

Report On  
“A Study on Commercial Activities in a readymade garments;  
understanding LC & shipment procedure to export goods of  
Aboni Knitwear Limited.

By

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Student ID- 19281145

An internship report submitted to the Executive Development Center, Brac Institute of Governance and Development (BIGD), Brac University in partial fulfillment of the requirements for the degree of Post Graduate Diploma in Knitwear Industry Management (PGD-KIM)

Executive Development Center, BIGD  
Brac University  
[May] [2021]

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## Declaration

I, Palash Kumar Debnath hereby solemnly declare that the presented report of Internship entitled **A Study on Commercial Activities in a readymade garments; understanding LC & shipment procedure to export goods of Aboni Knitwear Limited** is uniquely prepared by me after the completion of three months of internship & work experience in Aboni Knitwear Ltd.

I also confirm that the report is only prepared for my academic requirement, not for any other purpose alone and has not been/will not be submitted elsewhere for any other purposes.

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

**Student's Full Name & Signature:**



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**Palash Kumar Debnath**  
Student ID:- 19281145

**Academic Supervisor's Full Name & Signature:**



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Khandker Wahedur Rahman  
Research Fellow , BIGD  
Brac University

## Letter of Transmittal

Khandker Wahedur Rahman

Research Fellow,

BIGD, Brac University

66 Mohakhali, Dhaka-1212

**Subject:** Submission of the Internship report on **A Study on Commercial Activities in a readymade garments; understanding LC & shipment procedure to export goods of Aboni Knitwear Limited.**

Dear Sir,

With reference to the above subject, I am pleased to present the report which is a part of Post Graduate Diploma in Knitwear Industry Management (PGD-KIM) KIM-300: Industry Attachment (Internship). I believed that within my limited knowledge this report provides detailed information about understanding LC & Incoterms as well as Shipments Process of Aboni Knitwear Ltd.

During the three months long period of my industry attachment, I have been experienced with practical knowledge of how to open LC, understanding incoterms, preparing documents required for exporting goods with my best pursuit of knowledge that I gathered theoretically from Post Graduate Diploma in Knitwear Industry Management (PGD-KIM) class room. The industry attachment has given me a more organized shape and to follow the guidance that you have provided which gave me a viewpoint the whole experience of this program and to get an insight into the practical situation.

Therefore I sincerely hope that you will find pleasure in reading to analyze the report about aspects of LC and Shipment documents and required process. However, this report could have been better except limitations.

Sincerely yours,



---

Palash Kumar Debnath

Student ID: - 19281145

Executive Development Center,

BIGD Brac University

Date: May 25, 2021

## **Non-Disclosure Agreement**

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between Aboni Knitwear Ltd (a sister concern of Babylon Group) and the undersigned student at EDC, BIGD, Brac University.....

**Student's Full Name & Signature:**



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**Palash Kumar Debnath**  
**Student ID- 19281145**

**Industry Supervisor's Full Name & Signature:**



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**Md. Anasul Haque**  
**Group General Manager, Commercial & Logistics**  
**B a b y l o n Group**

## Acknowledgement

At first I would like to express my gratitude to the almighty to complete my internship program as well as internship report. Many Acknowledgements are due to a multitude of people who have immensely helped me with this study. Regardless of the fact of having tremendous load of responsibilities, they chose to support me by providing adequate information.

It is also great pleasure to me in expressing my immense indebtedness, deep sense of gratitude, sincere appreciation and profound regards to my Industry supervisor **Md. Anasul Haque, Group General Manager of Babylon Group** whose direct cooperation helped me to perform such a nice internship program in this organization. I express my sincere thanks and gratitude's to Masud Rana Manager, (Commercial Dept. Aboni Knitwear Ltd.) who's guidance and constant help and suggestion from the beginning to the end of the work and introduces me to different aspects commercial work procedure.

I would like to thank who were both directly and indirectly related to the project work, provided me with crucial information that help me to complete this report. Heartfelt appreciation is expressed to the following officials for their valuable time and cooperation

I would also like to express my sincere gratitude to faculty advisor **Khandker Wahedur Rahman, Research Fellow, BRAC University**. His instruction and guidance have appeared as stepping stone in making my report done successfully.

## Executive Summary

Aboni Knitwear Limited is a principal concern of Babylon group the trusted name with the true spirit of ethical business in RMG sector in Bangladesh, was founded in 1986 by five boards of directors. From the very beginning of its journey Babylon Group excels in every aspects of backward and forward linkage industry associated to RMG sector and absolutely Aboni Knitwear Ltd. is core successful fortune of this organization.

Aboni Knitwear Ltd. was established in the year of 2002 and still upward with reputation. Aboni has already established value intention on its buyers mind. All the stakeholders associated with have strong value chain relationship. Aboni Knitwear Ltd. emphasis to ensure best product quality with minimum lead time as per buyer requirement by increasing efficiency, reducing defects and consistent pursuit of improvement, profit comes as a logical consequence. Aboni Knitwear Ltd. believes in sustainability by implementing waste management and great care for environment. Continues training and assessment make employee more productive and skilled especially women becomes more powerful.

In this report, I have given best effort and great prominence to know the basic function of commercial department as to get the best understanding in details about export procedure of shipping & logistics, creating LC and its incoterms in addition to all the required documents for exporting goods.

Also I would try to link up others department working association with export goods and so many. I have also organized some limitations that I faced during my short tenure and finally tried to find out some suggestions how to improve existing working procedure for shortening the export documentation process. Besides that try to describe work procedure of other departments' like- Merchandising Department, Industrial Engineering Department which are mostly connected with commercial department by their working Process & responsibilities to fulfill all the procedure done to export goods and secure our export revenue.

**Keywords:** Letter of Credit; Export Procedure; Work Flow chat, Commercial activities

## **Table of Contents**

|  |             |
|--|-------------|
| <b>Declaration.....</b>  | <b>ii</b>   |
| <b>Letter of Transmittal .....</b>   | <b>iii</b>  |
| <b>Non-Disclosure Agreement .....</b>  | <b>iv</b>   |
| <b>Acknowledgement .....</b>   | <b>v</b>    |
| <b>Executive Summary .....</b>   | <b>vi</b>   |
| <b>Table of Contents .....</b>   | <b>vii</b>  |
| <b>List of Acronyms .....</b>  | <b>viii</b> |
| <b>Chapter 1 About Organization: Overview of Aboni Knitwear Ltd.....</b>                           | <b>1</b>    |
| <b>1.1 Overview of Aboni Knitwear Ltd.....</b>   | <b>1-2</b>  |
| <b>1.2 Organizational profile and Location.....</b>  | <b>3</b>    |
| <b>1.3 Company Vision &amp; Mission.....</b>   | <b>4</b>    |
| <b>1.4 Company Goals &amp; Objectives.....</b>   | <b>4</b>    |
| <b>1.5 Buyer List, Global Market, Major Brands, Export Value of AKL.....</b>                       | <b>5-8</b>  |
| <b>Chapter 2 Commercial Department Job Responsibilities.....</b>                                   | <b>9-27</b> |
| <b>Chapter 3 Critical assessment of my Internship work.....</b>                                    | <b>27</b>   |
| <b>3.1 Application of PGD-KIM Generic and Industry specific courses during<br/>internship.....</b> | <b>27</b>   |
| <b>3.2 Suggestion for industry improvement based on my internship.....</b>                         | <b>28</b>   |
| <b>3.3 Learning for self improvement .....</b>   | <b>29</b>   |
| <b>Chapter 4 Conclusion .....</b>  | <b>30</b>   |
| <b>References .....</b>  | <b>31</b>   |

## **List of Acronyms**

|         |   |
|---------|---|
| AKL     | Aboni Knitwear Limited                                      |
| ATL     | Aboni Textiles Limited                                      |
| RMG     | Ready Made Garments   |
| LC      | Letter of Credit  |
| EXP     | Export Permission   |
| UD      | Utilization Declaration                                     |
| CNF     | Carry Forward   |
| ISO     | International Organization for Standardization              |
| WRAP    | Worldwide Responsible Accredited Production                 |
| EPB     | Export Promotion Bureau                                     |
| BKMEA   | Bangladesh Knitwear Manufacturers and Exporters Association |
| B/L     | Bill Of Lading  |
| FOB     | Free On Board   |
| GSP     | Generalized System of Preferences                           |
| PGD-KIM | Post Graduate Diploma in Knitwear Industry Management       |



# Chapter 1

## About Aboni Knitwear Ltd.

### 1.1 Overview of Aboni Knitwear Ltd.

**The Aboni Knitwear Limited** is one of the most important strategic business unit (SBU) of Babylon Group. Babylon Group is rapidly establishing itself as a nationally recognized commercial conglomerate. It has proudly and considerably contributed to society and the national economy by producing incredible job opportunities and exporting internationally. At the moment, the group is involved in the garment and textile sectors. In the textile unit, cutting-edge technology is used. The group consists of some renowned companies like Aboni Fashions Limited, Aboni Knit Wear Ltd, Babylon Casualwear Ltd, Babylon Trims Ltd, Babylon Buying Services Ltd, Babylon Marine Venture, Newgen Technology Ltd, Sea Land Argo Ltd and others. All of the businesses were formed as a private limited liability company in Bangladesh.

Bangladesh has become a garment-manufacturing hub thought these years since its independence. Because of outstanding growth of garments industry, a revolutionary change has been achieved in social economy. The Babylon Group of company is one of the stakeholder of this pride to make continues betterment for well-being of the people has been an integral part of this progress. Babylon business motto is to identifying opportunities for the benefit of the society with maximizing the resources; it chooses industries that will make more contribution to the economy to ensure better living standards. Babylon is a name of quality that determined to make Bangladesh is proud in the international market.

With the motto ethical business always, the Babylon Group has already become a one of the most successful business entity in industrial sector in Bangladesh. Babylon Group has achieved and created industrial and management capabilities that shows the pathway to make progress with ethics in business.

## **History of Babylon Group (Aboni Knitwear Limited is a sister concern of Babylon Group):**

Babylon Group made its first footprints in Readymade Garments (RMG) industry 1986 manufacturing and exporting of Knit Apparels since then Babylon Group has been considered one of the best manufacturing house with quality and ethics. Babylon Group has established almost every kinds backward and forward linkage substantial establishment related to Readymade Garments (RMG) industry e.g. garments, textile, wet processing & garments accessories. It has established all types vertically integrated garments manufacturing plant that bring customer satisfaction with best service to the buyers. Babylon Group has earned and placed value proposition in buyer mind with a view to bring more foreign earning for wealth maximization and improving quality of life.

Apparels brands of Europe, USA & Australia are the buyer of Babylon Group, because it stands nowadays, Babylon Gather got to be the title of way of life of its staff, providers & buyers. For a stronger dedication and concern - Babylon Gather has gained a reputable reputation among green business houses by consistently playing a significant role in its every step by preserving the environment. These victories that we have achieved thanks to the Babylon Gather teachers have been placed in their proper places based on their caliber and motivation.

### **A short profile of them Babylon Group:**

Babylon Garments Ltd.

Babylon Outfit Ltd.

Babylon Casual Wear Ltd.

Babylon Trims Ltd.

Babylon Logistics Ltd.

Babylon Marine Venture

Babylon Agriscience Ltd.

Babylon Paper Products Ltd.

Babylon Buying Services Ltd.

Babylon Printers Ltd.

Babylon Resource Ltd.

Babylon Medical Services

Babylon Product (softy)

Aboni Knitwear Ltd.

Aboni Fashions Ltd.

Aboni Textiles Ltd.

Juniper Embroideries Ltd.

Sea Land Argo Ltd.

Newgen Technology Ltd.

### **Aboni Knitwear Limited (At a glance):**

- Aboni Knitwear Ltd. Set up on 2002
- Knitted piece of clothing producer, is found at Hemayetpur, Savar at companies possess Premises.
- A 7-storey building having add up to floor range of approximately 164,403 sq.
- Capacity: around 6,25,000 pcs. of Polo Shirts and 17,75,000 pcs. of T-Shirts/Tank Tops etc. per month.
- Product run - Polo Shirts, T-shirts, Shorts, Night wear etc. for Men's, Ladies, and Children.
- Number of Lines : 40

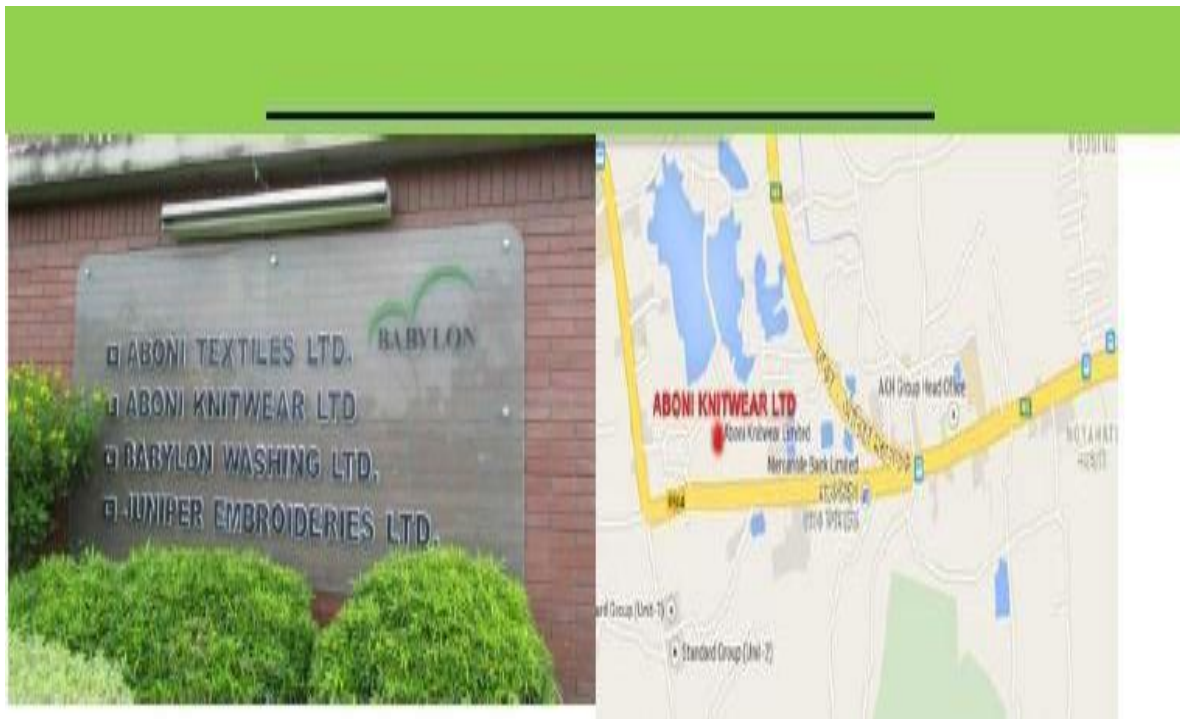


Figure: Aboni Knitwear complex name plate & Google Location.

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## **Vision**

To contribute towards the advancement of the nation by gaining remote cash and to create the life fashion of individuals of Bangladesh by making business opportunity.

## **Mission**

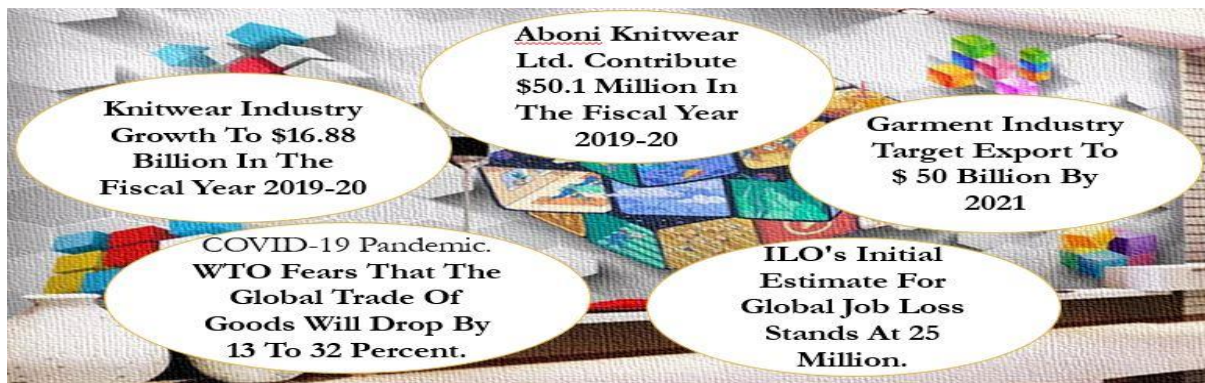
To Endeavor to deliver world class service and the most excellent esteem to our clients. They flourish for fabulousness and work for guaranteeing a wonderful, clean and proficient working condition for the workers and the individuals do trade with. To create the company one of the beat companies in Bangladesh by keeping up most elevated standard of quality, utilizing advanced innovation, commerce morals and quality client administrations.

## **Goal & Objectives of the Company:**

- The quality of Aboni Knitwear Limited lies in its talented human asset and administration and modern amenities. Taking after are a few of the highlights –
- Ample capacity and computerized stock administration framework at each manufacturing plant facility
- All the manufacturing plants have their possess control era and conveyance facilities
- The quality of Aboni knitwear limited is recognized by the universal standardization specialists like ISO and WRAP and BSCI.
- Availability of cutting edge apparatus and hardware that can cater the different necessities of customers.

## **Buyer of Aboni Knitwear Ltd.**

Aboni Knitwear Ltd. has a very diversified and elegant buyer to deliver its quality products. Aboni Knitwear Ltd. Has achieved the quality assurance with ultimate production capacity for years. As a result, every year the total turnover has been increasing as well as world's top fashion brands becomes regular buyer. Aboni Knitwear's top valuable growth partners are the following:



**Figure: Knitwear Industry Contribution to Export Revenue & Covid-19 Effect**

**Global Export Market:** In Aboni Knitwear Ltd. Around 30 Buyer are continue their business and almost 43 country they shipped their goods. Most of global market are classified by –

### **Global Knitwear Market considering Region:**

North America, Europe, Middle East & Africa, Asia Pacific, Latin America Aboni Knitwear Ltd's strongest export zone is the European Union. By evaluating market segments and projecting the Global Knitwear Market size, the study aids in understanding market dynamics and structure.

In the Global Knitwear market, there is a clear representation of competition analysis of main players by Type, price, financial condition, product portfolio, growth strategies.

The most exported countries of Aboni Knitwear Limited are. 1. Spain, 2. France, 3. UK and 4.USA.

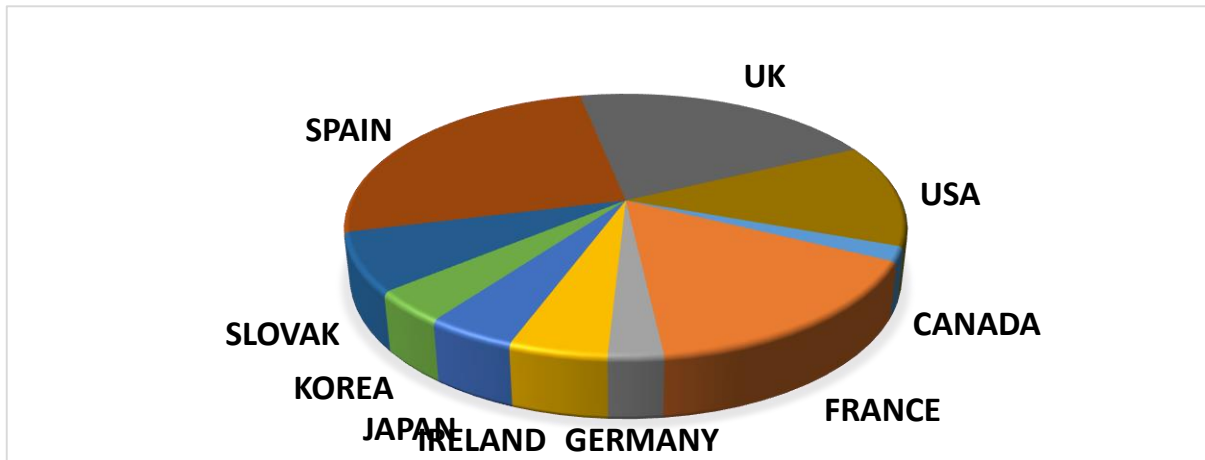


Figure: Top 10 Global Market Contribution In Terms Of Export Value

➤ **Pick Session of Aboni Knitwear Ltd:**

Reviewing month wise export data actually we found mainly January to May are the pick export session around the fiscal year. These 05 months Aboni Knitwear Ltd. Export 65% of their total export value whereas remaining 7 months they contribute 35% only.

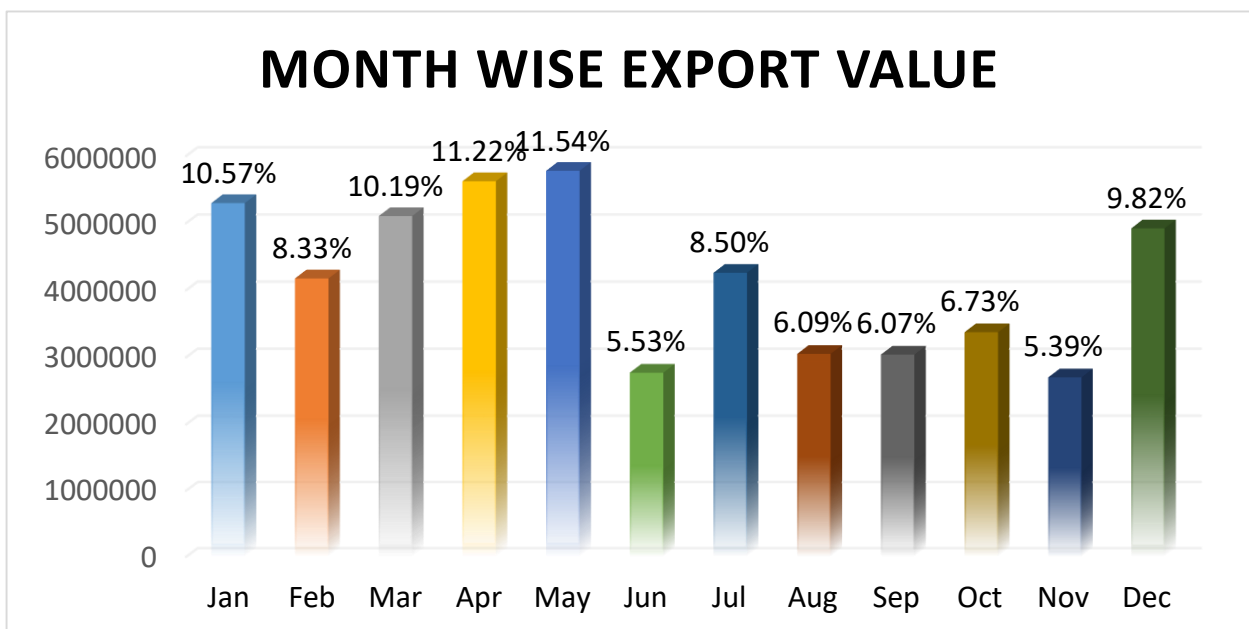


Figure: Month Wise Export Value (AKL)

**Name of Major Buyer or Brand:** The garment industry in Bangladesh has a good reputation from foreign garment buyers. It has the ability to deliver a higher-quality product at a lower cost than other garment-producing countries. As a result, top-tier buyers from all over the world are eager to place orders here all year.

Major top 10 Buyer for Aboni Knitwear Ltd are 1. Tesco Clothing 2. Primark 3. H&M 4. Zara 5. Sears & Kmart etc.

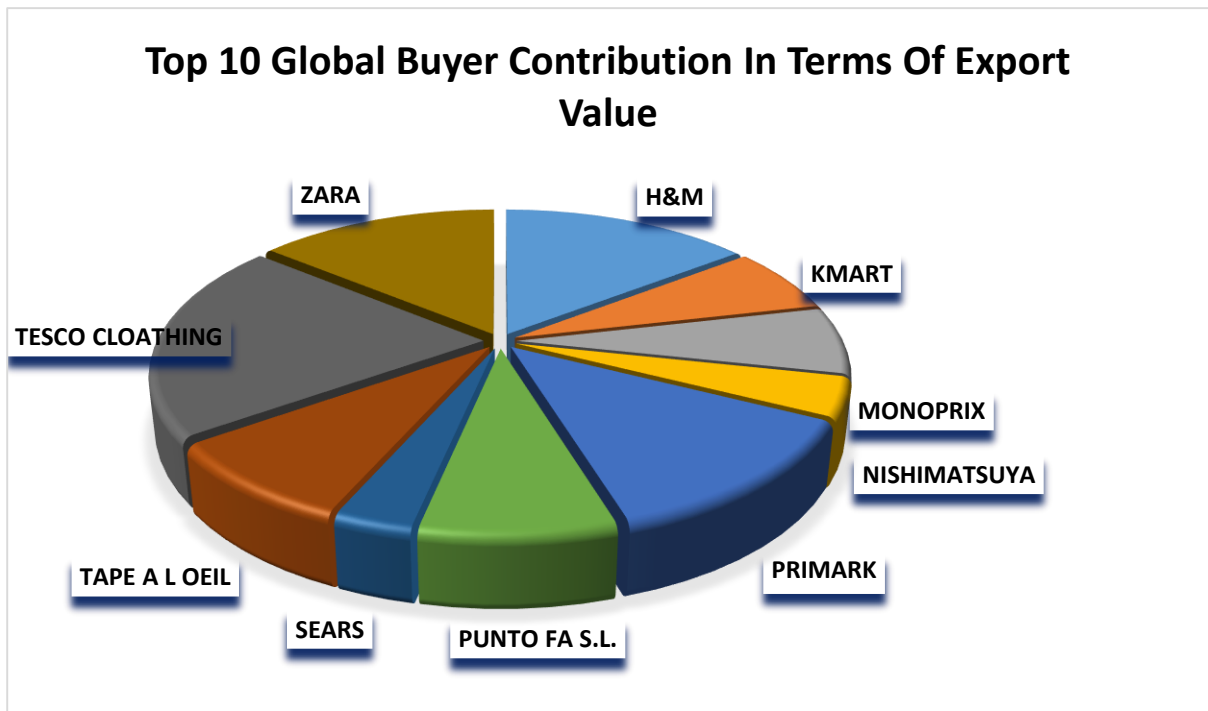


Figure: **Top 10 Global Buyer Contribution In Terms Of Export Value (AKL)**

➤ **Contribution of Buyer in Terms of Export Value:** Buyers from Europe, Canada, and the United States are often the biggest buyers of Bangladeshi clothing and textiles.

Top contributing Buyer for Aboni Knitwear Ltd are like following-

**Aboni Knit Wear Ltd. (Composite)**

**Export Status Buyer Wise-2020**

| Sl No | Buyer Name | Business Contribution |                   | Qty (Pcs) | FOB (USD)       |
|-------|------------|-----------------------|-------------------|-----------|-----------------|
|       |            | % On Export Qty       | % On Export Value |           |                 |
| 1     | ECIM       | 0.03%                 | 0.04%             | 5,3       | \$ 12,630.24    |
| 2     | F. ENGEL   | 0.54%                 | 1.45%             | 976       | \$ 413,662.36   |
| 3     | H&M        | 15.00%                | 16.41%            | 2,547,4   | \$ 4,688,955.35 |
| 4     | KMART      | 5.34%                 | 6.73%             | 905,4     | \$ 1,923,975.49 |

|                 |                  |                |                |                 |                         |
|-----------------|------------------|----------------|----------------|-----------------|-------------------------|
| 5               | LEMAKA           | 0.15%          | 0.33%          | 26,2            | \$ 94,406.40            |
| 6               | MONOPRIX         | 3.86%          | 6.37%          | 634,2           | \$ 1,821,435.37         |
| 7               | NISHIMATSUYAA    | 2.76%          | 4.64%          | 267,5           | \$ 1,326,104.36         |
| 8               | NTD              | 1.44%          | 0.81%          | 223,5           | \$ 231,841.61           |
| 8               | GK               | 0.05%          | 0.11%          | 698,7           | \$ 31,435.37            |
| 9               | ORCHESTRA        | 0.20%          | 0.18%          | 322             | \$ 51,043.50            |
| 10              | PEP&CO           | 0.80%          | 0.71%          | 129,9           | \$ 201,853.13           |
| 11              | PRIMARK          | 29.29%         | 19.82%         | 4,967,8         | \$ 5,663,525.00         |
| 12              | PUNTO FA S.L.    | 10.55%         | 9.42%          | 6,078,9         | \$ 2,691,950.00         |
| 13              | RENNER           | 0.50%          | 0.52%          | 0084,7          | \$ 149,407.30           |
| 14              | RENUAR           | 0.24%          | 0.23%          | 40,4            | \$ 65,130.94            |
| 15              | S.S.T.S          | 0.44%          | 0.56%          | 54,4            | \$ 159,713.70           |
| 16              | SEARS            | 1.82%          | 2.23%          | 309,507         | \$ 638,335.93           |
| 17              | SUSSAN           | 0.36%          | 0.69%          | 60,7            | \$ 197,308.14           |
| 18              | TAPE A L OEIL    | 8.08%          | 7.77%          | 1,360,8         | \$ 2,221,618.32         |
| 19              | TESCO ESSENTIAL  | 3.71%          | 5.91%          | 30<br>629,641   | \$ 1,690,182.25         |
| 20              | TESCO LADIESWEAR | 4.05%          | 5.47%          | 687,543         | \$ 1,563,616.49         |
| 21              | ZARA             | 10.80%         | 9.59%          | 1,832,2         | \$ 2,740,053.09         |
| <b>G. Total</b> |                  | <b>100.00%</b> | <b>100.00%</b> | <b>16,963,7</b> | <b>\$ 28,578,184.34</b> |

(Source: Export Data collected from AKL Export Database) 38

#### ➤ Consequence of COVID-19 on Export Flow:

Bangladesh's Ready-Made Garments (RMG) industry is being ripped apart by Covid-19. With 84 percent of all exports coming from the industry, it is the economy's backbone. However, the global pandemic has affected raw material supplies, causing delays in shipments, cancellation or suspension of orders, and factory closures. Aboni Knitwear Ltd. Export only 20% considering normal export value the same time of any other month. Not only garments sector but also all sectors the Covid-19 really make a bad impact for the holistic economy.

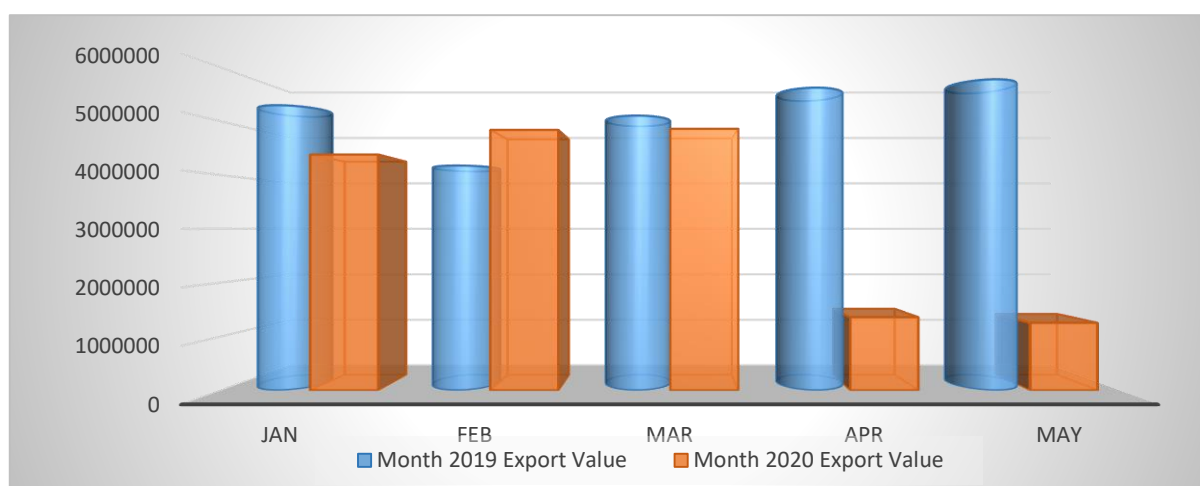


Figure: Effect of Covid-19 on Export flow



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## Chapter 2

### Description about task accomplishment

#### Commercial Department Job Responsibilities:

Commercial department involves with export and import raw materials and finished garments, manage and provide necessary export and import documents for smooth export-import process in garments manufacturing. Their role is very vital, directly deal with some internal & external working partners:

#### Internal Working Partners:

- Buyer or Buying import / logistics department
- Nominated Freight Forwarder/Shipping Agent (Air & Sea)
- Work with our lien Bank who deal foreign trade Export Promotion Bureau (EPB)
- Work with BKMEA/BGMEA
- Custom Clearing House ( Chittagong & Dhaka & Forwarding agent
- Customs Bond work
- Regular Office Work

#### Internal Working Partners:

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

### EXPORT PROCEDURE & DOCUMENTATION PROCESS:

Collect LC/ Sales Contract

Collect Purchase Order

Booking to nominated forwarder



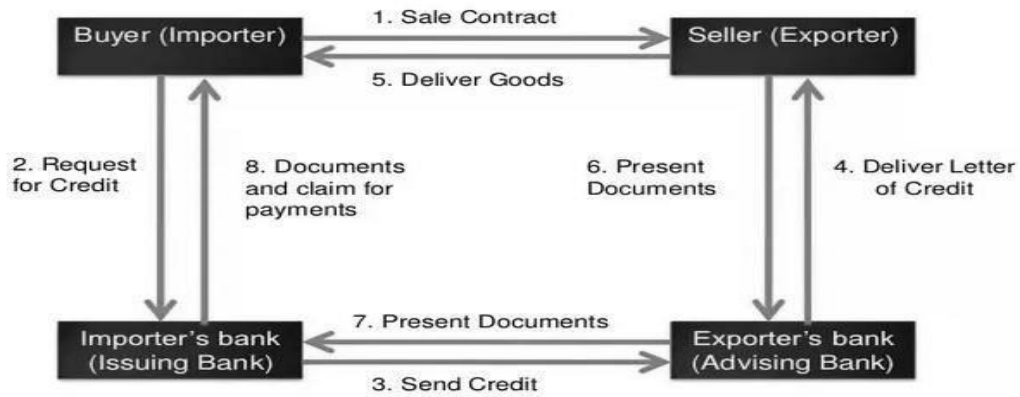
### **Letter of Credit (LC)**

LETTER OF CREDIT (LC) is the most common term used in today's business world especially in international business associated with imports and exports. In Bangladesh, the garments industry plays a vital role in export earnings. So, the people who are contributing to the export department under the commercial division of an export-oriented garments industry should understand and know everything about the Letter of Credit.

According to the Business Dictionary Letter of Credit (LC) is a written commitment to pay, by a buyer's or importer's bank to the seller's or exporter's bank.

Letter of credit guarantees payment of a given amount in a specified currency if the seller meets certain criteria and provides the required documentation within a certain deadline. Clean bills of lading or air waybills, commercial invoices, and certificates of origin are virtually usually included in these documents.

## Working flow of Letter of Credit?



Step 1 – A contract is made by the buyer and seller stating that payment will be done as per Letter of Credit

Step 2 - Buyer goes to his bank (ABC Bank) to open Letter of Credit in favor of the seller

Step 3 – ABC Bank issues a LC and the LC are advised by its affiliated branch bank in the seller's country

Step 4 - Advising or correspondent bank advises Letter of Credit to the seller

Step 5 - The seller take preparation for shipment and provides documents to the seller's bank on the basis of the Letter of Credit.

Step 6 - Presenting bank delivers documents to ABC Bank for payment

Step 7 - Buyer make the payment as it is stated in LC to the ABC Bank. At the same time, ABC Bank dispatches the documents to the buyer.

### Letter of Credit main parties:

The applicant (Buyer)

The issuing bank

The confirming bank

The beneficiary (Manufactures)

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

The advising bank

The nominated bank

The reimbursing bank

The claiming bank

The presenter

The transferring bank

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**Issuing Bank** open a letter of credit at the request of a buyer or importer or applicant. **Confirming Bank** confirms to a credit upon the issuing bank's authorization or request. **Beneficiary** is the seller or exporter for which a letter of credit is issued.

**Applicant:** The buyer or importer who request them to issue a letter of credit to his bank.

**Advising Bank** Another bank that advises the LC at the request of the issuing bank is designated an Advising Bank.

**Reimbursing Bank** chosen by the issuing bank to refund the claiming bank's payment claims,

**Nominated Bank** In the case of a credit available with any bank, the bank with which the credit is available.

**Claiming Bank** claims the payment from the reimbursing bank.

**Presenter:** The recipient, a bank, or another person making the presentation.

**Transferring Bank** a credit transfer to a certain bank. Issuing bank authorizes transferring bank for credit availability.

### *Classification of Letter of Credit*

#### **1. Revocable Letter of Credit LC**

A revocable letter of credit can be altered or changed any term for any reason. This type of LC is not very common in international trade and exporters may enjoy some advantage over importers and the issuing bank but not considered satisfactory for importer.

#### **2. Irrevocable Letter of Credit LC**

No modification or amendment is possible without the consent of the issuing bank, the confirming bank, and the beneficiary. An irrevocable letter of credit has some benefit to the seller or exporter from the issuing bank ensures Payment will be paid to the recipient if the appropriate documentation are produced and the terms and conditions are met.

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### **3. Confirmed Letter of Credit LC**

It's a sort of LC in which the guarantee is taken over by a bank other than the issuing bank. Exporters benefit more from a confirmed Letter of Credit LC since it improves the assurance.

### **4. Back to Back Letter of Credit LC**

Back to Back Letter of Credit is very common in today's business world, it gives security of another LC which is also termed as counter credit. A back to back LC is issued under a master LC which covers the guarantee of the issuing LC to import the component required to make the final products.

### **5. Sight Credit and Usance Credit LC**

It refers to LC in which payment is made or amount is transferred to the presenter of provider on the basis of conforming documents being submitted. The issuing bank receives the documents and, if they comply with the requirements of the LC, accepts the draft and agrees to transmit money for payment in accordance with the LC at a later maturity date.

### **6. Transferable Letter of Credit LC**

A transferable documentary credit is a sort of line of credit that allows the beneficiary to ask the nominated bank to transfer credit to a second beneficiary in part or in full. The first beneficiary's margins are clearly stated in the LC, and the LC cannot be recognized as transferable unless the first beneficiary's margins are defined.

### **Operations of Documentary Letter of Credit**

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

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

**Issuing a Letter of credit:** At first the exporter and importer reach to a sales agreement like the importer will buy some products from the exporter who sells the products for certain amount of money. Because the buyer and seller are in separate countries, they must form a contract for documented credit payment. The buyer requests his bank to issue a credit in favor of the seller or beneficiary. Then a Letter of

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credit is made by the buyer (importer) through some paper work by filling up issuing bank's standard form. The LC agreement specifies the proposed credit between the bank and the buyer in detail. After all of the processes have been completed and all of the application's conditions have been met, the issuing bank agrees to open a credit account in the beneficiary's name.

**Advising a Letter of Credit:** The advising bank assumes no responsibility for the act of advising. However, encouraging the vendor to use bank work as proof of legitimacy for the LC. At first, advising bank verifies the authenticity of the LC and about the issuing bank and check all the terms and conditions of the credit are comply with the existing rules and regulations relating to export, only then the advising bank dispatches the original LC to the beneficiary to whom it is instructed.

**Confirmation and Amendment of Credit:** Sometimes, the seller or beneficiaries may not want to depend on the issuing bank for credit if the bank is not known to the beneficiary. Then, the seller may request that the buyer or applicant present a verifying bank, usually in the beneficiary's country, to confirm the credit. The terms and circumstances of the LC can be changed on numerous occasions since the parties engaged in the LC, notably the seller and the buyer, may not always be pleased with the situation for legitimate and clear reasons. With the permission or cooperation of the issuing bank, the confirming bank (if any), and the beneficiary, any amendment or cancellation is permissible.

**Presentation of Documents:** At this point of International trade the seller make all the arrangement to ship the products as the terms and conditions of the credit are satisfied, then present all the required documents which dignify the proof of shipment of goods on or before the credit's stated expiry date, as well as any other terms and restrictions indicated in the LC to the issuing or nominated bank. The payment is honored or dispatched by the issuing or designated bank. Following the discovery of all papers, ensure that they are authenticated in accordance with the terms and circumstances.

**Settlement:** The beneficiary submits the appropriate documents to the issuing bank or a nominee in this phase, and the bank evaluates the paperwork to see if they comply with the terms and conditions of the LC. Though the bank determines that everything is in order, it pays the beneficiary, even if the beneficiary's bank is not the issuing bank.

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The paperwork are subsequently sent to the issuing bank. Payment is acquired from the issuing bank by the nominated bank if the issuing bank is satisfied with the conditions.

### **Common Documents under Documentary Letter of Credit Bill**

#### **of exchange/Draft:**

- A bill of exchange is a contract between the importer and the exporter in which the importer agrees to pay the exporter a specific amount of money on a specific date.
- The draft required a unique reference number.
- The exporter drafts a bill of exchange and sends it to the importer, and the draft must be delivered before the LC's expiration date.
- The importer takes the bill and sends it back to the exporter, who is responsible for paying it.

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

- Transportation Bill of Lading A Bill of Lading, also known as a BOL or B/L, is evidence of an agreement between the carrier (transporter) and the exporter to deliver goods to a designated party at a specific destination in the importer's country in accordance with the provisions of the Letter of Credit.
- "Shipped on Board" is marked on the BL
- The full set of B/L along with original copy are submitted.
- The B/L should be labelled "Freight Prepaid" if the terms of sale are C&F.
- Short from B/L is not acceptable

#### **Commercial invoice**

- The invoice is prepared and signed by the exporter / seller.
- As per LC terms mentioned number of the required numbers of invoice copies are submitted.
- Goods details information such as weight measurement are mentioned.
- The value and price of the goods are also be written as per LC terms.
- The LC number, vessel name with shipping mark, date of shipments, license numbers of the importer, indent number etc. are to be mentioned in the invoice accurately.

#### **Certificate of origin**

- The goods or products must be originated from the country as per country name mentioned in the certificate of origin as indicated in the LC.
- In Bangladesh the certificate of origin is provided or issued by EPB or Chamber

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of Commerce and industry.

### **Inspection Certificate**

- Inspection of certificate refers to the documents that certify the products prior to the shipment is comply with the importer requirements as it is mentioned in LC.
- When Inspection is required, the buyer may employ specific independent surveyor on behalf to examine goods, specifications, quality, packing etc. as per LC terms.

### **Packing List**

An export packing list is a thorough document that lists the contents of each package, carton, and other pertinent information regarding commodities and packaging for each shipment that corresponds to the LC.

**Incoterms 2000** International trade operation some facts are crucial for both the exporter and the importer such as which party set out and make the payment for the carriage of the goods, who will arranges the cargo insurance, Which party bear the risk as the goods travel and who affects custom clearance. Incoterms set out the responsibility standards to make International trade operation easier. The Incoterms rules are an internationally recognized standard and are used worldwide in international and domestic contracts for the sale of goods. The current ICC version of trade terms is known as 'Incoterms-2000' that includes 13 items placed under four groups:

E Group (Departure),

F Group (main carriage unpaid)**Group E** includes EXW or Ex works that specify the buyer will take the responsibility to collect the goods from the seller premises when the product is ready to dispatch. Buyer will bear all the cost and liabilities.

**Group F** (FCA- Free Carrier, FAS- Free alongside Ship, FOB- Free on Board) under this shipping terms seller will be responsible to provide the goods for carriage nominated by the buyer.



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**Group C** (CFR- Cost and Freight, CIF- Cost, Insurance, and Freight, CPT- Carriage Paid to, CIP- Carriage and Insurance Paid to) It is the seller's responsibility to contract for carriage at his own expense as per these stipulations.

**Group D** (DAF- Delivered At Frontier, DES- Delivered Ex Ship, DEQ- Delivered Ex Quay, DDU- Delivered Duty Unpaid, DDP- Delivered Duty Paid); This term is unfavorable to the seller because the seller is fully responsible for the goods arriving as per the LC at the agreed-upon location or specific import destination.

### **Export Procedure:**

Any party wishing to engage in export commerce must first get an Export Registration Certificate (ERC) from the Bangladesh Government's Office of the Chief Controller of Imports and Exports (C.C.I & E). Without such a document, no one is authorized to export products from Bangladesh to any other country. As a result, before confirming any export form, an Authorized Dealer should double-check that the person is properly registered. An application in the prescribed form must be submitted to the authority together with the following papers in order to be registered:

- The municipal government issues a certificate of nationality.
- The municipal government has granted you a business license.
- Bank certificate
- Income Tax certificate
- A copy of the business premises' rent receipt.

A purchase order must be obtained before an exporter can export LC. The exporter is responsible for preparing the goods and making all necessary arrangements for shipment, including the following:

- Shipment slot is reserved.
- The goods are packaged and shipped according to the Export LC contract's instructions.
- Space reservation at the loading port for export cargo storage.
- Arrangements for commodities transit to the port.
- EXP is being issued by the bank (A.D).

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The following papers and documentation must be gathered whenever an exporter approaches the branch for the purpose of issuing and certifying EXP:

- The exporter's application.
- Certificate of Export Registration that is valid (ERC).
- Original export LC copy.
- The branch conducts an examination of papers and documents.

**i. Application:**

- Items are allowed to be exported.
- The arrangement for the completion of the trade is expected to take 4(four) months.
  - The receipt of title to the goods, such as a Bill of Lading (B/L), an Air Way Bill, and so on, has been arranged.

**ii. Export LC:**

Irrevocable or confirmed LC issued by an internationally reputable bank under UCPDC in force, with a transfer made (if transferable) in accordance with the provisions of article 48 of the ICC-500.

- The authenticity of the person advising or transferring the LC must be confirmed.
- There is enough time to ship.
- It gives you the ability to negotiate.
- Reimbursement clause is definite.
- The B/L clause complies with the provisions of the Foreign Exchange Transactions Guidelines.
- All other terms and conditions are favorable.

**iii) Contract:**

The seller and the buyer have both confirmed and signed the contract.

- The buyer's consignee is genuine (the Branch must receive the buyer's credentials via Foreign Correspondence).
- The items to be exported are described in detail, including quantity, quality, price, and unit pricing.
- Mode of conveyance, as well as the origin and destination ports.
- Shipment date.

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- The terms of delivery (FOB, CRE, CIF, etc.) are clearly stated.
  - At Sight DC/ DP/ USANCE, there is a payment clause.
  - Contract validity.

After being satisfied, the branch will issue a set of EXP, which will be duly documented in the Export Register according to the specifications stated in appendix 5/65 of Bangladesh Bank's Guidelines for Foreign Exchange Transaction Volume-1.

- C & F Agent will receive the papers and documentation.
- Export has signed and the bank has certified the EXP.
- Copy of the LC Contract for Export.
- The exporter has issued and signed a commercial invoice.
- Packing List.
- In the event of a CIF export, an insurance cover note is required.
- Adapted from VBF-9 (Prescribed by Custom Authority for declaration of Export Cargo).
- Instructions for shipment in detail
- The deadline for loading the items onto the ship.
- The name of the Bangladeshi bank to which the BL/airway duty bill shall be drawn.
- To be attained, a certain number of original and non-negotiable B.L.
- For claiming duty drawback (where applicable), you'll need documentation of export from the Customs Authority.

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

- Space for shipping has been reserved.
- Export cargo is stored at the port.
- Each packet / container is marked with the shipping marks.

Provide instructions to the carrier regarding the date by which the items must be shipped on board, as well as the shipping paperwork to be issued, including all necessary clauses and the quantity of copies to be provided.

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

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

The export documents must be sent under the cover of a letter that details the quantity of documents submitted as well as payment and delivery instructions. Branch's job is to make sure that the amount of documents specified in the forwarding letter has been discovered to be complete. Payment instructions and document delivery instructions are in accordance with the terms and conditions of the Send out LC contract.

- Sight documents are to be supplied in exchange for payment when the draft is seen.
- Documents are to be given in exchange for the drafter's approval of the draft, and documents are to be submitted for payment on the due date.
- Documents are to be conveyed claiming payment.
- All essential documentation have been submitted in accordance with the LC contract's terms and conditions.

Documents submitted are to be scrutinized and the discrepancies are to be noted on the scrutiny sheet. Exporter is to be informed of the discrepancies immediately. Export will rectify the discrepancies which are rectifiable by them.

For Export LC, exporters in our country are asked for the documents like

- a) Bill of Exchange
- b) Transport Documents

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- c) Commercial Invoices
  - d) Packing List
  - e) Certificate of Origin.

Insurance documentation have been found to be less frequently requested in export LCs.

Weight lists and PSI certificates are also requested, although on a case-by-case basis.

### **Documents required in international trade**

International market includes different sorts of exchange archives that have to be created whereas making exchanges. Each exchange report is contrast from other and show the different perspectives of the exchange like depiction, quality, number, transportation medium, reimbursement, assessment and so on. So, it gets to be imperative for the merchants and exporters to form beyond any doubt that their reports back the rules as per worldwide trade transactions. A little botch might demonstrate exorbitant for any of the parties.

The taking after could be a list of reports frequently utilized in universal trade:

- Air Way bill
- Bill of Lading
- Origin Certificate
- Transportation Documentation
- Bill of Exchange
- Insurance Policy
- Packing List/Specification
- Inspection Report

### **Air Waybills**

Air Waybills: Air waybills make beyond any doubt that merchandise have been gotten for shipment by discuss. An ordinary discuss waybill test comprises of of three firsts and nine duplicates. The primary unique is for the carrier and is marked by a send out operator; the moment unique, the consignee's duplicate, is marked by an send out operator; the third unique is marked by the carrier and is given to the send out specialist as a receipt for the goods.

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**Air Waybills serves as:**

- Verification of receipt of the products for shipment.
- A receipt for the freight.
- A certificate of insurance.
- A direct to carrier staff for the taking care of, celerity and conveyance of the consignment.

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

The Bill of Lading is a document issued by the shipping company for the products that have been dispatched for transportation from one point to another, and it is signed by the agents of the transport vessel. A set of two, three, or more bills of landing is issued. Each charge of loading will list the number of items in the set, and they must all be counted. Typically done due to the security reasons which guarantee that the archive never comes into the hands of an unauthorized individual. It'll show whether fetched of cargo/ carriage has been paid or not:

- "Freight Prepaid" : Paid by shipper
- "Freight collect" : To be paid by the buyer at the port of discharge

**Certificate of Origin:**

The Certificate of Origin required by the custom specialist of the bringing in nation for the reason of forcing consequence obligation. It is ordinarily issued by the Chamber of Commerce and contains data like seal of the chamber, points of interest of the great to be transported and so on.

**GSP** (Generalized System of Preferences) is a preferential tariff system extended by developed countries (also known as preference giving countries or donor countries) to developing countries (also known as preference receiving countries or beneficiary countries).

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**Commercial Invoice:** The seller provides the buyer with a Commercial Invoice paperwork. Commercial invoices are also known as export invoices or import invoices, and they are used by the customs authorities of the importer's country to assess the goods for taxes purposes. The invoice must include the following information:

- The credit must be issued by the creditor's designated recipient (the seller).
- Address the letter to the credit applicant (the buyer).
- be signed by the intended recipient (if required).
- Include the item's description precisely as it appears in the credit.
- Be printed in the specified number of copies(which must be marked "Original) and copies.
- Include the price as well as unit prices, if applicable.
- Indicate the amount due, which must not exceed the amount specified in the credit.
- Include the terms of delivery.

### **Bill of exchange**

A Bill of Exchange is a type of written document in which an exporter asks a merchant for a specific sum of money in the future, and the merchant agrees to pay the exporter that sum of money on or before the end of the date. This record is unusually important in a discount transaction where a large volume of money is involved. A bill of exchange involves the following people: The person who writes or prepares the bill is known as a drawer. drawee: The individual who pays the bill is the .

Payee: The person to whom the payment is to be made.

Holder of the Bill: The person who is in possession of the bill.

On the basis of the due date there are two types of bill of exchange:

Bill of exchange after Date: In this case the due date is counted from the date of drawing and is also called bill after date.

Bill of exchange after Sight: The due date is calculated from the bill's acceptance date, and it's also known as a bill of exchange after sight.

### **Packing List**

A packing detail, it contains points of interest around the packing materials utilized within the shipping of merchandise. It too incorporate points of interest like estimation and weight of goods. The packing List must:

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Have a depiction of the products ("A") reliable with the other documents.

Have subtle elements of shipping marks ("B") and numbers reliable with other documents

### **Inspection Certificate**

Certificate of Inspection is a record documents arranged on the ask of vender when he needs the dispatch to be checked by a third party at the harbour of shipment some time recently the products are fixed for last transportation.

### **Exp Form:**

Exp which meaning is "Export Permission". Its declare by central bank. Where mentioned all kinds of export procedures information or commodity. By tweaking the Export Permissions option on the Users tab, administrators can enable or disallow a user from exporting data. Whether your account uses Simple or Advanced Permissions, users will always be limited to exporting just the records that they have permission to see. It's declared by central bank for knowing or processing foreign remittance & export criteria.

### **Internship on Co-related Departments:**

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

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

Here following their working procedure or working flow chat by which way they done their work. Actually garments industry's outcome depends on chain working or co-working processes, all these department are linked with others department for their nature of work process.

You can also call it like supply chain working. So here I describe very shortly or precisely about the working flow chat of Marketing Department, Industrial engineering Department, Purchase & Procurement Department.

### **Marketing Department flow chart.**

1. Order negotiating communicate with Buyer,
2. Collection of order.



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3. Sample development and approval
  4. Costing & Price negotiation,
  5. Order Confirming, Collect LC,
  6. Raw material in house,
  7. Prepare T&N,
  8. Pre-production Meeting
  9. Bulk production monitoring
  10. Final Inspection & Ex-factory Goods.

**All the above processes have discussed in the below table:**

**Contact with the buyer:** It is the initial step in the garment export process. The customer must first be contacted by the clothing merchandiser in order for the order to be collected.

**Order collection:** The buyer gives the buyer's order to the buyer's merchandiser. Each order includes a document with garment specifications for various commodities or products.

**Sample development:** Following the garments specification sheet, the garments merchandiser must develop the required products after obtaining the export order.

**Sample approval:** A garment merchandiser sends a product sample to the buyer for approval after designing it.

**Costing:** After the product sample has been accepted, the clothes merchandiser will discuss the final costing with the buyer.

**Confirmation of order:** Finally, the merchandiser for clothing validates the order here.

**Consumption:** Following confirmation of a garment export order, the merchandiser must prepare to consume the necessary fabrics, trims, and accessories. Reservations for fabrics and accessories: Fabrics and accessories have been booked in-house to fulfill the export order's requirements.

**Master L/C Collect:** In the meantime, the buyer's master L/C is opened and presented to the merchandiser of clothing.

**Preparing T&A calendar:** Meanwhile, the merchandiser for clothes must establish a time and action plan for garment manufacture.

**Fabric & trims in house:** According to the booking table, all of the essential fabrics, trimmings, and accessories are in-house.

**Pre-production meeting:** It is a crucial aspect in the creation of clothes. Before beginning the production, the production team should finish this meeting.

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Pre-final inspection: This is done to guarantee that the quality for the export order is correct. Normally, the factory inspection team is in charge of this.

Final inspection: The buyer's inspection team has completed the final inspection of an order here. In this case, the buyer confirms the inspection team.

Ready for shipment: Finally, the clothing are delivered to the buyer by sea freight or air freight.

**Industrial Engineering Department flow chart:**

1. Pre-final meeting if all material in house,
2. Production target set
3. Set machine layout
4. Line setting
5. Line balancing
6. Production monitoring
7. Collection production data
8. Prepare production report
9. Analysis report & coordinate with Factory in charge,

**Supply Chain Management Dept.: (Purchase & Procurement Division)**

1. Determine what items or services are required.
2. Make a list of potential vendors.
3. Contract terms with suppliers should be negotiated.
4. Put the finishing touches on the purchase order.
5. Receipt of invoice and payment,
6. The order's delivery and audit,
7. Maintain accurate record of invoices.

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## Chapter 3

### Critical assessment of Internship work

On my internship report “A Study on Commercial Activities in a readymade garments; understanding LC & shipment procedure to export goods of Aboni Knitwear Limited”

Actually want to focus how commercial activities took place & done by the staff of this department. Also I synthesize my generic and knitwear garments related specific course knowledge & learning with their activities. I did observe the workflow they maintain & recommended some suggestions by which they minimize their work timeline & do easier their daily routine work.

#### 3.1 Application of Generic and Industry specific courses during internship

During my 3 months internship program, I applied my theoretical knowledge of Post graduate diploma in knitwear industry management generic & industry specific courses.

##### **Generic Courses application:**

From course title- HR Skill & Competencies, I have synthesis my knowledge of **team dynamics** how to work with cooperative way with inter department activities. Also observe how leadership & motivation power can increase productivity.

From course title- Communication skill, help me write effective emails & appropriate usage of emails etiquette.

##### **Industry specific Courses application:**

From Course title- Introduction to the garments industry, introduce me with garments equipment & various machine. Types of fabric and their knitting process. In additionally printing & washing steps.

From Course title- Quality Management, teaches me quality assuring parameter & sustainable production ensuring eco-friendly garments industry.

From Course title- Supply chain management, Basic concept on supply chain management & their activities, inventory management balancing supply and demand.

From Course title- Industrial engineering, how they use various tools & technique to get desire production outcome. Waste reduction & balancing man-machine ratio. How they study motion economy & apply the LEAN technique.

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From Course title- Production management and merchandising, Order confirmation processes & costing elements, role of Buyer & merchandiser, upcoming fashion trends & Buyer expectation.

### **3.2 Suggestion for industry improvement**

During my internship period, I have worked with many department especially commercial department and its sub division like- Export (Shipping & Logistics Division), Import Division, UD (Utilization Declaration Division), Customs & Bond Division, Proceed Realization & Banking Division, CNF (Carry & Forward Division).

Besides that I would work with Merchandising Department, Industrial Engineering Department Supply Chain Management Dept.: (Purchase & Procurement Division)

Throughout these 3 months internship I have some observation & suggestion for improvement further.

**Observation:** In commercial department all the stuffs work as specific field, most of them didn't have multitasking or interdepartmental knowledge rather their specific work. So they didn't help each other by doing other work if someone sick or leave the job for a sudden period of time. Though I know this only happened for the assign work diagram or volume of workload.

**Suggestion:** need to reorganize job responsibilities & create the opportunity of multitasking skilled staff & that's only possible if top management reschedule staff job responsibilities and develop by interdepartmental practical knowledge.

**Observation:** Paper work working pattern, that create waste of time & need storing support. On the other hand sometime they didn't find the right paper within short time and also the possibility of lost or damage.

**Suggestion:** now a days we all are well known with digitalization, if possible they can easily preserve their paper as e-documents by scanning or as PDF file on a common server. This digital archive help them find the right paper just a click.

**Observation:** sometime lack of proper follow up causes shipment delay & finally Buyer impose compensation of AIR at factory cost or deduct value as Buyer sale loss.

**Suggestion:** if they ensure every department proper follow up by introduction reward and punishment method & also establish accountability with training up them through motivation.

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### **3.3 Learning for self-improvement**

Working with many division associate with my job, I will take their suggestion and update information, so that it will help to perform my job by best use of practical knowledge and information to get best outcome in future.

I will merge my export related work schedule with Industrial engineering department associate with merchandising department. That may help me easily track my upcoming work and be updated with work status.

KIM-PGD generic and industry related course knowledge help me evaluate the working process of other sub-unit. That help me synthesis my knowledge and work experience.

Also these 3 months internship program help me to build up close relationship with my other department colleagues that help me further communication and get their cordial support.

Especially I have got a real field work experience beside my specific job that can help me to plan my future schedule work smoothly.

Finally my report give me intensive practical knowledge that help to interlink my job responsibilities with my other co-related department.

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## Chapter 4

### Conclusion:

From an agroindustry based economy to the present fare import arranged economy Bangladesh made some remarkable progress. With the support of about 40-year-old apparel and article of clothing industry Bangladesh raised its remote hold from \$270 million (1972) to \$30600 million (2020). Still there is part of chances for Bangladesh to develop at its maximum capacity. Bangladesh RMG area is standing only one year behind the \$50 billion fare target. Considering the present circumstance industry specialists are imagining that industry probably won't have the option to contact the \$50 billion grinders by 2021. Covid-19 is tearing Bangladesh's Instant Articles of clothing (RMG) part to shreds.

On my internship report the main working area was commercial department of Aboni Knitwear Limited and mostly the working procedure of export & logistics division. How they done their job responsibilities to export goods at Buyer port of destination & secure the export value by the term of Letter of credit. The working circle of export division start at communicating with Buyer nominated forwarder for placing booking of specific goods and end up with sending the export related documents for payment settlement through exporter Bank to Buyer Bank.

There are many more division under commercial department like- Export (Shipping & Logistics Division), Import Division, UD (Utilization Declaration Division), Customs & Bond Division, Proceed Realization & Banking Division, CNF (Carry & Forward Division) all they are working like chain of work with interlinked co-operating working features.

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