

INTERNSHIP REPORT ON CREDIT OPERATING SYSTEM OF BASIC BANK LIMITED



Creative Connection



INTERNSHIP REPORT ***ON***

*CREDIT OPERATING SYSTEM OF
BASIC BANK LIMITED*

Prepared For

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Stamford University Bangladesh

Date of Submission : April 25, 2010

LETTER OF TRANSMITTAL

Date: April 25, 2010

Farjana Yeshmin
Assistant Professor,
Head of Accounting
Department of Business Administration
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Subject: Submission of Internship Report

Dear Madam,

I am very pleased to submit my internship report entitled “**Credit Operating System of BASIC Bank Ltd.**” for your kind perusal. While preparing this report, I tried my best to follow the instruction that you have given me. This report is prepared for the fulfillment of the requirement of the BBA program.

This report contains detail information about Credit Operating System of BASIC Bank Ltd. From my three months internship program I have gathered practical knowledge on banking sector. Learning from the last four years of BBA program I also tried to match my theoretical knowledge and the direct experience gathered during my “Internship program”. In this report, I tried to be as descriptive as possible for the convenience for the reader; still there is room for further improvement. Any clarification required and query needed regarding my report will be gratefully acknowledged.

I shall be highly encouraged if you are kind enough to accept this report.

Sincerely yours,

.....
Shariful Islam
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STUDENT'S DECLARATION

I hereby declare that the Internship Report titled

“Credit Operating System of BASIC Bank Ltd.”
In BASIC Bank Ltd. Bangshal Branch, Dhaka, Bangladesh.

Submitted to the Stamford University Bangladesh in partial fulfillment of the requirement for the degree of

Bachelor of Business Administration (B.B.A.)
From
Stamford University Bangladesh

This study is original in nature. I have tried my best to make this report as informative as possible. I also ensure that, this report has not been submitted to any other person earlier and will not be submitted to anybody in the future.

.....
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CERTIFICATE OF SUPERVISOR

This is to certify that the Internship Report Titled
“Credit Operating System of BASIC Bank Ltd.”
In BASIC Bank Ltd. Bangshal Branch, Dhaka, Bangladesh.

Submitted to the Stamford University Bangladesh in partial fulfillment of the requirement for the degree of

Bachelor of Business Administration (B.B.A.)
Is a record of bonafide practical work carried out by

Shariful Islam

As far as I know, this report has not been submitted for the award of any other Degree, Diploma or other similar title or prizes and that the work has not been published in any business or popular magazine.

I wish every success in his life.

Farjana Yeshmin
Assistant Professor,
Head of Accounting
Department of Business Administration
Stamford University Bangladesh

ACKNOWLEDGEMENT

First of all, I am grateful to almighty Allah and express my gratitude for enabling me the strength and opportunity to complete the report in schedule time successfully. Without whose help it would not have been possible for me to prepare this report in time.

I am deeply indebted to my internship Supervisor, honorable madam Farjana yeshmin, Assistant Professor, Head of Accounting, Department of Business Administration, Stamford University Bangladesh.

I am also grateful to Mr. Md. Saifullah, Manager, BASIC Bank Limited, Bangshal Branch, Who provided me the supreme support for preparing the report as my supervisor at host organization.

I would also like to take this opportunity to thank Mr. Khan Iqbal Hasan, Assistant General Manager & Mr. Md. Mahmud Hasan, Manager, & Mr. Muhammad Maqsud Hussain, Assistant Manager, & Mr. Mahmudul Hasan, Assistant Manager, and all executive and officer of BASIC Bank Limited, Bangshal Branch for lending their helping hands whenever necessary. Without their valuable advice and guidance my internship program would not be so propitious.

I am also grateful to my parents who are inspiring me all along.

Finally, I would like to convey my gratitude to all my teachers, classmates, and many others who co-operate me during the last three months of my internship Program.

EXECUTIVE SUMMARY

This internship report is prepared on the basis of my three months part-time experience at BASIC Bank Limited (Bangshal Branch). The internship report is on “**Credit Operating System of BASIC Bank Limited**”. It covered its overall position as well as an overview of this Bank.

BASIC is meant to patronize mainly the small industries of Bangladesh and that is why its credit policy obligates to forward at least 50% of its Total Loans and Advances to small industries. BASIC channels its loans through a number of ways which can be divided into General and Trade Financing (Import & Export). General Loan includes – OD, CC, Term Loan etc. whereas Trade Financing includes L/C, B2B L/C, PAD, LTR, LIM and so many others. A number of steps are followed while granting loan to a client some of which claim more attention are - calculating the creditworthiness of the clients, his ability to create sufficient cash flow to repay the loan i.e. project appraisal, proper securitization and documentation of the loan and strict follow-up activities to ensure that the loan is being used for which it meant.

Credit is the most fundamental issue in our banking sector. Default culture is the most common phenomenon in the banking sector of Bangladesh. Like other Govt. banks, private banks also suffer from this problem. But, the Credit Management in BASIC is relatively sound compared to all other similar banks operating in the country. As a result, the bank has a very low rate of classified loans, which is around 4% only.

Since the process of recovery of classified loan involves lengthy legal procedures, the percentage of recovery of such loans is very low. BASIC therefore emphasizes on persuasion rather than going for legal action in order to recover its classified loans. Bank considers the practical aspects of the projects being sick and extends further finance or reschedules the repayment period.

Thus, BASIC is playing a pivotal role in developing and promoting the small scale industries in Bangladesh which hardly draw the attention of today's private commercial banks as they are now aggressively consumer loan oriented. At the same time, it's also serving the interest of its shareholders (Govt.) as well as other stakeholders by making a handsome return on its investments.

List of Abbreviations

BASIC	Bangladesh Small Industries and Commerce
HRD	Human Resource Division
SSI	Small Scale Industries
GOB	Government of Bangladesh
NGOs	Non- Government Organizations
LAN	Local Area Network
WAN	Wide Area Network
ADB	Asian Development Bank
KfW	kreditanstalt fur Wieder-aufbau
T.T	Telegraphic Transfer
D.D	Demand Draft
IBCA	Inter branch Credit Transfer
SWIFT	Society for Worldwide Interbank Financial Telecommunication
BB	Bangladesh Bank
CIB	Credit Information bouru
IRR	Internal Rate of Return
LIM	Loan against Imported Merchandised
CRG	Credit Risk Grading
CRGM	Credit Risk Grading Model
D.P	Demand Promissory
NOC	No Objection Certificate
LTR	Loan against Trust Receipt
RU	Recovery Unit
LRA	Lending Risk Analysis
OD	Over Draft
CRM	Credit Risk Management
RM	Relationship Managers
SSI	Small Scale Industries
MSI	Medium Scale Industries

LSI	Large Scale Industries
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