Internship Report
On

# A Study of Commercial Activities of RMG Sector (Performed at Masco Group)

**Supervised By**
Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

**Prepared By**
Ismail Hossen
ID: 182-14-2793
Program: MBA (Finance)
Department of Business Administration
Faculty of business & entrepreneurship

**Date of Submission: 14.07.2024**

## Letter of Transmittal

14th July 2024
Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of internship report on A Study of Commercial Activities of RMG Sector (Performed at Masco Group)

Dear Sir,
With best respect and honor, I would like to inform you that I have completed my internship report on A Study of Commercial Activities of RMG Sector (Performed at Masco Group). It is an immense pleasure for me to place the same before you.
I have prepared report with relevant information to best ability. Working on this topic was a rewarding experience. I ensured the report was engaging and thorough within time and resources. I hope this report aids in your evaluation. I am committed to offering further clarification and information as needed.
Thanking you for your kind supervision.

Sincerely yours,

Ismail Hossen
ID: 182-14-2793
MBA Program (Major in Finance)
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

## Declaration

I am Ismail Hossen, a student at Daffodil International University's MBA program. I hereby certify that the internship report A Study of Commercial Activities of RMG (Performed at Masco Group). is uniquely prepared by me after 2.5 years of employment. in Mosco Group. Under the close supervision and guidance of Professor Dr Mostafa Kamal, Daffodil International University and Mizanur Rahaman, General Manager and Head of Commercial Masco Group and Mr. Halim Ullah (DGM Commercial) Masco Group.

I also declare that this internship report has been prepared for educational purposes only and that report has not been submitted by anyone else.

……………………….

Ismail Hossen

ID: 182-14-2793

MBA Program (Major in Finance)

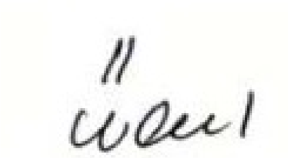
Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

## Letter of Acceptance

This is to certify that Md. Ismail Hossen bearing ID no. 182-14-2793 student of MBA Program, Daffodil International University, has completed the internship report under my supervision. He is working with Masco Group as a Commercial Officer and completed the report entitled A Study on Commercial Activities of RMG Sector (Performed at Masco Group) as a partial requirement for obtaining MBA Degree. He has completed the report by himself. He has been permitted to submit the report. Ismail Hossen bears a strong moral character and a very pleasing responsibility. It has indeed been a great pleasure working with him. I wish him all success in life.



Professor Dr. Mostafa Kamal
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

## Acknowledgement

Firstly, I thank God for giving me strength to complete the report on time. This internship research paper, completed with the guidance of Professor Dr. Mostafa Kamal, Daffodil International University and Mr. Mizarur Rahman head of commercial, Halim Ullah (DGM) Masco Group, was a significant part of my internship program.

However, I extend my gratitude to the Masco Group members for their invaluable support during the implementation of the report. Their time, discussions, and suggestions greatly contributed to the success of the internship program.

Finally, I am grateful for the guidance and support of my supervisor, Professor Dr. Mostafa Kamal, without whom my completed report would not have been possible.



Ismail Hossen
182-14-2793
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Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

## Executive Summary

The Masco Group is one of the leaders in the composites industry in the country. The Masco Group's vision statement clearly shows that it occupies a leadership position in its sector. The main objective of this report is to analyze and focus on the import and export processes of Masco Group.

Chapter One of the report discusses the author's internship project, providing an overview of the RMG sector. The importance of the study and data collection sources are also briefly explained in this introductory section.

Chapter Two of the report outlines an overview of Masco group, including its historical background and nature of business. It delves into the organization's mission, purpose, slogan, products, and target customers.

In Chapter Three, I try to give a clear idea about Commercial Activities of RMG sector. I discuss about Overall Import & Export Procedure.

In Chapter Four, I discuss about the custom bound activities of RMG sector.

In chapter five, I include some Findings and Recommendation, I provide findings and conclusion bon overall compliances of Masco Group and evaluating performance of my study.

## Table of Content

# Chapter – One
# Introduction

## 1.1 Origin of the Study

The Ready-Made Garment (RMG) industry of Bangladesh brings an exclusive standing in the economy. This industry has not only become as the greatest export earning sector of Bangladesh but has also opened extraordinary potential opportunities for employment. RMG sector contributes about 83% of total export incomes of the country and around 4.4 million people work in this sector. Currently around 4600 RMG factories are running in Bangladesh & more than 150 countries import ready-made garments from Bangladesh. Commercial Department represents one of the most important part in RMG sector to ensure that garments are being produced under safe condition, legal, civilized, and moral conditions. Manufacturing factories are committed to ensuring that their manufacturing practice will meet minimum compliance Standards.

## 1.2 Scope of the Report

Scope of Study focuses on Commercial Department's various Import Export activities, providing opportunities to learn about other commercial matters.

## 1.3 Objectives of the Study

- ✓ **Primary Objective of the study:**

The primary objective of the study is to evaluating the level of Import & Export Standard of Masco Group.

- ✓ **Specific Objectives of the study:**

I) Identifying Responsibilities of Commercial Activities of RMG Sector.
II) To analyze Import & Export Activities of Masco Group
III) To find out the Custom Bond work procedure of Masco Group
IV) To find out the shortcomings (if any) of Commercial Activities of RMG Sector and to recommend suggestion regarding the shortcomings of Commercial Activities of RMG Sector.

### 1.4 Scope of the Study

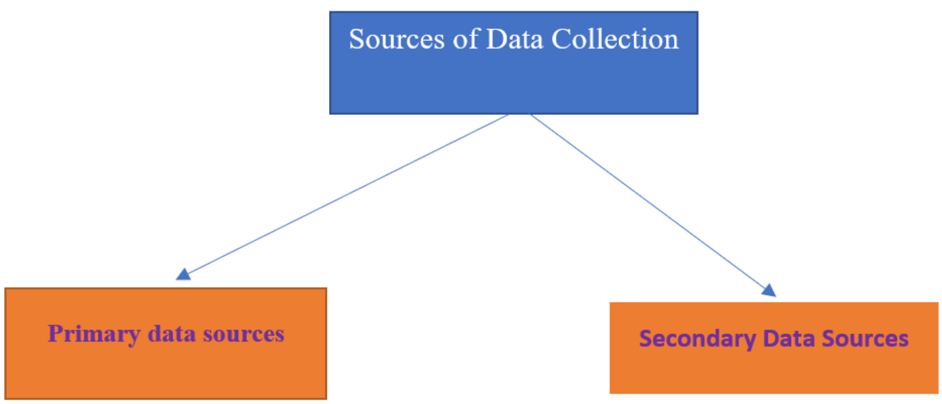
This report is mainly focused on the overall Commercial Activities Standard on Masco Group. The Study focuses on Masco Group's organizational setup, functions, and overall Compliance practices.

### 1.5 Methodology/Design of the study

Descriptive research was conducted to assess the Commercial Activities Standard of Masco Group. A systematic approach was followed from topic selection to report preparation, involving data collection, classification, analysis, interpretation, and presentation from both primary and secondary sources.

### 1.6 Sources of Data Collection

Two sources used for significant and presentable Report preparation.




Utilized both primary and secondary data sources to make the report.

**Primary data sources:**

The primary sources of data are given below-

All officers, Merchandiser, Executives and Bank, all employees of head office and Local Beneficiary (Suppliers) of five-unit Masco Group.

**Methods of Primary data collection:**

- ✓ Direct observation.
- ✓ Discuss with Executives, officers.
- ✓ Visit Factory

**Target population:** The target all employees, managers and beneficiaries (Suppliers) of Masco Group, Head office and all employees and CNF representatives of ten Masco Group units.

**Secondary Data Sources:**

- ✓ Annual Report of Masco Group.
- ✓ Operational manual.
- ✓ Website https://www.mascoknit.com

## 1.7 Limitations

I have tried my best to complete and finalize this report although it has some limitations which are as follows.

- ✓ Lack of opportunity to work in all departments of Masco Group.
- ✓ There were a few challenges in understanding a few exercises as they were not important to the hypothetical information

# Chapter Two
# Profile of Masco Group

## 2.1. Introduction

Bangladesh has been the second biggest exporter of readymade garment items within the world for three decades and sends out to over 132 countries over the world. It is assessed to twofold from 2010 to 2015 and nearly triple by 2022. Bangladesh's add up to sends out crossed $30.18 billion for the primary time in history, enrolling a development of 13.83% within the final financial year. The development of this industry has been emotional, expanding from 30 industrial facilities in 1980 to over 6000 in 2014. The RMG division gives coordinate business to around 4.4 million individuals, 80% of whom are ladies. Around 20 million individuals are straightforwardly and in a roundabout way subordinate on this segment.

The BGMEA is focused on creating a safe and sustainable garment industry in Bangladesh. A recent study found that a high percentage of factory buildings have approved structural designs, floor plans, fire safety licenses, and outdoor generators. Companies in the clothing industry are implementing environmentally friendly practices such as waste management, Energy-efficient technology through waste heat recovery under the "TREES" initiative. Some garment manufacturers are even moving towards carbon-free production. Overall, efforts are being made to improve environmental sustainability and safety within the garment industry in Bangladesh. The government has taken the initiative to influence the RMG sector and allocate 470 hectares of land in Baushia near Munshiganj for setting up a ready-made garment industrial park along with a budget for acquiring detailed knowledge and working procedures of the organization

- ✓ Focus on operational activities in different sections in Masco Group.
- ✓ Apply theoretical knowledge.
- ✓ Increase expertise in certain business areas; such as human resource management, operations planning, marketing, accounting, and financial and business law.
- ✓ Develop and improve communicative, technical, quantitative and collaborative skills.

## 2.2 . Overview of Industry

Masco Group is an export-oriented knitwear company founded in 2001 by M. A. Sabur. It may be one of the large export-oriented groups with approximately 20,000 people working together. Most of the items are round-stitched clothes, but there is also an agricultural store, an English language center school, a shopping mall, etc. This collection contains 22 units. The purpose of this meeting is to remain at the forefront of each field, exceptionally recognize all partners and broad communities, and promote the nation's economy. They pay a lot of attention to quality and proper transportation. They continue to grow their business worldwide.

## 2.3 Mission of Masco Group

We strive for a tip top way of life for our clients in all attire markets, with advancement and novelty through profoundly propelled and qualified human assets to include esteem to sourcing. Keeping the morals and compliance in intellect.

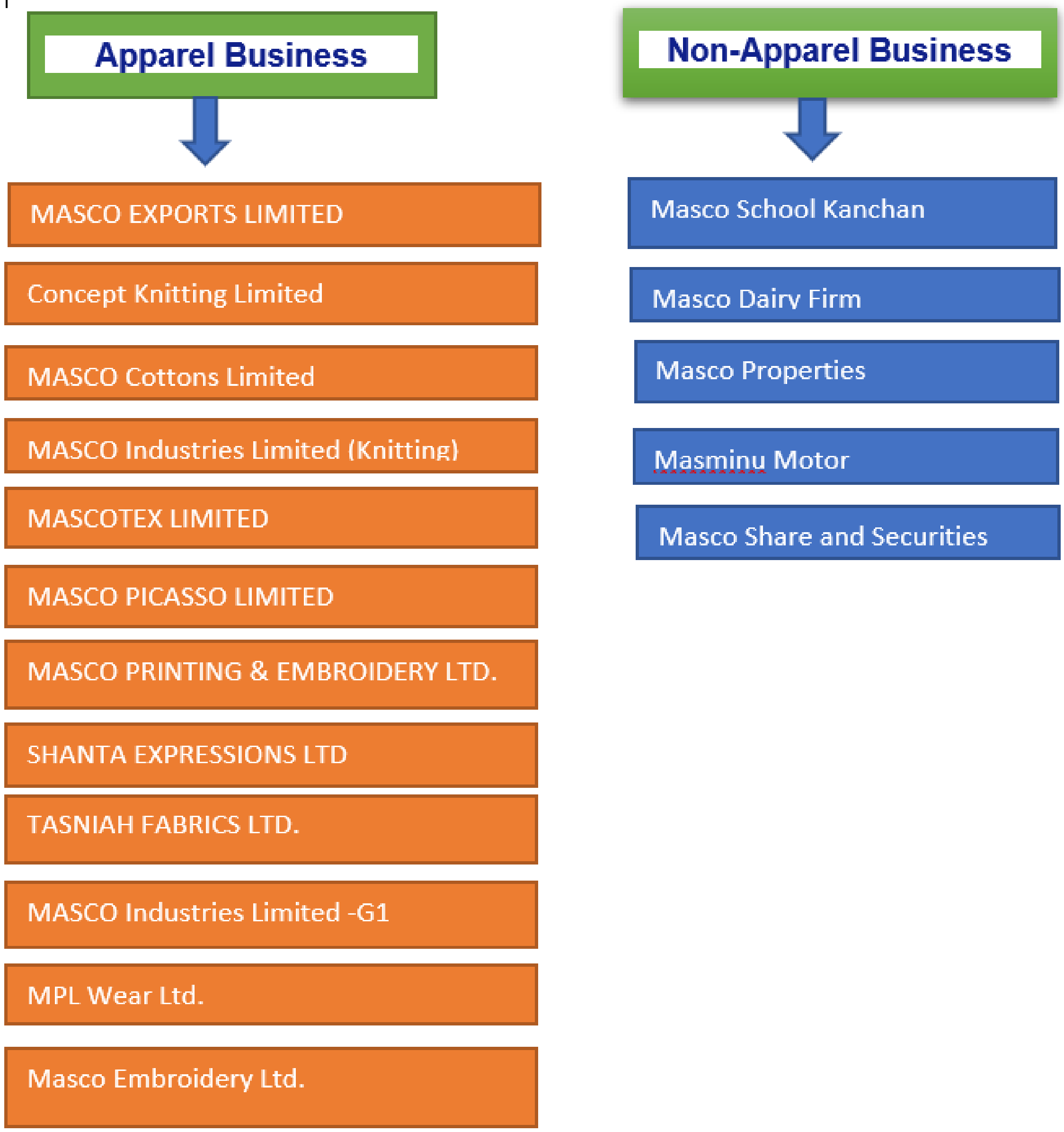
## 2.4 Vision of Masco Group:

To become a leading example in the global sustainable apparel industry, inspiring clothing brands and leaving a positive impact on humanity.

## 2.5 Goals & Objectives:

- ✓ The quality of Masco Group lies in its talented staff, administration and modern amenities. The highlights include aftercare –
- ✓ Sufficient capacity and computerized inventory management framework in each manufacturing facility
- ✓ All the manufacturing plants have their possess control era and conveyance facilities
- ✓ The quality of Masco Group limited is recognized by the universal standardization specialists like ISO and WRAP and BSCI
- ✓ Availability of state-of-the-art equipment and hardware that can meet the diverse needs of customers

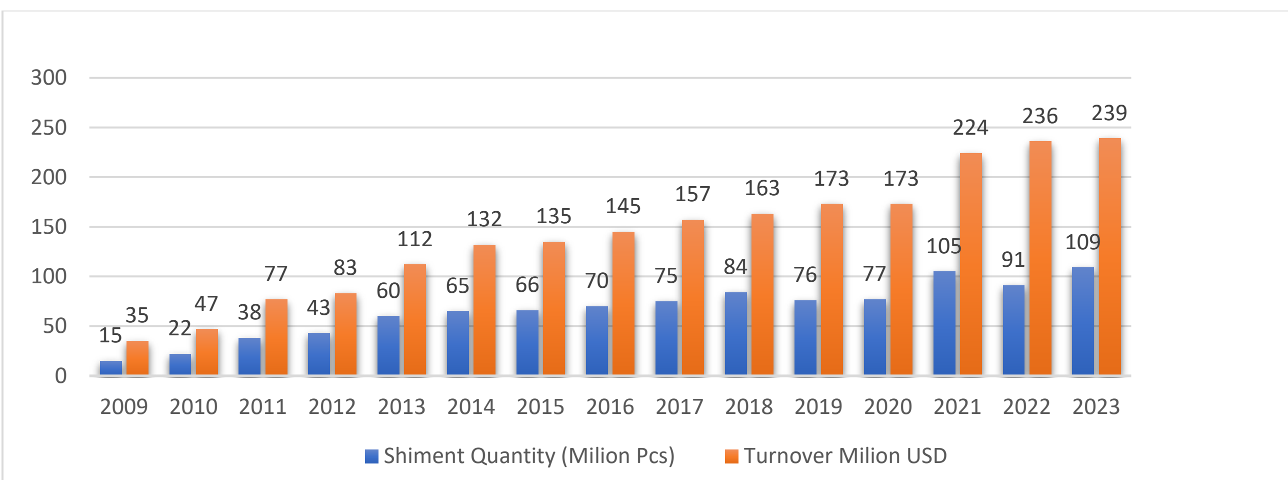
## 2.6 A short profile of them Masco Group:



## 2.7 Product of Apparel

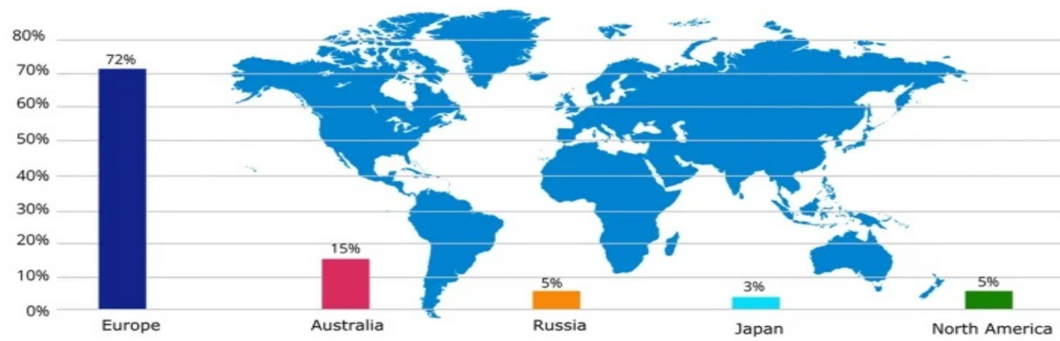

## 2.8 Buyer of Masco Group

Masco Group has a wide range of high-quality products and has built a strong reputation for quality assurance and high production capacity. This has led to increasing sales each year and partnerships with leading fashion brands around the world.



## 2.9 Global Knitwear Market considering Region

Masco Group's strongest export zone is the European Union, with other key markets including Australia, Russia, Japan, and North America. A study on the global knitwear market provides insights into market segments, size, dynamics, and structure. The competitive analysis in the market includes key players categorized by type, price, financial position, product portfolio, and growth strategies.




## 2.10 Clients of Masco Group

**2.11 Top buyers list with Export Volume %:** Masco Group has business relationships with around 53 customers across Europe, America, Japan, and Australia. A list of the top 25 customers is based on export volume percentage.

| SL | Buyer | Country | Contaont | Export Percentage |
|---|---|---|---|---|
| 1 | H&M | Sweden | Europe | 27.87 |
| 2 | C&A | Germany | Europe | 17.14 |
| 3 | Target | Australia | Australia | 8.13 |
| 4 | Zara | Spain | Europe | 6.89 |
| 5 | Cubus | Norway | Europe | 4.08 |
| 6 | Otto Intl | Germany | Europe | 4.05 |
| 7 | Benetton | Italy | Europe | 2.97 |
| 7 | Debonhams | UK | Europe | 2.96 |
| 8 | K Mart | Australia | Australia | 2.79 |
| 9 | New Yorker | Germany | Europe | 2.73 |
| 10 | Lidl | Germany | Europe | 2.56 |
| 11 | Kapphal | Sweden | Europe | 2.49 |
| 12 | Tao | France | Europe | 2.31 |
| 13 | Carrefour | France | Europe | 2.25 |
| 15 | Ostin | Russia | Europe | 2.13 |
| 16 | Mayoral | Spain | Europe | 1.38 |
| 17 | Oshkosh& Carters | Canada | North America | 1.14 |
| 18 | El Corte Ingles | Spain | Europe | 0.92 |
| 19 | Kohl' s | USA | North America | 0.83 |
| 20 | Lindex | Sweden | Europe | 0.75 |
| 21 | Sargent Major | France | Europe | 0.6 |
| 22 | Adler | Check Republic | Europe | 0.54 |
| 23 | Mydo | Japan | Asia | 0.54 |
| 24 | Toyoshima | Japan | Asia | 0.53 |
| 25 | Svantex | Sweden | Europe | 0.44 |

## 2.12 Marketing Strategy and Future Target in Masco Group

Masco Group is a prominent knit composite conglomerate in Bangladesh, established in 2001. It holds a top ten position in the RMG sector and consists of various business units including knitting, dyeing, garments, printing, embroidery, and washing. The group aims to secure a top five position in the RMG sector within the next five years.

**Align with Sourcing Needs**

**Speed to market :**

• Strong supply chain
• On-time delivery
• Self-inspection
• Lab accreditation
• Design & Co-creation
• Eyes and ears of clients
• CLO 3D (Fitting & design)
• Strong overseas and
• Local design team

**Transforming for Future:**

• Design and development
• Product development team
• Diversified product range
(Sportswear/Active wear by 2023)
• Fabric R&D
• Market intel
• Competitor analysis

**2.13 Sustainable Practices:**

**A. Production Capacity of Masco Group.**

| | |
|---|---|
| Manpower | 18000 |
| Number of Sewing | 208 Sewing lines across 8 Units |
| Knitting | 1400 tons Per Month |
| Dyeing | 1400 tons Per Month |
| Printing | 13 million pcs/month (World largest print facility in one premise) |
| Embroidery | 2 million pcs/month |
| Garments | 10 million pcs/month |

**B. Expansion Plans**

✓ New washing plant technology coming in 2025
✓ Completion of Green Production Facility within end of 2026

**Masco Group's small steps, giant leaps and innovations for NOW and NEXT:**

**a. Now:**

✓ Masco using maximum sustainable raw materials its about 90% Better cotton, Organic cotton, recycle cottons, even if customer have the regular demand, we are using BCI Yarn.

✓ Making recyclability mandatory in New Product Development where possible

✓ Solar energy produced in 2021: 235 KW.

✓ From 2019 water consumption reduction was 20% up to 2021. Saved water 325920 m3

✓ Taking advantage by training the new joiners which is completely connected with sustainability.

✓ Training culture- year-round training calendar.

**b. Next**

- ✓ By 2023, 100% sustainable raw materials will be used.
- ✓ In regular used material like tags, envelope, swatch card all will changed to Recycle Materials.
- ✓ Developing CLO (3d design) in the vast manner to ski p physical sample steps.
- ✓ By 2025 solar energy should be produced 5000 KW.
- ✓ By 2025 water consumption reduction goal 30%. Saved water goal 423360 m3

## 2.14 Marketing Strategy

As a part of sustainable continuous development, best practices are always a key practicing area for Marketing & Merchandising at Masco Group. Masco Group always believes every small initiative will add value to the company account on a large scale. If we summarize all the best practices in Marketing and Merchandising team, we can conclude this into 5 major segments mentioned below

- ✓ Best Practices for Branding and Marketing
- ✓ Best Practices for Process Orientation & Continuous Improvement Plan (CIP)
- ✓ Best Practices for Savings or Prevent Loss
- ✓ Best Practices to Develop Corporate Cultures
- ✓ Best Practices to Develop Corporate Cultures

### Best Practices for Branding and Marketing:

Branding and Marketing is one of the key roles for the Marketing and Merchandising team at Masco Group. Below are some examples working in this area:

**a. Visual Merchandising at Display:**

This is a complete product library to represent Masco Group with its product category, entirely being produced here. Customers get keen to see the product strength of a company very often, having a visual look with its product range and this display helps to represent Masco Group in an easy and well-presentable manner.

**b. Profile:**

There are various ways to represent a company to the clients and some of the important ways are company video presentation, Brochure, etc. which are required a bit more time to go through. It has been observed that peoples get very busy sometimes to go through any bigger documents and looks for a shorter document to have an idea about a company. This scenario has been taken into consideration by Masco Marketing and Merchandising team which put their effort to prepare a shorter version of the company profile within a single page having all the summary information about Masco Group which is very helpful for anyone to go through very quickly within a shorter period of time to about this company.

## Best Practices for Process Implementation

Process improvement is now an important parameter for any industry rather than doing the jobs as usual. Masco Group always emphasizes process development to cope with competitive workflow in the current world. There are lots of examples of such process improvement in Masco Group which are linked up to ease the working process here. Also, these process improvements are playing a role to add values in work positively. Some of the examples of such process improvements are Unique Format of LC & Acceptance Forwarding, Order Visibility File, Unique Booking Format of all the Accessories & Fabrics, Birds View for Light Sources, Bulk Shade Checking Standard & Test Houses, Buyer's Info Book, Straight Line/Parallel Line, R&D Fabric Database, etc. Each of the tools from these examples has an impact to ease the life and has the footprint of value addition in the company.

Another most important base of Masco Group is 'Continuous Improvement Plan (CIP)' which is practiced in Masco Group on a large scale. As a small part of the company, Masco Marketing & Merchandising Department has formed several teams with some specific agenda to work within 2022.

## Competitive Costing & Relevant Cost for Customer

**Optimizing Fixed / Considerable Process Loss (Fabric & Accessories):** Though it's a regular practice of Marketing & Merchandising to minimize the fabric and accessories process loss but it is done in a systematic way to make it culture throughout the department.

As all customers have a different strategy like someone has the extra shipment allowance or someone hasn't, depending on that we have to make finalize the fixed percentage of trims & accessories.

**Training on Sewing Thread Booking and Regular Follow-up (Minimized Wastage%):**

Earlier Masco Group had a big sewing thread stock and top management had a big concern about that. For avoiding such a traumatic situation, we have launched a sewing thread booking training program for merchandisers.

Before launching the program, we have taken specific data/thread requirements against specific operations/limitations/thread classifications.

After taking the training program we have done several trials and then fixed the wastage percentage with thread consumption against operations.

We have prepared a training module and also a sewing thread booking format along with the wastage percentage.

After completing the training program, once we have installed the program and followed up since 2017, the result was really outstanding and we can appreciate sharing that with our clients.

**Corporate Culture Development and Training:**

For enhancing the knowledge of team members and also keep the positive thought and motivations Masco always arrange some Corporate Culture Development workshop and training program for her employees.

# Chapter Three

# Description About Task Accomplishment

## 3.1. Department of Commercial Job Responsibilities:

The Commercial Department is responsible for the import and export of raw materials and finished garments. We handle the import and export documents required for a smooth import and export process in garment manufacturing. Their role is important as they work directly with many internal and external partners.

**Internal Working Partners:**

- ✓ Purchasing Import/Logistics Department
- ✓ Nominated Freight Forwarder/Shipping Agent (Air & Sea)
- ✓ Work with our lien Bank who deal foreign trade Export Promotion Bureau (EPB)
- ✓ Work with BKMEA/BGMEA
- ✓ Custom Clearing House (Chittagong & Dhaka & Forwarding agent
- ✓ Customs Bond work
  Regular Office Work

**External Working Partners:**

- ✓ Merchandising Department
- ✓ Finishing Department
- ✓ Transport & Logistics Department
- ✓ CNF Division (AIR & SEA)
- ✓ Account & Finance Department

**Import and Export Procedure:**

EXPORT PROCEDURE & DOCUMENTATION PROCESS:

Collect LC/ Sales Contract

Collect Purchase Order

Booking to nominated forwarder

Create commercial invoice

Hand over goods with custom clearance

Collect B/L

Collect certificate of Origin

Finalized all documents as per LC

Submit documents to bank for payment

Finally ended with getting payment

## 3.3. Letter of Credit (LC)

A Letter of Credit (LC) is a crucial role tool in global trade, particularly in the garment industry in Bangladesh. It is a written payment obligation from the buyer bank ensuring payment to seller bank if certain conditions are met. Documents required for an LC typically include bills of lading, commercial invoices, and certificates of origin. Understanding LCs is essential for those involved in export-oriented garment industries to facilitate smooth transactions.

**Working flow of Letter of Credit:**

- ✓ An agreement entered between the seller and the buyer and payment of made according to the letter of credit.
- ✓ The customer visits their bank (ABC Bank) and opens a letter of credit. Buyer
- ✓ Bank ABC open LC and LC is advised through associated bank in buyer's country.
- ✓ The bank or courier sends a LC to customer.
- ✓ The seller prepares shipment and send shipping documents to the buyer's which issuing LC
- ✓ Seller submission all bank document to ABC bank for arranging Payment.
- ✓ The buyer makes payment according to ABC bank as per LC terms & conditions.

**Letter of Credit main parties:**

The applicant (Buyer) The issuing Bank

The confirming Bank
The beneficiary (Manufactures)

**Others important parties of a letter of credit:**

- ✓ The advising Bank
- ✓ The nominated Bank
- ✓ The reimbursing Bank
- ✓ The claiming Bank
- ✓ The presenter
- ✓ The transferring Bank

**Below explain important parities activities:**

- ✓ **Issuing Bank:** The issuing bank open LC on behalf of buyers
- ✓ **Confirming Bank:** The confirming bank confirm the credit permission or request of issuing bank.
- ✓ **Beneficiary:** The beneficiary supplier or seller who will enjoy LC benefit.
- ✓ **Applicant:** Applicant are buyer who request to bank opening LC against the beneficiary.
- ✓ **Advising Bank**: Advising bank advising at issuer's request; designated as advising bank.
- ✓ **Reimbursing Bank:** Reimbursing Bank selected by the Issuing Bank to cover claims from the demanding Bank.
- ✓ **Nominated Bank:** Nominated Bank is buyer bank, buyer request seller issuing LC in favorable of this bank.
- ✓ **Claiming Bank** Claim all payment from reimbursing bank.
- ✓ **Presenter:** All documents present to issuing bank pay settlement of payment.
- ✓ **Transferring Bank:** Transfer bank, Transfer to other specific bank settlement this payment.

## 3.4. Classification of Letter of Credit

**Revocable Letter of Credit LC** A revocable letter of credit can be adjusted or canceled at any time for any reason. It is not widely used in international trade and may favor exporters over importers and issuers.

**Irrevocable Letter of Credit LC** Irrevocable letter of credit is not possible any amendment and changes any terms and condition of LC. Any amendment or changes beneficiary bank are not accepting this type of LC.

**Confirmed Letter of Credit LC**

This is a type of letter of credit where the guarantee is provided by a bank other than the issuing bank. Exporters benefit more from an enhanced letter of credit because it improves security.

**Back to Back Letter of Credit LC**

Letters of credit are widely used in today's business life. They provide security for another LC, also known as a counter letter of LC. With the Master LC, a successive LC is issued, which covers the guarantee of the opening LC for the import of the component necessary for the manufacture of the finish goods.

**Sight Credit and Usance Credit LC**

The importer request to bank issuing an LC and issuing bank further processes the LC to the advising bank. Advising bank send LC for verification. Exporter checks the agreed conditions and releases the goods. Advising bank verify the documents and send to issuing bank, Issuing bank settlement payment with a short time.

**Transferable Letter of Credit**

A letter of credit is fist beneficiary cab transfer to other party or second beneficiary for credit facility. The beneficiary's initial margin is clearly stated in the certification agreement, and if the beneficiary's initial margin is not defined, the letter of credit cannot be notified for transfer.

## 3.5. Operations of Documentary Letter of Credit

The operation of a Documentary Letter of Credit entails the following processes.

1. Issuing
2. Advising
3. Confirmation and Amendment
4. Presentation
5. Settlement

**Issuing a Letter of credit:** First, the buyer and seller enter into sales contract, where explain buyer and seller all terms and condition. The buyer mentioned here Price of goods, quantity of goods, payment term, income terms and shipment mode. The buyer or importer issuing LC through to seller or exporter. Here buyer issuing bank and seller advising bank accomplish all activities in favor of buyer and seller.

**Advising a Letter of Credit:** The advising bank ensure the that LC is authenticate and came from genuine sources and after that advising bank inform to exporter they have receive SWFT LC copy from buyer. The advising bank corresponding with issuing bank in favor of buyer. Advising send all documents to issuing bank by courier, the exporter received the document's arrange shipment.

**Confirmation and Amendment of Credit:** confirmation confirming bank of buyer confirmation of all terms and condition are okay. The confirming bank transfer to issuing bank all terms & conditions are okay are buyer reequipment. Amendment is any changes or correction in LC, confirming bank inform to buyer which clause. After correction LC issuing through to advising bank and advising bank are forward to confirming bank of beneficiary. Beneficiary make shipping document's for release this good.

**Presentation of Documents:** In International trade. The exporter takes care of shipment goods as per LC terms and showing necessary documents the goods will be shipped or before specified validity period. If any party fail to presentation of documents issuing bank approach penalty. Beneficiary bank make all shipping document present to issuing bank before LC expired date. Sometime application mentioned LC copy specific documents presentation period. The payment made or forwarded to issued and nominated bank. Once you find all the papers, make sure they are notarized according to the circumstances.

**Settlement:** At this stage, the supplier or beneficiary send all relevant documents to issuing bank or an authorized representative, and the bank examines the documents if they meet the as per LC terms and condition. Even if the bank is not found any discrepancy than bank will pay payment as per LC and.

## 3.6 Common Documents under Documentary Letter of Credit Bill of exchange/Draft:

- ✓ A bill of exchange is a financial agreement where an importer agrees to pay an exporter on a set date.
- ✓ LC number must be mention in the Draft.
- ✓ The exporter sends bill of exchange to importer before letter of credit expiry for payment.
- ✓ Importer receives invoice, returns to exporter for payment responsibility.

**B/L (Bill of Leading):**

- ✓ Bill of leading is agreement between Carrier (shipping Line) and exporter to reach specific destination (Importer country) BL for only sea shipment.
- ✓ BL mentioned Goods details like as Weight, shipping line name, LC number, Shipment date,
- ✓ Full set of documents with BL original must submit when ship the goods
- ✓ BL copy mentioned incoterms, like CFR, FOB, CPT
- ✓ Unclear BL not Accepted.

**Commercial invoice**

- ✓ The exporter/seller prepares and signs the invoice.
- ✓ The required number of invoice copies will be supplied as per LC terms
- ✓ Product information such as net weight, gross weight and measurement mentioned.
- ✓ According to terms of LC, Total Value of goods should be written.
- ✓ Invoice must be mention LC number, Vassal name with label, Estimated time of delivery

**Certificate of origin:**

- ✓ Certificate of Origin must be submitted when shipment of goods, Certificate of origin indicated which country produce goods,
- ✓ This certificate issues by BCCI (Bangladesh chamber of commerce and Industry)

**Inspection of Certificate:**

- ✓ Before shipment importer authority verification of goods as per importer requirement**.**
- ✓ Buyer authority check goods specification, quality, Pancaking standard etc., as per LC terms and conditions.
- ✓ After inspection buyer authority provide certificate, that goods are ready for shipment.

**Packing List**

The Export Packing List is a comprehensive document that lists the contents of each package, box and other relevant information about the goods and packaging of each LC-equivalent shipment.

**Incoterms 2000**

Incoterms is International commercial terms that indicating import and export transportation cost, insurance cost, custom duty fee and handling cost who will bear risk during the transportation of goods. That is ICC (International Chamber of Commerce) published new incoterms 2020 which are using of global trade.

**Below mentions list of incoterms which using International trade:**

- ✓ **EXW: Ex-work**
- ✓ **FCA (Free Carrier)**
- ✓ **FAS (Free Alongside Ship)**
- ✓ **FOB (Free on Board)**
- ✓ **CFR (Cost and Freight)**
- ✓ **CFI (Cost Insurance and Freight)**
- ✓ **CPT (Carriage Paid To)**
- ✓ **CPI (Carriage and Insurance Paid)**
- ✓ **DAP (Delivered at Place)**
- ✓ **DUP (Delivered at Unloading Place)**
- ✓ **DDP (Delivered Duty Paid)**

**Below given buyer and seller responsibility in global trade:**

Incoterms® 2020 Rules Responsibility Quick Reference Guide

IncoDocs

| | EXW | FCA | FAS | FOB | CFR | CIF | CPT | CIP | DAP | DPU | DDP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freight Collect Terms | | | | Freight Prepaid Terms | | | | | | |
| Groups | Any Mode or Modes of Transport | | Sea and Inland Waterway Transport | | | | Any Mode or Modes of Transport | | | | |
| Incoterm® | Ex Works (Place) | Free Carrier (Place) | Free Alongside Ship (Port) | Free On Board (Port) | Cost and Freight (Port) | Cost Insurance & Freight (Port) | Carriage Paid To (Place) | Carriage & Insurance Paid to (Place) | Delivered at Place (Place) | Delivered at Place Unloaded (Place) | Delivered Duty Paid (Place) |
| Transfer of Risk | At Buyer's Disposal | On Buyer's Transport | Alongside Ship | On Board Vessel | On Board Vessel | On Board Vessel | At Carrier | At Carrier | At Named Place | At Named Place Unloaded | At Named Place |
| **Obligations & Charges:** | | | | | | | | | | | |
| Export Packaging | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Loading Charges | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Delivery to Port/Place | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Export Duty, Taxes & Customs Clearance | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Origin Terminal Charges | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Loading on Carriage | Buyer | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Carriage Charges | Buyer | Buyer | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| Insurance | Negotiable | Negotiable | Negotiable | Negotiable | Negotiable | *Seller | Negotiable | **Seller | Negotiable | Negotiable | Negotiable |
| Destination Terminal Charges | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller |
| Delivery to Destination | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller | Seller | Seller |
| Unloading at Destination | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller | Buyer |
| Import Duty, Taxes & Customs Clearance | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller |

IncoDocs Create your Sales & Shipping Documents at www.incodocs.com

*CIF requires at least an insurance with the minimum cover of the Institute Cargo Clause (C) (Number of listed risks, subject to itemized exclusions)
**CIP now requires at least an insurance with the minimum cover of the Institute Cargo Clause (A) (All risk, subject to itemized exclusions)

This is general information for guidance purposes only. IncoSolutions Pty Ltd is not responsible for these contents nor do the contents listed above contain all details. For a full and complete description, refer to the full version of Incoterms 2020 by the International Chamber of Commerce at the ICC website.

**Export Procedure:** In order to engage in export business in Bangladesh, a party must first obtain an Export Registration Certificate (ERC) from the Import and Export Commissioner's office. Without this document, exporting products from Bangladesh is not permitted. The authorized trader must verify proper registration before approving export forms.

- ✓ The metropolitan Certificate
- ✓ The municipality has given you a business license.
- ✓ Bank certificate
- ✓ Income Tax certificate
- ✓ Import and export Certificate

Exporter must get a purchase order before issuing a letter of credit. They prepare goods and arrange transport.

- ✓ Reserved Shipment
- ✓ Goods shipped based on Export LC agreement instructions
- ✓ Port space reservation for exports
- ✓ Arrangement of delivery of goods to the port.
- ✓ Issued EXP

**C & F Agent has to arrange:**

- ✓ Reserved for shipment.
- ✓ Export cargo is stored at the port.
- ✓ Package/container each marked with shipping marks

Inform the carrier of the date of shipment of the products and the papers to be shipped, including all required items and the number of copies to be shipped.

**Following shipment, the exporter will provide to the branch the following documents:**

- ✓ All negotiable B/L copies
- ✓ Commercial invoice that has been signed.
- ✓ Bill of exchange.
- ✓ Invoice from the Consulate (If required).
- ✓ Packing list
- ✓ Origin Certificate (If required).
- ✓ Certificate of pre-shipment inspection (If required).
- ✓ Certificate of GSP (wherever necessary).
- ✓ Original export LC/Contract copy
- ✓ The customs authorities have certified EXP.
- ✓ Other documentation as specified in the export LC contract.

Export documents must be sent with a letter stating the number of documents to be transferred and instructions for payment and delivery. It is the responsibility of the branch to ensure that the number of documents specified in the power of attorney is complete. Payment instruction should be as per LC terms and conditions.

- ✓ Sight documents are to be provided in trade for payment when the draft is seen.
- ✓ The documents must be submitted against the preparer's acceptance and the documents must be submitted for payment on the due date.
- ✓ Documents requiring payment must be submitted.
- ✓ All relevant documents are submitted according to the terms of the LC agreement.

Submitted documents must be checked and any discrepancies noted on the test form. Any deviations must be immediately reported to the exporter. Export resolves the conflicts it resolves. For Export LC, exporters in our country are asked for the documents like

- ✓ Bill of Exchange
- ✓ Transport Documents
- ✓ Commercial Invoices
- ✓ Packing List

**Documents required in international trade**

The global trade market has different exchange records that must be created at the time of exchange. Each exchange report is different from the others and shows different aspects of the exchange such as presentation method, quality, quantity, transport method, compensation, valuation etc. It is therefore essential that traders and exporters make sure that their reports reflect global trade transactions. A small mistake can do too much for both sides.

List of commonly used documents in global trade.

- ✓ Air Way bill copy with manifest copy
- ✓ If sea shipment submitted BL copy
- ✓ Country of Original Copy or Origin Certificate copy issued Production country Chamber of commerce
- ✓ Transportation Documentation
- ✓ If not claim of goods summitted Bill of exchange copy which mentioned specific goods price.
- ✓ Insurance policy copy must submit for global trade
- ✓ Packing List/Specification
- ✓ Buyer authority Inspection Report submit when ship the goods.

**Air Waybills**

The Air waybills provide unequivocal assurance that the goods have been delivered for dispatch. The standard cover exam consists of the first three and nine duplicates. The primary unique value applies to and is recognized by the carrier. A unique moment, a duplicate of the recipient, is marked by the wearer. The carrier of the third individual product notes and gives the shipment to the specialist as a goods receipt.

**Air Waybills serves as:**

- ✓ Verification of receipt of the products for shipment.
- ✓ A receipt for the freight.
- ✓ A certificate of insurance.
- ✓ Directly to the carrier's employees to handle, transport and transport the shipments

**Bill of Lading (B/L):**

- ✓ A bill of lading is a document from a shipping company for transporting goods, signed by representatives. A series of two, three or more demolition certificates are issued. Each time you load, the number of items in the set will be displayed, all of which must be counted. This is usually done for security reasons, so that the archive never falls into unauthorized hands. It shows if the shipment is picked up/freight paid or not.
- ✓ Freight Prepaid": Paid by Supplier
- ✓ Picking up of goods: Buyer pays at unloading port.

**GSP**

(Generalized System of Preferences) The Generalized System of Preferences offers tariff preferences from developed to developing countries to foster economic growth.

- ✓ Credit must be given by the recipient (seller) named by the creditor
- ✓ Address letter to applicant (buyer).
- ✓ Recipient's signature may be required.
- ✓ Describe product as on refund receipt.
- ✓ Numbered original and duplicate printed copies
- ✓ If necessary, add price and unit prices.
- ✓ Enter payment amount; do not exceed amount on return.
- ✓ Include delivery terms.

**Bill of exchange**

A bill of exchange is a type of written document in which the buyer requests an amount of money from the merchant at a later date, and the merchant agrees to pay the amount to the buyer on or before the due date. That record is especially important in refund transactions involving large amounts of money.

**Packing List**

The packaging details include materials used for shipping, estimation, weight of goods, and must-have packing list information.

**Inspection Certificate**

Inspection is a document requested by the seller for third party inspection of goods before final shipment. It ensures quality control and compliance with standards before delivery.

**Exp Form:**

Export Permission is a declaration by the Central Bank that allows users to export information or goods. Administrators can customize user permissions for data export. Whether using basic or advanced permissions, users can only export data they have permission to access. This permission is necessary for foreign remittance and adherence to export regulations.

## 3.7. Co-related Departments

Besides my mail focused department or Division working, I had worked with

- ✓ Marketing Department,
- ✓ Industrial engineering Department,
- ✓ Purchase & Procurement Department

The workflow and collaboration within different departments in the garment industry are crucial for the overall success of the business. The marketing department, industrial engineering department, and purchasing and procurement department all play a vital role in the supply chain process. Their interconnectedness is essential for efficient and effective operations in the industry.

**Marketing Department**

01. Order negotiating communicate with Buyer,
02. Collection of order.
03. Sample development and approval
04. Costing & Price negotiation,
05. Order Confirming, Collect LC,
06. Raw material in house,
07. Prepare T&N,
08. Pre-production Meeting
09. Bulk production monitoring
10. Final Inspection & Ex-factory Goods.

**Various processes discussed below.**

**Contact with the buyer:** The first step in the garment export process involves the clothing merchandiser contacting the customer to collect the order.

**Order collection:** The buyer provides the buyer's merchandiser with orders containing garment specifications for different products.

**Sample development:** The garments merchandiser must follow specification sheet to develop products for export order.

**Sample approval:** Garment merchandiser sends sample product design to buyer for approval.

**Costing:** Merchandiser will discuss final costs with buyer after product sample approval.

**Confirmation of order:** Merchandiser confirms clothing order at location.

**Consumption:** After confirming a garment export order, a merchandiser prepares to use required materials. Fabrics and accessories are reserved in-house to meet the order's needs.

**Master L/C Collect:** The buyer's L/C is opened and presented to the clothing merchandiser.

**Preparing T&A calendar:** Merchandiser needs to create production schedule for clothing manufacturing process.

**Fabric & trims in house:** All essential materials, trims, and accessories available in-house for booking.

**Pre-production meeting:** Pre-production meeting is essential before creating clothes to ensure all details are properly addressed.

Chapter Four

# Customs & Bond Activities

**We divide the customs is three types, these are:**

- ✓ Regular Works
- ✓ Annual Audit and Entitlement renewal
- ✓ Others works

## 4.1. Regular Works:

- ✓ Imported Bonded item need to into bond in customs register as per bill of entry,
- ✓ Collect the Utilization Declaration (UD) from local customer for preparing the Utilization Permission (UP) for adjust the bonded item against deemed export (Printing, Embroidery, Dyeing),
- ✓ Preparing the UD for utilize of dyes, chemicals and salt for direct export,
- ✓ UD and UP regularly send to the concern store for maintain the physical warehouse balance,
- ✓ Exported item need to out-bond form customs register as per UD (For Direct export) and UP (for deem export),

**Required documents and procedure for preparing of UP:**

- ✓ Check the Entitlement quantity, Import quantity, previous stock a per last UP
- ✓ Collect the UD, LC, PI from local buyer
- ✓ Prepare the application as per customs format
- ✓ Prepare the consumption sheet as per customs format
- ✓ Prepare the Chak-Ka as per customs format
- ✓ Prepare the main UP copy as per customs format
- ✓ Prepare the daily index as per customs format

## 4.2. Annual Audit

There need three types of statement (as per customs format) are required for Annual Audit:

- ✓ Import Export Performance statement
- ✓ Import Summary Statement for BTB LC (Yarn, Fabric, Accessories)
- ✓ Import summary statement for Direct LC (Dyes, Chemical, Salt and others bonded item)

## 4.3. Other works

- ✓ Inclusion of new item with HS code
- ✓ Enhance of entitlement quantity as per requirement of production
- ✓ Bonded warehouse transfer, extension etc.

# Chapter Five
# Findings & Recommendations

## 5.1 Findings

During my internship, I collaborated with various departments, such as the commercial department and its subdivisions like Export, Import, UD, Customs & Bond, Proceed Realization & Banking, and CNF. Additionally, I gained experience in the Merchandising, Industrial Engineering, and Supply Chain Management departments. After three months, I have valuable observations and suggestions for further improvement.

1. In the commercial department, employees are specialized in specific fields and lack knowledge of other departments. This leads to a lack of assistance when someone is absent, as they are focused on their assigned tasks and workload. This causes issues with teamwork and collaboration in the department.
2. Paper work patterns waste time, need storage, risk losing or damaging papers, and difficulty finding documents quickly.

3. Delays in shipment due to lack of follow-up may result in buyer imposing compensation for air freight costs.

4. Central bank resaves crisis impact on import row materials. That effect on export-oriented sector in Bangladesh.

## 5.2 Recommendations

1. Reorganizing job responsibilities to allow for multitasking among skilled staff requires top management to reschedule duties and promote interdepartmental knowledge.

2. In today's digital age, many people are opting to scan their paper documents and store them as e-documents or PDF files on a shared server. This digital archive allows for easy access to important papers with just a click.

3. Departmental follow-up must be enforced through reward and punishment methods; additional training and motivation for accountability are necessary.
4. Government should be taking some step crisis of dollar, How recover this difficult situation.

### 5.3 Learning for self-improvement

In my job, I collaborate with various division associates to incorporate their suggestions and improve job performance. I align my export-related work schedule with other departments like Industrial Engineering and Merchandising to track upcoming tasks efficiently. The knowledge gained from relevant courses helps me evaluate processes of sub-units and enhance my work experience. An internship program has strengthened my relationships with colleagues in different departments, improving communication and support. This practical experience has enabled me to plan future work effectively while integrating with related departments.

# CHAPTER FIVE

## CONCLUSION

## Conclusion

From an agribusiness-based economy to the present export-oriented economy, Bangladesh has shown significant growth over the years. The country's clothing and apparel industry has played a crucial role in this economic development, with its turnover increasing from US$270 million in 1972 to US$30,600 million in 2020. However, despite this progress, there is still room for further development.

Bangladesh RMG sector is close to achieving its $50 billion export target, but industry experts are uncertain if this goal will be met by 2021 due to the impact of Covid-19 on the global economy.

The internship report focuses on the commercial department of Masco Group, specifically the import, export, and logistics processes. The department is responsible for ensuring the timely export of goods to buyers' ports and securing the export value through letters of credit. Various sub-departments, such as shipping and logistics, import, customs, and banking, work together to facilitate the export process and ensure smooth transactions.

## APPENDIX 1

### Management of Masco Group

The Board of Directors of Masco group includes

| | |
|---|---|
| **M. A . SABUR** | **CHAIRMAN** |
| **AHMED ARIF BILLAH** | **MANAGING DIRECTOR** |
| **FAHIMA AKHTER** | **DIRECTOR** |
| **FARHANA AKHTER** | **DIRECTOR** |
| **MAHBUB MILTON** | **EXECUTIVE DIRECTOR** |

### Abbreviation:

| | |
|---|---|
| LC | Later of Credit |
| UD | Utilization Declaration |
| BTB LC | Back to Back Later of Credit |
| CNF | Clearing & Forwarding |
| Exp | Export Permission |
| GSP | Generalized System of Preferences |