Internship Report
Submitted for the Fulfillment of the requirement of the Degree of Master of Business Administration

“Comparative Analysis of Akij Shipping Line Ltd. with its Competitors”
Internship Report
On
Comparative Analysis of Akij Shipping Line Ltd. with its Competitors

Submitted to
Hasan Maksud Chowdhury
Assistant Professor
BRAC Business School
BRAC University

Submitted by
Md. Mukit Hasan
Student id: 16264014

Date: May 09, 2019
April 30, 2019

Mr. Hasan Maksud Chowdhury
Academic Supervisor
BRAC Business School
BRAC University

Subject: Submission of the Internship report on “A Comparative Analysis of Akij Shipping Line Ltd. With its Competitors”.

Dear Sir,

With due respect, as student of BRAC Business School, I have prepared my internship report on “A Comparative Analysis of Akij Shipping Line Ltd. With its Competitors”.

Your valuable advice, suggestion and guidance have helped me to prepare the report with ease. I hope you will appreciate my effort. I have done the study in a complete form and I have tried my level best to conduct this in a professional manner. It is true that, it could have been done in a better way if there were no limitations. I hope you will assess my report considering the limitations of the study. I will be very glad, if you kindly accept this report.

Yours sincerely

Md. Mukit Hasan
Student ID: 16264014
Acknowledgement

A successful Internship report reflects the affiliated organizations activities as it provides a virtual ground where the implication of theoretical knowledge experience with the practical teaching. It would not get its complement without active assistance of few people Akij Shipping Line Ltd. I become more benefited and decorated for being oriented with a group of qualified and benevolent people. Their assistance and guidance can never be paid back.

I am thankful to Engineer Mr. Alamgir Hossain, Sr. Manager (Technical Superintendent)& Mr. Mustafizur Rahman, Officer(Operations & Chartering) of Akij Shipping Line Ltd. for helping and guiding me while doing the internship program. They supported me and taught me various strategies, theories, tactics & philosophies while doing internship program. They shared a lot of information and allowed me to know about shipping industry, its market and strategies.

Finally, I specially acknowledge, Mr. Hasan Maksud Chowdhury, Assistant Professor, BRAC Business School, BRAC University for his instructions and guidance. He is the man behind my diligence, inspiration and devotion. An instructor creates insight in students, which he did very successfully.
Executive Summary

Akij Shipping Line Ltd. is established on 9th September 2010, a sister concern of Akij Group. It is an international shipping company specialized in the transportation of dry bulk cargos with modern business model. The company is a pure dry operator with a highly experienced team from major operating houses across the globe. Akij Shipping Line Ltd. owned vessels are able to trade worldwide in a multitude of trade routes carrying a wide range of cargos covering a number of industries.

Akij Shipping believes that by owning and commercially and technically managing its’ fleet the company can provide a superior service to its clients in offering innovative, creative, flexible & safe sea freight solutions.

The commercial team delivers reliable & cost effective freight solutions to customers/partners while seeking to optimize revenue through the execution of well-diversified and risk-adjusted hands on approach to chartering.

Through this report I have discussed and focused on the Chartering and Business operations of the shipping industries with regard to Akij Shipping Line Ltd. The practical experience I have gathered from the internship in Akij Shipping Line Ltd. has provided me the base of my analysis. I have also compared Akij Shipping Line Ltd. with its competitors Brave RoyalShip Management Ltd., Bashundhara Shipping Ltd. and Mercantile Marine Ltd. Finally I mentioned the findings and recommended about the issues.
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Background of the report:

Origin of the report

This report is originated as the academic report of the MBA program at BRAC University. The main purpose of the internship is to familiarize the students with the corporate world practically and slowly get them acquainted with the corporate culture.

The study has following purposes:

- To learn about the job responsibility.
- To relate the real scenario with the lessons learned in MBA program.
- To get exposed in the real business world.
- To fulfill the requirement of the MBA program.

Objectives:

Broad Objective:

To know the business operation and the marketing mix of Akij Shipping Line Ltd. and to know its competitors.

Specific objectives:

- First objective is to work on the marketing mix of Akij Shipping Line Ltd.
- Perform the comparative analysis with the competitors.
  
  1. Brave Royal Ship Management Ltd.
  
  2. Bashundhara Shipping Ltd.
  
  3. Mercantile Marine Ltd.

- Rank the organization with three major competitors.
Scope of the report:

- To know about the marketing mix of Akij Shipping Line Ltd.
- To know the kinds of operation done in the Shipping sector in Bangladesh.
- To know the competitors of Akij Shipping Line Ltd.

Methodology:

Primary data are collected through:

- Discussing directly with the officials.
- Some personal sources for the information about the competitors.

Secondary data are collected through:

- Websites of the companies.
- Different journals, periodicals and newspapers

Limitations:

Abundance of information and experience is needed to prepare a good report. The limitations for making the report complete and perfect may include:

- Due to business secrecy and confidentiality, some information will be held back.
- Time constraint is a major issue.
Chapter: 1

Rationale of the Report
1.1 Introduction
The international shipping industry is responsible for the carriage of around 90% of world trade. Shipping is the lifeblood of the global economy. Without shipping, intercontinental trade, the bulk transport of raw materials, and the import/export of affordable food and manufactured goods would simply not be possible.

Seaborne trade continues to expand, bringing benefits for consumers across the world through competitive freight costs. Thanks to the growing efficiency of shipping as a mode of transport and increased economic liberalization, the prospects for the industry's further growth continue to be strong.

There are over 50,000 merchant ships trading internationally, transporting every kind of cargo. The world fleet is registered in over 150 nations, and manned by over a million seafarers of virtually every nationality.

Ships are technically sophisticated, high value assets, larger hi-tech vessels can cost over US $200 million to build, and the operation of merchant ships generates an estimated annual income of over half a trillion US Dollars in freight rates, which reflects the upcoming possibilities.

1.2 History of Shipping Industry
Since the beginning of time, people have used water to help them transport cargo from one place to another. The first “ships” were single logs that small cargo was attached to and floated down river for trade. Eventually, logs were tied together to carry bigger cargos. About 5,000 years ago, the first major trade routes were formed between modern-day India and Pakistan along the Arabian Sea. During the same the time, the Romans were developing fleets that could cross the Mediterranean Sea in about a month. They carried low-value goods such as grain and construction materials. It was much cheaper to transport these good by sea than by land. Romans soon expanded their trade routes to travel over the Indian Ocean. During the 7th – 13th centuries, the Arab Empire began developing trade routes through Asia, Africa, and Europe.

During the Age of Discovery in the 15th – 19th centuries, advances in navigation and shipbuilding allowed Europeans to voyage across the Atlantic. This opened up trade routes to Virginia and Maryland for tobacco and Mexico and Peru for silver.
Now many goods could be traded between Asia, England, France, Denmark, Portugal, and the Americas. Trade companies developed. The most successful was the Dutch East India Company. During the 19th and 20th centuries, the Suez Canal opened shipping between Europe and Asia without going around Africa. The Panama Canal connected the Atlantic and Pacific Oceans. During this same time period, cruise ships were developed to carry people across the world. In the late 20th century, container shipping developed, leading to the shipping industry we see today.

1.3 Shipping & Shipbuilding in Bangladesh

Because of the revering geography of Bangladesh, ships have been playing a major role in the trade affairs of the people of this country since the ancient times. According to the accounts of the 14th century Moroccan traveller Ibn Batuta, there used to be large fleets of warships docked in various ports of the country. A medieval European traveller Caesar Frederick documented that the port city of Chittagong was a manufacturing hub of large ships during the mid-15th century. The volume of shipbuilding swelled extensively during the Mughal period. During the 17th century, the shipyards of Chittagong used to build warships for the Sultan of Turkey. The Royal Navy had many warships built in Chittagong, some of which were also used in the Battle of Trafalgar in 1805. Khulna Shipyard, the first modern shipyard of Bangladesh, was established in 1957, constructed by a German firm. Initially a private concern, the shipyard was later nationalized and came under the control of Bangladesh Navy in 1999. During Pakistan period public sector enterprises dominated the shipbuilding Industry. There are more than fifty shipyards concentrated at Dhaka, Chittagong, Narayanganj, Barisal and Khulna regions where inland costal and fishing fleets are being built. In 1979, FAO funded contract for supply of 8 food grain carrying vessels to Bangladesh Inland Water Transport Corporation (BIWTC) was secured by High Speed Shipyard, Narayanganj. Mitsui Engineering and Shipbuilding Industry of Japan entered into a joint venture in shipbuilding with High Speed Shipyard and constructed 4 deep sea fishing vessels. Recently some shipbuilding industries including Ananda Shipyard and Slipways Ltd, Dhaka and Western Marine Shipyard Ltd, Chittagong have come up with modern shipbuilding facilities that enabled them to receive export orders. However in 2008, Ananda shipyard exported her first ocean going ship Stilla Marriage to Denmark and earned reputation for Bangladesh as the ship exporting country in the world.

The first pioneer of shipping business in Bangladesh in the commercial segment is none other than BSC(Bangladesh Shipping Corporation). The Bangladesh Shipping Corporation (BSC), a state owned and managed public sector Corporation, is the largest ship owner in Bangladesh.
was established on 5th February 1972 under President’s Order No. 10 of 1972 with the objectives of providing efficient, safe, reliable and economic shipping services to the local exporters, importers and business houses, to develop sustainable shipping and ancillary infrastructures in a sovereign nation which just became independent on 16th December 1971 after a nine month long liberation war and thereby reducing dependence on foreign flag vessels to stop drainage of hard earned foreign exchange from the national exchequer.

During the liberation war in 1971, all vessels of Pakistan’s National Shipping Corporation (NSC) were withdrawn to Pakistan. The newborn nation thus found itself without a maritime fleet of its own. Having been inspired by the supreme sacrifice made by the freedom fighters and martyrs for liberating the beloved motherland our people started their journey in 1972 without a ship merely capitalizing on their firm determination to do something for the newborn nation by dint of their sincere devotion and earnest efforts under the dynamic able leadership of the then management. In the early days BSC’s activities were confined to only in providing agency services to the foreign principals. However endeavours for acquiring ships were on concurrently. BSC was able to acquire two ocean going ships namely, “M.V. Banglar Doot” and “M.V. Banglar Sampad” in a very short period of time after establishment of the Corporation in 5th February 1972. Of them BSC acquired “M.V. Banglar Doot” of 12812 DWT on 10th June 1972 as its first ship. Due to relentless efforts for procuring vessels to build up a balanced fleet it was reached up to a peak of 27 vessels in 1982. BSC was able to acquire a total number of 38 ships till now. But upon expiry of commercial and economic life so far 25 vessels have been disposed off in different phases. At present BSC has a mixed fleet of 13 ocean going ships including two tankers engaged in carrying sea borne cargoes in different international sea routes. Average age of the ships in the fleet is 20 years and total capacity of all these ships is 1.96 Lac MT.

The Corporation is run by a Board of Directors consisting of Hon’ble Minister for Shipping as its Chairman, Secretary, Ministry of Shipping, Joint Secretary, Finance Division, Ministry of Finance, Managing Director, Executive Director (Finance), Executive Director (Commercial)
and Executive Director (Technical) of BSC as members. The head office of BSC is situated in Chittagong, Bangladesh with branch offices in Dhaka and Khulna.

The authorized capital of the Corporation is Taka 25 crores divided into 25 lac shares of Taka 100 each. As on 30.06.2005 the issued and paid up capital is Taka 20 Crores. Bangladesh Government is holding shares in the amount of Taka 17.50 crores i.e. 87.50% of the total shares and balance shares of Taka 2.50 crores equivalent to 12.50% are owned by various banks, financial institutions and other private shareholders. To accommodate Government approved equity and facilitate further issuance of BSC’s shares to collect capital for funding development projects, a proposal for raising authorized capital from Taka 25 crores to Taka 400 crores and paid-up capital from Taka 20 crores to Taka 350 crores has been approved by the Government. Accordingly a proposal for amending concerned sections and/or articles of President’s Order No. 10 of 1972 is under process.

Presently SR Ship Management, Bashundhara Ship Management, Akij Shipping Line Ltd., Vanguard Maritime Ltd., Mercantile Shipping Lines Ltd. dedicatedly running their owned fleet worldwide.
1.4 Rationale for Selecting the Report

Often the internship Course exercises an enormous importance simply because it enables students to be practically familiar with the small business activities. The students are offered the chance to do the job closely together with the people of organization and discover about the performance, responsibility and company culture of the organizations. This program enables trainees to develop all their analytical capabilities and academic aptitudes in order to have a real-life alignment of the instructional knowledge.

Rapid growth of shipping industries in Bangladesh, especially after the recession during 2010-11 & recent tax cut in buying ships encouraged investors to buy new ships & continue business. They are earning profit as well as contributing to the economic growth of the country.

As a student of School of Business, BRAC University I have conducted my internship in Akij Shipping Line Ltd. which is maintained from Dhaka head office with a branch office in Chittagong.
Chapter: 2

Akij Shipping Line Ltd.

Akij Shipping Line Ltd. is established on 9th September 2010, a sister concern of Akij Group. It is an international shipping company specialized in the transportation of dry bulk cargos with modern business model. The company is a pure dry operator with a highly experienced team from major operating houses across the globe. Akij Shipping Line Ltd. owned vessels are able to trade worldwide in a multitude of trade routes carrying a wide range of cargos covering a number of industries.

Akij Shipping believes that by owning and commercially and technically managing it’s fleet the company can provide a superior service to its clients in offering innovative, creative, flexible & safe sea freight solutions.

The commercial team delivers reliable & cost effective freight solutions to customers/partners while seeking to optimize revenue through the execution of well-diversified and risk-adjusted hands on approach to chartering.

Presently Akij Shipping Line Ltd. having seven merchant vessels in their fleet, one more is adding at the end of April, they also have 35 lighter vessels of their own trading within territory.
2.1 Vision, Mission, Values

Vision

- To provide quality services that exceeds the expectations of our esteemed customers

Mission

- Achieving leading position in the shipping industry in Bangladesh
- Achieving profitability through integration of operations with the sister concerns
- To build long term relationships with our customers and clients and provide exceptional services by pursuing business through commitment and valued service.

Values

- Reliability: A promise made, is a promise kept.
- Innovation: Innovation is a must for excellence.
- Employee Engagement: Keep the employees happy, they will keep the customers happy.
- Safety: No compromise with safety and security.

2.2 Company Information

No. of Merchant Vessel: 08

No of Lighter vessel: 35

No. of Employees: 213

Floor area: 2300 sft (Dhaka office)

1600 sft (CTG office)

850 sft (Narayanganj office)

Major Trade: Dry bulk cargo

Average carriage: 55000 MTs
2.3 Major Customers:

1. Agrocorp international pte ltd, singapore
2. Intermarine shipping co. China
3. Visa bulk shipping pte ltd, singapore
4. Grand way success ltd, chinashopko
5. Lh shipping pte ltd, singapore
6. Probulk chartering pte limited, singapore
7. Bulk & metal transport (uk) llp, london

Cargo Sourcing: South Africa, Brazil, Vietnam, Thailand, Indonesia etc.

2.4 Foreign going ships:

1. M.V. AKIJ GLORY
2. M.V. AKIJ GLOBE
3. M.V. AKIJ OCEAN
4. M.V. AKIJ NOOR
5. M.V. AKIJ HERITAGE
6. M.V. AKIJ PEARL
7. M.V. AKIJ WAVE
8. M.V. AKIJ NOBLE

Sister concerns of the Company:

- Akij Ocean Lines Pte Ltd. Singapore
- Akij Maritime Ltd.
- Akij Shipping Lines Pte. Ltd. Singapore
2.5 Organizational Structure

Figure: Company Organogram
2.6 Responsibilities of the departments

The departments that comprises Akij Shipping Line Ltd. are as follows:

- The Operations Department
- The Chartering Department
- The Technical Department
- The Trading Department
- Accounts & HR Department

2.6.1 The Human Resource Department

A good efficient human resources division can provide the business with framework and the capability to meet the organizational objectives through controlling organization’s most valuable sources -- the employees. There are many HR procedures that are carried out by this department. The major responsibilities are:

- New recruitment
- Job safety
- Employee Relations
- Compensation and benefits
- Labor law compliance
- Training and development

2.6.2 The Operations Department

The Operations department plays a very important role in the business. There are a number of responsibilities of this department but main responsibilities are as follows:

- planning as well as organizing vessels schedule
- evaluating project and also resource specifications
- estimating, negotiating about budgets and timescales with clients as well as managers
- making sure that certain health and safety rules are fulfilled
- determining quality control requirements
- overseeing the operational processes
- re-negotiating timescales or even schedules as required
- liaising together with buyers and even marketing and product sales staff
- supervise the work associated with junior personnel
- organizing appropriate training sessions

2.6.3 The Chartering Department

The Chartering department of Akij Shipping Line Ltd. is provided with following responsibilities:

- Plan and create chartering techniques that balances customers’ anticipation and company’s objectives
- Analyze freight rate, customers’ responses and marketplace trends in order to anticipate cargo carrier demands.
- Work together with brokers, charterers, suppliers, distributors and analysts to negotiate prices, quantities and time-scales.
- Maximize client interest and also sales amounts by showing quality of vessels properly
- Forecast profits/sales and develop budgets
- Develop constructive consumer relationships and team with channel partners to build pipeline and close deals
- Stay up to date with the best practices of the industry.
2.6.4 Accounts Department

The accounting department is responsible for recording and reporting the cash flows, both in and out, of a company. There are five basic roles or functions within the department:

- Accounts receivable
- Accounts payable
- Payroll
- Financial controls
- Financial reporting

2.6.5 Technical Department

The maintenance department of Akij Shipping Line Ltd. has the following responsibilities:

- Performing routine inspections of property and gear.
- Performing precautionary maintenance.
- Dealing with basic repairs and maintenance.
- Managing contractors whenever professional fixes are necessary.
- The diagnosis of mechanical problems and fixing them.
- Fixing machines, products, or constructions as necessary.
- Ensuring error free supply of spares, stores & necessary items
- Selecting, ordering purchasing components
- Organizing the actual repair plus routine upkeep of production gear
2.7 Business process of Akij Shipping Line Ltd.

Client looks for a IMO standard vessel to export/import Cargo

Akij Shipping offers them to provide

Client/charterer provides with clause

Akij Shipping Line Ltd. study the clause & provide their clause & wait for confirmation

Akij Shipping Line Ltd. catch up with "Lay can" time if all parties agreed

Figure: Business process of Akij Shipping Line Ltd.

2.8 Terms and conditions

- Lay can time: Akij Shipping Line Ltd. always handover their vessel to charterer/broker/cargo owner within lay can time so that to avoid any loss to cargo owner. Cargo owner must provide dispatch/demurrage to Akij Shipping Line if they fail to redeliver the vessel in time.

- Chartering terms: There are basically two ways of chartering. 1. Voyage charter, 2. Time charter. In voyage charter, ship owner usually rent their ship to cargo owner/charterer in voyage basis. Cargo loading port & discharging port usually declared previously in charterer clause, time to complete the voyage is calculated based on ship’s average rated speed. Total time required to complete the voyage is mentioned based on ship’s performance but not limited to. Cargo owner provide a freight cost based on voyage duration & type of cargo, gross weight of cargo. Another type is time charter where cargo owner or charterer provide freight cost on daily basis. If ship stops due to ship owners
deficiencies, they charge outage from ship owner. Another type is also trending that is based on cargo quantity & type.

- **Payment terms:** Payment is not always 100% in advance basis. In both type of chartering 40% of payment is made in advance once the vessel catch up with “Lay can”. Rest of the payment is made with the passing of time. 100% payment must be made before redelivery.

### 2.9 General Ethics

- **Work environment:** The organization encourages building lawful place of work apprenticeship applications for the educational benefit of the employees.

- **Code of conduct:** The Company complies with all the applicable laws, rules and regulations such as labor, worker health and safety and environment.

- **Discrimination:** The Company never discriminate in employing and recruiting employees, including issues of security, benefit development, disciplinary steps, social as well as ethnic source, political viewpoint or impairment. The company utilizes employees based on their capabilities to do the task, not within the basis for his or her personal features or values.

- **Hygiene, health, safety:** Akij Shipping Line Ltd. possesses a safe as well as healthy work environment for its employees, and takes every required step to avoid occupational accident and sickness and ensures that workers are not within unsanitary or even dangerous operating condition not only at shore but also on board ship.

- **Wages and work hours:** The organization set operating hours, income and overtime, however, pays within compliances system applicable regulations. Here at office the primary working hours is 9am -6pm. Hours of work is followed by regulations and industry standards. Workers should be allowed rest of a minimum of one day for each 7 days time period. On board ship working hours must be in compliance with IMO SOLAS 78-95 & ILO regulations.
Chapter: 3

Competitors of Akij Shipping Line Ltd.
3.1 Worldera Corporation (Ex. Bashundhora Shipping Company)

Worldera Corporation operates with a network of strategic partners in the commodities trade. They started off in Dubai with a focal point of trading raw materials for the production of Cement along the South Asian Region. They have since grown across borders to include offices and trade partners that are quartered internationally. Some of these countries include Japan, China, Thailand, Vietnam, Indonesia, Bangladesh and Oman amongst others who are part of Worldera Corporation’s channel members.

Worldera Corporation offers a charter service to assist with its clientele’s logistical requirements. They specialise in the transportation of dry bulk cargo with a fleet of vessels that are able to handle between 40,000 ~ 60,000 dwt. With a team of dedicated professionals managing our onshore/offshore operations, Worldera Corporation strives to be reliable, efficient and timely in its maritime activities.

They understand that success in our trade requires deep specialisation in logistical frameworks, a sharp insight on global markets and the clout to integrate these services into a single entity.

Their founding team started out with the vision of being integrators in the industry, an enterprise where clients trading requirements and logistical concerns can be fulfilled simultaneously.

By integrating with Worldera Corporation’s supply chain, They trust that it gives them a competitive edge in the market through synergistic gains in their business units.

Here is an overview of their growth:

- **Nov 2009**
  - Incorporation of Worldera Corporation FZE in Dubai

- **Dec 2009**
  - Acquired a Grain terminal in Ukraine for the trading of agricultural commodities

- **Feb 2010**
  - Established its first trade of Clinker 46,000MT, from Donghwa, South Korea

- **Nov 2014**
  - Incorporation of Worldera Corporation S.R.O. in Bratislava

- **Dec 2011**
  - Shipped its 1st Million Ton of Dry Bulk Cargo

- **May 2016**
  - Incorporation of Worldera Corporation Pte Ltd in Singapore

- **Sept 2016**
  - M/V Worldera -1 commenced chartering services for dry bulk cargo

- **Oct 2016**
  - M/V Worldera -2 commenced chartering services for dry bulk cargo

- **Nov 2016**
  - M/V Worldera -3 commenced chartering services for dry bulk cargo
3.1.1 Vision and Mission

They believe that the key to a sustainable business model abides upon the integrity of its stakeholder relationships.

With a professional team of dedicated specialists providing counsel to their clients and a global network of strategic partners in commodities trading and shipping services, they ensure efficiency, reliability and consistency in their professional undertakings.

3.1.2 Company Information:

No. of merchant vessel: 08

No. of Employees: 365(Approximately)

Floor area: 95000 sft.

Major freight: Fly ash, lime stone, coal, slag, clinker, gypsum etc.
3.2 Mercantile Marine Ltd.

Mercantile Marine Ltd. based in Commercial Area at the Agrabad Circle of the Port City, Chittagong and member of Renowned group of Industries "Meghna Group” in Bangladesh. This is an independent ship management company that offers a comprehensive range of high quality marine services. Mercantile Marine Ltd. has a concise Company policy and is committed to offering first class ship pollution prevention and to provide high standard of on board maintenance.

Mercantile is managed by a team of highly skilled, experienced and dedicated professionals with many years of shipping background and operational expertise to handle the most complex international shipping operations.

Mercantile Marine Ltd. offers a wide range of services to ship owners and clients from the Merchant Marine Industries. Technical Management, Crew Management, Ships Agencies.

3.2.1 Objectives: Their Objectives is to maintain and improve the quality of service through the execution of Safe, Environment and Economical. Their planned activities are as follows:

1. No time loss in operation
2. No personal injuries
3. No environmental incidents
4. No damages & no accidents

3.2.2 Company Policy: All officers and onboard personnel are required to support and contribute to the effective implementation of our company policies, which as follows:

1. Drug and Alcohol Policy
2. Safety and Environment Policy
3. Human Resources and Occupational Health Policy
4. Security Policy
3.3 Brave Royal Ship Management Ltd.

Brave Royal Ship Management Ltd. is the biggest shipping company in Bangladesh owning 20 ocean going vessel. All 18 vessels are managed by Brave Royal Ship Management (BD) Limited and maintained in the highest standard with classification society, fully covered by 1st Class Hull & Machinery Insurance and P&I Clubs. Likewise, the vessels are manned with qualified and trained seafarers. All crew including the Masters are directly recruited by Brave Royal Ship Management.

3.3.1 Vision & Mission

Committed to being the priority supplier to valued customers by ensuring excellence in services; meeting or exceeding all their requirements. The practice sets core objective to be a candid speaker – WE ARE NOTHING BUT AN HONEST, SINCERE AND SKILLED FREIGHT FORWARDER. Since we are devoted to achieving excellence in all the things required to make quality steel, we never had to retreat from that belief. And so don’t have to shift our attention to promote anything vague.

3.3.2 Company Information

No. of merchant vessel: 20

No. of Employees: 280(Approximately)

Floor area: 4600 sft.

Chapter: 4

Analysis and Interpretation
4.1 Comparison with the competitors

If the number merchant vessel & number of lighter vessel data are compared and plotted on a graph we get the followings

![bar chart showing Foreign going Vessels fleet with data for Akij Shipping Line Ltd, Mercantile Marine Ltd, Worldera Corporation, and SR Ship Management]
In the foreign going vessels segment, SR Ship management got the highest number of fleet about 20 vessels trading worldwide where Akij Shipping Line Ltd. having only eight vessels trading worldwide. Worldera Corporation having total seven but they got their terminal in UAE.

Considering inland vessel fleet, SR Ship Management having a few inland vessel, normally they do lightering from Chittagong Outer Anchorage a few quantity, once the Chittagong port draft requirement is met, they just berth their vessel to port & commence fast discharging. Worldera Corporation is having a huge number of lighter vessels fleet, they use in their own purpose as well as they use to rent through WTC. Akij Shipping Line Ltd. having total 35 lighter vessels, Akij shipping Line Ltd. normally commence lightering from Chittagong outer anchorage using their lighter vessel.
4.2 Porter’s five forces model

The competitive environment of Akij Shipping Line Ltd. is described by the Porter’s Five Forces model:

Porter's five forces is a framework for analysis of industry and development of business strategy, it also determines the competitive intensity and attractiveness of a market. Attractiveness is with regard to overall profitability of industry while unattractiveness drives down profitability. This model implies that profitability or return should be constant across firms and industries; however studies have affirmed that different industries can have different levels of profitability due to their varied structure. The model can be used by organizations to develop edge over rivals.
1. **threat of new entry**

Shipping industry is quite profitable as cargo has to move across the world but issues involved in setting up a shipping company are large capital investments in the form of vessels, operating risk of a vessel and the cargo availability. Shipping Industry has following characteristics:

- High capital requirement
- Profit margin is high.
- Chance of expansion into new sector is less.
- Government restriction is less as industry is globally driven

Capital requirement of the shipping industry is very large, so the threat from the new entrants is less. As the capital is very large the profit is also too high in shipping industry. Because all exporters and importers know the best mode of transport for their goods is the shipping line. Most of the countries’ main economy evolves from the shipping industry. So the government will give full support for the new entry. **Overall threat of the new entry is moderate to high.**

2. **threat of substitution**

Substitution threat is the result of change in buyer behavior towards competitor or against company. Substitution may also result due to change in quality of service, increase in freight rates and increase in transit time. It may affect the company to certain extent as they have to start new search of customer, establish strong relations and educate them on company policies and systems. Switching costs increase more at times of downturn due to decrease in supply of business from customers. In case due to the delay of service or quality become poor and at the same time the freight rates are also similar, then the customers will switch on to the new substitutes. If the oil price shoots up then the company is forced to increase their transportation charges. Due to the increased rates in shipping and delayed timing to reach the destination on time, customers will go for the substitutes like airline, or even trucks or goods train[within the country]. If the airline or goods train or trucks can almost cost the same rates of the shipping companies but can reach on time then customers will think for such substitutes. In this present
world people won't compromise for anything. If they are not satisfied by the service they will jump to other substitutes who can give better rates and services.

- Availability of the substitutes is high.
- Price of substitutes is high.
- Quality and performance of the substitutes is high.
- Switching cost is high.

**Overall threat of substitutes is moderate to high.**

3. **Bargaining Power of Suppliers**

Suppliers barely make any difference to companies involved in shipping line business, especially to the dominating shipping companies. While it may affect to certain extent to small players who are struggling to establish within the industry. Suppliers provide fuel oil, lube oil, fresh water, paints, repair services etc. to the shipping companies. The bargaining power can be summarized as follows:

- Number of the suppliers is high.
- Price factor of the suppliers is high.
- Profit of the supplier is less.
- Switching cost of the supplier is high.
- Operating cost is high.

**Overall bargaining power of suppliers is low.**

4. **Bargaining Power of Buyer**

Buyer is one of the strongest factors in shipping line business. Buyers may be in form of importer or exporter, clearing agent, freight forwarder or manufacturer of goods.

Shipping business is based on two main core factors price and quality of service. Price refers to freight rate at which one container is decided by shipping company to transport from one place to
another. Due to much competition in this sector bargaining power of buyer has increased in relation to freight price. The bargaining power of buyer is summarized as follows:

- Numbers of the customers are high.
- Switching cost is low.
- Customer's information and awareness is less.
- Customer's ability to demand is high.
- Freight forwarders and clearing agents are high.

Number of customers is high in this field due to the export and import of goods from different parts of the world. But the similar price and quality will lessen the attractiveness. Customer's ability for demand is high, because operators are in threat of losing customers. Switching cost of customers is low because of more number of operators. **Overall bargaining power of Buyers/customers is high.**

5. **Competitive Rivalry/ Competitive Environment**

Rivalry exists in every field and it is part of the day to day businesses. It is sometimes bad because companies have to share hard earned profits with competitors and sometimes goods because it gives opportunities to one company to stand in line with another in terms of quality of service, business strategy, job satisfaction etc. The competitive rivalry can be summarized as follows:

- Number of competitors is high.
- Industry growth is high.
- Competitor's move to new customer is low.

Number of competitors is high in shipping industry, because of the thought that the profit margin very high in this industry. Industry growth is high, so the chance of exit from the industry is less. Competitor's move to new customers is very low because of the non-awareness of their profile. **Overall competition in the industry is high.**
4.3 SWOT Analysis of Akij Shipping Line Ltd.

Strengths:

1. **Ownership of foreign going vessel:** Akij Shipping Line Ltd. started its journey in 2010 with only 2 vessels of which one was scraped & now within eight years it acquired total eight foreign going vessel, of which one is the largest cargo vessel in Bangladesh.

2. **Skilled manpower:** Akij Shipping Line Ltd. has highly skilled, enthusiastic and energetic employees who work tirelessly for the fulfillment of clients and as a result the betterment of the company.

3. **Own Warehouse:** Akij Shipping Line Ltd. has its own warehouse at Narayanganj. As a result it doesn’t need to buy spaces or hold their ship in Chittagong for long time.

4. **Innovation:** Akij Shipping Line Ltd. works in an innovative way to increase customer’s satisfaction by providing them flexibility in freight fixing.

5. **Efficient management:** Akij Shipping Line Ltd. has a management team which gives the first priority to the customer satisfaction as well as maintains good relationship with the workers. They acts in ways that make the employees feel engaged to the company. The management keeps all the compliance paperwork up to date.

Weaknesses:

1. **Underdeveloped Communication:** In communicating with foreign going vessels while at sea is not yet developed like leading companies worldwide.

2. **Lack of modern and automated technology:** The lighter vessels segment is yet to develop with modern technology & communication equipment

3. **Subordinates absence within policymaking:** The subordinates do not get any choice or be a part of policy making in conference. The decision usually comes from the top management that is demotivating for the subordinates.
Opportunities:

1. **Diversification:** Akij Shipping Line Ltd. may expand their business by being not limited to cargo vessels but also they can expand in tanker vessels segment as demand for power plant fuel is increasing in Bangladesh.

2. **Economic war between USA and China:** There is an economic war going on between USA and China. As a result the importers from USA prefer importing/exporting using other countries to china. So, Bangladeshi Shipping businesses are getting much more freight than before. Akij Shipping Line Ltd. can exploit that opportunity also.

3. **Improved Government attitude toward shipping sector:** The Government of Bangladesh is taking different measures to create a good environment for the Shipping industry. Many countries are now being attracted to Bangladesh. Which is a great opportunity.

4. **Hiring fresh and dynamic graduates:** Akij Shipping Line Ltd. have an abundance of dynamic and fresh graduate in Bangladesh who are dedicated, enthusiastic and dynamic enough to contribute to the development of the company in the future.

Threats:

1. **Decreased freight cost:** Due to availability of shipping lines, small & big, freight cost has been decreased. Which provides an collective bargaining power of exporter/importer.

2. **Increased number of competitors:** As Bangladesh moving towards a good reputation in shipping industry in the global market many new investors are investing in shipping business. As a result the competition is rising.

3. **Strict IMO regulations:** Complying with new IMO regulations might increase cost in shipping business by increasing Low Sulphur Fuel Oil price.

4. **Piracy threats:** Somalian pirates put all the shipping business in imminent threat. Ship owners as well as cargo owners are also afraid of trading in those areas.
4.4 Marketing Mix of Shipping Line Business:

The marketing of shipping companies activating in merchant shipping (Plomaritou, 2006) is the science of Business to Business Marketing, which deals with the satisfaction of charterer’s – shipper’s needs for the carriage of goods by sea, with the main aim being the profit of the enterprise. This satisfaction presupposes, on the one hand, correct diagnosis of the shipping market and, on the other hand, appropriate organization, planning and control of the shipping enterprise’s means. The more the shipping enterprise tries to discover what its clients need to adapt the chartering policy to their requirements, to offer appropriate transport services and to negotiate the freight as a function to what it offers, the more the possibilities are to achieve the most appropriate, efficient and long-lasting commercial operation of its vessels. All shipping enterprises have limited capabilities concerning the means, resources and management abilities for their ships. This means that it is impossible to exploit all the chances of the shipping market with equal effectiveness. The matching of the shipping enterprise’s capabilities with the needs and desires of its clients is fundamental for the provision of the desired transport services, the satisfaction and retention of charterers and thus the commercial success of the enterprise (Goulielmos, 2001).

The strategies - related to the marketing mix – which are applied by the shipping companies under the present research, are the following:

4.4.1 Product/Service Strategy:

Product/Service Strategy, such as expansion strategies of company activities in the tramp as well as in the liner market. Shipping is a complex industry and the conditions, which govern its operations in one sector, do not necessarily apply to another; it might even, for some purposes, be better regarded as a group of related industries. Its main assets, the ships themselves, vary widely in size and type; they provide a whole range of services for a variety of goods, whether over shorter or longer distances. Although one can usefully isolate sectors of the industry providing particular types of service, there is usually some interchange at the margin which cannot be ignored. Although there are commercial divisions within the shipping market – the liner business carries different cargoes, provides different services and has a different economic structure from bulk shipping – the shipping market can also be considered as a single market.
Some shipping companies are active in both the bulk and liner markets and many ships (such as combined carriers and multipurpose vessels) are designed to operate in several different markets; indeed, this is one of the important ship owning decisions which is related to the service strategy. It must be recognized that in a depressed market, owners can move their investment from one market sector to another in order to avoid the market’s threats and to exploit the market’s opportunities. As a result, supply/demand imbalances in one part of the market can ripple across to other sectors. Mitsui OSK Lines implements such an expansion strategy by possessing a large and modern fleet of tramp as well as of liner vessels and by servicing the needs of trade throughout the world.

4.4.2 Promotion Strategy:

Promotion Strategy, such as advertising programs, policies for maintaining good relations with charterers, etc. The purpose of advertising is to get a message across to the charterer. Advertising operates at three levels – informs, persuades and reinforces. Advertising to inform normally relates to the promotion of new transportation services offered by new vessels of the company. There is also the public relations side of advertising, which includes media relations and exhibitions. The shipping companies use advertising as a basic competition tool. The companies, which provide high quality transport services, have a motive to reveal this quality through advertisements. Hanjin Shipping has developed various advertising programs that include a web page on the Internet, brochures, advertisements in the shipping press and participation at maritime exhibitions.

4.4.3 People Strategy:

People Strategy, such as programs of continuous crew training. According to this strategy, a company’s personnel and crew participate in training programs in order to be aware of the new developments of the international shipping industry (such as developments of a charter’s legal framework, developments of the shipbuilding industry, developments of a ship’s sale and purchase market, etc.). A.P.Moller – Maersk Group maintains a simulation center for the training of its personnel and crew.
4.4.4 Process Strategy:

Process Strategy, such as improvement strategies of negotiation procedures as well as strategies of voyage execution with speed and safety. The chartering industry is very demanding. It is difficult to think of any other industry in which contracts are negotiated within a few days, if not hours. Under the pressure of difficult negotiations conducted with speed, often by telephone or e-mails, mistakes and errors can have disastrous consequences. In this demanding and competitive environment, care must be taken to present a professional image, negotiations must be conducted in a serious and business-like way and charter parties’ clause must complement the contracting parties (Thorstensen O., 1996). When the guidelines of negotiations are ignored, the parties may well become liable for substantial claims. On the other hand, the strategies of voyage execution concern the reliability of the voyage. The reliability includes the frequency of sailings, directness of sailings, scheduling flexibility, on-time pick up & delivery of the cargo, fast execution of the voyage, reduction of turn-around time to minimum, appropriate cargo handling procedures during the loading and discharging operations and safe transport of goods. Cosco won the “Sailing Schedule Reliability Reward on Australia – East Asia Trade” for applying improved process strategies.

4.4.5 Price Strategy:

Price Strategy: In the shipping industry, there are two main pricing regimes: the tramp market and the liner market. According to Stopford (1997), liner shipping provides transport for small quantities of cargo for many customers and is essentially a retail shipping business. The liner company is a common carrier accepting cargo from any customer at prices set out in the rate book. The published rate book sets the framework for pricing, which involves differing degrees of discrimination by commodity and owner. That is not suggesting that the business is not competitive. On the contrary, it has spent most of its 125 – year history in deep competition. In contrast, bulk shipping is a wholesale operation (Stopford, 1997). It sells its services in large quantities, by contract to a much smaller number of industrial customers at individually negotiated prices. Ship owners and charterers negotiate to establish a freight rate, which reflects the balance of ships and cargoes available in the market. If there are too many ships, the freight rate is low; while if there are too few ships, it will be high. In both cases, the pricing system is
central to the supply of transport. In the short run, supply responds to prices as ships change their operation speed and move to and from lay-up, while liner operators adjust their services. In the longer term, freight rates contribute to the investment decisions, which result in the scrapping and ordering of ships.

4.4.6 Place Strategy:

Place Strategy: In case of a time charter engagement, the charterers wish to employ vessels without trading and geographical limits. Instead of that policy, the time charter party usually specifies that the vessel must be used only within a certain geographical area and that the charterers have the privilege of breaching the trading limits by paying an extra insurance premium (Bonnick, 1998). Where a charter party states that the loss of time, due to breach of warranty limits, is caused by the charterer, this provision does not only mean the time lost on passage due to average (e.g. damage), but also the time wasted by the ship owner while the damage is being repaired. Place strategy includes the policy of operating vessels without trading and geographical limits, such as the operation of well-built and maintained tankers, which can be used in the environmentally strict areas of the West Coast of America. Frontline possesses a large and modern fleet of tankers, which can meet the strict legislation of the extremely environmentally regions and can be employed in any sea, without trading and geographical restrictions.

4.4.7 Physical Evidence Strategy:

Physical Evidence Strategy such as strategies of the improvement of a vessel’s performance and efficiency. Physical evidence strategies are the strategies of a company’s compliance to the international regulations concerning vessels’ design and operation, strategies of proper maintenance of fleet, strategies of continuous crew training, etc. The ship owner is obliged to provide a ship built, equipped, supplied and manned in such a manner as to carry safely the cargo to its destination and to overcome the ordinary perils of the sea. Teekay Shipping has created a marine management system, called the “Marine Operations Management System”, which imparts the philosophy of safety management to the entire organization. The system includes efficiency indicators for constant monitoring and improvement of all the enterprise’s operations.
In 2003, Teekay obtained the “Certificate of Environment Management International Standards - ISO 14001”.

4.4.8 Paperless Trade Strategy:

Paperless Trade Strategy such as the implementation of the EDI system. Many shipping companies, particularly in the liner shipping market, have realized that the investment in information technology and electronic commerce should be seen not simply as a corporate overhead to be absorbed as part of the cost of doing business, but as a competitive weapon in its own right. This requires managers to view information technology not as a part of the infrastructure servicing the rest of the organization to be left to computer specialists, but as a strategic resource. A clear paperless trade strategy is needed to allow the firm to recognize the relevance of the information to gaining the stated marketing objectives. The information should be stored in the database on a need-to-know basis rather than a nice-to-know basis. At the same time, it should be recognized that the data must be constantly updated if they are to be of use. Evergreen applies a technologically advanced EDI System between the company and the shippers. The system provides fast and valid information, while time and effort are saved. The company won the “E-Commerce Excellence Award 2004”.


Chapter: 5

Findings of the study
5.1 Comparison with the competitors

If Akij Shipping Line Ltd. is compared with its competitors we can see that it has the second highest number of foreign going vessel as well as second highest number of inland vessel among its competitors. But it has the biggest dry bulk carrier in its fleet in the history of Bangladesh. Most of the ships are modern, not more than 10 years old & capable of carrying grain cargo. All of the vessels are trading worldwide except North American zone. It has yet to establish a strong market base in Europe which it should consider to improve its market share and profitability as well as diversification of the business.

5.2 Ranking with regard to the competitors

If we compare Akij Shipping Line Ltd. and its competitors we get the ranking as follows:

1. Brave Royal Ship Management
2. Akij Shipping Line Ltd.
3. Worldera Corporation Ltd.
4. Mercantile Marine Ltd.

5.3 Findings regarding the efficiency and effectiveness

- According to the study most of the shipping lines are not efficient in cargo owner/charterer handling. In spite of looking for long term relationship they just focus on present business situation, open to world market, especially in EU & North American zone.

- While considering the effectiveness of backwards linkage business it is discovered that this market is suffering from negotiation, insufficient fleet and need of consciousness to committed shipping.

- Their inefficiency once more has been demonstrated when I discovered that they are very much reluctant to taking any kind of promotional step to persuade buyers.

- Shipping industries facilities attempt their level best to maintain the business relationship.
5.4 Findings regarding the problems of garment factories

- Taxation is one of the major determinants for ship owner/operator in decision making regarding flag selection. Most of the performing registers do not impose income tax on shipping operation and profit, except tonnage tax that make them economic one to ship owner. Besides, Bangladesh impose taxes and value added service (VAT) on several stages from vessel import to profit derived from the shipping operation. Also, tax is determined on the basis of imported price and fees are based on both vessel size and import price. In contrary, the taxes and fees were determined solely on the basis of vessel size or tonnage by both (PMA and SRS) instead of imported price that are more transparent and straightforward to ship owner. Flexibility on taxation can stimulate vessel owner as well expand fleet flying Bangladesh flag.

- Simplification and automation through information technology is the another feature in registration course of the popular ship register. Most of the vessel owner desires to avoid complexity throughout the shipping operation as well as dealing with flag state. In this respect, vessel registration under Bangladesh flag has to face different organizations. Besides, there is no easy guideline of vessel registration ready available to Mercantile Marine Office (MMO) website. Easy and automated process can create an advantage in shipping operation to vessel owner that can promote Bangladesh flag.

- Commercial aspect is the key element in international business of Ship Registry. Major flag register offers competitive fees and exemptions through multiple discount schemes. Both the PMA and SRS provide concession upon fleet registration, pollution prevention, employment generation, green ship practice etc. Whereas, Bangladesh flagged vessel is not adequately facilitated with such incentive scheme. Therefore, lack of incentive impinges negatively on vessel registration. Incentivisation on vessel registration can attract owner as well as increase fleet performance and capacity building of Bangladesh flag.
Chapter: 6

Recommendation
6.1 Recommendation

Like Bangladesh, many other countries such as Vietnam, Brazil, India, Indonesia and Turkey are also trying to capture the surplus global shipping market. Efficient management & government incentives may play a vital role in upholding this business.

Draining out skilled manpower from local to foreign shipping industry is a usual and unavoidable threat for local companies. Local industries should do all within its capacity to retain those skilled manpower.

More than 80% of raw materials and ship’s components are in import-based for export oriented Bangladeshi shipbuilding. Ultimately unit price of export ships and foreign dependency increases. So increases ships price. Government should take initiative to enable resources.

Most of the shipping industries have developed close links between ports and support agencies for reducing cost. But due to non-availability of industries of classified marine agencies and limited infrastructure in Bangladesh port services time is deferred and shipping cost in increased as compare to the competitors. Shipping industries should enrich their linkage overseas.

Overall management practice and planning process for most of the shipping companies is not up to the international standard. Lack of expert financial personnel, absence of corporate management culture, poor forecasting process and central decision-making culture in day-to-day matter make local shipping companies handicapped. These issues should be resolved.
6.2 Conclusion

Shipping is a global platform, unstable and complex in nature. Ship registration is visualized by the ship's documents and its flag to the world. The flying of the flag is the detectible sign of nationality. Today's shipping industry is truly commercial, not only because of its prime task of transferring goods globally, but also from a strategic and corporate standpoint. Ship owner tends to handover their ship registration in a country where they get flexibly and commercially satisfying. Keeping this in mind, major vessel registers attract vessel owner with industry friendly policy and flexible fee structure thereby holding outstanding portion. The government of Bangladesh should look forward to attract ship owners by minimizing issues in registering ship.

All shipping enterprises have limited capabilities concerning the means, resources and management abilities for their ships. This means that it is impossible to exploit all the chances of the shipping market with equal effectiveness. Matching the capabilities of the shipping enterprise with the needs and desires of its clients is fundamental for the provision of the desired transport services, the satisfaction and retention of charterers and thus the commercial success of the enterprise. The shipping company must organize its resources in such a manner as to be able to apply improved strategies of effective marketing in order to achieve a long-lasting and more effective commercial operation of its vessels.
Reference


