

INTERNSHIP REPORT
ON
GENERAL BANKING SYSTEM OF JANATA BANK LIMITED:
(UNIVERSITY GRAND COMMISSION BRANCH)

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MASTER OF BUSINESS ADMINISTRATION IN AGRIBUSINESS
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SHER-E-BANGLA NAGAR, DHAKA -1207

JULY-DECEMBER/2015

INTERNSHIP REPORT
ON
GENERAL BANKING SYSTEM OF JANATA BANK LIMITED:
(UNIVERSITY GRAND COMMISSION BRANCH)

BY
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REGISTRATION NO. : 08-03089

An Internship Report
Submitted to the Faculty of Agribusiness Management
Sher-e-Bangla Agricultural University, Dhaka,
in partial fulfillment of the requirements
for the degree of
MASTER OF BUSINESS ADMINISTRATION
IN
AGRIBUSINESS
SEMESTER: JULY-DECEMBER/ 2015

Approved by:

.....
Prof. Dr. Rokeya Begum
Supervisor

.....
Prof. Dr. Rokeya Begum
Chairman
Examination Committee



*Dedicated to
My
Beloved parents*



Prof. Dr. Rokeya Begum
Department of Agricultural Economics
Faculty of Agribusiness Management
Sher-e-Bangla Agricultural University
Dhaka-1207

CERTIFICATE

This is to certify that internship report entitled, "GENERAL BANKING SYSTEM OF JANATA BANK LIMITED" submitted to the Faculty of Agribusiness Management, Sher-e-Bangla Agricultural University, Dhaka, in partial fulfillment of the requirements for the degree of MASTER OF BUSINESS ADMINISTRATION in AGRIBUSINESS, embodies the result of a piece of bona fide internship work carried out by AMAREN BISWAS, Registration No. 08-03089 under my supervision and guidance. No part of the internship report has been submitted for any other degree or diploma.

I further certify that such help or source of information, as has been availed of during the course of this investigation has duly been acknowledged.

Dated: July-December/ 2015

Place: Dhaka, Bangladesh

.....
Prof. Dr. Rokeya Begum
Supervisor



Janata Bank Limited

জনতা ব্যাংক লিমিটেড

প্রধান কার্যালয় : জনতা ভবন

পোস্ট বক্স নম্বর : ৪৬৮, ১১০ মতিঝিল বা/এ, ঢাকা-১০০০, বাংলাদেশ

ফ্যাক্স : ০০৮৮০২৯৫৬৪৬৪৪

www.janatabank-bd.com

লিএবিএস : ৯৫৫৬২৪৫-৪৯, ৯৫৬০০২৭-৩০

বিশ্ববিদ্যালয় মঞ্জুরী কমিশন ভবন শাখা, ঢাকা

ইউজিসি ভবন, ২৯/১, আগারগাঁও, শেরেবাংলা নগর, ঢাকা-১২০৭।

ফোন : ০২-৯১২৭২৩৫

Email: jb0900@janatabank-bd.com

REF: JBL/UGC/AM/CERTIFICATE/QUAES/2016

Date: 27/11/2016

TO WHOM IT MAY CONCERN

This is certify that Amaren Biswas, Reg. No: 08-03089, Master's of Business Administration, Faculty of Agribusiness Management, the student of Sher-e- Bangla Agricultural University has participated internship programme in our branch from 10-04-2016 to 10-08-2016. He is obedient, honest & dutiful.

We wish him every success in life.

(Alauddin Mahmud)
Manager (FAGM)
Janata Bank Ltd.
University Grants Comm. Bhaban Br,
Agargaon, Dhaka.

Letter of Transmittal

November 28, 2016

To

Professor Dr. Rokeya Begum

Department of Agricultural Economics

Sher-e-Bangla Agricultural University

Subject: Submission of internship report.

Dear Sir,

I am a student of MBA (Agribusiness) Faculty of Agribusiness Management. It is my pleasure to submit my internship report on “**GENERAL BANKING SYSTEM OF JANATA BANK LIMITED**” I have tried my best to present necessary information and findings as clearly as I could within the time and resource available.

I hope that the information presented in this report will provide a clear picture about the Bank and the Customer Satisfaction on Services of the Janata Bank Ltd, University Grant Commission Branch, Dhaka-1207. If you have any inquiry regarding this study, I will be glad to respond.

Sincerely Yours,

Amaren Biswas

Reg. No. No. 08-03089

Session: July-December/2015

Faculty of Agribusiness Management

Sher-e-Bangla Agricultural University

Declaration

November 28, 2016

To

Professor

Dr. Rokeya Begum

Department of Agricultural Economics

Sher-e-Bangla Agricultural University

Subject: Declaration regarding the validity internship Report.

Dear Sir,

This is my truthful declaration that the internship report on “**GENERAL BANKING SYSTEM OF JANATA BANK LIMITED.**” I have prepared is not a copy of any Internship report previously made by any other student.

I also express my honest confirmation in support of the fact that said internship report has neither been before to fulfill any other course related purpose nor it will be submitted to any other person or authority in future.

Sincerely Yours,

Amaren Biswas

Reg. No. No. 08-03089

Session: July-December/2015

Faculty of Agribusiness Management

Sher-e-Bangla Agricultural University

Preface

As a part of the course curriculum, each student of the MBA (Agribusiness) of Sher-e-Bangla Agricultural University has to accomplish a project work, which is to prepare an Internship report. In order to face the challenges of the new millennium, there is no better sector for us than to learn about the Banking system and its Activities. The report has been prepared on the basis of general activities and the analysis of performance of the bank. I have prepared this Internship report on “General Banking system of Janata Bank Ltd” which is core activity of a bank. I tried my level best to learn something during three months internship period and prepared this report. The case study will play a great role to teach us about the Bank and its rules, activities and practices in different field and different sectors of the country.

Acknowledgement

I would like to express my gratitude to all the people that were involved both directly and indirectly in the preparation of this report. I apologize to the people whose names that I have not mentioned, and their contribution is highly appreciated by me.

At first, I would like to thank my academic supervisor **Prof. Dr. Rokeya Begum Department of Agricultural Economics, Sher-e-Bangla Agricultural University**. For guiding me and for giving me the opportunity to initiate this report. More specifically, I would like to thank her for imparting her time and wisdom.

I want to thank all the officials of **Janata Bank Limited**, who were involved. I would especially like to thank respective branch manager Md. Alauddin Mahmud for giving me time and sharing their thoughts and insights regarding their service strategies and their bank as a whole. I would like to thank them for giving me the required information to commence this report and for providing the permission to do the required research work.

Finally, I would like to thank my parents and my friends whose influence and inspiration has enabled me to complete this report.

The Author

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Executive Summary

An economy of banking sector greatly to be like wheels of vehicle. How much wheel is regulated relies on how much banks are established in the country. And the banks keep active the wheels of economy through banking operation by transaction within the customers. It is very important role what they are playing collecting money from the one group to landing another group where the money is regulated all the time. And industry, firm, corporation is growing successfully by well operating banking section to effective and quick service to the customer to help them. Janata Bank Limited knows it very well how to survive well in the banking sector within the competitive market launching different attractive product to increase deposit to create self-different. And also it analyzes which sectors are more profitable to return back more quickly what is invested. My aim was to find it what our services are and how we collect deposit through different packages. I worked in general banking (accounts opening, deposit, clearance in accounts department and remittance) that improved my professional learning. Therefore, I tried to describe what I gained the information, knowledge from my own experience. This report is a combination of different aspects of the banking deals and operations under general banking activities. Immediately after the emergence of Bangladesh in 1971, the erstwhile United Bank Limited and Union Bank Limited were nationalized and renamed as Janata Bank Limited. Janata Bank Limited is a state owned commercial Bank incorporated on 21 May 2007 under the Companies Act 1994 as a public limited company and governed by the Banking Companies Act 1991. Janata Bank Limited took over the businesses, assets, liabilities, right, power, privilege and obligation of erstwhile Janata Bank through a vendor agreement signed between the People's Republic of Bangladesh and Janata Bank Limited on 15 November 2007 with a retrospective effect from 1 July 2007. Janata Bank was established by the Bangladesh Bank's (Nationalization) order 1972 (P.O 26 of 1972) and is fully owned by the Government of the People's Republic of Bangladesh. The bank has 897 branches including four overseas branches. Bangladesh Bank issued license on 31 May 2007 in the name of Janata Bank Limited to conduct banking business. Janata Capital and Investment Limited Dhaka incorporated on 13 April 2010 vide incorporation certificate No. C-83898/10 issued by the Registrar of Joint Stock Companies and Firms (RJSC) with 100% ownership of Janata Bank Limited having Taka 5000 Million authorized capital and its paid-up capital is Taka 2000 Million. The company starts its operations from 26 September 2010 and its main functions are issue management, underwriting and portfolio management. Janata Bank provides

employment opportunity near about 14 thousand employee. The mission of the bank is to actively participate in the socio- economic development of the nation by operating a commercially sound banking organization, providing credit to viable borrowers, efficiently delivered and competitively priced, simultaneously protecting depositors funds and providing a satisfactory return on equity to the owners .The Board of Directors is composed of 11 (eleven) members headed by a Chairman. The Directors are representatives from both public and private sectors. The Bank is headed by the Chief Executive Officer & Managing Director, who is a reputed banker. The corporate head office is located at Dhaka with 35 (thirty five) Divisions

ACRONYMS

JB	Janata Bank
A/C	Account
AVP	Assistant Vice President
BB	Bangladesh Bank
BCBL	Bangladesh Commerce Bank Ltd.
BCI	Bangladesh Commerce and Investment.
BIBM	Bangladesh Institute of Bank Management
CC	Cash Credit
CEO	Chief Executive Officer
DD	Demand Draft
EVP	Executive Vice President
FDD	Foreign Demand Draft
FDR	Fixed Deposit
L/C	Letter of Credit
MT	Mail Transfer
OBC	Outward Bill Collection
PO	Pay Order
RE	Real Estate
SOD	Secured Overdraft
STD	Short Term Deposit
SVP	Senior Vice President
SWIFT	Society for Worldwide Inter Bank Financial Transfer.
TC	Travelers Cheque
TOD	Temporary Overdraft
VP	Vice President

Chapter 01

1.1 History of Janata Bank

The bank was initially emerged in the banking scenario of the then East Pakistan as "The United Bank Limited" and "The Union Bank Limited" at the initiative of some Bangalee entrepreneurs in the year 1959 under Bank Companies Act 1953. After the independence of Bangladesh in 1972 this Bank was nationalized as per policy of the Government and renamed as Janata Bank Limited. Janata Bank Limited is a 100% government owned commercial bank in Bangladesh. Immediately after the emergence of Bangladesh in 1971, the erstwhile United Bank Limited and Union Bank Limited were nationalized and renamed as Janata Bank Limited. Janata Bank Limited is a state owned commercial Bank incorporated on 21 May 2007 under the Companies Act 1994 as a public limited company and governed by the Banking Companies Act 1991. Janata Bank Limited took over the businesses, assets, liabilities, right, power, privilege and obligation of erstwhile Janata Bank through a vendor agreement signed between the People's Republic of Bangladesh and Janata Bank Limited on 15 November 2007 with a retrospective effect from 1 July 2007. Janata Bank was established by the Bangladesh Bank's (Nationalization) order 1972 (P.O 26 of 1972) and is fully owned by the Government of the Peoples Republic of Bangladesh. The bank has 897 branches including four overseas branches. Bangladesh Bank issued license on 31 May 2007 in the name of Janata Bank Limited to conduct banking business. Janata Capital and Investment Limited Dhaka incorporated on 13 April 2010 vide incorporation certificate No. C-83898/10 issued by the Registrar of Joint Stock Companies and Firms (RJSC) with 100% ownership of Janata Bank Limited having Taka 5000 Million authorized capital and its paid-up capital is Taka 2000 Million. The company starts its operations from 26 September 2010 and its main functions are issue management, underwriting and portfolio management. Janata Bank provides employment opportunity near about 14 thousand employees

1.2 Introduction

Today fast growing companies need business banking services that fully meet their expectations for speed, convenience, efficiency and security. To ensure their optimum level of satisfaction, regarding their necessity for this type of affluent banking services different types of local as well as multinational banks are coming up with diverse and dynamic corporate banking services.

The term bank originally referred to an individual or organization, which acted as a moneychanger and exchanged one currency for another. According to Prof. Sayers, banks are institution whose debt usually referred to as bank Deposit- are commonly accepted in final settlement of other peoples debts.

According to the Banking Regulation Act- 1949, Banking means the accepting money for the purpose of lending or investment of deposit of money from the public repayable on demand or otherwise and withdraw able by cheques, drafts order or otherwise.

Banks are playing a vital role in the economic progress of our country. Now-a-days, the banks try to give priority in the perspective of our national interest. The Banking Industry in Bangladesh is one characterized by strict regulations and monitoring from the central governing body, the Bangladesh Bank. The chief concern is that currently there are far too many banks for the market to sustain. As a result, the market will only accommodate only those banks that can transpires the most competitive and profitable ones in the future.

Bank perform the in dispensable task of intermediating between the two groups and offering convenient financial service to surplus-spending individuals and institutions in order to attract fund and these loaning those funds to deficit- spending individuals and institutions. Another contribution of bank make their willingness to accept risky loan from borrower, while issuing low risk securities to their depositors. Bank also satisfies the strong needs of much customer liquidity. It is true thus clear that the underlying principle of a business of banking is that the resources mobilization. The internship program of MBA is a partial requirement to take test of real life challenge conducted by the intern. It is the important part of MBA(Agribusiness) program. This program is three month duration. During this period I have worked closely with the employee of University Grant Commission Branch. This report presents the outcomes

of the study during the internship- Janata Bank Limited. I was assigned to topic Practice of **“GENERAL BANKING SYSTEM”** of Janata Bank Limited.

Internship Report prepared as a requirement for the completion of the MBA program of the Independent university, Bangladesh. The primary goal of internship is to provide an on the job exposure to the student and an opportunity for translation of theoretical conceptions in real life situation. Students are placed in enterprises, organizations, financial institutions, research institutions as well as development projects. The program covers a period of 8-12 weeks of organizational attachment.

After the completion of Four-year academic MBA(Agribusiness) program **I, Amaren Biswas** student of **SHER-E-BANGLA AGRICULTURAL UNIVERSITY**, Bangladesh was placed in Janata Bank Bangladesh Limited for the Internship Program. As a requirement for the completion of the program I need to submit a report, which includes of **“GENERAL BANKING SYSTEM”** of Janata Bank Ltd”.

1.3 Objective of the Study

The main objective of the study is to gain practical knowledge and to acquire knowledge about the practice banking business. In addition, the prime objective of the study is to know the existing banking business in JANATA Bank Ltd. The other objectives are given below:

As a part of the M.B.A program:

1. To have an exposure on the banking environment of Bangladesh.
2. To define the strategies regarding the strength and weakness of the bank.
3. To Identifying the difference between theory and practice overall Management
4. To know the general banking function, its procedures, rules and regulation
5. To know the activities of the foreign exchange department
6. To provide information about the JBL to the future researcher and readers who want to know about this bank.

1.4 Methodology of the Study

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:

Primary Data Sources:

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

Secondary Data Sources:

1. Manual of JANATA Bank Ltd.
2. Other published information.
3. Previous research books and journals.
4. JANATA bank website Browsing

The major portion of data sources has been collected from secondary data sources. Information required formulating suggestions and recommendation have been availed from related text and research papers

1.5 Importance of the Study

Modern Banking system does not execute the normal Banking activities. As a service oriented organization the management should keep an eye on their retail products and tout on these for sale. The Bank should design their products in such a way that can cater to the needs of people of different classes. In fact Banks offer its various products (loans and other services). Thus this study focuses on these products base marketing of financial products as how they are designed for which segment of customers they are offered, what are their usual benefit, what are the profits and changes to the customers, what type of promotion measures the Banks take for marketing these services smoothly and they like.

Basically, this study is conducted to unearth The Performance of General Banking & Foreign Exchange related activities taken by the Bank and degree of customer satisfaction. The management should take new faces with innovative features touting diversified benefits to attract the customers. As a result at that, the practice of General Banking & Foreign Exchange at the Public Limited Bank have been the concern this study with analysis of the Janata Bank Ltd. could help the management to think about their performance whether the present design of the General Banking & Foreign Exchange practices are effective or they require to be re-furnished. The management of this Bank can identify the major bottlenecks of general Banking services and Foreign Exchange can attention, conviction and purchase by using this report effectively.

1.6 Limitation of the study

Objective of the practical orientation program is to have practical exposure for the students. Our tenure was for three months only, which was somehow not sufficient. After working whole day in the office it was very much difficult, if not impossible to study again the theoretical aspects of banking.

Limitations are as follows:

1. Foreign exchange section is not available in my branch
2. For the lack of our practical knowledge, some shortcoming may be available in the paper.
3. The bank has naturally shown us some indifference connecting its most confidential information.
4. The executives of Janata Bank Limited were too busy to spare time for the internee.
5. The duration of our internship program is only 2 months. The allocated time is not sufficient for us to gather knowledge and to make the study a complete and fruitful one.
6. The study also suffered from inadequacy of data provided by Janata Bank Limited

Purpose of the report

- To identify the historical background of the Janata Bank
- To know the objectives behind their establishment.
- To know General Banking system
- To know the objectives at present condition if they differ from the origin
- To identify the major policies by which they are operating now.
- To identify the facilities offered by the Janata Bank
- To know whether Janata Bank adopted & coped with modern technological advancement in the banking system.
- To identify the social responsibilities of the bank as a social entity.

Chapter 02

COMPANY PROFILE

2.1 About Janata Bank Limited

JANATA Bank has already made significant progress. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

JANATA Bank will promote broad-based participation in the Bangladesh economy through the provision of high quality banking services JANATA Bank will do this by increasing access to economic opportunities for all individuals and business in Bangladesh with a special focus on currently under-served enterprises and households across the rural and urban spectrum. It believes that the pursuit of profit and developmental goals is mutually reinforcing. Increasing the ability of underserved individuals and enterprises to build their asset base and access market opportunities will increase the economic well-being for all Bangladeshis at the same time, this will contribute significantly to the profitability of the Bank.

JANATA Bank intends to set standards as the Market leader in Bangladesh. It will demonstrate that a locally owned institution can provide efficient, friendly and Modern full- service banking on a profitable basis. It will produce earnings and pay out dividends that can support the JANATA activities of JANATA the Bank major shareholder. Development and poverty alleviation on a countrywide basis needs mass production, mass consumption and mass financing. Bank goal is to provide mass financing to enable mass production and mass consumption, and thereby contribute to the development of Bangladesh.

JANATA Bank has been striving to provide the best-in-the-class of services to its diverse range of customers spread across the country under its many branches all over the country both in rural and urban area. JANATA Bank is currently looking for ambitious, goal oriented, enthusiastic, individuals for various business operations

Corporate Information

The corporate head office is located at Dhaka with 10 (ten) Divisions comprising of 38 (thirty eight) Departments.

Name	:	Janata Bank Limited
Registered Address	:	Janata Bhaban 110, Motijheel Commercial Area Dhaka – 1000. Bangladesh
Legal Status	:	Public Limited Company
Date of Incorporation	:	21 May, 2007
Authorized Capital	:	TK. 20,000 Million
Paid up Capital	:	TK. 5,000 Million
Reserve	:	TK.10823.01 Million
Retained surplus	:	Tk. 5167.18 Million
Asset	:	Tk. 345233.92 Million
Face value of per share	:	TK. 100 per share
Shareholding Pattern	:	100% Share owned by the Government of Bangladesh

Domestic Network

Numbers of Branch	:	874
Numbers of Divisional Office	:	08
Numbers of Area Office	:	15
Numbers of Regional Office	:	29

Overseas Network

Numbers of Branch	:	04
Location	:	UAE – Chief Executive’s office Obeid Sayah Al – Mansuri Building Zayed the 1st Street (Electra Road) Post Box No 2630 Abu Dhabi United Arab Emirates

Subsidiaries

1. Janata Capital and Investment Ltd.	:	Dhaka.
2. Janata Exchange Company srl.	:	Italy
Numbers of Correspondent	:	1,215
Departments	:	38
Numbers of Employees	:	More than 15(fifteen) thousand
Banking License (obtained from Bangladesh Bank)	:	31 May, 2007
Telex	:	675840 JBDBJ, 671288 JBHOB
Phone	:	PABX- 9560000, 9566020, 9556245-49, 9565041-45, 9560027-30.
Fax	:	88-02-9564644, 9560869
E-mail	:	md@janatabank-bd.com
Website	:	www.janatabank-bd.com
SWIFT Code	:	JANB BD DH

2.2 Vision of Janata Bank

JANATA Bank will be a unique organization in Bangladesh. It will be a knowledge-based organization where the JANATA Bank professionals will learn continuously from their customers and colleagues worldwide to add value. They will work as a team, stretch themselves, innovate and break barriers to serve customers and create customer loyalty through a value chain of responsive and professional service delivery. Continuous improvement, problem solution, excellence in service, business prudence, efficiency and adding value will be the operative words of the organization.

JANATA Bank will serve its customers with respect and will work very hard to instill a strong customer service culture throughout the bank. It will treat its employees with dignity and will build a company of highly qualified professionals who have integrity and believe in the vision of the bank and who are committed to its success.

JANATA Bank will be a socially responsible institution that will not lend to businesses that have a detrimental impact on the environment and people.

2.3 Mission of Janata Bank

JANATA Bank will adhere to highly professional and ethical business principles and internationally acceptable banking and accounting standards.

Every JANATA Bank professional will need first of all a commitment to excellence in all that he/she does, a keen desire for success, a determination to excel and a drive to be the best. They will individually and jointly learn continuously from customers and professional colleagues around the globe to improve the way they do business so that they are the best. They will walk that extra mile with enthusiasm and empathy to serve our customers and to solve problems together so that their customers succeed in their business and remain loyal to the Bank. They will set up goals for ourselves and then exceed the goals that we set up. They shall not accept failure.

2.4 Objectives of Janata Bank

JANATA Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises throughout Bangladesh. It will be a world class organization in terms of service quality and establishing relationships that help its customers to develop and grow successfully.

2.4 Values of Janata Bank

JANATA BANK LTD. holds the following values and will be guided by them as they do their jobs.

1. Creating an honest, open and enabling environment.
2. Have a strong customer focus and relationships based on integrity, superior service and mutual benefit.
3. Strive for profit & sound growth.
4. Work as a team to serve the best interest of their owners.
5. Relentless in pursuit of business innovation and improvement.
6. Value and respect people and make decisions based on merit.
7. Base recognition and reward on performance.
8. Responsible, trustworthy and law-abiding in all that they do.

2.5 Business Philosophy of Janata Bank Ltd.

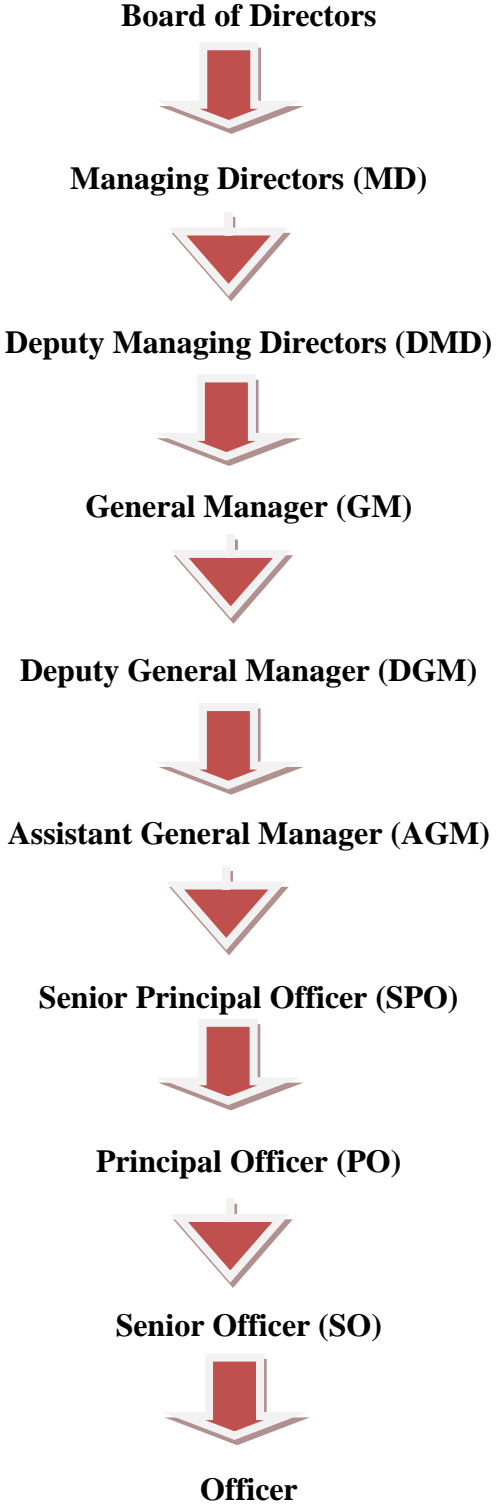
JANATA Bank Ltd, a full service commercial bank with Local and International Institutional shareholding, is primarily driven by creating opportunities and pursuing market niches not traditionally met by conventional banks. Today JANATA Bank is one of the fastest growing banks in the country to support the planned growth of its distribution, network and for its various business segments. The reason JANATA Bank is in business is to build a profitable and socially responsible financial institution focused on markets and businesses with growth potential, thereby assisting JANATA and stakeholders build a trusted, enlightened, healthy, democratic and poverty free Bangladesh. Which mean to help make communities and economy of the country stronger and to help people achieve their dreams. They fulfill the purpose by reaching for high standards in everything we do. For their customers, their shareholders, their associates and their communities upon, which the future prosperity of their company rests.

2.6 Business Areas of Janata Bank Ltd.

Major business areas where the Janata Bank Ltd. is performing with high reputation. These areas are:

1. General Banking
2. Foreign Exchange
3. Large Scale Industries
4. Agriculture Sector
5. Financing In Housing Sector & Land Developing
6. Finance in Home Appliance
7. SME

2.7 Organizational Structure of Janata Bank



2.9 Functions of the Bank

Janata Bank provides complete range of services to its customers both domestic and foreign. Rendering of General Banking Facilities & Utility Services, Deposit Mobilization, providing various Credit Facilities including Working Capital to Industries, Investment, Outward & Inward Remittances, Financing Import & Export etc. are the major functions performed by Janata Bank. In order to provide better services to its Customers and Correspondents Janata Bank is now more organized to handle sophisticated operations through a well-trained and efficient Manpower. Recently Janata Bank has entered into computer operations to provide prompt and efficient services to the Customers.

Janata Bank has been involved in Micro financing since 1973 through its vast branch network spread all over the country. Bank has launched these micro credit programs/projects on its own initiative and also in collaboration with local and foreign agencies.

2.10 Branch network

Janata Bank is one of the largest Nationalized Commercial Bank of Bangladesh. Presently the bank has been functioning with a network of total 904 branches. The Bank has been functioning with a net work of Total 897 Branches including 4 Overseas Branches in U.A.E. Besides Janata Bank, has, at present 780 Foreign Correspondents abroad. It has 44 Authorized Dealer Branches and 29 Branches to deal with Wage Earner Remittances

2.11 Management system

The Bank present Board of Directors comprises of one Chairman and Six Directors appointed by the Government.

2.12 Products and Services

- Financing IT sector
- Financing of industry
- Ready cash
- Windows for SMEs
- Loan to travel agencies
- Loan to diagnostic center
- NRB escrow account
- NRB gift cheque
- SME

2.13 International Award

Recently The Bank has been recognized internationally and domestically for its good performance.

- Janata Bank Limited achieved remarkable progress in the year 2010.
- International Award -"World's Best Bank Award-2009 in Bangladesh
- International Award -"World's Best Bank Award-2008 in Bangladesh
- Award -"World's Best Bank Award-2007 in Bangladesh
- International Award -"World's Best Bank Award-2006 in Bangladesh
-

2.14 Business Prospects

- Surplus Capital Adequacy after IPO subscription
- Business expansion in capital market,Gradual expansion of branch network and Progressive
- automation of the branches
- Expansion of ATM and Credit Card

2.15 Internet Banking

Internet Banking NRB: Internet Banking of Janata Bank Limited provides the following facilities:

- Current/Savings/STD account status
- FDR account status
- Advance account status
- Loan account status
- Allow user to change their PIN code/password
-

2.1 Internet Banking General

Future facilities of Janata Bank Limited

- L/C Opening Request
- A/C Opening Request
- Internet A/C Opening Request
- Cheque Book Issue Request
- Standing Instructions and Others

Chapter 03

FINANCIAL PERFORMANCE

3.1 Introduction

Out of three major sections General Banking is important one. General banking is the heart of total banking system. Through this section bank has to receive and disburse money, to develop banker customer relationship by opening different types of account and providing prompt services to the customers. This department collects money from the depositor and uses these deposits to earn profit.

3.2 Functions of General Banking:

The functions of general banking department of JANATA Bank Bangladesh Ltd. are as follows:

1. Maintenance of Deposit A/Cs:

Saving accounts./ Current accounts./cash credit deposits/Fixed deposits/short term deposits/margin deposits/Bond deposits/F.C. Bond deposits.

2. Receipts & payment of cash.

3. Handling transfer transactions.

4. Operations of clearing house.

5. Maintenance of accounts with Bangladesh Bank & other banks.

6. Collection of Cheques & Bills.

7. Issue and payment of Demand Drafts, Telegraphic Transfers and payment orders.

8. Executing customers standing Instructions.

9. Maintenance of safe Deposit Lockers

10. Maintenance of Internal Accounts of the banks.

11. Reporting to head office about daily position.

12. Saving all transaction record in computer.

13. Closing and transfer of different types of accounts.

3.3 Sections of General Banking:

During my practical orientation in JANATA Bank, University Grant Commission Branch, Dhaka, it came to the observation that general banking section is divided with four areas. These are:

- Account opening section(With deposit)
- Remittance section
- Loans and Advance section
- Clearing section
- Cash section

3.3.1.Account Opening Section:

One of the vital sections under general Banking is the account opening section. Banker customer relationship begins through this section. Various tasks are performed in this section. Such as:

3.3.1.1 Opening of Different Types of Account.

- Issue of checkbook.
- Transfer and closing of account.
- Enquiry of account.
-

3.3.1.2 Various Types of Account Offered By JANATA Bank:

JANATA Bank offers various types of account to its different types of customer. These are as follows:

Current deposit (CD) account

- Savings bank (SB) account
- Short-term deposit (STD)
- Fixed deposit (FDR)
- JBDS (Janata Bank Deposit Scheme)
- MDS (Medical Deposit Scheme)
- EDS (Education Deposit Scheme)& SPS

Current Deposit (CD) Account:

A current account is an account, which is generally opened by business people for their convenience. A current account is a running and active account, which may be operated upon any number of times during a working day. There is no restriction on the number & amount withdrawals from current a/c. It does not allow any interest on this account

Opening Amount/ Initial Deposit	Tk. 500
Service Charge (yearly)	Tk. 100
Minimum Balance Requirement	Tk. 5000

Current a/c may be individual, joint / partnership or can be formed any name. It provides the following facilities:Overdraft facility other facilities like collection of checks, transfer of money, rendering agency and general utility services.

Savings Bank (SB) Account

This deposit is intended primarily for small-scale savers. The main object of this account is promotion of thrift. Savings account is meant for those who want to save a certain amount of their income and earn interest on that for future needs. All features are more or less like that of CD a/c except for some restriction that is imposed by the bank. Number of withdrawals over a period of time is limited. The withdrawing amount is not to exceed 25% of the total balance. This A/C mainly open a person name.

- Initial deposit requires opening a savings account is TK.200.
- Minimum balance of TK. 200 should maintain in this account.
- Interest rate is5.5%
- One cannot withdraw money not more than two times in a week.
- To withdraw more than Tk. 200000 seven day notice is required.
- Service charge is not fixed.

3.3.1.3 Restrictions:

Customer cannot withdraws money more than twice in a week .If customers draw money more than 25% of the balance at a time then no interest is given for that n month.If interest accrued less than TK. 200/- for six month then no interest is given to customer.

3.3.1.4 Fixed deposit receipt (FDR) account:

In this category are included the deposit with the bank for a fixed period which is specified at the time of making the deposit. Such deposits are therefore called fixed deposits or term deposits.

A fixed deposit is repayable on the expiry of a specified period, chosen by the depositor to suit his purpose and to enable him to get back money as and when he needs it. The fixed deposit may be made for 3, 6, 12, 24 or 36 months. As date of repayment of fixed deposit is determined in advance. The banker need not keep more cash reserves against it and can utilize such amount more profitably. The banker therefore offers higher rate of interest on such deposits the depositor parts with liquidity for a definite period. Fixed deposits have grown in importance and popularity in our country during recent years. 10% tax from the total) is paid to the client. Minimum TK. 5,000 require to open a fixed deposit account .Service charge TK. 200 realized half yearly on customer account.

3.3.1.5 Various types of Savings Schemes offered by Janata Bank:

a) Janata Bank Deposit Scheme (JBDS)

\Special advantage with this scheme is that after the scheduled period the client can withdraw the full amount or can draw pension on monthly basis. Besides the client can open account in his name in any branch.

b) Procedure for operation of Janata Bank Deposit Scheme (JBDS) :

- The applicant should be of minimum 18 years age and Bangladeshi national.
- The account holder can appoint one or more nominees.
- On the death of the account holder his / her nominee can withdraw the whole amount of money.
- The account holder can change or cancel his nominee through a written notice. On the death of the account holder, the nominees will be entitled to withdraw the deposit according to the instruction of the account holder.
- The account becomes inoperable on the death of the account holder.

The account under this scheme should be opened within the 10th day of any month against deposit of the first installment in cash.

Monthly installment: TK.500, 1000,2000,5000,10000,20000

Tenure: 10 Years.

The monthly installment must be paid by the 10th day of every month.

In case of delay a fine @TK. 2 per day of defaulted installment will be charged and the fine must be paid with the installment.

Features of the Janata Bank Deposit Scheme (JBDS):

Monthly installment (tk)	Received after 10 years (tk)
500	94609
1000	188218
2000	375433
5000	937088
10000	1873176
20000	3745352

Total Amount=Principalamount+Interest+Bonus amount

The money will be paid out on maturity according to the table above, but Tax / Duty and other charges may be adjusted from the amount in the account.

c) Education saving Scheme (ESS):

Client can nominate their children and open not more than three accounts.

Procedure for operation of Education Saving Scheme (PSS):

- The applicant should be of minimum 18 years age and Bangladeshi national.
- Monthly installment: TK.500, 1000, 2000, 3000, 4000, 5000, 6000, 7000, 8000 ,9000& 10000.
- The monthly installment must be paid by the 10th day of every month.

In case of delay a fine @ TK. 2 per day of defaulted installment will be charged and the fine must be paid with the installment.

The account under this scheme should be opened within the 10th day of any month against deposit of the first installment in cash.

Features of the Education Saving Scheme (ESS) account:

- It may be 4 years, 6 years, 8 years & 10years.
- Installments are TK.1000, 2000,3000,4000&5000
- The maturity amount varies its time & installment.

The money will be paid out on maturity, but Tax / Duty and other charges may be adjusted from the amount in the account.

d) **SPS Account:**Now a days it is obsolete

Documents to be obtained for different types of account:

When anyone comes to open an account he has to submit some documents to the banker. Different types of document need for different customers. Some common documents require for all types of account are:

- Introduction recommendation.
- Specimen signature card.
- Account opening agreement form.
- Two copies of Photograph of account holder and two copies of nominee (if any).
- Deposit slips book.
- Cheque-book requisition slip.
- Letter of mandate authorizing another person to operate the account on behalf of the account holder.

Special instruction for joint account

Certain types of documents are needed for special customers. These are:

❖ Proprietorship Account:

Document requires for proprietorship business to open an account are:

- Introducers with account number.
- Valid trade license from Dhaka City Corporation, Attested copy should be submitted.
- Receipt of Tax revenue copy from Dhaka City Corporation.

❖ Partnership Account:

Documents to be obtained for opening an account of partnership firm are:

- Trades license or board resolution.
- Deeds of partnership signed by all partners.
- Signature of at least two witnesses.
- Two copies photograph of each partner.
- Partnership resolution signed by all partners to open account.
- Resolution must indicate authorized person who operates the account.

Limited Company Account:

Document required for Limited Company account to open an account are:

- Memorandum and Articles of Association of Company.
- Power of Attorney
- Resolution of Board of Director.
- Certificate of incorporation.
- Certificate of commencement of business in case of public limited company.
- List of director.
- Two copies of passport size photograph of account operators.
- Others: name director s with signature, minutes of board of director.

Accounts division is the nerve center of a bank. As all transactions carried by a bank is being legalized as far as accounting is concerned. If transactions were not recorded properly there would be dis-equilibrium in state of the bank. There can be imbalance in the cashbook thus the whole mechanism will collapse. The regular tasks of department are:

- To record all transactions in the cash book.
- To prepare daily fund position, weekly position, periodic statement of affairs.
- Prepare necessary statements for reporting purpose.
- To pay all expenditures on behalf of the branch.
- Make salary statements and pay salary.
- Branch to branch fund remittance and supporting accounting treatment.
- Prepare statements for customer.
- Publishing basic data of the branch etc.

3.3.1.6 General practices of an Accounts Department:

BASIC maintains slip system of accounting

- **Scrutinizing Vouchers:**

At the day end all vouchers are sent to the accounts department by the respective department from where vouchers are originated. On the next day an `activity report is received from computer department. The activity report is the detail statement of all the transactions carried by the branch of a particular date. It is the summary of all account position. It also displays cash, clearing, transfer position, individual deposit account position etc.

- **Provisioning:**

Accounts department make provision for different deposit accounts. Provisioning means keeping the record of expense, which has occurred by non-cash way. This department also made depreciation of assets that is one kind of non-cash expense

3.3.2 Remittance Section:

The major function of commercial Banks is mobilization of fund. Other than this, banks provide ancillary services to its clients. Clients need to remit money from one place to another for their business or other purposes. Banks fulfill this need of customers by means of remittance service. Money can be remitted domestically or internationally, which known as local remittance and foreign remittance.

There are five ways of transferring fund domestically. The modes of transferring funds are:

- Pay- Order (PO).
- Demand Draft (DD).
- Telegraphic Transfer (TT).
- Mail Transfer (MT)
- SDR
- Pay Slip

3.3.2.1 Payment Order / Pay Order (P.O):

This is an instrument issued by the branch of a bank for enabling the Customer/Purchaser to pay certain amount of money to the order of a certain person/firm/organization/office within the same clearinghouse area of the pay order-issuing branch.

Characteristics of P.O

- The issuing branch and paying branch are same.
- Application for payment within the clearinghouse area of the issuing branch
- This may be open or can be crossed.
- Charge TK 50

3.3.2.2 Demand Draft (D.D)

This is an instrument through which customers money is remitted to another person/firm/organization in outside the clearinghouse area from a branch of one bank to an outstation branch of the same bank or to a branch of another bank (with prior arrangement between that bank with the issuing branch). This is an order instrument in which the issuing branch gives instruction to the payee/drawer branch to pay certain amount of money to the order of certain person/firm/organization. Commission, vat and postage is charged on issue of DD entries for issuing DD.

3.3.2.3 Telegraphic/ Telephonic Transfer (T.T)

This is a mode of transfer of customers' money from a branch of one bank to another branch of the same bank through telegraphic/telephonic message. The issuing branch used to send the message of such remittance through telegraph/telephone adding certain code number or test number on the basis of test key apparatus developed by the concerned bank for its different branches. The drawer and the payee is required to have account with the bank in order for this transaction to take place. TT is issued against cash, check, letter of instruction etc.

Characteristics of T.T

- Issued by one branch to other branch and message is tele-communicated.
- Remittance/ transfer of money is done through tested tele-messages.
- Remittance is affected on the basis of tested message.
- Test key apparatus is required.
- Charge is Tk.50

3.3.2.4 Security Deposit Receipt (SDR)

It is used only for tender, auction etc.

Pay Slip:Used internally

3.3.2.5 Foreign inward remittance

Foreign inward remittance refers to the currency remitted from abroad to our country. Now I shall describe inward remittance:

The remittance in foreign currency that receives from outside the country to our country is known as foreign inward remittance. In case of inward remittance, TT/MT/Drafts etc. are drawn in local bank by the foreign banks of exchange houses. When a local bank purchases foreign bills, TCs & cash foreign currency is also known as inward remittance. A local bank also receives indenting commission of local firm, trademarks, patent fee etc.

Inward remittance can be classified into two groups:

Visible inward remittance such as export proceeds,

Invisible inward remittance such as family maintenance, constancy fee etc.

In the following manner inward remittance can be sent:

TT:Telegraphic Transfer refers to the payment instruction by tested telex/cable or authentically faxes in foreign bank on local bank. Normally foreign banks with whom drawing arrangement or correspondent banking relationship prevail send Telegraphic Transfer.

MT: Mail transfer refers to payment in cash to the third party or for a credit to be used to the account of the payee in the books of the agent.

FDD: Foreign Demand drafts normally issued by the foreign bank/exchange company in local bank.

Foreign Currency Notes:

Authorized dealers are permitted to purchase foreign currency, not

TC: Travelers cheques may be purchased by local bank.

Cover of Export:

Local banks receive export cover from foreign banks after negotiation of bill or in advance.

Problem Faces In Inward Remittance

- Required particulars of the beneficiary such as name of the beneficiary A/C No. Or correct branch name may not be given in the TT.
- Further genuines or signature of drafts may be forged.
- In case of payment, sometimes branches of the bank may create certain problem: -
- Delay in making payment against remittance against remittance to the beneficiary.
- Without ascertaining genuinely, drafts may be paid.
- Lack of timely response/communication against the queries of remitter/beneficiary.
- Credit TRV may not be timely sent to head office. Moreover particulars may not be given in the TRV.

Inward remittance may be cancelled if beneficiary is not available. If an inward remittance already reported to B.B is cancelled either in full or in part because of non-availability of beneficiary, the AD must report the cancellation of the remittance as an outward remittance on TM form.

3.3.2.6 Foreign Outward Remittance

Foreign outward remittance refers to the remittances in foreign currency made from this country to abroad. Foreign outward remittance includes issuance of TT, MT, FDD issued by local banks on foreign banks. Further it includes rate of foreign currency, notes, TC, reimbursement against import, bills retired etc. Forward outward remittance can be divided into two groups:

- Visible outward remittance such as payment against import.
- Invisible outward remittance such as membership fee, subscription fee etc.

Outward remittance can be made for traveling purpose, educational purpose, attending seminar & workshop, medical treatment, business travel quota, evaluation fee, membership fee, visa fee, pre-shipment fee, advertising of Bangladesh commodities etc. In case of purchase of foreign currency, an applicant must be made to an AD and if necessary requires to Bangladesh Bank. For payment against imports the prescribed application form is IMP form & for other types of remittance TM form.

In The Following Manner Outward Remittance Is Made:

TT: Local banks can draw telegraphic transfer to those banks with which they have accounting relationship & message should contain test & brief description of the beneficiary.

FDD: Any authorized dealer branches can issue foreign drafts draw on the bank with which they have an accounting relationship.

Foreign Currency, Notes: Authorized dealer branches are permitted to safe foreign currency notes as per ceiling fixed by Bangladesh Bank.

TC: AD branches can sale Travelers cheques as per the ceiling fixed by Bangladesh Bank.

Reimbursement against Import: Local banks can reimburse funds against import through their account.

In following outward remittance, authorized dealer branches do not require prior permission of Bangladesh Bank:

Profits: Foreign organization can freely remit their past tax profit to their head office.

Dividend/Capital gain: Dividend income to non residents dividend declared out of previous years accumulated reserve & dividend & sales proceeds including capital gain can be remitted.

Salaries & Savings by expatriates: Approved expatriates working in Bangladesh can remit 50% of salary & 100% of their salary.

Technical/royalty fee: In the total fees & other expenses connected with technology should not exceed, 6% of the previous year's sales of the enterprises as declared in their tax returns or II) 6% of cost of import machinery in case of new projects subject to the BOI registration or approval.

Training & Consultancy: For the purpose of training & consultancy services, industrial enterprises may remit 1% of their sales as declared in their previous year tax return.

Shipping lines, airlines, courier services: They can remit their funds locally collected towards freight & postage after the adjustment of local costs & taxes.

When quota is exhausted, special permission is required from Bangladesh Bank. On the basis of sanction, AD branches will send outward remittance subject to the within valid time period. When the authorization is signed by an official of Bangladesh Bank whose specimen signature may not be available then such authorization should be presented to the nearest office of the Foreign Exchange Policy Dept. of B.B the Ads should carry out the transactions on behalf of the original applicant for whom the forms were approved.

Cancellation of MT/DD:

Foreign remittance can be cancelled such as unutilized foreign currency against passport endorsement or cancellation of locally issued foreign demand drafts etc. MT/DD may be cancelled and payment against therein may be executed to the applicant only after observing all the existing formalities. In this case Bangladesh Bank must be reported and the cancellation of outward remittance will be considered as inward remittance.

Outward remittance can be reported in the following form:

- Invisible payment schedule should be reported in schedule E-3/P-3 or schedule E-4/P-4 depending on Code No, from 0001 to 5999 & 6000 to 9999 respectively along with TM form.
- When bank sales foreign currency to other banks then report should be done in schedule . In case of foreign currency sale reporting should be done in the schedule S-6 along with TM form.
- In case of import, reporting should be done in the schedule E-2/P-2 along with IMP form.

3.3.3 Loans andAdvance:

3.3.3.1 Practice ofCredit

According to the different product and services the bank has to provide to their customer, Loans & Advance has the major impact in respect of both bank and also for their customer. The making of loan and advance is always profitable for the bank. As banks assemble savings from the general people in the form of deposit, the most important task is to disburse the said deposit as loans and advance to the mass people for the development of commercial, industrial and the people who are in need of fund for investment. Like other financial institution, the main purpose of the commercial bank is to make profit. Because loans and advance the main asset of the bank, from where the bank has their interest income, which is the main source of income for the financial institution like bank. Janata Bank also knows the debt financing is cheaper than equity financing. So, in this way the bank helps to build up the industrial infrastructure of the country

by giving them opportunity of being financed by using the debt capital. Loans & advance also helps to pull up the operating and financial leverage. But to get the loans and advance the investors has to follow some terms and condition which falls under the policy and practice of the bank instruction booklet.

3.3.3.2 Policy & Practice

1. Aggregate loans and advances shall not exceed times the Banks net worth or 65% of customers deposit whichever is lower (excluding loans and advance covered by specific counter-finance arrangements).
2. Within the aggregate limit of loans and advances as mentioned in (1) above 50% of lending will be small industry sector in accordance with prescribed norms of the government and the central bank in terms of the banks objectives with 50% to the commercial sector. No term loans will be approved for the commercial sector. Exceptions will be rare and will require approval of the Executive Committee.
3. All lending will be adequately secured with acceptable security and margin requirement as lay down by the Head office credit committee.
4. The bank shall not incur any uncovered foreign exchange risk (currency exposure) in the lending of funds.
5. The bank shall not incur any risk of exposure in respect of unmatched rates of Interest of funding of loans and advances beyond 15% of outstanding loans and Advances.
6. End- use of working capital facilities will be closely monitored to ensure lending used for the purpose for which they were advanced.
7. Country risk in loans and advances will be accurately identified and shall be within the country limits if any approved for the bank. The same treatment will be given to country risk arising out of contingent liabilities relating to Letters of credit and letters of guarantee.

3.3.3.3 Credit Facilities:

JBL is providing different attractive credit facilities to the different class in society. As credit is the heart of a bank JBL has felt to develop its credit facilities to the various class of society on their extreme need

3.3.3.4 Various types of loans:

Under the retail banking arena of JBL, the organization is providing some awesome Loans and products as financial facilities. The products are:

- Commercial loans
- Agriculture / Rural Credit
- Land Mortgage loans
- Rural Transportation loans
- Self-Loans
- Specialized loan programs
- Large and Medium-Term loans to industry
- Agro-based Projects / Industries-Term loans
- Term / Project loans for priority industries
- Term Loans to Small and Cottage industry
- Working Capital loan
- Import Trade loans
- Export Trade loans
- Service Holder loans
- Consumers Credits
- Financing in Computer Software and Information Technology industry
- Cyber cafe loans
- Women entrepreneur loan
- Employment loans for rural Women's
- Nursery, Forestry and Horticulture cultivation loan
- Loans for Disabled persons
- Loans for Farming Goats
- Loans for Leather Goods exporting
- Kakara loans for farming
- Loans for the cultivation of Flowers
- Doctors loan
- Financing in Green Banking

JBL Home Loan:

Home Loan Scheme has been introduced to facilitate people to fulfill their dream of a home of their own. It has been designed to help people to get home loans on easy terms and without any hassle. Planning to own a home is one of life's most rewarding challenges. Whether it is purchasing a new house or a new apartment, JBL has a wide range of home loan options that can be customized to customer's specific need. An experienced, dedicated team of experts and a complete loan package is in place, to meet all customers' housing finance needs. JBL Home Loan helps the customers to fulfill their dream.

Features:

- Aggregation of co-applicant's income
- Competitive interest rates
- Quick and simple processing and approval time
- Loan for apartment under construction
- Partial or early settlement options available

Eligibility:

- Any financially able person
- Age: minimum 21 and maximum 65 years at loan maturity
- For 100% cash covered loan: Age- minimum 18 and maximum 70 years at loan maturity
Minimum

Income Range:

- Salaried person Tk. 25,000
- Self-employed Tk. 30,000
- Businessperson/Land lord/Land lady Tk. 40,000

Experience

- Salaried person : 3 years
- Self-employed : 3 years
- Business person : 3 years

Loan Takeover Plan:

An exclusive offer for other bank's credit worthy customers who can transfer their Home Loan To JBL with both preferential interest rate and waiver of processing fees.

Eligibility:

- Minimum 12 months loan EMI repayment history with existing bank
- Property location and other eligibility criteria of general loan are applicable
-

Benefits of Takeover Plan:

- 1% reduced rate from regular interest rate
- Additional loan amount facility over takeover amount
- No processing fee for takeover loan amount
- No processing fee for additional loan amount

Required documents:

- Loan application
- Applicant's National ID/Driving License/Passport copy
- Photographs of applicants (studio photo)
- Salary certificate for salaried person
- Trade license for businessperson
- Personal and business account statement for last one year
- Applicant's TIN certificate
- Copies of all existing loans' sanction letter and repayment history for last one year
- Rental deed for rental income and ownership deed of rented property
- Apartment allotment letter/Deed of agreement/property ownership deed

JBL Auto Loan:

A person has desire to own a car to enhance his/her standard of living. JBL has come to help those people who have kind of dream. JBL offer lucrative interest rates that would pleasantly surprise its customers. JBL Auto Loans are built for utmost speed and competence. JBL Auto Loan is available for financing both new and reconditioned cars.

Features:

- Loan amounts from Tk. 3,00,000 to Tk. 20,00,000
- Financing up to 80% of vehicle price
- Flexible repayment of 12 - 60 months
- No hidden charges
- Competitive interest rate
- Easy documentation and quick processing
- Option for early settlement

Eligibility:

- Age: minimum 21 and maximum 60 years at the end of loan maturity
- Experience: Salaried executive total - 2 years
- Business person/self-employed - 2 years
- Monthly income: Minimum Tk. 30,000
-

JBL Personal Loan:

JBL has providing Personal Loan to its customers to fulfill their little needs with extreme emergency. Craving to buy a new laptop? Thinking of a wonderful holiday? Need financial assistance for child's higher education? Want to purchase home appliances? Require marriage-related expenses? A JBL Personal Loan is one-stop-solution for all financial needs to fulfill any of desires like above examples. JBL Personal Loan is simple, convenient and quick.

Features:

Any purpose personal loan for salaried executives, business persons, land lord/ land lady and self employed individuals:

- Loan amounts from Tk. 50,000 to Tk. 10,00,000
- Flexible repayment option of 12 - 60 months
- No hidden charges
- Competitive interest rate
- Easy documentation and quick processing
- Option for early settlement

Eligibility:

- Age minimum 21 and maximum 60 years at loan maturity
- Experience:
 - Salaried person : 1 year with 6 months permanent employment status
 - Self-employed : 1 year of practice in the profession
 - Businessperson : 2 years of involvement in the same nature of business
- Minimum monthly income:
 - Salaried executive Tk. 15,000
 - Self-employed Tk. 30,000
 - Businessperson/Land lord/Land lady Tk. 40,000

Loan Balance transfer or Take over:

Customers enjoying EMI based personal loan with other banks may enjoy the facility of Loan Balance Transfer.

Eligibility:

- Minimum 6 loan EMI repayment with existing bank
- Minimum takeover loan amount is Tk. 200,000 and maximum Tk. 9,50,000

Benefits of Takeover Plan:

- No processing fee for loan takeover or balance transfer
- Interest rate will be 1% less than ongoing rate
- Approved loan amount may be higher than the takeover loan amount

JBL Home Equity Loan:

JBL Home Equity loan provides a packaged financial assistance to individuals for fulfillment of their dream home. It's time to get customers' coveted home by JBL Home Equity Loan.

Features:

- Loan for house construction, extension, renovation, face upliftment, finishing work
- Loan amounts from BDT 5,00,000 to BDT 1,00,00,000
- Loan tenor from 3 to 25 years
- Loan amount up to 80% of the property value
- Financing at different stages of construction work
- Partial disbursement facility of approved loan
- Aggregation of co-applicant's income
- Competitive interest rates
- Quick and simple processing and approval time
- Partial or early settlement options available

Eligibility:

- Any financially able person
- Age: minimum 21 to maximum 65 years at loan maturity
- For 100% cash covered loan: Age - minimum 18 to maximum 70 years at loan maturity
- Minimum Income Range:
- Salaried person Tk. 25,000
- Self-employed Tk. 30,000
- Businessperson/Land lord/Land lady Tk 40,000

Experience

- Salaried person : 3 years
- Self-employed : 3 years
- Businessperson : 3 years
- Copies of all existing loans' sanction letter and repayment history for last one year
- Rental deed for rental income and ownership deed of rented property
- Deed of agreement/property

3.3.3.5 A General View of Loan Procedure

There is no hard and fast procedure of managing credit, yet it should follow the instructions of the Bangladesh Bank, Central Bank of Bangladesh and the Circular of Head Office from time to time. The first step of credit proceedings is the request for credit from the clients. Then scrutinizing and collection of information from primary (CIB) and secondary sources take place. Credit appraisal and evaluation is the most important part of credit management. On the basis of evaluation approval is given by the higher authority with certain conditions to be fulfilled. Sanction of credit is done by the sanctioning officer, who has the authority to sanction the Credits. After fulfilling the conditions the credit is disbursed. Credit monitoring and reviewing start from the time of disbursement. In case of fault of repayment bank has some distinct rules of legal action to fix the problem

Requests from the Client

Bank provides credit facilities to the people who are credit worthy to the bank. Credit worthiness depends on the credibility, financial capability, and feasibility of the project and management ability of the credits to earn profits. When bank is satisfied with all these then the client is provided with the requested credit. At this point it should be mentioned that the client has to go through an interview where his credit potentiality is justified through critical observation. When credit officer is satisfied with the customer he is asked to submit an application and to fill up a form with specific details.

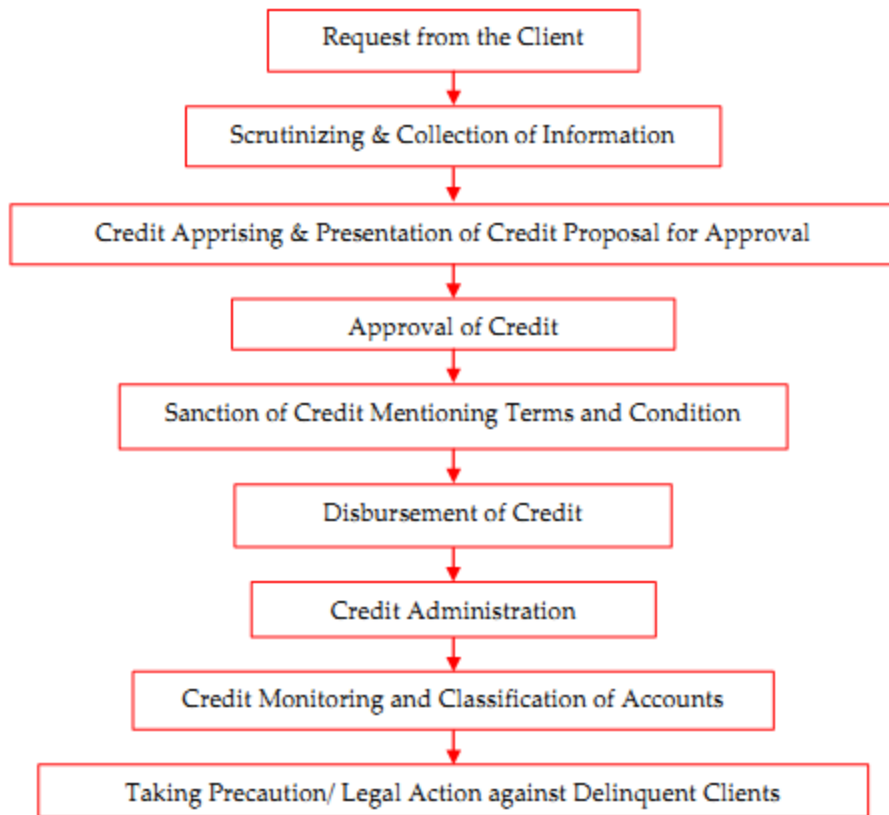


Fig: Loan product

Credit Application:

Completeness of information can best be obtained by requesting the applicant to fill out a comprehensive application. Psychological attitudes toward the seriousness of credit obligations are improved when the application is rather formal and complete. When the customer fills in the application, it is well for the interviewer to look over the form and to provide supplemental information, which will assure completion of the blanks not filled in, or which probes more deeply into the questionable areas. It is well to provide space on the form for the recording of more information after the customer has left. Points in favor of having the applicant fill out the form is that fewer skilled credit personnel are necessary and that more customers can be accommodated in the same space.

Submission of Application:

The borrower are provided with an instruction paper, which help him or her to prepare the loan proposal proper Information for loan application should be furnished in prescribed First Information Sheet (FIS) in triplicate in each page / set should be duly sealed and signed by the applicant(s)/ sponsor(s). Complete information should be furnished in respect of each item supported by documentary evidences, wherever necessary, to avoid further reference / delay/ rejection of the application .The Bank reserves the right to reject the application forthwith if the information given in the form is incomplete and not fully documented in all respects.Information may provide in additional sheet of papers, if required .How ever also ensure that all the fact / evidences has been enclosed properly including three feasibility reports/detailed study reports on loan proposal.

The client are required to deposit with the application the project examination fee and also apportion of the equity at the following rate either by cheque or pay order or demand draft drawn in favor of Janata and payable in any scheduled Banks within the country.

- Memorandum and Articles of Association together with the certificate of registration /incorporation commencement of business of the company duly certified by the managing director of the company should be submitted.
- No objection certification from the appropriate authorities for setting up the project on land wherever required should be submitted. Title deed of land, together with non-encumbrance certificate from the District Register or Sub- Register should be submitted.
- Certificates from the surveyor for determining the price of land of the project /price of adjacent land during last three years should be submitted. Also to be submitted are site/ mouza map.
- Machinery layout plan, price quotation of three suppliers together with illustrated brochures and literatures should be submitted for both import and local machinery.
- Consent letter from Power Development Board / Rural Development Board/ Gas Authority / Pollution
- Control Board should be submitted whatever required.
- Soil Test / Water Test report (if required).

- Nationality certificate along with attested passport size photographs of the directors/ partners / should be submitted.
- Declaration of asset and liability of the proposed directors / partners/ proprietor.
- Declaration of payment of income tax should be submitted.
- Letter of prime banker of the company/ firm/ person should be issued with a copy to the Janata Bank as per given annexure.
- Give reason for seeking additional loan for expansion/ balancing/ repayment/ of the existing unit. Also provide information relating to existing line of products, rated/ actual/annual production capacity for the past operation years, sales performance and financial position of the company.

Scrutinizing and Collection of information

This is one of the most important parts of the loan procedure to collect information of clients to verify giving loan to them. Generally this portion is done by collecting CIB report from Bangladesh Bank. However information are gathered in two ways:

A. Direct Inquiry:

Direct inquiry is one of the common methods of obtaining information to verify facts presented on the application of during the interview of an applicant for an initial credit transaction. A careful distinction is made between obtaining credit information directly from sources having such facts and between buying somewhat similar credit data in the form of prepared reports from the credit reporting bureaus and agencies.

b. In-file ledger fact:

In-file ledger facts are one of the most important sources of information available to credit committee whether to accept or reject a larger amount of credit from an established credit customer. From the in-file records, credit analysts have at their disposal the experience of the concern with the customer. They know the customer's payment habits, the complaints registered, and the collection efforts, if needed to keep the customer in line with the established terms.

3.3.3.6 Approval of Credit

- **Branch credit committee:**

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

- **Head Office credit committee:**

- Head office credit in accordance with authority established and delegated by the Board of Directors.
- Reviewing, analyzing and approving extension of credit in accordance with authority established and delegated by the Board of Directors.
- Evaluate the quality of tending staff in the bank & take appropriate steps to improve upon.
- Recommending credit proposal to the Executive Committee/Board of Directors which are beyond the delegated authority.
- Ensuring, that all elements of Credit application i.e. Forms, Analysis of statements and other papers have been obtained and are in order.
- Confirming that the transaction is consistent with existing loan policy and Bangladesh Bank guidelines & if not the Committee may prepare a recommendation form an exception to or change in policy for consideration by the Executive Committee/Board of Directors

- **Executive committee:**

Approving credit facilities as delegated by the Board of Directors. Supervising the implementation of the directives of the Board of Directors. Reviewing of each extension of credit approval by the Head Office Credit Committee/Managing Director. Keeping Board of Directors informed covering all these aspect.

- **Board of Directors:**

After establishing overall policies and procedures for approving and reviewing credits, delegating authority approves and review credits. Approving credit for which authority is not delegated. Approving all extensions of credit which are contrary to bank's written credit policies.

Most important step of providing credit facility is the sanctioning of credit. Because sanctioning authority is responsible for any discrepancy. In this step all the documentation is completed and the customer is sent an advising letter for the credit facility along with all the terms and conditions.

Norms maintained in sanctioning of credits are described below

- Credit will be sanctioned and disbursed strictly in terms of the approved Credit Operational Manual of the Bank and Head Office Circulars issued from time to time.
- All norms informed through the Circulars of Credit Division in particular and all other relevant circulars in general, which are to be followed meticulously while exercising power.
- Credits will be subject of Bangladesh Bank restriction.
- The party to whom credit will be allowed should be as far as possible within the command area i.e. Area
- of operation of the Branch. Deviations, if any are to be explicitly explained in the proposal.
- No Sanctioning Officer can sanction any credit to any of his/her near relations and to any firm/company where his relations have financial interest. Such cases should be sent to the Head Office.
- All Sanctioning Officers maintain a Sanctioned Register for recording serially all the credits sanctioned by him. Sanctioning officer will accountable for non-recovery due to his injudicious decision.
- All approval of credit facilities must be conveyed under dual signature. Ideally both the signatories must have the required lending authority. If however, two lending officers of the required lending are not available, one of the signatories must have the required authority.

3.3.3.7 Disbursement of Credit

Disbursement of credits presupposes observance of all norms and procedures, which are conveyed through different Circulars of Head Office, issued from time to time. The disbursement procedures or timing of disbursement depend on the client or the progress of work of the construction. The disbursement can be made two or three stage or more depending on the above conditions.

- **Mode of Repayment:**

The loan shall be adjusted by monthly installment basis. The repayment will start from months of the date of first disbursement (it may charge according to the terms and conditions of the agreement.

- **Collateral:**

The land and the construction on the land are normally given as collateral. It no changes- Charge documents to be obtained:

- a) DP note
- b) Letter of disbursement
- c) Letter of Installment
- d) Letter of guarantee
- e) Letter of undertaking
- f) Latter of agreement
- g) Irrevocable general power of attorney
- h) Memorandum of deposit of title deed

- **3.3.3.8 Credit Administration and File Maintenance**

The credit file for each facility shall contain all information necessary to facilitate ready monitoring of that facility. It should contain a through history of the customer relationship to help credit officer': track any problems, assist a newly assigned credit officer in understanding the customer and make the lending process transparent. Primary items in Credit File include: A popular disbursement procedure is essential for implementing a project, small or big, within the essential time or cost. However the constant monitoring of the projects on the one hand and

timely mobilizing the equity on the other hand cannot be under estimated for efficient implementation of a project. The following factors are taken into account.

- After machinery contract is finalized the bank will open irrevocable letter of credit on behalf of the borrower in the joint name of the bank and the borrower.
- Disbursement of the foreign currency loan is made automatically as soon as irrevocable letter of credit for import of machinery is established and the foreign supplier makes shipment of machinery.
- The local currency loans are to be made available to the project after satisfactory and full utilization of equity by the borrowers by creating by required physical facilities (tangible asset) for the project.
- The sponsor has to request for release of local currency loan to the bank supported to the paper like progress report, statement of account, documents.
- The local currency loan of the bank to be disbursed in one or more installment according to the nature of the project.
- The borrower must use the loan for the purpose for which the advance is extended.
- The borrower shall apply the proceeds of the loan exclusively to finance the cost of the goods and services required to carry out the project. Foreign currency shall be disbursed only for goods and services that have neither been paid for in Bangladeshi currency nor were produced in.
- If the completion of the project or its successful operation is hindered or delayed because the funds available are inadequate make prompt arrangements in accordance with financial plan approved by the bank to provide the necessary fund.
- Credit application and Credit approval notes/analysis. Evidence of credit approval and data upon which approval was granted together with any comments, if appropriate.
- Copy of sanction and loan agreement. A checklist along with copies of all legal & banking documents obtained / to be obtained. Details and 6 monthly updated information of all related facilities to the name customer group,

- All supporting data such as financial statements and analysis, references, credit investigation results, CIB & other Bank reports and notes of all discussions with the borrower and other relevant parties with paper clipping.

3.3.3.9 Credit Monitoring and Reviewing

It is the responsibility of the Manager to monitor the overall profile and risk aspect of the credit portfolio in accordance with the criteria set down in the Bank Credit Policy. Such monitoring shall be evidenced from the comments of the Manager in monthly Call/Visit Report and be kept in the Credit File with a copy to the Head Office. This Review shall be formally performed at intervals prescribed by Head Office but it is the responsibility of the Manager to ensure at all times that the credit portfolio meets the standard set forth by the Bank. ate to ensure its completion.

Factor Analyzed in the Loan Mentoring

Credit policy of the Janata Bank Limited has set forth the guideline that must be followed in the time of loan review. After getting the review of the loan portfolio from the branch level the assigned officer of the head office credit department state stated the analyzing and preparing the report. The following factors are taken into consideration at the time of monitoring the loan and advance.

- The account has not excess over limit
- The terms and condition of the sanction letter are strictly followed
- The value of the collateral security of the loan is adequate
- There is not any unfavorable situation in market, economy and political conditions, which may endanger the reliability of the borrower account
- The analysis of the borrower's business performance and comparison of the projected and actual to find any deviations.

Steps against Delinquent Clients

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

Persuasion:

- This is to step practice at Janata Bank to manage the problem loan. This step involves:
- Open discussion with the borrower
- Discussion with third party to find out the underlying reasons.
- Issuing the “1st Reminder” letter of inform the due date and due installments.
- If the party does not respond issuing the “2nd Reminder” and then “3rd Reminder” letter.

Negotiation:

If the persuasion failed, the loan officer negotiated a plan of action with the borrower to save both the bank and the borrower from possible loss. This calls for certain sacrificing on the part of the bank and borrower in their mutual interest. The plan of action in JanataBank consists of the following:

- Revise the loan agreement
- Concession of interest (If the client is difficult to manage)
- Reschedule of the loan and giving installment facility to repay the overdue amount beside the regular installment.

Litigation:

If the client failed to repay the loan even after rescheduling the loan, Janata bank goes for the taking the legal action against the delinquent client to recover the loan. The branch manager sent a letter to the head office credit department informing the borrower’s reluctance to repay the loan. Following measure is taken: clients are:

- Filing case against the client
- Assigning the loan officer for assisting the lawyer.

The Branches will submit a monthly statement of the credits allowed under the discretionary powers of the Manager to the Head Office irrespective whether the same are outstanding or not

on the date of return. The responsibility for review and classification of credit facilities starts at Branch level. The frequency of the supervision and monitoring depends on the classification of credits

3.3.3.10 Credit and Risk management

The Credit Risk Management Division is vital for the efficient functioning of JBL. It critically scrutinizes the credit proposals from risk weighted point of view before sanctioning approvals ensuring a high quality credit portfolio. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions.

3.3.3.11 Credit Risk:

Credit risk is the possibility of failure of a borrower to meet agreed obligation. With the present days de-regulation and globalization, the bank's range of activities has increased. Expansion of the bank's lending operations, covering a risk areas and therefore to work out robust credit risk management policy. At JBL, credit risk may arise in the following forms –

- Default Risk
- Exposure Risk
- Recovery Risk
- Counter Party Risk
- Related Party Risk
- Legal Risk
- Political Risk

To mitigate credit risks, following measures are in place at JBL:

- (a) Mission, Vision and objectives
- (b) Credit principles
- (c) General policy guidelines in conformity with BB guidelines and industry best practices.
- (d) Rigorous credit process
- (e) Sector wise lending caps
- (f) Lending policy and strategy to different areas
- (g) Collecting CIB of BB.
- (h) Critical assessment of repayment capacity in pre-investment analysis stage
- (i) Credit Risk Grading of the client
- (j) Provision for Insurance coverage
- (k) Taking Collaterals
- (l) Annual credit review
- (m) Vigorous monitoring follow up
- (n) Periodic review of market situation and industry exposure

3.3.3.12 Credit Principles:

Managing credit risk effectively JBL:-

- Maintains a judicious ratio between Loan and Deposit
- Pursues a credit that aims at credit expansion by maintaining credit quality
- Does not compromise with standards of excellence
- Ensures that all credit extensions comply with regulatory norms, prevailing laws, rules and regulations
- Extends credit facilities in such a manner that each extension become rewarding and ensures superior return on capital
- Extends credit facility upon adequate pre-investment analysis and repayment capacity of the client In □ Avoids credit concentration through rational diversification of credit
- Avoid name lending. Credit is allowed on business consideration, after ascertaining viability, credit requirement, and quality of advance, security offered, cash flows and risk level

Credit risk management is processed through various steps but mainly it is performed in four key parts. These are –



Management Process (4 key Parts)

Fig:Credit Risk

These parts are performed through different steps starting from the collection obligors' data to disbursement throughout various calculations, and then monitoring transaction through creating loan classification and provisioning and at last process of recovery. An important part of credit risk management is to measure it. This requires a credit assessment of loan applicants. The bank employ credit analyst who review the financial information of a corporation applying for loans and evaluate their creditworthiness. The evaluation should indicate the possibility of that a firm meet its loan payment so that the bank can decide whether to grant the loan. A brief description of Credit Risk Management from BB context is the main subject matter of this section.

3.3.3.13 Credit Analysis

The term credit analysis is used to describe any process for assessing the credit quality of the borrower or obligor. While the term can encompass credit scoring, it is more commonly used to refer to processes that entail human judgment. One or more people, called credit analysts, will review information about the counterparty. This might include its balance sheet, income statement, recent trends in its industry, the current economic environment, etc. They may also assess the exact nature of an obligation. For example, secured debt generally has higher credit quality than subordinated debt of the same issuer. Based upon this

analysis, the credit analysts assign the borrower (or the specific obligation) a credit rating, which can be used for making credit decisions.

When a customer requests for a loan, bank officers analyses all available information to determine whether the loan meets the bank's risk-return objectives. Credit analysis is essentially default risk analysis in which a loan officer attempts to evaluate a borrower's ability and willingness to repay. In accordance with BB guidelines here are steps briefly discussed -

Lending Guidelines:

In credit analysis part, at first the loan officers/ risk managers have to judge the collected information through credit application from the RM (relationship manager) according to lending guidelines i.e. the credit policies of the banks. These policies should include the following:

- Industry and business segment focus - where a clear identification of the business/industry should be provided so that it constitutes the majority of the bank's loan portfolio.
- Types of loan facilities – a clear identification of the types of loan that should be permitted.
- Single Borrower/Group Limits/Syndication - details of the bank's Single Borrower/Group limits should be included as per Bangladesh Bank guidelines.
- Lending Caps - Banks should establish a specific industry sector exposure cap to avoid over concentration in any one industry sector.
- Discouraged Business Types - Banks should outline industries or lending activities that are discouraged. For example, as a minimum, the following should be discouraged:
 - Military Equipment/Weapons Finance
 - Highly Leveraged Transactions
 - Finance of Speculative Investments
 - Logging, Mineral Extraction/Mining, or other activity that is ethically or environmentally sensitive
 - Lending to companies listed on CIB black list or known defaulters
 - Counterparties in countries subject to UN sanctions

- Share Lending
- Taking an Equity Stake in Borrowers
- Lending to Holding Companies
- Bridge Loans relying on equity/debt issuance as a source of repayment.

Loan Facility Parameters - facility parameters (e.g., maximum size, maximum tenor, and covenant and security requirements) should be clearly stated.

Cross Border Risk - Borrowers of a particular country may be unable or unwilling to fulfill principle and/or interest obligations. It is distinguished from ordinary credit risk because the difficulty arises from a political event, such as suspension of external payments, synonymous with political & sovereign risk and Third world debt crisis. For example, export documents negotiated for countries like Nigeria.

In addition, following risk areas are also addressed-

- Borrower Analysis - The majority shareholders, management team and group or affiliate companies should be assessed.
- Industry Analysis - Any issues regarding the borrower's position in the industry, overall industry concerns or competitive forces should be addressed and the strengths and weaknesses of the borrower relative to its competition should be identified.
- Supplier/Buyer Analysis - Any customer or supplier concentration should be addressed, as these could have a significant impact on the future viability of the borrower.
- Historical Financial Analysis - An analysis of a minimum of 3 years historical financial statements of the borrower should be presented. The analysis should address the quality and sustainability of earnings, cash flow and the strength of the borrower's balance sheet. Specifically, cash flow, leverage and profitability must be analyzed.
- Projected Financial Performance - A projection of the borrower's future financial performance should be provided for the term facilities (tenor > 1 year), indicating an analysis of the sufficiency of cash flow to service debt repayments, insufficient projected cash flow for repaying debts will not be granted.

- Account Conduct - For existing borrowers, the historic performance in meeting repayment obligations (trade payments, cheques, interest and principal payments, etc) should be assessed.
- Adherence to Lending Guidelines - Credit Applications should clearly state whether or not the proposed application is in compliance with the bank's Lending Guidelines which should be approved by the
- Bank's Head of Credit or Managing Director/CEO.
- Mitigating Factors - Mitigating factors for risks identification in the credit assessment should be identified. Possible risks include, but are not limited to: margin sustainability and/or volatility, high debt load (leverage/gearing), overstocking or debtor issues; rapid growth, acquisition or expansion; new business line/product expansion; management changes or succession issues; customer or supplier concentrations; and lack of transparency or industry issues.
- Loan Structure - The amounts and tenors of financing proposed should be justified based on the projected repayment ability and loan purpose. Excessive tenor or amount relative to business needs increases the risk of fund diversion and may adversely impact the borrower's repayment ability.
- Security - A current valuation of collateral should be obtained and the quality and priority of security being proposed should be assessed. Loans should not be granted based solely on security. Adequacy and the extent of the insurance coverage should be assessed.
- Name Lending - Credit proposals should not be unduly influenced by an over reliance on the sponsoring principal's reputation, reported independent means, or their perceived willingness to inject funds into various business enterprises in case of need.
- These situations should be treated with great caution. Rather, credit proposals and the granting of loans should be based on sound fundamentals, supported by a thorough financial and risk analysis.

3.3.3.14 Risk Grading:

Risk grading is a key measurement of a Bank's asset quality and as such, it is essential that grading is a robust process. All facilities should be assigned a risk grade. Where deterioration in risk is noted, the Risk Grade assigned to a borrower and its facilities should be immediately changed. Borrower Risk Grades should be clearly stated on Credit Applications. Credit risk grading is an important tool for credit risk management as it helps the Banks & financial institutions to understand various dimensions of risk involved in different credit transactions. The aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of a bank or a branch. The credit risk grading system is vital to take decisions both at the pre-sanction stage as well as post-sanction stage.

At the pre-sanction stage, credit grading helps the sanctioning authority to decide whether to lend or not to lend, what should be the loan price, what should be the extent of exposure, what should be the appropriate credit facility, what are the various facilities, what are the various risk mitigation tools to put a cap on the risk level. In this risk grading tool, credit applicant's aggregate risk factors are graded after grading and scoring each risk factors. Here is a table of risk grading and how the risk grading

Grading	Short Name	Number
Superior	SUP	1
Good	GD	2
Acceptable	ACCPT	3
Marginal/Watch list	MG/WL	4

Special Mention	SM	5
Sub standard	SS	6
Doubtful	DF	7
Bad & Loss	BL	8

Table 4-5: Scores of different risk grades

The more conservative risk grade (higher) should be applied if there is a difference between the personal judgment and the Risk Grade Scorecard results. It is recognized that the banks may have more or less Risk Grades; however, monitoring standards and account management must be appropriate according to the assigned Risk Grade, the definitions of the risk grades are given in the appendix-B.

3.3.3.15 Loan Classification & Provisioning

In order to strengthen credit discipline and bring classification and provisioning regulation in line with international standard, Bangladesh Bank issued a master circular on loan classification and provisioning through BRPD circular no 5 dated June 5, 2006. The revised policy covers an independent assessment of each loan on the basis of objective criteria and qualitative factors which is appended below:

Loan Criteria	Loan Classification	Loan Classification Requirement
Continuous/ Demand loan/term loan	Overdue	If not repaid/renewed within the fixed expiry date for repayment from the following day of the expiry date.
	SMA	If remains overdue for 90days or more.
	Interest Suspense Account	Interest accrued on Special Mention Account (SMA) will be credited to Interest Suspense Account.
	Sub-Standard	If it is overdue ≥ 6 months but > 9 months.
	Doubtful	If it is overdue for ≥ 9 months but > 12 months.
	Bad/Loss	If it is overdue for ≥ 12 months.
Fixed term loans (within 5 years)	Defaulted Installment	If not repaid within due date.
	Sub-Standard	If the amount of Default installment is due ≥ 6 months installment.
	Doubtful	If the amount of installment is due ≥ 12 months.
	Bad/Loss	If the amount of installment is due ≥ 18 months.
Fixed term loans (more than 5 years)	Sub-Standard	If the amount of Default installment is due ≥ 12 months installment.
	Doubtful	If the amount is due within 18 months.
Short term Agriculture and Micro- credit	Bad/Loss	If the amount is due within 24 months.
	Irregular	If not repaid within due date.
	Sub-Standard	If the irregular status continues after 12 months.
	Doubtful	If the status continues for 36 months.
	Bad/Loss	If the status continues for 60 months.

Table: Loan classification based on Qualitative factors & Objective criteria

Early Alert Accounts

As a part of ongoing monitoring process, an account may be found to have some weakness, which clearly indicates the symptom of non-repayment of loan. This type of account should be reported in the Early Alert Account. The loan accounts excluding micro credit/scheme loan which have potential risk in deteriorating the quality of the assets and may cause nonpayment of

the loans & advances and those loan accounts which require special care as well as monitoring in order to maintain the quality of the assets, will have to be reported in the Early Alert Account. The potential risk may be arisen from the following area:

- Industry concern.
- Ownership/Management concerns.
- Balance sheet weaknesses.
- Cash Flow Weaknesses.
- Poor Account Conduct.
- Expired Limit/Pending Documents.

Therefore, all the credit officers will carefully and constantly monitor all the corporate (Business) clients who are enjoying credit facility from our bank and while monitoring, if any account is found to be showing weaknesses which may result in the non-performing of the loan, then immediately treat the account as Early Alert and accordingly report the same to the Head Office.

3.3.3.16 Credit Recovery

The Recovery Unit (RU) of CRM should directly manage accounts with sustained deterioration (a Risk Rating of Sub Standard (6) or worse). Banks may wish to transfer EXIT accounts graded 4-5 to the RU for efficient exit based on recommendation of CRM and Corporate Banking. Whenever an account is handed over from Relationship Management to RU, a Handover/Downgrade Checklist should be completed. The RU's primary functions are:

- Determine Account Action Plan/Recovery Strategy.
- Pursue all options to maximize recovery, including placing customers into receivership or liquidation as appropriate.
- Ensure adequate and timely loan loss provisions are made based on actual and expected losses.
- Regular review of grade 6 or worse accounts.

In RU, the RM experiences the Non-Performing loans. In such cases, assessment of NPLs are executed through following steps-

- NPLs account management- through assigning an account manager who is responsible for coordinating and administering for action plan/recovery of the account.
Account transfer procedures
- NPLs monitoring
- NPLs provisioning and write off.

The management of problem loans (NPLs) must be a dynamic process, and the associated strategy together with the adequacy of provisions must be regularly reviewed. A process should be established to share the lessons learned from the experience of credit losses in order to update the lending guidelines.

3.3.3.17 Letter of credit

Parties to the L/C:

Importer: who applies for the L/C?

Issuing bank: Which open L/C on behalf importer?

Confirming bank: the bank, which adds its confirmation to the credit and it, is done at the request of issuing bank.

Advising bank: The bank is situated in exporter's country.

Negotiating bank: This is the bank, which negotiates the bills and pays the amount of the beneficiary. The advising and beneficiary bank may or may not same.

Accepting bank: It is the bank, which the bill will be drowned.

Reimbursing bank:

It is the bank would reimburse the negotiating bank after getting payment.

Steps for L/C operation:

Registration with CCI&E:

- ❖ For engaging in international trade every trader must be registered with the Chief controller of importer & exporter.
- ❖ By paying specified registration fees to the CCI&E the trader will get IRC/ERC (import/export registration certificate) to open L/C with a bank.

Determination of terms and credit:

The terms of the letter of credit are depending upon the contract between importer and exporter. The terms of credit specify the amount of credit, name, and address mode of shipment and destination, nature of credit, expiry date and so on.

Proposal for opening of L/C:

The proposal contains the following particular

- ❖ The bank account
- ❖ Nature of the business
- ❖ Required amount of limit
- ❖ Payment terms and condition
- ❖ Goods to be imported
- ❖ Offered security
- ❖ Repayment schedule

Submit an application of opening a L/C:

For opening L/C the importer is required to fill up a prescribed application form provided by the banker.

Opening a L/C by the bank:

- ❖ Receive filled up application form
- ❖ Collects credit report of exporter
- ❖ Bank then issues credit by air mail/SWIFT followed by L/C advise as asked by the opener through his foreign corresponded.

Shipment of goods and lodgment of document by exporter:

- ❖ Then exporter sends the goods to the importer's country
- ❖ Sends the documents to the L/C opening bank through his negotiating bank. Generally the following documents are sent to the opening banker with L/C
 1. Bill of exchange
 2. Bill of lading
 3. Commercial invoice
 4. Certification of origin
 5. Packing list
 6. Advice details of shipment
 7. Vessel particulars
 8. Shipment certificate

3.3.4 Clearing and Bills Department:

Cheque, pay order, demand draft, collection of amount of other banks on behalf of its customer is a basic function of a clearing department.

Clearing:

Clearing is a system by which a bank can collect customers fund from one bank to another bank through clearing house.

Clearing house:

Clearing house is a place where the representative of different banks gets together to receive and deliver cheque with another bank. Normally Bangladesh bank performs the clearing house. Where there is no branch of Bangladesh bank Sonali bank performs this function.

Procedures for collection:

- ❖ Putting the receive seal on the cheque.
- ❖ Putting crossing seal on the cheque.
- ❖ "Payee's A/C credited" endorsement is given.
- ❖ Entry is given in the outward clearing register.
- ❖ Clearing seal is given
- ❖ Cheques are sorted bank wise and entries are given to the computer.
- ❖ Entries are given in the clearing house register before dispatching to the clearing house

After clearing process some instruments is made cleared and some instrument might be returned. Then local principle office sends a credit advice and all instruments those have been the whole clearing process takes time three working days. After receiving credit advice Elephant road branch authorized officer has to respond on the “credit advice” (IBCA) send by local office. IBCA bears the documents of the total amount of instruments received by the local office from Elephant road branch. IBCA has described that JBL Elephant road branch general accounts have credited.

3.3.5 Cash Section

Cash section is most vital and significant section of the bank. Lets the say cash is the blood of the bank. The main task of this section is receive and payment of money. As we know it has two major counters-

- ✓ Cash receive counter and Cash payment counter

Cash Receive Counter

In receive counter two/three efficient persons are responsible for cash collection. In this section cheque, pay order, drafts etc. are being received. These tasks accomplish through a predetermined process-

- I. At first customer need to fill up the deposit slip provided by the bank.
- II. Deposit the slip to cashier.
- III. Cashier receives money, confirm the amount and then enter into the cash receipt register book and finally sign with seal and date in the deposit slip.
- IV. Slip then passed to another officer who is responsible for taking details like serial number, amount etc. and return deposit slip to customer.

Cash payment

Cash payment counter is responsible only for payment of cash on the basis of check, pay order, drafts etc. In terms of cash payment bank initiate some extra care regarding following things- whether the cheque is crossed or not, endorsement, date, specimen signature, amount, and other relevant things. To pay money bank follow process: At customer need to deposit the cheque to the cash section. Authorized individual verify required things- whether it is properly crossed if it is being cross cheque.

Chapter 04

4.1 Recommendation:

As an internee it's difficult for me to give any recommendation with my little working experience but I have tried as my best to give best recommendations above shortcomings (its may be or may not be suitable for JBL).

- JBL can change their working environment by creating positive attitude to their employees & they should change their interior decoration
- JBL should give more freedom to their branches for taking decisions & their head office should take decisions more quickly
- JBL should build separate loan recovery division if it happen then their classified loan amount will reduce and they can invest more
- JBL should go through the on line banking as early as possible for better service to the customer
- JBL should increase own investment in different sectors as like Islamic bank limited if they can increase their own investment then their cost of capital will reduce
- JBL human resource department should train their employees with computer knowledge & their HRD should arrange training program frequently a JBL management should take decision more quickly
- JBL should use group incentives so that employee can share their experiences & strength & can work smoothly
- Their statement should be computerized which is cost effective & safe
- It has been seen that N13L marketing activities are not sufficient but now a day's Proper marketing is important for creating good image in the target customers mind.

4.2 Conclusion

It would not be appropriate to draw any definite conclusion right now. So the result of the study should be taken as indicative rather than conclusive. In the thesis, it is found that the branch provides all the conventional banking services as well as some specialized financing activities to the economy. General Banking is engaged in cash receipt and payment, Cheque clearing, local remittance etc. The amount of deposit in Elephant road branch is very high because Elephant area is big business area of Dhaka city. Loans and Advance department analyses the credit proposal and disburse credit if the proposal is sound. As specialized financing, it provides term finance to medium and small-scale industries. Foreign Exchange department of this branch is very efficient. Every day, this branch opens a lot of L/Cs. The Senior Principle Officer, Senior Officer of this department is sound. They can handle the work excellently. Thus by providing these various services the Elephant road branch of Janata Bank Ltd. is playing an important role in the banking system and in the payment system of Bangladesh.

4.3 Reference

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