

Internship Report

On

Foreign Trade Operation of

Mercantile Bank Limited

&

Its Impact on Economy



Mercantile Bank Limited

efficiency is our strength

Internship Report
On
Foreign Trade Operation of
Mercantile Bank Limited
And
Its Impact on Economy

Submitted To

Ms. Shyamali Biswas

Assistant Professor
Department of Business Administration
Stamford University Bangladesh

Submitted By

Md. Raihan Bin Islam

ID: BBA 02808719
Batch: 28 (Section-B)
Major: Accounting
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Date of Submission:

August 01, 2010

Stamford University Bangladesh

LETTER OF TRANSMITTAL

August 01, 2010

To

Ms. Shyamali Biswas

Assistant Professor

Department of Business Administration

Stamford University Bangladesh

Subject: Internship report on “*Foreign Trade Operation of Mercantile Bank Limited and Its Impact on Economy*”.

Dear Madam,

It is a great pleasure for me, Name: Md. Raihan Bin Islam, ID: BBA 02808719, Batch: 28, Major in Accounting ,Stamford University Bangladesh to submit my practicum report on the topic of “**Foreign Trade Operation of Mercantile Bank Limited and Its Impact on Economy**”. I have prepared this report, as a partial fulfillment of BBA program. I have tried my level best to prepare this report to the required standard though there are many hindrances arose while I was collecting data and information for this project. It was certainly a great opportunity for me to work on this paper to actualize my theoretical knowledge in the practical arena.

I express my heart full gratitude to you to go through this report and make your valuable comments. It would be very kind of you, if you please evaluate my performance regarding this research paper.

Thank you,

Sincerely Yours’

Md. Raihan Bin Islam

ID: BBA 02808719

STUDENT'S DECLARATION

I, **Md. Raihan Bin Islam**, hereby declare that this internship paper titled “**Foreign Trade Operation of Mercantile Bank Limited and Its Impact on Economy**” has been prepared for academic purpose only. I have prepared this report in context of the practical experiences gathered during the internship period under direct supervision of **Ms. Shyamali Biswas**.

I also declare that this report has not been prepared for any other purpose like reproduction or investigation.

Md. Raihan Bin Islam

ID: BBA 02808719

Batch: **28** (Section-**B**)

Major: Accounting

Department of Business Administration

SUPERVISOR'S AFFIRMATION

To Whom It May Concern

This is to certify that **Md. Raihan Bin Islam**, Student ID # **BBA 02808719**, major in Accounting, Department of Business Administration, Stamford University Bangladesh, completed 3 (three) months Internship Program as a part of degree Bachelor of Science in Business Administration (BBA). His internee report title is “*Foreign Trade Operation of Mercantile Bank Limited and Its Impact on Economy*”.

So far I know, no part of this internship report has been submitted for any degree diploma, title, or recognition before.

I wish every success in his life.

Supervised by –

(Ms. Shyamali Biswas)
Assistant Professor
Department of Business Administration
Stamford University Bangladesh

ACKNOWLEDGEMENT

At the very beginning I would express my deepest gratitude to almighty Allah (SWT) for giving me the strength to finish the task within the scheduled time. This paper represents the foreign exchange business of Mercantile Bank Ltd., Nayabazar Branch, Dhaka. While majority of efforts has been me, there are a number of people who have assisted in making this paper possible. I express a deep debt of gratitude to my reverend teacher *Ms. Shyamali Biswas*, supervisor of my Internship report who has constantly induced me with ideas that has led the report to fruition. I like to thank all of the officers and staffs of Mercantile Bank Limited - Nayabazar Branch, Dhaka. **Specially –**

A.B.M Eradul Islam - VP & Branch In charge, Syed Ezazur Rahma - AVP & Manager Operation, Md. Rezaul Karim – FAVP and In charge -Loans & Advances, MD. Hazrat Alai – PO & In charge Foreign exchange, Md. Faisal Hyder Chowdhury - SEO & In charge General Banking, Muhammad Akter Hossain – PO, Abul Kalam Azad - PO, Shahed Shahriar Sohel – PO, Firoz, Ahmed – SEO, Mohmmad Jahangir Alam - SEO, Mrs. Irin Parveen - Officer, Sheikh Mustafizur Rahman – Officer – IT, Nure Alam Siddique - AO all of them gave me a lot of support and information of all the department and also the trade related information of Mercantile Bank Ltd.

My special thanks go to *Mrs. Shahnaj Parveen – EO, Md. Lutfullahil Mazid - Officer and A. H. M. Didarul Alam - Probationary Officer* as they help me to make this report and provide necessary information of Mercantile Bank Ltd as well as Nayabazar Branch.

Thanks all from the core of my least.

EXECUTIVE SUMMARY

Now a days Banks are under great pressure to perform to meet the objectives of various groups. As banking organizations have grown in recent years, more and more of them have been forced to turn to the money/capital markets to raise funds by selling stocks, bonds and short term IOUs. In many cases, the growth of local deposits has simply been inadequate to fund the growing need of customers for loans and new services. But bank's entry into the market to raise funds means that their financial statements are increasingly being scrutinized by investors and by the general public. This development has places management under great pressure to set and meet bank performance goals.

Banking system of Bangladesh has gone through three phases of development Nationalization, Privatization and Lastly Financial Sector Reform. Mercantile Bank Limited (MBL) started its journey in the financial sector of the country as an investment company back in May 20, 1999. The company operated up to 1999 with 9 branches and thereafter with the permission of the Central Bank converted in a full-fledged schedule private commercial bank in June 2, 1993 with paid up capital of Tk. 9.00 crore to serve the nation from a broader platform.

The whole working process of Mercantile Bank Limited is divided into 3 divisions as under:

- i) General Banking Division
- ii) Credit Division, and
- iii) Foreign Exchange Division.

This report has been prepared based on the information taken form mainly **Foreign Exchange** division as mentioned above.

Though loans and advances and other schemes are the major parts of bank's income but foreign remittance play a vital role in success of Mercantile Bank Limited. It has offered the clients deposit scheme, loan scheme, remittance service and the like.

From 1999 to 2008 it has made strong initiative in banking sector. It can be one of the best private banks in Bangladesh, if it matches the expectation of the clients through the best banking services.

ACRONYMS

AD	:	Authorized Dealer
BOP	:	Balance of Payment
FY	:	Financial year
MBL	:	Mercantile Bank Limited
HSBC	:	The Hong Kong and Shanghai Banking Corporation
BB	:	Bangladesh Bank
FCB	:	Foreign Commercial Banks
FOB	:	Free on Board
NCB	:	Nationalized Commercial Banks
PCB	:	Private Commercial Banks
A/C	:	Account
BOE	:	Bill of exchange
BLC	:	Back-to-Back Letter of Credit
CCI&E	:	Chief Controller of Import & Export
DD	:	Demand Draft
DPS	:	Deposit Pension Scheme
EPB	:	Export Promotion Bureau
EXP	:	Export Form
FC	:	Foreign Currency
FDR	:	Fixed Deposit Receipt
FDBP	:	Foreign Documentary Bills for Purchase
FDD	:	Foreign Demand Draft
IMP	:	Import Form
IRC	:	Import Registration Certificate
LC	:	Letter of Credit
LCAF	:	Letter of Credit Authorization Form
PO	:	Pay Order
STD	:	Short Term Deposit

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