*Internship Report*

*On*

***Behavior of Loan Activities of IDLC Finance Limited***



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**Letter of Endorsement**

This is to certify that the Internship Report on “***Behavior of Loan Activities of IDLC Finance Ltd”*** in the bona fide record at the report is done by Anik Saha Bunty, ID #111132123 as a partial fulfillment of the requirement for the degree of Bachelor of Business Administration (BBA), Major in Finance on August 08, 2018 from the United International University (School of Business & Economics).

The Report has been prepared under my guidance and is a record of the bona fide work carried out successfully.

Signature

 Muhammad Enamul Haque

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13th august, 2018

Muhammad Enamul Haque

Assistant Professor,

 Finance School of Business & Economics

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**Sub: Submission of Internship Report**.

Reverent Sir, I would like to submit my report titled “Behavior of Loan Activities of IDLC Finance Limited” prepared as a part of the requirement for BBA program of School of Business & Economics, United International University. I have successfully completed my internship program in The City Bank Limited and I worked there as an intern for three months. Working on this report was a great learning experience for me as I got to learn the differences between practical and theoretical

I would like to take this opportunity to thank you for all the support and guidelines that you have provided, which I hope to continue getting in the future.

Sincerely yours,

Anik Saha Bunty

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***Acknowledgement***

 First of all, I would like to thank my Internship Supervisor Muhammad Enamul Haque for his continuous guidance and assistance in preparing Role of loan: IDLC financing Limited”. His valuable advice has helped me a lot in writing this report. I am immensely thankful to him for the supports he has provided during my Internship period.

Next, I would also like to express heartfelt gratitude to my organizational supervisor at IDLC Limited, Mr. Jakir Ahmed, Branch Operation Manager of Principle Branch. He directed me towards the right information and regularly reviewed my progress in preparation of this report. He has provided the information about the organization and the information about Branch Banking as well to help me with the report..

Finally, this report would not have been possible without the dedication and contribution of all my colleagues who has helped me by teaching all the works. I express my sincere gratitude to all of them. Their valuable contribution is what made this Term Paper possible.

***Executive Summary***

Non bank financial system is always helps us the countries development issue. They ply the very vital role in this sector. For them our economy is not falling down. Also non bank institution also hello the very poor man who have nothing to startup the new business system. form thermo people can also savings their different kind of new scheme. Their involvement in the process generally makes them competitors as they try to cater to the same needs.

IDLC Finance Ltd, a leading financial institution of the country achieved significant growth in all areas of business up to 3rd quarter of the year 2009. IDLC began its operation in 1985 as the first leasing company in Bangladesh. In 1995, IDLC was licensed as a Financial Institution by the country’s central bank and during the last two decades, the company has grown in tandem with the country’s growing economy. The company’s wide array of products and services range from retail products, such as home and car loans, corporate and SME products including lease and term loans, structured finance services ranging from syndications to capital restructuring and capital market services. The company also strengthened its presence in the country’s growing stock market with launching a subsidiary-IDLC Securities Limited-which is offering full-fledged brokerage service for retail and institutional clients.

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***Introduction***

When Non-Banking Financial Institution in the country started as a single product lease finance company back in 1985 with 5 staff members, 33 years down the line, emerged as the largest multi-product multi-segment. IDLC Finance Limited holds a strong and diversified footing in Corporate, SME, Retail and Capital Market segments. As one of the most respected financial brands in the industry, Today, IDLC marks its presence over 20 cities, represented by 38 branches and booths with over 1400 employees, serving over 45,000 clients. However, it would be constricting to say that we are merely in the financing business, as we try to do something more. Idlc help the people’s fill up the dream- the dream of owning a home, the dream of sending their children to a English medium school, the dream of going on a picnic in the family car, the dream of opening a business, or that of expanding it, the dream of generating more employment, the dream of taking the nation to greater heights. To this situation , what really drives us is not only the number of people we employ, or the number of customers we serve, but the number of lives we have touched. While profits are important to us, we also take immense pride in being the reason for countless smiles.

***Objective of the Study***

The primary objective of this report is to analyze the nature of the Loan of IDLC financing Limited. The other specific can be categorized as follows:

➢ To achieve the information regarding the Financial environment and its loan in financial assets.

➢ To find out the performance of loan at financial assets of IDLC over years through percentage of growth analysis.

➢ To estimate the percentage of the different kind of the loan

 ➢To find out the reason behind the growth and decrease.

***Scope of the Study***

The field of my study is the operation of Principal branch of The IDLC financing Limited. For conducting this study an overall knowledge of the total loan in financial assets is necessary because the loans of this organization are linked with each other. The scope of the organizational part covers the organizational background, objective, function, departmentalization and product and services of the IDLC as a whole.

**Methodology of the Study**

Methodology is a system of methods used in a particular area of study. For analyzing in a particular area of study, there are two source of information.

1. Primary source 2. Secondary source

As there is no convenient and available primary source for making this report, I have use secondary sources of information for preparing this.

This report is basically prepared on the basis of secondary sources of information. They are as follows:-

 Secondary Source is different year annual report, some text book, internet sourcing.

***Limitations of the Study***

The report is based on the information of internet, different year of annual report , some primacy date verbal commutation etc.

Some time confidential information they don’t want to inform me. If the organization give me the consumer information then it is also help me to get various types of news. After that only 3 month consumer data they want to give it to me.

# IDLC’s PHILOSOPHY

### Our Vision

Become the Best financing organization in the country

### Our Mission

We will focus on quality growth, superior customer experience and sustainable business practices.

### Our Values

* Integrity
* Customer Focus
* Equal Opportunity
* Trust and Respect
* Passion
* Simplicity
* Eco-Friendly

,

# CORPORATE SOCIAL RESPONSIBILTY

IDLC is the renowned organization to have their CSR. They do different kind of this program in the Bangladesh

# INVESTOR RELATIONS

 This is a history of exemplary Corporate Governance, when take significant measures in establishing trust and transparency towards the investors. Here priority remains according towards enhancing long term value creation prospects and communicate them thereof.

# CONSUMER DEPOSITS

For future thinking consumer are deposit the money. For futile health, education marriage different kind things consumer deposit money. According to that money we getting help the future.

# Home loan

For home loan there is no secret charge. The monthly payment basis is repayment system. Loan amount of interest charge. This is very hassle free to get the money

#  CONSTRUCTION LOAN

According to construction loan there is repayment time is 20 years. There is monthly payment term. Also there is vice- versa term

 REGISTRA LOAN

There have you land but no men for register. There is no problem Idlc give the money for register. The time of this loan is 5to 10 years. Emi system is also available .interest rate is very chap.

# LAND PURCHASE LOAN

Get a space to call your own. What is main amount from that they give over 80% on that. Emi system is also available.

**Car loan**

Car is not now a dream. If there is want a purchase a car then any of financial instruction gives it to that. There are 3 kind of recondition, pre owned and luxiouis car.

**Personal loan**

Personal loan is give it for personal need. Such as mirage, education, car, etc. the procedure of this is very fast. The interest rate of this minimum rate. Duration of this is smart amount 50000 to 1000000. Duration is repay is also EMI system

**How can I use this loan?**

There are different kind of process to use the loan . such as marriage loan, car loan, education loan etc.

**Introduction**

 In December 2018, I was assigned by The Idlc Financing limited HR personnel’s as an intern in the Principle Branch. After that a schedule of the internship program was given to me consist of the working schedule along with the job responsibilities. I was appointed in credit administrative department (cad).

**Job Description**

 I worked in the retail after disbursement work’s work on the different kind of section on that. some time I work on legal paper . some time I work on the disbursement file. Which have all customer information is ok or not.. After section the loan that loan book come into the principal branch from the whole Bangladesh. That time I cheek the whole procedure is ok or not. After that I sign there and send back to the AGM of the Cad department.

**Law Department**

After disbursement within the loan book mortgage paper is also included. Then I help into law department manger to find the whole paper. If the all paper is ok then I go to the vault room to settle down that all paper according to the date.

How to post disbursement clearance

There are differ kind of loan so loan book also different. But way of checking is same. I checking every page where sign is ok or not. Every page sign is ok or not then I using stamp on pages. I using 3 types of stamp 100 , 500, and 50.

**Internship experience**

From Internship I gather various types of Knowledge. As the end of my education part I very first time join in corporate life. In there I learned in corporate culture. How they handle with their senior and junior and also how handle with their customer.

This is very time I work on 9 am to 6pm. In between the time I very much feel pressure. Because there are lots of responsibility on me.

My colleague is very good. And also my internship sir. First time wok on the process on legal document. As well as the vault room work experience is very nice.

**Analysis of Loan Classification of IDLC**

|  |
| --- |
| Lease and Term loans disbursed |

Disbursement is mainly occur for after the getting money. Or sometime s it is also occur for the startup the new business, payment the dividend etc. also some time it is happen that to send money one to another from here to another part of the country through the person’s behalf. When it is higher than revenue then it is negative. It is also show the insolvency.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Lease and Term loans disbursed | 1,230,400 | 1,689,500 | 1,747,300 | 2,214,000 | 2,980,700 |
| Percentage Lease and Term loans disbursed | 20% | 10% | 18% | 19% | 19% |

The percentage of Lease and term loan disbursed is calculated by dividing the total number of Lease and term loan disbursed.

Here, the percentage rate of Lease and term loan disbursed are 20%, 10%, 18%, 19% & 19% from 2012 to 2016.The growth rate of percentage of loan highly positive in 2012 but reduce in 2013 And no growth in 2015 And 2016 .The growth rates are being showed in the given chart clearly.

|  |
| --- |
| **Housing finance disbursement** |

When transfer of the property ownership’s papers is all have been submitted to the legal department then client are getting the cheque. Then time of joy has been started. But it is also having been proved that personal contribution has to be there. If someone is changing this or try to occur some different thing then he does not get the money. After pre disbursement loan giving then it is submit to prove.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Housing finance disbursement | 273,600 | 442,100 | 589,600 | 595,400 | 564,600 |
| Percentage Housing finance disbursement | 5% | 5% | 6% | 5% | 4% |

Here, the percentage rate of Lease and term loan disbursed are .045%, .054%, .061%, .051% & .044% from 2012 to 2016.The growth rate of percentage of loan highly positive in 2014 but reduce in 2015 & 2016..The growth rates are being showed in the given chart clearly.

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| **Short term finance portfolio** |

In one year basis how much the company or individual cash or bond are savings in regular basis that is short term finance. This is also called the temporary investment.

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| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Short term finance portfolio | 58100 | 60400 | 73500 | 107,900 | 107,900 |
| PercentageShort term finance portfolio | 0.009627334 | 0.007336151 | 0.007682 | 0.009302847 | 0.008494 |

Here, the percentage rate of Lease and term loan disbursed are .0096%, .0073%, .0076%, .0093% & .0084% from 2012 to 2016.The growth rate of percentage of loan highly positive in 2012. After that is reduce. But the most reduce in 2013.The growth rates are being showed in the given chart clearly.

|  |
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| Lease Finance assets |

This is way to very efficiently to provide cash or equivalent thru company’s lesser or purchase the asset for the lessee or who is want to use this. There is a term period. According to that term period lesser have to repay the lessee.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Lease Finance assets | 547,900 | 635,800 | 628,200 | 601,600 | 495,000 |
| Percentage of Lease Finance assets | 0.09078858 | 0.077223923 | 0.065657 | 0.051868329 | 0.038965 |

Here, the percentage rate of Lease and term loan disbursed are .09%, .077%, .065%, .051% & .038% from 2012 to 2016.The growth rate of percentage of lease finance highly positive in 2012. After that is reduce. But the most reduce in 2016.we see that is gradually it is reduce. The growth rates are being showed in the given chart clearly.

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| Real estate finance assets |

This is the finance money for the construction. Most of the banks are are using different types of real estate asset. This is the most important factor al over thyme finance offer.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Real estate finance assets | 826,200 | 1,117,000 | 1,482,200 | 1,720,600 | 1,810,800 |
| Percentage of Real estate finance assets | 0.136903677 | 0.135670213 | 0.154914 | 0.14834549 | 0.038965 |

Here, the percentage rate of Lease and term loan disbursed are .14%, .14%, .15%, .15% & .038% from 2012 to 2016.The growth rate of percentage of loan highly positive in 2014 & 2015. After that is reduce. But the most reduce in 2016.The growth rates are being showed in the given chart clearly.

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| Loans, cash credit, overdraft |

This is the one type of short term loan which is for providing one year basis. For this they can full-fill their working capital things. Overdraft is withdrawal access money instead of their deposit.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Loans, cash credit, overdraft | 32,595,178,553 | 40,941,257,690 | 45,348,701,212 | 55,211,824,250 | 62,264,891,877 |
| Percentage of Loans, cash credit, overdraft | 0.853081387 | 0.775260412 | 0.797185 | 0.821222005 | 0.80991 |

Here, the percentage rate of Lease and term loan disbursed are 85%, 77%, 80%, 82% & 81% from 2012 to 2016.The growth rate of percentage of highly positive in 2012. After that is reduce. But the most reduce in 2013 then 2016 it is then another time increase..The growth rates are being showed in the given chart clearly.

|  |
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| Borrowings from other banks, financial institutions and agents |

Some theme banks need much money. That time commercial bank is lending money from central bank against huge interest rate.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Borrowings from other | 4,333,821,600 | 8,827,892,450 | 9,136,412,565 | 10,585,582,747 | 12,564,377,442 |
| Percentageof Borrowings | 0.113424829 | 0.167164272 | 0.160609 | 0.157450213 | 0.163431 |

 Simply things that are the overnight borrowing from the Fed would be more expensive than another bank and overnight lending to the Fed would fetch a lower interest rate than another bank. The reserve sets different overnight interest rates for banks that need reserves and those that need to lend reserves.

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are 11%, 17%, 16%, 16% & 16% from 2012 to 2016.The growth rate of percentage of highly positive in 2013. After that is 2012 is reduce. After that all the year is same. The growth rates are being showed in the given chart clearly.

|  |
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| Lease receivable |

When lease is happen but cash or equilivent is not paid that time this is called lease receivable. There is another name capital lease. Or leveraged lease also finance by debt when acquision is called leased asset.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Lease receivable  | 932337066 | 879056166 | 247569568 | 265654756 | 1066236433 |
| Percentage ofLease receivable  | 0.024401136 | 0.016645738 | 0.004352025 | 0.003951355 | 0.01386906  |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are .024%, .016%, .004%, .004% & .014% from 2012 to 2016.The growth rate of percentage of highly positive in 2012. After that all the year is reduce. The most reduce year is 2014 & 2015. The growth rates are being showed in the given chart clearly.

|  |
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| Car loan |

When a person want to purchase a car but he has no enough money to get this that time financial organization give lend money from them. For this they bear some interest.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Car Loan | 23184492 | 370328319 | 1017759216 | 693235866 | 120182628 |
| Percentage of Car loan  | 0.000606785 | 0.007012508 | 0.017891 | 0.010311207 | 0.001563 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are .0006%, .0070%, .017%, .010% & .0015% from 2012 to 2016.The growth rate of percentage of highly positive in 2014. After that all the year is reduce. The most reduce year is 2012 & 2013. The growth rates are being showed in the given chart clearly.

|  |
| --- |
| Personal loan |

For house, car, marriage, education or different kind of need people have. For this financial organization are provide loan which is name of personal loan. That personal loan has very high interest rate.

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| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Personal loan  | 24460953 | 24543838 | 23654351 | 19086626 | 32445417 |
| Percentage of Personal loan  | 0.000640192 | 0.00046476 | 0.000416 | 0.000283895 | 0.000422 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are .0006%, .00064%, .00041%, .00028% & .00042% from 2012 to 2016.The growth rate of percentage of highly positive in 2012. After that all the year is reduce. The most reduce year is 2015 & 2013. The growth rates are being showed in the given chart clearly.

|  |
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| Loan against deposit |

Investor are deposit some money on bank or different types of organization. According to that deposit some time peoples need money that they take as a loan which has minimum interest rate to repay.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Loan against deposit | 50,827,831 | 188,706,744 | 127,887,279 | 14,596,358 | 18,950,046 |
|  Loan against deposit | 0.001330267 | 0.003573336 | 0.002248 | 0.000217107 | 0.000246 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are .0013%, .0035%, .0022%, .0021% & .00024% from 2012 to 2016.The growth rate of percentage of highly positive in 2013. After that all the year is reduce. The most reduce year is 2015 & 2013. The growth rates are being showed in the given chart clearly.

|  |
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| Loan to subsidiaries |

Sometimes subsidiary given by the bank as well as government. In the base of subsidiaries organization take the loan. This loan is for very special term. Some time new time scheme is open for this.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Loan to subsidiaries  | 124208368 | 1157621660 | 852300000 | 97310669 | -28300000 |
| Percentages ofLoan to subsidiaries  | 0.003250783 | 0.021920632 | 0.014983 | 0.001447401 | -0.00037 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are .0032%, .021%, .014%, .0014% & -0.0003% from 2012 to 2016.The growth rate of percentage of highly positive in 2013. After that all the year is reduce. The most reduce year is 2013. And the negative amount showed in 2016. The growth rates are being showed in the given chart clearly.

|  |
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| Net drawdown of short term loan |

The loan period will determine whether this is a long; medium or short term liability. In this situatation may further assume that the client has asked the bank to release the funds. Drawdown happens when the loan monies are taken up by the borrower. The loan will include in the balance sheet as a liability.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net drawdown of short term loan  | 124737102 | 420277509 | 131782937 | 344010256 | 840000000 |
| Net drawdown of short term loan  | 0.003264621 | 0.007958342 | 0.002317 | 0.005116817 | 0.010804 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are .0032%, .0079%, .0023%, .0051% & .010% from 2012 to 2016.The growth rate of percentage of highly positive in 2016. After that all the year is reduce. The most reduce year is 2013 & 2015. The growth rates are being showed in the given chart clearly.

|  |
| --- |
| Drawdown of term loans |

In this instance we may further assume that the client has asked the bank to release the funds. Drawdown happens when the loan monies are taken up by the borrower. The loan will appear in the balance sheet as a liability. The loan period will determine whether this is a long; medium or short term liability. he term drawdown.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Drawdown of term loans  | 1812599238 | 3516955456 | 4047772554 | 4165756728 | 6330092954 |
| Drawdown of term loans  | 4.22674116 | 1.712187999 | 2.5322 | 2.86551833 | 6.303545 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are 4.23%, 1.71%, 2.53%, 2.86% & 6.30% from 2012 to 2016.The growth rate of percentage of highly positive in 2016. After that all the year is reduce. The most reduce year is 2013 & 2014. The growth rates are being showed in the given chart clearly.

|  |
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| Repayment of term loans |

In term loan there is no fixed interest rate. Most of the time it is duration is 10 years.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2012 | 2013 | 2014 | 2015 | 2016 |
| Repayment of term loans | -1383758396 | -1462884607 | -2449252439 | -2712003428 | -5325881376 |
| Repayment of term loans | -3.22674116 | -0.712187999 | -1.5322 | -1.86551833 | -5.30355 |

Here, the percentage rate of Borrowings from other banks, financial institutions and agents are -3.26%, -.71%, -1.53%,-1.87% &-5.30% from 2012 to 2016.The growth rate of percentage of highly positive in 2013. After that all the year is reduce. The most reduce year is 2015 & 2016. The growth rates are being showed in the given chart clearly.

**Findings & recommendation**

IDLC is one of the finest non banking financial institutions in the country. IDLC finance manages all of the departmental works in a very organized way. Credit Administration is one of the core departments of IDLC finance which helps all the business units of the organization to run smoothly and properly.

Though CAD operates in a very good way but still there are some scopes for improvement those can make the department perform even better:

* Cad may be improving the way of store file. There are different types of file in one vault room. it is not to updated as a time basis and also the branch basis. So they may have think about it For example, if they have one file one branch to another branch then they have to take a soft copy in inventory file. Whenever someone else from other branch will ask about or request to send that document it can be easily point out that and send it to very fast .
* CAD has huge responsibility but according to that there is less skill full employee.
* CAD tries to full fill their demand only by recruited more and more interns at a 3 months interval. But to run its operation more smoothly because they do not recruited much intern as well as good skill full employee

**Conclusion**

In performing the internship, I was epically meet up to the real life experience. I also feel that, it was a unique opportunity for me to acquire knowledge about the practical official work and official accounts and finance system in a reputed organization. This internship has developed my knowledge and attitude about the operation of a financial institution. During my internship period, I have learned a lot of things about financial market.

The aim of this report was to critically examine the loan of IDLC Finance Limited and how effective & efficiently are providing services to its customer. From the discussion it has been seen that the performance of Loan in IDLC is really satisfactory.