



INTERNSHIP REPORT

FREIGHT FORWARDING- MGH GROUP



INTERNSHIP REPORT ON- FREIGHT FORWARDING BUSINESS OF MGH GROUP

PREPARED BY

SHIFAT ARA

STUDENT ID- 10304122

BRAC BUSINESS SCHOOL

BRAC UNIVERSITY

PREPARED FOR

MOHAMMAD REZAUR RAZZAK

ASSOCIATE PROFESSOR

BRAC BUSINESS SCHOOL

BRAC UNIVERSITY

Letter of Transmittal

April 12th, 2014
Mohammad Rezaur Razzak
Associate Professor
BRAC Business School
BRAC University

Subject: Submission of internship report

Dear Sir,

This is to inform you that with great pleasure that I have prepared by internship report on the “Freight Forwarding-MGH Group” that you have assigned to me to mark the completion of my internship in the company and to express my knowledge from the experience in writing. I have tried my level best to prepare an effective and creditable report given the extreme time constraints and immense work pressure.

The report contains a detailed study of the Freight Forwarding business of MGH Group. I have made this report keeping in mind the technical aspects of the industry and provided detailed description of processes to make it convenient for anybody who might read it for reference. However, for any sort of discrepancies and inconsistency that may arise, I will be pleased to clarify and answer regarding any of the part of this paper.

Yours sincerely,

Shifat Ara

Student ID- 10304122

BRAC Business School

BRAC University

MGH Group- Company background

MGH Group is one of the largest conglomerates in Bangladesh. Rooted in Bangladesh, the company is now Head Quartered out of Singapore and has operations in all across India, Pakistan, Sri Lanka, Nepal, Myanmar, Vietnam, Mauritius, Madagascar, Qatar, Kuwait, Egypt, the United Arab Emirates, Kazakhstan, and Nigeria. It was established in the year 1992 as a distributor for Gillette, by Mr. Anis Ahmed and soon spread out to have core investments into Contract Logistics, Supply Chain Solutions, Ocean Carriers, and Airlines GSA representations, Cutting-Edge IT Solutions, Inland Container Terminal Management, Food & Beverage Retail, FM Radio, Cable Television Network, Tea & Rubber Plantation, Commercial, & Retail Banking, Computer Reservation System (CRS) Distribution, Internet Booking Engine, and Inventory of Premium Land Bank respectively.

Contract Logistics

MGH originally started out as the distributor of Gillette and later formed Aquamarine Distribution Limited (ADL) for the exclusive distributorship of Gillette and Kodak Consumer Imaging in the year 1994. It ensured a nationwide retail distribution network reaching over 110,000 outlets and caters to nearly 3 million consumers making Gillette a daily brand among the people of the country. In the later years, MGH Group formed Brands Limited (IBL) as the distributor of Procter & Gamble. MGH's decade old relationship with Procter & Gamble has not only helped P&G reach more consumers in Bangladesh, but has also dispersed learning from current best practices of P&G from various emerging market has helped grow major P&G business categories. Now MGH's contract logistics subsidiary, IBL has separately spun-off stockiest unit, establishing stock points at major markets with the support of trained sales force, and executing direct sales-to-cash cycle with the Modern and traditional retailers.

Origin service solutions



With diverse methods and analytics, MGH analyses the logistics process chain and works together with clients to develop the most efficient supply chain landscape.

Ocean Carriers

MGH provides shipping line services and has close liaison with the National Shipping Line of Taiwan, Yang Ming Line which is now represented by Transmarine Logistics Ltd in Bangladesh, and by Transmarine Logistics Asia Pte Ltd in Myanmar. Yang Ming Line is ranked globally on June 20011, has 66 services all across the world with 3,398,42 (twenty equivalent units) TEUs operating capacity, and major alliances with China Ocean Shipping Company (COSCO), K-Line, and Hanjin. Transmarine Logistics Ltd (a concern of MGH Group) represents China Shipping Container Lines which is largest Container Shipping line of the Peoples Republics of China-ranked ranked 10th in the world on June 2011, by operating container capacity of 5,60,000 TEUs with 80 services across the world, raced to global leadership in containerized transportation in

just 13 years. MGH also venders carrier services of Emirates Shipping Line DMCEST-- a new generation containerized shipping company having niche services to, and from the Middle East, South Asia or India Sub-Continent, Intra-Asia and the African Continent, respectively. Along with these shipping lines, MGH also represents Compania Sudamericane de Vapores, Orient Express Lines (Singapore) Pte Ltd, BLPL Logistics (Singapore) Pte Ltd.Sitara, Shipping Lines, and Balaji Shipping Lines FZCO.

Airlines GSA representations



MGH provides air freight forwarding services and has GSA representations in Air Arabia, Turkish Airlines, Biman Bangladesh Airlines, and Singapore Airlines. MGH provides air freight services in Bangladesh, India, Nepal, Qatar, Egypt, Vietnam, Cambodia, and Myanmar.

IT solutions

Jaatra.net is an outcome of continuous delves of MGH Group in the aviation industry for last one decade. It is a complete solution for both online and traditional travel agencies looking for an Internet Booking Engine (IBE) in order to become an online travel agent (OTA) without any development and with minimum cost. It facilitates flight searching, booking and even ticketing over internet through agency's personalized website. *Jaatra.net* drives incremental revenues as it offers 'round the clock' online self driven travel planning and reservation for travel agent's both B2B as well as B2C customers. It provides complete freedom to the Travel Agents to configure the sectors, airlines and GDS according to their business need. *Jaatra.net* IBE also provides seamless integration with *Jaatra.net* Back Office system, so that travel agents can have

complete visibility of their business from one single point. Precisely, *Jaatra.net* is a trusted online travel solution provider which opens the opportunity around the globe!

Food & Beverage Retail

MGH Restaurants Pte. Limited is the Master Franchisee of Nandos in Bangladesh, and in Nepal. With the first 550 square meter sprawling Flag Ship Store opened in Dhanmondi, Dhaka, MGH opened the second 550 square meter store in Gulshan in 2009, the Premium Suburb of Bangladesh. MGH is also the master franchisee of Barista Lavazza with the objective to provide an authentic Italian coffee drinking experience in a warm, friendly, no pressure environment. We began operations in the year 2008 as we felt the time was right for the Bangladeshi consumers to experience a café that provided a third space, away from work and home, where the guest could relax and unwind.

FM Radio



Radio Foorti- an MGH concern, the first and only pure-play FM Brand in Bangladesh was born in year 2006. With the network of stations spreading across 8 towns, Radio Foorti is currently heard at almost 2.1 Millions of Households according to the recent Nielsen Research commissioned by Radio Foorti. Foorti has so far helped redefine FM culture, ushering a new way for music to be heard and for entertainment to be enjoyed. With stations in Dhaka, Chittagong, Sylhet, Cox's Bazar, Mymensingh, Barisal, Khulna, and Rajshahi currently operating, Radio Foorti plans to roll out additional 22 stations with independent programming capabilities all across Bangladesh.

Tea & Rubber Plantation

MGH owns a strategic stake of Finlay Tea's parent Consolidated Tea & Plantations Limited (CTPL). With 16 Tea, and Rubber Plantations spread across 44,000 acres of scenic green land, area, CTPL is the second largest tea producer generating 23 percent of annual tea productions of

Bangladesh. CTPL produced Tea is also bought in tea auctions and packed by major Consumer Tea Brands, and regarded as one of the High Quality Leaf Tea and Tea Extracts.

Realty Development

In early 2000, when Gulshan, the trophy location of Bangladesh was merely a residential aspiration of the inhabitants, MGH with a mentor-partnership started to acquire premium Gulshan Avenue locations as part of the Portfolio Diversification Strategy, and now hold 4 major locations, and a few more pieces of land in the Land Bank Inventory.

Corporate Social Responsibility

MGH Foundation was set up to assist Non-Governmental Organizations (NGOs), individuals and organizations to eradicate child labor and provide guidance, direction and help to improve lives of under-privileged children.

MGH Foundation also provides Legal Aid to the unprivileged prisoners who are in false custody and are financially incapable of availing proper legal support. Legal Aid Society for the Unfortunates (LASUF) has been formed to give an opportunity to those falsely accused.

The CSR initiatives are aimed at eradicating child labor, empowering women, providing legal aid, rehabilitation, social awareness programs etc.

In January 2008, an MOU was signed between MGH and The Asian University for Women to provide scholarships to deserving students.

The freight forwarding business

Freight forwarding is a company that deals in international import and export. While it doesn't physically involve itself in the handling of goods, it acts as an intermediary between the client and various transportation services. Very simply, Freight forwarding is a service industry that involves moving goods around the world on behalf of importers and exporters. Freight forwarders specialize in moving cargo. They also arrange customs clearance of goods, and maintain all documentation. It takes the responsibility of sending goods/cargoes from one international destination to another and involves a whole host of carriers, requirements and legalities. A freight forwarding service handles the considerable logistics of this task for the client, relieving what would otherwise be a formidable burden. It takes the liability that products will reach its specific destination by an agreed upon date, and in good condition. It uses different kinds of transportation services such as- air freighters, trucking companies, rail freighters and most importantly ocean liners. Freight forwarding services negotiate the best possible prices for the transfer of goods using the most economical route by working out various bids and choosing the one that best balances speed, cost and reliability.

Today freight forwarders' activities include the following functions:

- To act on the customers' behalf to procure the most suitable transport and shipping services.
- To undertake the arrangement of the routing and choice of mode for the customer, together with any ancillary service such as customs clearance or packing. This level of involvement introduces a higher level of expertise, which the shipper may not always be able to provide.
- Offering stand-alone ancillary services such as warehousing, customs clearance, packing and port agency

General services provided by Freight Forwarders

- ✓ International freight forwarding
- ✓ Air & Ocean services
- ✓ Import & Export
- ✓ Custom clearance ocean / Air combination services
- ✓ Freight consulting
- ✓ Air & Sea freight charters
- ✓ Storage and warehouse
- ✓ Distribution

MGH and the Freight forwarding business

Over the years, MGH Group has grown to be country's leading supply chain solution specialist conglomerate. It is the exclusive supply chain partner for leading global retail chains like Carrefour, Metro, Norton, and C&A. In the freight forwarding business context, MGH Group represents seven freight-forwarding agencies and six shipping lines. In 2006 and 2007, MGH was set to strengthen its presence in Sri Lanka, China and Europe - and has successfully achieved its target. Since then, MGH has focused on the European market, aiming to provide its quality services across the Pacific. MGH has 30 percent volume share of export sea freight in Bangladesh and 55 percent of European exports. By offering consolidated 360-degree customized solutions to the partners, MGH has managed to link the complex worldwide network into an innovative and simple logistics solution. MGH covers air freight, ocean freight, warehousing, trucking, import clearance, distribution and custom brokerage, alongside Container Freight Station (CFS) / Inland Container Depot (ICD) services for its global customers.

MGH has separate business entities to meet the growing demand of supply chain solution specialists. While one may think that a single company can cater to the needs of all suppliers/buyers, in reality, MGH is dealing with rival companies in many contexts which make the establishment of different companies a necessity without having to lose profitable business. MGH has three companies handling all of its freight forwarding business-

- ✓ Transmarine Logistics (TML)
- ✓ Total Transportation Limited (TTL)
- ✓ Global Freight Limited (GFL)

While the above companies under MGH Group strives to serve the same purpose, i.e. expand their businesses in the field of freight forwarding, and work in very similar ways, where the main difference lies is in the procedures and rules that individual customers demand compliance with. Each individual/team is given the responsibility of handling with companies in certain geographical areas or are designated to work for a particular large customer (for example C&A).

Payment methods

The freight charges of shipment are of two types- collect (CC) and prepaid (PP). Collect (CC) is paid at destination port after the goods are safely delivered to their respective end. Prepaid means the final shipper pays freight at load port to a freight forwarder. Once after arrival of cargo at destination, the counterpart office of the said freight forwarder pays freight to main carrier of goods.

Forwarder CRM and Sales

Each of these aforementioned companies has its own respective CRM and Sales teams dealing with different set of customers.

Forwarder CRM is a hosted web based Customer Relationship Application developed specially for the Freight Forwarding Industry. Forwarder CRM automates the sales process and centralizes customer data categorized with Freight Forwarding business processes in mind such as standardized locations taken form United Nations Locodes database (and others) and Harmonized Tariff Codes. Forwarder CRM modules are designed to keep accurate and categorical to be used in Logistics Business Processes. Briefly, Forwarder CRM is the business software for freight forwarding industry worldwide.

Freight forwarders sell organization, coordination, consolidation of various services which aim at the proper movement of customer's freight from one location to another. For the sales people, it is important to know what customers are actually looking for and use this knowledge to their

benefit by offering customized services. Salespersons are required to have intensive knowledge about the potential customers before designing their offerings as there is a matter of time constraints while approaching potential customers. New customers are vital to the expansion of freight forwarding business, and salespersons are the liaison between MGH and its customers in keeping them satisfied and for bring future business for the company.

Transmarine Logistics-TML Freight forwarding (FF)- Export

As discussed previously, the freight forwarding companies in MGH operate in similar ways. Transmarine Logistics handle shippers who send their cargoes in countries in a number of European countries and deals with a considerable number of shippers such as Carrefour, C&A, Gruppo Coin, etc. Before goods can be accepted for transfer, the supplier of the goods is required to send a commercial invoice and the packing list to the freight forwarders. Commercial invoice and packing list are documents containing detailed information of cargoes for export. Upon the receipt of these two documents, which initiates the freight forwarding activities, the freight forwarding company takes the follows steps:

- Look for cargo hand-over date and check for the vessel schedule accordingly
- Seek approval from the agent of the buyer of goods for authenticity of transaction
- Check for vessel schedule and booking vessel
- On the successful confirmation of vessel, a booking number is generated which is later used for the bill of lading. The bill of lading is issued by the shipping company acknowledging the receipt of the goods mentioned in the bill, for shipment on board of the vessel. The B/L is the legal document to be referred in case of any dispute over the shipment. It contains:
 - The shipping company's name and address
 - The consignee's name and address
 - The port of loading and port of discharge
 - Shipping marks and particulars
 - Number of packages and the goods
 - Gross weight and net weight
 - Freight details
 - and name of the vessel
 - Signature of the shipping company's agent
- TML forwards the container booking number to portlink

- TML prepares a stuffing plan and forwards the stuffing plan to the portlink.
- Sending shipping advice and pre-shipment alert documents to respective counterparts
- The B/L is prepared
- A payment of Taka 1200 is taken from the shipper as a charge of the B/L, and Taka 500 for the release of House Bill of Lading.
- Upon the payment, the B/L is handed over to the shipper (a signed copy of the B/L is kept with the freight forwarder as evidence of document release).

Total Transportation Limited

Most customers of Total Transport Limited are buyer nominated, however a small number of customers who come and go based on the service rates of TTL are served on a non-regular basis. Buyer nomination means that each of the customers has given TTL the exclusive rights to be their agents (such as Toll) in Bangladesh, meaning that TTL will be the freight forwarders for all their cargoes in this country. TTL handles cargoes that are shipped to different parts of Europe and individuals/teams are assigned to deal with special geographical areas, such as Australia, UK, and Germany etc.

TTL provides freight forwarding services to ICD (inland container depot) and Portlink. ICD is a common user facility with public authority status with fixed installations and offering services for handling and temporary storage of import/export laden and empty container carried under customs control and with Customs and other agencies competent to clear goods for warehousing, temporary admissions, temporary storage for onward transit and outright export. Transshipment of cargo can also take place from such stations.

The primary functions of ICD are as follows

- Receipt and delivery of cargoes
- Stuffing and stripping of containers
- Transit operations by rail/road to and from serving ports
- Customs clearance
- Temporary storage of cargo and containers
- Reworking of containers

- Maintenance and repairs of container units

Major items that are exported through ICD are ready-made garments, leather products, machinery, agricultural products such as rice, etc. When goods are sent via ICD, TTL is required to book a carrier and obtain the specific carrier number which is used in the Master Bill of Lading. When goods are boarded, a declaration is made in the system software, and upon the arrival of cargoes in their specific destination, they are surrendered by the carrier upon the receipt of payment invoice from the respective agent of the buyer.

Air freight is preferred by suppliers in many contexts. Mostly, it is the factor of urgency that persuades suppliers to use this expensive mode of transport. Air freight is somewhat three times more expensive than sea freight and is therefore a mode of transportation that is most often considered the last option for suppliers as it slashes their profit margin significantly.

The air freight operations are described by the following:

Once after receiving booking of air freight from supplier, which is accompanied by the commercial invoice, packing list (containing quantity, style, weight of cargoes, etc), TTL seeks the buyers'/agent's approval before making a booking with the airline. Upon the confirmation of the space booking with the airline, the cargo processing activities are initiated by TTL.

When a space booking must be made with an airline, TTL takes the factor of cost, space and service under consideration and selects a service that can perform satisfactorily at reasonable price. TTL keeps the supplier updated about the advances and makes inquiry about the arrival of cargoes in its warehouse and the completion of all export related documentation. A house airway bill is issued by TTL to the shipper stating all details of the cargoes to be transferred; this is for the benefit of the shipper so that all export related documentation can be completed by him/her in due time.

Once TTL is informed about the completion of the documentation of export, it obtains a plan from the airline and once after goods are delivered to TTL's warehouse, a cargo delivery receipt is issued by TTL and they are transported and loaded to aircraft within due time and flown to the buyer. A master bill of lading is issued by the airline in the freight forwarders' name as a proof

that the airlines has received the goods and is liable to send the goods in good condition to the recipient of the goods. On the buyer's end, the buyer's agent receives the goods from the airlines.

Global Freight Limited

Global Freight Limited organizes shipment to get goods from the supplier to the buyer. GFL does this shipment either through air or sea, which depends on the buyers' specifications. In this whole process of freight forwarding, two groups of people work, one is the sales group which mainly creates the business or arranges the booking and the other one is CRM which mainly run the whole process after the booking till releasing the cargo. GFL is mainly involved in the export and import of garments accessories.

Like all other freight forwarding wings of MGH Group, the sales team plays a vital role in bringing clients for the company. They maintain clientele and visit new potential customers on a regular basis to get more business for the company. The roles of the sales team at GFL can be summarized as follows-

- Create new clientele and maintain good relationships with existing ones
- Discuss scopes of providing better service and solving existing problems of suppliers
- Introduce additional services like clearing and forwarding to provide one-point service to customers (suppliers)

Once the sales team has successfully reached an agreement with the customer, the supplier sends the commercial invoice and the packing list to the CRM and the freight forwarding activities commence. The following are the activities that are done by the freight forwarder in order to send the goods to its final destination:

- Look for cargo hand-over date and check for the vessel schedule accordingly
- Seek approval from the agent of the buyer of goods for authenticity of transaction
- Check for vessel schedule and booking vessel
- On the successful confirmation of vessel, a booking number is generated which is later used for the bill of lading. The bill of lading is issued by the shipping company acknowledging the receipt of the goods mentioned in the bill, for shipment on board of

the vessel. The B/L is the legal document to be referred in case of any dispute over the shipment. It contains:

- The shipping company's name and address
 - The consignee's name and address
 - The port of loading and port of discharge
 - Shipping marks and particulars
 - Number of packages and the goods
 - Gross weight and net weight
 - Freight details
 - and name of the vessel
 - Signature of the shipping company's agent
-
- TML forwards the container booking number to portlink
 - TML prepares a stuffing plan and forwards the stuffing plan to the shipping line
 - Once shipping line's advice is received, a bunch is created, followed by a system update
 - Sending shipping advice and pre-alert docs to respective counterparts
 - The B/L is prepared
 - A payment of Taka 1200 is taken from the shipper as a charge of the B/L
 - Upon the payment, the B/L is handed over to the shipper (a signed copy of the B/L is kept with the freight forwarder)

Transmarine Logistics-Supply Chain Management (Area of operation)

Whilst this wing of Transmarine Logistics operates in the same way as the prior does, this particular concern is involved in providing supply chain support to two parties- the shipper of cargoes and its receiver. Transmarine logistics supply chain management are exclusive freight forwarders of world renowned brands such as- C&A, Carrefour, Groupo Coin, G-star Raw, etc. The typical/primary services that TML-SCMT provides include forwarding cargoes from buyer assigned factories. However, what sets this department apart from the others is two distinguishing services which are described below-

Pick and pack services-

Pick and pack is a unique supply chain management process in which shipments containing a multitude of products are disassembled i.e. taken out from their packets, and relevant products are picked for each destination, and repackaged with shipping label affixed and invoice included. It entails taking ordered goods out of stock and packing them so they can be effectively shipped to the end customer. Transmarine Logistics- SCMT offers a variety of flexible order fulfillment

options including: breaking down pallets of cases for shipment of individual cases; picking individual items (packs or inner packs) from cases for order fulfillment as well as building new cartons, packs, or pallets to fulfill customized orders and meet customer requirements. It is one of the most value adding services of supply chain management and global brands such as C&A outsource these operation to developing countries to have a cost benefit that they would not get if the service had to be acquired in respective countries of good delivery where labor costs are soaring.

TML-SCMT currently provides high volume pick/pack operations for a number of respected companies in consumer packaged goods, and retail industries. With the established labor force, processes, and packaging equipment in place, TML provides reliable pick and pack service to its customers.

Quality control services-

Quality control (QC) is a procedure or set of procedures intended to ensure that manufactured RMG products adheres to a defined set of quality criteria or meets the requirements of the client or customer.

In order to implement an effective QC program, TML-SCMT determines which specific standards the product or service must meet. Then the extent of QC actions is determined (for example, the percentage of units to be tested from each lot). After this, corrective actions are decided upon and taken (for example, defective units must be repaired or rejected and poor service repeated at no charge until the customer is satisfied). If too many unit failures or instances of poor service occur, a plan is devised to improve the production or service process and then that plan is into action. The QC process is an ongoing procedure to ensure that remedial efforts, if required, have produced satisfactory results and to immediately detect recurrences or new instances of trouble.

Responsibilities

- Coordinating with suppliers of RMG on dates, time, and places of cargo delivery; manual entry in SAP system

- Coordinating with shipping lines regarding available containers and stuffing dates and time of cargoes
- Coordinating with shipping lines regarding cargo departure and cargo arrival
- Creating stuffing plan and shipment plan
- Communicating with suppliers regarding cargo on-board status and notification for collection of house bill of lading
- Preparing house bill of lading and debit note for payment
- Payment for stuffing, unloading, and cargo landing charges in portlink

Freight forwarding -Import

Initially, both freight forwarding export and import activities were dealt with simultaneously. However the level of import has significantly increased over the years which have made it necessary for a freight forwarding company such as MGH to have its own separate wing dealing with its import activities. Approximately, 50,000-60,000 containers/tubes are imported every month of which, on an average, 3000-3500 tubes are imported by MGH. Currently, MGH imports both air and sea freight and has its networks all over the world and has offices in inland container depot and at the airport to manage the import activities. The major commodities that are imported by MGH are electronics, fabrics, tiles, cars, etc.

Import operations

Import activities start from approaching the importers which is done by the import sales team of MGH. After the importer has completed all L/C formalities, salespersons meet importers and offer an agreeable rate to the importer for handling the freight forwarding and an agreement is reached. Salespersons obtain suppliers' details (the exporter in this context) and provide partner-details which are then followed by a series of CRM activities.

The exporter is requested to provide information regarding the cargo status – the date of cargo arrival in the importer's country and is required to fill up a "booking form" which obtains relevant information about the cargo such as port of loading, port of destination, container type, etc. A shipping order is generated against this information to the shipping line and the exporter is notified.

The exporter collects the specific container from the depot and the stuffing of cargoes is done. The exporter then places the container in the port to be handed to the port authority within 48 hours before the cut off is established. The inspection team at the port tests the cargoes and checks its conformity. Once cargoes are on board, all documents regarding the import are drawn up in the following 5 days. The master bill of lading is one of such documents that is made by the shipping line and contains all details of the cargoes that is accepted for transportation from the freight forwarder.

Once before arrival of cargo at destination port, the carrier has to file the details of cargo arriving to such port of importing country with the Customs. The filing of such details of cargo is called IGM filing (Import General Manifest filing). The procedures to file IGM (Import General Manifest) are done by the carrier of goods or his agent. Normally IGM is filed on the basis of Bill of Lading or Airway bill, issued by the carrier. The IGM Import General Manifest contains the details about shipper, consignee, number of packages, kind of packages, description of goods, airway bill or bill of lading number and date, flight or vessel details etc. Once after filing Import General Manifest, the importer is informed and he or his customs broker files necessary documents for import with customs under the said imported goods. This filing is done on the basis of Import General Manifest (IGM) information filed by the carrier on arrival of goods. If any mistakes in filing Import General Manifest, the import customs clearance documents cannot be accepted, as the details of such documents has to be matched with the details in Import General Manifest (IGM).

The house bill of lading is a document used by the exporter and the importer. It is used when goods reach their destination as evidence that the exporter has kept his side of the promise. The house bill of lading is forwarded to the importer who submits it to its local bank of L/C along with the payment for the cargoes and after the successful correspondence between the exporters and importers bank (in order to make sure of the authenticity of the HBL) the bank returns the commercial invoice, packing list, L/C copy, certificate of origin to the importer. These documents are then used by the importer for clearing and forwarding activities to release the goods from the customs.

After the above processes are taken care of, a delivery order is issued by the freight forwarders addressing the port and shipping line to handover the goods to the importer. The freight forwards obtains its service charges at the rate decided by the sales personnel (at the very beginning). The payment received is called N.O.C (no objection charge). The N.O.C is paid by the importer during the release letter is issued or as per the terms decided between the importer and the freight forwarder.

CLEARING AND FORWARDING (C&F)

Clearing and forwarding agents act as intermediaries in transactions between shippers and suppliers of logistics services, and are required by customs to represent the owner in the procedures for clearing cargo over international borders. The Government of Bangladesh has rules and regulations regarding the transfer of goods/cargoes in and out of the country and all the operations of C&F encompass abiding these laws. Each individual working at the customs as a representative of the owner of the cargoes is required to have an enlisted identification to work in customs. CHA was established officially in the year 2012, on July 1st, to cater the services of clearing and forwarding to exports/importers with its vision of becoming a one-stop-service point in the long term. Whilst there are many companies in Bangladesh competing in the freight forwarding market, the clearing and forwarding services are still an untapped industry that MGH aims to explore.

The following are a discussion of the activities of C&F:

There are basically two parts of the C&F activities; firstly the customs house activities and secondly the off-dock customs activities.

At the customs house, CHA is required to present the following documents for initiating the cargo clearance process-

- The export permit is a legal document that is necessary for a company wishing to export its goods from one country to another. It is issued by the suppliers' local bank (after receiving L/C from buyer) vouching the right for the supplier to export goods to other countries. The company must have an export registration certificate which will certify that the company is eligible to export its commodities to foreign countries.
- HS Code stands for Harmonized Commodity Description and Coding System. This is the common standard worldwide for describing the type of commodity. Every commodity that enters or crosses most international borders has to be declared to customs by means of this code. This helps in standardizing the codes worldwide. VAT is paid against the HS code.
- Shipping bill is the most important document in the export of goods. It is the main document required by the Customs Authority for allowing shipment. Shipping bill contains all required details about the goods planed to export. It contains copies of the packing list mentioning the contents, quantity, gross and net weight of each package, copies of invoices which contains all

relevant particulars like number of packages, quantity, unit rate, total f.o.b, correct & full description of goods, contract, L/C, Purchase Order of the overseas buyer.

It is a requisite for seeking the permission of customs to export goods. It contains a description of export goods by sea/air. It contains a description of export goods, number and kind of packages, shipping marks, and number numbers, value of goods, the name of the vessel, the country of destination, etc. On the other hand, importers have to submit copies of document called Bill of Entry for customs clearance. Later, a copy has to be given to the bank for verification

All documents must be assessed by Customs before the export of goods, followed by goods examination, which is the next part of customs clearance.

- Customs endorse the shipping documents only after examining the cargoes at the dock. Customs personnel cross-check the goods against their commercial invoice before they can be stuffed.
- There can be situations where the quantity of goods in the invoice doesn't match with the real quantity of goods, in which case there are short shipping certificates (in case of shortage) and amendment certificate (in case of surplus).

Suppliers' payment-

Upon the successful stuffing of the suppliers' cargo for export, the supplier will take the bill of lading and shipping bill documents and request his local bank for payment. Upon receiving the suppliers' request, the local bank will make correspondence with the buyers' bank in the foreign country and, upon successful communication the monetary transaction takes place between the two respective countries' central banks.

Raw materials for RMG-

The BTMA (Bangladesh Textile Manufacturers' Association) certifies the use of local fabrics for the production of ready-made garments. In case the raw materials (fabrics) are imported from foreign countries to meet the requirements of the buyer, a Utilization Declaration must be made.

These two elements are vital for the "pass book" for every RMG factory, which records the use of fabrics for RMG production. This is required during customs audit at the end of each year.

Observations

MGH Group is one of the largest group of companies in Bangladesh with core businesses in freight forwarding. However, the very nature of businesses is as such that they need constant improvements to meet the dynamic business environment of today. There are undoubtedly scopes for further improvement that can be brought about in the company. The following are few of the concerns that can be brought under consideration-

- Since the CRM follows a rigid structure of procedures that have to be followed every time, it is often monotonous for an employee to be doing repetitive work which often leads to the following spill- over effect
- No employee training for software SAP use.
- High employee turnover resulting from stagnant career growth and low incentives
- Poor work allocation
- Technical problems in SAP systems which hinders work flow
- Frequent miscommunications regarding shipment payments with suppliers' agents
- No standard procedure to realize late payment from suppliers

Recommendations

First of all, the retention of skilled employees is a vital part of any organization's long term success- starting from the initial period, proper employee training must be provided to new comers to save time during work as well as increase productivity. The organizational hierarchy as well as the payment structure must be revised periodically and employee evaluation should be prioritized during promotion/bonus/benefits assessments. Job descriptions should be clearly communicated between supervisors and subordinates to be clear about who does which part of the work.

For a company like MGH Group which is heavily dependent on the SAP software, an efficient IT department with members specializing in the SAP system software is of utmost importance. Frequent system updates for reliable SAP communication must be ensured for smooth work flow.

Conclusion

The future for MGH Group is fruitful. The company is a pioneer in the freight forwarding industry in Bangladesh and has diversified its investment to make a strong portfolio. MGH Group plans on further expansion of its restaurant business in the near future and has already taken considerable attempts to open a learning and development department in the company to aid employee training by spotting training needs and arranging them periodically. Although employee turnover rates have recently increased, such issues are being taken into consideration to improve future employee retention.

The experience of spending my internship period as a management trainee in MGH Group has been rewarding and very fulfilling. The organization has given me a scope of functioning as a member of a highly active team of professionals catering to the need of various global brands and has added to my capabilities of working under pressure and adequately maintaining all aspects of work environment. I have been given a great opportunity of developing a professional attitude which would undoubtedly act on my benefit in my future career endeavors.