

# THESIS REPORT

ON

“Evaluation of Foreign Exchange Activities of Agrani Bank Limited.”

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Major in Finance

Semester: Spring 2021

**Submitted To:**

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Submitted for the partial fulfillment of the degree of

Bachelor of Business Administration



**Sonargaon University (SU)**

**Dhaka-1215**

**Date of Submission: May 5, 2021**

## Letter of Transmittal

May 5, 2021

**MD Shahbub Alam**

Lecturer of Business Administration

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### **Subject-Submission of Thesis Report**

Dear Sir

With humble honor and respect, I am submitting my thesis report on “Evaluation of Foreign Exchange Activities of Agrani Bank Limited”. As per partial accomplishment of the requirements for the BBA degree, I have completed internship from “Agrani Bank” [As per partial accomplishment of the requirements for the BBA degree, this thesis has been carried out] under the supervision of you.

This report is an integral part of our academic courses in completion of the BBA program, which has given me the opportunity to have an insight into the Evaluation of Foreign Exchange Activities of Agrani Bank Limited. I hope this report reflects on the contemporary issues on the Evaluation of Foreign Exchange Activities of Agrani Bank Limited that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report. I humbly request you to accept this report for your kind evaluation.

Sincerely,

---

**MD. Mahmudul Hasan**

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## **Student Declaration**

I, the undersigned, a student of Business Administration, Department of BBA program, Major in Finance of **Sonargaon University** do hereby declare that the thesis report **Evaluation of Foreign Exchange Activities of “Agrani Bank Limited”** is the original one and has been prepared by myself and has not been submitted anywhere for any degree, diploma, title or recognition. The report was prepared under the supervision of **MD. Shahbub Alam**, Lecturer of Business Administration of Sonargaon University.

Your Sincerely

.....

**MD. Mahmudul Hasan**  
**ID: BBA-1901016132**  
**Bachelor of Business Administration Sonargaon**  
**University.**

## Letter of Authorization

Certified that this project report titled “Evaluation of Foreign Exchange Activities of Agrani Bank Limited” is the work of **Mahmudul Hasan** who carried out the research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

.....

**MD. Shahbub Alam, Lecturer of Business Administration Sonargaon University (SU)**

## Acknowledgement

All praise to Allah, Almighty, and the Merciful. Without this blessing and endorsement this report would not have been accomplished. The successful completion of this report might never be possible in time without the help of some person whose inspiration and suggestion made it happen.

I want to thank my honorable supervisor **Md. Shahbub Alam**, Lecturer of Business Administration, Sonargaon University for helping me complete my project paper.

I am also thankful to my fellow colleagues of Agrani Bank Limited who gave me their valuable time and enough information to successfully make this report.

## EXECUTIVE SUMMARY

Today necessary of Bank as a financial institution is undeniable. In the age of modern civilization, Bank is playing its spending role to jeep to the economic development wheel moving. The cooperation of the bank is needed in every economic activity. In fact, there is hardly any aspect of economic activity. Conventional Bank operates their businesses on interest basis. But interest is not the only one purpose of the ABL, ABL also continuing support our society and overall our country. This interest banking system will be operated based on profit loss sharing system. ABL is one of these kinds of Bank in our country.

Chapter one contains the Introduction of the report which contains background of the study, objective of the report, scope, methodology of the report and limitations.

Second chapter contains about the Literature Review, which contents introduction and Empirical studies conducted abroad.

Chapter three consists of the profile of ABL, vision, mission, corporate slogan, goal, strategy, sponsor, objectives and products of Agrani Bank Limited.

Chapter four is about internship position & duties which includes duties in general banking actives and foreign exchange vision.

Chapter five is all about the foreign exchange activities and Documentations which consists of foreign trade, international trade operation, foreign currency deposit, import and export house, latter of credit and so on.

Six chapter is about the Foreign Remittance Section, which are bech, beftn, swift, and endorsement cash of Agrani bank Ltd.

Chapter seven is about analysis and finding, which analysis import, export and limitation of foreign exchange activities.

Last part of the report is conclusion and recommendation, which provide to improve deficiencies and what I learn during my internship period.

## **Acronyms:**

**CBA:**Customer Bargaining Agency.

**ATM:**Automated Teller Machine

**BB:**Bangladesh Bank

**BDT:**Bangladeshi TAKA

**DPS:** Deposit Premium Scheme

**FCB:**Foreign Commercial Banks

**IFC:**International Financial Corporation

**IFFD:**Interest First Fixed Deposit

**L/C:**Letter of Credit

**NBFI:**Non-Bank Financial Institution

**NCB:**Nationalize Commercial Banks

**PCB:**Private Commercial Banks

**POS:**Point of Sales

**SB:**Specialize Banks

**SOD:**Secured Overdraft

**STD:**Short Term Deposit

**SWIFT:**Society for Worldwide Inter-bank Financial Telecommunication

**USD:**United State Dollar

**VFC:**Visa Fee Collection

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# **Chapter:1**

## **Introduction**

### **1.1 Introduction:**

Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. In recent times, the banking sector over the world has been undergoing many changes due to deregulation, technological innovation, globalization etc. Bangladesh banking sector is lagging far behind in adopting these changes.

Bank plays an important role in the business sectors and in the industrialization of a country. Basically, the banks take deposits from the customers against interest and lend it to the borrowers against interest cessation period. Under these circumstances of bank offers different interest rates and other options to the customers to remit and deposit their money. These options are very common among all the banks, but only the customer services and other facilities vary from bank to bank.

In our country, there are Govt. Banks, Semi Govt. Banks, and Private Sector Commercial Banks of Bangladesh and it is the third-generation private commercial bank in Bangladesh. It started its crucial moment when Bangladesh economy was undergoing through massive economy reforms and pursuing unilateral and multilateral trade liberalization with the backdrop of the World Bank made International Monetary Fund (IMF) recommendations. This Agrani Bank with its 905 branches in strategizes location of the country is providing the best quality services to the customers and clients. Strategize location of the country is providing the best quality services to the customers and clients.

As the core concentration of the study is foreign division, so this study is concerned with specific area of managing export and import procedures to promote logistic support in business.

### **1.2 Background of the study**

After completing Bachelor of Business Administration (BBA) degree, an Internship in a business organization is a necessary requirement. Knowledge and learning become perfect when it is associated with theory and practice. Theoretical knowledge gets its perfection with practical application. The internship program enables a student to get an exposure to the real world. Thus, after completing BBA program from Sonargaon University, I joined **Agrani Bank Ltd (ABL)** for completing my internship requirement. The topic of my study was

# **“Intern Ship Report on Evaluation of Foreign Exchange Activities of Agrani Bank Limited”**

## **1.3 Objectives of the study**

The objective of the study is to gather practical knowledge and experience about banking activities performed by different officials into the foreign exchange department. The report is prepared with the purpose of getting an overview of foreign exchange business through LC operation at Agrani Bank Ltd. The general objectives of the study are to know about the management system of Agrani bank as a private commercial bank, its formation, and its functional, operational and financial aspects and to know the background of the organization.

There are some specific objectives in the way of achieving the main objective. These are as follow:

- To discuss about the import and export policy of the ample branch.
- To analyze the export and import function and financing of the branch.
- To focus on growth and development of foreign exchange business Agrani Bank.
- To gain the depth knowledge of import and export portfolio of the bank.
- To find out the performance of import and export business in recent years.
- To identify the problem and prospects of foreign exchange.
- To know the risk involved in the foreign exchange business.
- Besides fulfilling the degree requirement, this project report intends to cover a comprehensive analysis of Agrani Bank Ltd.

## **1.4 Methodology of the Study**

In order to collect relevant and adequate data it is necessary to follow proper Methodology. No one can collect relevant information without maintaining a proper Methodology. Both primary and secondary data were collected to prepare this report.

### **1.4.1 Source of Primary Data:**

This report is based on both primary & secondary source of information. For theoretical development of this research paper, the data has been collected from the various sources like different publications, library sources, books, articles, etc.

#### **1.4.1.1 Primary Sources:**

Primary data were collected by interviewing employees of the Agrani Bank Limited, Dilkusha C/A, Dhaka-1000. A questionnaire was prepared for the Employees of the Agrani Bank Limited and collected primary data through survey method.

#### **1.4.1.2 Interview Method:**

The face-to-face interview was taken, where one person-the interviewer, asks the respondent (in my case, “the clients”), questions designed to obtain answer pertinent to research problems. In order to get the real information and data about the Cash Management’s and Financial Institution Department’s Services, various customers were interviewed directly.

#### **1.4.1.3 Observation Method:**

Observation method may be defined as systematic viewing according to concise Oxford Dictionary “accurate watching, nothing of phenomena as they occur in nature with regard to cause and effect and mutual relationship”. I have observed many of the activities of Cash Management departments and Financial Institution Department.

#### **1.4.1.4 Other Primary Sources are:**

1. Discussion with officials of Agrani Bank Limited
2. Face to face conversation with the clients

#### **1.4.2 Secondary Sources:**

Secondary data have been collected for the research paper. Secondary data were collected from:

- Annual Reports of Agrani Bank Limited
- Bank Records
- Journals of the Bank
- Different books, training papers, manuals etc. related to the topic.
- Foreign Exchange Regulations Act.
- Banking Company Act
- Newspapers

#### **1.4.2.2 Data Collection and presentation Techniques:**

A structured questionnaire was prepared for the customer of the Agrani Bank Limited. This structured questionnaire was the major tool of this research paper. For collaborating the data and information collected through primary and secondary sources both qualitative and quantitative methods have been used. Data are analyzed and presented by percentage, graphical presentation techniques and different types of charts. Major or critical findings have been analyzed and then based on everything; recommendations and conclusion are given.

#### **1.5 Scope of the Report**

The scope of the report was to find the financial aspect of the operation of the bank. In addition, the report was done to find the effectiveness of the Foreign Exchange Department's various services. Furthermore; the report also focused on the feasibility study and practical market issues about new ventures and operational procedures of Financial Institutions. An infrastructure of organization has been detailed, accompanied by company corporate perceptive and look into the future. The scope of this report is limited to the overall descriptions of the bank, its services, and its position in the industry, and its competitive advantage. The scope of the study is limited to organizational setup, functions, and performances.

#### **1.6 Limitation of the study**

From the beginning to end the study has been covered with the intention of making it as a complete and truthful one. However, many problems appeared in the way of conducting the study, mainly time. It was not possible to go through the whole area covered by the bank although financial statements and other information regarding the study have been considered. This study focusses the following limitations:

- Time constraints.
- Confidentiality of data
- Lack of depth knowledge and analytical ability
- Data gathered could not be verified for accuracy.
- Large-scale research was not possible due to time constraints.

**Chapter: 2**  
**Literature Review**



## **2.1 Introduction**

Currency exposure management being important in the context of global trade and investments, voluminous literature on the subject is available worldwide. Developed economies account for a big chunk of empirical literature on currency exposure management for obvious reasons. Some literature is available relating to emerging and developing economies also, which may be of greater help to the present research. To facilitate a better review of literature, studies conducted abroad are presented first followed by studies conducted in India. The following is an exhaustive list of investigations conducted in foreign countries.

## **2.2 Empirical Studies Conducted Abroad**

**Belk and Glaum (1990)** report the results of an empirical study undertaken during 1988 on how UK multinational corporations try to manage their foreign exchange exposure. The study was based upon research conducted in 17 major UK industrial companies. Majority of the respondents feels transaction exposure management was seen a centerpiece of their foreign exchange risk management. Despite the financial literature demonstrating that accounting exposure is not a useful concept for foreign exchange risk management, the study found that a majority of companies were inclined to manage their accounting exposure actively. Further surveyed MNC's showed a lower degree of centralization and the majority of respondents described their companies as 'totally risk averse'.

**Wai (1993)** conducted a survey of 61 listed companies in Singapore with an objective to investigate the general practice adopted in foreign exchange risk management. Investigation revealed that foreign exchange risk management is an integral part of the operations of many companies in Singapore. The results of his survey show that a majority of the companies, accounting for 75 percent, adopt a centralized foreign exchange management system; 85 percent of the respondents feel that they operate their treasuries as a cost centre; the survey results show that some of these companies are prepared to take risks by leaving some of their exposure un-hedged or by taking position in currencies. He reports that 92 percent of Singapore companies hedge their foreign exchange exposure on a case-by-case basis; only a negligible proportion goes for cent percent exposure cover. Survey finds that short-dated forward contracts are the most widely used hedging techniques of Singapore companies; other derivative instruments like futures, options and swaps are not popular amongst the said companies.

**Batten, Mellor and Wan (1993)** conducted industry-wide, cross-sectional study on foreign exchange risk management practice and product usage of large Australian-based firms. Results are discussed from an empirical field study of seventy-two firms operating in Australia. Study finds that all firms hedge foreign exchange exposure. Survey finds that 61 percent of the Australian firms manage transaction exposure only, 8 percent manage transaction and translation and 17 percent manage all three exposures (other 14% have not given their response). They found that Australian firms were using both physical and synthetic products to offset the cash flows generated by the firm's foreign operations and trade. The synthetic products used by these sample firms included futures, options, swaps and option products. The physical products included spot, forwards, forward- forwards and short and long-term physical swaps. The survey suggested extensive use of synthetics by the corporate sector with 35 firms (49 percent) using both physical and synthetic products, four firms (6 percent) using only synthetic products and the remaining 33 (46 percent) using physical products exclusively.

# **Chapter: 3**

## **Organization Overview**

Agrani Bank Limited, a leading commercial bank with 960 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007.

Agrani Bank Limited is governed by a Board of Directors consisting of 13 (thirteen) members headed by a Chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 29 Divisions in head office, 62 zonal offices and 902 branches including 27 corporate, 40 AD branches. (ANNUAL REPORT OF AGRANI BANK LTD)

### **3.1 Corporate Slogan of ABL**

**“Committed to serve the nation”**

### **3.2 Vision of ABL**

To become a leading bank of Bangladesh operating at international level of efficiency, quality and customer services.

### **3.3 Mission of ABL**

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

### **3.4 Motto of ABL**

To adopt and adapt modern approaches to stand supreme in the banking arena of Bangladesh with global presence.

### **3.5 Values**

We value in integrity, transparency, accountability, dignity, diversity, growth and professionalism to provide high level of service to all our customer and stakeholders inside and outside the country.

### **3.6 Strategic Objectives of ABL:**

1. Winning at least 6.50 percent share of deposits and 5.5 percent share of loans and advances Of Bangladeshi market.
2. Gaining competitive advantages by lowering overall cost compared to that of competitors
3. Overtaking competitors by providing quality customer service.
4. Achieving technological leadership among the peer group.
5. Strengthening the Bank's brand recognition.
6. Contributing towards the economic well-being of the country by focusing particularly on SME and agricultural sectors.
7. Strengthening research capability for innovative products and services.

### **3.7 Product and Services of ABL**

The services and products of Agrani Bank are possible to classify in the following broad divisions:

#### **3.7.1. Personal Banking**

Personal banking products are Deposit, Loan and Card services offered by ABL. Deposit services are Savings bank account, Fixed deposit receipt, Pension Sanchay Scheme. These schemes enhance small savings of limited income people to be accumulated. Loan products at personal level are Home loan, Consumer loan, and Advance against salary.

These programs help to achieve your dreams just in time and at a minimum effort

Agrani Bank presents Debit card for the clients sharing a network with other four renowned banks of the country. Fees for the card are nominal. You may have a debit card from ABL and enjoy a life free from any tension of carrying cash.

### **3.7.2. Corporate Banking**

Agrani Bank provide deposit services like Current account and Fixed deposit for its corporate clients. On the other hand, it arranges funds through syndication of banks for big, corporate projects. Thus, the bank is contributing to uplift the national economy to a higher level.

### **3.7.3. Agri & Rural Banking**

Now bottom-line farmers may have a bank account depositing Tk.10 only. Agrani Bank provides this service to rural Bangladesh. Young generation intending to go abroad for jobs may have loan for their air tickets and other expenses against nominal securities.

Other rural economic activities are also supported by Agrani Bank credit programs. The areas addressed are Cultivation (flower and others), Fisheries, Poultry, Purchasing Agri and irrigation machinery and pouching animals. So, it can be said that ABL is working to promote economic growth of Bangladesh from the very grass root level which is 80% of national economy.

### **3.7.4 SME Banking**

Small and medium enterprise of the country is one of the deserving sectors for financial support. Agrani Bank justifiably provides credit to them under different schemes. ABL launched a joint venture program named Small Enterprise Development Program (SEDP) with NORAD, a Norwegian agency in 1995. This program was implemented in greater Mymensingh and Faridpur districts. The target fields were rice mill, oil mill, and nursery, repairing shops, fishery, weaving and many more.

The bank is presenting micro credit and other supports to land less day labor for alleviation of poverty by generating employment. Agrani Bank had designed some programs in collaboration with other agencies. One such program is Employment Generation Project for Rural Poor (EGPRP). This program was launched in 1995. All these programs are very much favorable to the micro enterprises and the poor. Terms and conditions are also customer friendly and easy to follow.

### **3.7.5. Banking for Nonresident Bangladeshis (NRBs)**

Nonresident Bangladeshis (NRBs) now get banking facility through Agrani Bank. They may have an account in taka, they may invest in Dollar Bonds. They are also allowed to have an F/C account. If you are one of them you can avail these opportunities. Your nominees are also entitled for these scopes.

### **3.7.6 Merchant Banking**

The merchant banking unit of Agrani Bank was turned into a subsidiary entity in 2014 and named as Agrani Equity & Investment Limited. This unit serves Issue management, Underwriting and Portfolio management functions.

### **3.7.7 Islami Banking**

Among the nationalized banks Agrani was the first to introduce Islami Banking service. Agrani Bank provides completely interest free Shariah based banking to the clients. Deposit services offer interest free profit in compliance with Shariah. If you desire to get Islami banking service you are welcome at its Islami banking unit in its H/Q.

Agrani Bank, as per its slogan, is always beside the people in their struggle to come up with sustainable economic growth for themselves and for the nation.

### **3.8 Other Product and Services**

**3.8.1 ATM Banking:** Agrani Bank Ltd. has implemented successfully Automated Teller machine (ATM)/DEBIT card transaction from June 25 2013, Through Automated Teller machine (ATM)/DEBIT card customer can avail the facility like withdrawal money balance inquiry and purchase good from point of sale (POS) using Dutch Bangla Bank ATM booth and POS.

**3.8.2 Locker Services:** For safekeeping of customers' valuables like important documents and goods like jewelries and gold ornaments, Agrani Locker Service is available in most of the Branches in urban areas. Service name is Custody of Locker / Safe: Rent: a) Yearly TK.900/= for small size locker. b) Yearly TK.1200/= for medium size.

**3.8.3 SMS Banking:** Agrani Bank ltd has officially launched SMS banking from December 17, 2007.

### 3.9 Hierarchy of Agrani Bank Limited

## Hierarchy Of Agrani Bank



[http://www.academia.edu/5038513/General Banking Function of Agrani Bank Limited](http://www.academia.edu/5038513/General_Banking_Function_of_Agrani_Bank_Limited)  
( 17.01.2020)



# **Chapter: 4**

## **Internship Position & Duties**

#### **4.1 Internship position & duties**

During my internship I have worked in the following areas:

i) General banking Division ii) Foreign exchange

#### **4.2 Duties performed in General Banking division:**

In general banking I have worked in account opening section. So that I have talked with clients about how to open or what are the requirements for open different types of account such as:

Deposit per Scheme (DPS)

- Deposit per Scheme(DPS)
- Saving account (SA)
- Current Account (CA)
- To open different accounts, customers first needed of fill up a DPS application form. I usually help them to fill up the form.
- I recorded the cheque numbers and delivered them to respective customers after necessary processing.
- I also accepted cheque requisitions and other application like account closing, fund transfer etc.

#### **4.3 Duties performed in foreign Exchange division:**

In foreign exchange division I spent 45 days. In this division, I have performed different types of tasks which are more essential for banking operation and this is done every day basis. Those are given below:

- New back to Back L/C opening register book maintain. Voucher making and issuing
- Acceptance of bill while bill received ▪ Due date register maintain.
- Performance register maintain.
- FDBC & FDBP register book maintain.
- LC advising issuing and register book maintain. ▪ Amendments register book maintaining ▪ BLC register book maintaining.
- L/C opening register book maintaining.

## **Chapter: 5**

# **Foreign Exchange Activities and Documents Needed For foreign Exchange**

## **5.1 Foreign Trade**

Foreign trade can be easily defined as a business activity, which crosses national boundaries. These may be between parties or government ones. Trade among nations is a common occurrence and normally benefits both the exporter and importer. In many countries, international trade accounts for more than 20% of their national incomes (ANNUAL REPORT OF ABL 2017).

Foreign trade can usually be justified on the principle of comparative advantage. According to this economic principle, it is economically profitable for the country to specialize in the production of that commodity in which the producer country has the greater comparative advantage and to allow the other country to produce that commodity in which it has the lesser comparative advantage. It includes the spectrum of goods, services, investment, technology, transfer etc. This trade among various countries call for loses linkage between the parties dealing in trade it has been dealing with more than 60 countries. The bank, which provide such transactions, are referred to as rendering international banking operations. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. And this flow of goods and payment are done through Letter of credit. ABL follows the rules of Bangladesh government and Bangladesh Bank Strictly.

## **5.2 International Trade Operation**

The international trade financing is one of the major business activities conducted by the bank. The foreign trade related activities of the bank, carried out through 39 Authorized Dealer branches across the country, have earned confidence of importers and exporters. The bank's 39 Authorized Dealer branches are well equipped with highly trained professionals to handle varied need of import and export-based clients.

## **5.3 Foreign Currency Deposit Account**

With a view to delivering the hard-earned foreign remittances sent by Bangladeshi expatriates to the payees at home and also enabling them to utilize the same in their chosen sectors, Agrani Bank limited has in operation number of modalities such as, Private Foreign Currency(FC) Account in US Dollar ,Euro and, Pound, Non Residence Foreign Currency Deposit (NFCD) Account and Resident Foreign Currency Deposit (RFCD) Account. In addition to that, they can purchase Five Years wage earners development Bond (WEDB), US Dollar Investment Bond and US Dollar Premium Bond With Their foreign remittance.

## **5.4 Foreign Correspondents and Exchange Houses**

The Bank has continued efforts and endeavors to develop relationship with foreign correspondents worldwide to facilitate international trade services. Correspondent banks are trade partners of the bank in international trade. The bank has already achieved tremendous success in foreign trade. In order to encourage wage earners for remitting funds through banking channels and ensure smooth facilities for the remitters to send money from any corner of the world, the bank is constantly trying to make arrangements with reputed exchange houses all over the world. Because of effective expansion of strong correspondent network and enlistment of the bank as member of SWIFT, the inter-bank remittance has increased and as a result the bank is able to remit the fund to the customers quickly. The total number of correspondents and agents of the bank in our country and abroad was 687 as on 31.12.2013. At the same time the bank maintained drawing arrangements against wage earner's foreign remittance with 70 exchange houses worldwide. Among these 70 exchange houses, the bank has arrangement with wellregarded exchange house like Money Gram, western Union, Xpress money, Placid Express, IME, National Exchange, Ria Financial Services, Trans-fast, Segue Global Services, etc. With the best effort to provide our customers the best services in the quickest possible time, the bank has recently launched a web portal in the name of "Remittances can be processed a managed quickly and easily for supporting the bank's 220 online branches throughout the country.

## **5.5 Import Business**

During the year performance of import business of the Bank was satisfactory. In 2017 import business stood at Tk. 16963 million as compared to the volume of Tk. 26877 million in 2016.

### **5.5.1 Import Procedure**

An importer is required to have the following to import through ABL--

1. Applicant has to apply for opening L/C by a prescribed form.
2. Applicant has to submit the Letter of Intent or Letter of Proforma Invoice.

**Letter of Intent:** Many sellers have their agent in seller's country. If the contract of buying is made between the buyers and the agent of the sellers then Letter of Intent is required.

**Letter of Proforma Invoice:** If the contract is made directly between the buyers and the sellers then Letter of Proforma Invoice is needed.

3. Applicant has to submit IRC (Indenters Registration Certificate). It is a certificate renewed every year. This certificate is necessary if the contract is made between the buyers and the agents of the sellers. IRC is of two types – **COM** and **IND**. **COM** are given for commerce purpose and **IND** is given for industrial purpose.
4. Applicant has to submit LCAF (Letter of Credit Authorization Form)
5. Applicant has to submit insurance document.
6. Applicant has to prepare FORM-IMP.
7. Recently, there has been made a provision to give a certificate named TIN (Tax payers Identification Number). Taxation department issues this certificate.
8. Then after proper scrutiny bank will open an L/C.

While opening L/C, Importer must keep certain percentage of the document value in the bank as margin.

#### **5.5.2 Procedures of Opening L/C to Import:**

To Open a L/C, the requirements of an importer are:

1. He must have an account in ABL
2. He must have Importers Registration Certificate (IRC).
3. Report on past performance with another bank. ABL collects this report from Bangladesh Bank.
4. A proposal approved by the meeting of executive committee of the bank. It is necessary only when the L/C amount is small or there is no limit.
5. If the L/C amount is large or there is a limit, then an approval from Bangladesh Bank is needed. Usually this approval is needed for amount more than one crore.

## **5.6 Export Business**

Export business handled by the Bank during the year 2017 amounted to Tk. 8838 million as against Tk. 9310 million of the preceding year.

### **5.6.1 Export Incentives:**

#### **A. Financial Incentives:**

- Restructuring of Export Credit Guarantee Scheme ➤ Convertibility of Taka in current account.
- Exporter can deposit 40% of FOB value of their export earning in own account in dollar and pound sterling.
- Export Development Fund.
- Expansion of export credit period from 180 days to 270 days.
- 50% tax rebate on export earning Duty draw back.
- Bonded warehouse facilities to 100% export oriented firms.
- Duty free import of capital equipment for 100% export oriented firms.

#### **B. General Incentives:**

- National export Trophy to successful exporters.
- Training course on external trade.
- Arrangement of international trade fairs, commodity-based exhibitions in the country and participation in foreign trade fairs.

#### **C. Other Incentives:**

- i) Assistance in improvement of quality and packaging of exportable items.
- ii) Simplification of exports procedures.

## **5.7 Letter of Credit (L/C)**

A letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase.

**([www.investopedia.com](http://www.investopedia.com))**.

## **5.8 Documents of L/C**

- 8 Copies of the invoice
- Package of bill of lading.
- Shipment notification.
- Packing list and the weight of a single 6 copies certificate of origin
- The applicant's name, address, TIN number must appear on package (area need more than 2%)
- Origin must appear on all packaging.  
([www.shadsstone-sourcing.com](http://www.shadsstone-sourcing.com))

## **5.9 Element of a Letter of credit**

Followings are the elements of L/C :

- Beneficiary
- Applicant
- Clearly state that the amount of the ISLOC.
- Expiration date must be 3 years or 36 months from the issue date.
- Complaint with applicable laws. ▪ Letter of credit number must be noted ▪ On bank letterhead.
- With raised bank seal.
- Signed by authorized bank official. ([www.nc-educationlottery.org](http://www.nc-educationlottery.org))

## **5.10 Forms of L/C**

### **5.10.1 Revocable L/C**

The term of condition of L/C can be change at any time without the consent of or notice of the beneficiary. In case of seller (Beneficiary) revocable credit involves risk. A revocable credit maybe amends or cancelled by the issuing bank prior notice to the beneficiary.

### **5.10.2 Irrevocable L/C**

The term and condition of L/C cannot be change. This kind of L/C exists in Bangladesh. It is a definite Undertaking of the issuing bank, provide that the stipulated documents are presented to the nominated Bank. Once this commitment has been entered into, the bank cannot disown its responsibility without the agreement of the beneficiary.



### **5.10.3 Different types of L/C**

L/C is a guarantee of a bank (Issuing bank) of behalf of the importer in a trade in favor of the exporter to pay a certain sum of money under some specific terms and condition. L/C is a negotiable instrument ( A form of documentary credit) that carries a promise of payment with the fulfillment of certain conditions. An L/C can be used in foreign trade as well as for local payment.

#### **(1) Sight payment L/C**

The payment is made as soon as documents shown to the issuing Bank and payment received from the importer. Instruction is given to reimbursing bank to give payment.

#### **(2) Deferred payment letter of credit (L/C)**

This is paid a fixes number of days after shipment or presentation of prescribed documents. It is used where a buyer and seller have close working relationship because.

#### **(3) Revolving L/C**

A Revolving credit is one where under the terms and conditions there of the amount of the credit is renewed or reinstated without specific amendment to the credit being needed.

#### **(4) Back to Back L/C**

Another special type of L/C is issued in Bangladesh that is called Back-to-back L/C where the applicant opens an L/C against another export L/C. These B to B L/Cs are USANCE L/C

#### **(5) Transferable letter of credit (L/C)**

Irrevocable L/C with two (and only two) successive beneficiaries. In this arrangement, the first beneficiary (an intermediary or importer's foreign representative) can assign part or whole of the L/C amount to a second beneficiary (the supplier or manufacturer). To be transferable, the L/C must be so marked by the issuing bank on the instructions of the buyer or importer (the account-party)

### **5.11 Process of operating L/C in Agrani Bank Ltd.**

A letter of credit is a payment term generally used for international sales transactions. It is basically a mechanism, which allow importer/buyers to offer secure terms of payment to exporters/seller in which a bank (or more than a bank) gets involved. The technical term for letter of credit is 'Documentary Credit'. At the very outset one must understand is that Letter of credit deal in documents, not goods. Stipulated in the LC

**Chapter: 6**  
**Foreign Remittance Section**

Thus the process works both in favor of both the buyer and the seller. The seller gets assured that if documents are presented on time and in the way that they have been requested that if documents are presented on time and in the way that they have been requested on the L/C the payment will be made and buyer on the other hand is assured that the bank will thoroughly examine these presented documents and ensure that they meet the terms and conditions **6.1**

### **Remittance Section**

Remittance Section can be classified broadly into two types: a)

Outward remittance

b) Inward remittance.

#### **6.1.1 Outward Remittance**

Outward remittance includes sell of foreign currency by TT, MT, drafts, Traveler cheque and as well as payment against import into Bangladesh. Outward remittance can be classified into two types. These are as follows:

i) Private remittance.

ii) Commercial remittance.

#### **6.2.2 Inward Remittance**

Inward remittance includes purchase of foreign currency by TT, MT, drafts, Purchase of export bills and Traveler cheque. But due to lack of promotional activities the branch is failure to attract new customer for existing export and import business.

### **6.2 BACH & BEFTN**

As part of the plan of Bangladesh bank for automation of clearing payment system of the country, Bangladesh Automated Clearing House (BACH) was introduced in the bank. The two components of BACH – Bangladesh Automated Cheque Processing System (BACPS) & Bangladesh Electronic Fund Transfer Network (BEFTN) are active in the Bank in 70 clearing areas of the country have been brought under BACPS successfully. For this purpose, hardware, MICR cheque scanner and network connectivity have been established in each concerned location. For BACH operation a sophisticated centralized software has been customized and installed which has facilitated the smooth operation of the system throughout the country. The other component BEFNT has been introduced in all 905 Branches of the Bank. As per Bangladesh bank instruction, only credit operation has been allowed in it. The debit operation will begin very soon. With the introduction of automated clearing system, customer service has greatly improved.

### **6.3 SWIFT**

Agrani Bank Limited Provides (Society for Worldwide inter-bank Financial Telecommunication) facility in its 35 branches to offer services relating to Foreign Exchange/ Foreign Trade Transaction (both import and export) and remittance.

### **6.4 Endorsement of Cash**

Foreign currency can also be remitted through endorsement in the passport. In case of endorsing cash on passport, the requirements are same as in case of traveler's cheque. But the only exception is that the passport holder is not required to be present by himself.

### **6.5 Types of foreign exchange business**

- Financing the import of goods and services.
- Facility to open documentary credit.
- Collection of the bill and repatriation of fund.
- Effecting remittance abroad.
- Clearance of imported goods and the storage.
- Lending money against imported merchandise.

Chapter: 07  
Analysis and findings

## **7.1 Import**

The Bank helps in import business. Items of import financed by the Bank included electronic equipment, sports goods, rice, wheat, seeds, soybean, palm-oil, chemicals, accessories etc.

The year wise imports are as follows-

### **ABL Import business from 2016 to 2020**

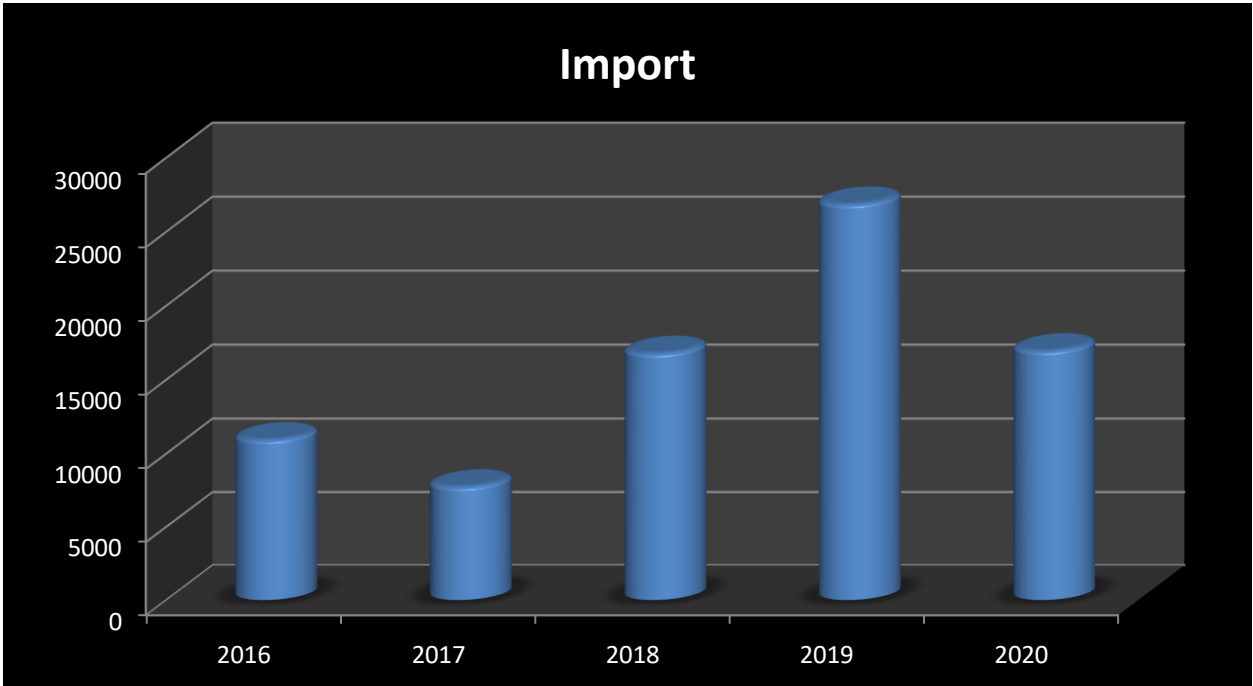
**Table No: 7.1**

SL NO	YEAR	AMOUNT (Tk in million)
1	2016	10,952
2	2017	7,753
3	2018	16,792
4	2019	26,877
5	2020	16,963

**Source:** Agrani Bank Ltd Annual report 2017

## **Interpretation**

We see that the volume of import is not stable in 2013 to 2017. In 2013 it was 10,952 and it decreased in 2014 which was 7,753. Further we see that it increased in 2015 which was 16,792 and increased in 2016 which was 26,877 and it again fall down in 2017 which was 16,963.



Source: Table No 7.1

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## **7.2 Export Business:**

The Bank played a huge role in export business. It remits huge foreign exchange through helping in export business. Export items handled by the Bank include jute goods, readymade garments, handy crafts, tea etc.

The year wise export is as follows-

### **ABL Export business from 2016 to 2020**

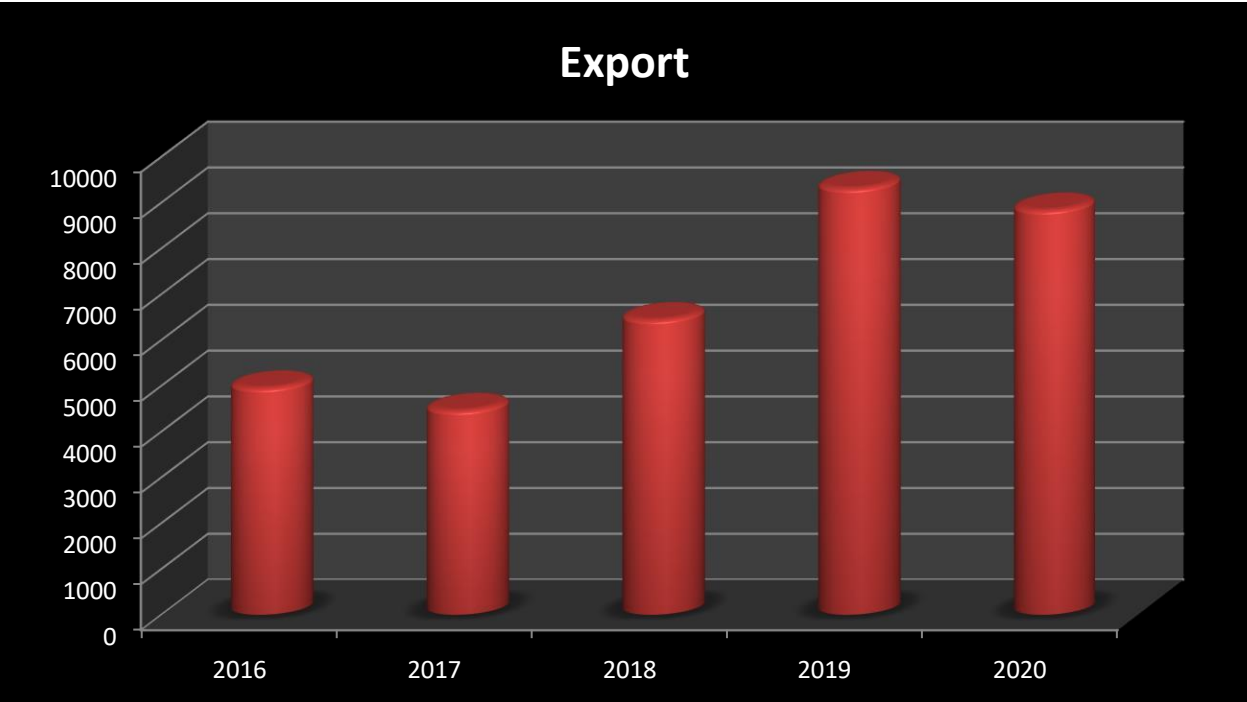
**Table No: 7.2**

SL NO	YEAR	AMOUNT (Tk in million)
1	2016	4,954
2	2017	4,461
3	2018	6,443
4	2019	9,310
5	2020	8,838

**Source:** Annual report 2020 of Agrani Bank Ltd.

### **Interpretation**

The volume of export is also not stable in 2016 it was 4954 in 2020 it decreased 4461. Further we see that it increased in 2015 to 2016 which was 6443, 9310. And it decreased in 2020 which was 8838.



**Source:** Table no 7.2

### **7.3 Foreign Remittance**

The Bank has been active in remittance operations to facilitate disbursement of remittances received from Bangladeshi wage earners working abroad since its inception. Inward Foreign Remittance played a significant role in reducing the Bank's dependence on inter-bank market for payment of import bills in foreign currency. This bank has drawing arrangement with the Bank and Exchange Companies of the different important countries of the world. The volume of foreign remittance in the year 2020 stood at Tk. 11,681 million as compared to Tk. 8682 million of 2019 besides, expatriates can remit their money to home country instantly at low cost, through its 687 or more correspondent worldwide under SWIFT system.

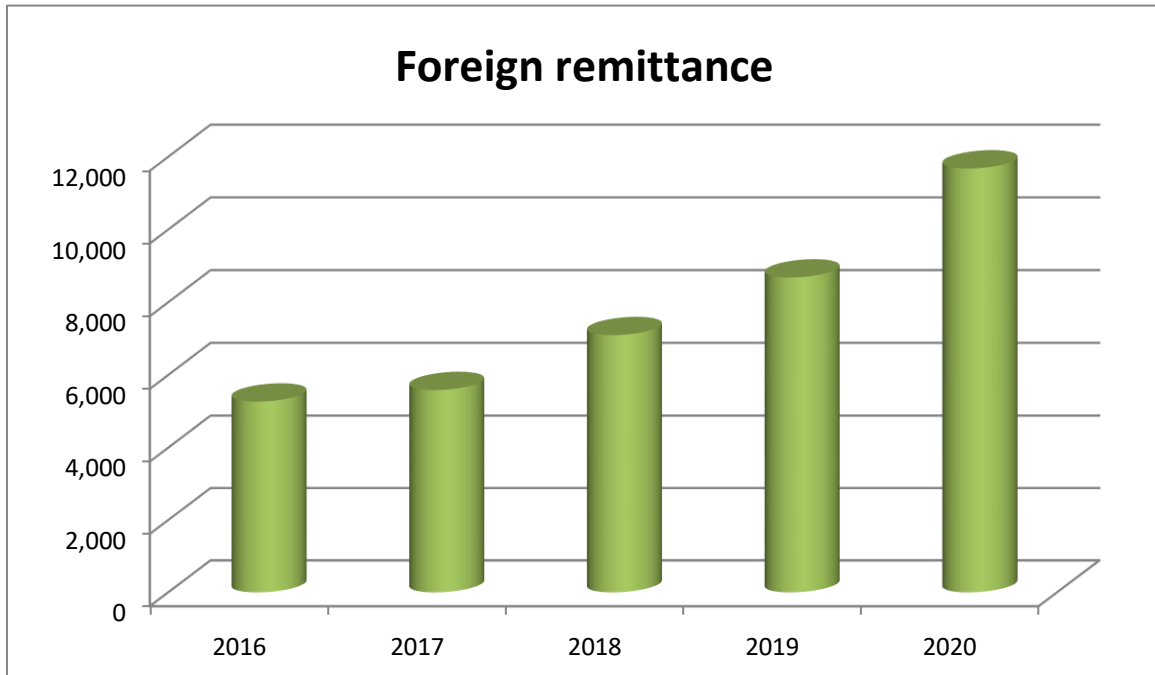
**Table No: 7.3 Agrani Bank Foreign Remittance Business 2016-2020**

<b>SL NO</b>	<b>YEAR</b>	<b>AMOUNT (TK IN MILLION)</b>
<b>1</b>	<b>2016</b>	<b>5,269</b>
<b>2</b>	<b>2017</b>	<b>5,587</b>
<b>3</b>	<b>2018</b>	<b>7,097</b>
<b>4</b>	<b>2019</b>	<b>8,682</b>
<b>5</b>	<b>2020</b>	<b>11,681</b>

**Source:** Annual report of Agrani Bank Ltd 2020

### **Interpretation**

The volume of remittance increased year by year. In 2013 it was 5269. In 2014 it increased in 5587. And it also increased in 2016 to 2020. Which was 7097, 8682 & 11681.



**Source:** Table No 7.3

#### **7.4 Findings:**

One of the most important businesses carried out by the commercial bank is foreign trading. So, no doubt that foreign exchange business is very much important for the economic growth of our country. This report has covered overall procedures of foreign exchange business in Agrani Bank Limited. Besides Foreign Exchange performance of Agrani Bank are analyzed by representing various data related to foreign exchange business. The findings of my study after evaluating ABL's business performance as well as from my practical experiences in Agrani Bank Limited during my internship are mentioned below:

- ❖ The number of Authorized Dealer (AD) branches of ABL are only 40 with respect to the overall number of branches.
- ❖ Foreign Exchange procedures includes a lot of activities. During my internship at this department in Agrani bank I have observed that, sometimes overall banking process slowed down due to the lack of proper management system.
- ❖ The volume of remittance increased year by year. In 2013 it was 5269. In 2014 it increased in 5587. And it also increased in 2015 to 2017. Which was 7097, 8682 & 11681.
- ❖ The volume of foreign remittance in the year 2017 stood at Tk. 11,681 million as compared to Tk. 8682 million of 2016 besides, expatriates can remit their money to home country instantly at low cost, through its 687 or more correspondent worldwide under SWIFT system.
- ❖ Export business handled by the Bank during the year 2017 amounted to Tk. 8838 million as against Tk. 9310 million of the preceding year.
- ❖ Agrani Bank Ltd. has implemented successfully Automated Teller machine (ATM)/DEBIT card transaction from June 25, 2013.
- ❖ The merchant banking unit of Agrani Bank was turned into a subsidiary entity in 2014 and named as Agrani Equity & Investment Limited. This unit serves Issue management, Underwriting and Portfolio management functions.
- ❖ Among the nationalized banks Agrani was the first to introduce Islami Banking service. Agrani Bank provides completely interest free Shariah based banking to the clients. Deposit services offer interest free profit in compliance with Shariah. If you desire to get Islami banking service you are welcome at its Islami banking unit in its H/Q.

**Chapter: 8**  
**Recommendation &**  
**conclusion**

## **8.1 Recommendations:**

- Bank should increase their branches in important commercial area in Bangladesh to raise their business.
- Bank should increase their ATM booth that will help their client for 24 hours banking.
- Employee should be more trained up which will ensure the competent workforce.
- Branch should have a proper guideline to protect economical barriers.
- More effective and efficient initiatives are necessary for every section of the Branch.
- Every section of the Branch should get equal priority.
- The bank should be fully online.
- It should increase the number of ATM booths.
- The branch should ensure proper power supply.
- It should decrease the service charge.
- Some more employee should be posted in the foreign Exchange Dept.
- It should be fully computerized
- Office decoration should be modernized.

## **8.2 Conclusions:**

Agrani Bank Limited is a solid, forward-looking, modern local bank with a record of sound performance. It is committed to provide high quality financial services/ products to contribute to the growth of GDP of the industrialization, boosting up export, creating employment opportunity for the educated youth, rising standard of living of limited income group and overall sustainable socio-economic development of the country.

During the 75 days internship program at Banani Cor. branch, almost all the desks have been observed more or less. Gaining knowledge from practical banking and compare this practical knowledge with theoretical knowledge. Though all departments and section are covered in the internship program, it is not possible to go to the dept of each activities of branch because of time limitation. So, objective of this internship program have not been fulfilled with complete satisfaction. However, highest effort has been given to achieve the objective the internship program. During the internship, it is found that the branch provides all the conventional banking services as well as some specialized financing activities to the economy.



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