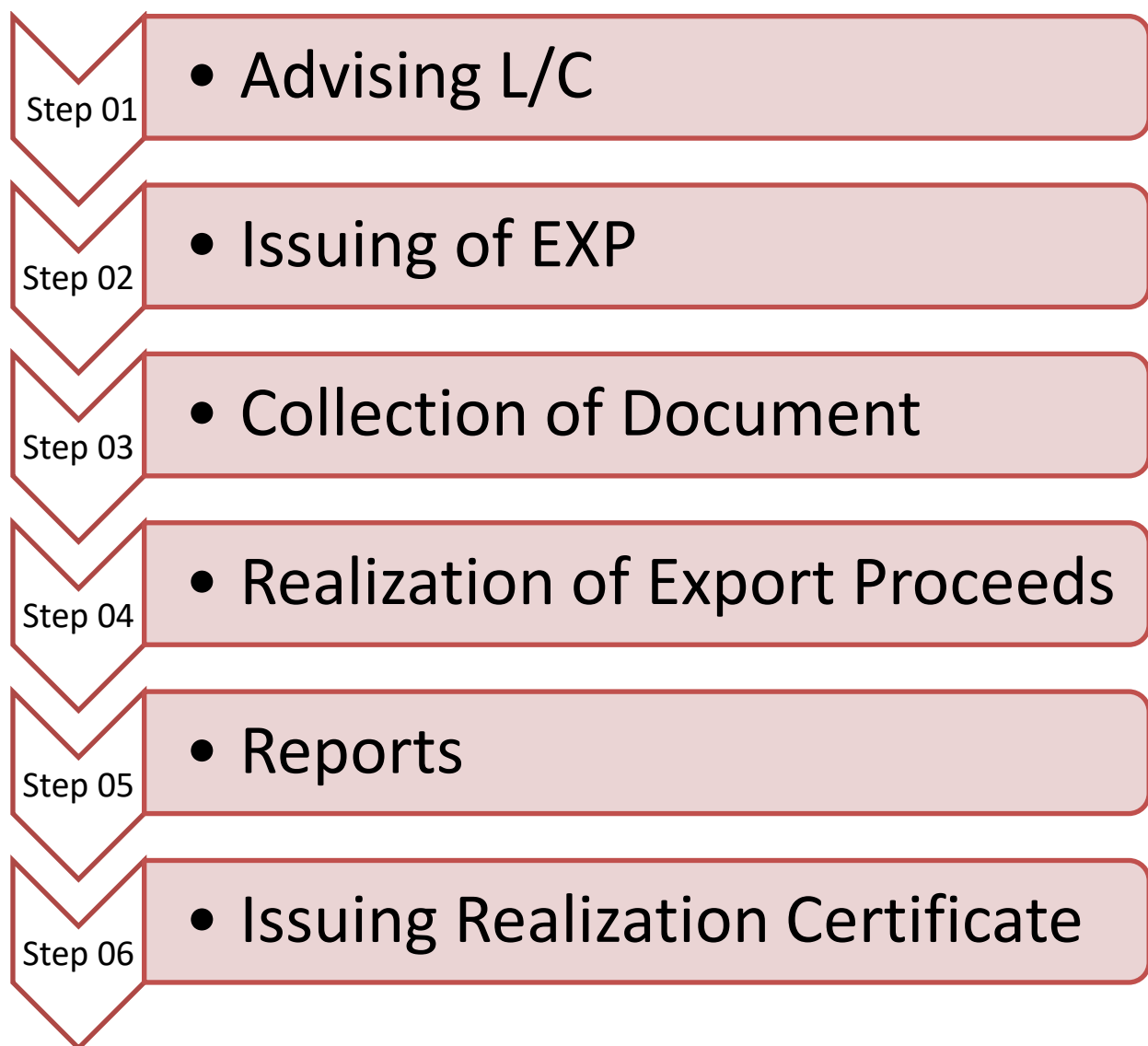


Figure 06: Export procedure of Bank Asia

Step-1: Advising L/C

Advising LC is the first condition of export LC which is mandatory to send an advising letter to the beneficiary. It shows that LC has been issued. The advising LC step is not required in case of advance payment and documentary collections.

Issuing bank sends two copies of LC. One copy is given to the beneficiary and the other one is retained by the branch.

Step-2: Issuing of EXP

All export details and in formations have in the EXP form like unit price, quantity, bill of lading no. etc. The exporter must be registered with the CCI and E before certifying any export form.

The branch must ensure the exporter's registration. It is the responsibility of the branch.

The following information is given to the EXP form:

1. Name & address of the authorized seller.
2. Particulars of the goods to be exported with code.
3. Country of destination.
4. Port of destination.
5. L/C value in foreign money.
6. Terms of sale.
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 time.
14. Name and address of the exporter.
15. Sector (Public or Private) under which the exporter falls.

Step-3: Collection of Document

The exporters do shipment of the ordered products and another important task is submitting all preparing documents according to the contract. Within 14 days of shipment, the exporter must all the copies of EXP from along with the other documents covering exports to the branch. The required documents are being prepared by the exporters which mentioned in LC. Such as:

1. **Bill of exchange:** the process of collection of payment from the importer.
2. **Bill of Lading:** a paper which is issued by the company or its agent.
3. **Insurance policy:** Insurance of the products where the insurance company will pay the damages if any damages happen on the transmission period.
4. **Certificate of origin:** Declaration of the real place of the goods or real producer.
5. **Inspection certificate:** Determines products accuracy.
6. **Commercial invoice:** List of total product's description.
7. **Packing list:** List of details of the goods contained in a package. It helps the customs to identify each package individually.
8. **Full set of shipping document:** The documents for shipping certified from customs house.

These papers have to be submitted to the respective department officer for negotiation purpose. Then after checking the validation of the papers it will be delivered to the importer bank.

Step-4: Realization of Export Proceeds

The money will only be sent out if the importer bank receives all the documents. The nominated bank gets 120 days to realize the proceeds of the export. The time 4 months is declared by the Bangladesh Bank within which the exporter has to accept all the foreign exchange proceeds. If any delay beyond the period happens without the authority from the Bangladesh Bank, the Bank can create payment by passing the Vouchers of Accounting to the exporter and they will be responsible under FER Act, 1947.

Step-5: Reports

The Bank certifies all the reverse of the triplicate copy of the form and forwards to the Bangladesh Bank after clearing the payment with the return. Another copy of the documents is

preserved by the branch for security and evidence. Within fourteen days of shipment. The nominated bank has to report to Bangladesh Bank about the duplicate EXP form.

Step-6: Issuing Proceeds Realization Certificate (PRC)

At the end Proceeds Realization Certificate (PRC) to the exporter is issued by the nominated bank. The exporter gets the bank certificate after the proceeds are certified. The standard format of the Proceeds Realization Certificate (PRC) Issued by Bangladesh Bank must be maintained to get reduction from the exporters' income tax.

Import

If a country orders an amount of goods or services from another country and ships the goods or services to the country, then it is called import of goods or services. The Import Registration Certificate (IRC) of the goods to the importer is given by the office of chief controller of import and export according to the control act of import and export, 1950. Then a Letter of Credit Approval (LCA) has to be obtained by the person or organization importing the goods. Only then the person or organization can become the eligible importer and has the responsibility of requesting or instructing of opening an L/C to the opening bank (Tahsin, 2015).

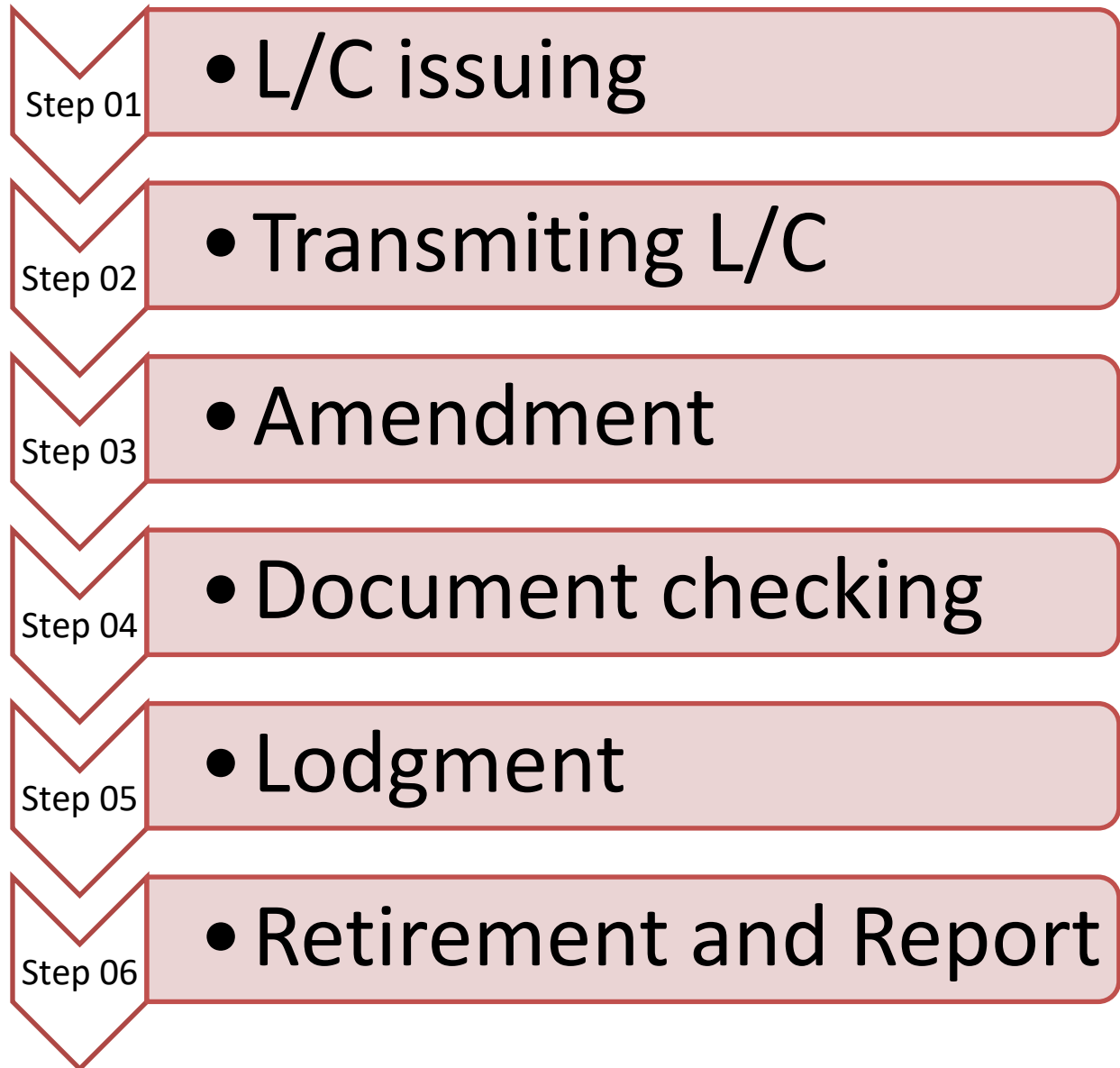


Figure 07: Import Procedure of Bank Asia Limited

Step-1: L/C issuing

This is the first conditions to import issuing the L/C. Letter of credit is the consistent 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 an agreement of sale. The contract covers all important particulars like value and also quantity of goods, the due date for shipment, method of payment etc. on the conditions are 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:

- L/C application forms what contains the details about applicant and beneficiary. Total L/C amount, country of origin means the products manufacturing areas, types of payment moods like at sight, DAF, CFR, FOB, Negotiation, and Acceptance, Port of shipment, and date of shipment etc. Insurance cover statement policy also had been mentioned amount, rate of dollar, equivalent TK. of BD, margin, charges, commission and also other charges.
- IMP form is containing H.S code (Harmonize system code), it implies to categories of manufactured goods. Quantity of commodities, 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 circumstances. The IMP forms should be submitted in duplicate by the importer.
- LCA form (Letter of credit authorization) what includes different rules and regulation about the imported items and imports. Letter of Credit Authorization issued by the importer's bank is essential for import purpose.
- Contract form that includes details contract between the parties.
- Charge paper.

After complete all above mentioned properly 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:

- Import Registration Certificate (IRC).
- Trade License.
- Registered Deed (Only for Partnership firms).
- Income Tax Declaration of TIN no.
- Membership Certificate.
- Photograph.
- Memorandum of Association (Only for Limited companies).
- Insurance cover note copy and money receipt.
- Pro-forma Invoice copy.

Step-2: Transmitting L/C

After issuing the L/C application and L/C authorization transmit to the advising bank.

Letter of credit can be transmitted to the advice bank by three moods. There are Telex, Courier, and SWIFT (Society for worldwide inter telecommunication network).

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

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

Exporters receive the L/C through the advising bank. Receiving L/C, exporter produce the commodities according to the requirements and ships it before due date. If any amendment is compulsory, exporter contacts with the importer. If the importers agree to do so, then the issuing bank issue amendment for the L/C.

Step-3: Amendments

It may be felt essential to alter some of the conditions of the credit or delete some or add some more, after a credit has been issued. All these modifications are communicated throughout the same bank that advised the credit. There can be additional one amendment to the credit. The credit issuing bank intends that all the amendments from an integral part of the unique credit issued.

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

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

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

- Bill of Exchange
- Bill of Lading
- Packing list
- Insurance policy
- Inspection certificate
- Commercial invoice

Step-4: Document Checking

When issuing bank received the whole document from nominated bank then they need to check for further documentation process. Followings are the significant documents to be obtained by the issuing bank after receiving the document from the nominated bank:

- Approval by Head office in case of new importers.
- Invoice of Pro-forma.
- Maintain standard format of L/C when filled and verification of the signature of the applicant.
- If Guarantor's signature is applicable, then verifying the signature of the Guarantor.
- Attachment of Membership Certificate from chamber of commerce / Business association and proof of insurance premium payment with insurance cover note and money receipt.
- Insurance checked for value (Insured amount must be indent/ PI value plus 10%) validity, goods, mode of transportation, shipment from and to etc.
- IMP form duly signed.
- Update suppliers or Beneficiary's credit report.
- LCA (Letter of Credit Authorization form) properly fill up and duly signed.
- Valid IRC held.
- VAT registration certificate.
- Up to date income tax certificate.

- Check the goods that are not banned or restricted item as per import policy.
- Check the country of origin for the particular goods.
- Margin including all L/C related charges realized.

Step-5: Lodgment

Lodgment means payment of import bills or move of funds for import bills. Here L/C issuing bank will organize to make payment against L/C through SWIFT. Through SWIFT a telex message is transmitted to the correspondent bank to ensure that payment has made. After checking the import-negotiating paper, 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 paper. If any discrepancy is found then the bankers inform it to the importer whether is accepted the bill with discrepancies or not. If the importer does not accept, the bankers inform it to the nominated bank within seven banking days from the date of receipt of the papers, otherwise it is treated to be accepted and the opening bank must bound to pay.

Step-6: Retirement & Reports

The branch makes the retirement vouchers to imitate the amount of cost and other charges from importer and adjustments of margin after the payment of the import bill. Therefore the documents are given to the importer against proper acceptance after certificate.

Steps are involved in retirement. Those are:

- If it has any interest, it must calculate.
- It must entry in the register.
- It must fill of the office copy.
- Endorsement is made on the back of the bill of exchange as usual payment.
- Acknowledgement took on the office copy from the importer in his authorized agent.

Report is very important in IMP form. Real copy of IMP form forwards to the Bangladesh bank another copy keeps in the branch.

3.6.2 Foreign Remittance Department

Bank Asia corporate branch is an official dealer. Foreign remittance represents of foreign currency receiving and also converting. There are two kinds of foreign remittance, Inward foreign remittance and outward foreign remittance (Piya, 2014).

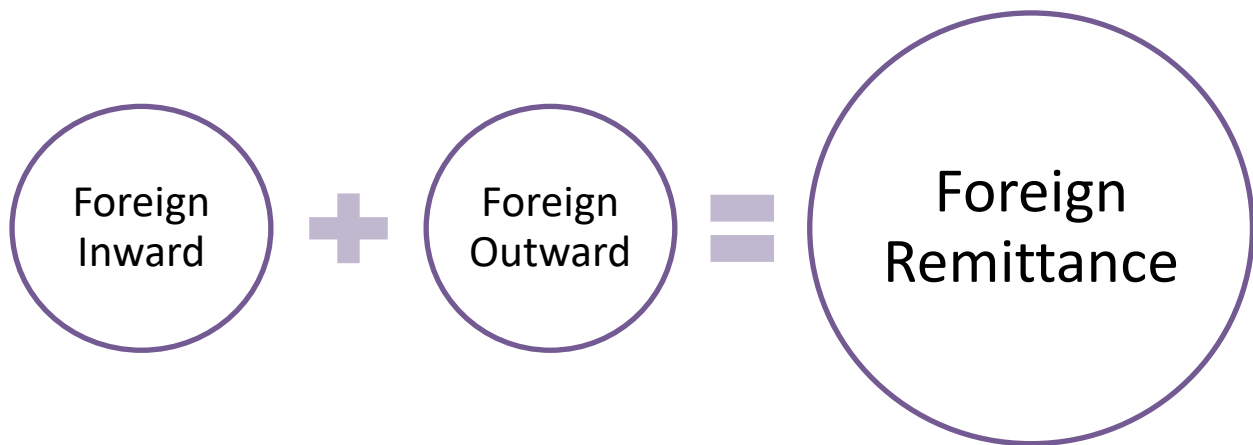


Figure 08: Foreign Remittance Department of Bank Asia

A. 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. It is when people send money for family purpose. In export proceed means after getting the commodities after that payment.

Purpose of Inward Remittance:

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

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 center usually on the same day. No loss of interest or expense on stamp duty etc.

F.D.D. (Foreign Demand Draft): A foreign demand draft is a flexible 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 basically use TC to meet their expenses for overseas travels. It reduces the risk of carrying currency notes. These are drawn in freely convertible currency.

B. Outward Foreign Remittance

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

Purpose of Outward remittance:

- Education Purpose.
- Exam fees etc.
- Import Purpose.

CHAPTER 04

Performance Analysis

4.1 Import Analysis

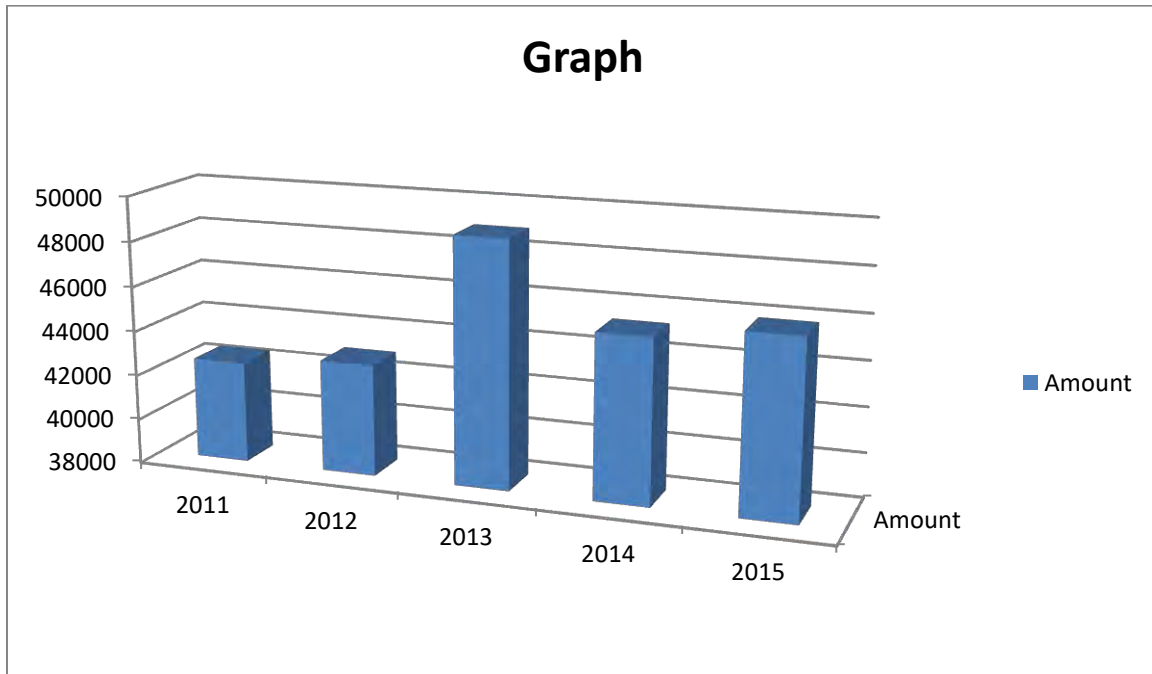


Figure 09: Import analysis graph

From this graphical presentation we can see following rises of import year to year. In 2012 the total import is 42,983 million taka. In between 2012 & 2013 the expansion of import is 13.89% which improved by 5,971 million taka from the previous year and the entire import is 48,954 million taka. After the next economic year 2014 the import was decreased 45,330 million taka by -7.40% growth. The shortage part of this year is 3,624 million taka as counted less its previous year. Growth rate was negative in 2014 because of vast political unrest as importers couldn't get their desired commodities for making products (Bank Asia Limited, 2016).

Since 2012 to 2014 in these five years the total amount of import is 137,267 million taka. In the total amount of 137,267 million taka were used by some sectors to import.

| | |
|---------------------------|------|
| Consumer commodities | 10 % |
| Capital machinery | 04 % |
| Textile | 03 % |
| Scarp Vessels | 04 % |
| Petroliam product and oil | 01 % |
| Raw cotton | 06 % |
| Cotton | 02 % |
| Others | 70 % |

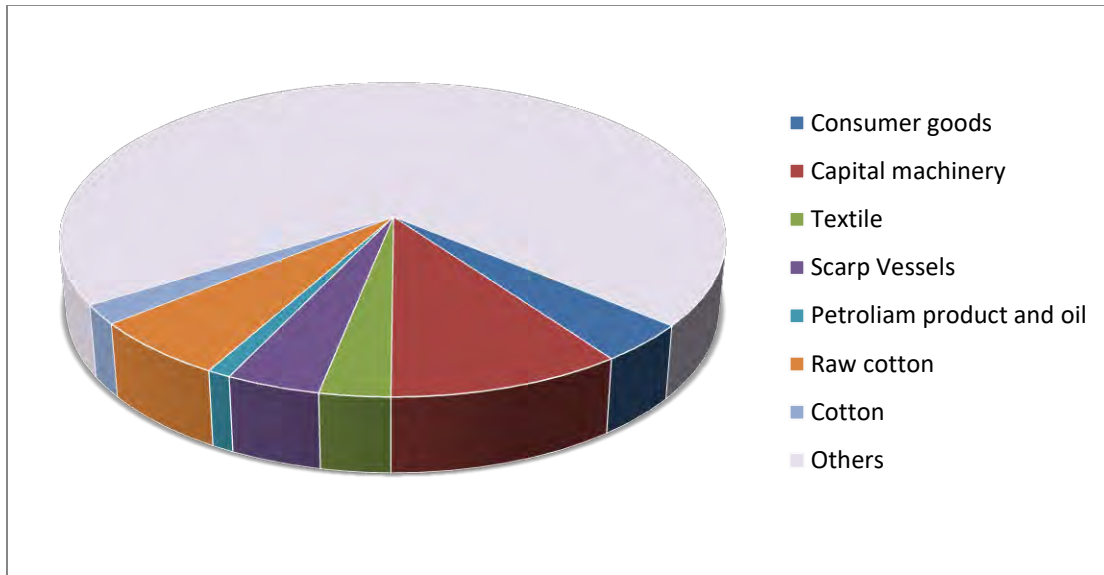


Figure 10: Percentage of Imported products

4.2 Export Analysis

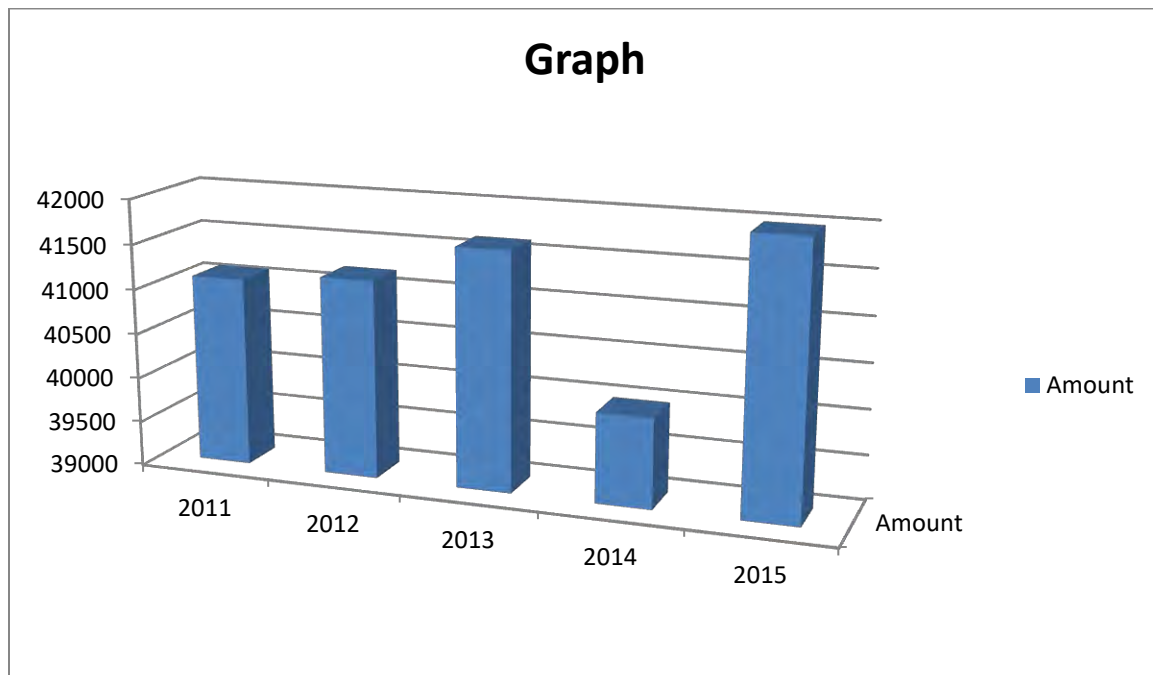


Figure 11: Export analysis graph

Since 2012 to 2014 export also improved but the situation was not like import. In 2012, the total export amount is 41,200 million taka. For the next year in 2013 the total export is 41,641 million taka which improved by 441 million taka with 1.07% expand to compare with the previous year. In the same way in 2014 export is decreased at 1,641 million taka by the total amount of 40,000 million taka with -3.94% growths. As I mentioned earlier that political unrest was the key reason for downsizing of export but in 2015, Bank Asia is expecting their growth will be 43% that is definitely a positive sign for national economy. The growth trend should have continued for country expansion. In order to make the strong economy export can play a significant role. Large extent of export can create a vast opportunity i.e. employment opportunity, can be made strong local currency against foreign currency, construct strong capital market, reduce the poverty and so on. Exported items which are contributed for better growth those are (Bank Asia Limited, 2016):

| | |
|---------------------------|------|
| RMG (Ready-Made Garments) | 40 % |
| Leather | 10 % |
| Medicine | 02 % |
| Frozen food | 10 % |
| Tea | 05 % |
| Jute goods etc. | 20 % |
| Others | 13 % |

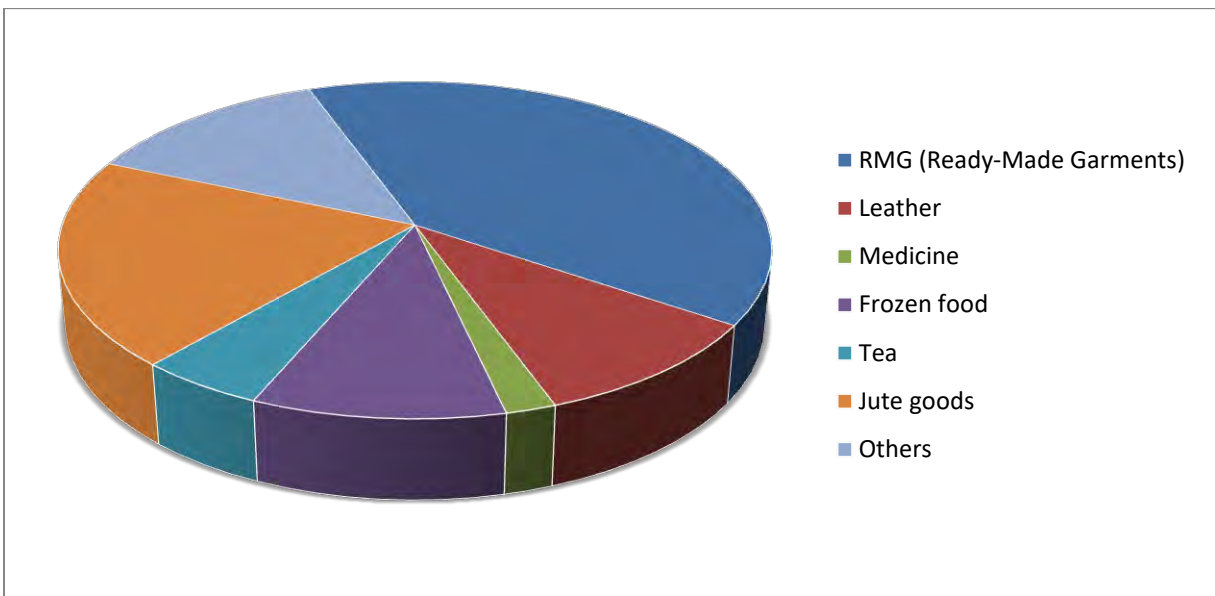


Figure 12: Percentage of Exported products

CHAPTER 05

Conclusion

Conclusion

Banking sectors are playing a vital role in our countries economic growth and overall development. But the banks of our country are still in the growth stage. Every bank is developing their own specialized sectors and special offerings to their customers. This is a huge step towards entering in the international banking market.

The entire report I prepared during my internship period at MCB Banani branch of Bank Asia. Here I have learned how perform a practical working sector. Besides, I understand that bank is a great source of revenue for the country and the government.

By analyzing the performance of Bank Asia, I can see that Bank Asia is really giving importance in Foreign Trade section and gradually becoming more and more specialized in import and export activities. By working in the Banani branch, I have experienced that this sector is becoming the backbone of this branch and contributing a lot in earning a lot of revenue. So if our county's political situation stays stable, I can assume without a doubt that this sector will take Bank Asia to a new stage in banking sector. Bank always maintains their core objectives and they try to fulfill their goal to maintain their values and customer satisfactions. The unstable economy has delayed the projected progress and the Bank is trying its utmost to reach desired position as well as reach targeted profit margin. The foreign trade is the best way of bringing in foreign currency and so effective calculate are to be provided towards these sectors so that they are not hindered in their day to day activities and by doing so they provide for the nation.

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