



**Critical Analysis  
on  
Import Mechanism**



INTERNSHIP REPORT  
ON  
CRITICAL ANYLYSIS ON IMPORT  
MACHANISM

Submitted to:

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Dated of Submission: September 10, 2014

## ***Letter of Transmittal***

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September 10, 2014

To,  
Mr. Mahmudul Haq  
Assistant Professor  
MBA Department  
BRAC University  
66 Mohakhali, Dhaka-1212.

**Subject: Submission of Internship Report.**

Sir,

With due respect I would like to inform you that as per our academic requirement for the course of “Internship (BUS-699)”- Major in Finance, Masters of Business Administration from BRAC University, I am submitting my Internship Report on the “**Critical Analysis on Import Mechanism**”.

However, I have gathered all the facts I could have tried my best to make it as much presentable. Despite its limitation, I sincerely hope that my report will meet the requirements that you set for me.

Your sincerely,

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(Sohel Ahmed)  
Student ID.11164056  
Major in Finance  
Department of Business Administration  
BRAC University

## ***Acknowledgement***

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The Almighty ALLAH is so great that He gave me the ability to finish the task within the time.

First, I would like to show my humble gratitude to **Mr. Mahmudul Haq**, Assistant professor, Department of MBA, BRAC University for his invaluable guidance, encouragement and suggestions to prepare this report during internship period without which it would be hard to complete and submit this report.

I specially like to thanks to my parents and all of my well wishers for extending their helping hand at a time I need it most. I remember all the care and love of my friends for their inspiration, valuable suggestion and co-operation.

Preparation of this report required assistance, guidance and also took valuable time of many important and prestigious personalities. I want to express my gratitude to Directors and Managers of “**Chittagong Denim mills Ltd.**” for providing me the necessary information to do my internship report.

Finally, I would like to thank to all the General Managers, Assistant General Managers, Senior officers, Executive Officers as well as Officials of **Chittagong Denim mills Ltd** who helped me a lot to prepare this internship report.

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## ***Executive Summary***

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Bangladesh's textile industry, which includes knitwear and ready-made garments along with specialized textile products, is the nation's number one export earner, accounting for \$21.5 billion in 2013 – 80% of Bangladesh's total exports of \$27 billion. Bangladesh is 2nd in world textile exports, behind China, which exported \$120.1 billion worth of textiles in 2009. The industry employs nearly 3.5 million workers. Current exports have doubled since 2004.

Chittagong Denim Mills Ltd is the world class latest denim fabric producer in Bangladesh. It was incorporation in 2005 and start Commercial operation in 2007. We produce a wide range of denim fabric like classical INDIGO, BLUE BLACK as well as BLACK. Our total land area 10 Acres and Covered area (Production/Storage) is 185,072 sq Chittagong Denim Mills Ltd has an ETP to treat the waste water and save the environment. We have our in house power plant to produce enough electricity to have uninterrupted production facility. Chittagong Denim Mills Ltd does not employ any person under the age of 18.

For export denim fabrics we must import from local and foreign market. As per Bangladesh government policy we must import local/foreign goods only by Letter of Credit (LC) mechanism. Without LC mechanism it is not possible to doing export/ import business. For import yarns, chemicals, machineries, and spare parts open different types of LC. We also open Foreign Telegraphic Transfer (FTT) for transfer the currency for open FTT. All the import mechanism must be done with the use of banking mechanism. We mainly open Back to Back (BTB) LC's, At Sight or Cash LC's, very few of deferred etc. All the commercial letter of credits, where export related documents such as Invoice. B/L etc are required to present with the Bill of Exchange.

By negotiation with party they issue a Proforma Invoice eith certain conditions, then with supporting documents likes LCAF and Application we apply to bank for opening a LC, bank issue this LC and transmit this LC to advising bank with the help of SWIFT. Party received this LC from their bank. After receiving this LC they ready the goods and made shipment and send documents to the issuing bank for release the goods from customs. We endorse this document by the bank officers and send it to our authorised C&F for discharge these goods from port. After receiving these goods we make payment according to LC conditions. If this LC is BTB LC then generally we made payment 120days later from issuing Bill of Lading (BL), If it is Cash LC then payment made when we received the documents from bank. Before made payment we give acceptance to the party using banking mechanism. LC mostly used in doing national and international business like import and export, this is mostly risk free mechanism.

Chittagong Denim Mills Ltd achieved global standards in quality, cost, service and scale of operation. We are focused on using innovative processes, technologies & machines to manufacture the finest products at a reasonable cost. Chittagong Denim Mills Ltd has become one of the most preferred fabric suppliers of the leading global Market.

## **1.1 Introduction:**

The textile and clothing (T&C) industries provide the single source of economic growth in Bangladesh's rapidly developing economy. Exports of textiles and garments are the principal source of foreign exchange earnings. By 2002 exports of textiles, clothing, and ready-made garments (RMG) accounted for 77% of Bangladesh's total merchandise exports. By 2013, about 4 million people, mostly women, worked in Bangladesh's \$19 billion-a-year industry, export-oriented ready-made garment (RMG) industry. Bangladesh is second only to China, the world's second-largest apparel exporter of western brands. Sixty percent of the export contracts of western brands are with European buyers and about forty percent with American buyers. Only 5% of textile factories are owned by foreign investors, with most of the production being controlled by local investors. The ready-made garment (RMG) sector has experienced an exponential growth since the 1980s. The sector contributes significantly to the GDP. RMG needs huge denim fabric to produce the cloths for export. We are contributing our national export also GDP by producing denim fabrics and supplies it's to garments to produce the cloths as well as meet the demand of foreign countries.

**Chittagong Denim Mills Ltd** is an endeavor to produce the high volume cotton finished fabric to cater the need of the American and European market. The profiled capacity of this project is 900,000 yards of DENIM FABRIC per MONTH which will earn approximately US \$ 18.00 million/year revenue for country. Organization has installed the state of the art technology to achieve its prime objective – “To Produce the best quality”.

Chittagong Denim basically, is just background integration where instead of sourcing the fabric from foreign countries like China, Indonesia, India, Pakistan etc; it is producing DENIM fabric on its own for world market. This added immense flexibility and versatility to the business while also improving the response time to the customer.

The basic raw material for this project is high value cotton made open & Ring spun, yarns the vat class of dyestuffs and supporting chemicals. CHITTAGONG DENIM sources the best of these raw materials which is either imported or locally produced.



## **1.2 Historical Background of Chittagong Denim Mills Limited:**

Chittagong Denim Mills Ltd is the world class latest denim fabric producer in Bangladesh. Chittagong Denim Mills Ltd was incorporation in 2005 and start Commercial operation in 2007. Chittagong Denim Mills Ltd is Oeko-Tex® Standard 100 Certified.

Brief Details:

Year Started	: 2007
Total Land area	: 10 acres
Total Coverd Area	: 17,200 sq mtr (185,072 sqft)
Product	: Denim fabric
Production Capacity	: 10.8 million Yard / Year
Manpower	: 450
ETP	: 30,000 ltrs /hr
Water reservoir	: 480 cbm

At Chittagong Denim Mills Ltd we have a denim range from 4.5oz/sq yd to 14.5oz/sq yd with textures from the very basic denim to the most intricate fancy weave. We have indigo dye range which is capable to doing colored bottoming/topping plus very deep indigo shades. We produce a wide range of denim fabric few of which mentioned below. Mainly in classical INDIGO, BLUE BLACK as well as BLACK.

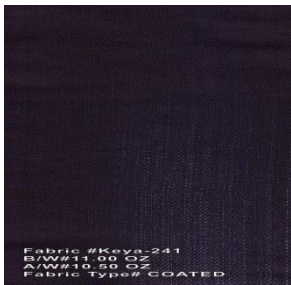
Our total land area 10 Acres and Covered area (Production/Storage) is 185,072 sq Chittagong Denim Mills Ltd has an ETP to treat the waste water and save the environment. We have our in house power plant to produce enough electricity to have uninterrupted production facility. Chittagong Denim Mills Ltd does not employee any person under the age of 18.

We do all only to meet the market demand and satisfaction to our valued customers worldwide. We endeavour to be the prime provider of Denim to the globe and meet international standards and managed by a team of young energetic professionals producing superb quality Denim from state of art machineries. With Continuous focus on quality improvement and value addition, Commitment towards maintaining safe and healthy workplace for the workers and strict adherence to customers compliance requirements. Chittagong Denim Mills Ltd to achieve global standards in quality, cost, service and scale of operation. We are focused on using innovative processes, technologies & machines to manufacture the finest products at a reasonable cost. Chittagong Denim Mills Ltd has become one of the most preferred fabric suppliers of the leading global Market.

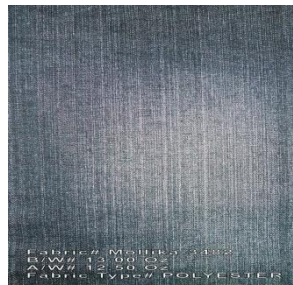
### **1.3 Product Gallery:**

Our product range includes

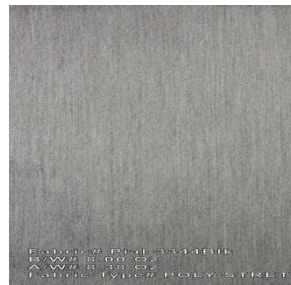
- Our product range includes
- 100% Cotton Denim
- Cotton+Poly Denim
- Cotton Lycra Stretch Denim
- Cotton+Polyester+ Spandex Streth Denim
- Ring Slub



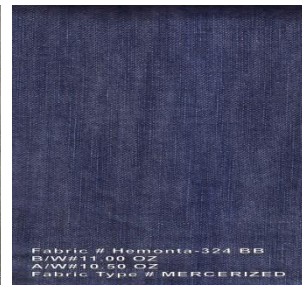
**Coated**



**Cotton Poly**



**Cotton Poly Spandex**



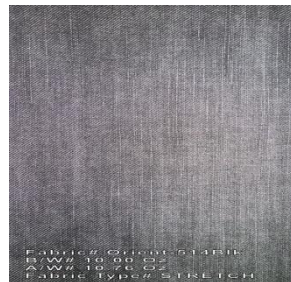
**Mercerized**



**Ring**



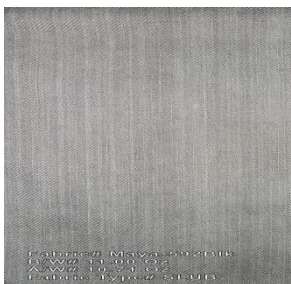
**X-Ring**



**Stretch**

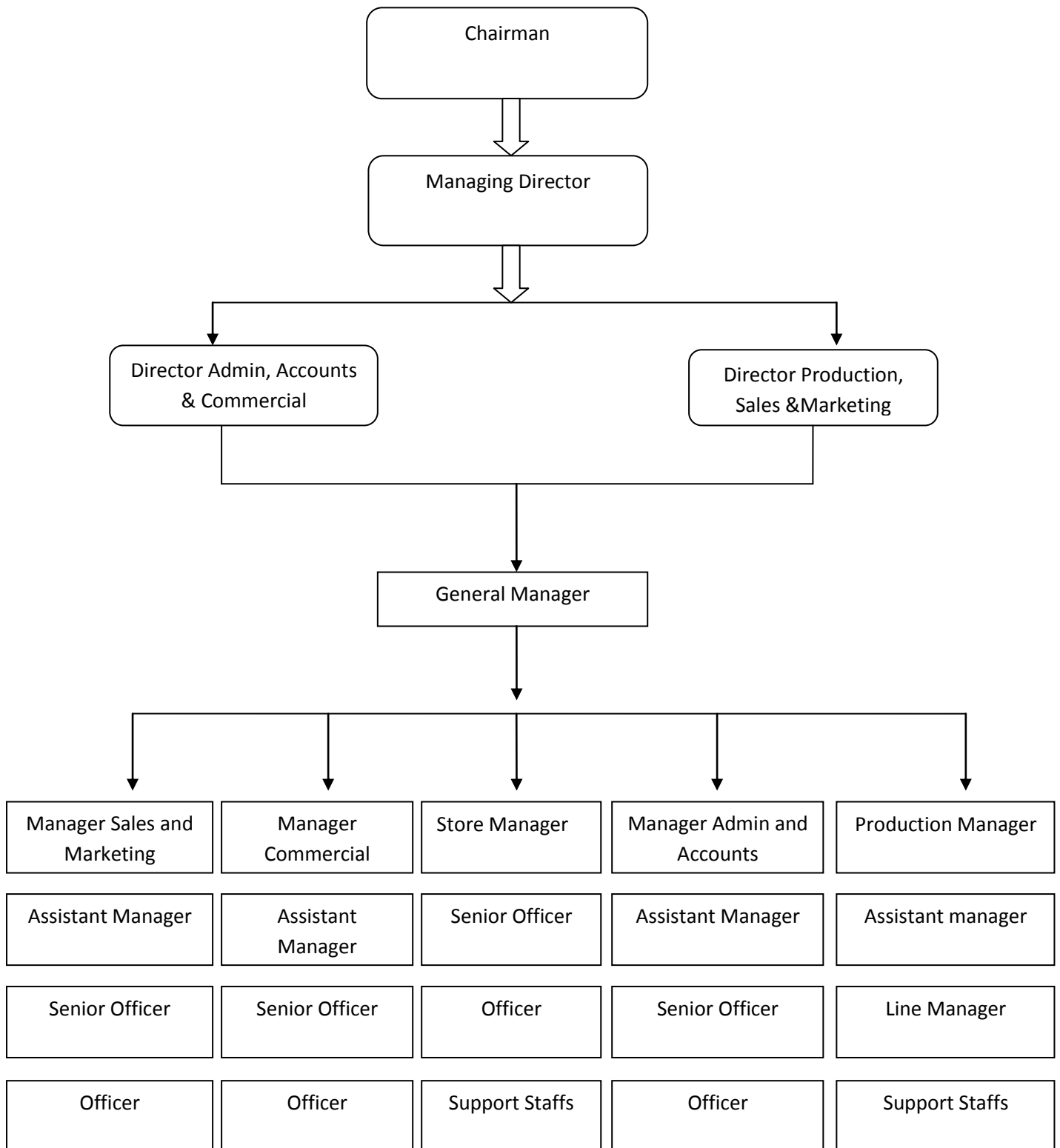


**X-hatch**



**Slub**

**1.4 Operational Network Organogram:**



**CHITTAGONG DENIM MILLS LTD** is managed by the board comprising:

**Bert Pronk (Chairman)**

Bert for the last 40 years has owned and operated a wide range of manufacturing and construction companies and Apparel business and is currently Chairman of BM Container, CFS in Chittagong, Bangladesh, Director of CENTURION Golf Club, UK.

**Mostafizur Rahaman, (Managing Director)**

Mostafiz is for the last 20 years has owned and operated a wide range of Apparel & textile business and is currently Chairman of Smart Jeans, Smart Jacket, Managing Director of BM Container, CFS in Chittagong, Bangladesh,

**M. Rahamat Ullah, (Director)**

Rahamat has 30 years of experience in Management, Shipping & Marine Engineering Industry including last 12 years of Denim production Industry.

**Mahafuzar Rahaman, (Director)**

Mahafuz, for the last 10 years has owned and operated a wide range of Apparel & textile business including last 5 years in Denim industry.

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## **1.5 Mission and Vision statements for the future:**

### ***Mission statements***

“We strive to be the prime provider of Denim to the globe and meet international standards and managed by a team of young energetic professionals producing superb quality Denim from state of art machineries. With Continuous focus on quality improvement and value addition, Commitment towards maintaining safe and healthy workplace for the workers and strict adherence to customers compliance requirements.”

### ***Vision statements***

“We are focused on using innovative processes, technologies & machines to manufacture the finest products at a reasonable cost.”

## **2.1 Description / Nature of the job:**

Chittagong Denim Mills is an export orient denim company. For exporting the finished fabrics we have to import lots of yarn, chemical, machineries and lots of spare parts. My job nature is given below.

- Importing the yarn, chemical, machineries and lots of spare parts from local and foreign companies.
- To monitor the all import related activities.
- Work in office as well as work in bank and others offices like government and non-government.
- Renewal activities of all company's certificates.

## **2.2 Specific responsibilities of the job:**

- Organizing, monitoring and maintain Import and LC related all activities,
- Maintain Communication with C&F, bank and all other party,
- Bond and custom related activities,.
- Time to time updated/renewal company's all certificate,
- Keep record all the information with soft and hard copy.
- Report to the manger & also management.
- Total Import statement follow-up to make it update daily basis.
- All kinds of commercial file handling properly.

### **2.3 Job Description / Responsibility:**

- Preparation of Customs documents.
- Monitor shipping documents to respective offices and banks on time.
- Handle all commercial aspects.
- Need to handle any other work assigned by Top Management
- Handle Import Documents, Cash Incentive, EPB, BTMA, CUSTOMS, Back to Back L/C, banking etc.
- Handle all commercial control.
- Communication with C&F.
- Negotiation of documents with banks on time.
- To take various approval from BOI, BTMA, and from all related government office.
- To co-ordinate with other departments for smooth functioning.
- Checking L/C terms for obtaining L/C Amendment if necessary.
- Local and foreign export follow-up with Logistics, Customer Service, Marketing & Credit Control departments.
- Collect partial acceptance for submission in Bank with the validity of Credit without discrepancy.
- Total Import statement follow-up to make it update daily basis.
- All kinds of commercial file handling properly.
- Banking related works
- Customs documentation formalities
- Execute, monitor and manage L/C related work.
- Idea on import policy, HS code, UCP documentary credit, customs law etc.
- Conducting all kinds of Import related Banking, Customs & other functions.
- Preparation of Export & Import, Transport & Customs Documents.
- Handle Export/Import Documents, Cash Incentive, banking etc.
- Communication with C&F and Forwarding agents
- Checking invoice, packing list, B/L, shipping documents, etc.
- Negotiation of documents with banks on time
- Handling any other commercial related work assigned by Top Management.

## **2.4 Different aspects of job performance:**

Job performance is measured by

- It measures with how smoothly run the import related activities.
- Checking the import related all documents as like LC, Original shipping documents.
- It measures by much communicative with local and foreign party.
- Based on the communication on the other departments
- Release the Imported goods from port with the helping C&F agent with low cost and minimum time

## **2.5 Critical observations and recommendations:**

- Import documents is very sensitive, because if any mistake is happened any original shipping documents then release the goods from port is very tough.
- Check the draft LC copy and original shipping documents and concern the appropriate authority if any mistake is found for taking corrective action.
- Times to time communicate with C&F agent and full their documentation demand.
- Endorse the original shipping documents in proper way.
- Keen observation all the papers and documents seriously.
- Maintain the good relation with Party, Bank, C&F agents and other department.



## Summary

Bangladesh's textile industry, which includes knitwear and ready-made garments along with specialized textile products, is the nation's number one export earner, accounting for \$21.5 billion in 2013 – 80% of Bangladesh's total exports of \$27 billion. Bangladesh is 2nd in world textile exports, behind China, which exported \$120.1 billion worth of textiles in 2009. The industry employs nearly 3.5 million workers. Current exports have doubled since 2004.

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For export denim fabrics we must import from local and foreign market. As per Bangladesh government policy we must import local/foreign goods only by Letter of Credit (LC) mechanism. Without LC mechanism it is not possible to doing export/import business. For import yarns, chemicals, machineries, and spare parts open different types of LC. We also open Foreign Telegraphic Transfer (FTT) for transfer the currency for open FTT. All the import mechanism must be done with the use of banking mechanism. We mainly open Back to Back (BTB) LC's, At Sight or Cash LC's, very few of deferred etc. All the commercial letter of credits, where export related documents such as Invoice. B/L etc are required to present with the Bill of Exchange.

By negotiation with party they issue a Proforma Invoice eith certain conditions, then with supporting documents likes LCAF and Application we apply to bank for opening a LC, bank issue this LC and transmit this LC to advising bank with the help of SWIFT. Party received this LC from their bank. After receiving this LC they ready the goods and made shipment and send documents to the issuing bank for release the goods from customs. We endorse this document by the bank officers and send it to our authorised C&F for discharge these goods from port. After receiving these goods we make payment according to LC conditions. If this LC is BTB LC then generally we made payment 120days later from issuing Bill of Lading (BL), If it is Cash LC then payment made when we received the documents from bank. Before made payment we give acceptance to the party using banking mechanism. LC mostly used in doing national and international business like import and export, this is mostly risk free mechanism.

Chittagong Denim Mills Ltd achieved global standards in quality, cost, service and scale of operation. We are focused on using innovative processes, technologies & machines to manufacture the finest products at a reasonable cost. Chittagong Denim Mills Ltd has become one of the most preferred fabric suppliers of the leading global Market.

### **3.1 Description of the Project:**

The report has been prepared as a mandatory requirement of the “**Master’s of the Business Administration (MBA)**” program under Department of BRAC Business School, BRAC University, Bangladesh. This report entitled “**Critical analysis on import mechanism**” My institutional supervisor “**Mr. Mahmudul Haque**” assigned me the topic of the report. The primary goal of the project papers is to provide on the job coverage to the student and an opportunity for translation of theoretical conceptions in real life situation. And also my supervisor suggest me to relate with my company all the import related formalities, rules and regulations.

### **3.2 Objective of the project:**

The core objective of this study is to **Critical analysis on import mechanism**

The objectives of the report are as follows:

#### **3.2.1 Broad Objective:**

- To match my academic knowledge with the real corporate business set up.
- To enlarge my experience from a real corporate exposure
- To enhance my adaptive quality with the real life situation

#### **3.2.2 Specific Objective:**

- ❖ To know organizational profile of “Chittagong Denim Mills Ltd.”
- ❖ To evaluate the import related all activities.
- ❖ To identify from where importing the best raw materials and machineries.
- ❖ To emphasize those areas where improvement is necessary.
- ❖ To collect the best raw materials and best machineries for best denim fabrics production.
- ❖ To minimize the importing cost.

### **3.3 Methodology:**

#### **Data Collection:**

Both the primary as well as the secondary form of information was used to prepare the report.

The details of these sources are highlighted below:

#### **(a)Primary Source**

I have collected primary information by interviewing my colleagues, employees, managers, general manager, raw material suppliers and observing various organizational procedures, structures. Primary data were mostly derived from the discussion with the employees of the organization. Bank support me very well to prepare this report by giving various import related rules, regulations, and procedure.

#### **(b)Secondary Source**

I have elaborated different types of secondary data in my report. Sources of secondary information can be defined as follows:

- ❖ From different types of banking website.
- ❖ Annual report of Chittagong Denim Mills Ltd 2012-2013.
- ❖ Prospectus of Chittagong Denim Mills Ltd.

### **3.4 Limitations:**

- Time period of twelve week was too limited to get practical experience. As I am a permanent employee during the twelve week period of internship report I had to work weekend. Also I had to visit our factory, which is remote from my working area to collect data
- It is difficult to make a information based rich report in a short time period.
- Banks employee is always pass busy time they have no extra time to easily cooperate with me.

#### **4.1 Introduction:**

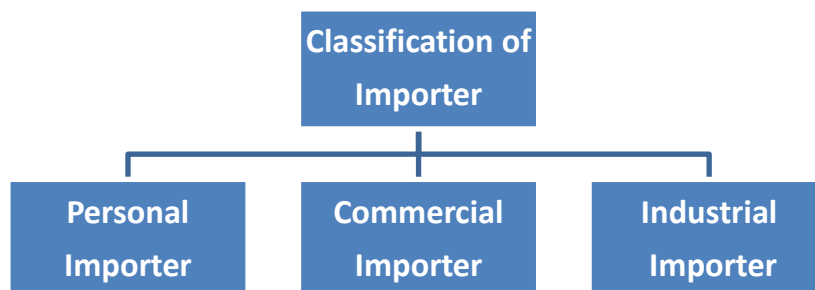
Import Trade of Bangladesh is controlled under the Import & Export control Act 1950. Authorized Dealer Banks will import the goods into Bangladesh following import policy, public notice, F.E circular & other instructions from competent authorities from time to time.

In International trade, it is very difficult to know the buyer and seller. Thus, the buyer wants to be assured of goods and seller to be assured of payments. Commercial Banks, therefore, assure these things to happen simultaneously by opening letter of credit guaranteeing payment to seller and goods to buyer. By opening a letter of credit on behalf of a buyer in favour of a seller, commercial banks undertake to make payments to a seller subject to submission of documents drawn in strict compliance with letter of credit terms giving title to goods to the buyer. It is a conditional guarantee.

#### **4.2 Classifications of importers:**

Goods are being imported for personal use, commercial purpose or industrial use. So, there are three kinds of importers such as:

1. Personal importer.
2. Commercial importer.
3. Industrial importer.



### **4.3 Registration of importer:**

In terms of the importers, Exporters and Indenters (Registration) order, 1981 no person can import goods into Bangladesh unless he is registered with the Chief Comptroller of Import & Export or exempted from the provisions of the said order. So if someone wants to import some goods for his personal use he needs no registration to import the goods but commercial and industrial importer must have registration from CCI & E.

### **4.4 Procedure for Registration:**

To obtain Import Registration Certificate (IRC), the applicant will submit the following paper/documents to the CCI & E through his nominated Bank.

1. Questionnaire duly filled in & signed by the applicant.
2. Trade license.
3. Members from chamber of commerce or any other trade Association.
4. Nationality certificate.
5. Income tax registration certificate.'
6. Partnership deed/Certificate of registration with the register of joint stock companies where applicable.
7. On being satisfied, the CCI & E issues IRC obtaining original copy of treasury Challan for payment of registration fee.

### **4.5 Pass Book:**

CCI & E also issues pass books to the registered importers. When it is issued to an industrial consumer, it gives the items of import, as raw and packing materials and spare parts, the value of entitlement and HS code classification. When issued to a commercial importer, gives the category held by him with EIS code classification or open to any item, as per import policy.

#### **4.6 Definition of Letter of Credit ( LC):**

In brief, a documentary credit is an undertaking by a bank to pay subject to conformity of the documents to the contractual instruction. According to Shari'ah Standard No. (14) prepared by Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI). A documentary credit is a written undertaking by a bank (known as the issuer) given to the seller (the beneficiary) as per the buyer's (applicant's or order's) instruction or is issued by the bank for its own use, undertaking to pay up to a specified amount (in cash or through acceptance or discounting of a Bill of Exchange), within a certain period of time, on condition that the seller present documents for the goods conforming to the instructions.

In a word L/C is a Letter of 'Undertaking for Payment in general. As **per UCP 600 Letter of Credit (L/C)** means Documentary Letter of Credit (Credit). 'Credit' means any arrangement, however named or described that is Irrevocable and thereby constitutes a definite undertaking of the Issuing Bank to honor a complying presentation.

**'Complying Presentation'** means a presentation that is in accordance with the terms and conditions of the Credit. The applicable provision of these rules and International Standard. Banking Practice (ISBP).

- a. 'Honour' means to pay at sight if the Credit is available by sight payment.
- b. To incur (agree to become liable for) a deferred payment and pay at maturity if the Credit is available by deferred payment.
- c. To accept the Bill of Exchange (Draft) drawn by the beneficiary and pay at maturity if the Credit is available by acceptance.

#### **4.7 Classification of L/C**

In different considerations there are many kinds of L/Cs. Few of them are briefly discussed below:

- 1. Irrevocable L/C:** L/C is always Irrevocable which cannot be amended or cancelled without the consent of the beneficiary or any other interested parties.
- 2. Add-Confirmed L/C:** When a third Bank provides undertaking to the beneficiary to make payment, if Issuing Bank fail to make payment, the L/C is called confirmed L/C. In case of a confirmed L/C a third Bank adds their confirmation to the beneficiary, to make payment, in addition to that of Issuing Bank. Confirmed L/C gives the beneficiary a double assurance of payment.
- 3. Clean Clause L/C:** It is a normal Clause LC without third Bank confirmation.
- 4. Revolving L/C:** It is an L/C, where the original amount restores after it has been utilized. How many times and how long<sup>g</sup>.., the amount will restore must be specified in the L/C. For example, an L/C opened for USD 10,000,000 and shipment effected for USD 5,000,000, now the L/C restored for full value i.e. there is scope to effect further shipment of USD 10,000,000. Revolving L/C may be opened to avoid difficulties of opening new L/C. This L/C is not allowed in our import policy.
- 5. Transferable L/C:** If the word "Transferable" incorporated in an L/C, then the L/C is transferable. Transferable L/C can be transferred by the 1st beneficiary to the 2nd beneficiary. But 2nd beneficiary cannot transfer it further to another beneficiary. Transfer may be done to more than one beneficiary, partially, if not prohibited in the L/C.
- 6. Restricted L/C:** If advising and/or negotiation of an L/C\_ are restricted to a particular Bank, the L/C is called a Restricted L/C.
- 7. Red Clause L/C:** A red Clause L/C is an L/C, where a special Clause is incorporated into it, that authorizes the confirming or any other nominated Bank to make advances to the beneficiary before presentation of documents. In other words this is an L/C, where the Issuing Bank authorizes the negotiating Bank to provide pre-shipment finance to the beneficiary. The L/C is called red-clause

because, the special clause was originally written in red-ink, to draw attention to the unique nature of this documentary credit. Red clause L/C is not allowed in our present import policy.

8. **Green Clause L/C:** It is an L/C, where the Issuing Bank authorizes the Negotiating Bank to grant storage facilities to the beneficiary. The special clause was originally written in Green-ink so the L/C is called Green Clause.
9. **Clean Letter of Credit:** This is a commercial Letter of Credit, wherein the Issuing Bank does not ask any documents as evidence of execution of deal under the L/C. Under the said L/C only Bill of Exchange may be negotiated or may be paid without any supporting documents. It is not permissible in our import policy.
10. **Documentary Letter of Credit:** All the commercial letter of credits, where export related documents such as invoice. B/L etc are required to present with the Bill of Exchange.

#### **4.8 Classification of L/C (Considering source of fund):**

1. **Back to Back L/C (BTB L/C):** This BTB L/C open against the master L/C. A way for a contractor to guarantee payment to a subcontractor. When a contractor has received a letter of credit from a buyer, the contractor can then request a letter of credit to be issued to the subcontractor with the first letter of credit as collateral, ensuring the subcontractor will be
2. **Cash L/C or At sight L/C:** A sight LC means that payment is made immediately to the beneficiary/seller/exporter upon presentation of the correct documents in the required time frame. A time or date LC will specify when payment will be made at a future date and upon presentation of the required documents. If client makes payment of LC by buying FC with cash taka is called Cash L/C.
3. **Barter L/C:** Where final settlement is being made through commodity Exchange between the nations, the L/C is called Barter L/C.
4. **L/C under Commodity Aid, Loan, Credit or Grant:** Where final settlement of import payment are being made through Commodity Aid, Loan, Credit or Grant.



#### **4.8 Stages of Documentary Credit :**

1. **Concluding a sale contract:** This is the preliminary stage to establish a documentary credit. At this stage, a sale contract is concluded between the buyer and the seller where it is stipulated that the price be paid through documentary credit.
2. **Requesting the opening of credit:** At this stage, the buyer (applicant of the credit) requests the bank (issuing bank) to open the credit favoring the seller (beneficiary of the credit).
3. **Issuing credit and notifying the seller:** At this stage, the bank issues and sends the documentary credit to the seller, either directly or through an intermediary bank (Advising bank).
4. **Executing the credit:** At this stage, the seller submits the documents stipulated in the credit to the bank. The bank examines the documents with the conditions of the credit. If the documents conform to the conditions, the bank accepts these and delivers to the buyer with a request to make payment of the value or to give acceptance to pay on the date of maturity so that the buyer is able to receive the goods represented by the documents. If the documents do not conform to instructions, the bank reserves the right to accept, reject or seek amendment of the documents.
5. **Coverage by Correspondents:** If more than one bank participates in the execution of credit, the accounts are settled in accordance with the terms of coverage agreed upon between the banks.

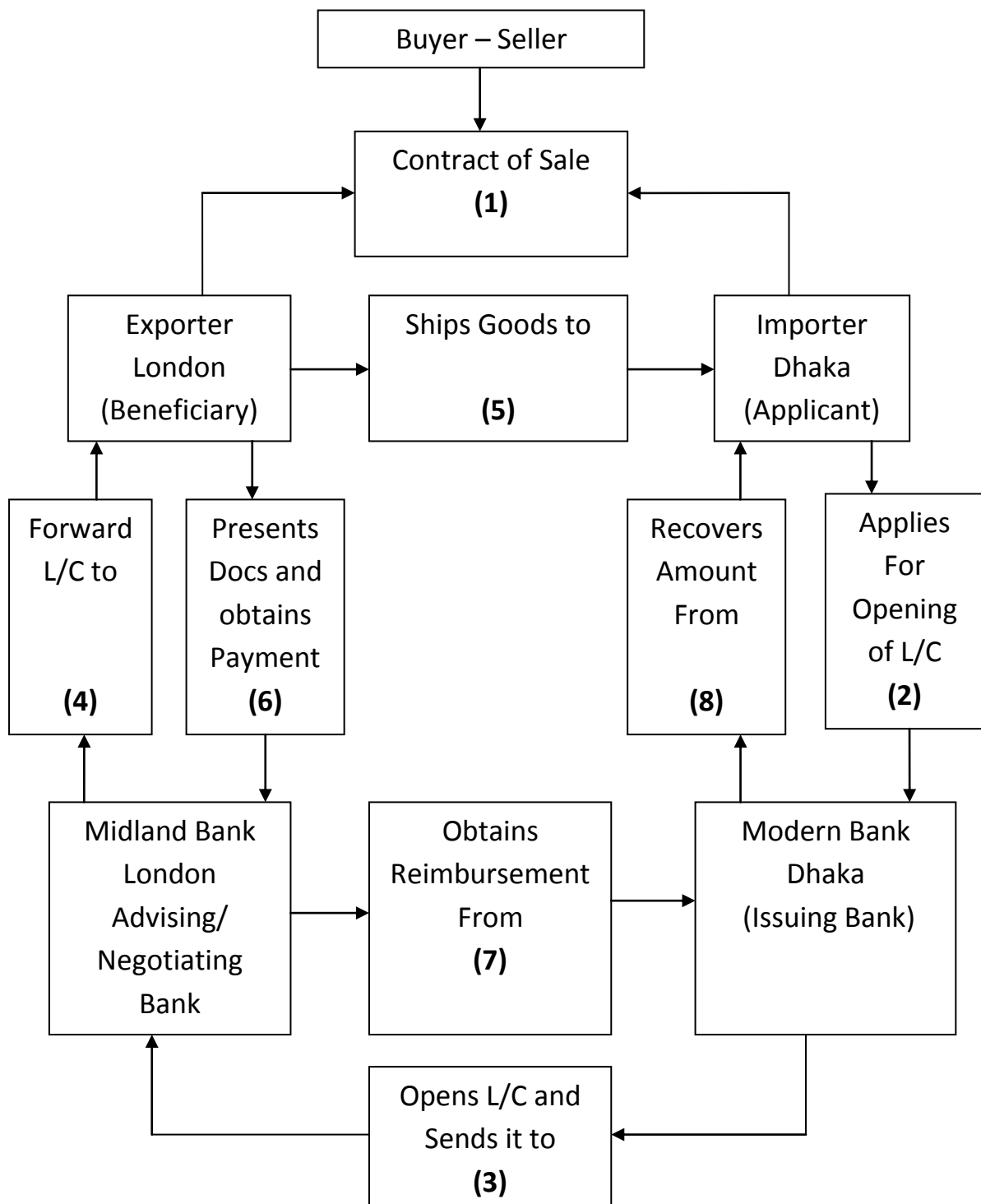
#### **4.9 Different Parties to a Documentary Credit:**

Normally the following parties are involved to a documentary credit.

- a. The Issuing Bank:** This is the Bank, who issues Documentary credit at the request of an applicant or on its own behalf.
- b. Advising Bank:** This is **The Bank**, acting as Agent of the Issuing Bank, to advise the L/C, to the beneficiary.
- c. The Confirming Bank** gives the beneficiary, a double assurance to honor or negotiate a complying presentation. This is a third Bank undertaking to honor or negotiate, if the Issuing Bank fail to do so.
- d. Negotiating Bank:** This Bank purchase drafts and/or documents under a complying presentation. Usually this is the exporter's Bank who purchases the export documents by advancing or agreeing to advance funds to the beneficiary.
- e. Reimbursing Bank:** This is a Bank acting as Agent of the Issuing Bank, authorized to make payment or to honor the reimbursing claim of the Negotiating Bank.
- f. The Transferring Bank :** If the L/C is transferable, then the 1st beneficiary of the L/C may transfer the L/C to the 2nd beneficiary, through a Bank nominated by the Issuing Bank, this Bank is called The Transferring Bank.
- g. The Applicant:** Applicant means the party on whose request the credit is issued. Importer or buyer is the applicant of a Letter of Credit. Applicant must be the client of the Issuing Bank.
- h. The Beneficiary:** Beneficiary means the party in whose favour a credit is issued. Exporter or Seller or the goods is the Beneficiary of a Letter of Credit.
- i. Notify Party:** The Party/Bank to whom the arrival of shipment has to be notified or to be informed, is called Notify Party.

#### **4.10 Mechanism of letter of credit:**

The following diagram brings out clearly the operation of letter of credit.



**Figure: Mechanism of Letter of Credit**

We can also present this mechanism using Flow chart:

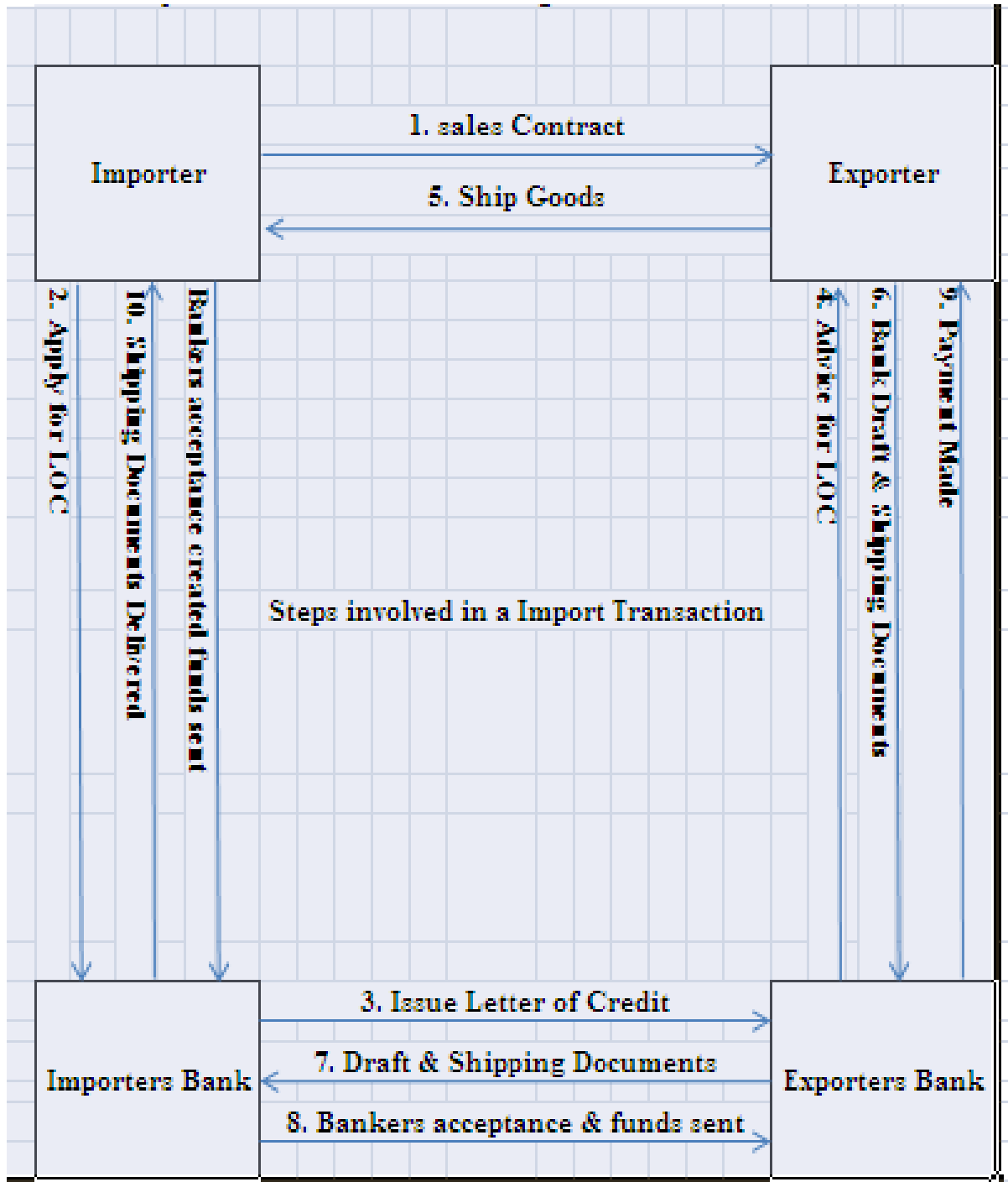


Figure: Mechanism Letter of Credit using of Flow chart

#### **4.11 Preparatory Steps for opening L/C:**

Before opening the L/C Bank will takes the following Steps:

- (1) **Applicant to be Bank's A/C Holder:** Bank will open the L/C on behalf of a person who has a account with the Bank. Unknown person will not be allowed to open L/C.
- (2) **Registered importer:** Before opening the L/C Bank must confirm that the L/C applicant is a registered importer or personal user, and the IRC of the importer has been renewed for the current year.
- (3) **Permissible item:** The item to be imported must be permissible and not banned item. If the item is from conditional list, the condition must be fulfilled to import the same.
- (4) **Market Report:** Bank will verify the marketability of the **item** & market price of the goods. Sometimes the importer may misappropriate the Bank's money through over invoicing.
- (5) **Sufficient Security or margin:** Price of some items fluctuates frequently. In case of those items Bank will be more careful to take sufficient cash margin or other security. Bank will also follow Ban<sup>g</sup>ladesh Bank's Instructions from time to time.
- (6) **Business Establishment:** Bank should not open an L/C on behalf of a floating business man. The importer must have business establishment, particularly he must have business net work for marketing the item to be imported.
- (7) **Restricted Country:** Goods not to be imported from Israil
- (8) **Credit report of the beneficiary:** If the amount of L/C in one item exceeds Tk. 5.00 lac against pro- forma invoice and Tk. 10.00. lac against indent, suppliers credit report (is mandatory). The report will remain valid for one year.

**(9) Application of the client to open the L/C:** The client will approach to open the L/C in Bank's prescribed form, duly stamped & signed, along with the following papers & documents.

- i. Indent/proforma invoice
- ii. Insurance cover note with money receipt.
- iii. LCAF duly filled in & signed.
- iv. Membership certificate from chamber of commerce/Trade Association.
- v. Tax payment certificate/declaration.
- vi. IMP & TM form signed by the importer
- vii. Charge documents.
- viii. IRC, Pass book, Trade license, Membership certificate & VAT registration certificate in case of new client.
- ix. Export L/C in case of Back to Back L/C.

**10. Permission from Ministry of Commerce:** If the goods to (imported under CIF (cost insurance & freight), then permission from ministry of commerce to be obtained.

**11. Creditability of the Client:** In consideration of all the above points, if Bank becomes satisfied regarding the client then L/C may be opened on behalf of the client. Before opening the L/C Bank will issue & authenticate a set of LCAF in the name of the importer.

#### **4.12 Authentication/Registration of LCA form:**

When the importer submits LCAF (letter of credit Authorization form) with other paper to the Bank and approach to open an L/C, Bank will authenticate the LCAF. Confirming the following:

1. IRC renewal fees paid by the importer.
2. Item to be imported is eligible as per import policy/pass book of the importer.
3. LCAF is duly filled in and Signed by the importer.

If Issuing Bank required to purchase Foreign Currency from Bangladesh Bank for making payment of the concerned import, the Bank will send the LCAF to Bangladesh Bank Registration unit for registration. If the Bank needs no fund from Bangladesh Bank, registration is not required.

On obtaining full set of LCAF from Issuing Bank, Bangladesh Bank will:

- a) Insert Registration number.
- b) Emboss with security seal &
- c) Put authorized signature on the LCAF.

#### **4.13 Distribution of LCAF Original:**

This is Exchange monitoring copy to be sent to Bangladesh Bank, while reporting payment of the import or to be preserved at the branch for Bangladesh Bank auditing. Duplicate: This is the custom purpose copy, to be used for clearance of the consignment.

**Triplicate & Quadruplicate:** These two copies to be sent to CCI & E's office.

**Quintuplicate:** Registration unit of Bangladesh Bank will obtain this copy, other copies will retain with the branch.

LCAF remains valid for remittance for one year. However, in case of capital machineries & spare parts it remains valid for remittance for 18 months.

#### **4.14 Important points to prepare an L/C:**

The ADs should take care on the following points:

**(1) L/C Number:** ADs will put a number for each L/C, which is the serial number of the L/C for a particular year. The number to be of 12 Digits. 1st 4 Digits for AD's Code, 2nd 2 Digits for the respective year, 3rd 2 Digits for Nature of the LC and last 4 Digits for Serial Number of the L/C. First Foreign Cash L/C of Islami Bank Bangladesh Ltd., Paltan Branch, in 2008 may be numbered like "0885 08 01 0001.

**(2) Place & Date of Issue:** L/C must indicate the place and date of issue.

**(3) Date & Place of Expiry:** L/C must have an expiry date. This is the last date of presentation of document under the L/C. Place of presentation is the place of Bank with which the credit is available in addition to the place of issuing Bank

**(4) Shipment date:** There should be a last shipment date after which shipment is not allowed. Bank may also fix-up a first shipment date before which shipment will not be allowed.

**(5) Presentation period:** Issuing Bank will allow a period within which exporter must present the export documents to the negotiating Bank or to any other nominated Bank.

Presentation must not be made later than 21 days from the date of Shipment and not later than the expiry date.

**(6) Applicant:** Name of the applicant with business address to be put in the L/C.

**(7) Beneficiary:** Name of the beneficiary with address also to be indicated in the L/C.

**(8) Advising Bank:** Name of the advising Bank with address to be mentioned in the L/C.

**(9) Amount:** Every L/C must show the amount of the L/C. The word "About" may be used with amount, which means 10% more or less of the said amount.

**(10) Part-shipment & Transshipment:** Issuing Bank also clearly indicate in the L/C, whether part-shipment & Transshipment is allowed or not.

**(11) Availability:** L/C must indicate whether the credit is available by sight payment, deferred payment, acceptance or negotiation.

**(12) Port of shipment & port of destination:** L/ will also indicate from where shipment to be made & where goods to be delivered.

**(13) Tenure of the Draft:** Whether the draft to drawn at sight or usance, also to be cleared in the L/C.

**(14) Documents required:** Bank will give the list of required documents & data content there in. Each & every term must be supported by documents. Because any term without asking document is valueless.

**(15) Payment:** When & where, by whom payment to be made, also to be indicated in the L/C.

**(16) UCP:** Bank will incorporate the reference of UCP 600 in the L/C, for its application in all the operation of the L/C.



**(17) Bill of lading:** B/L must be issued or endorsed to the order of the Issuing Bank. It should be 'clean' and "freight prepaid" if L/C is on CFR basis. Short form & charter party B/L to be avoided. All these terms to be incorporated in the B/L clause of the L/C.

**(18) Bill of exchange:** Bill of Exchange to be drawn on the issuing Bank.

**(19) Pre-shipment Inspection:** Pre-shipment inspection certificate is compulsory for both govt and private importt except in few cases.

**(20) Data content:** Invoice & other documents if required should indicate the H.S code number, LCAF NO. with description of the item & country of origin.

**(21) Special conditions:** Special conditions, such as in case of food, machineries, vehicles and any other items should be incorporated in the L/C, where required.

**(22) Authenticity of the credit:** L/C to be authenticated by putting a test number or signing by two authorized officers or Auto authenticated by SWIFT.

#### **4.15 Issuance/ Transmission of LC**

Authorised dealer will scrutinize the LC application with all related papers. If it becomes satisfied, it will put a number for the L/C and will entry the L/C in the L/C opening register with particulars of the L/C. Non AD branch will forward and open the L/C through an AD branch.

Particulars of the L/C should be noted on the back of LCA as under "Opened L/C No..... dated .... for F.0 equivalent to Tk. ... balance is Tk.

#### **4.16 Realization of Bank charges:**

Every Bank has its own L/C opening Commission, fixed by the Head office. Normally there is a particular percentage of commission for the I.st, quarter (90 days from the date of opening to the date of expiry and for the subsequent quarter of the L/C. Telex, SWIFT, and Foreign Correspondence charges, where required, are to be realized from the applicant.

#### **4.17 L/C Amendment:**

Irrevocable letter of credit may be amended against applicant's written application, with the joint consent of all the parties involved in the documentary credit operation. L/C to be amended before its expiry date only. Dispatch or transmission of the amendment is not sufficient to become the amendment effective. Amendment becomes effective, upon beneficiary's acceptance of amendment or upon his tender of complying documents under the amended credit to the Nominated Bank. Shipment date & expiry date of the L/Cs may be amended if relevant LCA, permit, remain valid up to that period. L/C amount may be decreased with the consent of the beneficiary. Numbering of amendments may be done but it is not mandatory.

#### **4.18 Preparation of LC by Banker :**

Bank's officer prepares L/C when above mentioned forms are to be submitted by customer or importer. Before preparing L/C SIBL officer scrutinizes the application in the following manner.

- The terms and conditions of the L/C must be complied with UCPDC 600 and Exchange Control & Import Trade Regulation.
- Eligibility of the goods to be imported.
- The L/C must not be opened in favor of the importer.
- Radioactivity report in case of food item.

Survey reports or certificate in case of old machinery is required. Bank of the importer is called 'L/C Issuing Bank'. Then issuing bank inform its corresponding bank, called "Advising Bank' or 'Confirming Bank" located in exporter's country to advice and the credit forward to the exporter and simultaneously officer makes L/C opening vouchers.

#### ***Desk Work:***

- One debit voucher to be passed.
- Corresponding credit voucher to be passed (Margin, commission, postage, stamp, F.F.C. and others).
- Liability voucher to be passed.

#### **4.19 Forwarding Documentary Credit By Advising or Confirming Bank:**

There are usually two banks involved in a documentary credit operation. The issuing bank and the 2nd bank, the advising bank, is usually a bank in the seller's country. The issuing bank asks another bank to advise or confirm the credit. If the 2nd bank is simply "advice or credit", it will mention that when it forwards the credit to seller, such a bank is under no commitment or obligation to pay the seller.

If the advising bank is also "confirming the credit", this mention that the confirming bank, regardless of any other consideration, must pay accept or negotiate without recourse to seller. Then the bank is confirming bank.

## **5.1 Payment and Finance in International Business:**

**International Payments:** The partial or complete discharge of an obligation by its settlement in the form of the transfer of funds, assets, or services equal to the monetary value of part or all of the debtor's obligation.

**Trade Finance:** In International business, exporters and importers need financing facilities, which is covered by different financial institute in different mode.

What is the media of International Payment & Financing?

## **5.2 Modes or Method of Payment in International Business:**

There is no predefined definition of personal import. In general a personal import is a direct purchase of foreign goods from overseas mail order companies, retailers, manufacturers or by an individual for the purpose of personal use.

The most common terms of purchase are as follows:

- Consignment Purchase
- Cash-in-Advance (Pre-Payment)
- Down Payment
- Open Account
- Documentary Collections
- Letters of Credit

**5.2.1 Consignment purchase** terms can be the most beneficial method of payment for the importer. In this method of purchase, importer makes the payment only once the goods or imported items are sold to the end user. In case of no selling, the same item is returned to the foreign supplier. Consignment purchase is considered the most risky and time taking method of payment for the exporter.

**5.2.2 Cash in Advance** is a pre-payment method in which, an importer the payment for the items to be imported in advance prior to the shipment of goods. The importer must trust that the supplier will ship the product on time and that the goods will be as advertised. Cash-in-Advance method of payment creates a lot of risk factors for the importers. However, this method of payment is inexpensive as it involves direct importer-exporter contact without commercial bank involvement.

In international trade, Cash in Advance methods of payment is usually done when-

- The Importer has not been long established.
- The Importer's credit status is doubtful or unsatisfactory.
- The country or political risks are very high in the importer's country.
- The product is in heavy demand and the seller does not have to accommodate an Importer's financing request in order to sell the merchandise.

**5.2.3 Down Payment**, In the method of down payment, an importer pays a fraction of the total amount of the items to be imported in advance. The down payment methods have both advantages and disadvantages. The advantage is that it induces the exporter or seller to begin performance without the importer or buyer paying the full agreed price in advance and the disadvantage is that there is a possibility the Seller or exporter may never deliver the goods even though it has the Buyer's down payment.

**5.2.4 Open Account**, In case of an open account, an importer takes the delivery of good and ensures the supplier to make the payment at some specific date in the future. Importer is also not required to issue any negotiable instrument evidencing his legal commitment to pay at the appointed time. This type of payment methods are mostly seen where when the importer/buyer has a strong credit history and is well-known to the seller. Open Account method of payment offers no protection in case of non-payment to the seller.

There are many merits and demerits of open account terms. Under an open account payment method, title to the goods usually passes from the seller to the buyer prior to payment and subjects the seller to risk of default by the Buyer. Furthermore, there may be a time delay in payment, depending on how quickly documents are exchanged between Seller and Buyer. While this payment term involves the fewest restrictions and the lowest cost for the Buyer, it also presents the Seller with the highest degree of payment risk and is employed only

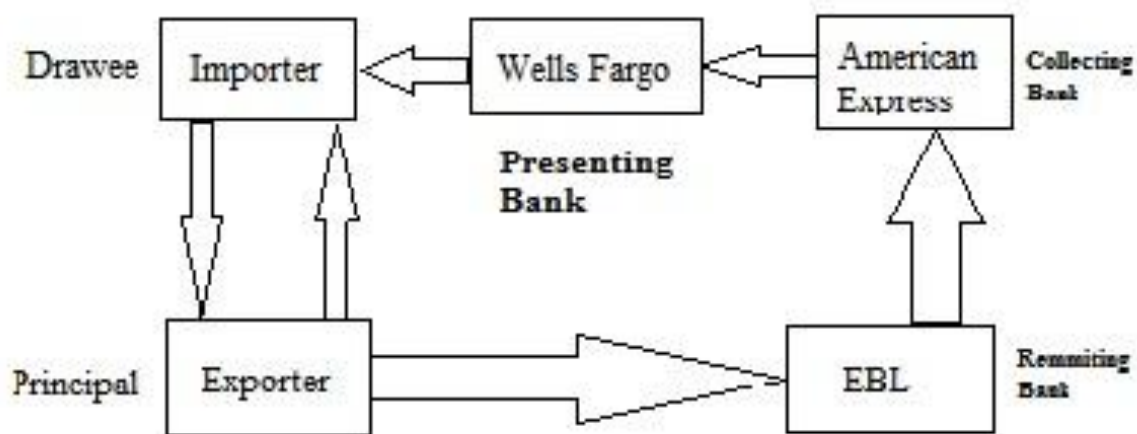
between a Buyer and a Seller who have a long-term relationship involving a great level of mutual trust.

**5.2.5 Documentary Collections,** Documentary Collection is an important bank payment method under, which the sale transaction is settled by the bank through an exchange of documents. In this process the seller's instructs his bank to forwards documents related to the export of goods to the buyer's bank with a request to present these documents to the buyer for payment, indicating when and on what conditions these documents can be released to the buyer.

The buyer may obtain possession of goods and clear them through customs, if the buyer has the shipping documents such as original bill of lading, certificate of origin, etc. However, the documents are only given to the buyer after payment has been made ("Documents against Payment") or payment undertaking has been given - the buyer has accepted a bill of exchange issued by the seller and payable at a certain date in the future (maturity date) ("Documents against Acceptance").

Documentary Collections make easy import-export operations within low cost. But it does not provide same level of protection as the letter of credit as it does not involve any kind of bank guarantee like letter of credit.

The process looks like-



- ✓ Remitting Bank- It is the bank at the counter of which documents are submitted by the exporter to collect payment from importer on its behalf.
- ✓ Collecting Bank- is the bank that collects payments on behalf of remitting bank.
- ✓ Presenting Bank- is the bank that presents documents to the importer on behalf of collecting bank.

**5.2.6 Documents Against Acceptance** Instructions given by an exporter to a bank that the documents attached to the draft for collection are deliverable to the drawee only against his or her acceptance of the draft.

**5.2.7 Letter of Credit**, A letter of credit is the most well known method of payment in international trade. Under an import letter of credit, importer's bank guarantees to the supplier that the bank will pay mentioned amount in the agreement, once supplier or exporter meet the terms and conditions of the letter of credit. In this method of payment, bank plays an intermediary role to help complete the trade transaction. The bank deals only in documents and does not inspect the goods themselves. Letters of Credit are issued subject to the Uniforms Customs & Practice for Documentary Credits (UCPDC)(UCP). This set of rules is produced by the International Chamber of Commerce and Industries (CII).

**5.3 Documents needed for different payment methods:**

- Commercial Invoice
- Air Waybill
- Bill of Lading
- Certificate of Origin
- Combined Transport Document
- Draft or Bill of Exchange
- Insurance Policy (or Certificate)
- Packing list
- Pre shipment inspection certificate
- Shipment certificate

#### **5.4 Import Financing:**

Financing facilities to the importer is called import financing. These are:

##### **Pre Import Financing**

Example of pre import financing is L/C.

##### **Post Import / Local Financing**

Is a credit facility that provides customers of prepaid funds are denominated in IDR or other foreign currency based on the underlying trade finance transactions with the maximum financing is 180 days. Such as-

1. Payments against Documents (PAD)
2. Loans against Imported Merchandise (LIM)
3. Loans against Trust Receipt (LTR)

##### **Merchandise (LIM):**

Loan against the merchandise imported through bank maybe allowed pledge of good retaining margin prescribed on their landed cost. The branch shall also obtain letter of undertaking and indemnity from the customer before getting goods cleared through L.I.M. account. Clearing should be taken by approved clearing agent of the bank. Merchandise should be insured with specific risk clauses.

##### **Loans against Trust Receipt (LTR)**

Advances against a Trust receipt obtained from the clients are allowed when the documents covering an import shipment are given without prior payment. This type of facility is given only to first class and reliable clients. The customer holds the goods or their sale proceeds in trust for the bank till the loan allowed against Trust Receipt is fully paid off.



### **5.5 International trade payment and Financing with special reference to Bangladesh**

Though L/C is a costly method and it is mainly used in import goods from foreign countries, it made a negative impact on our national economy. Our reserve of foreign exchange will go down and the price of importable items will go up. Which make a negative impact on Bangladeshi economy.

In Bangladesh, there is no need to have a license for import on L/C, importer can fill up the L/C application form and submitting the commercial invoice, insurance coverage is enough for L/C registration.

In Bangladesh, the above trade payment methods and financing instrument are used. However, according to law of Import Policy Order in Bangladesh, “whatever you import except a few things you must import through L/C”. So, in Bangladesh more than 95% import is made through L/C. Cash In Advance is used less than 1%, where Open Account used less than 3%. Documentary Collection is another important method of trade payment and financing. But Documentary Collection is mainly use for export up to 60%-65% in Bangladesh.

Open account is the most popular method of trade payment around the world. It is used more than 60% in international transaction. But in case of Bangladesh it is used less than 1% like open account. In any competitive market buyers are the king of market. So Suppliers provide goods on account. To ensure importers’ security of others country and reputation of our country it is imposed. Bangladeshi importers’ was not making payment in due time, or sometimes they don’t make payment. Then the Bangladesh Bank make the regulation that Bangladeshi importer should be used L/C. In this method in export, bank suppose to sign export from which defines that importer and banker liable.

Bangladeshi exporter use documentary collection to export their product. Documentary collection is used by exporter on importer. It is the second most used method in Bangladesh. In international trade payment system commercial invoice may not be signed. But in Bangladeshi regulation it has to be signed. Commercial invoice is the guiding document of this method, so Bangladesh regulation want that it should be signed. A number of good amounts of export are done by documentary collection. So the major payment is received by documentary collection by Bangladeshi exporter.

In Bangladesh the most used payment method is Documentary Credit because of the law of Import Policy order'2009-12. But it is very secure payment method which helps to make payment on time and successful. It creates good cross border business relationship with Bangladesh. Therefore, Bangladesh governments should provide assistance and support in terms of export and import payment & financing and development of an efficient financial infrastructure.

## 6.1 Analysis, results and discussion:

For analysis, results and discussion we have to see the below table-

SL. NO.	BTB / Cash L/C NO	DATE	Raw Material	Goods received at Factory	CO	Lead time (Days)	Average Lead Time (days)
<b>01. Import from Europe</b>							
1	221713060128	28.05.13	Chemical	13.08.13	SPAIN/EUROPE	75	66
2	296013060217	22.07.13	Chemical	17.09.13	EUROPE	55	
3	296013060216	22.07.13	Chemical	25.09.13	EUROPE	63	
4	296013060271	15.09.13	Chemical	26.11.13	EUROPE	71	
<b>02. Import from India</b>							
1	221713060152	11.07.13	YARN	02.09.13	INDIA	52	55
2	221713060153	11.07.13	YARN	06.09.13	INDIA	56	
3	221713060154	11.07.13	YARN	07.09.13	INDIA	57	
4	221713060147	04.07.13	YARN	09.09.13	INDIA	55	
<b>03. Import from Pakistan</b>							
1	296013060208	16.07.13	YARN	14.09.13	Pakistan	58	53
2	221713060173	26.08.13	YARN	13.10.13	Pakistan	48	
3	296013060259	27.08.13	YARN	23.10.13	Pakistan	56	
4	296013060277	18.09.13	YARN	08.11.13	Pakistan	50	
<b>04. Import from China</b>							
1	296013010336	30.07.13	Chemical	17.09.13	CHINA	48	50
2	296013010334	30.07.13	Chemical	18.09.13	CHINA	49	
3	221713060175	28.08.13	Chemical	01.11.13	CHINA	63	
4	296013060310	28.10.13	YARN	07.12.13	CHINA	40	
<b>05. Import from Thailand</b>							
1	296013060275	18.09.13	Chemical	30.10.13	Thailand	42	54
2	296013060307	24.10.13	Chemical	30.12.13	Thailand	66	
<b>06. Import from Turkey</b>							
1	296013010374	25.08.13	Chemical	03.11.13	Turkey	67	71
2	296013010375	25.08.13	Chemical	10.11.13	Turkey	75	

From this table we can easily see identify the lead time between LC opening and the goods received in factory—

01. Import from Europe average lead time is 66 days
02. Import from India average lead time is 55 days
03. Import from Pakistan average lead time is 53 days
04. Import from China average lead time is 50 days
05. Import from Thailand average lead time is 54 days
06. Import from Turkey average lead time is 71 days

It means if we import from Turkey or Europe it will take maximum time to receive the goods at factory. As well as if import from China or Asian countries it will take minimum time to received the goods at factory.

We can see another thing that is most of the chemicals comes from Europe , Chian, Turkey etc and most of the yarn comes from the Pakistan, India and China etc .

For import the good from different countries we have to use HS CODE as per BANGLADESH CUSTOMS TARIFF ACT. Different types goods have different unique HS CODE.

## **7.1 Findings:**

01. Import mechanism is excellent mechanism for doing import and export business. This system has well established system.
02. FTT is the most risky for doing import business, sometimes after transfer the fund in advance the seller may not shipped the goods, if they have ill motive. Some time they may send lower qualities of goods, spare parts etc.
03. At sight or cash LC is also risky but not like as FTT, in cash LC we have to make payment immediately after receiving the documents from bank. Seller may also send the lower qualities product..
04. Most risk free is the BTB LC, in this mechanism buyer will give acceptance after receiving the documents but payment will give after 90days or 120days later from the date of Bill of Lading date. In BTB LC buyer has the opportunities to check the goods rightly. Here is the risk is almost zero. In Bangladesh BTB LC is mostly used in textile industries for doing export business.
05. Sometimes the custom authorities delayed to release the chemicals from port due to ill motive. They says that chemicals should check and other issues. Check the chemicals are good but ill motive is not good. For this reason buyers have to huge port demurrage.
06. Sometimes seller does not make shipment in due time. For BTB LC this will make problem to release the goods from port due to master LC shipment date expiry.
07. Due to political crises, environmental issues and transport communication system importer have to pay more and more cost for importing goods from foreign countries.

## **8.1 Recommendations:**

01. For import business buyer has to select sellers to know detail about the seller's condition, financial strengths, business durations, reputation and commitments.
02. Try to open BTB LC for importing, because its risk is almost zero percent.
03. Concern about the environmental issues.
04. Maintain the compliance issues.
05. Keep up-to-date all the certificate of the companies for doing business smoothly.
06. Release the goods from custom with efficiently to minimise the business cost.
07. Be aware to open FTT and Cash LC for importing goods and chemical.
08. Produce the best qualities product according to customer demands.
09. Know details about the government rules and regulations for importing.
10. Give acceptance and payments with effectively and efficiently for smooth running of importing from others countries.
11. Give VAT, Tax and others duties according to law.
12. Keep record and follow up the business with efficiently.

## **9.1 References**

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