Uttara University

Internship Report on

Customs-bond audit Procedure of Garment Industry in Bangladesh

The Case of Amantex Ltd.

Prepared For-
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Letter of Transmittal

Md. Anisuzzaman

Assistant Professor

School of business

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Subject: Submission of the report on **"Customs-bond audit Procedure ".**

Dear Sir,

With great pleasure, here I submit my internship report on Customs-bond audit Procedure (AMAN GROUP). I have tried my level best to bring out the original scenario of AMAN GROUP with full of effectiveness & efficiency. I have really learned a lot and have gained valuable experience and knowledge while collecting information for the report. 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,

Mohammad Imran Mehedi Khan

ID- 2193021007

Batch-50

Uttara University

ACKNOWLEDGEMENT

I would like to express my gratitude to all the personnel who were involved 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 supervising teacher Md. Anisuzzaman ,Assistant Professor of Uttara University, for his Instruction preparing this Report.

This report is very important and essential means for acquiring practical knowledge because of knowledge of an employee does not get fulfilled until he acquires knowledge theoretically and practically.

For the completion of this assignment we can't deserve all praise. Our senior stuffs who helped us by providing valuable information, advice and guidance for the completion of this report within timeline.

Table of Contents

Executive Summary

The internship program is the pre-requisite for the graduation in MBA. Internship program is a great opportunity for the students to gather information about the professional work situation through this program. A report has to be built for the university and organization requirement. The topic of the report is “**Customs-bond audit Procedure”** in Garments Industries in Bangladesh. The case is about Aman Tex Ltd”. The main purpose of the report becomes very clear from the topic of the report. Aman Tex Ltd is one of the leading groups in Bangladesh Garments Industry. It is a great chance for me to do my internship and permanent job in this organization. This is a large factory with all the facilities. Here the production process runs from developing different brand sample garment to finished garments for export. In this age, Bangladesh is flourished with RMG sector where this division has its immense contribution. The annual export income of garments sector is driven from one sources is knit garments. Ready Made Garments is 100% export oriented. RMG exports various garments product to foreign country. The company makes Gents shirts, pants, shorts, trouser and others for U.S.A, U.K, and European Countries. The use high tech machineries to produce a quality garment product.

Aman Tex Ltd Practice Several Types of Prominent Buyers Such As Tom-Tailor, Guess, Mango,C&A, ITX-Zara, Gina-Tricot, H&M & Esprit. From all of these H&M is called Mother Buyer at Aman Tex Ltd because of They are different. They are big, but they act small, they act in a Sustainable Way. That’s why from the beginning Aman Tex Ltd Practice H&M Buyer Export Smoothly and till Now.

They also add new machineries to increase their production line. They have mission and vision is to profit maximization. The garment industry maintain good relationship with buyer. Hardworking and commitment maintenance is their main strategy. Commercial team is enough efficient and well skilled regarding their job. The Report is prepared on “Customs Bond Audit Precedure in RMG Industries in BD” Where my concentration is in Buyer Satisfaction Level, Quality of products, and Practiced in RMG.

Introduction

RMG (Ready Made Garment) is very important and helpful for Bangladesh. Bangladesh has emerged as key player in Ready Made Garment since 1978. Textile and clothing for about 85% export income for Bangladesh out of which 75% comes from apparel sector which covers the major product knit and woven shirt, blouses, trouser, skirt, shorts, jacket, sweater sportswear and many more casual and fashionable outfit. This sector at present employs approximately 1.5 million plus worker mostly female who are comes from under privileged social class.

Background of the study

I am a Deputy Manager in Aman tex ltd. Which is 100% export oriented Knit composite industry and prepared my report on Customs bond Audit Procedure on Aman tex Ltd. For continuing the internship study in this organization. I have almost go through in all the section to understand the whole process of working and try to find out the activities, planning and many other things as well.

I have completed this report from all the department of RMG sector such as Merchandising Department, Commercial Department, Production Department, Supply Chain Department, Human Resource Department, Compliance Department and other organization like BGMEA, BKMEA, and Export Promotion Bureau, Yarn suppliers, Fabric suppliers, Chittagong Port, Insurance Company, Shipping Company. So by completing this report I got overall Idea about overall RMG Sector which increase more valuable knowledge than any book. In context, I have discussed about this things deliberately to let you know about.

Objective of the study

Objective means purpose of the report. The objectives of this report are as follows-

To know detail about RMG sector

- Information gather about commercial work procedure.
- Getting idea about the shipping procedure
- Concept develop about knitting and spinning
- Comparison between classroom learning and practical learning
- Knowledge gather about other RMG relevant other organization
- To know about the technical process and management process in apparel industry
- To have skilled labor of quality product
- To study the present market condition of RMG product, growth, achievement, competition.
- To analyze the reason behind recent labor unrest in BD.
- To do commercial practice.

Methodology of the study

Methodology defines how we go through all the processes of research and how I have proceed on. Here includes the steps of conducting the report and the explanation of the sources of data.

- Factory
- Commercial Department.
- Supply Chain department.
- C&F Agent
- Forwarder.
- Shipping line
- Others factories export relevant information.
- To collect information what I did in practical what was done by me for my practical knowledge.

Limitation of the study:

Though, I got whole-hearted co-operation and support from employees of Aman texLtd. the internship program I have faced a lot of problems to complete the report. In fact, it is tough to get into all the department for gather information for me since every department have their own confidential strategy and process of working.

Problems that I have faced for preparing this report are:

- I did not get up to date information about the sector.
- Time constraint is one of the major obstacles of finishing the project in a limited time.
- Some of the data and information are highly confidential for any company. For this reason, it could not disclose for obvious reasons, which could be very much useful

Discussion on the study objectives

Order regarding documents required to perform various activities related to bonds 100% exort oriented industries establishments. The documents required for the smooth execution of various activities related to the bonds of the industrial organization are mentioned below. In this case, the Bond Licensed Industrial Establishment Authority will submit the application for the relevant activities along with the appropriate officer. The application received has to be disposed of within the time frame specified in the Citizen's Charter issued by this department.

Audit requires a lot of documents. The main documents are:

- Export Documents like Shipping Bill (Bill of Export), Invoice, Indent, BL/AWB/TR, EGM, Exp. Form, UD, Export Order, LC etc;
- Certificate from BGMEA/BKMEA with summary statement of UD;
- Declaration of Import and Export by the lien bank;
- Undertaking in standard format;
- Declaration of ownership change;
- Any other documents relevant to the business activities and audit.
- Application to be submitted 15 days before expiry of audit period

- Declaration of Import Export Performance for the audit period in standard format
- Proceed Realization Certificates for the audit period in standard format
- Description of inter-bond transfer
- Passbook
- Import documents for audit period like MLC, BBLC, IP, Purchase Orders (PO), UD, B/E, Invoice, BL/AWB/TR etc

Bonded Warehouse Benefit

- Duty tax free import
- Bangladesh is high tariff country. High rate of duties are applied on imports. Bonded warehouse get a huge relief from paying duty taxes on imports. Home consumption industry.
- No pressure on cash flow
- As duty taxes are to pay in cash, it creates huge pressure for business. Bonded warehouse gets a great relief from this pressure.
- Relief from paying high rate of bank interest ,generally business depends on bank funds. Business can get relief from paying high rate of bank interest by saving duty taxes.
- Industries cover under bonded warehouse

Eligibility to get a Bonded Warehouse

100% Export Oriented manufacturing business:

1. Direct Exporter
2. Deemed Exporter
3. EPZ Industries

What is Bonded warehouse ?

A bonded warehouse, or bond, is a building or other secured area in which dutiable goods may be stored, manipulated, or undergo manufacturing operations without payment Of duty. It may be managed by the state or by private enterprise. In the latter case a Customs bond must be posted with the government. This system exists in all developed Countries of the world.

Upon entry of goods into the warehouse, the importer and warehouse proprietor incur liability under a bond. This liability is generally cancelled when the goods are:

1. exported; or deemed exported;
2. destroyed under Customs supervision; or
3. withdrawn for consumption domestically after payment of duty

(a) The attested late plan of the factory lease agreement or ownership deed and the approved design of the factory; (4) (4) Trade license

Bonding period of goods

Bonding period: For export-oriented industries, bond period varies from industry to industry. Bonding periods are shown below:

Bonded warehouse types	Bonding period
Special Bonded Warehouse	24 Months; Commissioner reserves the power to extend the bonding period for a maximum of 6 months
Direct Exporter	24 Months; Commissioner reserves the power to extend the bonding period for a maximum of 6 months
Home Consumption Bond (e.g. British American Tobacco, Hayes and Haier, Meghna, Citi group, TK)	6 Months; Commissioner may extend the bonding period for 3 months and NBR may further extend the bonding period for 3 months
Deemed Exporter	24 Months; however, Commissioner reserves the power to extend the bonding period for a maximum of 6 months
Diplomatic and privileged persons Bonded warehouse	12 Months; Commissioner may extend the bonding period for 3 months and NBR may further extend the bonding period for 3 months
Ship Builders Bond	48 Months; bonding period is extendable.

Recommendation

Amantex Ltd. is one of the best Knit composite industries in Bangladesh. It has outstanding reputation in the global market for excellence. It is a composite factory where they have all the sectors of woven dyeing, printing, embroidery, accessories, and garments production. So, this is huge in case of production and maintenance both. Generally I have given the concentration on Commercial activities of Amantex Ltd. I would like to recommend the following areas that should be improved immediately to achieve the desired goals-

Conclusion

The study revealed that Commercial Department are the most valuable human resources for the progress of the organization. For the development of these valuable resources there are many factors involved. So to increase the productivity of an organization effectively & efficiently.

Internship Experience

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.

Appendix

These list contains the most common abbreviations in case of commercial terms. Most of the words listed are only abbreviated in certain contexts. When used as a subject label or in a work title to complete this assignment.

- P/O - Purchase Order.
- Cut Off - Separation from any things.
- H.S Code - Harmonized System Codes.

▪ D.C Code - Domestic Codes of Area.
▪ FCA - Free Carrier.
▪ CPT - Carriage Paid To.
▪ E-invoice - Electronic Invoice.
▪ EPL - Electronic Packing List.
▪ M-List - Measurement List.
▪ UD - Utilization Declaration.
▪ EXP - Export Permission.
▪ GSP - Generalized System of Preferences
▪ SAFTA - South Asian Free Trade Area.
▪ C/O - Certificate Of Origin.
▪ CNF - Customs Clearing & Forwarding Agents.
▪ Ex- Factory - Exit Factory.
▪ CFS - Container Freight Station.
▪ STUFFING -Process in which cargo is loaded into an empty container.
▪ ETD - Estimated Time Of Delivery.
▪ S/O - Shipping Order.
▪ FCR- Forwarder's Cargo Receipt.
▪ VCP - Vendor Compliance Procedure.
▪ EBP- Export Promotion Bureau.
▪ MCCI- Metropolitan Chamber of Commerce & Industry.
▪ ARV - Advance Receipt Voucher.
▪ TT - Telegraphic Transfer.
▪ PRC - Proceed Realization Certificate
▪ BKMEA - Bangladesh Knitwear Manufacturers and Exporters Association.
▪ BTMA - Bangladesh Textile Mills Association.
▪ CAG - Comptroller and Auditor General of Bangladesh

Special thanks to my reporting Manager

Md. Moniuzzaman

AGM, Amantex Ltd