

# SINGER®

A Comprehensive Study on Trade Financing of  
Singer, Bangladesh Limited



Inspiring Excellence

**Internship Report**

A Comprehensive Study on Trade Financing of Singer, Bangladesh Limited

**Submitted to:**

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30/08/2017

**Letter of Transmittal**

30<sup>th</sup> August, 2017

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**Subject: Submission of Internship Report**

**Dear Sir,**

It gives me immense pleasure to present you with my internship report titled “**A Comprehensive Study on Trade Financing of SINGER, Bangladesh Limited**”.

The primary purpose of this report is to explore how Singer Bangladesh is using Trade Financing to explore different horizons in their business and implementing different techniques in trade to change the landscape of the industry. I have tried my best to cover the topic extensively and effectively and I sincerely hope this report will meet your expectations. I am immensely grateful for your support, guidance and encouragement during the preparation of the report.

Please accept the report and oblige. I will be glad to clarify any discrepancies that may arise in the report.

Sincerely,

---

Anika Tasnim Zaman

ID: 13104032

## **ACKNOWLEDGEMENT**

It is with great pleasure on my part that I have the opportunity to submit this internship report after three months of corporate experience at one of the world's leading MNCs, SINGER Bangladesh Limited.

I would like to take this opportunity to express my sincere gratitude to my internship adviser, Saif Hossain, Senior Lecturer of BRAC Business School, BRAC University.

The report would not have seen the light of day if it were not for the help of some of the most generous individuals at SINGER, Bangladesh Limited.

I convey my deepest appreciation to my General Manager Mr. MD. Monzur Murshed, for his continuous guidance and support in preparing this report. I would also like to thank Mr. MD. Mojibur Rahman for being a constant source of support and motivation all through my time at SINGER and guiding me even in his busiest of schedules. I am also very grateful to Mr. Akram Uddin Ahmed, Mr. Mushfequr Rahman, Mr. KH. Russel Ahammad, Mr. Abubakar Rahil, Mr. Mohammad Shah Moazzem, Mr. Mohammed Saiful Kabir and Ms. Yeasmin Akter for constantly encouraging me and also for providing me the opportunity to learn from them.

Lastly, I would like to express my deepest appreciation to all the personnel of SINGER Bangladesh Limited for their continuous support and valuable suggestions, cooperation and assistance in the preparation of this report.

## **EXECUTIVE SUMMARY**

As Bangladesh become more open to global economy, we see a boom in trade. As soon as trade come to our mind we can only think of RMG sector, mostly because it contributes to almost 85% of all export earnings (Lomborg, 2016), sadly though even after such figures recent reports have shown a negative balance of trade in Bangladesh, which has had a huge impact on the economy. This report goes into an in depth analysis of the trade financing practices of one of the biggest Multinational Firms in the world SINGER Limited. Having the opportunity to join one of the biggest manufacturing and service providing firm SINGER, Bangladesh, it enabled me to get a glimpse of how Singer is creating new frontier in trade financing sector of Bangladesh. This report mainly discusses how Singer Bangladesh finances its trade by which is mainly import based, moreover, the report also sheds light into many different services Singer Bangladesh provides to its customers from which the proceeds goes into helping Singer to stay afloat with a high liquidity so that it can maintain a good status on the Bangladeshi marketplace. The report also goes into various minute details of the organizational structure of the organization which has helped Singer Bangladesh to attain an edge over many other multinational firms in Bangladesh. Moreover, the report also brings into light all the global practices that have been adopted in Singer Bangladesh which has led it to be one of the champions when it comes to providing tailor made customer friendly services along with products to its consumers. Lastly, the report gives a basic idea of the problems that have been plaguing further growth of Singer Bangladesh and how it can overcome these in order to stay ahead in the market in the near Future.

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# CHAPTER I

## Introduction



### ***1.1 Background of Study***

Since the inception of Bangladesh in 1971 we have seen a massive boom in trade. With recent advancement in technology the global trade has seen a drastic change. The main purpose of this report is to see how global brands such as Singer is able to cope up with the winds of change and do business in so many countries and yet managing to stay afloat financially in different regulations and conditions.

### ***1.2 Origin of Study***

This report is a requirement for a partial fulfillment of the internship program for my undergraduate degree. In this report, I have tried to combine the classroom understanding with real life experience that I have assembled though my time at Singer Bangladesh.

### ***1.3 Scope***

The main objective of the report is to examine how Singer Bangladesh is using different channels to finance its trade. This report seizes to bring to light the methods and motives of Singer's trade financing so that other companies can take heed of the best practices and incorporate them in their respective industries thus benefitting the consumers itself.

### ***1.4 Objective***

#### *Primary Objectives:*

- Studying the primary practices of Singer Bangladesh's Trade Financing methods in Bangladesh and how it benefits them.
- Retrieving Information on Singer's Import Scenario.
- To know about Types of L/C, Costing, Documentation and Procedure.
- To Understand Trade Loan financing by Singer Bangladesh
- Studying the effect of Singer's Trade Financing in Bangladesh.

#### *Secondary Objective:*

This Internship Report is prepared as a partial requirement for the completion of the BBA Program of BRAC Business School, BRAC University. The main motive of internship is to offer a student the job exposure they need to execute class room knowledge in the corporate world and ensure a proper learning curve.

### ***1.5 Methodology***

The Primary source of the report has been mainly collected from interviews of different personnel for instance CFO, Deputy Manager, Assistant Manager & Executives of Finance and Commercial Department and also from the observations during my internship period at SINGER Bangladesh Limited.

Secondary sources of data were collected from various pools of websites and also SINGER Bangladesh's own website.

### ***1.6 Limitations***

Even though my best efforts were put to collect the maximum information regarding the subject matter it proved to be quite an arduous task, since relevant information was hard to come by. One of the main limitations of the study was finding information about various trade financing methods, since most of them have dependencies on multiple banks it was really difficult to gather hordes of information in such a short period of time. Adding to that the confidentiality clause of different banks and Singer made it difficult to pour in all the information in this report. Lastly, I would like to add the fact that since Singer has such a large array of financing methods and systems it is extremely difficult to grasp the whole business in a short 3 month period.

# Chapter II

## Organizational Overview

## ***2.1 SINGER at a Glance***

SINGER Corporation is an American manufacturing company initially named as I. M. Singer & Co. which was later renamed as SINGER Company. The name SINGER has been synonymous with sewing, since 1851. The company is renowned for numerous firsts, including the world's first zigzag machine, electronic machines etc. SINGER is also gladly producing home sewing machines and embroidery machines which is world's one of the most advanced technologies.

Celebrating the 160<sup>th</sup> anniversary of Issac Singer's patent on the first practical sewing machine in 2011, it proudly reviewed the official start of SINGER as an organization

### ***2.1.2 SINGER's Corporate Mission & Vision***

Mission and Vision of an organization is perhaps one of the key factors that in many cases acts as a determining factor among good and great companies.

**SINGER's Mission:** "SINGER's mission is to improve the quality of life of the people by providing comforts and conveniences at affordable prices." (Singer Bangladesh Limited, 2016)

**SINGER's Vision:** "To be the most admired and respected family company in the country." (Singer Bangladesh Limited, 2016)

## ***2.2 SINGER, Bangladesh Limited***

Singer's presence in Bangladesh can be dated back to the British Colonial ages when Bangladesh was a part of Indian Sub-Continent. It began its first operation back in 1905 and later in 1920s two shops were opened up in Chittagong and Dhaka respectively. Soon after the partition in 1947 as East Pakistan emerged (Currently Bangladesh) Singer operated as a branch of Singer Pakistan where all products came from the Western region of Pakistan (Currently known as Pakistan). After the Bangladesh's independence in 1971 the control of Bangladesh's business was escalated to the independent Country office and sewing machines were imported from different overseas sources. Furthermore after independence due to poor business opportunities the number of stores were reduced 23.

After series poor showing since the inception of Bangladesh, Singer decided to stir up its investment policy which took effect in 1979 by which Singer was able to create new business

opportunities for itself by registering as an operating company, with 80% of the share held by SINGER Sewing Machine Company (SSMC), USA, and 20% by local shareholders. In 1983 Singer registered itself on the Dhaka Stock Exchange (DSE) and offered almost 20% of its market cap with 2,565 ordinary shares priced at 100 taka each. Currently the firm recorded revenue 1770.51 Million taka on Q3 ending of 2017 (**Dhaka Stock Exchange, 2017**). Moreover the firm has also drastically diversified its businesses by investing in other areas which very few firms have gone.

### ***2.2.1 Product/Service Diversification and Brands***

#### ***Product Diversifications:***

Though the name of SINGER became the brand by producing and selling sewing machines from the very beginning, the company felt the necessity of product diversification to sustain in the long run. This acknowledgment prompted SINGER broadening into various products from a solitary item sewing machine in 1985. And from then SINGER continued this diversification process seriously and introduced these following products:

#### ***Products:***

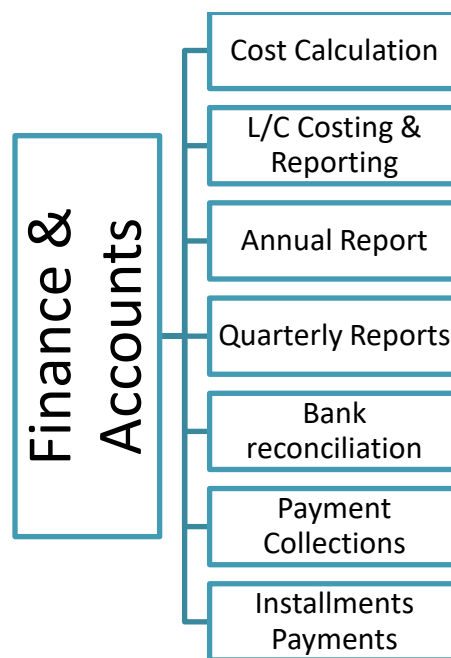
1) Air Conditioner	2) Gas Burners	3) Sewing Machines
4) Air Cooler	5) IPS	6) Smart Phone
7) Chest Freezers	8) Irons	9) Televisions
10) Computers	11) Kitchen Appliances	12) Voltage
13) Electric Oven	14) Microwave Ovens	15) Stabilizers
16) Furniture	17) Musical Instruments	18) Washing Machines
19) Fan	20) Refrigerators	21) Water purifiers.

#### ***Brands:***

1) Apple	2) BEKO	3) Dawlance	4) Dell
5) Grundig	6) Huawei	7) Godrej	8) Galanz
9) Lifestraw	10) Mounlinex	11) Prestige	12) Onida
13) Preethi	14) Panasonic	15) Samsung	16) Sebec
17) Siemens	18) Singer	19) SingerFurniture	20) Singtech
21) Skyworth	22) Symphony	23) Tefal	24) Toshiba
25) Tropica	26) Videocon	27) Yamaha.	28) Haier

### 2.3 Internship Experience

It was an absolute honor to have had the chance to work with one of the biggest multi-national companies in the world. Working at Singer Bangladesh helped me to get exposed to best global practices in the industry. Ranked as the pioneer in the electronics industry Singer has imbued corporate practices which is extremely constructive for the growth of any new comers to the corporate world. My internship commenced on 23<sup>rd</sup> of April 2017 and ended on 22<sup>nd</sup> July 2017, I was assigned with the Finance & Accounts team of Singer Bangladesh. The Finance & Accounts team is the heart of the firm, the team is responsible for major financing and trade related issues in the whole firm. Some of the main tasks of the team are illustrated on the table below.



**Figure 1: Singer's Finance & Accounts Department's Service Scope**

Being assigned with the Finance & Accounts team my tasks did not vary that much on daily basis. Firstly, my job was to analyze annual reports of Singer for the better part of the past 4 years. I was tasked to find out vital ratios of Singer which included Liquidity Ratios, Profitability Ratios, Market Prospective Ratios and other forms of reporting which was presented 37<sup>th</sup> Annual General Meeting where important investors were given a outlook of the firms performance of the previous years and the future outlook based on the calculations of the ratios of the previous annual reports. During this part of my internship I was exposed to a lot of different forms of accounting tools along with different reporting techniques and presentations formats in the corporate arena which is totally different in the academic scene.

Being a part of such a diverse team I was also exposed the trade segment of Singer Bangladesh which piqued my interest the most and thus I decided to write the whole report based on the trade financing of Singer. One of the most important part of Singer's trade is based on L/Cs (Letter of Credit) since most of the goods sold by Singer are based on imports, I was able to work very closely with the L/C procedure. One of the key aspects of opening an L/C is the documentation process which varies from bank to bank and in this part of the report a generalized outlook of L/C documentation is discussed on the later part of the report. Another key aspect of L/C is the costing part, since this segment of the work is totally new to me it was also the most difficult. Costing involved some of the most dynamic aspect of Letter of Credit, during this I was able to uncover new terms such as Customs Duty, Supplementary Duty, Documents fees etc. which varied a lot since it depended on shipments thus it was quite difficult to keep track.

Moreover, during my time at Singer I was also assigned to perform Bank interest calculation, where the main task was to match the total interest's amount with the input from the bank's statement that were received from various banks. The biggest challenge of this task is the sheer volume of the documents that are needed to be input and tracked as well matching with the bank's interest amount which at times if not matched is required to be verified and cross checked which was time consuming as well as a very difficult task, since reviewing such enormous amount data at different times proved to be quite an arduous task in itself.

Finally my internship experience with Singer Bangladesh was an all-inclusive understanding of how a finance department should work to ensure proper operational functionality of an international organization. The work environment and professionalism of the organization was nothing short of amazing. With an amazing work-life balance at Singer, it is one of the best places to work as it maintains a strict office opening and closure time it leaves hardly any room for complains.

## Chapter III

# A Comprehensive Study on SINGER, Bangladesh's Trade Financing



### ***3.1 Brief Outline of SINGER's Import Scenario***

Imported products are LED TV, Air Conditioner, Refrigerator, Sewing Machine, Washing Machine, Iron, Kitchen Appliances (Blender Hand mixer, Toaster), Micro Oven, IPS, Rice cooker. Import data of Singer Bangladesh is highly confidential, but they mentioned that they have a market share of 25% and thus their import is extremely dependent on sales forecast thus it tends to vary a lot.

### ***3.2 Letter of Credit (L/C)***

Letter of Credit is a written commitment by which bank assured that the payment of the buyer's to seller will be sent on time and for the correct amount. In this procedure bank guarantee is given by stating that bonds will be repaid to lenders if the borrowers are incapable to pay them. LC/s play a vital role in trade financing, the whole process of L/C opening to payment requires documentation bank charges and many other Charges which include port charges custom charges etc., this means a small chunk of Singer's disbursements will be eaten up by this charges. Therefore, L/C's play a huge role in Trade Financing of Singer Bangladesh

#### ***3.2.1 SINGER's Letter of Credit procedure***

##### ***Documents Required***

1. Beneficiary's signed commercial invoice in FOUR copies, must be accompanied the original shipping documents, certifying:
  - A. Merchandise of origin
  - B. Description of goods with model number, quantity, unit price and value of the merchandise are in strict conformity to the Proforma invoice.
  - C. LCA Form No.
  - D. IRC No.
  - E. TAX Identification No.
  - F. Vat Registration No.
  - G. H.S. code no.
2. Full set of "Shipped On Board" ocean bill of lading consigned to the order of the bank showing "Freight To Collect" marked notify applicant and LC issuing bank giving full name and address.
  - A. Name, Complete Address, Phone Number and Fax Number of the delivery agent/forwarder in Bangladesh must be mentioned in the bill of Lading. ( The

freight amount must be mentioned in the B/L or a separate certificate specifying the freight to be paid in Bangladesh in Bangladeshi TK.)

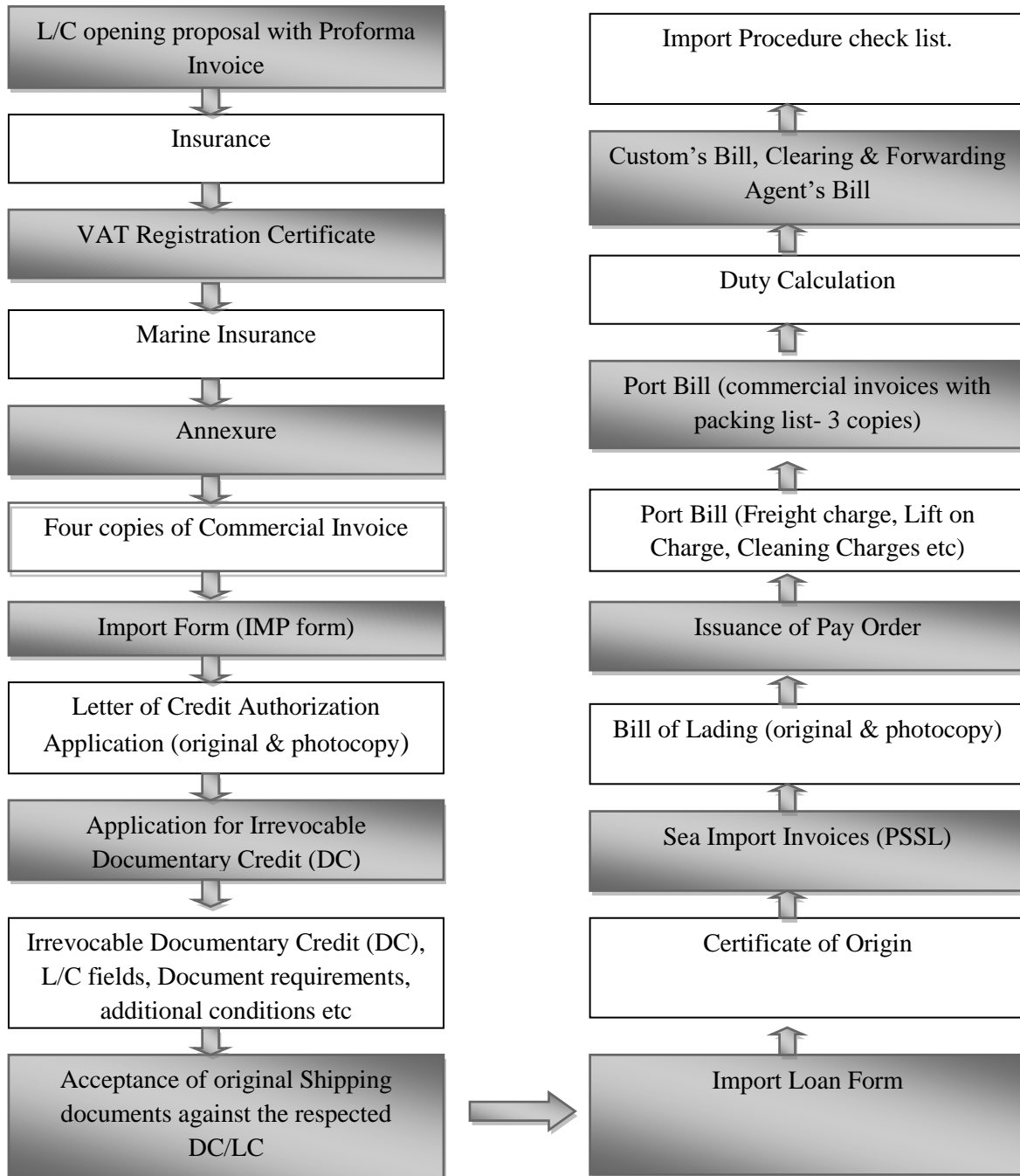
B. House B/L or Freight Forwarder's B/L is acceptable.

Short form/Blank Back/Clause/Bill of Lading (B/L) is not acceptable.

3. Shipment should be effected by companies honoring Bangladesh laws and regulations regarding Vessels, Flags, Airports, Seaport shipments and transshipments and a compliance certificate to this effect by the respective shipping lines of the vessel of its agent must accompany the original documents.
4. Packing list in five copies showing:
  - A. Description of goods.
  - B. Complete packaging in details, net weight and gross weight.
  - C. Shipment has been effected in export standard seaworthy packages.
  - D. Shipping mark: "SINGER/DHAKA".
5. Certificate of origin issued or certified by government. Approved competent authority/the chamber of commerce of exporting country must accompany the shipping documents.
6. Insurance covered by applicant. Shipment(s) under this credit must be advised by the beneficiary within 7 (seven) working days after shipment directly to insurance company .to applicant and to issuing bank referring to the marine insurance cover note no and date along with this credit no. giving full details of shipment(s) copy of such shipment advice must accompany the original shipping documents.
7. Applicant's Name, Address, TIN and BIN must be distinctly mentioned/ printed on at least over 2 PCT. Of packages/cartoons of accompany the original shipping documents.
8. Beneficiary's certificate to the effect that one set of non-negotiable shipping documents have been sent directly to the LC applicant by courier or email within 5 days after shipment. Copy of courier receipt or email copy must accompany the shipping documents.

**3.2.2 A Brief Discussion on the Documentation Process**

In this segment of the report, a short review of the documentation process shall be discussed; SINGER Bangladesh Limited’s follows a prolonged documentation process which includes the following process of documentation:



*Figure 2: Sequence of Documentation process*

Since the process is quite sturdy and extensive, it is only wise to give a brief overview of the process. Moreover, it is also noteworthy to mention that the forms and process attached varies from time to time depending on the regulatory bodies of the country. Sample of some documents are as follows:

**i. L/C Opening Proposal**

FRD-05/17 - CITY/BNLC

**SINGER BANGLADESH LIMITED**  
**L/C OPENING PROPOSAL**      *Proposal # 23/17*

DATE                    01-Mar-17

REQUESTED BY                    NAME                    FARHAN AZHAR  
DESIGNATION                    Manager, Product  
DEPARTMENT                    MARKETING DEPT.

NAME OF ITEM  
PI NO  
SUPPLIER  
L/C VALUE  
L/C TO OPEN BY                    07-03-17  
SHIPMENT BY                    1ST WEEK OF APRIL 2017      *Shipment not before April 2017*  
TO BE AVBL BY                    1ST WEEK OF MAY 2017  
APPROVED DATE                    28-Feb-17  
VASSAL                    NORMAL

**FINISHED GOODS INFORMATION**

SL NO.	PARTICULARS	MONTH	SINGER-WD-210F	SINGER-WD-175R
1	OPENING STOCK		50	37
2	ARRIVAL [LC DONE]		272	388
3	AVAILABILITY [ 1+2 ]	Mar-17	322	425
4	EXPECTED SALES		250	250
5	CLOSING STOCK [3-4]		72	175
6	MONTH OF SUPPLY (MOS)		0.31	0.40
6	OPENING STOCK		72	175
7	ARRIVAL [LC DONE]		0	0
8	AVAILABILITY [ 6+7 ]	Apr-17	72	175
9	EXPECTED SALES		30	50
10	CLOSING STOCK [8-10]		42	125
11	MONTH OF SUPPLY (MOS)		0.08	0.14
12	OPENING STOCK		42	125
13	ARRIVAL [Current LC]		680	1358
14	AVAILABILITY [ 11+12 ]	May-17	722	1483
15	EXPECTED SALES		475	900
16	CLOSING STOCK		247	583
17	MONTH OF SUPPLY (MOS)		0.54	0.78
18	OPENING STOCK		247	583
19	ARRIVAL		0	0
20	AVAILABILITY	Jun-17	247	583
21	EXPECTED SALES		300	600
22	CLOSING STOCK		-53	-17
23	MONTH OF SUPPLY (MOS)		-0.12	-0.03
24	SALE FORECAST	Jul-17	750	1000
25	SALE FORECAST	Aug-17	550	1000
26	SALE FORECAST	Sep-17	250	350
27	SALE FORECAST	Oct-17	250	350

Note:

RAISED BY                    AUTHORIZED BY                    APPROVED BY

*Figure 3: L/C Proposal Document*

As Seen from the above picture L/C proposal of Singer Bangladesh is a comprehensive detail about the shipment and also has a clear idea about the goods that are being required by Singer Bangladesh. This ensures to things, firstly it makes tracking of received goods easier along with the fact that since every detail is documented it also makes it easier for Singer to claim

for demurrage if any occurs during handling of the goods from shippers end. It is also noticeable that there are three layers of scrutiny before a L/C is proposed, as seen below on the signatory segment which ensures that all details are properly made by a maker, checked by a checker and then finally approved by an approver ensuring proper outflow of funds.

**ii. Proforma Invoice:**

TO:		P/I NO.:	
ATTN:		PRICE TERM:	
ADDRESS:		PAYMENT TERM:	
		DATE:	

PROFORMA		INVOICE				
Customer Model NO.	Wanbao Model NO.	Description of Goods	Quantity (PCs)	Quantity of 40HQ Container	FOB Unit Price (USD)	Amount (USD)
SINGER-WD-175R-BG	WD-175R	175L double-door refrigerator, bottom freezer, black glass door panel, 220v/50hz, recessed handle	776	8	\$119.50	\$92,732.00
SINGER-WD-175R-RG	WD-175R	175L double-door refrigerator, bottom freezer, red glass door panel, 220v/50hz, recessed handle	582	6	\$119.50	\$69,549.00
SINGER-WD-210F-BG	WD-210F	210L double-door refrigerator, upper freezer, black glass door panel, 220v/50hz, with lock&key	408	3	\$115.50	\$47,124.00
SINGER-WD-210F-RG	WD-210F	210L double-door refrigerator, upper freezer, red glass door panel, 220v/50hz, with lock&key	272	1	\$115.50	\$31,416.00
			<b>2038</b>	<b>18</b>	<b>***</b>	<b>\$240,821.00</b>

Remarks:	Authorized by supplier:
1. Bank details:	
Beneficiary:	
Beneficiary ADD:	
Bank name: BANK OF COMMUNICATIONS, GUANGZHOU, CHINA	
Bank address: 123 SOUTH JIEFANG ROAD, GUANGZHOU, CHINA TEL:0086-20 83270061/83270048 FAX:0086-20 83270037/83270400	
SWIFT CODE:	
A/C NO:	
2. Brand:	Authorized by buyer
3. Quality Standard:	
4. FOC parts:	

**Figure 4: ProForma Invoice for L/C Documentation**

This part of the L/C opening process is perhaps one of the most important segments in trade financing, since in this part deals with the outflow of cash from Singer Bangladesh. Moreover this part also defines the line of what goods are to be imported, quantity of goods, and price of each quantity of goods along with where the goods are to be shipped and will receive the goods. Moreover, a payment method is also discussed in this part, which includes terms of insurance of goods as well, meaning whether the goods delivered are on basis of FOB (Free



of Board) , not FOB, CPT (Carriage Paid to), CIF (Cost Insurance and Freight). These terms are the basis of which liability of goods lie. In the later part of this report how this terms come to life and how they are implemented.

**iii. IMP form and Actual Payment to Banks**

**FORM IMP**  
For Imports only  
[Original copy for AD's matching with Authenticated Copy of Bill of Entry/Customs certified invoice]

IMP NO.	AD's Code	Serial No.	Year
---------	-----------	------------	------

**FOREIGN EXCHANGE REGULATION ACT, 1947**  
Application for permission under Section 4/5 of the Foreign Exchange Regulation Act, 1947 to purchase Foreign Exchange for Payment of Imports

Name and address of the Authorized Dealer effecting the remittance \_\_\_\_\_

I/We, the undersigned hereby apply for permission to remit \_\_\_\_\_ (Amount in foreign currency in figures and in words) to \_\_\_\_\_ (Name and address of the beneficiary)

for goods imported/to be imported by us/me as per details given below against LC/Contract No. .... Date: .....

1		2	3	4	5		6					
LC Authorization Form		Registration No. with the AD	Description of goods	HS Code No.*	Quantity of goods		Invoice value in foreign Currency**					
Number	Date				Unit	Quantity	FOB	Freight	Insurance	Others. if any (Pls. specify)	Total	

7	8	9	10	11	12	13	
Country of origin	Incoterm used	Port of Shipment	Name of steamer/Airline and date of shipment (if goods are sent by post state so)	Port of importation in Bangladesh or name of country of ultimate destination if other than Bangladesh	Indentor's name and address	Indentor's Registration No. with CCI & E Bangladesh Bank	

\*For more than one HS Code, a separate sheet should be added.

(a) ADs shall report FOB value, freight, insurance and other charges separately in Bangladesh Bank reporting system as per Circular Letter No. 44/PD(Import)/125/2013-35 dated December 10, 2013. (b) ADs shall report FOB value of goods in Schedule E-2/P-2 or relevant schedules, and freight, insurance and other charges in Schedule E-3/P-3 or other relevant schedules mentioning IMP Form number.

I/We declare:

- (a) That the above payment is due and that I/we have not already obtained exchange for payment of (any of) these goods, nor have I/we made any other application for that purpose.
- (b) The amount of Foreign Exchange mentioned above represents the correct prevailing market price for these goods on the date of contract in country of Export.
- (c) That I/we am/are neither connected with the exporters abroad directly or indirectly nor do I/we have any financial or other interest in the exporters abroad.

2. I/We certify that the above import is covered by a valid L.C. Authorization Form.
3. I/We undertake to clear the goods for consumption in Bangladesh within four months of the date of this application and shall, before the expiry of that period, submit to your bank the authenticated copy/ies of the Customs' Bills of Entry or certified invoice/s covering the above goods (See note (a) below).
4. I/We declare that the statements made in this application are true to the best of my/our knowledge and belief.
5. I/We assume full responsibility for complying with the provisions of the Foreign Exchange Regulation Act, 1947 and rules, orders and directions made or issued thereunder.

Full name and address of the applicant \_\_\_\_\_

Registration No. with CCI & E \_\_\_\_\_ Date \_\_\_\_\_

Importer's VAT Registration (BIN) No \_\_\_\_\_ Date \_\_\_\_\_

Signature and Stamp of the importer

(This form shall be signed by the Importer or his authorized Agent)

**Figure 5: Import (IMP) Form**

IMP form is the form by which importer to apply to its nominated banks for payments against imports into Bangladesh (Guidelines Foreign Exchange Transaction Para 28,

Chapter 7, 2009). The IMP forms are submitted in one original by the importer or their authorized representative mostly AD banks. After which an effective outward remittance takes place against import after which the bank shall endorse the documents with their approval and report it to Bangladesh Bank.

#### iv. Import Procedure check list

SINGER BANGLADESH LIMITED. Import Procedure Check List		
1	SIS PO	<input type="text"/>
2	Part No.	<input type="text"/>
3	Shipment Plan	<input type="text"/>
4	Port of Loading	<input type="text"/>
5	Forwarder Name	<input type="text"/>
6	Nomination Date	<input type="text"/>
7	Copy Doc's Rcvd Date	<input type="text"/>
8	Confirmation Date	<input type="text"/>
9	Shipment Date	<input type="text"/>
10	Insurance Policy	<input type="text" value="YES/NO"/>
11	Freight Certificate	<input type="text" value="YES/NO"/>
12	Freight Invoice	<input type="text" value="YES/NO"/>
13	ETA	<input type="text"/>
14	Distribution Date	<input type="text"/>
15	Shipment ID no.	<input type="text"/>
16	Invoice	<input type="text" value="YES/NO"/>

*Figure 6: Import Procedure check list for L/C*

This is the final step in L/C documentation process, at this point of the whole process before the goods are judged on a basis of a checklist which determines if all documents and goods are promptly in place. As seen in the figure above, it covers almost everything that Singer needs to verify and goods imported.

### 3.2.3 Types of Letter of Credits Used by SINGER Bangladesh Limited

Among many forms of Letter of Credits Singer Bangladesh only uses “At Sight” L/Cs. Sight L/Cs are mostly is payable immediately within five to ten days after the seller meets the requirements of the letter of credit (*Pritchard, 2017*). Sight L/C is extremely beneficial for a firm, mostly because it is perhaps the quickest way of pertaining goods. Moreover, as an importer of goods it ensures Singer that if it imports goods from country where political unrest may occur on a frequent basis Singer can easily get good out of that country on a Sight L/C basis.

### 3.2.4 Costing Procedure of Letter of Credit

Singer Bangladesh Limited uses their authorized software Known as SIS (Singer Information System) for L/C costing process. This costing process of Singer Bangladesh includes many charges including regulatory duty, LC opening charge, Insurance premium, customs duty, etc. All the bills and expense related papers of an LC are collected by commercial department which is verified and approved by finance department after doing the costing process properly.

For the calculation of total cost of a letter of credit Singer Bangladesh Ltd. follows a specific format using their software SIS and considers some common costs related to a product from L/C opening to reach the goods in factory or showrooms. Some common costs which are considered regarding L/C costing are given below:

C&F (Cost of Freight)	Insurance premium	Custom Duty
L/C opening Charge	Container Scanning Fee	Documentation Fee
Regulatory Duty	Supplementary Duty	Lift on Charges
Container Cleaning Charges	Commissions for Cleaning	Value Added Tax (VAT)
Advance Trade VAT	VAT on C&F Commissions	Miscellaneous Charges.

All the costs mentioned on the table are some important costs that are consider calculating the total cost of a Letter of credit. These cost might varies with different products, situation, import methods etc. Commercial department of Singer Bangladesh Ltd. traces all the costs that are relevant to the imported product with relevant documents and send to the Finance department for costing.



**3.2.5 Forms of Trade Loans used by SINGER Bangladesh**

It is mentionable that due to improvement in technology, most of Singer’s loan process takes place online. The first step is initiation via email, where Singer emails different banks to initiate the loan process, the terms and conditions of the loans cannot be mentioned here since Singer maintains strict confidentiality about their loan process. Moreover, there are some banks that require a hardcopy of a loan agreement and processing documents which must be submitted to that bank in order to apply for loans. A sample of the format is given below.

*Used OD*

To **The Hongkong and Shanghai Banking Corporation Limited**  
 [ ] Branch/Office

Date: 

day / month / year
16-05-2017

**APPLICATION FOR IMPORT LOAN** *Note: Please mark ("X") where applicable.*

Name of Company		Invoice No. (For Clean Import Loan Use Only)
Bill No	Amount	Due Date
Documentary Credit No DC DAK701887	Drawn by	

**Foreign Currency** (remaining in Bill Currency)  
 for [ ] days for the Full Amount of the Bill less Prepayment (if any) at maturity, please debit the Amount of this Import Loan  
 at your Current Selling Rate.  against my/our Contract No. [ ] to my/our Account No. [ ]  
 and debit the accrued interest and charges to my/our Account No. [ ]

**Local Currency** (transferred into Local Currency Loan upon acceptance)  
 at your Current Selling Rate  against my/our Contract No. [ ] for 150 days  
 for the Full Amount of the Bill less Prepayment (if any), together with accrued Interest and Charges. Please debit my/our Account No.  
 [ ] on the Maturity Date of this Import Loan.

**Please select and complete Section A or B as applicable :**

**A. Application for Loan Against Imports**  
 I/We hereby accept the discrepancies (if any) listed on the attached advice relating to the above-mentioned Bill and Documents, and authorise you to retire this Bill to an Import Loan Account in the currency stated above.  
 I/We confirm that all documents in relation to the above bill drawn on me/us remain at all times your property and are and will be released to me/us on trust only and that all such documents, the goods to which they relate and the proceeds of their sale are and will be held by me/us on trust for you and solely to your order and will be separated from and do not form part of my/our property.

**B. Application for Clean Import Loan**  
 I/We hereby apply for a Clean Import Loan for [ ] days in respect of the goods shipped under the above-mentioned invoice(s) in the currency stated above. For disposal instruction of the proceeds, please complete the fields printed on the second page.  
 At maturity, I/we authorise you to settle the loan plus interest  
 to the debit of my/our Account No. [ ]  
 against my written settlement instructions to be given at a later date before maturity.  
 I/We hereby certify that this financing is requested for the genuine trade of my/our company and that no other finance has been requested from any other financial institutions against the invoice (if any)

I/We hereby acknowledge my/our indebtedness to you the full amount of either the Import Loan or the Clean Import Loan as appropriate plus interest (the "Loan") at such of your Current Rates as you may determine applicable (subject to any fluctuations without notice) and confirm that such Loan, until repaid, will remain as a continuing liability on me/us.

(for Bill drawn under DC) my/our part under the terms of the "Trade Financing-General Agreement" (or, as the case may be, in accordance with the "General Security Agreement Relating to Goods") already signed by me/us whereby the documents and/or goods to which the above-mentioned Bill relates are pledged to you as security.

(for Bill NOT drawn under DC or Clean import Loan) my/our part. I/We further confirm that notwithstanding anything to the contrary stated herein, this Loan remains subject to your overriding right to repayment on demand and/or the terms of the "Trade Financing General Agreement" (or, as the case may be, in accordance with the "General Security Agreement Relating to Goods") already signed by me/us.

X <b>SINGER BANGLADESH LIMITED</b> Authorised Signature (s) and Company Stamp (if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Name of Contact Person</td></tr> <tr><td>Contact Telephone No</td></tr> <tr><td>Imports Account Number</td></tr> </table>	Name of Contact Person	Contact Telephone No	Imports Account Number
Name of Contact Person				
Contact Telephone No				
Imports Account Number				

For Bank Use Only	Loan Number	Captured by	Checked by	Approved by	Date
-------------------	-------------	-------------	------------	-------------	------

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**Figure 7: Import Loan Form**

### ***3.3 Other Forms of Collections Used by SINGER Bangladesh***

#### ***3.3.1 Western Money Union***

Western Union is a worldwide leader in global payment services. It serves from small businesses and global corporations, to individuals all around the world (*Western Union, 2016*). In May of 2009 Singer Bangladesh associated itself with Western Union (*The Daily Star, 2014*), a partnership that allowed Singer Bangladesh to disburse foreign remittance through vast 372 Singer outlets from around 200 countries to every corner of Bangladesh. This is one of the clear indications that Singer Bangladesh is slowly trying to move towards a diversified business along with the fact that this makes Singer's payments systems for different trade related purposes more convenient and thus removing many dependencies it has on other financial institutions.

#### ***3.3.2 BillPay***

SINGER Bangladesh Limited provides public utility bills payment facilities at their every outlet with the collaboration of Grameen Phone by using their Mobicash system. In this process SINGER Bangladesh buys a bulk amount of electronic balance from Grameen Phone which is deposited to the SINGER's account and distributed to the shops. All kinds of utility bills except "PalliBidyut" can be paid from any outlets of SINGER. Working as an agent, SINGER is earning a certain amount of commission from GP which has a great contribution in increasing SINGER's revenue. In September 2016, service products of SINGER Bangladesh including Bill Payment service has increased in value 122 percent from SINGER's retail stores which results increase of company's revenue by 30% (*The Daily Star, 2016*).

### ***3.4 Impact of Singer's Trade Financing on Bangladesh***

With import of goods valued at US\$ 11163.6 million for the quarter of December'16 which has been on an upward trend for the past few quarters (*Bangladesh Bank, 2017*). Sadly though our exports has not matched up to the imported goods as a result the balance of payment in the same year has been US\$-7038 million (*Bangladesh Bank, 2017*), which is a clear indication that the trading scenario in Bangladesh in terms of trade surplus is bleak. Interestingly, given the fact that most of Singer's goods are imported from abroad means that they are having a very stringent impact on their Cash Management Cycle. Moreover, Singer Bangladesh being extremely import centric it tends to put serious negative implications of the balance of trade. On the other hand, Singer uses highly sophisticated cash management cycle to ensure that it stays afloat with good liquidity. This means even though with their top notch cash management techniques due to their extreme dependency on import Singer Bangladesh in invariably playing a major part in Bangladesh's trade deficit. On the bright side though, Singer is implementing newer and faster ways of improving trade practices in Bangladesh which other local brands can follow to ensure a smooth transition in their firms as well.

# Chapter IV

## Conclusion & Recommendation

***Findings and Recommendation***

During my time at Singer Bangladesh, it became obvious that Singer's success in Bangladesh is largely due to two key important things, firstly, Singer Bangladesh is blessed with extremely talented bunch of individual who are responsible to ensure a smooth transition on a day to day basis. Secondly, with the growth of Bangladesh's economy and increase in the average income over the last decade Singer was able to grow as well. Apparently though, as the report is based on the trade financing of the firm, it is seen that Singer mostly import goods from abroad and sells them at a profit, along with that they also possess their own manufacturing facility which is clearly not sufficient hence they require to import goods from abroad. Moreover, Singer is also providing other services which are helping them to gain good liquidity over its competitors. Furthermore, another reason that can be contributed to Singer's success is their process of only making Sight L/Cs which helps them to get the goods faster and sell them quicker which drastically improves their collection period and also helps to cover up disbursements, coupling with this their loan terms which are kept confidential is also fairly competitive when it comes to their competitors.

Sadly, though since most of Singer's trade is heavily dependent on import it has a negative balance of trade for the country, this also will have a negative impact on Singer's revenue along with its own balance of trade. During my internship period it became apparent that in order for Singer to protect itself it must utilize its manufacturing facility by improving productivity thus reducing dependency on import. Another improvement Singer can make in its trading financing is reducing trade loans, since Singer is also providing other financial services such as Western Union, BillPay which indicates that it has enough liquidity to maintain a healthy cash flow also the fact that they make Sight L/Cs ensures that they receive the goods fast and sell them as early as possible so that they can collect what they have disbursed, which means that taking unnecessary loans may tend to pressurize their cash flow in the near future. As a result it can be advised that they would take fewer debts in order to maintain a healthy cash flow. Finally another issue that Singer Bangladesh faces even though it has a very capable workforce is the layer of management, which is made apparent from the organogram is that it is a hierarchical organization rather than flat, thus decisions take longer to implement and more time is consumed to make one. Therefore if Singer had a flat organization nature it can become even more efficient with its current bunch of brilliant employees.

### ***Conclusion***

Exploiting on its famous brand name, and its vast network of retail outlets and other distribution points around the world, Singer introduced electronics, home appliances, and other consumer durables which is unheard of in the modern times. Today Singer is a household name throughout the world for a wide range of products for the home. It has expanded its horizon into so many different services and that with tremendous success is an amazement of many. Singer has paved paths for many local companies to follow, such as Butterfly, Transcom Electronics and also newer brands are following on Singer's footsteps. With roughly 25% of the market share by the end of 2016 Singer's growth has been relentless since its inception in modern day Bangladesh. With such global presence it is an assurance that Singer Bangladesh will continue to expand its horizon and impart the best practices in this industry not only helping themselves grow but also booming the trade in Bangladesh when one day they will be able to export goods manufactured in Bangladesh.

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