

Report On
Logistics & Trade Finance in ZXY International.

[Payment Terms in Bangladesh RMG]

By

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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
2021- May

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Declaration

It is hereby declared that

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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Letter of Transmittal

Sayed Salina Aziz

Senior Research Associate

BIGD, Brac University

66 Mohakhali, Dhaka-1212

Subject: **Submission of the Internship Report on ZXY International**

Dear Madam:

With great pleasure, here I submit my internship report on Logistics and trade finance operation in ZXY International that you have assigned as a compulsory requirement. I have tried my level best to bring out the original scenario of ZYX International with full effectiveness and efficiency. I have really learned a lot and have gained valuable experience and knowledge while collecting information for the report as on the entire company structure. It was certainly a great opportunity for me to work on this real-life project to actualize my theoretical knowledge of this course in the practical arena and some more which is out of this course. I hope that this project paper has been to your expectation, if you come across any question or quarries regarding these cases, it will be my pleasure to clarify your questions.

Sincerely

Yours,



Sincerely yours,

Md. Mahamudul Hasan

19281164

Executive Development Center, BIGD, Brac University

Date: June 02, 2021

Non-Disclosure Agreement

This agreement is made and entered into by and between ZXY International as the First Party and the undersigned student at Executive Development Centre, Brac Institute of Governance and Development, Brac University as the Second Party. The First Party has allowed the Second Party to complete three months' long internship in partial fulfillment of the requirements for the degree of Post Graduate Diploma in Knitwear Industry Management. The Second Party will have opportunity to work closely with the officials of the company and have access to official data and information. Based on work experience and data and information collected during the internship the Second Party will prepare an internship report. The Second Party will use all sorts of data and information for academic purposes and will not disclose to any party against the interests of the First Party.

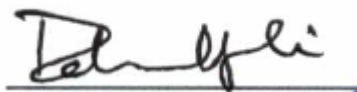
Student's Full Name & Signature:



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Mizanur Rahman

CFO

ZXY International

Acknowledgement

I would like to express my gratitude to all the personnel who supported me directly or indirectly in the preparation of this report. I apologize to the people whose name that I have not mentioned but their contribution is highly appreciated by me. At first, I would like to pay my gratitude to my supervisor Sayeda Salina Aziz, Senior Research Associate of BIGD, Brac University, for her splendid suggestion, for her guidelines and cordial cooperation in preparing this report. I also want to thank my industry supervisor Mr. Mizanur Rahman, CFO of ZXY International for being so cooperative in my work. Finally, I would like to show my gratitude to all the management on-management staffs who have helped me during the and the entire persons of the organizations that somehow have an impact on me in completing my whole report.

Executive Summary

ZXY is one of the leading European based garments sourcing company operating business in Bangladesh since 2000. We are working for around 100 customer all over the world and we are sourcing product from almost 200 Bangladeshi manufacturers. To handle such big logistics operation, we have total three team. Our main goal to make the goods available at customer warehouse within agreed schedule. We are involving every stage of operation. At the time of order placement, we are providing shipping cost and transit time for import raw material as well as final product reached at customer warehouse. After order placement we start importing raw material and make sure to in house raw material within planned schedule. For exporting final product, we place booking to customer nominated forwarder and follow up with customer to approval of booking. We make sure to handover the goods to forwarder within cutoff date and loaded to the carrier as per approved schedule. We track vessel until reached at destination. In case of any delay in transit we try to solve so that our customer can get the goods on time. We are responsible to collect payment from customer following agreed terms. We are working for various customer with multiple payment terms. Out of them letter of credit, TT, open account is most uses terms. We need to prepare various documents following local rules and customer requirement to get the payment.

During the total process we are facing lots of difficulties and we must overcome those problem. Sometime our manufacturer failed to make the goods ready within schedule due to production issue, raw material shortage or faulty raw material. In such cases production will be delayed but to reach the final goods available at customer warehouse within agreed schedule we are finding faster transport service like Air, Sea & Air, Sea & Road so that we can meet the customer schedule.

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List of Acronyms

LC	Letter of Credit
FOB	Free on Board
CFR	Cost & Freight
CPT	Carriage paid to.
DAP	Delivered at Place
BL	Bill of Lading
AWB	Airway Bill
CI	Commercial Invoice
PI	Proforma Invoice
PO	Purchases Order
TT	Telephonic Transfer
FF	Freight Forwarder
DA	Documents against Acceptance
DP	Documents against Payment
CCI	Canada Customs Invoice
LDC	Less Development Country Declaration.
CO	Certificate of Origin.

Chapter 1

About Organization

1.1 Overview of the Company

ZXY International is a European multinational fashion buying company started business Bangladesh in the year 2000. Since the beginning the company emphasized on ensuring best quality, unique and innovative delivery which can go above and beyond the global standard. At present the team comprises of 700 members and the locations include Bangladesh, Turkey, India, Pakistan and Egypt. This company is operated from the HQ Dhaka, Bangladesh.

The ZYX is known to well compliant and trusted by famous brands and companies. It is known to be delivery quality products on a timely basis. Most importantly, ZYX value its partnership and offers it buyers' customization at a competitive price.

1.2 Vision & Mission

Having a positive impact has always been at the heart of ZXY. Our ethical approach started back in 2000 with setting our social and ethical compliance strategy across our supply base. Our vision has always been people, passion and partnership both internally and externally

ZXY International is proud and committed to working with leading industry eco communities to promote our preferred fibers and materials portfolio, as well as continually working to improve our own and our partners global impact. Our next 4-year vision and mission as below.

Zero uses of hazardous chemical by the year 2022.

Zero discharge in production by the year 2023.

Empower people by the year 2024

Preferred materials and closed cycle product by 2025.

1.3 Goals & Objectives

Product Goal: Our passion for the product is what continually drives and motivates us. ZXY has taken steps to innovate sustainable low impact materials to reduce the environmental impact of our products. Our innovation team are constantly working with subject matter experts and industry consultants to come up with newest solutions and fit for purpose proposals.

Environmental Goal: ZXY has committed to continuous environmental improvement both in our own sourcing operations as well as collaboration with our vendors. We partner with suppliers committed to eco responsibility and invest in-house environmental practices eg: waste reduction, environmental certifications, chemical & water management and Renewable energy. Our compliance team is constantly evaluating and upskilling our supply chain with the latest compliance and ethical guidelines.

Social Responsibility Goal: ZXY have invested in growing the positive impact on the lives of people here in Bangladesh by working closely with suppliers to develop best practices, drive transparency as well as identify opportunity for positive impact throughout the value chain.

Our CSR team and our own foundation 7 STREAMS working together with suppliers and brands for projects in Bangladesh.

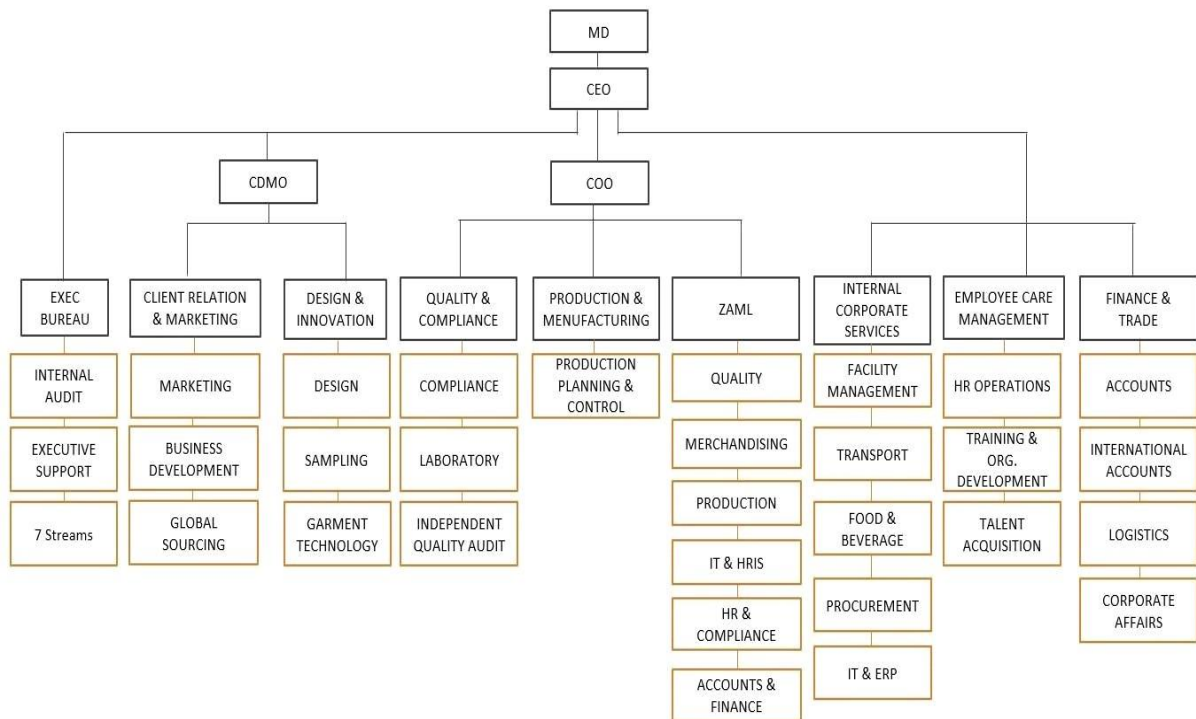
1.4 Organizational structure, Organogram, Branches and Departments

Managing Director is the founder and of ZXY International and his son is the CEO. Based on the job nature and responsibility entire organization is divided into two categories as below:

- i. Core functional activities (those are directly involved with business).
In this category various sub departments like management team, merchandising department, client elation marketing, lobal Sourcing.
- ii. Noncore functional activities (those aren't involved with business).
Several teams involve here such as employee care management, facility management, logistics, trade finance, accounts, design and innovation, quality and compliance, sampling, IT and ERP, procurement, transport, and food and beverage.

In the next page organizational structure of ZXY International.

Structure of ZXY International



1.5 Products/services produced by the Industry

Below is the product category of ZXY International:

- Sports Fashion
- Technical Sports
- Lifestyle
- Corporate Wear
- Sweaters

ZXY works for lots of renowned fashion brand. Some of them are KAPPA, Lotto, Champion, Diadora, Admiral, Casamuda, Cisolfa, Diesel, Premier, Liftes, Cocomo, US Pollo, Falabella, STS, STI, Regno, Brax, Joops, Fussel, Double two, Corner, Cia Hering, Russel, SFG.

Chapter 2

2.1 Description about task accomplishment

ZXY has their own standard operating process (SOP) to run the department. Our main goal is to make the goods available at the customer warehouse within allowed schedule and get the payment as per agreement. From import raw material to finish product reached at customer warehouse we need to do lots of thing following our SOP. In this part I will describe what and how we are doing.

Before going details first, I want to describe about INCOTERMS. International Chamber of Commerce (ICC) publishes Incoterms. It is Officially known as international commercial terms. Incoterms prevent confusion in foreign trade. There are several costs involve in the shipping process like export packing, transport from manufacturer warehouse to port, Customs clearance, loading charge, deliver to place, export duty, origin terminal charge, loading to the carrier. Destination also has same cost as destination terminal charge, delivery to destination, unloading at destination, customs clearance and transport from port to destination. To prevent confusion between seller and buyer about who will bear which cost ICC publishes Incoterms. Some Incoterms apply to any means of transportation; others apply strictly to transportation across water. Below are the most uses incoterms.

EXW (Ex-Work): Ex-Work means buyer is the responsible for all cost related with shipping. Seller is only responsible to make the goods available at their warehouse and buyer is responsible to collect the goods from seller warehouse and bear all cost up to goods reached at their warehouse.

FOB (Free on Board): This is most uses terms in Bangladesh. Under this term seller is responsible to send the goods at origin port by their own cost and from their buyer will take all other responsibility.

CFR (Cost and Freight): Under this term's seller is responsible to pay up to Sea/Air freight. Means up to origin post seller will pay all the cost and then buyer will take the goods to their warehouse.

DDP (Delivered duty paid): Under this term's seller is responsible to deliver the goods at customer warehouse. In between all cost including import duty seller will pay.

There are more incoterms using in the international trade. Here, I mentioned which we are using frequently. Below is the details of chart for all incoterms.

Incoterm®	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works (Place)	Free Carrier (Place)	Free Alongside Ship (Port)	Free On Board (Port)	Cost and Freight (Port)	Cost Insurance & Freight (Port)	Carriage Paid To (Place)	Carriage & Insurance Paid to (Place)	Delivered at Place (Place)	Delivered at Place Unloaded (Place)	Delivered Duty Paid (Place)
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Obligations & Charges:											
Export Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Customs Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	*Seller	Negotiable	**Seller	Negotiable	Negotiable	Negotiable
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import Duty, Taxes & Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

2.2 ZXY Logistics Operation.

The make the thing happen successfully, we must go through some process. Below is the process we are following to make the goods available at customer warehouse.

Booking.

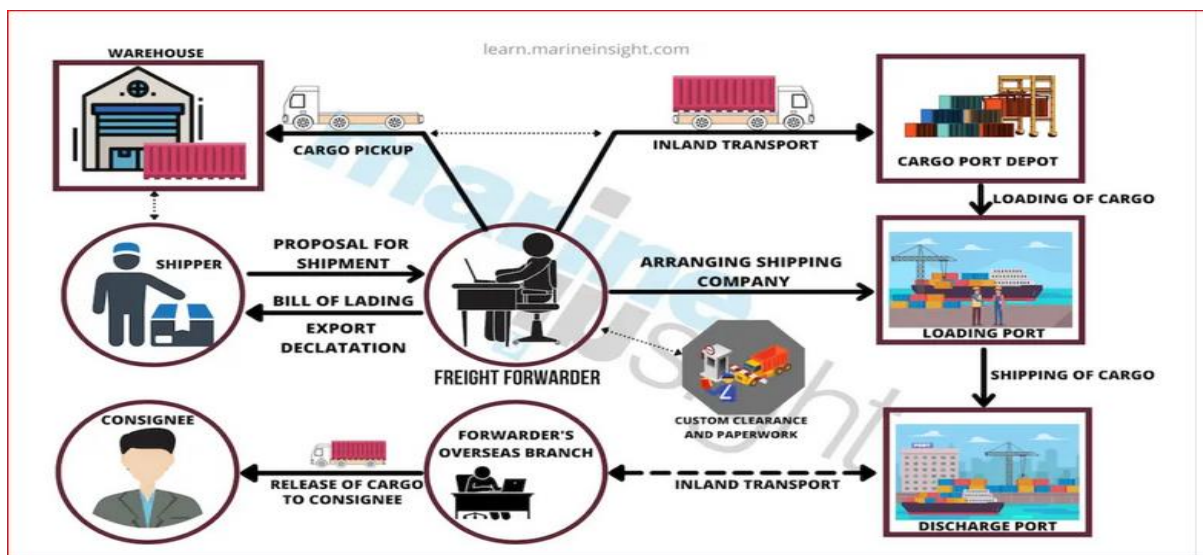
Booking means space booking to the carrier via forwarder. At the time of order placement customer inform goods delivery date and shipping mode. Usually customer give around 1 to 3 months for production lead time based on availability of raw material. There are multiple type of shipping mode customer using to take their goods. By SEA is the most uses, and cost-effective shipping mode customer always chose. In case of urgent requirement customer taking goods by AIR as well. Other than this two we are sending goods to customer by SEA & AIR, AIR & SEA, SEA & ROAD. Bangladesh has two SEA port but for garments export. One is Chottogram SEA port and another one is Mongla seaport but most of garments export through Chottogram SEA port. Here, important thing is most of our customer located in Europe and America. Due to not having any deep seaport our shipment does not go directly to the ultimate destination. There are three nearest deep seaports and they are Singapore, Colombo and Malaysia. First our shipment moves to deep seaport by feeder vessel and from there it transfer from feeder to Mother vessel and go to ultimate destination. For AIR shipment we have only one port and that is Dhaka Airport. By sea, from Bangladesh to Europe region takes around 25 to 30 days and America region took 35 to 45 days to reached at destination and by Air it takes around 1 to 7 days.

For any shipping mode booking is important because it ensure our goods space in the carrier. For booking we must inform tentative shipment weight, volume and handover date to the forwarder. We placed booking before 7 to 15 days from agreed delivery date with customer. Sometime booking placed by using forwarder online system and some time it is manual just inform them shipment weight & volume by mail. Forwarder check all details with customer whether all terms and condition meet as per agreement or not. If all ok forwarder gives us approval to handover goods to their warehouse.

Role of Freight Forwarder.

Freight Forwarder playing very important role in the logistics operation. They are working on behalf of customer or exporter. The freight forwarder acts as an intermediary between a shipper or importer and various transportation services such as ocean shipping on cargo ships or shipping by air freight. A freight forwarding company established relationships with carriers, from air freighters and trucking companies, to rail freighters and ocean liners, in order to negotiate the best conceivable price to move goods along the most economical route by working out various proposals and choosing the best cost effective mode. Freight forwarders handle the considerable logistics of shipping goods from origin to destination.

To comply with export documentation and shipping requirements, many exporters utilize a freight forwarder to act as their shipping agent. Forwarder advises and assists customer on how to move goods most efficiently from origin to destination.



Shipment Handover.

Before handover goods to forwarder we must complete some procedure. First, we need to take approval Bangladesh customs. It is called customs clearance at origin. There is agent called C&F agent can do the process. Exporter can't do this. On behalf of exporter C&F agent do the customs clearance. Below is the list of require documents to do the customs clearance.

- Commercial Invoice.

- Packing List.
- EXP (Export Permission issued by exporter bank)
- VAT certificate of exporter.
- ERC of exporter
- UD (Utilization Declaration issued by BGMEA)

C&F agent update all shipment related information like item name, quantity, value, HS code, destination of goods to customs online with the help of above documents. Once shipment reached at CFS, C&F agent submit above documents to customs for approval. Our customs checked all documents with physical goods and if they found all ok, they give approval to handover shipment to forwarder nominated CFS.

Forwarder take the delivery at CFS. CFS stands for Container Freight Station. It is a warehouse where cargo that belongs to various exporters is consolidated before being exported. Main function of CFS is receipt cargo from various exporter. Consolidation and Containerized Cargo and send to port to upload into the vessel. After cargo received by forwarder, they issue FCR. It stands Freight Cargo Receipt. This document confirm that forwarder received cargo in good condition. Once cargo loaded to the ship, carrier or shipping company issue Bill of Lading. Bill of lading is a title to the goods has been transported with good condition.

2.3 Documentation.

Several documents require make any shipment. Destination wise documents requirement can be differ. Some country requires some special documents to get the duty facility. As Bangladesh is less development country, we got duty free export facility to some country. In this part I will try to explain that as well.

Commercial Invoice: This is one of the most important and mandatory documents for exporting to any country. In the commercial invoice goods value, quantity, importer name, exporter name, manufacturer name, payment terms, letter of credit number mentioned clearly. Commercial invoice issued by seller to importer mentioning costs and the total amount that is charged to the customer.

Packing List: Packing list shows the complete physical details of the goods that are to be exported. Carton serial numbers, dimensions of the cargo, weight, Harmonized Systems code, etc must be mention in the packing list. It helps in easy identification of the cargo and each package by all the parties related with – Carrier, Transporter, Customer.

Export Shipping Bill: This document issued by the exporter agent and authorized by customs. Without shipping bill carrier do not accept the cargo.

Bill of Lading: This is most important documents. Bill of lading issued by carrier and it is proof of the shipment has been onboarded to the ship. It has details of the consignor, the consignee, the cargo, etc. Bill of lading is a title to the goods has been transported with good condition.

Certificate of Origin: This document certify that goods are Bangladeshi origin. There are two authority in Bangladesh issuing certificate of origin. One is chamber of commerce and another one is Export promotion bureau. Other than European country require certificate of origin. Customer get import duty facility by this certificate.

CCI: This is one king of certificate of origin issued by exporter. CCI stand for Canadian Customs Invoice. Canadian customer requires this certificate to get import duty facility.

SAFTA: The South Asian Free Trade Area (SAFTA) is the free trade arrangement of the South Asian Association for Regional Cooperation (SAARC). SAFTA issued by EPB. It is require exporting to SAARC country. Importer get duty benefit for specific product showing this certificate. Indian garments importer can enjoy SAFTA benefit.

LDC: It is stand for less development country declaration. Exporter issue this certificate. Australian customer requires this certificate to get import duty benefit.

2.4 Payment Terms in Bangladesh RMG.

To succeed in today's global marketplace and win sales against foreign competitors, exporters must offer their customers attractive sales terms supported by the appropriate payment methods. Because getting paid in full and on time is the goal for each export. an appropriate payment method must be chosen carefully to minimize the payment risk while also accommodating the needs of the buyer. As shown in figure 1, there are four primary methods of payment for international transactions. During or before contract negotiations, we should consider which method in the figure is mutually desirable for both importer and exporter.

There are multiples type of payment terms we are using in our RMG. Most usage terms are below.

- Cash-in-Advance.
- Letters of Credit.
- Documentary Collections.
- Open Account.

Key Point about Payment Terms:

- International trade presents a spectrum of risk, which causes uncertainty over the timing of payments between the exporter (seller) and importer (foreign buyer).

- For exporters, any sale is a gift until payment is received.

- Therefore, exporters want to receive payment as soon as possible, preferably as soon as an order is placed or before the goods are sent to the importer.

- For importers, any payment is a donation until the goods are received.

- Therefore, importers want to receive the goods as soon as possible but to delay payment as long as possible, preferably until after the goods are resold to generate enough income to pay the exporter.

<u>Payment Risk Diagram</u>					
	Least Secure	Less Secure		More Secure	Most Secure
Exporter	Consignment	Open Account	Documentary Collections	Letters of Credit	Cash-in-Advance
Importer	Cash-in-Advance	Letters of Credit	Documentary Collections	Open Account	Consignment

Details of Each Terms:

Cash-in-Advance:

With cash-in-advance terms, an exporter can stay away from credit hazard since payment is gotten before the responsibility for merchandise is moved. For worldwide deals, wire transfer and Visas are the most generally utilized money ahead of time choices accessible to exporters. With the headway of the Internet, escrow administrations are turning into another money ahead of time alternative for little fare exchanges. In any case, cash-in-advance terms is the most unappealing alternative for the buyer, since it makes troublesome cash flow. Foreign customer are additionally worried that the products may not be sent if payment is made in advance. Hence, exporters who demand this technique as their sole way of working together may lose to contenders who offer more appealing.

Observation:

- Under this term's customer pay seller in advance before reaching shipment as destination.
- This term very familiar to us as TT.
- Very secure terms for exporter.
- Very risky for customer.

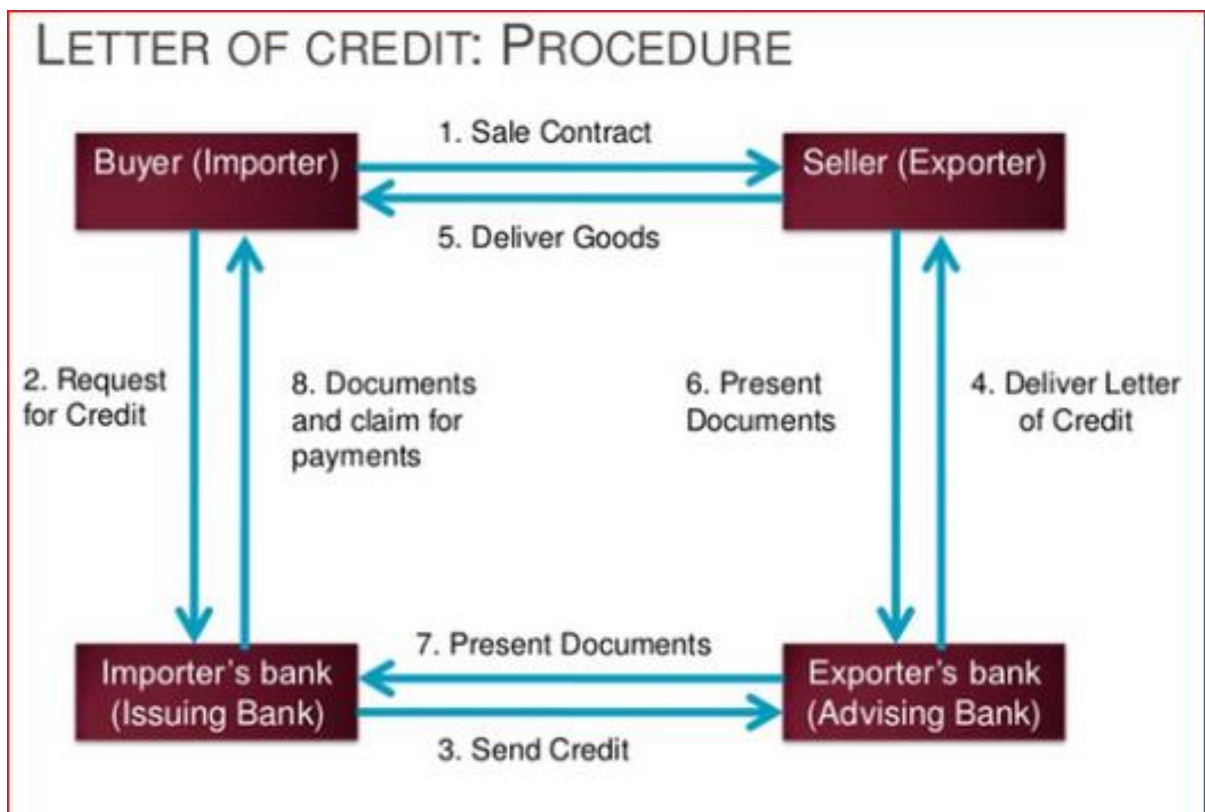
Letter of Credit:

Letter of credit (LCs) are perhaps the most secure instruments accessible to global trade. A LC is a responsibility by a bank for the purchaser that payment will be made to the exporter, given that the terms and conditions expressed in the LC have been met, as confirmed through the introduction of every single required documents. The purchaser sets up credit and pays their bank to deliver this help. A LC is valuable when solid credit data about an unfamiliar purchaser is hard to acquire, however the exporter is happy with the financial soundness of the purchaser's foreign bank. A LC likewise ensures the buyer since no installment commitment emerges until the merchandise have been transported as guaranteed.

Observation:

- A letter of credit or documentary credit is a bank document that gives guarantees for payment to the seller.
- Letter of credit issued by buyer bank as payment guaranty to seller bank. It mentioned, Item name, Goods value, Tenure, Shipping date, shipping mode, require documents.
- After shipment sailed, exporter need to submit all require documents to exporter bank. If all documents found in-order, exporter bank send all documents to customer bank for payment or acceptance.

Letter of Credit Chart



Types of Letter of Credit:

There are various type of letter of credit depending on buyer and seller requirement. I have defined below from some of them:

Irrevocable LC. This LC can't be dropped or adjusted without assent of the recipient (Seller). This LC reflects total responsibility of the Bank (guarantor) to the next party.

Revocable LC. This LC type can be dropped or changed by the Bank (issuing bank) at the client's guidelines without earlier understanding of the recipient (Seller). The Bank won't have any liabilities to the recipient after denial of the LC.

Back-to-Back LC: This LC type considers giving the second LC based on the primary letter of credit. LC is opened for middle person according to the Buyer's guidelines and based on this LC and directions of the go-between another LC is opened for Seller of the products.

Payment at Sight LC: According to this LC, payment is made to the seller immediately (maximum within 7 days) after the required documents have been submitted.

Deferred Payment LC: As indicated by this LC the payment to the merchant isn't made when the documents are submitted, yet rather at a later period characterized in the letter of credit. In all cases payment for Seller under this LC is endless supply of merchandise by the Buyer.

Transferable LC: This LC empowers the Seller to allot part of the letter of credit to other parties. This LC is particularly valuable in those situations when the Seller is anything but a sole producer of the products and buys a few sections from different gatherings, as it disposes of the need of opening a few LC's for different parties.

Red Clause LC: The dealer can demand a development for a concurred measure of the LC before shipment of merchandise and submittal of required archives. This red clause is so named on the grounds that it is typically imprinted in red on the archive to cause to notice "Advance Payment" term of the credit.

Stand-by LC: This LC is nearer to the bank assurance and offers more adaptable joint effort chance to Seller and Buyer. The Bank will respect the LC when the Buyer fail to satisfy payment liabilities to Seller.

Confirmed LC: Notwithstanding the Bank assurance of the LC issuer, this LC type is affirmed by the Seller's bank or some other bank. Regardless to the payment by the Bank giving the LC (guarantor), the Bank affirming the LC is responsible for execution of commitments.

Unconfirmed LC: Only the issuing bank of the LC will be liable for payment of this LC.

Advantages of LC for the Buyer:

- Elimination of risk of losing money for the Buyer
- Payments are made after fulfilment of the Seller's contractual obligations
- Transfer of ownership over shipped goods to the Buyer within the period indicated in the LC and according to other terms.

Advantages of LC for the Seller:

- Guarantee of payment independent of the Buyer (subject to the fulfillment of contractual obligations)
- Possibility of payment before handing the goods over to the Buyer
- Possibility of execution of complex commercial contracts.

Documentary Collections:

A documentary collection (D/C) is an exchange whereby the exporter endows the assortment of the payment for a sale to its bank (dispatching bank), which sends the documents that its purchaser needs to the merchant's bank (gathering bank), with guidelines to deliver the documents to the purchaser for payment. Funds are gotten from the merchant and transmitted to the exporter through the banks associated with the assortment in return for those documents. D/Cs include utilizing a draft that requires the shipper to pay the face sum either at sight (Documents against Payment) or on a predefined date (Documents against Acceptance). The assortment letter gives directions that determine the documents needed for the exchange ownership to the goods. Even though banks do go about as facilitators for their customers. D/Cs offer no verification process and limited recourse in the event of non-payment. D/Cs are by and large more affordable than LC.

Open Account:

An open account exchange is a deal where the merchandise are dispatched and conveyed before payment is expected, which in global deals is normally in 30, 60 or 90 days. Clearly, this is perhaps the most profitable choices to the merchant as far as cash flow and cost, however it is thus one of the greatest danger choices for an exporter. As a result of exceptional rivalry in export business sectors, foreign customer regularly press exporters for open record terms since the augmentation of credit by the seller to the purchaser is more normal abroad. Thusly, exporters who are hesitant to expand credit may lose a deal to their rivals. Exporters can offer cutthroat open record terms while generously moderating the danger of non-payment by utilizing at least one of the proper exchange account strategies shrouded later in this Guide. When offering open account terms, the exporter can look for additional security utilizing trade credit protection.

From the above, we can say Cash-In-Advance (TT) is the most secure payment terms for Bangladesh RMG but it is not workable all the time because most of the customer do not want to pay in advance as this risky for them. On the other hand, Documentary collection & Open account terms can be following for trusted buyer only. Consignment Terms not workable at all in our RMG as this is high risky for us. So, we can say Letter of credit is the most secure terms for Bangladesh RMG. Here, both parties can feel secure as banks are taking responsibilities for payment. Currently around 80% of business settle under LC.

Chapter 3

Critical assessment of Internship work

3.1 Application of Generic and Industry specific courses during internship

It was a knowledgeable journey with BRAC University during the PGD-KIM program. Whatever I learned from program I have tried to apply my day to day activity during the internship. Some courses were directly related to my job responsibility and some I learned newly which I strongly believe to lead my carrier for achieving goal. In the first semester the courses communication skill, Analytical Skills, Business Operation Skills were very much knowledgeable. In the 2nd semester there were at least two courses directly related with my current job responsibility. From SCM course I have learned a lot about logistics management and successfully applied to my day to day activity. Logistics management is a part of supply chain management that plans, carries out, and controls the proficient stream and capacity of merchandise, benefits, and related data to meet customer necessities. On a very basic level, coordination's the board is the control and oversight of the development of products. In any case, the extent of oversight measures comes to undeniably more than that. It includes a huge number of various elements including transportation the executives, cargo and stock administration, materials dealing with, and request satisfaction. Eventually, appropriate coordination the executives incorporates enhancement cycles to amplify incomes, cut physical work, settle on educated choices, and surpass client assumptions. I have observed that customer satisfaction increases radically after apply logistics management. Most important it reduce cost from various aspect.

From Production Management and Merchandising course, I have learned some method of calculating buyer pricing considering the fact that affect costing of product. There is some factor we have consider at the time of product costing and it gives positive result. Such as Higher overheads in the factory, Lower productivity in the factory, Higher mark-up, Raw material purchase at high prices and most important Wrong consumption etc.

3.2 Suggestion for industry improvement

There is no doubt that Logistics department plays very important role to fulfill customer requirement. However, there are some limitation as well which I have detected during my internship program.

Coordination with customer is one of the most common limitation. Due to customer language, cultural change, customs policy we are facing problem. To overcome those limitation, we should arrange related training to know detail.

Cost of transport is another important limitation we are facing recently. Due to current pandemic, transport cost is changing very frequently. Sometimes it increases by double and sometime triple. As a result, it directly affects our margin because most of the time customer do not want to consider freight increase.

Missing goods from carton another limitation. Very rarely we got claim from customer that they found less quantity in the carton then we declared in our packing list. During the transportation lots of party involve like local transport from factory to port then uploading to the container, unloading from container at destination and trucking from port to customer warehouse. Missing can be from any of above party but it is very much difficult to trace out. Though, every stage there are check point to prevent the missing but sometimes it is happening.

3.3 Learning for self-improvement

It was a wonderful learning journey with ZXY during my internship. Last three month I knew lots about Bangladesh RMG. Our process starts from creating new design and end by reached the product at customer warehouse. There are lots other of step we have to go through to complete one shipment successful. Like design present to customer, costing of the product, price negotiation with customer, order confirmation, import raw material, production process, quality controlling, final inception and finally goods transportation. I have tried to sit with every individual department to know the detail process as much as possible. I have around 15 years of experience in the RMG sector. I know lot about my department but very few about others department. After the PGD-KIM program, now I can feel that other than my department I have some knowledge about all department. Without any doubt it will increase my confidence which will lead my carrier to desire goal. I would like to thank all the party who design and arranged such wonderful program to develop my efficiency. Last but not least, thanks to my

industry supervisor and academic supervisor for their outstanding support and advise during the internship program.

Chapter 4

Conclusion

The Ready-Made Garments (RMG) industry possesses an extraordinary situation in the Bangladesh economy. It is the biggest export-oriented industry in Bangladesh, which experienced extraordinary development during the most recent 25 years. There are few limitations like inadequate infrastructure, energy shortage, port limitation, shortage of skill worker and most important lack of skilled Executive. In recent year, authority has taken action to develop infrastructure, energy shortage, port limitation. But lake of skill executive is still one of the biggest challenges. Around one million foreigners working in the Bangladesh. As ales development country it is really alarming for us. I strongly believe, the program like PGD-KIM can help to reduce number of foreign employs in Bangladesh. It will not happen in the overnight but in the long run it will give positive result.

Last three month from the internship, I have learned lot about whole process of Bangladesh RMG. It will help me in terms of my carrier development as well as my organization will be benefited. I must thanks to my administrator for offering me incredible chance of learning by giving me the theme. By setting up this report, I have assembled a ton of information about the articles of clothing industry and really this is a vital understanding about the clothing industry. At long last, I can say that by getting the knowledge from this program will help me in my expert life to take challenge in this industry.

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