Internship Report
On
SME Loan Scheme of BRAC Bank Limited

Submitted To:

Dr. ASM Shahabuddin
Professor & Chairman
Department of Business Administration
School of Business
Uttara University

Submitted By:

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Date of Submission: April 11, 2020

Report on

SME Loan Scheme of BRAC Bank Limited

Letter of Transmittal

April 11, 2020

To
Dr. ASM Shahabuddin
Professor & Chairman
Department of Business Administration
Uttara University

Subject: Submission of Internship Report.

Dear Sir,

It is my pleasure to submit here with the Internship Report for the partial fulfillment and compulsory requirement to fulfill the degree MBA in Accounting under Uttara University, I am grateful to have an opportunity to work under your supervision.

I have completed my internship program at **BRAC Bank Limited** for three months. I got huge amount of support and information for preparing my report during this time.

I have strong belief that the report will fulfill your expectation and I have tried to give my best effort so that I can prepare a concrete report as per your instruction. I would be very grateful if you accept my report. Your kind consideration and cooperation will be highly appreciated.

Sincerely Yours,

…………………….
Md. Tareq Hasan

ID: 2192061007

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Student’s Declaration

I hereby declare that, the internship report on **“SME Loan Scheme of BRAC Bank Limited”** includes my own works pursued under the supervision of Dr. ASM Shahabuddin, Professor & Chairman, Department of Business Administration, Uttara University.

I further affirm that the report is original and no part of this report is taken from other report or book. This report is only use for academic purpose.

Sincerely Yours,

……………………..

Md. Tareq Hasan

ID: 2192061007

Reg. No: 19213744

Batch: 49, Section: A

Program: MBA for BBA

Major: Accounting

Supervisor’s Declaration

This is certifying that Md. Tareq Hasan a student of Uttara University, ID: 2192061007, successfully completed his “Internship Program” entitled ““**SME Loan Scheme of BRAC Bank Limited”**. The student is found to be sincere, hardworking, self-motivated and he has put a lot of work brought his own views and ideas these are being studied for implementation at appropriate place at suitable time.

He has done his job according to my supervision and guidance. He has tried his best to do this successfully. I think this program will help in the future to build up his career.

I wish his success and prosperity in life.

…………………………..

Dr. ASM Shahabuddin

Professor & Chairman

Department of Business Administration

Uttara University

Acknowledgement

The successful accomplishment of this Internship Report is the outcome of the contribution and involvement of a number of people, especially those who took the time to share their thoughtful guidance and suggestions to improve the report. It's difficult for me to thank all of those people who have contributed something to this report. There are some special people who cannot go without mention.

First of all, I would like to thank my honorable academic supervisor Dr. ASM Shahabuddin, Professor & Chairman, Department of Business Administration, Uttara University. I am thankful to him for his continuous support and supervision, suggestions and providing me with valuable information that was very much needed for the completion of this report.

Then, I express my sincere gratitude to Mohammad Shamim Hossen, Supervisor of SME Banking Division of BRAC Bank for supervising me the entire internship time. I would like to also express my gratitude to Khandakar Mahbub Hasan, Mesbah Uddin, Md. Rashedul Islam Senior officers of BRAC Bank's SME Division at Shibu Market SME Unit Office for teaching me and supporting me for my internship experience.

Finally my sincere gratitude goes to my family, friends, classmates and colleagues who helped me whenever I needed.

Table of Contents

List of Acronyms

1. BBL- BRAC Bank Limited
2. MBA- Masters of Business Administration
3. SME- Small & Medium Enterprise
4. ATM- Automated Teller Machine
5. NGO- Non Government Organization
6. BDT- Bangladeshi Taka
7. PAR- Portfolio at Risk
8. PPG- Product Program Guideline
9. RO- Relationship Officer
10. BDM- Business Development Manager
11. TM- Territory Manager
12. HO- Head of Operation
13. Ho'SME- Head of SME
14. TIN- Tax Identification Number
15. BGB- Border Grad Bangladesh

Executive Summary

This report aims is to providing an overall analysis of the SME loan scheme of Brac Bank Limited. Before going to the analysis, it is mandatory to know something about the organization, its core products that it offers to its customers about the SME loan, its classifications and the whole of its process starting from borrower selection to recovery procedures and closing of the loan.

That's why, first of all, I discuss background and description of the organization, where I had completed my internship program. Here I tried to focus the bank's history of origination, its mission and vision, major departments and business units and major products and services. Then I said something about the department where I was to perform my job responsibility. SME is the next section where I gave my concentration. Here I focused on the SME Products and Service of BRAC Bank Limited, its borrower selection criteria and documentation, then talked about the disbursement and recovery procedures of SME loan.

At the end of this report I will try to give some suggestion for the betterment of SME Division in BRAC Bank Limited on my observation in this three month.

Chapter One:
Introduction

1.1 Introduction

Background and Description of the Study Topic:

In Bangladesh, the Banking sector dominates the financial sector and it contributes to economic growth by efficiently allocating investment funds among competing alternative uses. The overall performance of banks does not merely depend upon the banking industry itself but also on the performance of economy wherever there are operating. Banking is the backbone of national economy. The growth of the economy depends on the performance of the banking sector. All sources of economic and financial activities revolve around the axis of the bank. As the industry produces goods and commodities, so the bank creates and controls money market and promotes formation of capital. From this point of view, banking is a technical profession can be termed as industry. In the global context, the role of banks are far-reaching and more penetrating in the economic and fiscal discipline, trade, commerce, industry, export and import all carried through the banks. Banks are the only media through which international trade and commerce emanate and entire credit transaction, both nationally and internationally. Banks secure money for the society. Government takes various monetary policies which are ultimately implemented by this banking sector. Banks provides service in banking sector that helps the business sector in carrying on the business.

This report has been prepared in the light of practical as well as theoretical knowledge. Also it is prepared under the guidance and supervision of the respectable Faculty. During the Internship Work, I have got a good idea about the banks and that has been reflected throughout this report.

1.2 Objective of the Report

There are two types of objective. One is broad objective and another is specific objective.

i. Broad objective: The broad objective of the study is to know details of SME loan in BRAC Bank Limited.

ii. Specific objective: The specific objectives of the study are as follows:

- To know the SME Products and Services of BRAC Bank Limited.
- To know the Borrower selection criteria and documentation of SME loan.
- To know the disbursement and recovery procedures of SME loan.

1.3 Limitations of the Study

This report is not free from limitations. Moreover, the topic is so much vast. I have faced some problems while preparing this report. The limitations acquainted with this report are as the problems:

- Time limitation- my internship program was about 3 month. This is fairly enough if I only concentrate on the report only but the thing is during this time I was busy to continue daily official activities. That's why there was a time constraint to finish it within the specified timeframe.
- Lacks of information- as the company operates globally lot of policies are made by the higher authority, as an intern I was not allowed to get all the information. So it was one of the problems I faced while preparing the report.
- Lack of communication- Since I had to spend all the working days in office each and every week so, I did not have any scope to communicate with my supervisor to be informed about what aspects I need to include in my report.

Chapter Two:

Company Profile

2.1 Brief Description of the Company

BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It was established in under the Banking Companies Act, 1991 and incorporated as a private limited company as on May 20, 1999 under the Company Act, 1994.

The primary objective of the bank is to provide all kinds of banking business. At the very beginning, the Bank faced some legal obligations because the High Court of Bangladesh suspended activity of the bank and it could fail to start its operations till 3rd June 2001. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme.

The Bank has started its operations from July 04, 2001. The Chairman of the Bank was Sir Fazle Hasan Abed. Now the Managing Director & CEO of the bank is Selim R.F Hussain. The bank has made a reasonable progress due to its visionary management people and its appropriate policy and implementation. BRAC Bank is a commercial scheduled bank extending full range of banking facilities as per the directives of Bangladesh bank.

BRAC Bank in surviving in the large banking arena through its unique and competitive products and it is the only local bank that started providing 100% integrated online banking facility. BRAC Bank Limited is a fully operational commercial bank; it focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which till now has remained largely untapped within the country. In the last several years of operation, the bank has disbursed over BDT 9,750 cores in loans to nearly 300,000 small and medium entrepreneurs.

The management of the bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh through a team of over 8,500 employees. BRAC Bank offers a broad range of products and services, including SME, retail, commercial and corporate banking to more than 1.5 million customers. The company consists of 187 branches, 457 SME unit offices, 447 ATMs and 90 CDMs across the country.

BRAC Bank practices upon a model where fund accumulated from urban deposits disseminates in the rural and uplift Small and Medium Enterprises (SME). By now it has become fourth largest SME bank globally. The company also offers Probashi banking, which specifically caters to non-resident Bangladeshis abroad. Other areas include customized treasury and foreign exchange solutions, cash management and custodial services.

Shareholding Structure:

Name of shareholders	% of shareholdings
BRAC	43.77
International finance Corporation	5.36
Shore Cap Limited	0.86
Non-resident Bangladeshi	0.43
Mutual funds	3.22
Institutions and General Publics	46.36

Table: Shareholding Structure

2.2 Vision of BRAC Bank

Building profitable and socially responsible financial institution focused on Market and business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh BRAC 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 BRAC Bank

- Sustainable growth in Small & Medium Enterprise sector;
- Continuous low-cost deposit Growth with controlled growth in retail assets;
- Corporate Assets to be funded through self-liability mobilization;
- Growth in Assets through syndications and investment in faster growing sectors;
- Continuous endeavor to increase non-funded income;
- Keep our debt charges at 2% to maintain a steady profitable growth;
- Achieve efficient synergies between the bank's branches, SME unit offices and BRAC field offices for delivery of remittance and the bank's other products and services;
- Manage various lines of business in a full controlled environment with no compromise compliance and on service quality;
- Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality.

2.4 Goal of BRAC Bank

BRAC 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. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world.

2.5 Objectives of BRAC Bank

BRAC Bank is the fastest growing Bank of the country. Its primary motto is to be the second largest bank in Bangladesh within 2009. To be the fastest growing bank, BRAC Bank now emphasizes on the existing processes and want to make the bank a process related Bank. The objectives of BRAC Bank Limited are specific and targeted to its vision and to position itself in the mindset of the people as a bank with difference.

The objectives of BRAC Bank Limited are as follows:

- Building a strong customer focus and relationship based on integrity, superior service.
- To creating an honest, open and enabling environment.
- To value and respect people and make decisions based on merit.
- To strive for profit & sound growth.
- To work as a team to serve the best interest of our owners.
- To relentless in pursuit of business innovation and improvement.
- To base recognition and reward on performance.
- To responsible, trustworthy and law-abiding in all that we do.
- To mobilize the savings and channeling it out as loan or advance as the company approve.
- To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- To finance the international trade both in import and export.
- To develop the standard of living of the limited income group by providing Consumer credit.
- To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.

- ➢ To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development.

2.6 Operational Network Organogram

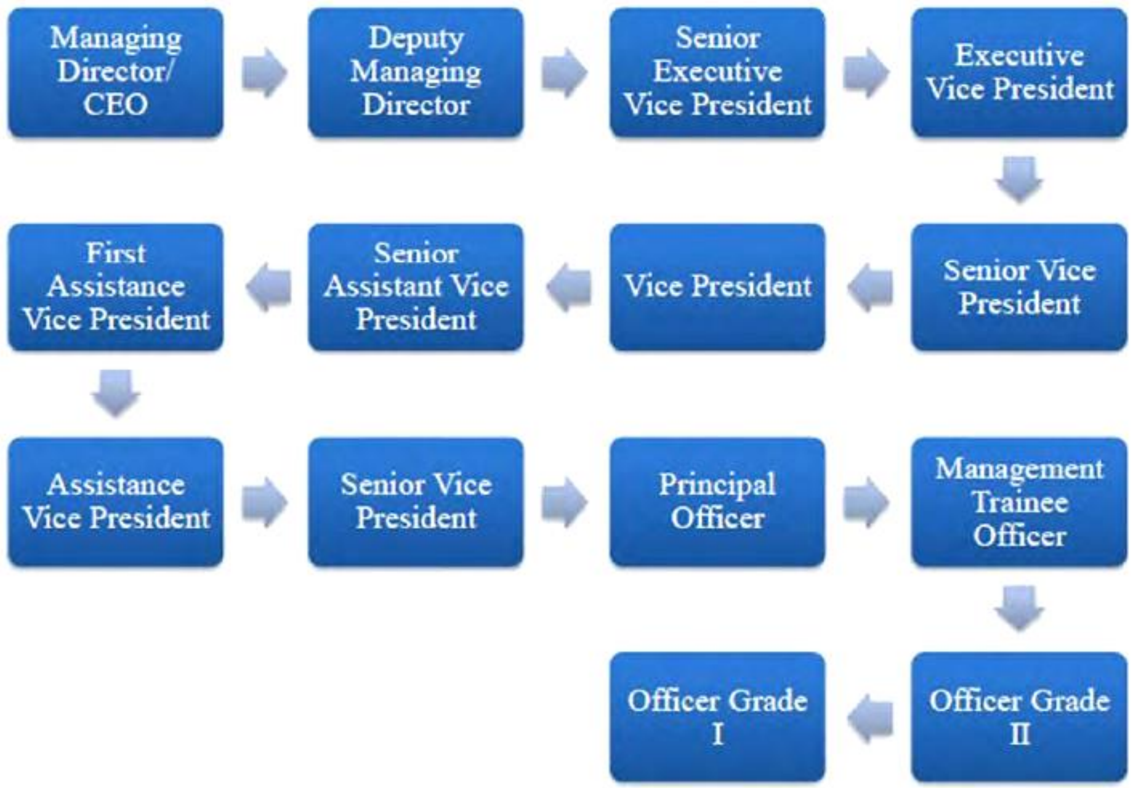


Table: Operational Network Organogram

2.7 Divisional Overview of BRC Bank

BRAC Bank is primarily segmented into three divisions:

01. Corporate Banking, 02. Retail Banking and 03. SME Banking.

01. Corporate Banking Division

The corporate managing an account division gives wholesale banking service to corporate clients. Their point is to give banking service, for example, working capital finance, project finance, credit syndication and trade solution for corporate customer through their two unified operations situated in Dhaka and Chittagong and also nine corporate branches to provide services at certain land ranges which can't be come to by their concentrated corporate keeping money group. They basically serve four classifications of vast corporate customers:

(i) Large corporate which includes textiles and garments, telecommunications, power and infrastructure, (ii) Large Local Corporate, (iii) Local Corporate and (iv) Corporate Institutions. The Local Corporate section used to be under SME Banking division as “Medium Business Unit”. In order to cater specific target customer needs, it has been shifted to be operated under the Corporate Banking division.

02. SME Banking Division

That gives money related answers for small, medium and rising organizations. The bank has one of the most grounded SME establishments in the nation enhancing access to fund for little scale organizations. SME Banking clients are served through 457 SME Unit Offices situated the nation over.

Products and Services of SME Division

- ✓ Swapno- Unsecured Term Loan
- ✓ Annono - Unsecured Term Loan
- ✓ Annono Plus- Partially Secured Term Loan
- ✓ Apurbo - Secured Term Loan, Overdraft and Demand Loan
- ✓ Nirman - Loan for construction or restoration of housing facility for workers and jobholders and/or commercial complex for rental purpose under Equated Monthly Installment (EMI) loan facility.
- ✓ Bahon – Car Loan.
- ✓ Tara – For Women Entrepreneurs.

03. Retail Banking Division

The reason for retail banking is to serve singular clients instead of business substances, who are getting managing and business service from local branches.

2.8 Description of Internship Work- Related Section

I joined BRAC Bank as an intern in the SME Banking Division on January 05, 2020. I was selected after an interview with the HR head and the senior manager of the respected department. With the consent of my onsite supervisor my report is over 3 months of internship.

Specific Responsibilities of the Job:

During my 3 months of internship I worked under the Business Development Manager (BDM) of SME division at Shibu Market SME Unit Office, Narayanganj. My main job is to survey Various Business Enterprise select the borrower, then set the meeting with the borrower and try to serve them for their needs. I also check the customer's database like, Subject code, Loan status, Installment status etc. My another job responsibilities is to remind the borrower to pay his installment in right time, and listing those borrowers who didn't pay their installment and sending them and their guarantor legal notices and other different types of SME activities of entire BRAC Bank.

Chapter Three:

Data Collection and Processing

3.1 Source of Data Collection

There are two types of sources of data collection. Primary sources and secondary sources.

Primary Source

The primary information I have gathered through informal discussion with my colleagues working in BBL who are directly involved in the SME banking activities and my SME Loan customer of BRAC Bank Limited. Practical work experience and time to time discussion with my Boss.

Secondary Source

As the nature of my report is qualitative so I have prepared the report based on secondary data. The source of secondary data are as follows.

Secondary source had also used to collect information. Secondary data I have collected from:

- The official website of BRAC Bank Limited.
- Annual report and other relevant document of the Bank. and
- Internet

3.2 Data Collection Method

- Face to face discussion with my colleagues who are working in the BRAC Bank Ltd. and customer of BRAC Bank Limited.
- I asked some informal questions to my colleagues who works in the SME division of BRAC Bank Limited.
- I also observed the environment of SME division activities while working in the office.

3.3 Data Processing and Presentation: Since the report is qualitative no statistical tools are used to process the data. I have presented the data through theoretical and table chart.

Chapter Four:

Discussion on the Study Objectives

4.1 Knowing the SME Products and Services of BRAC Bank Limited.

BRAC Bank providing different types of SME loan products for the people those have really need the money to extend the business. The bank starts SME loan on different sectors. These are given below:

4.1.1 Swapno

Swapno is an unsecured term loan facility for small enterprises. No mortgage required. the loan is completely unsecured in nature. Swapno SME loan is an unsecured monthly installment loan facility to take care of all your business expansion needs.

Eligibility:

- ✓ Entrepreneurs aged between 19 to 45 years
- ✓ Entrepreneurs with minimum 2 years' experience in the same line of business
- ✓ A business which must be a going-concern with more than 2 year in operation

Minimum amount:
Starting from minimum BDT 3 lac to maximum of BDT 5 lac for 12 & 18 months.

Features:

- ✓ Easy installment facility
- ✓ Avail loan facility without any hassle
- ✓ Simple loan processing for expanding your business

Interest Rate: 19.00% to 19.75% p.a. based on different feature of the product.

Processing fee: 1% on loan amount + VAT

4.1.2 Annono

Anonno SME loan is a loan facility for small enterprises involved in trading, manufacturing, service, agriculture, non-firm rural activities, agro-based industries and many other acceptable sectors spread all over Bangladesh marketed through BRAC Bank‘s SME unit offices or branches/SME branches/ Krishi branches across the country.

Eligibility:

- ✓ Entrepreneurs aged between 21 to 60 years
- ✓ Entrepreneurs with minimum 2 years' experience in the same line of business

- ✓ A business which must be a going-concern with more than 2 year in operation

Minimum amount:
Starting from minimum BDT 5 lac to maximum of BDT 35 lac for 12, 18, 24, 30 & 36 months.

Features:

- ✓ Loan without mortgage
- ✓ For excellent borrowers who have paid or paying in due times, we offer discounted rates
- ✓ Quick, quality banking throughout the country

Interest Rate: 16.00% to 18.50% p.a. based on different feature of the product.

Processing fee: 1.5% on loan amount + VAT

4.1.3 Annono Plus

Anonno plus SME loan is a loan facility for medium enterprises involved in trading, manufacturing, service, agriculture, non-firm rural activities, agro-based industries and many other acceptable sectors spread all over Bangladesh. In this loan facility required security 20% of FDR.

Eligibility:

- ✓ Age minimum 21 years and maximum up to 60 years
- ✓ Business must have a valid trade license and has been operating for at least 3 or more years
- ✓ Should have ownership of land, property or building eligible for mortgage

Minimum amount:
Starting from minimum BDT 35 lac to maximum of BDT 1 Crore for 12, 18, 24, 30 & 36 months.

Features:

- ✓ Efficient and effective loan processing system
- ✓ Easy and hassle free documentation
- ✓ Easy installment and overdraft facility
- ✓ Quick disbursement

Interest Rate: 14.75% to 15.50% p.a. and variable according to HoSME's decision

Processing fee: 1% of loan amount + VAT

4.1.4 Apurbo

In order to help our SME borrowers for financing working capital or to purchase fixed assets, BRAC Bank Limited offers Apurbo SME loan. It caters to the need of entrepreneurs who are operating in trading, manufacturing, service, agriculture, non-farm activities, agro- based industries and other sectors of our economy.

Eligibility:

- ✓ Entrepreneurs having a minimum of 5 years of some business activities
- ✓ A business which must be a going concern for 2 years
- ✓ Age minimum 21 years and maximum up to 60 years

Minimum amount:

Starting from minimum BDT 10 lac to maximum of BDT 5 Crore for 12 months to 60 months.

Features:

- ✓ Simple loan processing for expanding your business
- ✓ Quick disbursement
- ✓ Disbursement in one or two installment
- ✓ Flexible monthly repayment loan

Interest Rate: 13% to 14% p.a. based on different feature of the product.
Processing fee: 1% of loan amount + VAT

4.1.5 Nirman:

Nirman is a loan facility for construction and/or renovation of residential facility and/or commercial complex for rental purpose under Equated Monthly Installment (EMI) loan facility.

Eligibility:

- ✓ Business must have a valid trade license and has been operating for at least 1 or more years
- ✓ It must generate sufficient cash flow and profit to ensure timely repayment of loan

- ✓ Your business must be sole proprietorship, partnership or private limited company in nature

Minimum amount:

Starting from minimum BDT 3 lac to maximum of BDT 5 Crore for 12 months to 96 months.

Features:

- ✓ Long repayment periods
- ✓ Installment based loan for semi pacca building or multistoried building construction
- ✓ No processing fee

Interest Rate: As per interest card rate

Processing fee: 2% on loan amount + VAT

4.1.6 Bahon

This is a new launched product of SME banking of BRAC bank. This is a term loan basis. Small and Medium Business other than transport Operators can apply for this loan. Car rental business, if only it has fully-fledged transport assignment are also the target group for this loan.

Eligibility:

- ✓ Business age should be minimum 2 years
- ✓ Vehicles which are eligible for registration from BRTA will be considered only
- ✓ Manufacturing type of vehicle should be within last 5 years of application date
- ✓ Commercial vehicle includes Mini Truck, covered van, pickup van, trailer, Tank lorry, truck, ready mixer etc.
- ✓ Passenger vehicle includes bus, microbus, minibus etc. which are produced for official or business use.

Minimum amount:

Starting from minimum BDT 5 lac to maximum of BDT 5 Crore for 13 months to 60 months.

Features:

- ✓ Simple loan processing for expanding your business
- ✓ Quick disbursement

- ✓ Flexible monthly repayment loan

Interest rate: As per interest card rate (secured loan)

Processing fee: 2% on loan amount + VAT

4.1.7 Tara

Tara is a loan facility for the business that must be owned by women entrepreneur in case of proprietorship. For partnership/ limited companies, if women hold 51% or more share, it will be considered as women run business.

Eligibility:

- ✓ Entrepreneurs having a minimum of 2 years of some business activities in the same line of business
- ✓ A business which must be a going concern for 2 years
- ✓ Age of proprietor/ partner/ guarantor minimum 21 years and maximum up to 60 years
- ✓ The business must run by woman

Minimum amount:

Loan amount starts from BDT 3 lac and goes up to any amount depending on business needs

Features:

- ✓ Equated monthly installment loan facility
- ✓ Single installment loan facility
- ✓ Loan tenor for equated monthly installment: 12 months, 18 months, 24 months, 30 months, 36 months

Interest rate: 9% for all sectors (As per Bangladesh Bank Guideline)

Processing fee: 2% on loan amount + VAT

4.2 Knowing the Borrower selection criteria and documentation of SME loan.

4.2.1 Enterprise Selection Criteria

The success of SME will largely depend on the selection of a business and man behind it. In terms of the business (Enterprise), the following attributes should be sought:

- The business must be in operation for at least 2 years
- The business should be environment friendly, no narcotics or tobacco business
- The business should be legally registered, i.e. valid trade license, income tax or VAT registration, wherever applicable.
- The business must have a defined market with a clear potential growth
- The business must be located ideally close to the market and the source of its raw materials/suppliers. It should have access to all the utilities, skilled manpower's that are required.

4.2.2 Borrower Selection Criteria

In order to understand the capability of the management behind the business, the following should be assessed:

- The Borrower should be physically able and in good health, preferably between the age of 21-60. If he/she is an elderly person closer to 60, it should be seen what the succession process will be and whether it is clearly defined or not.
- The Borrower must have the necessary technical skill to run the business, i.e. academic background or vocational training, relevant work experience in another institution or years of experience in this line of business.
- The Borrower must have and acceptable social standing in the community. People should speak highly of him. He should possess a high level of integrity. Does not cheat anyone, generally helps people.
- The Borrower must possess a high level of enthusiasm and should demonstrate that he is in control of his business (Confidently replies to all queries) and has the ability to take up new and fresh challenges to take the business forward.
- Suppliers or creditors should corroborate that he pays on time and is general in nature.
- Clear-cut indication of source of income and reasonable ability to save.

4.2.3 Guarantor Selection Criteria

Equally important is the selection of a guarantor. The same attribute applicable for an entrepreneur is applicable to a guarantor. In addition he should possess the followings:

- The guarantor must have the ability to repay the entire loan and is economically solvent.
- The guarantor should be aware about all the aspect of loan and his responsibility.
- Govt. and semi-govt. officials can be selected as a Guarantor such as school teacher, college teacher, doctor etc.
- Police, BGB and Army persons, political leaders and workers, and Imam of mosque cannot be selected as a guarantor.

The guarantor should know the entrepreneur reasonable well and should preferably live in the same community.

4.2.4 Documentation of SME loan

To provide a SME loan of BRAC Bank those following necessary mandatory documents are needed:

- ✓ Photocopy of Up-to-date trade license
- ✓ Photocopy of Specific license: Drug license, Fire License, Environmental license, Explosive license
- ✓ Copy of NID (Borrower and Guarantor)
- ✓ Passport size photo (Borrower and Guarantor)
- ✓ Copy of E-Tin/ Tax return
- ✓ Loan related documents: Sanction letter, Loan statement, RL performance, LC performance
- ✓ Transactional Account Statement (where required)
- ✓ MDTD/ MDPD/ Land related documents with land valuation report
- ✓ Business premises proof document
- ✓ Quotation (for fixed asset)
- ✓ Utility bill of recent one month (for servicing & manufacturing sector)

4.3 Knowing the Disbursement and Recovery procedures of SME loan.

For SME loan operation, BRAC Bank Limited Ltd. has in total 457 unit offices all throughout the country. The department is divided into three regions. Each region comprises of 7 to 8 territories. Territories are divided into zones and zones are further divided into unit offices. Currently there are 24 territories and 168 zones. The frontline employees of small business are called Relationship Officer (RO). More than 3,000 RO‘s are working in the department. These RO's work for the Bank to meet clients for getting the SME loan.

4.3.1 Loan Sanction activities and Disbursement of SME loan

- **Select Potential Enterprise:** For SME loan, in this step the RO conduct a survey and identify potential enterprise. Then he communicate with entrepreneurs and discuss.
- **Loan Presentation:** The function of RO is to prepare loan presentation based on the information collected and provided by the entrepreneur about their business, land property.
- **Collect confidential information:** Another important function of a RO is to collect confidential information about the client from various sources.
- **Filled Up CIB Form:** RO give a CIB (Credit Information Bureau) form to the client and the client fill and sign in it. In some case if the client is illiterate then the RO fill the form on behalf of the client. Then RO send the filled and signed form to the SME.
- **Sending CIB To Bangladesh Bank:** The SME, head office collects all information and sends the CIB form to Bangladesh Bank for clearance. Bangladesh Bank return this CIB form within 2-3 days with reference no.
- **CIB Report from Bangladesh Bank:** In the CIB report Bangladesh Bank (BB) use any of the following reference number.
- **Loan Sanction:** The respective unit office sanction the loan to the client and send the sanction letter including all necessary charge documents to the loan administration division for disbursement the loan.

4.3.2 Disbursement Manual Activities

- **Prepare Loan File:** Receiving all documents, Loan Administration Division prepares a loan file with all documents received from the unit office.

- **Charge Documents Checking:** The loan administration division checks all charge documents.
- **Prepare Disbursement List:** The loan administration division lists all new sanctioned clients' details and sends a request to the treasury through internal mail.
- **Disbursement of The Amount:** Sending the list to the treasury of BRAC Bank for disburse the amount, the treasury disburses the amount to the client through the mother account of the client's bank. BRAC bank disburse amount through any of the following banks corporate branch nearer the BRAC bank head office and the corporate branch of the respective bank send the amount to the client account.
- **E-mail Sent to The Unit Office:** Completing the disbursement, loan administration division sent an e-mail to the respective CRO informing the disbursement of the sectioned loan.

4.3.3 Recovery procedures of SME loan

The repayment process starts immediately after one month of the loan taken. Suppose if a loan is taken in March 25, 2020 then the repayment process will be started from April 25, 2020 and the borrower will pay his/her first installment in that date. Before that date, the borrowers will be informed about the number of installments and amount of each installment. He can deposit the installment by himself or by the Relationship officer (RO) or in any correspondence bank (where BRAC Bank has no branch). If the borrower cannot pay the installment in the stipulated date, interest will be charged for each day before they pay that installment. Again interest will be reduced if the borrower pays the installment before the date of repayment. Interest will be charged and added to the principal amount for every month or every 3 three months depending on the policy for each loan disbursement.

However, after the borrower repays the loan installments there are number of steps done in the repayment procedure of SME loan. These steps are:

- **Receive SMS for installment deposits:** When the borrower repays any installment of the loan then he/she get SMS his/her assign mobile number.
- **Entry the installment information to MIS:** SME Loan administration division entries the repayment installment information to the banking software MIS.

- **Print Vouchers:** Completing the entry, the loan administration division takes paper print of all vouchers in a prescribed yellow paper.
- **Check and solve problem:** The loan administration is responsible for all entry in MIS. If there is any error found in future then the respective officer who is entering this information in MIS will be liable for it. User ID will easily identify it. So they are always aware of to ensure the correct entry. Completing the entry of information, they print a hard copy and check it. If there is any error found then it is solved and ensures the correct information entry.
- **Repayment voucher check and posting:** If it confirmed that all entering information is correct and there is no error, then the responsible officer of the loan administration division posts it to MIS. If one time posted, it is not rectifiable without permission of the higher authority. So the loan administration is always aware of regarding the recovery procedures of SME loan.

4.3.4 Closing procedures of SME loan

The borrowers repay the loan as per repayment schedule. When the repayment is being complete the borrower request the unit office/RO to close his loan account. The unit office/RO sends a mail to the loan administration division requesting to close the loan account of the respective borrower. Receiving the request mail from the respective unit office/RO, the loan administration division takes a paper print and takes necessary steps to close the account. The loan account file of the respective borrower is brought from the archive and the documents of file are checked with MIS record. It is require the permission of concerned authority to close the loan. If concerned authority approved the closing of the loan account then next initiatives are taken. The loan administration division checks the loan status in MIS. If there is any difference found with the mail from unit office and MIS then deposits sleeps are re-checked. Then the loan administration division calculates the total balance of the loan account. Loan administration division sent an E-mail to the concerned RO informing the current balance of the requested loan account. The concerned RO send a final E-mail to loan administration division informing that the respective borrower cleared all his liabilities regarding the loan. The loan administration divisions re-checked it and finally close the loan account. Then the administration division sent a clearance certificate to the respective borrower. The borrower collects it from the unit office.

Chapter Five:

Conclusion and Recommendation

5.1 Explanation of the Important Outcomes

On the basis of analysis and practical experience of internship period the following findings are observed:

- BRAC bank is centralize bank all document are verified by the head office so its kill the time.
- RO's are the key indicator of SME banking division. But their training facilities are limited and they are not satisfied about their remuneration.
- The processing of SME loan RO's are not getting enough time to monitor of loan utilizing. Every RO has to fill up the individual target which is given by the head office.
- When all payments made by the borrower the unit office send request to head office for loan closing. But head office takes more time to close the account.
- In rules and regulation their not have age limitation but reality is that Age have a significant impact on the recovery of SME loan. Young entrepreneurs have a lower rate of recovery. On the other hand as middle aged and experienced entrepreneurs are very loyal with their loan repayment they can make proper and timely repayment of their loans. And that's why most of the SME loan borrowers age from 30 to 40 years.
- Education does not have any direct relationship for disbursing SME loan. In fact most of the entrepreneurs of retail and whole business (small or medium in size) are not highly educated.
- Interest spread is so high between loan and deposit.

5.2 Conclusions

The most valuable resource is our people. After independence the main goal of our country is to become economically stable country. Commercial Bank of our country is only working for larger industries and trading organizations and NGO or other Micro lenders are working here in the financial field, providing very small amount. But the small and medium entrepreneurs were ignored.

The BRAC bank main aim of SME in our country is to support small and medium enterprise. In our country small and medium entrepreneurs do not have easy access to get loans from the commercial banks/financial institutions. But BRAC Bank Ltd. Provides loans to such entrepreneur without any kind of mortgage.

Finally, it can be said that the bank stood out for its strength and operational craftsmanship marketing its position as the potential market leader in all core areas of banking in the country.

5.3 Recommendations

BRAC Bank Limited is a well known banking industry in our country. BBL provides a good customer services to its customer. But till BBL have to improve its services to provide the better customer service. From my work experience and observation and recommendations below:

- Documentation verification can be partly verified by branch/unit officer.
- Recovery and repayment process should be followed by the monitoring system.
- BRAC bank is targeted the young people, so they promote the loan for new entrepreneur.
- They are provide the special kind of loan which interest rate is so low for social welfare like (Tara which interest rate is 9%)

Chapter Six:

Internship Experience

6.1 Experience related to work

I have completed my banking attachment successfully by the grace of Almighty. Banking attachments ends me to the expected destiny of practical life. The completion of the three months banking attachment at BRAC Bank Limited, I have got the impression that the Banking Industry is one of the most well-known Bank in Bangladesh.

Here slight changes in the working procedures at BRAC Bank Ltd. can enable its function better. Apart from the general or standard practices of the Bank, ideally work practices should be designed in such a way as to best serve their customer needs and make work procedures simpler, easier and less time consuming. All these should be done keeping in mind that the service quality is not compromised. The effectiveness of the Bank would help build up a better reputation or name in the banking sector.

At the End

I am enough fortunate that I have got an opportunity to work at BRAC Bank Limited.

During the Internship period and data collection time I received co-operation & association from the authority full & found all stuffs & officers are very sincere & devoted their duties to achieve their goal.

- Mr. Shamim Hossen (Business Development Manager)
- Mr. Md. Mesbah Uddin (Principal Officer)
- Mr. Khandakar Mahbub Hasan (Office In-charge)
- Mr. Md. Rashhedul Islam (Relationship Officer)

All other personnel who helped me a lot to learn so many things

6.2 Appendix

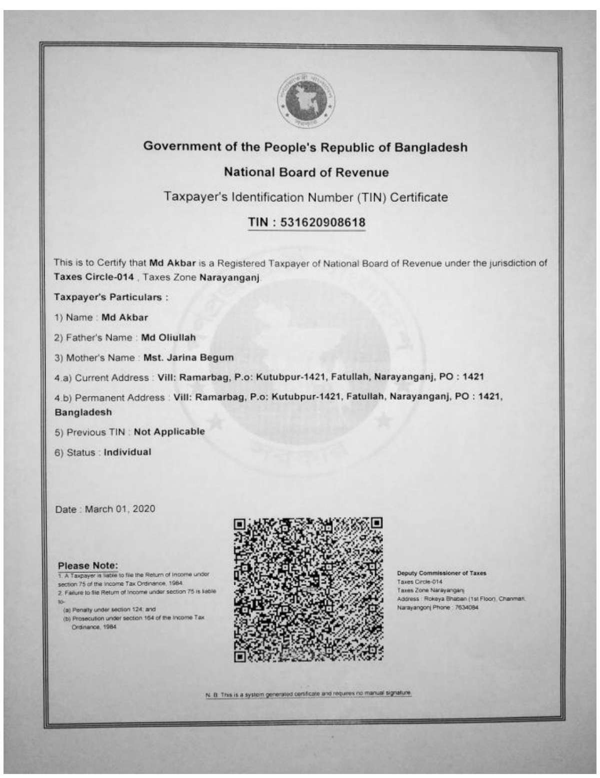
a. Trade License

ফতুল্লা ইউনিয়ন পরিষদ

FATULLA UNION PARISHAD

TRADE LICENCE

b. E-Tin Certificate



Government of the People's Republic of Bangladesh

National Board of Revenue

Taxpayer's Identification Number (TIN) Certificate

TIN : 531620908618

This is to Certify that **Md Akbar** is a Registered Taxpayer of National Board of Revenue under the jurisdiction of **Taxes Circle-014** , Taxes Zone **Narayanganj**

Taxpayer's Particulars :

1) Name : **Md Akbar**

2) Father's Name : **Md Oliullah**

3) Mother's Name : **Mst. Jarina Begum**

4.a) Current Address : **Vill: Ramarbag, P.o: Kutubpur-1421, Fatullah, Narayanganj, PO : 1421**

4.b) Permanent Address : **Vill: Ramarbag, P.o: Kutubpur-1421, Fatullah, Narayanganj, PO : 1421, Bangladesh**

5) Previous TIN : **Not Applicable**

6) Status : **Individual**

Date : March 01, 2020

Please Note:

1. A Taxpayer is liable to file the Return of Income under section 75 of the Income Tax Ordinance, 1984
2. Failure to file Return of Income under section 75 is liable to-
   (a) Penalty under section 124; and
   (b) Prosecution under section 164 of the Income Tax Ordinance, 1984

Deputy Commissioner of Taxes
Taxes Circle-014
Taxes Zone Narayanganj
Address : Rokeya Bhaban (1st Floor), Chanmari, Narayangonj Phone : 7634084

N. B. This is a system generated certificate and requires no manual signature.

6.3 References

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https://www.bracbank.com/schedule_of_charges/Schedule%20of%20Charges%20for%20SME%20Lending.pdf

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Annual report of BBL-2018

Discussion with supervisor and colleagues during internship

BRAC Bank Ltd. Unit Office PPG data