

Assignment on Financial Management Overview

Prepared for

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Mission and vision statement:

The Bank has a Board of Directors comprising of 11 members. The Board is headed by a Chairman. The Directors represent both public and private sectors and are appointed by the government. The Board Chairman is generally an experienced professional/ex-professional who has wide acceptability and rapport. The Managing Director is the Chief Executive of the Bank. He is appointed by the government. The Bank has two posts of Deputy Managing Directors and is appointed by the Government. The Bank has 12 posts of General Manager. They are also appointed by the Government. In the Head Office there are 4 Divisions each headed by a General.

Considering the needs of the target groups since late seventy's BKB has been implementing a series of Micro-Credit programs out of which 10 programs have recently been completed and 31 programs are in operation at present. These diversified micro-credit programs are being implemented by BKB to achieve the following objectives:

- * To create employment opportunities through income generating activities.
- * To empower the rural women to establish their own rights.
- * To improve the living standard of the rural people.
- * To alleviate poverty of the poor people.
- * To make easy access to institutional credit facilities and resources.
- * To mobilize rural savings.
- * To make optimum utilization of rural resources.
- * To engage inactive human resources of the rural areas in productive/economic activities.
- * To engage rural people in development process of the country.
- * To eliminate exploitation done by the money lenders.

Mission and vision statement by financial manager:

The primary objective of BKB is to provide credit facilities to the farmers for the development of agriculture and entrepreneurs engaged in development of agro-based and cottage industries. The Bank is guided in accordance with the policies and principles of the Government of the Peoples Republic of Bangladesh. BKB has an authorized capital of T k. 2,400 Million (Taka Two thousand four hundred Million) only and paid up capital of T k. 2,400 Million (Taka Two thousand four hundred Million) only which is fully paid by the government. The Bank started commercial functioning since 1977 to generate more loan able fund from the

idle rural and urban savings and invest them for the betterment of our economy. Manager. The divisions are:

- Administration Division
- Planning & Operation Division
- Budget & Accounts Division and
- Loan Recovery Division
 - Under the control and supervision of the above four divisions 28 departments are working in the head office headed by Deputy General Managers. **Import of capital machinery and raw materials for agro-processing industries and export of agricultural products, foreign remittance & all sorts of foreign exchange transactions and services are being provided by BKB.**

Products and Services:

Letter of Credit (LC)

- **Bill purchase/Discount**
- **Export Credit (Pre Shipment & Post Shipment)**
- **Remittance (Inward, Outward)**
- **Collection, Purchase and Sale of Foreign Currency and Travelers Cheques.**
- **Maintenance of Student education file.**
- **Guarantees in Foreign Currency.**
- **Foreign Currency accounts.**
- **NFCD (Non-Resident Foreign Currency Deposit) A/C.**
- **RFCD (Resident Foreign Currency Deposit) A/C**
- **Forward Contracts**
- **Correspondent Banking Relations.**
- **Taka Drawing Arrangement**
- **Dealing Room**

Credit

BKB finances the following 7(seven) priority sectors, namely:

1. [Crop](#)
2. [Fisheries](#)

3. [Live Stock](#)
4. [Agro-equipment and farm machineries](#)
5. [Agro processing industries](#)
6. [Continuous Loan](#)
7. [Poverty Alleviation and Micro Credit Programs](#)
8. [Special Recovery Activities/programs](#)

Crop loan

Out of total annual allocation of Loan portfolio, 60% is earmarked for Crop financing. The Credit program covers all the seasonal crops produced in the country.

The loan is disbursed as per norms set by the Bangladesh Bank. The rate of interest for this sector is 8%. The rate of interest may however, vary from time to time.

Both the landowner and sharecroppers are normally the target group for this loan. Marginal farmers are also eligible for the loan.

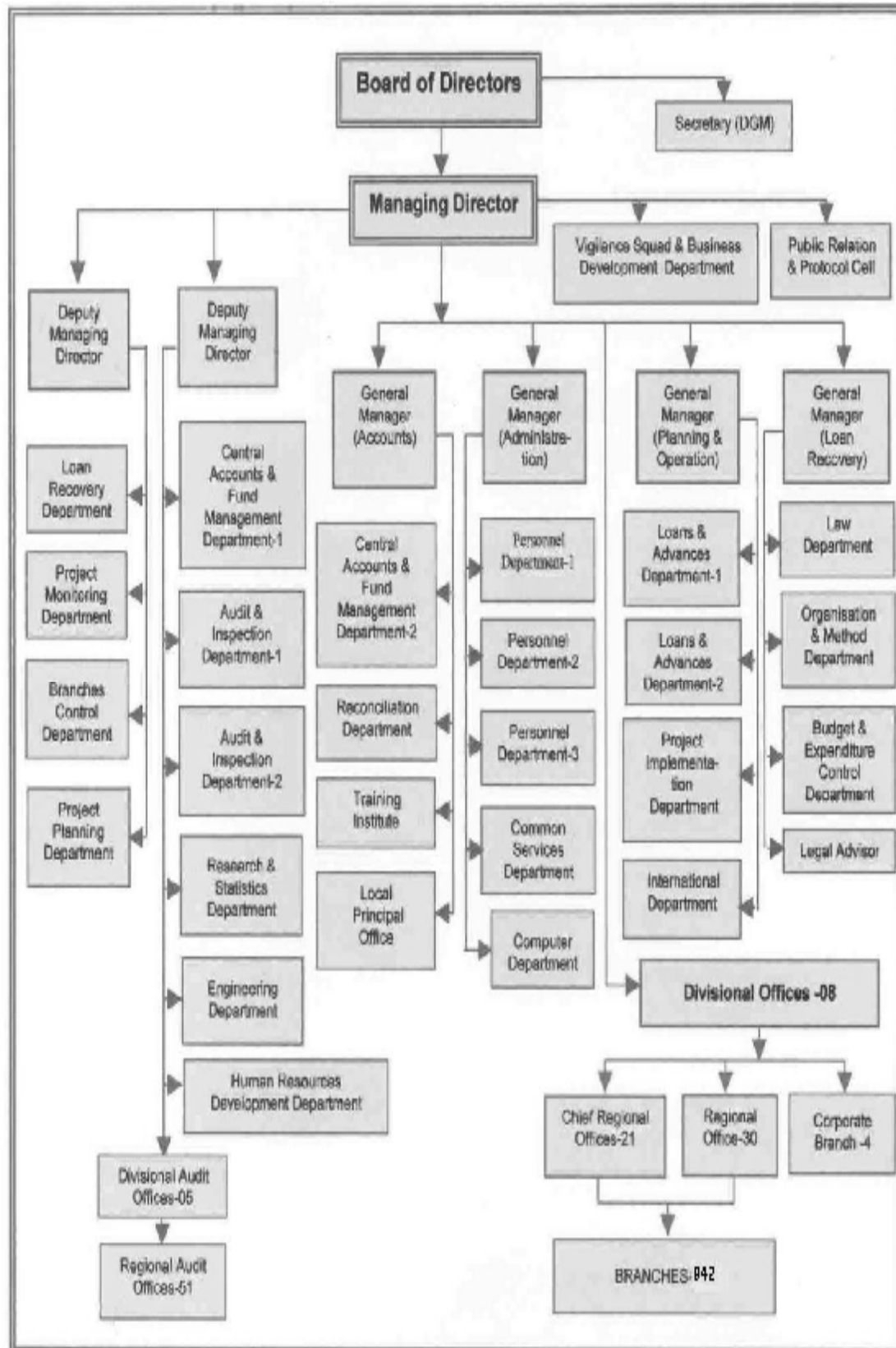
- Crop loan is sanctioned on annual basis.
- Credit passbook is issued to each borrower.

Rubber plantation

BKB is the premier financial institution for rubber plantation.

This is one of the import substitute products.

Company's organizational structure:



Board of Director: Taking the plan or decision.

Managing Director: Utilize and use the plan or decision at correct sources.

Secretary (D G M): Help for taking the plan with the Director.

Deputy Managing Director: Taking mission and vision on the plan.

Loan recovery Department: Give the loan to the people.

Project monitoring department: Process the plan or decision.

Branches control department: Follow the branches activates.

Project planning department: Follow the risk and return.

Central Accounts & Fund Management Department 1: Research about plan and decision.

Audit inspection department-1: Research process.

Audit inspection department-2: Research process and activities.

Research & statistic department: Focus on sales and marketing.

Engineering department: Think about technology and communication.

HRM: Focus on employee.

GM (accounts): Planning about profit and loss.

Central Accounts & Fund Management Department 2: Research about profit and loss.

Reconciliation department: Decision about sources.

Training institute: Employee take learn about organization work.

Local principal office: Provide loan.

GM (administration): Focus on employee activities.

Personal department 1: Employee research.

Personal department 2: Employee research planning

Personal department 3: Employee research process.

Common service department: Give loan to the people.

Computer department: Communication performance.

GM (Planning&Opreation): Take plan for processing

Loan advance department 1: Give loan advance.

Loan advance department 2: Give loan advance.

Project implementation in project: Research the plan.

International department: Communication with globalization.

GM (loan recovery): Take the loan.

Law department: Banking rule and regulation.

Organization Method department: Give service.

Budget & expenditure control department: Focus on capital & cost.

Legal advisor: Give some ethical advice.

Practical Decision

The bank has to go through many financial decisions like credit program, investment etc. The bank also has many financial program. The financial managers have to take the decisions about the organization's liquidity, share capital etc.

Interplay Among Divisions

There are interlink between departments. The whole system is automated. They use technology for communication. There are different departments like Accounting, Auditing, Loan Recovery, Law etc. The financial departments like audit, accounting and finance department's are considered with much importance for taking initiatives.

Basic Principles of Finance

We know there are some basic financial principals. But among them the financial management follow some principal with much enthusiasm.

Principle of time value of money

This principal is used for long term savings/deposits.

Principle of cash flow

This principal is used for investment.

Principle of liquidity & profitability

This is very important in case of liquidity to pay money to depositors.

Matching principle

Here long term savings/deposits are invested in long term projects and vice versa.

- How finance department or division is linked with other functional level department or division.

The important of the managerial finance function depend on the size of the firm. In small firm the finance function generally performed by the accounting department but BKB is a one of the big organization in Bangladesh. So its finance department is related to different department like Economic department, Marketing department

Relationship to economics

The field of finance is closely related to economics.

Financial manager must understand the economic framework. They must be able to use economics theories as guidelines for efficient business operation. Examples included supply and demand analysis, profit maximization strategies, and price theory. The primary economic principle used in managerial finance is marginal analysis, the principle that financial decisions should be made and actions taken only when the added benefits exceed the added costs. Nearly all financial decisions ultimately come down to an assessment of their managerial benefits and managerial costs. A basic knowledge of economics is therefore necessary to understand both the environment and the decision techniques of managerial finance.

Relationship to accounting

Managerial finance and accounting are not often easily distinguishable. In small firm the controller often carries out the finance function, and in large firms many accountants are closely involved in various finance activities. Bangladesh Krishi Bank has 4 divisions each headed by a General manager. One of the divisions is Budget & Accounts Division. In an accountant manager keeps all of the information about company accounting, what amount of money are giving loan, what amount are accounts receivable. Also keep information about company cash, share, bond, capital etc. All of the information is very necessary for a finance manager.

Ø Important of ethics in the organization operation

The standards of conduct or moral judgment:

Honesty, trustworthiness, fair dealing are foundations of sustainable business relations:

With customer Budget & Accounts Divisions,
With suppliers,
With creditors,
With employees,
With owners.

Ethical behavior is necessary to achieve the goal of maximizing shareholder wealth.

Ø Corporate CSR & corporate governance standard

The main objective of BKB is to serve the rural area unemployment people. To achieve this goal BKB take different type of Poverty alleviation and Micro-credit Programs. Such as –

- § To create employment opportunities through income generating activities.
- § To empower the rural women to establish their own rights.
- § To improve the living standard of the rural people.
- § To alleviate poverty of the poor people.
- § To make easy access to institutional credit facilities and resources.
- § To mobilize rural savings.
- § To make optimum utilization of rural resources.
- § To engage inactive human resources of the rural areas in productive/economic activities.
- § To engage rural people in development process of the country.
- § To eliminate exploitation done by the money lenders.

Financial manager play an important rule archive there goal. Financial manager task not only to maximize shareholder wealth but also monitor all of social development work.