

## INTERNSHIP REPORT

“Loan Disbursement and Recovery system of Janata Bank Ltd.”

Prepared for

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BRAC University

LETTER OF TRANSMITTAL

22 May, 2018

To

The Supervisor,

Saif Hossain

Senior Lecturer

Bachelor of Business Administration

BRAC University

Subject: Submission of Internship Report.

Dear Sir,

This is my pleasure to submit this report on “Loan disbursement and recovery system of Janata Bank Ltd”. As partial requirements, I have got the opportunity to work in Janata Bank Limited for my internship program which is essential part of my academic program. I enjoyed the internship. I also feel immense interest at the preparation of the report. Although it is true that, my internship at M K Road Branch of Janata Bank doesn't match with subject matter of my internship report assigned by you. But it gave me the opportunity of practical experience of the activities of a commercial bank. I would like to thank you for your supportive suggestions and helping me to carry on this study.

I will be grateful for any clarification when needed. I shall be highly obliged if you are kind enough to approve this internship report.

Sincerely yours

Md. Javed Shahrier

ID – 10204058

BRAC University

## ACKNOWLEDGEMENT

As a student of BBA Program, Internship is one of the most important partial requirements of the total courses BBA program. In this regard I would like to thank all the faculties BRAC University who helps me to finish my courses.

This is a synopsis of my recent study on “Loan disbursement and recovery system of Janata Bank Ltd” as a part of the internship program. At the beginning I want to remember almighty Allah for giving me the opportunity, strength to do this work smoothly & blessings for our success.

I would like to thank my honorable teacher Saif Hossain, BRAC University, Faculty of Business Administration, for helping me to prepare the report. I will remain indebted to him for the valuable suggestions and the time he has given in supervising my work on report.

I was placed in M K Road Branch of Janata bank limited to work as an intern. The members of Janata Bank Ltd. management was very co-operative and helpful. They helped me through providing various data, guidance and direction. I am grateful to M. Ali Box, (Advance department in charge) of Janata Bank Limited for his cooperation and necessary support.

I am also grateful to all other employees of the branch for their support and assistance. I humbly appreciated the patience of the entire individual at Janata Bank who spent their time in making me adapt quickly to the environment of the bank.

Lastly I sincere gratitude to all the wonderful people of BRAC University (my teacher, my Classmates and others) for supports and understanding. It would be impossible without their help.

## Executive Summary

This report is prepared on the basis of my three months practical experience at Janata Bank Limited, (M K Road Branch). The internship program helps me to learn more about the practical Situation of a financial institution. Loans or credits comprise the most important asset as well as the primary source of earning for the banking institutions. On the other hand, loan/credit is also the major source of risk for the bank management. The bank management should always try to make an appropriate balance between its return and risk involved with the loan portfolio. From this report, I have learn about how Janata Bank provide loan and advance and how they recovery loan and advance. I have also learned about their credit policy applying for disbursement and recovery of loan and advance. In this report, I have used mainly secondary data. But I have also used some primary data. During the preparation of this, I have faced some problem. The main problems are lack of information.

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## INTRODUCTION

Bangladesh is an underdevelopment country and trying hard to take place in the list of developing countries. Modern and wealthy banking system is the prior condition of development. Smooth banking network played a vital role for national economy as well as social development. Over last few years the banking world has been undergoing a lot of changes due to deregulation, technological innovation and globalization etc. These changes also made major changes of a countries economy. Qualified and skilled management as well as better trained and dynamic staff is essential to run a sound financial instution; Banking sector in Bangladesh is fairly challenged from different angles though its prospect is bright in the future.

Banks are the main tool of the financial system of the country like Bangladesh. Though, Bangladesh boost up economic growth rates in recent years, a majority of countries population still remains unbanked. New socio-economic concept in Bangladesh aims to provide financial services to unafforded under privileged People. To achieve inclusive development and growth the operation of financial service to all section of society's as well as to the financially backward pockets is important for smooth growth of the economy.

A strong and healthy role of banking sector is important in the economy for development. In Bangladesh it has been playing a vital role in economy by providing credit for performing economic activities and at the same time conglomerate the surplus capital from general public through different types of depository incentives. A sound lending management, appropriate strategies and legation are required.

The performance of banking sector in the recent past has not been satisfactory. At present key performance of commercial banks in the country reflect the poor health of Banks. Most banks have not been able to show significant improvements on indications such as capital risk weighted asset, non-performing loans, return on equity, return on asset, liquid asset and excess liquidity. In recent years government and Bangladesh bank has taken initiatives to reform in financial sector such as maintaining discipline in banking sector, Steps for prevention of money laundering, loan write-off policy, guidelines for rescheduling of various types of loans and measures to gain transparency in banking sector. As a result the image of banking sector is improving.

## **Janata Bank at a Glance**

### **Historical Starting:**

In 1971 afterwards independence United Bank Limited and Union Bank Limited were nationalized and rename as Janata Bank. It runs its operation as state owned bank. (Janata Bank)

### **Corporatize:**

Janata Bank is a state owned bank and incorporated as public limited company 21 May 2007 as per company act 1994. With all its asset, liabilities, rights, power, privilege and obligation Janata bank is a going concern basis public limited company effected from 1 July 2007. A vendor was signed between the people republic of Bangladesh and Janata Bank Limited on 15 November 2007. (Janata Bank)

### **Mission of the Bank:**

Janata Bank Limited will be an effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking network. (Janata Bank)

### **Janata Bank as a physical entity:**

Janata Bank Limited operates through 904 branches including 4 overseas branches at United Arab Emirates. It is linked with 1202 foreign correspondents all over the world. The Bank employs 14413 employees. (Janata Bank)

### **Janata Bank in innovation:**

JANATA Bank Limited welcomes to all to explore the world of progressive Banking in Bangladesh. Janata Bank is always vigilant to develop its market potentialities way before others are thinking/planning today. Janata Bank is the first among to start SWIFT operation to minimize transmission cost in lieu of the telex system and simultaneously increase remittance business and foreign trade. It has automated 174 branches and recent year 326 branches will be use online banking system. Moreover, 20-application software developed by its own staff, which has reduced huge internal expenses and enriches operational efficiency as well. (Janata Bank)

### **Awards:**

International Award -“World’s Best Bank Award-2009 in Bangladesh. Janata Bank Limited was awarded Best Bank-Bangladesh in the Global Finance, World’s Best Bank Awards, 2009 by New York based Financial Magazine “Global Finance”. “Global Finance” has identified winning

banks based on number of criteria including growth in Assets, Profitability, Strategic relationships, Customer Service, Competitive pricing and innovative products. (Janata Bank)

### Present Financial Situation of Janata Bank:

Present financial situation of Janata bank for past cupule of years are given below. [Janata Bank, Financial Highlights]

SL	Particular	2016	2015	2014	2013	2012
1	Authorized capital	30,000.00	30,000.00	30,000.00	20,000.00	2 0,000.00
2	Paid up capital	19,140.00	19,140.00	19,140.00	19,140.00	2 0,000.00
3	Total capital (Tier-I+Tier-II)	43,189.82	37,128.33	36,468.38	34,301.04	11,780.37
4	Required capital	40,408.89	36,562.52	35,420.25	33,392.33	31,898.03
5	Surplus/(shortage) of capital	2,780.93	565.82	1,048.13	908.71	(20,117.66)
6	Capital to Risk Weighted Asset Ratio (CRAR)	10.69%	10.16%	10.30%	10.27%	3.70%
7	Total assets	778,603.91	683,157.58	628,415.27	586,082.99	511,129.4
8	Total deposits	641,819.15	568,911.14	516,010.74	478,535.57	409,767.0
9	Total loans and advances	403,037.41	349,861.30	319,773.25	285,747.65	305,339.5
10	Total contingent liabilities and commitments	105,174.55	121,570.94	72,495.16	99,726.43	112,558.9
11	Credit deposit ratio	62.80%	61.50%	61.97%	59.71%	74.52%
12	Total classified loans	59,359.80	43,181.70	37,375.67	31,766.86	53,201.69
13	Percentage of classified loans against total loans	14.73%	12.34%	11.69%	11.12%	17.42%
14	Import	126,650.00	147,181.80	144,556.80	176,671.00	188,284.0
15	Export	154,454.20	145,373.60	154,079.70	153,252.00	103,982.0
16	Foreign remittance	90,081.80	106,336.30	106,677.10	103,982.00	100,089.0
17	Income from investment	16,597.90	18,260.44	16,742.67	13,736.50	7 ,811.43
18	Operating profit	10,038.29	10,720.50	10,683.34	12,127.10	14,533.80
19	Profit after tax and provision	2,605.48	4,807.88	3,813.15	9,551.39	(15,280.34)
20	Provision kept against loans and advances (G+S) including OBS exposures	24,869.90	21,661.71	25,454.54	23,418.22	35,138.50
21	Provision kept against classified loans and advances	19,914.24	17,670.80	21,688.26	19,345.33	31,771.68
22	Provision surplus/(deficit) against loans and advances	251.56	83.77	418.95	330.00	



23	Cost of fund	8.05%	7.94%	8.82%	9.23%	8.76%
24	Cost of deposit (%)	5.49%	6.76%	7.34%	7.75%	7.02%
25	Average return on loans and advances	8.54%	9.35%	11.44%	12.39%	12.12%
26	Interest spread	3.05%	2.59%	4.10%	4.64%	5.09%
27	Net spread	1.48%	1.77%	2.06%	2.45%	3.44%
28	Earning assets	605,444.04	548,634.47	496,866.59	461,290.06	379,867.11
29	Non earning assets	173,159.87	134,523.10	131,548.69	124,792.92	131,262.22
30	Return on investment (ROI)	7.19%	8.61%	8.47%	9.39%	8.01%
31	Return on assets (ROA) after tax	0.33%	0.70%	0.61%	1.42%	-3.5%
32	Return on equity (ROE)	5.22%	11.44%	9.66%	30.09%	-49.74%
33	Earning per share (EPS)	13.61	25.12	19.92	86.31	(138.91)
34	Net operating income per share	52.45	56.01	55.82	63.36	132.13
35	Net assets value per share (NAVPS)	260.66	219.63	206.14	193.92	158.88
36	Net operating cash flow per share (NOCFPS)	103.13	165.93	89.18	396.80	

(Janata Bank)

### Product and service offered:

#### General Service:

Savings, current, short term deposit, corporate account and bill collection, income tax collection locker service, foreign remittance, money gram, TT, DD, online transfer, mobile pin money transfer etc.

#### Deposit Service:

1. Special saving scheme.
2. Special Deposit scheme.
3. Fixed deposit.
4. Monthly saving scheme.
5. Monthly income scheme.

#### Loan Service:

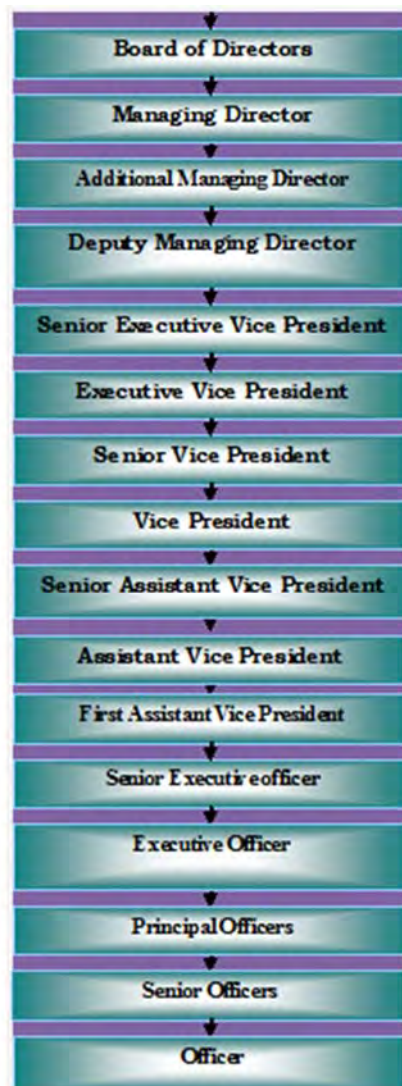
- Loan General.
- Terms Loan.
- Transport Loan.
- Project Loan.
- Loan against Imported Merchandise.

- Loan against Trust Receipt.
- Loan against Packing Credits.
- Loan against House Building.
- Housing Loan Scheme.
- House Repairing Loan Scheme.
- Consumers Finance Scheme.
- Small Business Loan Scheme.
- Personal Loan Scheme.
- Cash Credit.
- Security Overdraft.
- Payment against Document.
- Festival Small Business Loan Scheme.
- Festival Personal Loan Scheme. (Janata Bank)

**Vision of the Bank:**

To become the effective largest commercial bank in Bangladesh to support socio-economic development of the country and to be a leading bank in South Asia. (Janata Bank)

### Corporate Organogram:



## **JOB DISCRPTION AND OBSERVATION**

I was assigned at the M K Road Janata Bank Limited to complete my internship program. During my three (3) months internship program I enjoyed the work at the bank but most importantly I learned how to work under pressure with great responsibilities. Throughout this time I have got the opportunity to work with different department of Janata Bank Limited. There are different departments in Mk road Branch .My focus is on Advance department and some general banking.

I was rotated across all different departments in the past 3 months. However, my main Concentration was Credit department and thereby, I allocated maximum time to work at credit department section.

### **The Nature of the jobs and my Specific Responsibilities**

First week I was assigned to cash department. The job hears is to collect money from customer for check, bill, DD and many other service offered by bank record it to books. And payment of worthy document likes check, DD and bills etc. It is a very preacher job so my assist hears is minimum. Even though, they give me some work.

- Cross check of signature.
- Cross check of account balance.
- Help customer to fill books.

General banking division is the blood vassal of bank. Hear job range is very broad. From opening account to closing account, customer complains, arranging necessary books and forms, managing customer etc. My assists are given below;

- Opening account for new customers and aiding them in the process.
- Finding the FD, DPS and old account opening forms.
- Help in Opening FD and DPS for new customers.
- Making solvency certificates.

At Credit Division, Most of the time in my intern period I have spent in credit department and that's why I prefer 'Credit Management of JBL' as my internship report topic. Firstly I was assigned in credit dept. more than 1 month under direct supervision of Ali box Officer and at that time I have to perform below activities-

- Printing, typing and photocopying different documents related credit.
- I had to organize all the customer files (e.g. car loan, home loan) & keep them at a specific place separately.
- Checking and filling up different loan's forms
- Helping clients that where to signature on the form.

## Observation

Working at JBL, Mk road Branch was a great experience for me. I have learnt many things from them. From my little knowledge what I have observed and some recommendations are as follows: It was very interesting working at Janata Bank. The people there are really nice and talented. The things that I have noticed and observed are:

- Work environment is very friendly and employees are co-operative
- Employees are active and sincere to their assigned job responsibilities
- Work is never left pending for the next day unless it is absolutely necessary
- The work process could be made faster with better computers and operating systems.
- There is always a rush of customers so there is no standard on what the employees do throughout the day. The work activities of an employee is set, but what to do when varies along the day

The work activities are always set and divided for each of the employees. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. It is also easy to assign duties that way. Even though this is the case, I often saw other staff members helping each other out.

## Origin of the Report

Internship program is the most important period for a BBA student. The duration of internship program is 3 months, which carries a best learning process to know about the organization and cope up the environment in such a way like professional employees. The experience that got by an intern during the internship period will make them more smart and professional in their future job sector. I was started my internship at Janata Bank Limited, M K Road Branch Jessore.

Background of the Report I have worked in various Department of at Janata Bank Limited, M k Road Branch Jessore. In this report, I will try to make an overall analysis on all activities of Janata Bank Ltd specially focuses on credit department.

## **Objectives of the Project**

The main objective of the study is to gain practical knowledge about the existing banking business in JANATA Bank Ltd through loan disbursement and recovery system and its functions. Then determined the policy, rules and regulation of loan disbursement and recovery system.

### **Specific objectives**

- To present an overview of Janata Bank.
- To identify recovery police and problems.
- To acquire practical experience in different banking services of Janata Bank Limited.
- To gather knowledge about the transactions of different departments of the bank.
- To know about the Credit products and the way of disbursement.
- To inform the banking credit facilities to the mass people.
- To give some recommendations regarding the credit division.

### **Methodology:**

The data needed for conducting the study has been collected from the primary sources as well as secondary sources. In collecting the necessary data, care has been taken so that all the variables that in some way can't affect the objectives of the study. The information that I used in this study is collected by the following way:

1. Primary Data Source. And
2. Secondary Data Source.

### **Primary data sources are:**

1. Direct working with officials of JANATA Bank Ltd.
2. Face to face conversation with advance department.
3. Practical deskwork.
4. Observation for the total internship period.

### **Secondary data sources are:**

1. Janata Bank's Annual Report – 2014, 2015, 2016.
2. Janata Bank's Instruction Manual and Training manual.
3. Annual and journal report published by Janata Bank Ltd.
4. JANATA bank website Browsing.
5. Bangladesh Bank Website.
6. Loan Review policy, Janata Bank

Data Analysis and Reporting Both the qualitative analysis (SWOT analysis, Questionnaire analysis) and quantitative analysis (Financial data analysis, Ratio analysis) have been used to collect and analyze the gathered data. Besides this different types of software are used for reporting the gathered information from the analysis, such as- Microsoft Word and Microsoft Excel.

### **Scope of the Report**

Banks have been playing an important role in economic development and contributing immensely to build the country. Banking sector is fast expanding in our country because of globalization and reform of private sector. To survive as a key player in this highly competitive and complex business environment a bank should develop its business focusing the customer's satisfaction.

Benefit of the report as a student, I have learned about a bank; I also have learned the report writing, as a great deal of theory is included in this report. It will be also benefited for the people who are interested to know about JBL.

### **Limitations of the study**

Due to some legal obligation and business secrecy the bank was reluctant to provide some sensitive data. Thus, this study limits only on the available published data and certain degree of formal and informal interview and limited survey. Although the particular study is extensive in nature, hard effort was given to make the study worthwhile and meaningful even then there exists some limitation. Altogether the internship period in the bank was not free from limitations. I faced some problems during the study, which I am mentioning below

1. Large scale analysis was not possible due to constraints & restrictions posted by the banking authority.
2. This report is limited only to the Loans & Advance Department, it does not broadly cover the general banking part of Janata Bank Ltd.
3. In many cases, up to date information was not published.
4. In some cases, access to relevant papers & documents were strictly prohibited.

5. In some other cases, access was denied to procedural matters conducted directly by the top management in the operations of loans & advance department.
6. Legal documentation is not published.
7. Lack of in depth knowledge about the topic.

Bank's basic work is to create a channel through depositing money from the surplus unit and provide funding to borrowers. Thus the necessity of credit department in bank occurs. The credit department is a very important department of a bank. The money mobilized from ultimate surplus units are allocated through this department to the ultimate deficit unit (borrower). The success of this department keeps a great influence over the profit of a bank. Failure of this department may lead the bank to huge losses or even to bankruptcy. Janata bank's Advance department also tries to do their job perfectly.

### **Credit Policy of JBL**

As a commercial bank lending is one of the most vital sources of its income. Like every other bank Janata Bank has its own credit policy which highlight the procedure of disbursement and recovery system of the bank.

- Bank should disburse all loans in according with Bangladesh Bank guideline, Banks Memorandum and Article of Association, Banking Company's Act.
- Loans and advance should finance from deposit not from short term fund or lending from other bank.
- Established a close relationship with loner.
- Bank should provide credit facility customer and help them to make the best use of it.
- Interest rate of various lending categories will depend on the level of risk and types of security offered.
- Outline the steps to collect past due for reducing bad loan.
- Provide guideline to recover classified loan.
- A single loner's amount should not exceed 15% of banks capital.

### **Credit Ratings**

According to Bangladesh Bank all commercial bank conduct credit rating .Janata Bank appointed Emerging Credit Rating Limited (ECRL).

Emerging Credit Rating Limited (ECRL) states the rating of Janata Bank Limited to AAA for long term for some time and Short term rating to AR-2 and ST-2. The above rating has been



done in consideration of Banks visible improvement in fundamentals such as capital adequacy, liquidity position, profitability, introduction of real time online banking etc. However, the above rating is moderated to some extent, increase in NPL, high cost of fund, moderate corporate governance, dependency on team deposit etc.

Year	Entity Rating Long Run	Entity Rating Short Run	As Gov. owned Bank Long Run	As Gov. owned Bank short Run
2016	A+	ST-2	AAA	ST-1
2015	A+	ST-2	AAA	ST-1
2014	A+	AR-2	AAA	AR-1
2013	A+	AR-2	AAA	AR-1
2012	A+	AR-2	AAA	AR-1

(JANATA BANK, 2016)

Financial institutions rated in this category are adjudged to offer adequate safety to timely repayment of financial obligation. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in period of economic stress than those rated in the higher categories. The short term rating indicates well certain of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

### **Principal of Lending**

Disbursement of lone is one of the prime tools of a banks income. Normally banks pay more attention in disbursement of lone then deposit collection. Bank took over its collateral if any loner fails to repay loan amount. Every loan has its own risk. To minimize risk a sound lending principal is needed.

#### **Safety:**

A banks entity depends on safety of lending. Grant lone in unproductive sector and risky business, dishonest loner, unfit loner leads the lone to default loan. So safety of the lone is the main principal of lending.

#### **Liquidity:**

Loans and advances maturity should not be long-term it impose preacher on liquidity of bank and harder to recover. Bank should disburse loan and maintain a certain percentage of cash to meet the needs of depositor.

**Purpose of the loan:**

Purpose of the loan and source of repayment of loan is very important. Loans purpose should be productive.

**Security:**

Bank may take collateral in loans and advance in term of security. If it took security it should be enough, easily sellable and completely risk free.

**Profitability:**

Interest income is banks main source of income. So bank tend to give loan where interest income is high and easily collectable.

**Spread:**

Bank should diversified its loan .It should give small amount to large group.

**National Interest:**

Bank invests in market to improve national economy. Sometimes bank invest in project with low interest income for the sake of national interest. (Janata Bank, 2018)

**Lending Criteria of JBL**

Entrepreneur has to be creditworthy and competent enough to run the proposed industry. The project should be viable from organizational technical, commercial, financial and economic points of view.

**Technical Viability:**

The project should be technically sound and environment-friendly. Technology transfer in case of borrowed know-how ought to be ensured. Building should be well planned and well-constructed.

**Commercial viability:**

Market prospect and potential for the product has to be fully assured at competitive prices. Marketing channel for the product should be accessible to the entrepreneur.

**Financial Viability:**

There should be reasonable debt equity ratio as determined by the Bank on individual case basis. Debt service coverage ratio should be at least 2.5 times at the optimum level of production. IRR should preferably be not less than 20%

**Economic Viability:**

The project should ensure benefit to the national economy and create sufficient employment opportunity and be environment friendly.

**Credit Facilities of Janata Bank Limited**

The main focus of Janata Bank Limited is financing business, trade and industrial activities through an effective delivery system.

Janata Bank Ltd. offers credit to almost all sectors of commercial activities having productive purpose. The loan portfolio of the Bank encompasses a wide range of credit programs. Credit facilities are offered to individuals including housewives, businessmen, small and big business houses, traders, manufactures, corporate bodies, etc. Loan is provided to the rural people for agricultural production and other off-farm activities. Loan pricing system is customer friendly. Prime customers enjoy prime rate in lending and other services. Quick appreciation, appraisal, decision and disbursement are ensured. Credit facilities are extended as per guidelines of Bangladesh (Central Bank of Bangladesh) and operational procedures of the Bank.

**Different Types of Credit Facilities**

From the Banker's point of view Credit is the confidence of the lender on the ability and willingness of the borrower to repay the debt as per schedule of repayment. A bank provides loan

to a company, with a fixed maturity and often featuring amortization of principal. If this loan is in the form of a line of credit, the funds are drawn down shortly after the agreement is signed. Otherwise, the borrower usually uses the funds from the loan soon after they become available.

Types of loan of Janata Bank Limited: Depending on the various nature of financing, all the lending activities have been brought under the following major heads: Loan (General) Short term, Medium term & Long term loans allowed to individual/firm/industries for a specific purpose but for a definite period and generally repayable by installments fall under this head. This type of lending is mainly allowed to accommodate financing under the categories

- (i) Large & Medium Scale Industry and
- (ii) Small & Cottage Industry.
- (iii) Very often term financing for Agriculture & Others are also included here.

#### **Agricultural Loan:**

Loan provided to individuals for carry out agricultural process. Generally interest rate is 10% for this kind of loans. However for some special crops production interest rate is 4%.

#### **Rural Loan:**

Loan provided to rural people for carry out their regular life. This loan costs 10% interest. It include fisheries, cottage industry etc.

#### **CC(Hypo):**

Advance allowed to individual or firm/wholesaler to carry out daily work. It helps to meet working capital. It is a continuity loan which falls under hypothecation. Banks took letter of Hypothecation, Letter of continuity etc for this loan. It fall under commercial loan and interest rate is 13%.

#### **CC(Pledge):**

Advance grant to individual or firm to provide working capital against letter of Pledge. It is a commercial loan and interest rate is 13%.

#### **SOD(Work Order):**

Advance allowed to firm or individual for carry out work order. It is a commercial loan interest rate is 13%.Bank took assignment of bills against work order.

#### **SOD(FO):**

Advance allowed against financial asset like FDR. It is a commercial loan with 13% interest rate.

**SOD(Scheme Deposit):**

Advance grant against scheme deposit charge 13% interest rate. It also falls under commercial loan.

**House Building Loan (Staff):**

Loans allowed to staff for purchasing or construct house. Interest rate is

**House Building Loan (General):**

Loans allowed to individual/enterprises for construction of house (residential or commercial) fall under this type of advance. The amount is repayable by monthly installment within a specified period. Such advances are known as Loan (HBLGEN). It has 13% interest rate.

**House Building Loan (Builder):**

Loans allowed to firm for construction of residential or commercial building for sale. It has 13% interest rate. Bank took copies of Power of attorney for developing property and some other essential document.

**Consumer Loan:**

Loans allowed to individual to meet personal need of an individual. It is also known as personal loan. It has 13% interest rate. It is a special loan to fixed income group to improve their life style.

**Term Loan:**

This is one time financial accommodation for short period maximum 12 months to meet some specific purpose. The loan is adjustable within the validity and not renewable and no transaction is allowed after time.

**Hire Purchase Loan:**

Hire purchase is an agreement between bank and individual or firm to grant loan for installment of good. It includes joint ownership of goods. After repayment of loan and interest amount in specific time bank withdraw ownership.

**Lease Finance:**

Lease Financing is one of the most convenient sources of acquiring capital machinery and equipment whereby a client is given the opportunity to have an exclusive right to use an asset usually for an agreed period of time against payment of rent. It is a term financing repayable by installment.

**Import Loan:**

Loan or advance allowed to individual or firm to import goods that are necessary for the economy in our country. After completion of import process bank allowed LIM and LTR. It falls under commercial loan. It has interest rate of 13%.

LIM: Bank takeover import goods under lock and key, importer repay loan and release goods.

LTR: Bank release goods to importers hand in trust that importer sell the goods and repay the payments.

**Export Loan:**

Bank provide loan and advance to firm and individual to complete export process. Back to back LC, ECC (hiop), ECC (pledge) are pre-shipment loans. Post-shipment loans are LTR, demand loan, general loan. Interest rate is 13%.

**Packing Credit (PC):**

Advance allowed to a customer against specific L/C/firm contract for processing/packing of goods to be exported falls under this head and is categorized as "Packing Credit". The advances must be adjusted from proceeds of the relevant exports within 180 days. It falls under the category "Export Credit". Interest rate is 7%.

**IDBP:**

Payment made against documents representing sell of goods to Local export oriented industries which are deemed as exports and which are denominated in Local Currency / Foreign Currency falls under this head. This temporary liability is adjustable from proceeds of the Bill. Interest rate is 13%.

**Syndicated Loan:**

Loan is awarded to some individuals or firms to carry out business. Generally two or more bank and financial intuition collaborate together to carry out this type of loan. (Janata Bank, 2018)

**Payments against documents (PAD):**

Pledge or hypothecation of stock-in trade, goods, produce and merchandise, machineries, land or building on which machineries are installed Loan against imported merchandise Pledge of imported merchandise

**Loan against trust receipt:**

Trust receipt in lien of import document Local bills purchased Bill itself Foreign bill purchased Shipping documents for exports Overdraft Primary securities: hypothecation of book depth

Collateral securities: mortgage of landed property and IPA. Cash credit Primary securities: Hypothecation of stock of goods in trade duly insured produce merchandise.

There are some other special loans:

Loan Title	Amount(In Million)
Women entrepreneurs financing	2,8772
Loans for Self-employment	72830
Poverty reduction loans	4123
Short term interest free loan	21898
Agriculture or Crop loans	7844

(JANATA BANK, 2016)

Green Financing:

We have given preference to eco-friendly business activities and energy efficient industries. Environmental infrastructure such as renewable energy project, clean water supply project, Effluent Treatment Plant (ETP) and projects with ETP, solid & hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant, brick fields having Hybrid Hoffmann Kiln (HHK) technology are encouraged as a part of green financing practices. We are also financing in various eco-friendly projects under re-financing scheme of Bangladesh Bank at a subsidized rate of interest that includes:

- Loan to 333 solar panels
- Loan to 33 bio-fertilizer plants
- Loan to 45 biogas plants
- Loan to 15 HHK brick fields
- Loan to 46 Vermi composed fertilizer project
- Finance in Zigzag brick fields.

## **Securities against Advances**

Generally JBL receives different types of securities against different types of credit facilities from which some of are as follows:

Types of Credit Securities House building loan Primary securities: mortgage of the land or any property Car loan Primary securities: joint registration and comprehensive insurance policy, two valuable guarantors.

Collateral securities:

- Mortgage of land or any property.
- Corporate guarantee
- Hypothecation of stock and receivables
- Pledge of goods in trade
- Lien on financial Instrument like FDR, Scheme deposit
- Auto loan Primary securities: joint registration and comprehensive insurance policy.
- Two valuable guarantors and postdated cheques(Janata Bank, 2013)

In Janata Bank M K Road Jessore branch they took all securities against advance.

### **Selection of loner**

Bank should find loner who properly invest loan amount and timely repay of interest. Loner should create a believer to bank that he will invest the amount and timely repay of interest. To have that believe in loner he has to have some virtue. These virtues are evaluated before disbursement of loan.

#### **Character:**

Identify a good loner character is to invest loan amount properly and repay interest. Loner has to be honest and reliable. Honesty is the most important character in loner's virtue. For identifying loner's honesty

1. Past record of loner
2. Collect different information.
3. Analysis of loners document
4. Analysis of loners transections
5. Analysis of loners banking period

#### **Past record of loner:**

Analysis of past business record of loner with bank and analysis of his financial statements to verify if he is telling truth about his business.



**Collect different information:**

Collect information from his living area to identify his character.

**Analysis of loner's document:**

For loan loner submitted different document, Verify these document to test his honesty.

**Analysis of loner's transection:**

Analysis of loner's transection of bank tells us about business transection, issue of check tells us about his honesty.

**Analysis of loners banking Period:**

Individual maintain long banking period tells more information about him then short business time.

**Reliability:**

Analysis of reliability is very difficult for bank. A loner maintains good relation with bank and repay of interest timely tell him he is reliability. A loner with new banking relation bank looks into his social status.

**Capacity:**

It tells us that loner's business capability, Production capability, marketing capability and cash flow capability. To find out business capability business has to be maintaining solid growth and asset liability ratio, sells growth at least for three years. Identify the sector growth and loner's position in that sector. A good cash flow in recent years tells us about the business capacity.

**Capital:**

Amount of capital tell us about loners intention and interest about the business. A good amount keeps the loners interest in business. So he is active in finding new opportunity in business. Identify Business asset and liabilities, Willingness to invest for future needs and find out any connection that affects business.

**Condition:**

Condition refers as business condition, sector wise condition, competitive condition, government support, consumer attraction. Business condition refers as product production, sells etc. Sector condition means overall sectors risk, threat and growth. Sometimes government support some

industry like tax free, and sometimes customer's attraction on specific product like fertilizer in rural market.

### **Collateral:**

To minimize risk on loan bank tend to take collateral for loan. For taking collateral bank has to take some strategy about collateral. For example collateral asset has to be sellable, Asset has to be solid in documentation, asset has to be existing in reality and asset value must be more than loan amount. (Janata Bank, 2018)

### **Overall Procedure for Sanctioning Loan:**

Before disbursement of loan bank must go through some selection process. These processes are given below:

- Security Selection
- Assessment of the borrower
- Visit Business
- Fund requirement analysis.

### **Borrower Selection:**

Select suitable borrower from pool of borrowers. This includes borrower's present and past business information, nature of borrower, and ethical value of the borrower. This information gives us entity's historical business information and nature of borrower whether he might default or not.

### **Security Selection:**

Selection of collateral security is as important as disbursement of loan. Proper selection of security gives bank an upper hand when borrower may default.

### **Assessment of the borrower:**

Proper assessment of borrower gives us solid information of the borrower. It helps bank to sensation loan to worthy borrower. In assessment of Brower bank should go through selection of loner.

### **Visit Business:**

Visiting business gives us valid information about the business, its prospect and field evaluation of security.

### **Fund Requirements analysis:**

Why borrower need fund tells us situation of the business. If banks advance team satisfied that the loan requirement is valid then deflation of that loan chance is very low.

Before disbarment of loan advance team should go through the process this gives bank the breathing space and avoid default lone.

The following procedure need to be followed for giving advances to the customer. These are:

1. Party's application
2. Filling form-A
3. Collecting CIB report from Bangladesh Bank
4. Processing loan proposal
5. Project appraisal
6. Head office approval
7. Sanction letter
8. Documentation
9. Disbursement

#### 1. Party's application:

At first borrower had to submit an application to the respective branch for loan, where he has to clearly specify the reason for loan. After receiving the application form the borrower Bank officer verifies all the information carefully. He also checks the account maintains by the borrower with the Bank. If the official becomes satisfied then he gives form-X (prescribed application form of Bank) to the prospective borrower.

#### 2. Filling Form -X

After satisfying with party's application the applicant need to fill Form-X. It is the prescribed form provides by the respective branch that contains information of the borrower. It contains- Name with its factory location, Official address and telephone number, details of past and present business, its achievement and failures, type of loan needed etc.

#### 3. Collecting CIB Report from Bangladesh Bank

After receiving the application for advance, Janata Bank sends a letter to Bangladesh Bank for obtaining a report from there. This report is called CIB (Credit Information Bureau) report. Janata Bank generally seeks this report from the head office for all kinds of investment. The purpose of this report is to being informed that whether the borrower has taken loan from any other Bank.

#### 4. Processing loan Proposal

After receiving CIB report from Bangladesh Bank, then respective branch prepare an Investment proposal, which contains terms and conditions of Investment for approval of Head Office.

Documents those are necessary for sending Investment proposal are:

Necessary Documents While advancing money, banks create a lot of documents, which are required to be signed by the borrowers before the disbursement of the loan. Of them some are technically called charge documents. Necessary steps and documents:

- Loan application form duly signed by the customer.
- Acceptance of the term and conditions of sanction advice.
- Trade license.
- In Case Of Partnership Firm, copy of registered partnership deed duly certified as true copy or a partnership deed on non-judicial stamp of taka-150 denomination duly Notarized.
- Demand promissory notes.
- Letter of hypothecation of stocks and goods.
- Letter of hypothecation of books debts and receivable.
- Letter of hypothecation of plant and machinery.
- Personal letter of guarantee.

#### 5. Project Appraisal

It is the pre-investment analysis. Project appraisal in the Banking sector is important for the following reasons:

- To achieve organizational goals
- To recommend if the project is not designed properly
- To justify the soundness of an investment
- To ensure repayment of Bank finance

A technique of Project Appraisal An appraisal is a systematic exercise to establish that the proposed project is a viable proposition. Appraising officer checks the various information submitted by the promoter in first information sheet, application for Investment and Investment proposal.

The Head Office (HO) mainly checks the technical, commercial and financial viability of the project. For others, HO is dependent on branch's information. But when the investment size is big, then the HO verifies the authenticity of information physically.

## 6. Head Office Approval

When Head office receive appraisal from the branch then, Head Office again appraises the project. If it seems to be a viable one, the HO sends it to the Board of Directors for the approval of the Investment. The Board of Directors (BOD) considers the proposal and takes decision whether to approve the Investment or not. If the BOD approves the investment, the HO sends the approval to the concerned branch.

The respective officer of Head Office appraises the project by preparing a summary named “Top Sheet” or “Executive Summary” and then he sends it to the Head Office Credit Division for the approval of the Loan. The Head Office Credit Division considers the proposal and takes decision whether to approve the Investment or not. If the committee approves the investment; the HO sends the approval to the concerned branch.

## 7. Sanction Letter

After getting the approval of the HO the branch issues sanction letter to the borrower. A sanction letter contains:

- Name of borrower,
- Facility allowed,
- Purpose,
- Rate of interest,
- Period of the Investment and mode of adjustment,
- Security and Other terms and condition.

## 8. Documentation

If the borrower accepts the sanction letter, the Documentation starts. Documentation is a written statement of fact evidencing certain transactions covering the legal aspects duly signed by the authorized persons having the legal status. The most common documents used by the Janata Bank for sanctioning different kinds of Investment are:

- Joint Promissory Note,
- Letter of Arrangement,
- Letter of Disbursement,
- Letter of Installment,
- Letter of Continuity,
- Trust Receipt,
- Counter Guarantee,
- Stock Report,
- Letter of Lien,

- Status Report,
- Letter of Hypothecation,
- Letter of Guarantee
- Documents Relating to Mortgage.

## 9. Disbursement

After sanction and completion of all formalities the respective officer disburses the loan. The officer writes cheque and provides it to the borrower. For this borrower has to open an account through which he/she can withdraw the money.

### **Computation of Credit Risk Grading**

To measure the actual risk associated with the loan that is going to be paid by the bank to the particular client, we have to follow some steps and get a statistical parameter of the risk. There are five steps follow the JBL to compute credit risk grading. Those are given and described below:

Step 1: Identify all the Principal Risk Components Credit risk for counterparty arises from an aggregation of the following:

- a) Financial Risk
- b) Business/Industry Risk
- c) Management Risk
- d) Security Risk
- e) Relationship Risk

Each of the above mentioned key risk areas require be evaluating and aggregating to arrive at an overall risk grading measure.

- a) Evaluation of Financial Risk
 

Risk that counterparties will fail to meet obligation due to financial distress. This typically entails analysis of financials i.e. analysis of leverage, liquidity, profitability &

interest coverage ratios. To conclude, this capitalizes on the risk of high leverage, poor liquidity, low profitability & insufficient cash flow.

b) Evaluation of Business/Industry Risk

Risk that adverse industry situation or unfavorable business condition will impact borrowers' capacity to meet obligation. The evaluation of this category of risk looks at parameters such as business outlook, size of business, industry growth, market competition & barriers to entry/exit. To conclude, this capitalizes on the risk of failure due to low market share & poor industry growth.

c) Evaluation of Management Risk

Risk that counterparties may default as a result of poor managerial ability including experience of the management, its succession plan and team work.

d) Evaluation of Security Risk

Risk that the bank might be exposed due to poor quality or strength of the security in case of default. This may entail strength of security & collateral, location of collateral and support.

e) Evaluation of Relationship Risk

These risk areas cover evaluation of limits utilization, account performance, conditions/covenants compliance by the borrower and deposit relationship.

### Step 2: Allocate weights to Principal Risk Components

Principal Risk Components Weight Financial Risk 50% Business/Industry Risk 18%  
Management Risk 12% Security Risk 10% Relationship Risk 10% Chart-05: Allocate weights to Principal Risk Components

According to the importance of risk profile, the following weightings are proposed for corresponding principal risks.

### Step 3: Establish the Key Parameters

#### Principal Risk Components Key Parameters

a) Financial Risk

Leverage, Liquidity, Profitability & Coverage ratio

b) Business / Industrial Risk

Size of Business, Age of Business, Business Outlook, Industry Growth, Competition & Barriers to Business

c) Management Risk

Experience, Succession & Team Work

d) Security Risk

Security Coverage, Collateral Coverage and Support

e) Relationship Risk

Account Conduct, Utilization of Limit, Compliance of covenants/conditions & Personal Deposit

Step 4: Input data in Excel sheet

MS Excel based credit risk scoring sheet to arrive at a total score on each borrower. The excel program requires inputting data accurately in particular cells for input and will automatically calculate the risk grade for a particular borrower based on the total score obtained.

Step 5: Obtain score

Scores are divided into groups for example

Superior obtains 100.

Good obtains 85+.

Acceptable obtains 75-84.

Marginal/Watch list obtains 65-74.

Special Mention obtains 55-64.

Sub-standard obtains 45-54.

Doubtful obtains 35-44.

Bad & Loss obtains below 35.

Before disbursement of lone bank should consider this credit risk score to get rid of future bad or doubtful lone. (Bangladesh Bank, 2005 )

After disbursement of loan bank keeps an eye on borrowers business through some regulatory process like early alert system and some other. According to the interest income bank classified loan to two sector.

1. Performing Loan
2. Non-performing Loan.



### **How Janata Bank recover their Loan**

After identify the non-performing/classified loan bank manager employ more employee and officer to collect that loan. First approach is to contact with loner. Collection of loan can divided in to two processes.

1. Collect with cash.
2. Follow Bangladesh Bank recovery policy.
  - Reschedule of loan.
  - Exit policy.
  - Reduce loan to write off policy.
  - Apple to money and loan court.
  - Appoint an agent through Alternative dispute resolution.
1. Approach to loner's family member, neighbor and local important people for help to recover loan.
2. Issue recovery letter.
3. Issue final legal notice.
4. Create a recovery seal and debt collection unit in local branch.
5. Quarterly visit of the entity.
6. Create a task force in head office and follow up the satiation.
7. Create a mobile team for recovering loan.
8. Sell of collateral asset.
9. Appoint an attorney.
10. Meeting with attorney about case frequently.(Janata Bank, 2013)

### **Problems in Loan Recovery**

Though Janata bank is performing better in managing loan and advances, still 14.73% of total loan and advances are classified. There are a lot of reasons for which the loan recovery of the bank is still now defective. In most cases, problems may be raised from sanctioning procedures of loan, investigation of the project, and investigation of the loans etc. that is, the problem in loan recovery proves the outcomes of the default process in loan disbursement. The main reasons of poor loan recovery are as follow:

#### **A. Problems created by economic environment**

Changing in the management pattern:

i. Changing of banksmanagement patterns may delay the recovery of mature loan.

ii. Changing in industrial patterns: The banks sometimes sanction loan to the losing concern for further improvement of the respective sector, but in most cases, they fail to achieve progress.

iii. Operation of open market economy: In our country mainly industries become sick and also close their business on account of emerging of open market economy. The cost of production is high and the quality of goods is not of required of standard. As a result, they become the losing concerns and the amount of bad loan increases.

iv. Rapid expansion of business: There are many companies which expand their business rapidly, but the expansion is for short time. In the long run, the amount of classified loan increases.

#### B. Problems created by government:

The following problems are arisen by the government:

- i. External pressure: Janata Bank has also faced many problems in the loan recovery process as a part of continuous pressure from various interested groups.
- ii. Legal problems: Existing rules and regulations are insufficient to cover the legal aspects of loan recovery. As a result, defaulters can get release easily from all charges against them.
- iii. Instability of Govt. policy: Frequent changes in government policies in regard to recovery of loan.

#### C. Problems created by the bank: The following problems are created by the banks:

- i. Lack of analysis of business risk: Before lending, Sometime Janata Bank fails to properly analyze the business risk of the borrowers and the bank cannot forecast whether the business will succeed or fail. If it fails to run well, the loan becomes classified.
- ii. Lack of proper valuation of security or mortgage property: In some cases, bank fails to determine the value of security against the loan. As a result, if the loan becomes classified, the bank cannot recover its loan through the sale of mortgage.

## **Analysis**

SWOT analysis refers to analysis of strengths, weaknesses, opportunities and threats of an organization. This facilitates the organization to make its future performance improved in comparison to its competitors. An organization can also study its current position through SWOT analysis. For all of these, SWOT analysis is considered as an important tool for making changes in the strategic management of an organization. Through direct observation and discussion with the JBL officials I am able to point out some major strength and weaknesses as well as some threats and opportunities regarding the various issues of the Bank such as –

- Organizational identity
- Service level
- Operational efficiency
- Technology
- Employee efficiency etc. along with many other issues.

## STRENGTH

### Top Management

The Janata Bank Limited is operated by a very efficient management group. The top management officials have all worked in reputed banks and their years of banking experience, skill, and expertise will continue to contribute towards further expansion of the bank. So, the top management of the bank is the major strength for JBL.

### Corporate Culture

JBL has an interactive corporate culture. The working environment of JBL is very friendly, interactive and informal. And, there are no hidden barriers or boundaries while communicate between the superior and the employees. This corporate culture works as a great motivation factor among the employees of the bank.

### Various Products and Services

JBL offers various types of products and services to their clients. So those, Customers can choose the right products that will fulfill their needs.

### Strong employee bonding and belongings

JBL employees are one of the major assets of the company. The employees of JBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards JBL. The strong organizational culture of JBL is the main reason behind its strength

### Efficient Performance

It has been seen from customers' opinion that JBL provides hassle-free customer services to its client comparing to other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.

### Strong Financial Position

It has been seen that the net profit has been gradually rising over the years. Furthermore, JBL is not just sitting on its previous year's success, but also taking initiatives to improve. One of the employees has said,

### Weakness

#### Dependent on long term deposits

Janata Bank heavily depends on fixed deposit. The bank have to pay large amount of interest for the just because of highly depend on fixed deposit.

#### Real time online banking

Today online banking is the best way to earn profit for the bank. So, JBL have to earn more profit by developing online banking system to most of its branches through automation.

#### Absence of strong marketing activities

JBL currently don't have any strong marketing activities through mass media e.g. Television. TV ads play vital role in awareness building. JBL has no such TV ad campaign. Although they do a lot of CSR activities compared to other banks.

### PRODUCT DIFFERENCE

Not enough innovative products In order to be more competitive in the market, JBL should come up with more new attractive and innovative products.

#### Discouraging small entrepreneurs

JBL provides Loans to mostly of its solvent clients. However, they need to increase rural and green loan and SME loan.

## Opportunities

### Country wide network

The ultimate goal of JBL is to expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase JBL's profitability but also will secure its existence in the long run.

### Introducing more branches to rural area and foreign country

There are many important places in Bangladesh as well as foreign country, where customers are eagerly waiting for doing banking transactions. But no existence of banks is in those places. Although JBL already has branches to provide services to its customers, it must also open more branches in those places where people needs banking facilities.

### Introducing special corporate scheme

JBL can introduce special corporate schemes for the corporate customers or officers who have an income level higher from the service holders. At the same time, they can introduce schemes or loans for various service holders. And the schemes should be separate according to the professions, such as engineers, lawyers, doctors etc.

### Creation of brand image

As we know that brand creates value. So JBL need to develop their brand image by developing their products and services.

## Threats

### Similar products

Similar products are offered by other banks Now-a-days different foreign and private banks are also offering similar type of products with an almost similar profit margin. So, if all competitors fight with the same weapon, the natural result is declining profit.

### Classified Loans

The problem of non-performing loans or default loans is very minimum or insignificant. JBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.

### Industrial Downturn

Bangladesh is economically and political unstable country. Flood, draught, cyclone, and newly added terrorism have become an identity of our country. Along with inflation, unemployment also creates industry wide recession. These caused downward pressure on the capital demand for investment.

### Increased competition

In banking sector day by day competition are increased and lots of new bank are coming into the competition. So it is big threat for JBL.

### Outsight influence:

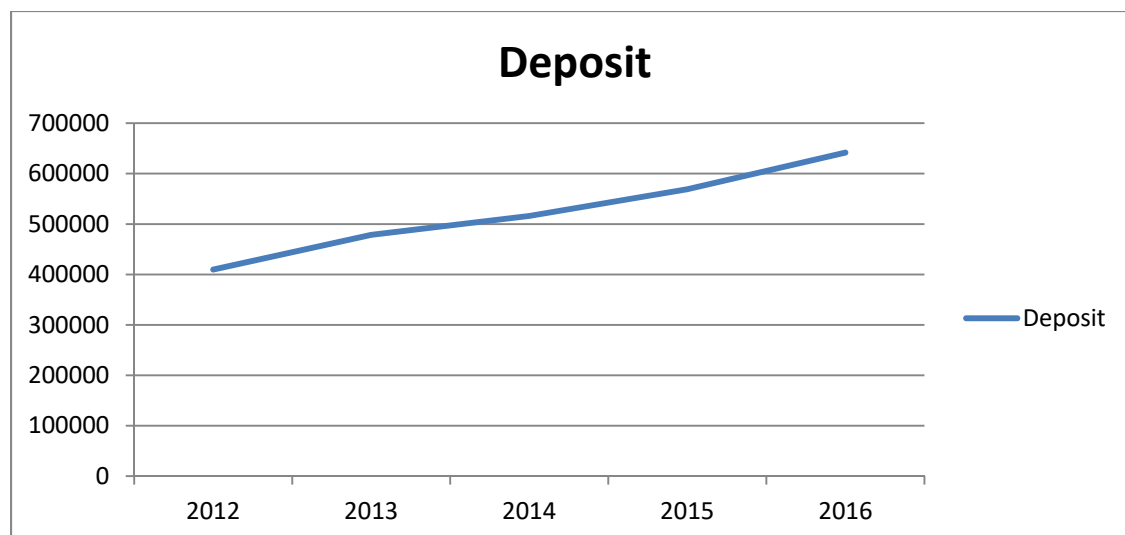
JBL does not overcome oversight influence in its banking procedure, which is the biggest threat for it.

### Financial Data Analysis:

From previous 5 year annual report I have analyzed some important data which is related to credit activities of JBL. The analyzed information is shown below by creating different chart etc.:

### Yearly deposit of JBL

Year	Amount(In Million)
2012	409,767.01
2013	478,535.57
2014	516,010.74
2015	568,911.14
2016	641,819.15



Hear we see that deposit is gradually increased year by year.

Returns on investment (ROI) of JBL are given below:

Year	RIO
2012	8.01%
2013	9.39%
2014	8.47%
2015	8.61%
2016	7.19%

ROI of JBL is good which indicates investment police of JBL are good.

Year wise Loans & Advances

Year	Total loan and advance(In Million)
2012	305339.58
2013	285747.65
2014	319773.25
2015	349861.30
2016	403037.41

Loan volume is growing day by day so it indicates the efficiency of JBLs employee.



### Percentage of classified loans against total loans:

Percentage of classified loan to total loan gives a complete view. So 5 year table is given below:

Year	Percentage
2012	17.42%
2013	11.12%
2014	11.69%
2015	12.34%
2016	14.73%

Compared to total loan only a few percent is classified loan, though 2016 and 2012 percentage is a bit high.

However, there are some classified loan yearly table is given below:

Year	Classified Loan(In million)
2012	53201.69
2013	31766.86
2014	37375.67
2015	43181.70
2016	59359.80

Classified loan is increasing from 2013 to 2016 gradually. JBL should take it in consideration.

Loan to value ratio:

Loan to value ratio (Classified loan) for 2016 is 29.80%. This shows us that classified loan collateral value is moderate. Collateral assets cover 29% of classified loan. (Janata Bank, 2016)

Recovery of Classified Loan

The target for total cash recovery against classified loans was BDT 12,000 million for 2016. The bank was able to recover BDT 6,401.50 million to December 2016 which is 53.35 percent of the recovery target.

Recovery of Write off Loan

Bank also cash recovered BDT 1,111.00 million from write off loans. Keeps eye on the recovery of the broad spectrum of default loans, bank designed various action plans and took all out efforts to ease classified loans and increased cash recovery as well.

## **Recommendation**

JBL is one of the well-known and leading government banks in our country. From my little knowledge it's quite hard to give recommendation to such a well-established bank. Still from my learning and observation, I am giving following recommendation to follow:

- Maximum amount of loan is provided to the long-term industrial sectors. They intentionally ignore the agriculture sector because of riskiness and safety issues. But for the overall economic development of the country they should diversify their loans in different sectors.
- New credit culture needs to be developed in place of default culture. Efforts to be taken as soon as possible to safeguard the interest of banking sector.
- For improving the recovery position and reducing huge overdue loans, first action needed to minimize political parties influence to take necessary steps for repayment of defaulted loans within a limit.
- Emphasize on time to time visits to the customer's place of business rather than operating from the Bank.
- More concentrate on loan and advance services. And use attractive promotion policy of their loan and advance product.
- Automation to more branches, setup more ATMs.
- Introducing internet banking.
- Emphasize more on SME, Green banking and rural area banking.
- Enough training program for employee at home and abroad.
- Maintain strong ethical principal.
- Role against natural calamity.

## Conclusion

Janata Bank established as a government owned bank in 1971. It has already developed goodwill among its clientele by offering its excellent services by different divisions. This success has resulted from the dedication, commitment and dynamic leadership among its management over the periods. It is now one of the leading governments owned bank in banking sector of Bangladesh.

Janata Bank deals with public money .So they maintain its reputation as a law abiding organization and a good corporate body. Employees are properly train to conduct business in competent manner. The policy and procedures regarding the banks business process are prepared in advantage to the loans and regulations. JBL follows and maintain ethical principals in every shape of its banking operation.

Credit Division of Janata Bank has a very qualified and dedicated group of officers and staffs who are always trying to provide the best service to the clients. They always monitor the credit in different sectors and their position. Before providing the loan they analyze whether the loan will be profitable and whether the client is good enough to repay the loan within the given period of time.

Janata Bank Limited is an effective commercial bank by maintaining a stable growth strategy, delivering high security financial product. Providing excellent customer service through experience management team and ensuring good corporate governance in every setup of banking network. It ensures fairness to prevent money laundering, corruption.

The main competitive advantage JBL is enjoying that it has vast banking network where as other local commercial bank cannot yet achieve that advantage. But all the commercial banks are now trying to achieve this. In this bank the employees are highly motivated .Here, all the employees are very much cooperative with their customers, colleagues and simply visitors.

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