Internship Report on

The Procedure of Cash Incentive & its Role in the RMG Sector of Bangladesh

Submitted By

Md. Yunus Ali Munna

ID: BBA2103024107

Program: BBA (Major in Finance)

Semester: Fall 2023

Department of Business Administration Faculty of Business

Sonargaon University (SU) Dhaka-1215

Submitted To

Department of Business Administration Faculty of Business

Sonargaon University (SU) Dhaka-1215

Submitted for the partial fulfillment requirement of the degree of Bachelor of Business Administration



SONARGAON UNIVERSITY (SU)

147/1, Green Road, Tejgaon, Dhaka-1215, Bangladesh.

Date of Submission: 05 January 2024

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Submitted To

Md. Shahbub Alam

Lecturer

Department of Business Administration Faculty of Business

Sonargaon University (SU) Dhaka-1215

Submitted for the partial fulfillment requirement of the degree of Bachelor of Business Administration

SONARGAON UNIVERSITY (SU)

Date of Submission: 05 January, 2024

Letter of Transmittal

05 January, 2024

To,

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargaon University

Subject: Submission of Internship Report

Dear Sir,

With due respect, it is my great pleasure to submit the internship Report. The report entitled "The Procedure of Cash Incentive & its role in the RMG sector of Bangladesh" which is a partial requirement for the completion of BBA degree. I have left no stone unturned to collect data about the procedures of cash incentive scheme and find out its role in the RMG sector in Bangladesh. I have furnished all the things what I have learnt during the internship program at Rahman Rahman Huq & Co. Chartered Accountants (KPMG Bangladesh). I hope that this report will meet the standards of your judgments. I have tried my best to make this report interesting, informative and better one. Any mistake or shortcoming in this report would be apologetically considered as my fault.

I, therefore, pray and hope that you would kindly accept my report and oblige thereby.

Sincerely your

Md. Yunus Ali Munna
BBA2103024107
Department of Business Administration
Sonargaon University

Preface

Today we are very much involved in the business era. Only book-based knowledge is not enough to cope with real business environment. Effective combination of theoretical knowledge with practical experience is the key to success. Considering this, internship program is included in the degree Bachelor of Business Administration (BBA) from the Department of Business Administration Sonargaon University

I have selected the audit firm as my field to conduct my internship program which runs for three months only. I am an articled student of **Rahman Rahman Huq & Co. Chartered Accountants (KPMG Bangladesh)** also. I tried my best to collect relevant and significant data as much as possible and prepare the report with my best effort. I regret for any undue mistakes in this report. If the report do little support to any student, teacher, researcher or analyst, I may consider my effort does not go in vain.

Declaration

I, **Md. Yunus Ali Munna,** a student of BBA, Department of Business Administration, Sonargaon University, do hereby declare that the internship report titled **"The Procedure of Cash Incentive & its role in the RMG sector of Bangladesh"** is the outcome of three months practical work on the topic mentioned above under the supervision of **Md. Shahbub Alam,** Lecturer, Department of Business Administration , Sonargaon University, Bangladesh.

I also declare that this report is an original work and no part of this report has been copied from elsewhere. In addition I would also like to mention that this report has not been published or submitted for being published or submitted for awarding any degree, diploma or recognition.

Sincerely Yours

Md. Yunus Ali Munna

BBA2103024107

Department of Business Administration

Sonargaon University

Letter of Acceptance

This is to certify that **Md. Yunus Ali Munna**, ID No:**BBA2103024107** , Department of Business Administration , has completed his internship report titled on "**The Procedure of Cash Incentive & its role in the RMG sector in Bangladesh**: **Evidence from Bangladesh"** under my supervision as a part of partial requirement for obtaining Bacholer of Business Administration (BBA) degree in Finance Major. This report can be accepted for evaluation.

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargaon University

Acknowledgement

In every scene of one's life there are some persons who make other's life precious. They provide inspiration support, and maximum effort to help in different way to make other's smile at the end of an event. In same manner to completion of this internship report, I cannot deserve all the praise. There were lot of people who helped me by providing valuable information, guidance and their valuable time.

At first, I would like to express my gratitude to almighty Allah for enabling me the strength and opportunity to complete the report within the schedule time successfully. It was a great pleasure to prepare internship report titled **"The Procedure of Cash Incentive & its role in the RMG sector of Bangladesh"**

I have benefited from the cooperation of many people during the preparation of the report. First of all, I would like to tender my gratitude to my esteemed **Md. Shahbub Alam, Lecturer, Department of Business Administration** for his sincere guidance about how to prepare the report. Without his guidance, it would very difficult for me to complete the report.

I express my deep gratefulness to **Mehedi Hasan FCA**, Partner, Rahman Rahman Huq & Co.; **Abu Bakkar,** Manager, Rahman Rahman Huq for selecting me to the audit client named United Commercial Bank, Estern Bank Limited, HSBC, Janata Bank Ltd and granting me the access of different correspondence file related to cash incentive audit.

But there are also so many people who helped me during this period by their valuable speech, time, hospitality & co-operation. I like to mention their name also. I like to thank **Riashadul Islam** (In-Charge) and **Iftekhar Alam** (Audit Assistant), **Ovijeet Das** (Audit Assistant) Rahman Rahman Huq & Co Chartered Accountants. The Internship program could not be successful without their proper guidance and kind co-operation.

Abstract

Rahman Rahman Huq & Co. Chartered Accountants Firm is one of leading Chartered Accountants Firm in Bangladesh. Rahman Rahman Huq & Co. holds the First Position among all the chartered accountancy firms of Bangladesh as per recent evaluation done by Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC). All the knowledgeable persons work together efficiently for catching the top position in market. That acts as a standard model for other firm.

The internship report has been prepared by internship experience and activities which were gathered during internship period. This report is all about cash incentive activities in Rahman Rahman Co. Chartered Accountants. This report is sub-divided into six parts: part one is following both introductory, Part-two A brief History Cash incentive in RMG Sector, Part-3 is An overview the Organization, Part-4 Literature Review, Part-5, Data Collection, Analysis and Findings, Part-6, Recommendations and Conclusion. Appendices & References have been attached after the body of the report. In the appendix, all the necessary documents have been affixed. Finally, working papers of Cash Incentive Audit in RMG Sector, the necessary documents have been given for providing practical exposure to the readers of the repot.

This report writing started with a strong background, objectives of the study and also the limitations faced in conducting the study. Moreover, there is also discussion about the process of export-related documents. It will be strongly helpful for those who are not familiar about the export related documentations.

In addition, there is also an integration of procedures of cash incentive audit and related documents to be checked by the audit firms which will be beneficial for auditors who are going to start cash incentive audit and who are out of audit profession but interested in this issues.

On the basis of the observations in conducting the research study, some recommendations have been drawn at the end of the report. It plays a vital role for protecting the misuse of Government's invaluable resource.

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Acronyms

ACA- Associates of Institute of Chartered Accountants.

ACCA-Association of Chartered Certified Accountants.

TOR- Terms of Reference.

F/E -Foreign Exchange.

CID -Cash Incentive Department.

FOB-Free on Board.

BTMA -Bangladesh Textiles Mills Association.

BTB L/C – Back to Back Letter of Credit.

CCS- Cash Compensatory Scheme.

EPB – Export Promotion Bureau.

MOC -Maintenance of certificate.

SOE- State-Owned Enterprises.

MFA- Multi-Fiber Arrangement.

ISI -Import Substitution Industrialization.

EOI -Export-Oriented Industrialization.

RMG- Ready Made Garment.

BTMC- Bangladesh Textile Mills Corporation.

Exp- Export Permission.

PRC-Proceed Realization Certificate.

EPZ-Export Processing Zone.

C & F – Carriage and Freight

Chapter-One
Introduction

1.1 Cash Incentive

Cash incentive is one kind of subsidy which is provided by the Bangladesh Bank on behalf of the Bangladesh government. To get cash incentive there are some condition which an exporters needs to follow and the relevant certificate of the exported goods have to certify by the external auditor. If the documents are relevant and it is satisfying the condition which is provided by the Bangladesh Bank in circular then the exporter can apply for the cash incentive from Bangladesh Bank.

Cash incentive is the assistance in the form of "Cash" given to any party on its fulfillment of certain conditions. This scheme was first introduced in **1986** as „Cash Compensatory Scheme (CCS)" as a motivating mechanism to increase export and also to establish the backward linkage. At that time this facility was made available to RMG, hosiery, and special textile units which are either not covered by or choose not to use the bonded warehouse facilities and duty draw back facilities. The rate of Cash Incentive was 15% of FOB export value. This facility was introduced for the economic development of the country by increasing export through establishing backward linkage, so that they are encouraged to procure there raw material from inland. These facilities are provided only those who use their raw materials from the country not from other country.

From the total export earnings Bangladesh earns more than seventy six percent by textile sector. So that in 1986 the Govt. decided to provide cash incentive to the producer, and suppliers of fabrics used to get cash incentive from the Bangladesh Bank through there negotiating bank. Here also the same condition as, not to use the bonded warehouse facilities and duty draw back facilities had been taken for the material used in the production of textile and other sectors. After that the rate was changed the rate several time and Govt. was decided not to provide this facility after 30th June 2005. But this facility is still continuing at the present rate 5% and 2% more as second alternative cash assistance for new market expansion.

From its inception the audit of cash incentive was done by the internal auditor of the negotiating bank. Then Bangladesh Bank found a lot of inconsistency as submission of false statement, or fake exporter or fake importer etc. So that in 1997 Bangladesh Bank ordered to submit the cases in there negotiating bank. Here the audit work was done by Bangladesh Banks auditors.

Then from 2002, the Bangladesh Bank appointed the auditors of the negotiating bank to audit of the cash incentive cases. The Bangladesh Bank disburses the fund to the negotiating bank on the basis of incentive applied and bank disburses the fund on the basis of certificates given by the audit firm on the cash incentive cases. In this case Bangladesh Bank has given a set of TOR(Terms of Refference), which dictates how the audit work should be done.

1.2 Objective of the report:

The core objectives of this report will certainly provide an overview of my experience and learning as an internship period after completing the Bachelor of Business Administration at Rahman Rahman Huq –(KPMG Bangladesh), chartered Accountants during the organizational attachment period from 10th September to 28th December. This report aims to gain practical experience as an internship period after completing Bachelor of Business Administration Program from Sonargaon University (SU) and also to view the application of theoretical knowledge in the real life. As I have worked in Cash Incentive Department in different Bank that's why I tried to explain an exposure on the function of Cash Incentive Audit, to identify the procedures of Cash Incentive, to get significant knowledge about how the amount of Cash Incentive facilities is determined, to examine whether the cash incentive facilities were really misused before the introduction of independent cash incentive audit, to examine whether the cash incentive scheme has increased the backward linkage (yarn in exporting Fabrics and Fabrics or Yarn in exporting Garments) of textile sector, to understand whether the cash incentive audit has mitigated, if not eliminated, the misuse of Government money in the form of cash incentive in the composite sector of Bangladesh.

1.3 Scope of the Study:

According to the Bangladesh Bank requirement an external auditor have to conducted audit procedure of the applicant document for getting cash incentive and the external auditor will certified that the applicant has compliance all the rules and regulation. Due to this reason Bangladesh Bank has published Terms of Reference (TOR) which specify what would be the responsibility of auditor for conducing the audit. On the other hand Bangladesh Bank has also published Foreign Exchange (F/E) circular which gives some guidelines about how the audit should be done by the external auditor. In my internship period I was attached with the Rahman Rahman Huq & Co. (KPMG Bangladesh) chartered accountant firm, where I was involved in Cash Incentive Department (CID) so I was engaged with this audit and made the

report on it so I have to follow these circulars and TOR (Terms of Reference) and the audit procedure to prepare this report.

1.4 Methodology of the study

After completing the Bachelor of Business Administration Program from Sonargaon University in Department of Finance I joined in Rahman Rahman Huq Chartered Accountant firm. In this firm I was allocated to Cash Incentive Department. For preparing my report I have gone through many face to face conversation, sometimes I needed to go through calculation because each and every file in cash incentive have some calculation. So from that experience I have collected some data where i can provide some overview of Practicing Cash Incentive and its role to the RMG sector in Bangladesh.

This is a Qualitative type of study. The relevant information‟s were collected from observation as well as document provided by the client of the Bank.

Population:

During the internship period, the entire cash incentive file were prepared by the client and presented to the respective Bank to the Audit purpose. All of those companies are different each other like fabrics, agro, jute, garments, Potato etc. All the relevant documents prepared by those companies for achieving cash incentive are treated as a population in this report.

Sample:

Since Eastern Bank limited has diversified client in Export department. The following companies are sampling process of my report and those as follows:

Name of the Sector	Types of Cash Incentive	Name of the Companies
RMG	Additional Cash Incentive	Apex Spinning & Knitting Mills Ltd International Shirt Limited. Apex Lingerie Limited. Purbani Rotor Spinning Limited. Raihan Spinning Limited. A.T.S Limited. Seven Section Spinning Limited.
	New market Exploration	
	Composite	

Primary sources of data: **May include-**

Personal interview- Face to face conversation and in dept. interview with:

Name	Designation	Department
Md. Ruhul Amin Rony	Manager	Cash Incentive (RRH)
Md. Abu Bakkar	Manager	Cash Incentive (RRH)
Riashadul Islam	Supervisor (ACCA)	Cash Incentive (RRH)
Iftekhar Alam	Assistant Supervisor (ICAB)	Cash Incentive (RRH)

Secondary sources of data:

- Various circulars published by Bangladesh Bank, various Govt. documents regarding international trade have been consulted.
- Terms of references published by Bangladesh Bank.
- Consult with different applicants of Cash Incentive facility.
- The procedures of the audit of Cash Incentive files have been observed.

1.5 Limitations:

At the time of preparing this report I have to depend only on the circulars published by Bangladesh Bank and the applicants to collect the information. At the time of analyzing data various statistical tools cannot be used. Here information is given by the applicant. Calculation is based on information which guided by Bangladesh Bank circulars. To prepare this report I have got very short time. It is very difficult to explain every matter correctly in this short period

of time. There are many procedures to calculate the cash incentive, but due to lack of sufficient time I had to conclude this report. But I won't stop here; I will continue my research after my internship period.

Ruhul Amin Ronee	Manager (ACA)	Assurance (RRH)
Jakir Hossain	Manager	Cash Incentive (Eastern Bank Limited)
Humayun Kabir	Assistant Manager	Cash Incentive (City Bank Limited)

Chapter- Two

A Brief History of cash incentive in RMG Sector

In this chapter I will give an overview about the cash incentive. In 2.1 what is cash incentive, in 2.2 what are the main reason behind for cash incentive facilities to the exporters, 2.3 what are the conditions for Availing Cash Incentive facilities from the Bangladesh Bank, 2.4 an overview about historical Practice of Cash Incentive in Bangladesh have been explain in the following:

2.1 Cash Incentive

Cash incentive is one kind of subsidy which is provided by the Bangladesh Bank (BB) on behalf of Bangladesh Government. Cash Incentive or Cash Subsidy facilities is provided to motivate different sectors to use local raw-materials on their production of export oriented product so that backward linkage industries can develop which will help to face foreign competition after the withdraw of quota facility and also to increase the local value addition.

2.2 Reasons for Cash Incentive Facilities

There are many reasons behind cash incentive subsidy provided by the government. **First** reason of giving cash incentive is to increasing export market in abroad of RMG goods and fabrics. **Second** reason is support to the backward linkage of Ready Made Garments goods sector. **Third** reason is to motivated to use local (BD yarn) in lieu of foreign yarn in exported goods in garments industry. **Fourth** to make competitive the local fabrics and garments sector against that of the neighboring countries like India and Pakistan. Because the price of produced yarn in our country is more than that of India and Pakistan and the price of accessories used in our garments sector is also comparatively higher than that of the neighboring countries. **Fifth** to facilitate more value addition in our garments sector. If the cash incentives are given than the garments sector will not import foreign yarn and accessories and will use locally produced yarn and accessories and for this local value addition will be increased. **Sixth** reason is the entering into new market like Indonesia, Philippines, Mexico, and Thailand etc.

2.3 Conditions for Availing Cash Incentive facilities

If any exporter wants to avail the Cash Incentive facilities, then they have to fulfill the following conditions:

- When the exporter export goods then the goods (RMG) have to use local yarn (BD yarn) and the raw material provider have to the member of **Bangladesh Textiles Mills Association** (BTMA).
- **No duty draw back facilities and bonded warehouse facilities** have been or will be avail for the exported items from any process from cotton to yarn, fabrics and RMG by any person for the items used in production process.
- The CI recipient, stated on local BTB L/C for collecting cotton or yarn against the contract sheet or L/C, will apply for CI facilities in applicable form to his negotiating bank after negotiation of documents for his own export or fabrics supplied. But CI will be payable **after realization of the export proceeds**. Different parties will apply in different prescribed forms applicable to him.
- Only **one party** among the yarn manufacturer, fabrics suppliers, and exporter will get Cash Incentive.
- Application for CI will submit his application to the negotiating bank **within 180 days of the realization of the export proceeds**.

2.4 Historical Practice of Cash Incentive in Bangladesh

From its inception in 1986 cash incentive was made available to RMG, hosiery, and special textile units as a name of Cash Compensatory Scheme (CCS), with the condition not to use the bonded ware house facilities and duty draw back facilities.

In 1987 the following parties or organizations were entitled to cash incentives subject to previous conditions:

- Producer and direct exporter of fabrics
- Producer and exporter of different types of fabrics items socks and gloves.

Producer and suppliers of fabrics from which RMG has been exported abroad after the value addition done in the production process of the exporters.

- Producers of fabrics from yarn and RMG from the produced fabrics and exporters of the RMG, i.e., a composite mill.

But after March 5, 2001, the above matter has been changed. The cash incentives will be entitled to the following parties:

- Producer and exporter of RMG from fabrics.
- Producer of fabrics from yarn and RMG from the producer fabrics and exporters of the RMG, i.e., a composite mill.
- Producer and direct exporter of fabrics
- Producer and suppliers of fabrics from which RMG has been exported in abroad by exporter after value addition.
- Producer and exporter of yarn.

The producers of Jamdani Sari, Lungi, and Napkin were able to get Cash Incentives. But due to significant misuse of cash incentives in this sectors Govt. postponed payment of cash incentives against Jamdani Sari in 1998 and against Lungi in 1999. Latter in 2000 Govt. decided to give cash incentives on these sectors in lieu of duty draw back facilities and bonded ware house facilities. Cash incentives in these three products is given at the rate of 10% on FOB export value on some conditions stated below:

- The exporter should be registered by the BD Loom Board as a producer and Export Promotion Bureau (EPB) of the Maintenance of certificate (MOC) as an exporter.
- Cash Incentive will be paid against export under export L/C only.
- The price of each Jamdani will be limited to $ 40, each Lungi $3, and each Napkin $0.50.
- CI will be calculated as 10% of FOB export value or value calculated as per limit of the previous paragraph, whichever is lower.

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***(Source: Different Bangladesh Bank Foreign Exchange Circulars such as Circular-7, Circular-9, Circular-12, Circular-17 etc.)

Chapter-Three

An Overview of RRH

(KPMG Bangladesh)

KPMG has had a presence in Bangladesh for more than 50 years. KPMG in Bangladesh is represented by Rahman Rahman Huq & Co, Chartered Accountants (RRH) and KPMG Advisory Services Limited (KASL).

RRH was established in 1962 by Mr. Rezaur Rahman, M. Saifur Rahman and Tashfin I Huq, all being members of the Institute of Chartered Accountants in England & Wales (ICAEW). Over the years, this firm has built a formidable reputation for providing Audit, Tax and Advisory/Consulting services to national and multinational businesses, public sector corporations and development organizations. On 1 January 2006, they became a Member Firm of KPMG International, making them the first "Big 4" Member Firm in Bangladesh. For about a decade prior to that, they are a Representative Firm of KPMG International.

KPMG Advisory Services Limited was formed in 2019. Wholly owned and managed by partners of RRH, KASL focuses on selected Advisory and non-regulated services. KASL is a Member Firm of KPMG International.

In 1962, when Price Waterhouse Peat & Co. left Pakistan, one of its former partners joined forces with two other chartered accountants to form Rahman Rahman Huq (RRH). Over the years, this firm has built a formidable reputation for providing audit, tax, advisory, and other business solutions to national and multinational businesses, public sector corporations and development organizations in Bangladesh. As of 1 January 2006, RRH is the Member Firm of KPMG International Cooperative ("KPMG International") in Bangladesh. For over a decade prior to that RRH was KPMG‟s Representative Firm in Bangladesh. KPMG is one of the Big Four accounting firms in the world today, and Member Firm is the highest level of affiliation within KPMG. This makes RRH the only Member Firm in Bangladesh of any of the Big Four accounting firms.

Chapter-Four
Literature review

Since there are not too much literature on cash incentive and ready-made garments sector in Bangladesh. Here I have found some literature on the cash incentive and ready-mad garments which are describe below:

In **2002 Quasem** published a report which the title of the report was **Backward Linkages in the Textile and Clothing Sector of Bangladesh** where he had described in the initial years the RMG sector was heavily dependent upon imports. Imports were as much as 80% of the export value. In addition to fabrics, all other accessories like interlining, labels, buttons and sewing thread, all the packaging materials like neck boards, backboards, plastic collar stays, tissue papers, hangtags, pins and clips, hangers and polybags, zippers and draw strings and export cartons used to be imported. Over the last decade, a large number of accessories industries have come up to fill in this gap to the extent of about 70% of the total requirement of the industry. While the country has more or less achieved self-reliance in supply of accessories, the progress is less noticeable in the fabric manufacturing, especially the woven fabric. The growth of accessories industries, coupled with a substantial growth in knit fabric manufacturing, has helped to reduce dependence on imports and cut down lead-time for delivery.

In another report which was done by **Rakib Ibne Habib in 2009** and he mentioned about the **backward linkage in the ready-made garment industry in Bangladesh: Appraisal and policy Implication.** In that report he described for Bangladesh, lead time is fast emerging as a serious bottleneck. Backward linkages are playing major part of a garment industry to reduce lead time and offer competitive price in the international market. It is inevitable that one of the major issues of success in readymade garment (RMG) industry in Bangladesh must depends on backward linkage conditions, support and strategy formulation. The present condition of backward integration, needs for further development within respect to Post Multi-Fiber Arrangement (MFA) situation in the RMG industry in Bangladesh and the policy on backward linkage sub sectors in respect of free trade apparel market.

In 2011 another report was published which was made by **Khondoker Abdul Mottaleb** where he described about the necessity of educated person entering into the garment industry and overcome the criticism in this sector. The export-oriented garment industry in Bangladesh has grown rapidly for the last 3 decades and now ranks among the largest garment exporters in the world. While it‟s early success is attributed to the initial technology transfer from South Korea,

such a one-time infusion of knowledge alone is insufficient to explain the sustained growth for 3 decades. Among other things, that the high profitability of garment manufacturing due to the initial infusion of specific human capital attracted a number of highly educated entrepreneurs to the industry, that the division of labor between manufacturers and traders has facilitated the expansion of the industry, and that enterprise growth has lasted long because of the continuous learning from abroad by the highly educated entrepreneurs.

In 2013 Md. Mazedul Islam1, Adnan Maroof Khan and Md. Monirul Islam wrote on the report about the criticism of textile sector and using the new technologies in this sector, they also mentioned the government should provide some subsidy**.** Currently textile industry is facing great challenges in its growth rate. The major reasons for these challenges can be the global recession, unfavorable trade policies, internal security concerns, the high cost of production due to increase in the energy costs, different safety issues specially fire, etc. Depreciation of Bangladeshi Taka that significantly raised the cost of imported inputs, rise in inflation rate, and high cost of financing has also effected seriously the growth in the textile industry. As a result neither the buyers are able to visit frequently Bangladesh nor are the exporters able to travel abroad for effectively marketing their products. With an in-depth investigation it was found that the Bangladesh textile industry can be brought on top winning track if government and others individuals takes serious actions in removing or normalizing the above mentioned hurdles. Additionally, the government should provide subsidy to the textile industry, minimize the internal dispute among the exporters, withdraw the withholding and sales taxes etc. Purchasing new machinery or enhancing the quality of the existing machinery and introducing new technology can also be very useful in increasing the research and development (R and D) related activities that in the modern era are very important for increasing the industrial growth of a country.

Sayed Sarwer Hussain (2014) had mentioned on his report that Bangladesh is almost entirely dependent on raw cotton imports for the export market. More than 40 percent of imported raw cotton and 80 percent of imported yarn and fabrics are used by spinning mills and the RMG sector to meet export demand. Bangladesh instituted biotechnology regulations that require approval from the National Committee on Biosafety (located in the Ministry of Environment and Forest) before a genetically engineered product can be legally exported to Bangladesh.

4.1 Evolution of RMG sector in Bangladesh and role of cash incentive

In between 1947 to 1971 most of the textile industry was belongs to the East Pakistan. In 1960 most of the local Bengali entrepreneurs had tried to set up their own large textile industry and jute factories. After that due to the separation from the East Pakistan newly formed Bangladesh entrepreneurs lost access to the both capital and technical expertise. Until the liberation in 1971 textile sector was in the part of import substitution industrialization. When Bangladesh got independence in 1971 then Bangladesh adopted export oriented industrialization by focusing on the textile and clothing industry especially in the RMG sector in Bangladesh. After in 1971 tea and jute was the most lucrative exports Ector in Bangladesh but due to flood, reducing the price of jute fiber, reducing the demand from world the contribution of jute in the country‟s economy was not satisfactory.

The Newly formed government in 1971, the President Sheikh Mujibur Rahman enacted the Bangladesh Industrial Enterprises Order created the state-owned enterprise (SOE) which is called Bangladesh Textile Mills Corporation (BTMC) in lieu of privately owned textile factories. In that time the president develop the democracy and a socialist form of capitalism. In 1980 most of the textile industry‟s assets and all the spinning mills were the state owned and in 1982 New Industrial Policy (NPI) enacted and a large number of jute and textile industry were privatized and became to their original owners.

In 1974 the devastating famine and flood occurred by the Brahmaputra river, as a result one million people died due to starvation. On the other hand the price of rice had been step up. Partly in response the economic and political repercussion famine occurred. Bangladesh government shifted public policy to denationalize, disinvest and tried to motivate to the private investment to the textile industry. In that time Bangladesh government tried to reduce the role of the public sector in the textile industry. After that in 1974 new Investment policy was restored which main focus on the right to both the private and foreign investment in the textile industry. Bangladesh textile industries model switched from state-owned enterprises to private sector. Below there are some graph which reflects the evolution of RMG sector in Bangladesh. Bangladesh is exporting Ready Made Garments goods in many foreign countries like U.S.A, China, India, Indonesia, Thailand, Mexico, Malaysia, Korea, Japan etc. Because of the cheap labor and availability of raw material textile industry in this country is flourishing. Almost 76 % of total revenue generated from RMG exported goods. There are some different factors which influence to the readymade garments sector in our country.



*** Source: BGMEA website, Also see: Appendix-01, Table 1.1

Figure 1.1: Membership and Employment in RMG in Bangladesh

Since the cash incentive is being given from 1986, so if we consider the from time then we can see the picture which is mentioned above that the number of garments factories and involving employment in readymade garments sectors are increasing. There are many determinants which is the ultimate reason behind that upgrading trend. If we look at the year 2012-2013 then it's a degrading trend. Due to political unrest, strike, employee strike in front of the garments gate and many incidents the readymade garments industries performance was not up to the mark.

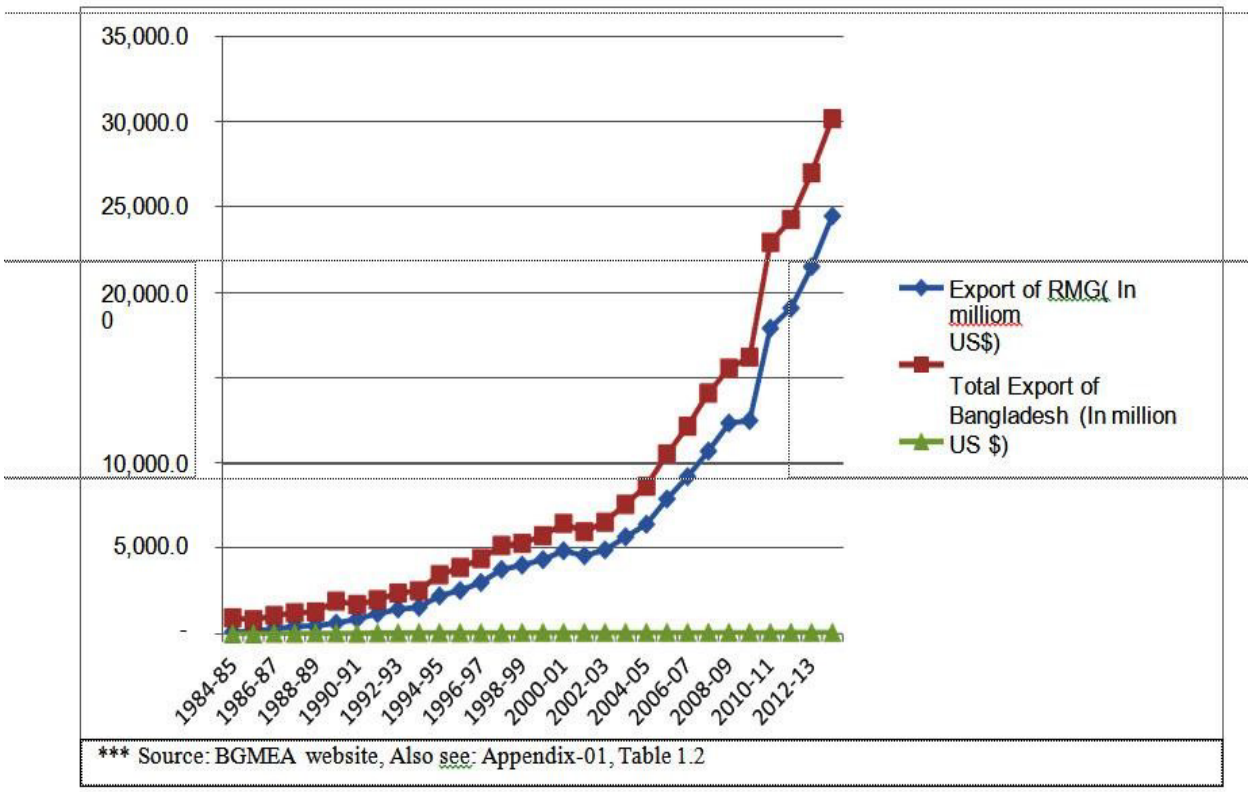


Figure 1.2: Comparative statement on Export of RMG and Total Export ofBangladesh

If we look at the mentioned above graph then it is clearly that the number of total export goods and the number of RMG exported goods are increasing trend. Day by day the governments try to motivate the exporter to increasing the exported countries and creating new market for the exported goods. Now –a-days our government has increased the percentage from 2% to 3% to exported goods if the exported countries are other than US, Canada, and European countries.

4.2 Scenario of Ready Made Garments in Bangladesh

The foremost reason of current global economic crisis is the full dependency on export dependent economies. It has been found that the major industrialize countries like china, India, Japan exported goods declined comparison to the last decades. Bangladesh is not far behind that. Most of the economist gives suggestion to increase the market of readymade garments goods and diversify product, improve productivity making the employee the efficient so that the GDP will increase and overcome this global economic crisis. In 20132014 due to political unrest, labor strike, salary increment, excess lead time, unavailability of proper gas supply and electricity, lack to raw material, weak infrastructure, higher bank interest, unavailability of skilled labor etc. the garments industry in Bangladesh become lame and the market in abroad are decreasing trend. Because of this reason our government has taken some initiative to motivate the exporter to export readymade garments goods and increasing the Per Capita

Income. Among different motivational scheme cash incentive is one of them. In fiscal 2007-08, only woven and knitwear, the two sub-sectors of RMG, fetched $10.699 billion out of the total export earnings of $14.110 billion, according to the Export Promotion Bureau (EPB). EPB data also showed the knitwear sub-sector fetched $5.532 billion of the total RMG export earnings in the immediate past fiscal year, up 21.50 percent over fiscal year 2006-07. In fiscal 2007- 08, woven garments earned $5.167 billion, registering a growth of 10.94 percent over the same period of 2006-07. But overall the scenario of garment industry in Bangladesh is in increasing trend. Day by day the number of employment involvement in garments, number of factories and exported countries have been increasing. New markets are being accelerated and try to spread readymade garments goods all over the world.

Chapter- Five

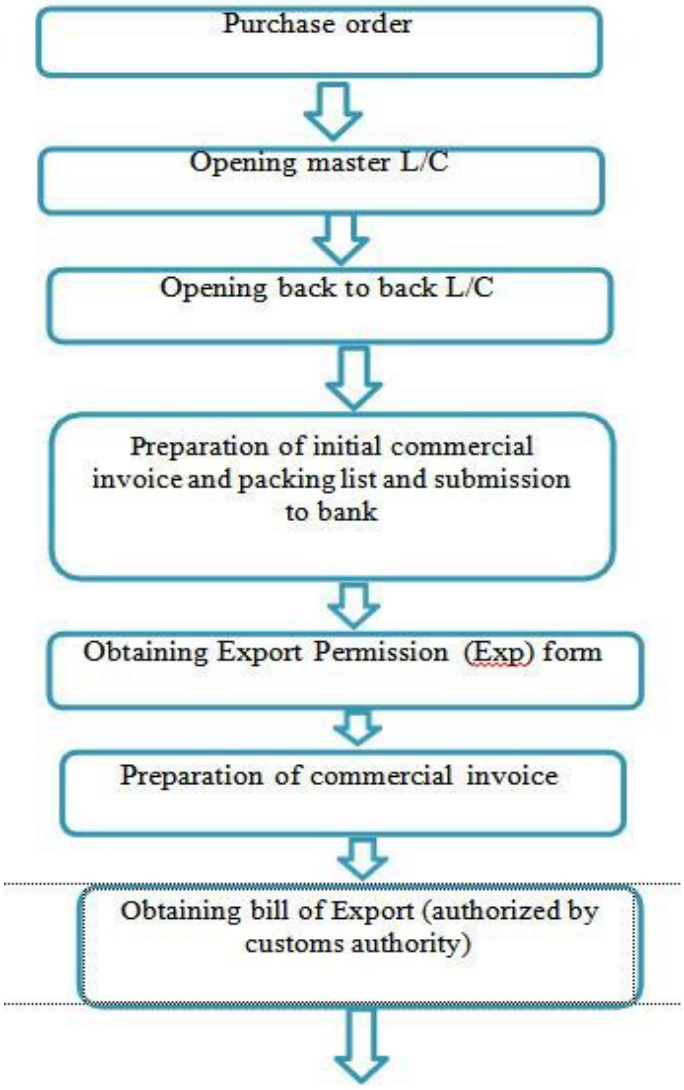
Data Collection, Analysis & Findings

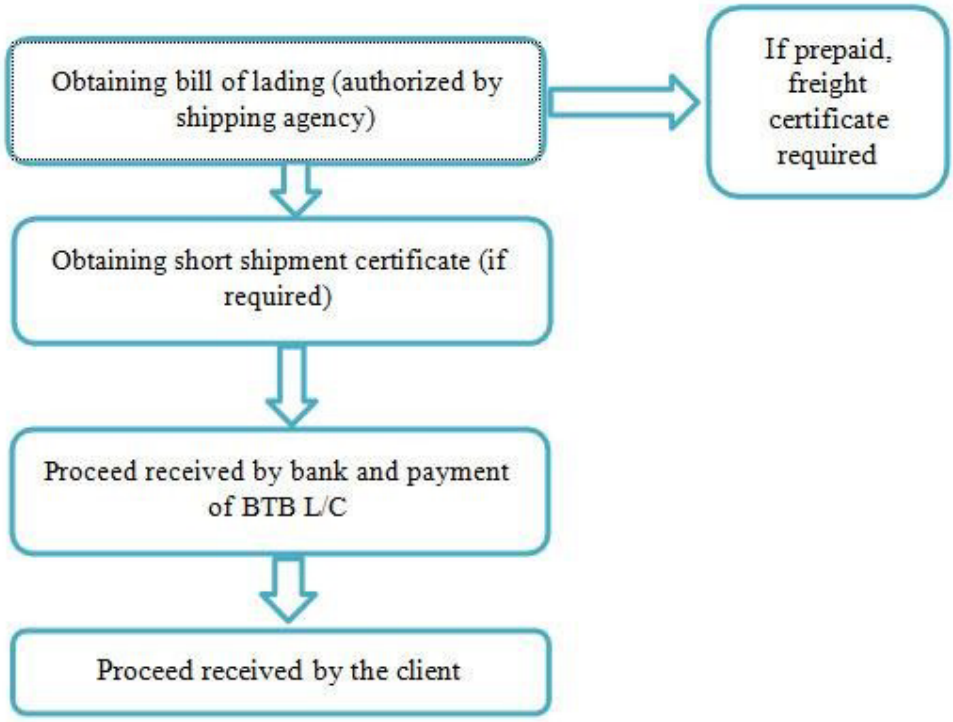
Cash incentive is basically one kind of subsidy provided by Bangladesh government to encourage more Export in ready-made garment sector using local raw materials. This policy has been taken to motivate the garments organization to Export more and also using the local yarn. If the organization does not use local material, they are not eligible for the cash incentive policy.

5.1 Procedure of Cash incentive

Cash incentive facility is basically provided on lower of proceed realized and cost shown after adjusting excess wastage of raw materials. Therefore our main purpose is to determine the maximum accepted value for applicable cash incentive. Unfortunately, in our country, garments industries tend to overstate the costing and realized amount so that they can exploit the facility provided by the government. To impede this malpractice, Bangladesh Bank has introduced the policy of commercial audit.

The flow chart of the total procedure has been given below:





The detailed description of the process flow is as follows:

Step-1 Purchase order

Upon negotiating the terms and conditions and specifications buyer sent a purchase order to the client. The purchase order contains information‟s about the goods, quantity, quality, color and other necessary information which have been negotiated earlier with the buyer and seller via mail communication or over the phone contact. The purchase order is sent to the company (the client). Say for example Co. A wants to buy some goods from Co. X. At first Co. A makes a purchase order to Co. X and according to the demand of Co. A, Co. X makes those goods and services. ***See Appendix 2 (Figure (Appendix) 2.1)**

Step-2 Opening master L/C

After preparing the purchase order, buyer opens a master L/C through his bank and these documents are sent to the client along with the purchase order. Buyer can also open a sales contract for this reason and later sales contract can be replaced as L/C. Sales contract can also be used as a formal document in the transaction. This is the primary document of the process as through this document, the whole process is continued. ***See Appendix 2 (Figure (Appendix) 2.2)**

Step-3 Opening back to back L/C

When the company receives the documents, it opens a back to back L/C against the master L/C or the sales contract. The back to back L/C is required by the regulations of Bangladesh Bank. Back to back L/C is basically opened for the yarn purchase. This works as an evidence because through the back to back L/C we can confirm that whether the yarn has been purchased from local supplier or not. Because, if the yarn is not purchased from local supplier then the organizations will not be eligible for applying cash incentive facility. Back to back L/C is opened against the master L/C or sales contract and the client has to present the preform invoice from the local yarn supplier, delivery challah, truck receipt and beneficiary certificate. Also, the yarn supplier has to obtain BTMA certificate on behalf of the client. The organization can also open foreign back to back L/C for accessories against the master L/C. But foreign back to back L/C is outside the scope of our work because this is not related with local raw materials. ***See Appendix 2 (Figure (Appendix) 2.3)**

Step-4 Preparation of ruff commercial invoice, packing list and submission to bank

After production of goods according to specifications, supplier generates a ruff commercial invoice and packing list. These two documents contain information about the quantity and value of the goods, net weight and gross weight, carton or batch number the goods would be supplied, the notifying party and other necessary information‟s. These documents are then submitted to bank for preparation of Export Permission (Exp) for that particular invoice. ***See Appendix 2 (Figure (Appendix) 2.4)**

Step-5 Obtaining Export Permission (Exp) form

Upon receipt of ruff commercial invoice and packing list, bank prepares an Exp form containing information mentioned in the invoice. Usually, an Exp form mentions the date the form is prepared, the unique identification number for particular Exp, invoice value, into terms, country of origin, quantity in pcs or number of cartons in which the goods will be dispatched, both the buyer and suppliers name. This is a very important document in the whole process as bank generates the document. ***See Appendix 2 (Figure (Appendix) 2.5)**

Step-6 Preparation of final commercial invoice and packing list

After receiving the Exp form, suppliers prepares the final commercial invoice and packing list containing the Exp number and other information‟s similar to ruff commercial invoice. The information mentioned in the commercial invoice and packing list and the Exp form are matched with each other. ***See Appendix 2 (Figure (Appendix) 2.4 & 2.6)**

Step-7 Obtaining bill of Export

Along with the Exp form, company submits the commercial invoice and packing list to customs authority for bill of Export. This document is also known as shipping bill. The shipping bill is authorized by customs authority according to commercial invoice and Exp form. The customs authority also physically verifies the goods to be exported. The net weight and gross weight are also measured by the customs authority and this measured weight is mentioned in the bill of Export. There might be change in quantity of goods in commercial invoice and bill of Export because of short shipment. For the short shipment, supplier needs to obtain short shipment certificate. *****See Appendix 2 (Figure (Appendix) 2.8)**

Step-8 Obtaining bill of lading/ airway bill

When the goods are to be shipped or aired, all the documents are submitted to shipping agency for bill of lading. In bill of lading, the shipped on board or flight date are mentioned. This date is the original shipment date of the goods. In bill of lading, the notifying party, supplier organizations name, port of discharge name, gross weight of the goods, carton number and sipped on board are mentioned. Also whether the freight is collect or prepaid is mentioned in the bill of lading. If the freight is prepaid by the buyer, then a freight certificate is required which mentions the amount of freight prepaid for the particular voyage. This amount is later deducted from the gross proceed of that invoice. *****See Appendix 2 (Figure (Appendix) 2.7)**

Step-9 Obtaining short shipment certificate if required

There might be change in the quantity or weight of goods when the goods are on board. When the goods are to be shipped in the shipment date, the vessel authority again measures the quantity, gross weight and net weight of the goods and if there is a mismatch found with the other documents, then a short shipment certificate is generated by the customs authority. The mismatch can be the reason for loss of a carton in the transportation time of wreckage of goods which does not fulfill the specification of goods.

Step-10 Proceed received by bank and payment of BTB

When the proceed is received by the bank from the buyer's bank, the supplier's bank deducts the amount of back to back L/C and bank charge. *****See Appendix 2 (Figure (Appendix) 2.9)**

Step-11 Proceed received by client

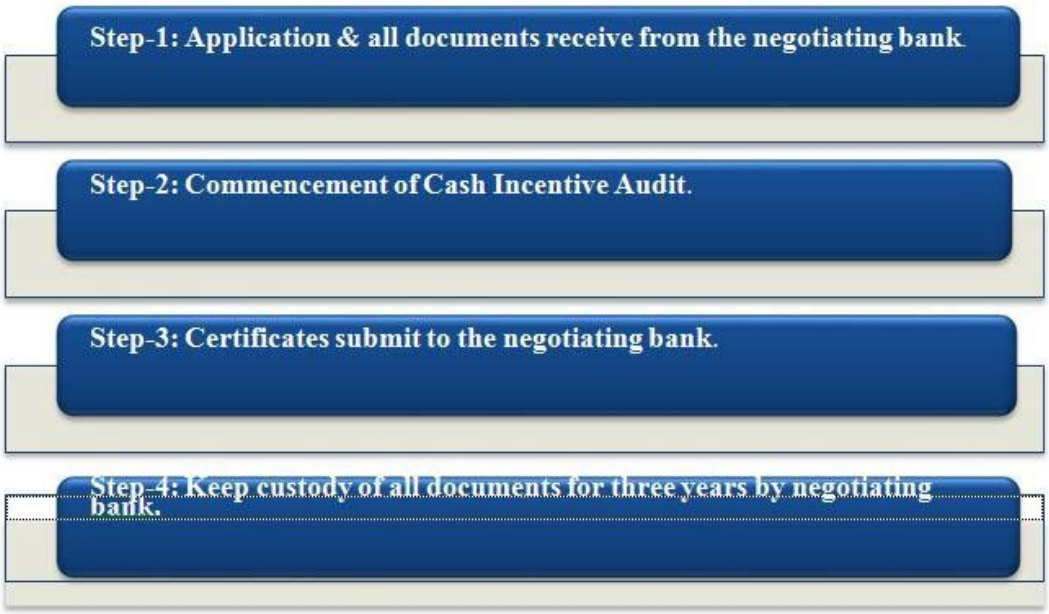
After the deduction of back to back L/C amount and bank charge, bank pays the remaining receipt to the supplier.

Cash incentive audit is very complex because a lot of documents needs to be addressed. Since cash incentive audit is compliance type of audit so here an auditor needs to check whether they are following the prescribed rules and regulation or not. The audit procedure of cash incentive scheme is given below:

5.2 Steps in Cash Incentive Audit

After the application provided by the local exporter, associate bank is responsible to appoint one or more external auditor for the audit of clients Cash Incentive application and also provide necessary documents relating with cash incentive. After audit work audit firm submit a certificate. Audit firm will be responsible for this certificate.

In conducting audit on Cash Incentive the following steps have to follow:



Step-1: Application & all documents receive from the negotiating bank

After the export of all goods produced by local raw material, the exporter manufacturers apply for cash incentives to the negotiating bank related with all documents. Receiving the application bank verify the documents and collect documents if any missing. Then the bank calculates the amount of cash incentives according to their judgment and sends it along with all documents to the auditor for audit. It is also need to mention that the applicants should apply within 180 days after receiving the Proceed Realization Certificate through the negotiating bank to the Bangladesh Bank. Documents are mainly two types:

- ❖ Base documents: Base documents are the Application and Proceed Realization Certificates (PRC). Here the application format will be provided by the audit firm according to the guide line of Bangladesh Bank to the exported organization.
- ❖ Source documents: Source documents are the Master L/C (letter of credit), local back to back L/C, BTMA (Bangladesh Textile Mills Association) certificates of yarn, foreign back to back L/C, invoice, bill of leading, Export number/claim no. the PRC will prepared and provided by the inclined bank and it is also the source document. All of these source documents are compiled in one master file. So using these documents cash incentive activities will be started. Procedures are given below

Step-2: Commencement of Cash Incentives audit

After receiving all documents the auditor will check all documents and commence its audit activities within 10 days in the following ways:

a) Preparation of working files

After receiving all documents as required from the exporter by the negotiating bank, the auditor will record all information to the working file. This working file contains all related information needed to calculate Cash Incentive as per Bangladesh Bank guidelines.

b) Calculation of the amount of Cash Incentive

The Cash Incentive amounts in general cases are calculated as a percentage of the lower of the following two:

- ▪ Net FOB value less value addition in production of exported goods as a percentage of net FOB value.

▪ The total cost of production using local yarn (for the exporter) or the value of fabrics supplied (for fabrics suppliers).

Here,

- Net FOB means export realization value less freight amount in case of C&F export and commission payable outside BD from export value.
- In case of applying the value addition in production, the percentage

stated in the article of Export Policy Order are followed. Now the rate of value addition is 20%.

- In the production of RMG or fabrics, any part of yarn, accessories or

fabrics used in foreign one, the estimated export value using that foreign one, accessories or fabrics will be deducted from the net FOB value. The estimated export value will be calculated using the above value addition percentage.

- The percentage of Cash Incentive is applied on the lower value of above.

c) Cross check of working files

After the preparation of working files the senior auditor will check the working files as they are recorded according to the documents provided by the exporter that means to ensure true, fair view along with mathematical accuracy.

d) Review of working files

In determination of Cash Incentive of an exporter all responsibility belongs to the audit in charge. This is why after the preparation of working file and checked by senior auditor the audit in charge make a review on working files whether the amount of Cash Incentive is calculated in accordance to the guidelines of Bangladesh Bank.

e) Issuing of Certificates

When the audit is conducted to determine the amount of Cash Incentive facilities a certificate have to issue in each respect of the application. The certificate must contain the signature of the partner.

Step-3: Certificates submit to the negotiating bank

After the completion of all formalities the audit firm has to issue a certificate in respect to the applicant to the negotiating bank. The certificate must contain the counter sign of the Partner. Then the negotiating bank paid the amount to the applicants and sends it to the head office to collect the Cash Incentive amount from Bangladesh Bank.

Step-4: Keep custody of all documents for three years by negotiating bank

After finishing all the activities of Cash Incentive audit the negotiating bank need to hold all documents in its custody for at least three years for future investigation if needed.

(Source: RRH Cash Incentive Audit Manual)

5.3 Basis of Cash Incentive Audit

Cash Incentive Audit has to be conducted according to the instructions of Bangladesh Bank which are published in different time in the form of Bangladesh Bank‟s circular. These circular contains who are eligible and what is the procedure to avail Cash Incentive.

The circulars (F/E circular-7 & 9) of Cash Incentive on textile contains the following as a basis for cash incentive:

F/E --circular-9 (For textile goods)

5.3.1 Cash Incentive facility will be provided only those exporters who produced and export their goods by using local RM.

5.3.2 Cash Incentive facility will be provided only those RMG goods exporter manufacturer when yarn produce from cotton and next step production which must be manufactured in Bangladesh.

5.3.3 No Cash Incentive facility will be provided for the export of gray cloth.

5.3.4 No Cash Incentive will be provided if the exporter use RM other than local RM.

5.3.5 Beneficiary party should be clearly written in back to back L/C when yarn or fabrics is collected for producing RMG against L/C or back to back L/C. Only this party will submit all documents and papers for his supply, to the negotiating bank.

5.3.6 Cash incentive will be provided only exporter manufacturer when they will

not apply duty drawback & bonded warehouse facility for raw materials & accessories used in textile goods manufacturing.

5.3.7 For all cases cash incentive will be determine @ 5% after deduction of VAT and other deduction item declared by Bangladesh Bank on repatriated amount of net FOB (in foreign currency) & supply price of local yarn / fabrics whichever is lower.

5.3.1 Application Receive

(a) After negotiation of export the exporter (also manufacturer) of the textile goods will submit application under form "Ka" & other documents to the negotiating bank. The bank will attach PRC after realization of export.

(b) If the exporter (also manufacturer) performs the production of fabrics & fabrics to RMG and also export i.e. composite unit in that case party will apply to the negotiating bank (branch) for cash incentive against export value under form "Kha". Negotiating bank branch will attached information pertaining to repatriated value and PRC after export realization.

(c) Exporter (also manufacturer) will apply for cash incentive under form "Gha" to negotiating bank after negotiation of textile supply under back to back L/C in manufacturing unit. Application for opening back to back L/C to particular bank against master L/C also attached with application.

(d) Application for cash incentive can be submitted after the repatriation of export amount instead of the date of negotiation of document under above paragraph.

(e) Provided that application for cash incentive must be submitted within 180 days after the date of realization.

5.3.2 Verification of Application

5.3.2.1 All document, certificate, & attested certificate which are included with application should be examined to verify that all the documents are accurate & complete. Bank will be responsible if any document contains misleading information. Bank will send a written application to the applicant manufacturer organization about error &

incompleteness of application within 3 days after primary examination.

5.3.2.2 Manufacturer exporter or manufacturer supplier organization should file all document and papers in an appropriate way according to the organization which contains the production capacity & capitalize machinery of the organization which is issued by BTMA, BOI or other authoritative body.

Quantities of export or production mention in different cash incentive application of different times should be verified with the actual production capacity of that organization which certificate is issued by BOI or BTMA.

5.3.2.4 If any in consistency found with actual production capacity of the organization in that case bank should ask for the reason of inconsistency. In absence of relevant and realistic explanation for high production in that case it should be informed to the responsible department of Bangladesh Bank

5.3.3 Calculation of cash subsidy against application and disbursement

5.3.3.1 Auditor will calculate the repayable amount of cash incentive after examining of all application, and information received from negotiating bank from where back to back L/C is opened, and attachment of all relevant certificates.

5.3.3.2 When cash incentive claim approved of any client by the auditor, then the negotiating Bank mark on the Proceed Realization Certificate (PRC) by a seal that "Cash Incentive Paid", so that the relevant PRC can"t use further for any claim of Cash Incentive.

5.3.3.3 Negotiating bank will pay cash incentive to the applicant and debit a particular account to the name of head office of that bank. A statement of payment has to be submitted to the head office of that bank within 1st week of the next month. Head office will submit this monthly payment statement along with forwarding application to the foreign investment department of Bangladesh Bank within 2nd week of next month.

5.3.3.4 All working file should be preserved by the negotiating bank at least three years after the date of payment of cash subsidy for further investigation by inspection team of Bangladesh Bank.

5.3.4 Collection of impressed fund from Bangladesh Bank to pay Subsidy

5.3.4.1 Bangladesh Bank will provide advance primarily to the head office of the bank on behalf of Bangladesh Government, which is equivalent of two months based on average cash incentive paid by various bank in the previous one year. Statement of utilization of impressed fund will be submitted to the monetary cell of Bangladesh Bank according to the form (SHA) within two weeks of the next month. If closing balance of the advance is less than the required amount needed for the next month according to the statement then an application is to be submitted to the monetary cell department for sanction of more fund as advance. If impressed fund is not utilized properly Bangladesh Bank can ask for refund the excess money.

5.3.4.2 When any branch of a bank was newly involved in payment of cash incentive who was not engaged previously for the payment of cash subsidy in that case the branch should inform to the head office of that bank immediately. Then head office will apply for impressed fund to the monetary cell of Bangladesh Bank.

5.3.4.3 No application for cash incentive will receive by any office the Bangladesh Bank from this issuing date of circular. All application will be settled by the negotiating bank according to the given circular.

F/E --circular-7 (For textile goods):

- Fabrics manufacturer will consider for cash incentive when yarn collected to produce fabrics or RMG from BTMA member mill against any L/C or documentary collection which is also certified by BTMA.
- Repatriated export value against export invoice prepare after export under any L/C issued by bank or repatriated export value against documentary collection send by bank after export, will consider exported earnings for alternative cash assistance.
- Each application of cash incentive should be audited for the accuracy through audit firm which is appointed by Bangladesh Bank; before payment of cash incentive.

- Value & quantity of raw material used in the production of fabrics or RMG, value of exported goods and quantity, & production capacity declared by authorized association, & utilization declaration should be submitted along with each application for cash incentive.
- No cash incentive will be given for export of gray fabrics in EPZ.
- Branch Bank will pay cash incentive against application after account debited of head office of respective bank. Branch bank will submitted five copies of statement of payment of cash incentive, executed in the branch bank to head office within 1st week of the month. This statement contain applicant exporter name, address, exported goods, quantity of goods, value of export, amount received as cash incentive etc. Head office of the bank accumulate all monthly statement of branch bank and send it to the inspection department of Bangladesh Bank along with letter within two weeks of the next month.
- Cash incentive will monitor by EPB and they will implement it through a oversight mechanism. But government appointed auditor will implement monitoring activities until oversight mechanism implemented by EPB.
- In case of high valued fabrics (value of fabrics per meter above $2 & quantity of fabrics above 10,000 meter) a certificate received from Oversight Mechanism Implementation Association before export, for claim of cash incentive against export.
- Responsible association will cancel membership of organization for abuse of cash incentive.
- If bank pay cash incentive irregularly then Bangladesh Bank will collect the money by debiting the respective bank account from their reserve fund.
- The organization which receive cash incentive irregularly, will be declare as “Black listed” by respective bank. Negotiating bank collect money from black listed organization to which cash incentive is given previously irregularly and the money return to Bangladesh Bank. In future no cash incentive will be given on behalf of the government to that organization.

- ❖ Disciplinary action can be taken against all related employees for irregular payment of cash incentive.
- ❖ Preference will be given to small & medium scale enterprise in case of payment of cash incentive.

5.3.5 Other Related Conditions

- ❖ Exporter Company can take loan 80% from bank against their applied cash incentive amount before cash incentive amount paid by the negotiating bank.
- ❖ Wastage rate fabrics to RMG are 9% and yarn to fabrics is 7%.
  Total wastage rate yarns to RMG will not more than 16%.

Audit firm will audit the application and related document and issue a certificate within 10 working days after receiving the application. Otherwise the audit firm appointment is terminated.

5.4 Case Study

Company name	**Incentive Amount(%)**	**Reject or accept**	**Reasons for Rejection**
NZ Denim	4&6	All File Accepted	Some Exp rejection for documentary Shortages
Cristal martin apparel Bangladesh	1&4	All file ok	Some Exp rejection
Aswad Composite mills limited	1	All File Accepted	Some Exp rejection for not showing tracking
Karim Textile limited	1	All File Accepted	After meeting observation
Mahmud fashion limited	1	All file Accepted	after meeting observation

Findings

This report is a result of hard work and proper concentration to the Cash Incentive Audit in different bank like Janata Bank Limited, United Commercial Bank, HSBC, Eastern Bank Limited and it becomes possible for the audit conducted by Rahman Rahman Huq (RRH). The information was gathered from the different circular published by Bangladesh Bank and from different applicant for Cash Incentive facility. From the study it has become possible to know about export incentives provided by the government to the exporters. Cash incentive is one kind of export incentive for which specified rate is proposed by the government for particular sectors. From the study my overall findings are given below:

- Cash Incentive facilities are provided from 1986 at the rate of 15 % to increase export and to establish backward linkage.
- Bangladesh plays the role of as a regulator in case of Cash Incentive.
- All the applicant of cash incentive have applied as per central bank circular
- Any exporter can hold the Cash Incentive facility subject to the condition of no duty draw back facilities and bonded ware house facilities for the exported goods.
- Before applying for incentive, they collect a certificate from their respective industry regulatory body like; BGMEA, BJMA etc. Also the procedure to apply is complex and time consuming.
- Previously Cash Incentive audit was performed by the internal auditor of the negotiating bank. But Bangladesh Bank found a lot of misuse of these facilities as: False documents showing excessive export.

a) Fake certificate of export proceeds.
b) False export consignment collected from outside parties abroad.
c) Fake mills and fake owners.
d) Fake exporter.
e) Fake importer.
f) Absence of EXP form from the export channel.

All of these happened with the intentional or unintentional mistake of the auditors.

- An external auditor always dependent on the client because all the documents are prepared by them. Sometimes it may happens that some document which are prepared by client are not appropriate.
- The amount of Cash Incentive paid by Bangladesh Bank through the negotiating bank to the applicant after certificate issued by auditor.
- If the negotiating bank pays cash incentive irregularly then Bangladesh Bank can collect the money by debiting the respective bank account from their reserve fund.
- Among the three party which are yarn manufacturer, fabrics suppliers and exporter only one party will be able to get the cash incentive/ subsidy from the Bangladesh Bank.
- Nowadays most of the exporters are not interested to use local yarn because of high price, and some time they said that they bear losses after receiving the Cash Incentive facility. That means Cash Incentive facility cannot cover this losses.
- Before starting the cash incentive audit an external auditor have to physically verify the factory of the exporter, due to lack of some technical knowledge sometimes it is not possible for the auditor to find out the misappropriations of equipment
- In this fiscal year (2014-15), a number of items have been excluded from the list of the sectors which were eligible to receive such incentives on their export operations in the previous year. The key considerations in favor of the decision included domestic market situations, duty-free facility being enjoyed by some export sectors under various bilateral and regional trade agreements, and cutting down on current public expenditures. The number of sectors eligible for cash incentives this year has come down to fourteen from fifteen as was in the previous fiscal.
- The office of the Comptroller and Auditor General (CAG) has detected misappropriation of Tk. 14 corer through 15 commercial banks out of cash incentive facility. This fund

embezzlement of the amount took place between 2006 and 2010 from 38 branches of these banks.

- ❖ Taxes are another problem in receiving the cash subsidies, as tax offices calculate the amount directly as profit, and cut corporate tax on it.
- ❖ When the client of the Bank is unable to prepare the relevant document then Bangladesh Bank won‟t give the Cash incentive to the respective applicant.

(From My Theoretical & Practical Knowledge)

Chapter-Six
Recommendations and Conclusion

6.1 Recommendations

For getting cash incentive there are some precondition which must be fulfilled by an applicant. One of the main criteria for getting cash incentive is to check all the relevant document by external auditors. So Independent plays a vital role to protect the misuse of cash incentive. But there are a lot of problem independent auditor are beset with. All the problem can be solved by taking some effective control point like various circular which is published by the Bangladesh Bank, sincerity of auditors, transparency of all the documents, Banks and Applicants of cash incentive receiver. In my practical experience I have found some problem which need to solve out immediately and those are as follow:

- In the perspective of external auditors each file is considered as a single unit. Auditor fees are calculated on the basis of that file. For that reason sometimes the client are trying to get some favor from auditor and making small amount and few Exp no. file so that audit fee will increase. To protect this malpractice Bangladesh Bank should provide a new circular where Bangladesh Bank specify the minimum amount to submit a file to the auditor.

- Whenever visiting the factory of the applicant auditors should take expert person with them. In the factory the capacity of the machine should be verified by the expert person and the auditor should not fixing any date for visiting factory otherwise there is a possibility of being manipulating in documents and information. After visited the expert person consent is required about the match between the capacity of the machine and documents provided by the applicant.
- In the current fiscal, a total of 190 export products from 14 sectors would receive cash incentive against net repatriation of the FOB prices between July 01, 2014 and May, 2015, in the previous year it was 15 and before that it was 19 sectors. Meanwhile, fears have now arisen about whether the items that have been dropped from the list of cash incentives would be able to achieve their respective export targets. The government should consider revising its cash incentive program for export of the four items for the sake of their positive export growth.

- Now-a-days European countries are in big trouble, they are facing financial crisis. This is the main region area for the export market of finished and crust leather goods. If our Government exclude this area from giving cash incentive then it will negatively impact on this sector.
- Earlier, the government had introduced cash incentive schemes to various export sectors such as textile, frozen foods, jute and jute goods, potato and vegetables with a view to making local produce competitive in the global market.
- The procedure of giving cash incentive through the Bank to the applicant or the real exporter should be cleared and transparent so that they can reduce the misuse of Governmental Fund.
- Because of maintaining international compliance standard productivity in the concerned factories has increase resulting in lower cost of production. This has enabled the RMG sector in Bangladesh to buck the train of global slowdown in RMG sales. If there was no slowdown in the global market Bangladesh could export more and meet the target of US$ 35 billion in the current fiscal year.
- There are four sector which are excluded from the cash incentive subsidy and those are bicycle, poultry, finished leather and crust leather. Exclusion of poultry from the incentive list is to ensure domestic supply, especially eggs.

- On the other hand, awarding the benefit to halal meat might tend to generate domestic scarcity and price hike. Crust and finished leather has been denied the benefit to increase value addition of leather products, which appears to be well thought out. This is complemented by incentives for leather products. Similarly, providing lucrative incentive (20 per cent) for agricultural and agro-processed products is indeed a laudable decision.
- Exportable goods of bicycle have been exclusion from the cash incentive program which are not understandable. The Government should rethink about the exportable goods and should be prepared to revisit the package in consultation with the stakeholders.

- ❖ The power of Exporters‟ Bank should be reduced because sometimes due to related party transaction or some business relation and the exported banks want to retain their client, attract to others client, preparing the documents or attested some documents without checking its legality. For that reason collaboration between bank and exporters can be a malpractice. And External Audit can help government to reduce the loop hole among the cash incentive process.
- ❖ For publishing Foreign Exchange (F/E) circular more clarification is required.

(From My Theoretical & Practical Knowledge

6.2 Conclusion:

Now-a-days readymade garments (RMG) sector is very promising sector in our economy and its plays a pivotal role in the economic development of the country as well. Recently a dramatic change has been occurred in the RMG or textile sector in Bangladesh, and we are very optimistic about in this industry. In spite of political unrest and abandonment of GSP facility a lot of spinning mills has been increased though Bangladesh has many skilled and cheap labor. The main reason behind that is giving cash incentive to the exported goods. As a result the backward linkage of textile sector has been strengthen due cash incentive. From that point of view we can easily conclude that cash incentive is a fair and rewarding scheme from the Government to strengthening the textile sector in Bangladesh and exploring the market in the world. We can also notifying that in the forthcoming days of quota- free world, cash incentive scheme will support to the global competitive market and also help to sustain in the world competition in textile sector. The correlation between cash incentive and the exporting garments goods are very positive which indicating day by day our country economic is developing. Apart from that there are some problem in cash incentive scheme or misuse of cash incentive. In earlier stage cash incentive was given without auditor certified amount or on the basis of internal auditor. But recently after finding some fraud by Bangladesh Bank, they promulgate circular that for getting cash incentive an external auditor should certified the amount. Before providing cash incentive it should be justified that all the documents are accurate, true and complete. If it is not audited by the external auditor then the applicant won‟t be able to get the cash incentive from the Imprest fund of Bangladesh Bank. Reducing misappropriation and fraudulent is possible only by using the external auditor. The main core objective is not only to provide cash subsidy to the exporters but also increase the inflow of foreign currencies into Bangladesh, independent audit is required to save the public money because cash incentive is providing from the public money. Due to lack of independent auditor there is high possibility of being fraud in case of cash incentive, as a result the deserving exporters will be deprived and the fraud exporters will get the cash incentive benefits. There will be no real extra export causing inflow of foreign currencies, but every year there will be undesirable disbursement of public money as cash incentive. So, Bangladesh Bank, Auditors, Bankers and all other personnel who are related in this aspect have to extend their helping hands for solving this problem.

Appendix

Appendix-01

Table: 1.1

Year	Number of Garment Factories	Employment in Million Workers
1984-85	384	0.12
1985-86	594	0.2
1986-87	629	0.28
1987-88	685	0.31
1988-89	725	0.32
1989-90	759	0.34
1990-91	834	0.4
1991-92	1163	0.58
1992-93	1537	0.8
1993-94	1839	0.83
1994-95	1920	0.85
1995-96	2353	1.29
1996-97	2503	1.3
1997-98	2726	1.5
1998-99	2963	1.5
1999-00	3200	1.6
2000-01	3480	1.8
2001-02	3618	1.8
2002-03	3760	2
2003-04	3957	2
2004-05	4107	2
2005-06	4220	2.2
2006-07	4490	2.4
2007-08	4743	2.8
2008-09	4925	3.5
2009-10	5063	3.6
2010-11	5150	3.6
2011-12	5400	4
2012-13	5876	4
2013-14	4222	4

*** Source:BGMEA website

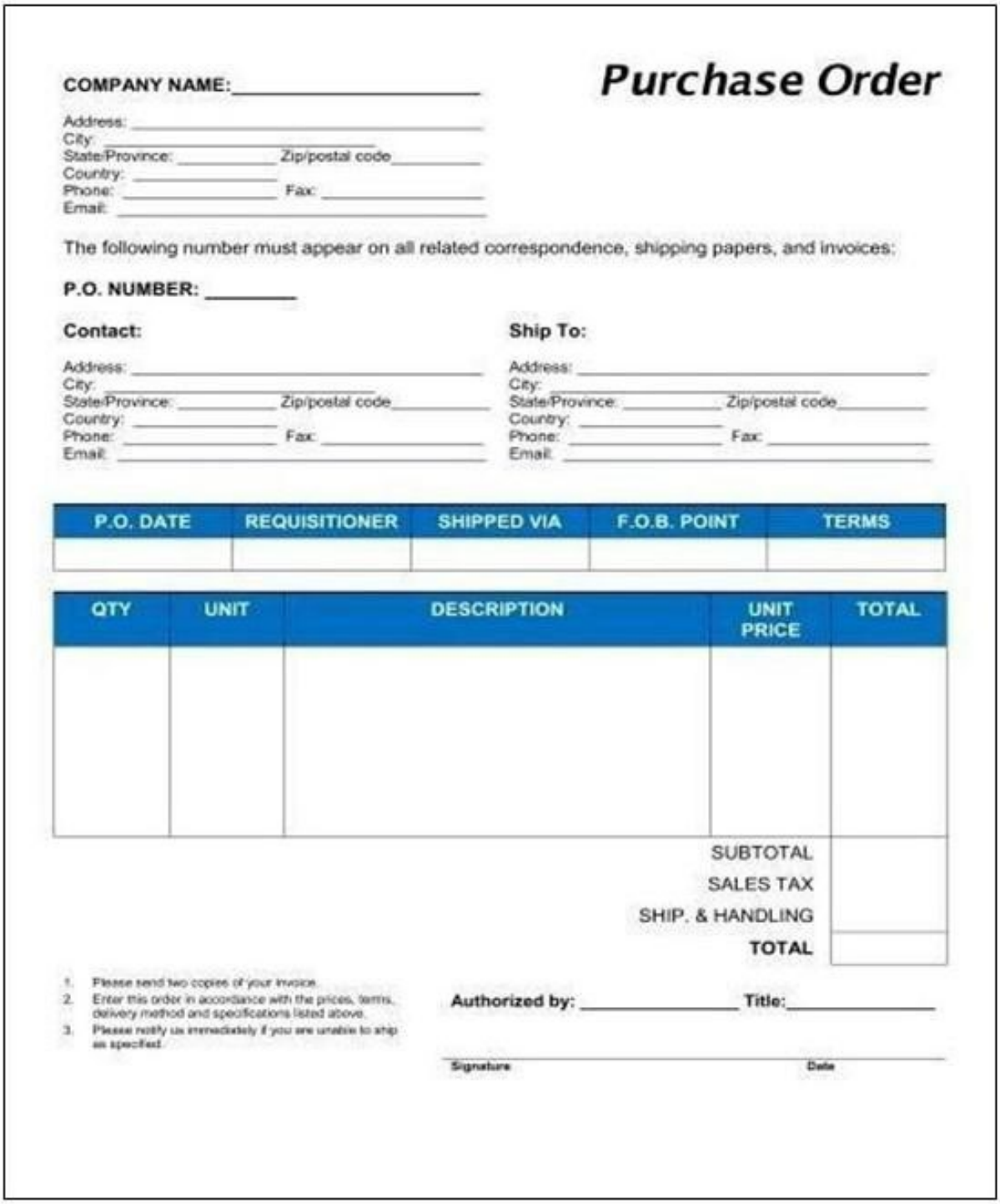
Appendix-01

Table: 1.2

Year	Export of RMG(In milliom US$)	Total Export of Bangladesh (In million US $)	% of RMG's to Total Export
1984-85	116.2	934.43	3.89
1985-86	131.48	819.21	12.44
1986-87	298.67	1076.61	16.05
1987-88	433.92	1231.2	27.74
1988-89	471.09	1291.56	35.24
1989-90	624.16	1923.7	36.47
1990-91	866.82	1717.55	32.45
1991-92	1182.57	1993.9	50.47
1992-93	1445.02	2382.89	59.31
1993-94	1555.79	2533.9	60.64
1994-95	2228.35	3472.56	61.4
1995-96	2547.13	3882.42	64.17
1996-97	3001.25	4418.28	65.61
1997-98	3781.94	5161.2	67.93
1998-99	4019.98	5312.86	73.28
1999-00	4349.41	5752.2	75.67
2000-01	4859.83	6467.3	75.61
2001-02	4583.75	5986.09	75.14
2002-03	4912.09	6548.44	76.57
2003-04	5686.09	7602.99	75.01
2004-05	6417.67	8654.52	74.79
2005-06	7900.8	10526.16	75.06
2006-07	9211.23	12177.86	75.64
2007-08	10699.8	14110.8	75.83
2008-09	12347.77	15565.19	79.33
2009-10	12496.72	16204.65	77.12
2010-11	17914.46	22924.38	78.15
2011-12	19089.69	24287.66	78.6
2012-13	21515.73	27027.36	79.61
2013-14	24491.88	30186.62	81.13

*** Source:BGMEA website

Appendix-2



COMPANY NAME:_____

Purchase Order

Address: _____
City: _____
State/Province: _____ Zip/postal code_____
Country: _____
Phone: _____ Fax: _____
Email: _____

The following number must appear on all related correspondence, shipping papers, and invoices:

P.O. NUMBER: _____

Contact:

Address: _____
City: _____
State/Province: _____ Zip/postal code_____
Country: _____
Phone: _____ Fax: _____
Email: _____

Ship To:

Address: _____
City: _____
State/Province: _____ Zip/postal code_____
Country: _____
Phone: _____ Fax: _____
Email: _____

P.O. DATE	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS

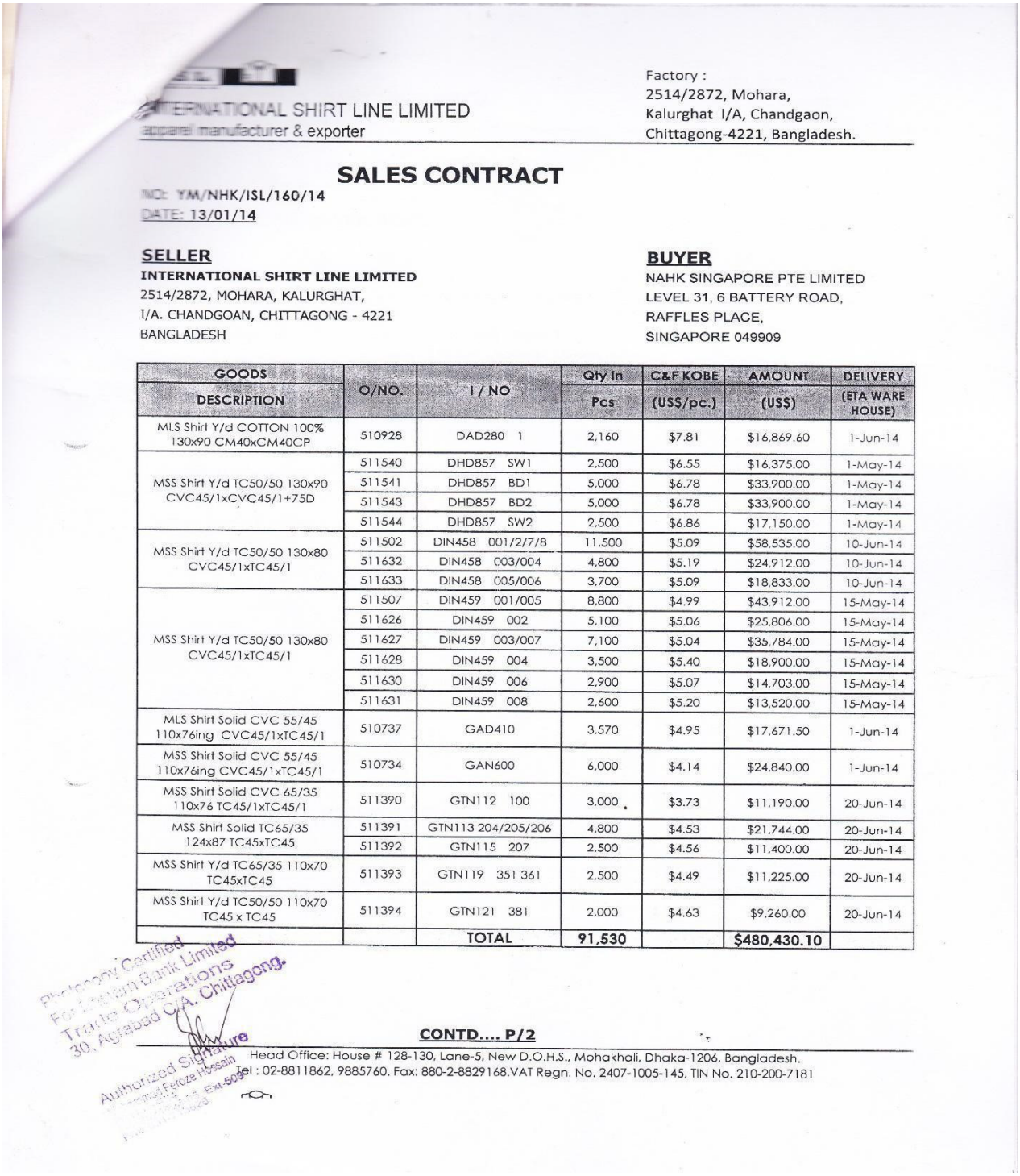
QTY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL
			SUBTOTAL	
			SALES TAX	
			SHIP. & HANDLING	
			TOTAL	

1. Please send two copies of your invoice.
2. Enter this order in accordance with the prices, terms, delivery method and specifications listed above.
3. Please notify us immediately if you are unable to ship as specified.

Authorized by: _____ **Title:**_____

Signature Date

Figure 2.1: Purchase Order



INTERNATIONAL SHIRT LINE LIMITED
apparel manufacturer & exporter

Factory :
2514/2872, Mohara,
Kalurghat I/A, Chandgaon,
Chittagong-4221, Bangladesh.

SALES CONTRACT

M/S: YM/NHK/ISL/160/14
DATE: 13/01/14

SELLER
INTERNATIONAL SHIRT LINE LIMITED
2514/2872, MOHARA, KALURGHAT,
I/A. CHANDGOAN, CHITTAGONG - 4221
BANGLADESH

BUYER
NAHK SINGAPORE PTE LIMITED
LEVEL 31, 6 BATTERY ROAD,
RAFFLES PLACE,
SINGAPORE 049909

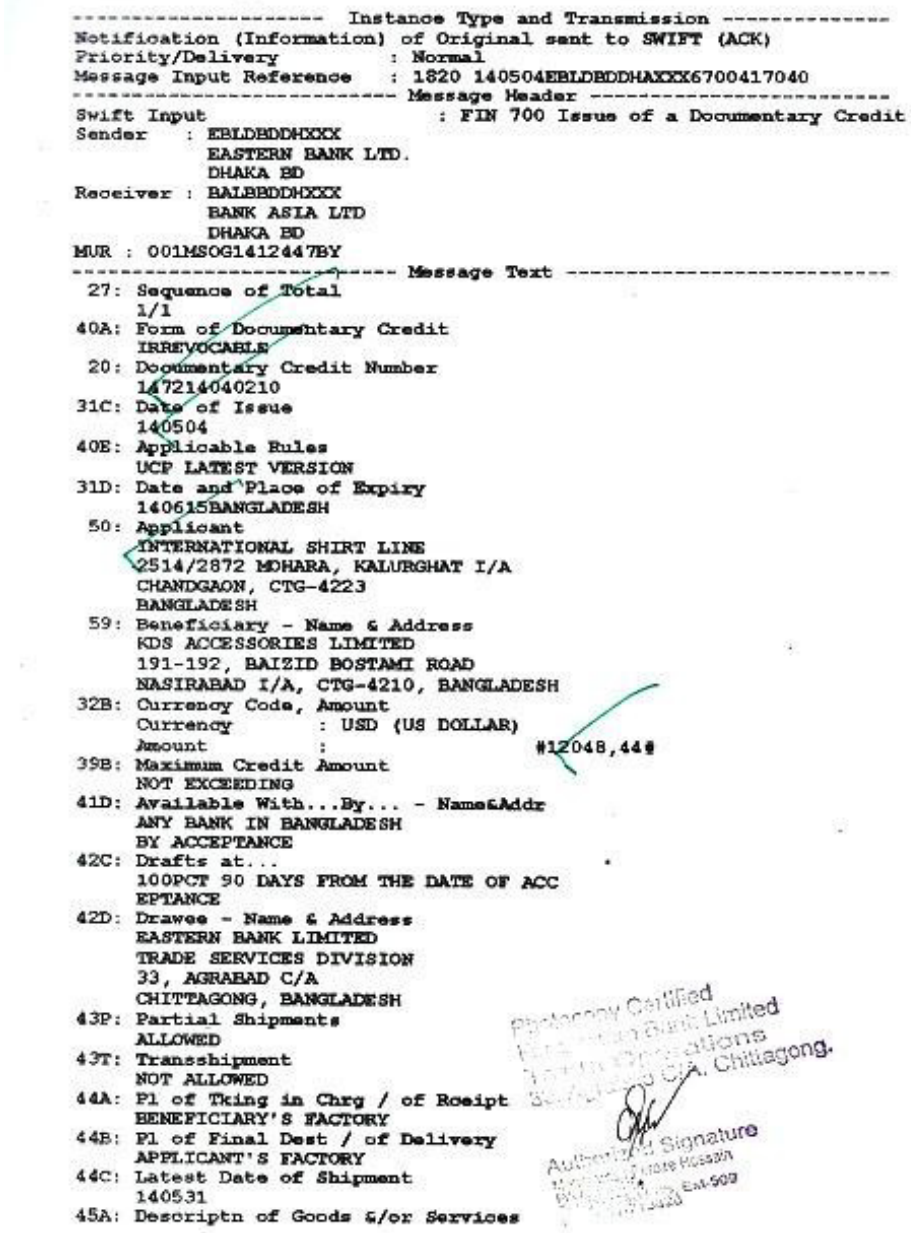
GOODS DESCRIPTION	O/NO.	I / NO	Qty In Pcs	C&F KOBE (US$/pc.)	AMOUNT (US$)	DELIVERY (ETA WARE HOUSE)
MLS Shirt Y/d COTTON 100% 130x90 CM40xCM40CP	510928	DAD280 1	2,160	$7.81	$16,869.60	1-Jun-14
MSS Shirt Y/d TC50/50 130x90 CVC45/1xCVC45/1+75D	511540	DHD857 SW1	2,500	$6.55	$16,375.00	1-May-14
	511541	DHD857 BD1	5,000	$6.78	$33,900.00	1-May-14
	511543	DHD857 BD2	5,000	$6.78	$33,900.00	1-May-14
	511544	DHD857 SW2	2,500	$6.86	$17,150.00	1-May-14
MSS Shirt Y/d TC50/50 130x80 CVC45/1xTC45/1	511502	DIN458 001/2/7/8	11,500	$5.09	$58,535.00	10-Jun-14
	511632	DIN458 003/004	4,800	$5.19	$24,912.00	10-Jun-14
	511633	DIN458 005/006	3,700	$5.09	$18,833.00	10-Jun-14
MSS Shirt Y/d TC50/50 130x80 CVC45/1xTC45/1	511507	DIN459 001/005	8,800	$4.99	$43,912.00	15-May-14
	511626	DIN459 002	5,100	$5.06	$25,806.00	15-May-14
	511627	DIN459 003/007	7,100	$5.04	$35,784.00	15-May-14
	511628	DIN459 004	3,500	$5.40	$18,900.00	15-May-14
	511630	DIN459 006	2,900	$5.07	$14,703.00	15-May-14
	511631	DIN459 008	2,600	$5.20	$13,520.00	15-May-14
MLS Shirt Solid CVC 55/45 110x76ing CVC45/1xTC45/1	510737	GAD410	3,570	$4.95	$17,671.50	1-Jun-14
MSS Shirt Solid CVC 55/45 110x76ing CVC45/1xTC45/1	510734	GAN600	6,000	$4.14	$24,840.00	1-Jun-14
MSS Shirt Solid CVC 65/35 110x76 TC45/1xTC45/1	511390	GTN112 100	3,000	$3.73	$11,190.00	20-Jun-14
MSS Shirt Solid TC65/35 124x87 TC45xTC45	511391	GTN113 204/205/206	4,800	$4.53	$21,744.00	20-Jun-14
	511392	GTN115 207	2,500	$4.56	$11,400.00	20-Jun-14
MSS Shirt Y/d TC65/35 110x70 TC45xTC45	511393	GTN119 351 361	2,500	$4.49	$11,225.00	20-Jun-14
MSS Shirt Y/d TC50/50 110x70 TC45 x TC45	511394	GTN121 381	2,000	$4.63	$9,260.00	20-Jun-14
		TOTAL	91,530		$480,430.10	

Photocopy Certified
For Pubali Bank Limited
Trade Operations
30, Agrabad C/A, Chittagong.
Authorized Signature

CONTD.... P/2

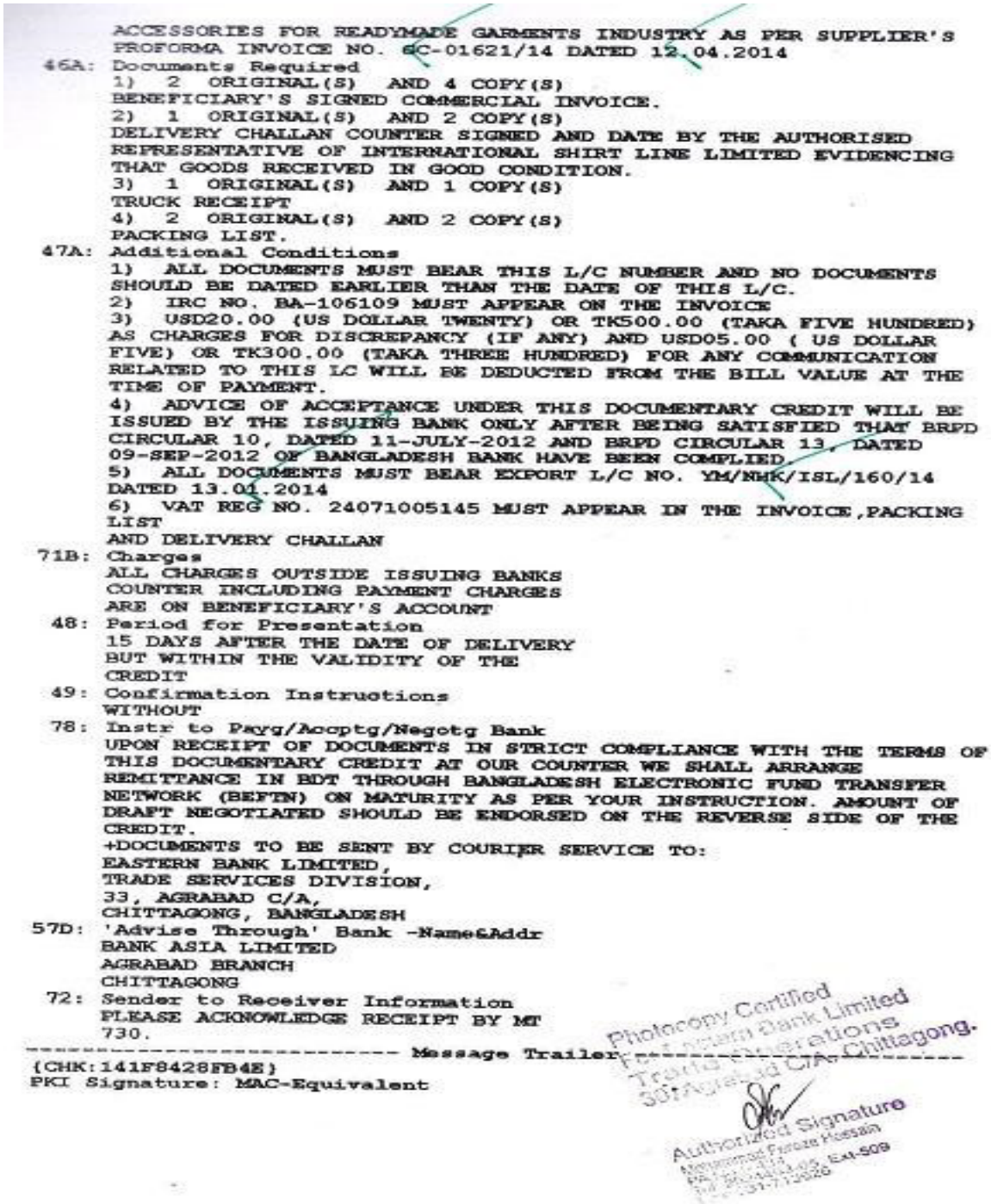
Head Office: House # 128-130, Lane-5, New D.O.H.S., Mohakhali, Dhaka-1206, Bangladesh.
Tel : 02-8811862, 9885760. Fax: 880-2-8829168.VAT Regn. No. 2407-1005-145, TIN No. 210-200-7181

Figure (Appendix): 2.2 Master L/C



```
---------------------  Instance Type and Transmission --------------
Notification (Information) of Original sent to SWIFT (ACK)
Priority/Delivery          : Normal
Message Input Reference    : 1820 140504EBLDBDDHAXXX6700417040
---------------------------- Message Header ------------------------
Swift Input                  : FIN 700 Issue of a Documentary Credit
Sender    : EBLDBDDHXXX
            EASTERN BANK LTD.
            DHAKA BD
Receiver  : BALBBDDHXXX
            BANK ASIA LTD
            DHAKA BD
MUR : 001MSOG1412447BY
----------------------------- Message Text ---------------------------
 27: Sequence of Total
     1/1
40A: Form of Documentary Credit
     IRREVOCABLE
 20: Documentary Credit Number
     147214040210
31C: Date of Issue
     140504
40E: Applicable Rules
     UCP LATEST VERSION
31D: Date and Place of Expiry
     140615BANGLADESH
 50: Applicant
     INTERNATIONAL SHIRT LINE
     2514/2872 MOHARA, KALURGHAT I/A
     CHANDGAON, CTG-4223
     BANGLADESH
 59: Beneficiary - Name & Address
     KDS ACCESSORIES LIMITED
     191-192, BAIZID BOSTAMI ROAD
     NASIRABAD I/A, CTG-4210, BANGLADESH
32B: Currency Code, Amount
     Currency        : USD (US DOLLAR)
     Amount          :                    #12048,44#
39B: Maximum Credit Amount
     NOT EXCEEDING
41D: Available With...By... - Name&Addr
     ANY BANK IN BANGLADESH
     BY ACCEPTANCE
42C: Drafts at...
     100PCT 90 DAYS FROM THE DATE OF ACC
     EPTANCE
42D: Drawee - Name & Address
     EASTERN BANK LIMITED
     TRADE SERVICES DIVISION
     33, AGRABAD C/A
     CHITTAGONG, BANGLADESH
43P: Partial Shipments
     ALLOWED
43T: Transshipment
     NOT ALLOWED
44A: Pl of Tking in Chrg / of Rceipt
     BENEFICIARY'S FACTORY
44B: Pl of Final Dest / of Delivery
     APPLICANT'S FACTORY
44C: Latest Date of Shipment
     140531
45A: Descriptn of Goods &/or Services
```


Figure (Appendix) 2.3: Back to Back L/C



ACCESSORIES FOR READYMADE GARMENTS INDUSTRY AS PER SUPPLIER'S PROFORMA INVOICE NO. SC-01621/14 DATED 12.04.2014

46A: Documents Required
1) 2 ORIGINAL(S) AND 4 COPY(S)
BENEFICIARY'S SIGNED COMMERCIAL INVOICE.
2) 1 ORIGINAL(S) AND 2 COPY(S)
DELIVERY CHALLAN COUNTER SIGNED AND DATE BY THE AUTHORISED REPRESENTATIVE OF INTERNATIONAL SHIRT LINE LIMITED EVIDENCING THAT GOODS RECEIVED IN GOOD CONDITION.
3) 1 ORIGINAL(S) AND 1 COPY(S)
TRUCK RECEIPT
4) 2 ORIGINAL(S) AND 2 COPY(S)
PACKING LIST.

47A: Additional Conditions
1) ALL DOCUMENTS MUST BEAR THIS L/C NUMBER AND NO DOCUMENTS SHOULD BE DATED EARLIER THAN THE DATE OF THIS L/C.
2) IRC NO. BA-105109 MUST APPEAR ON THE INVOICE
3) USD20.00 (US DOLLAR TWENTY) OR TK500.00 (TAKA FIVE HUNDRED) AS CHARGES FOR DISCREPANCY (IF ANY) AND USD05.00 (US DOLLAR FIVE) OR TK300.00 (TAKA THREE HUNDRED) FOR ANY COMMUNICATION RELATED TO THIS LC WILL BE DEDUCTED FROM THE BILL VALUE AT THE TIME OF PAYMENT.
4) ADVICE OF ACCEPTANCE UNDER THIS DOCUMENTARY CREDIT WILL BE ISSUED BY THE ISSUING BANK ONLY AFTER BEING SATISFIED THAT BRPD CIRCULAR 10, DATED 11-JULY-2012 AND BRPD CIRCULAR 13, DATED 09-SEP-2012 OF BANGLADESH BANK HAVE BEEN COMPLIED.
5) ALL DOCUMENTS MUST BEAR EXPORT L/C NO. YM/NHK/ISL/160/14 DATED 13.01.2014
6) VAT REG NO. 24071005145 MUST APPEAR IN THE INVOICE,PACKING LIST
AND DELIVERY CHALLAN

71B: Charges
ALL CHARGES OUTSIDE ISSUING BANKS COUNTER INCLUDING PAYMENT CHARGES ARE ON BENEFICIARY'S ACCOUNT

48: Period for Presentation
15 DAYS AFTER THE DATE OF DELIVERY BUT WITHIN THE VALIDITY OF THE CREDIT

49: Confirmation Instructions
WITHOUT

78: Instr to Payg/Acceptg/Negotg Bank
UPON RECEIPT OF DOCUMENTS IN STRICT COMPLIANCE WITH THE TERMS OF THIS DOCUMENTARY CREDIT AT OUR COUNTER WE SHALL ARRANGE REMITTANCE IN BDT THROUGH BANGLADESH ELECTRONIC FUND TRANSFER NETWORK (BEFTN) ON MATURITY AS PER YOUR INSTRUCTION. AMOUNT OF DRAFT NEGOTIATED SHOULD BE ENDORSED ON THE REVERSE SIDE OF THE CREDIT.
+DOCUMENTS TO BE SENT BY COURIER SERVICE TO:
EASTERN BANK LIMITED,
TRADE SERVICES DIVISION,
33, AGRABAD C/A,
CHITTAGONG, BANGLADESH

57D: 'Advise Through' Bank -Name&Addr
BANK ASIA LIMITED
AGRABAD BRANCH
CHITTAGONG

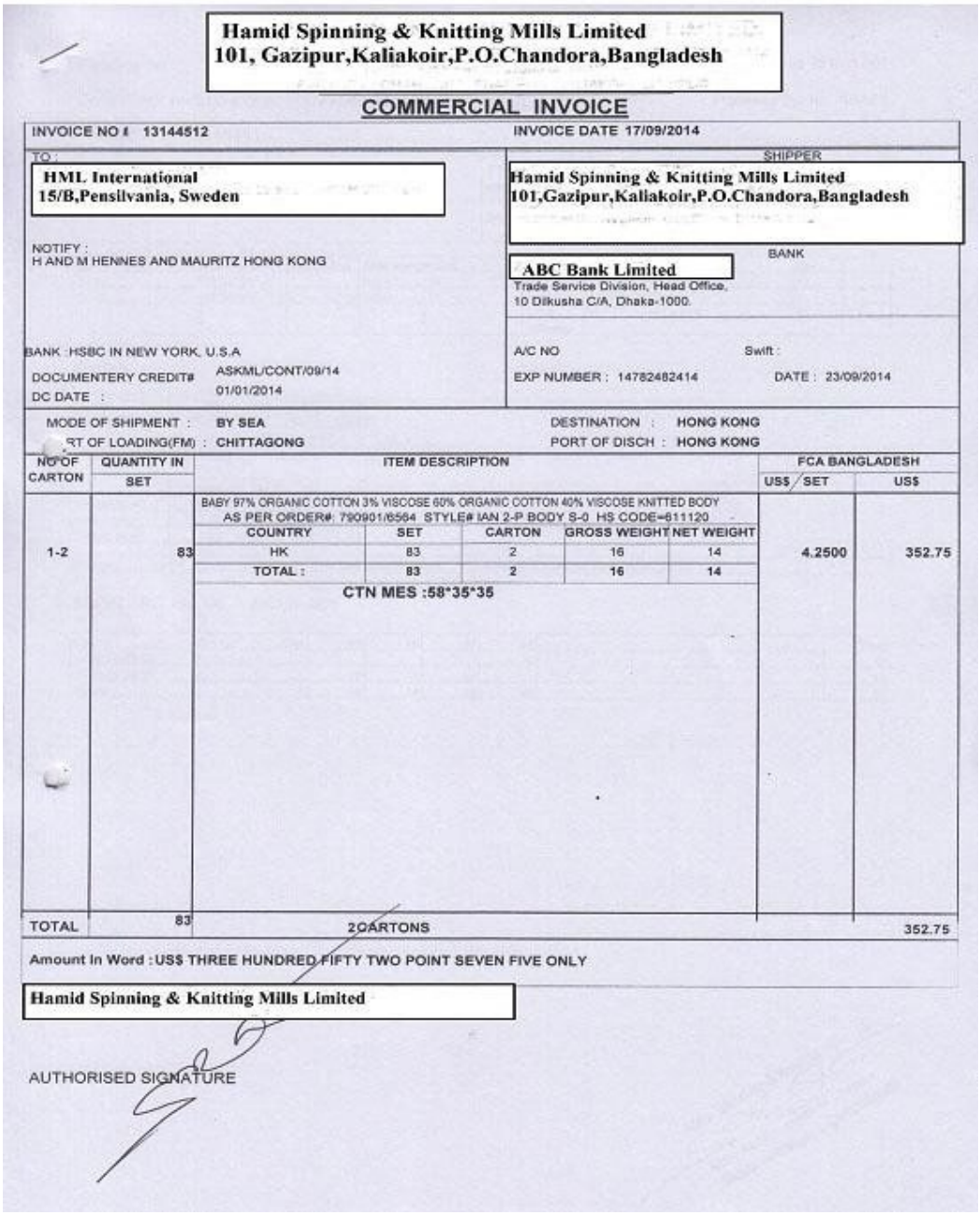
72: Sender to Receiver Information
PLEASE ACKNOWLEDGE RECEIPT BY MT 730.

---------- Message Trailer ----------
{CHK:141F8428FB4E}
PKI Signature: MAC-Equivalent

Photocopy Certified
Eastern Bank Limited
Trade Operations
33, Agrabad C/A, Chittagong.

Authorized Signature
Mohammad Firoze Hossain
EAL-509

Figure (Appendix) 2.3: Back to Back L/C



Hamid Spinning & Knitting Mills Limited
101, Gazipur,Kaliakoir,P.O.Chandora,Bangladesh

COMMERCIAL INVOICE

INVOICE NO # 13144512 — INVOICE DATE 17/09/2014

TO :
HML International
15/B,Pensilvania, Sweden

SHIPPER
Hamid Spinning & Knitting Mills Limited
101,Gazipur,Kaliakoir,P.O.Chandora,Bangladesh

NOTIFY :
H AND M HENNES AND MAURITZ HONG KONG

BANK
ABC Bank Limited
Trade Service Division, Head Office,
10 Dilkusha C/A, Dhaka-1000.

BANK :HSBC IN NEW YORK, U.S.A
A/C NO
Swift :
DOCUMENTERY CREDIT# ASKML/CONT/09/14
DC DATE : 01/01/2014
EXP NUMBER : 14782482414
DATE : 23/09/2014

MODE OF SHIPMENT : BY SEA
DESTINATION : HONG KONG
RT OF LOADING(FM) : CHITTAGONG
PORT OF DISCH : HONG KONG

NO OF CARTON	QUANTITY IN SET	ITEM DESCRIPTION	FCA BANGLADESH US$ / SET	US$
1-2	83	BABY 97% ORGANIC COTTON 3% VISCOSE 60% ORGANIC COTTON 40% VISCOSE KNITTED BODY AS PER ORDER#: 790901/6564 STYLE# IAN 2-P BODY S-0 HS CODE=611120	4.2500	352.75
TOTAL	83	2CARTONS		352.75

COUNTRY	SET	CARTON	GROSS WEIGHT	NET WEIGHT
HK	83	2	16	14
TOTAL :	83	2	16	14

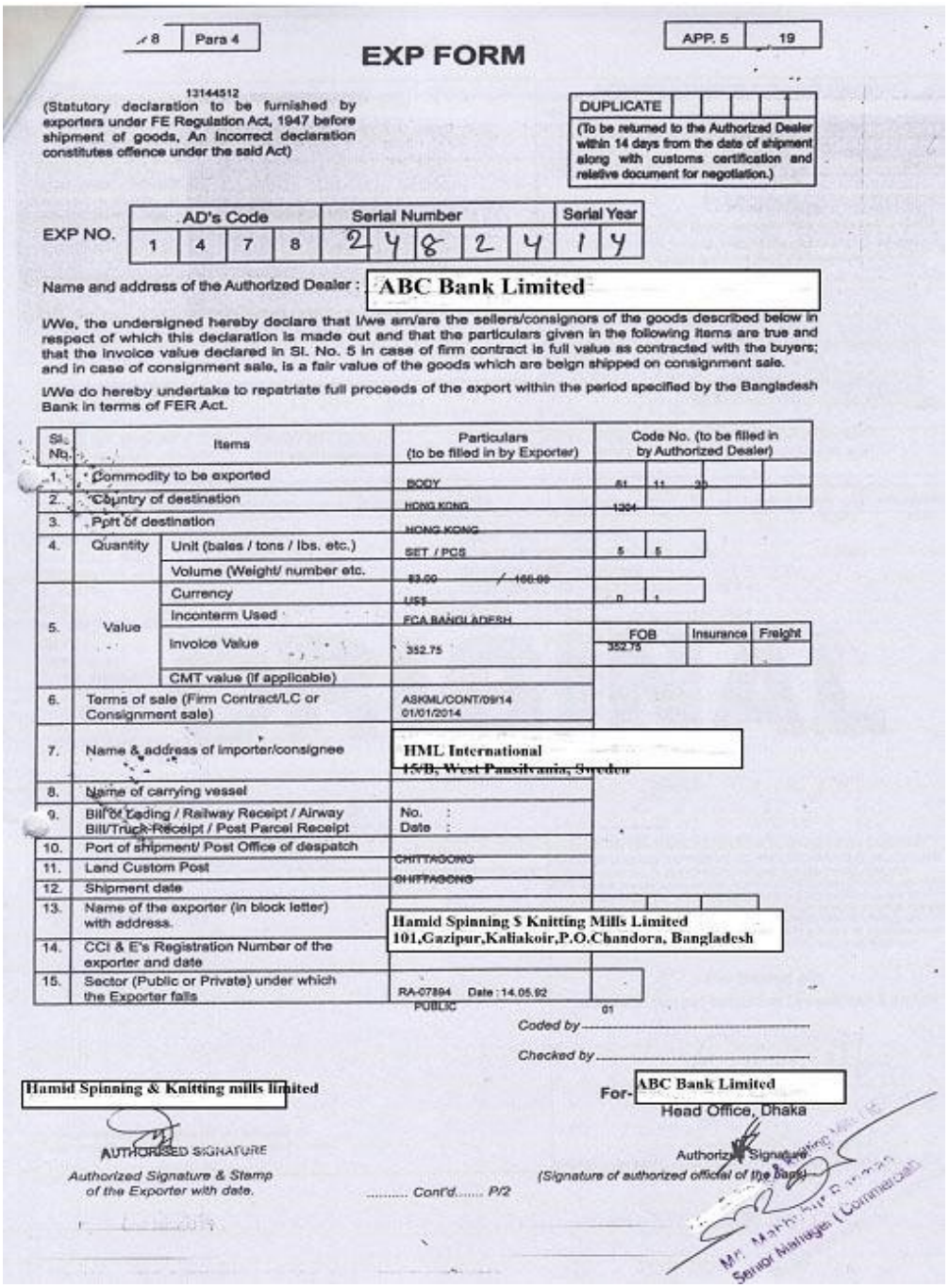
CTN MES :58*35*35

Amount In Word : US$ THREE HUNDRED FIFTY TWO POINT SEVEN FIVE ONLY

Hamid Spinning & Knitting Mills Limited

AUTHORISED SIGNATURE

Figure (Appendix) 2.4: Commercial Invoice



8 | Para 4

APP. 5 | 19

EXP FORM

13144512

(Statutory declaration to be furnished by exporters under FE Regulation Act, 1947 before shipment of goods, An incorrect declaration constitutes offence under the said Act)

DUPLICATE

(To be returned to the Authorized Dealer within 14 days from the date of shipment along with customs certification and relative document for negotiation.)

EXP NO.	AD's Code				Serial Number						Serial Year	
	1	4	7	8	2	4	8	2	4		1	4

Name and address of the Authorized Dealer : ABC Bank Limited

I/We, the undersigned hereby declare that I/we am/are the sellers/consignors of the goods described below in respect of which this declaration is made out and that the particulars given in the following items are true and that the invoice value declared in Sl. No. 5 in case of firm contract is full value as contracted with the buyers; and in case of consignment sale, is a fair value of the goods which are beign shipped on consignment sale.

I/We do hereby undertake to repatriate full proceeds of the export within the period specified by the Bangladesh Bank in terms of FER Act.

Sl. No.	Items		Particulars (to be filled in by Exporter)	Code No. (to be filled in by Authorized Dealer)
1.	Commodity to be exported		BODY	61 11 35
2.	Country of destination		HONG KONG	1304
3.	Port of destination		HONG KONG	
4.	Quantity	Unit (bales / tons / lbs. etc.)	SET / PCS	5 5
		Volume (Weight/ number etc.	83.00 / 166.00	
5.	Value	Currency	US$	0 1
		Inconterm Used	FCA BANGLADESH	
		Invoice Value	352.75	FOB: 352.75 / Insurance / Freight
		CMT value (if applicable)		
6.	Terms of sale (Firm Contract/LC or Consignment sale)		ASKML/CONT/09/14 01/01/2014	
7.	Name & address of importer/consignee		HML International 15/B, West Pansilvania, Sweden	
8.	Name of carrying vessel			
9.	Bill of Lading / Railway Receipt / Airway Bill/Truck Receipt / Post Parcel Receipt		No. : Date :	
10.	Port of shipment/ Post Office of despatch		CHITTAGONG	
11.	Land Custom Post		CHITTAGONG	
12.	Shipment date			
13.	Name of the exporter (in block letter) with address.		Hamid Spinning $ Knitting Mills Limited 101,Gazipur,Kaliakoir,P.O.Chandora, Bangladesh	
14.	CCI & E's Registration Number of the exporter and date			
15.	Sector (Public or Private) under which the Exporter falls		RA-07894 Date : 14.05.92 PUBLIC	01

Coded by .....

Checked by .....

Hamid Spinning & Knitting mills limited

AUTHORISED SIGNATURE

Authorized Signature & Stamp of the Exporter with date.

For- ABC Bank Limited
Head Office, Dhaka

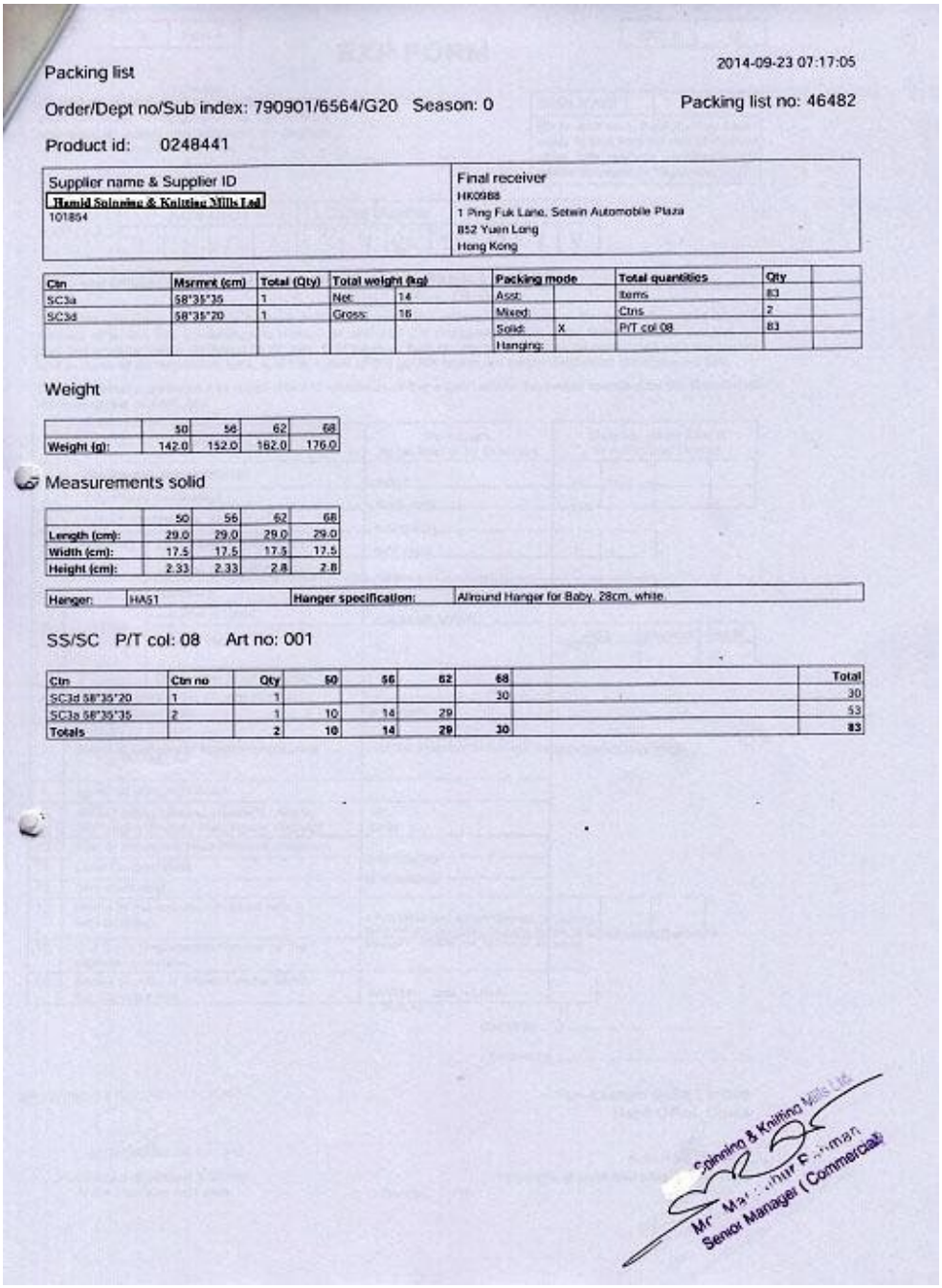
Authorized Signature

(Signature of authorized official of the bank)

..... Cont'd..... P/2

Mr. Manager
Senior Manager (Commercial)

Figure (Appendix) 2.5: Export Permission Form (Exp)



Packing list

2014-09-23 07:17:05

Order/Dept no/Sub index: 790901/6564/G20 Season: 0

Packing list no: 46482

Product id: 0248441

Supplier name & Supplier ID	Final receiver
Hamid Spinning & Knitting Mills Ltd 101854	HK0988 1 Ping Fuk Lane, Sotwin Automobile Plaza 852 Yuen Long Hong Kong

Ctn	Msrmnt (cm)	Total (Qty)	Total weight (kg)		Packing mode		Total quantities	Qty	
SC3a	58*35*35	1	Net:	14	Asst:		Items	83	
SC3d	58*35*20	1	Gross:	16	Mixed:		Ctns	2	
					Solid:	X	P/T col 08	83	
					Hanging:				

Weight

	50	56	62	68
Weight (g):	142.0	152.0	162.0	176.0

Measurements solid

	50	56	62	68
Length (cm):	29.0	29.0	29.0	29.0
Width (cm):	17.5	17.5	17.5	17.5
Height (cm):	2.33	2.33	2.8	2.8

Hanger:	HA51	Hanger specification:	Allround Hanger for Baby, 28cm, white

SS/SC P/T col: 08 Art no: 001

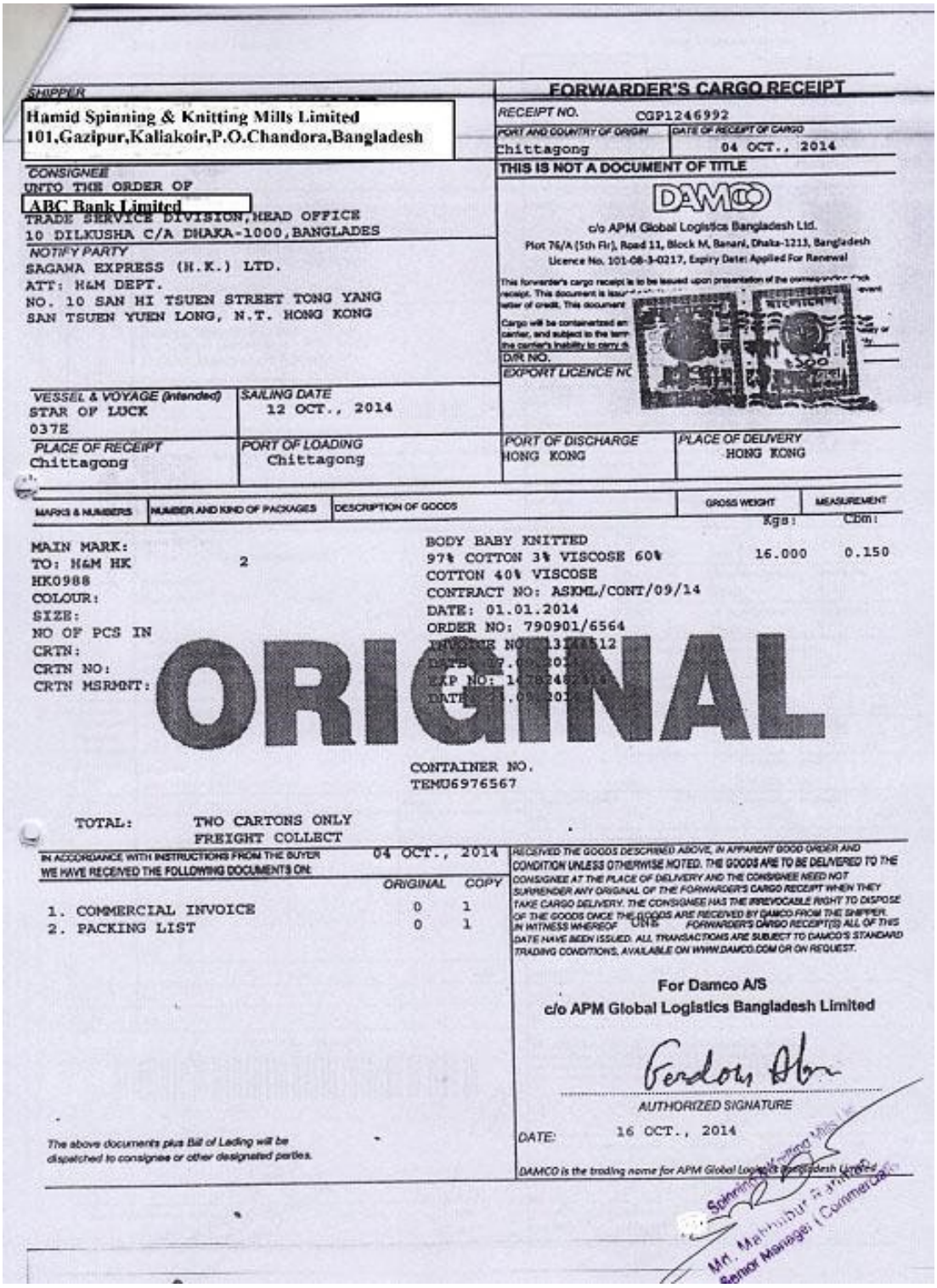
Ctn	Ctn no	Qty	50	56	62	68		Total
SC3d 58*35*20	1	1				30		30
SC3a 58*35*35	2	1	10	14	29			53
Totals		2	10	14	29	30		83

Spinning & Knitting Mills Ltd.

Mr. Mahbubur Rahman

Senior Manager (Commercial)

Figure (Appendix) 2.6: Packing List



SHIPPER
Hamid Spinning & Knitting Mills Limited
101,Gazipur,Kaliakoir,P.O.Chandora,Bangladesh

FORWARDER'S CARGO RECEIPT
RECEIPT NO. CGP1246992
PORT AND COUNTRY OF ORIGIN: Chittagong
DATE OF RECEIPT OF CARGO: 04 OCT., 2014
THIS IS NOT A DOCUMENT OF TITLE

DAMCO
c/o APM Global Logistics Bangladesh Ltd.
Plot 76/A (5th Flr), Road 11, Block M, Banani, Dhaka-1213, Bangladesh
Licence No. 101-08-3-0217, Expiry Date: Applied For Renewal

CONSIGNEE
UNTO THE ORDER OF
ABC Bank Limited
TRADE SERVICE DIVISION,HEAD OFFICE
10 DILKUSHA C/A DHAKA-1000,BANGLADES

NOTIFY PARTY
SAGAWA EXPRESS (H.K.) LTD.
ATT: H&M DEPT.
NO. 10 SAN HI TSUEN STREET TONG YANG
SAN TSUEN YUEN LONG, N.T. HONG KONG

D/R NO.
EXPORT LICENCE NO.

VESSEL & VOYAGE (Intended)	SAILING DATE	PORT OF DISCHARGE	PLACE OF DELIVERY
STAR OF LUCK 037E	12 OCT., 2014	HONG KONG	HONG KONG
PLACE OF RECEIPT: Chittagong	PORT OF LOADING: Chittagong		

MARKS & NUMBERS	NUMBER AND KIND OF PACKAGES	DESCRIPTION OF GOODS	GROSS WEIGHT Kgs:	MEASUREMENT CBM:
MAIN MARK: TO: H&M HK HK0988 COLOUR: SIZE: NO OF PCS IN CRTN: CRTN NO: CRTN MSRMNT:	2	BODY BABY KNITTED 97% COTTON 3% VISCOSE 60% COTTON 40% VISCOSE CONTRACT NO: ASKML/CONT/09/14 DATE: 01.01.2014 ORDER NO: 790901/6564 INVOICE NO: 13[illegible]512 DATE: 07.09.201[illegible] EXP NO: 14782[illegible] DATE: 21.09.201[illegible]	16.000	0.150

ORIGINAL

CONTAINER NO.
TEMU6976567

TOTAL: TWO CARTONS ONLY
FREIGHT COLLECT

IN ACCORDANCE WITH INSTRUCTIONS FROM THE BUYER WE HAVE RECEIVED THE FOLLOWING DOCUMENTS ON: 04 OCT., 2014

	ORIGINAL	COPY
1. COMMERCIAL INVOICE	0	1
2. PACKING LIST	0	1

The above documents plus Bill of Lading will be dispatched to consignee or other designated parties.

RECEIVED THE GOODS DESCRIBED ABOVE, IN APPARENT GOOD ORDER AND CONDITION UNLESS OTHERWISE NOTED. THE GOODS ARE TO BE DELIVERED TO THE CONSIGNEE AT THE PLACE OF DELIVERY AND THE CONSIGNEE NEED NOT SURRENDER ANY ORIGINAL OF THE FORWARDER'S CARGO RECEIPT WHEN THEY TAKE CARGO DELIVERY. THE CONSIGNEE HAS THE IRREVOCABLE RIGHT TO DISPOSE OF THE GOODS ONCE THE GOODS ARE RECEIVED BY DAMCO FROM THE SHIPPER. IN WITNESS WHEREOF ONE FORWARDER'S CARGO RECEIPT(S) ALL OF THIS DATE HAVE BEEN ISSUED. ALL TRANSACTIONS ARE SUBJECT TO DAMCO'S STANDARD TRADING CONDITIONS, AVAILABLE ON WWW.DAMCO.COM OR ON REQUEST.

For Damco A/S
c/o APM Global Logistics Bangladesh Limited

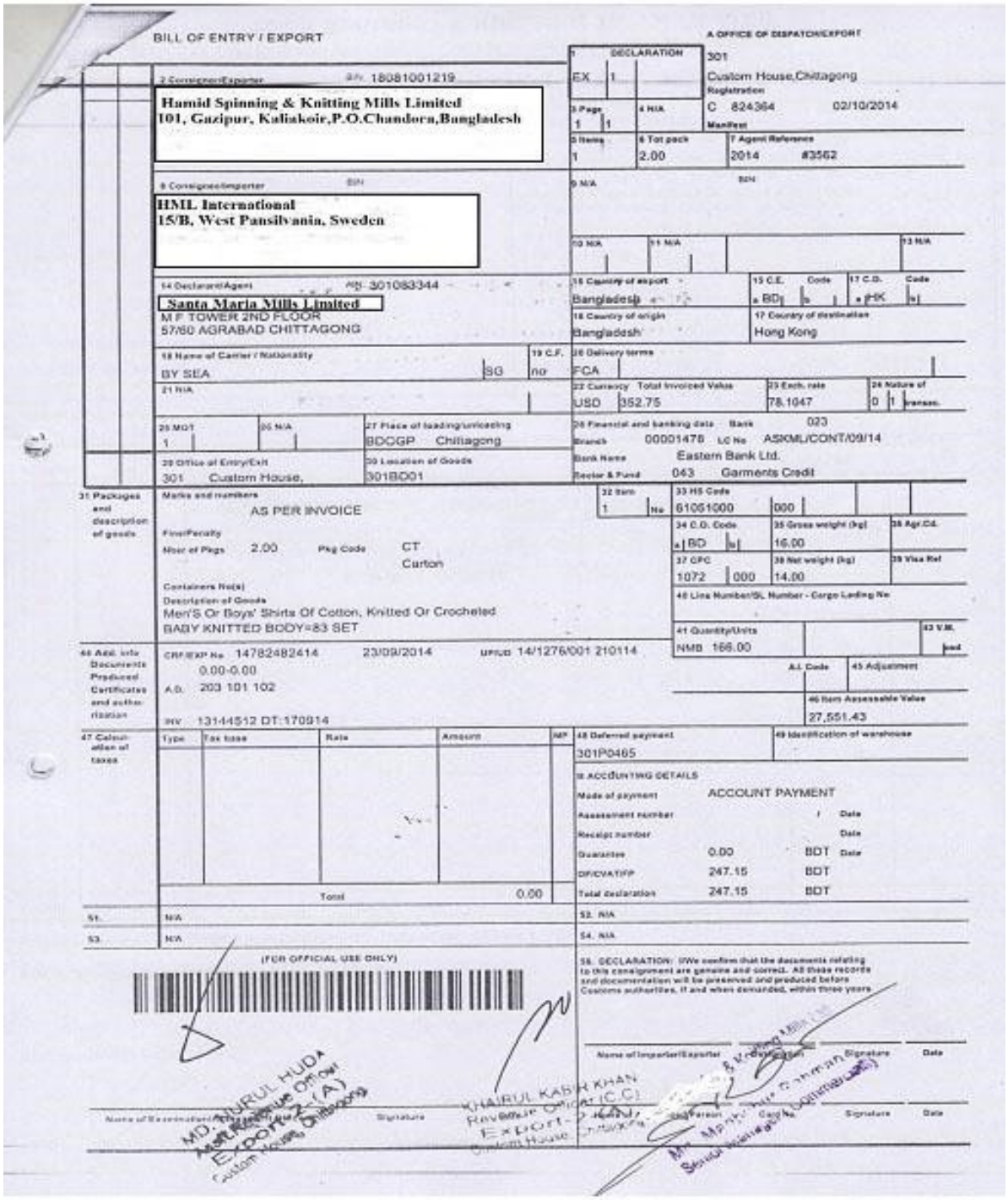
AUTHORIZED SIGNATURE

DATE: 16 OCT., 2014

DAMCO is the trading name for APM Global Logistics Bangladesh Limited

Mr. Mahmudur Rahman
Senior Manager (Customer Care)

Figure (Appendix) 2.7: Bill of Lading


BILL OF ENTRY / EXPORT

A OFFICE OF DISPATCH/EXPORT

1 DECLARATION: EX 1

301 Custom House,Chittagong

Registration: C 824364 02/10/2014

2 Consignee/Exporter: 18081001219

Hamid Spinning & Knitting Mills Limited
101, Guzipur, Kaliakoir,P.O.Chandora,Bangladesh

3 Page: 1 1 | 4 N/A | Manifest

5 Items: 1 | 6 Tot pack: 2.00 | 7 Agent References: 2014 #3562

8 Consignee/Importer: BIN

HML International
15/B, West Pansilvania, Sweden

9 N/A BIN

10 N/A | 11 N/A | 13 N/A

14 Declarant/Agent: AN 301083344

Santa Maria Mills Limited
M F TOWER 2ND FLOOR
57/60 AGRABAD CHITTAGONG

15 Country of export: Bangladesh | 15 C.E. Code: a BD | 17 C.O. Code: a HK

16 Country of origin: Bangladesh | 17 Country of destination: Hong Kong

18 Name of Carrier / Nationality: BY SEA SG | 19 C.F.: no | 20 Delivery terms: FCA

21 N/A | 22 Currency Total Invoiced Value: USD 352.75 | 23 Exch. rate: 78.1047 | 24 Nature of transac.: 0 1

25 MOT: 1 | 26 N/A | 27 Place of loading/unloading: BDCGP Chittagong

28 Financial and banking data: Bank 023 | Branch 00001478 | LC No ASKML/CONT/09/14 | Bank Name Eastern Bank Ltd. | Sector & Fund 043 Garments Credit

29 Office of Entry/Exit: 301 Custom House, | 30 Location of Goods: 301BD01

31 Packages and description of goods: Marks and numbers: AS PER INVOICE

Kind of Packs: | No of Pkgs: 2.00 | Pkg Code: CT Carton

Containers No(s)

Description of Goods: Men'S Or Boys' Shirts Of Cotton, Knitted Or Crocheted
BABY KNITTED BODY=83 SET

32 Item: 1 No | 33 HS Code: 61061000 000 | 34 C.O. Code: a BD | 35 Gross weight (kg): 16.00 | 36 Agr.Cd. | 37 CPC: 1072 000 | 38 Net weight (kg): 14.00 | 39 Visa Ref

40 Line Number/SL Number - Cargo Landing No

41 Quantity/Units: NMB 166.00 | 42 V.M. | A.I. Code | 45 Adjustment

46 Item Assessable Value: 27,551.43

44 Add. info Documents Produced Certificates and authorisation: CRF/EXP No 14782482414 23/09/2014 UP/LO 14/1276/001 210114

0.00-0.00

A.D. 203 101 102

INV 13144512 DT:170914

47 Calculation of taxes

Type	Tax base	Rate	Amount	MP
		Total	0.00	

48 Deferred payment: 301P0465 | 49 Identification of warehouse

B ACCOUNTING DETAILS

Mode of payment: ACCOUNT PAYMENT

Assessment number / Date

Receipt number Date

Guarantee 0.00 BDT Date

DF/CVAT/FP 247.15 BDT

Total declaration 247.15 BDT

51. N/A | 52. N/A

53. N/A | 54. N/A

(FOR OFFICIAL USE ONLY)

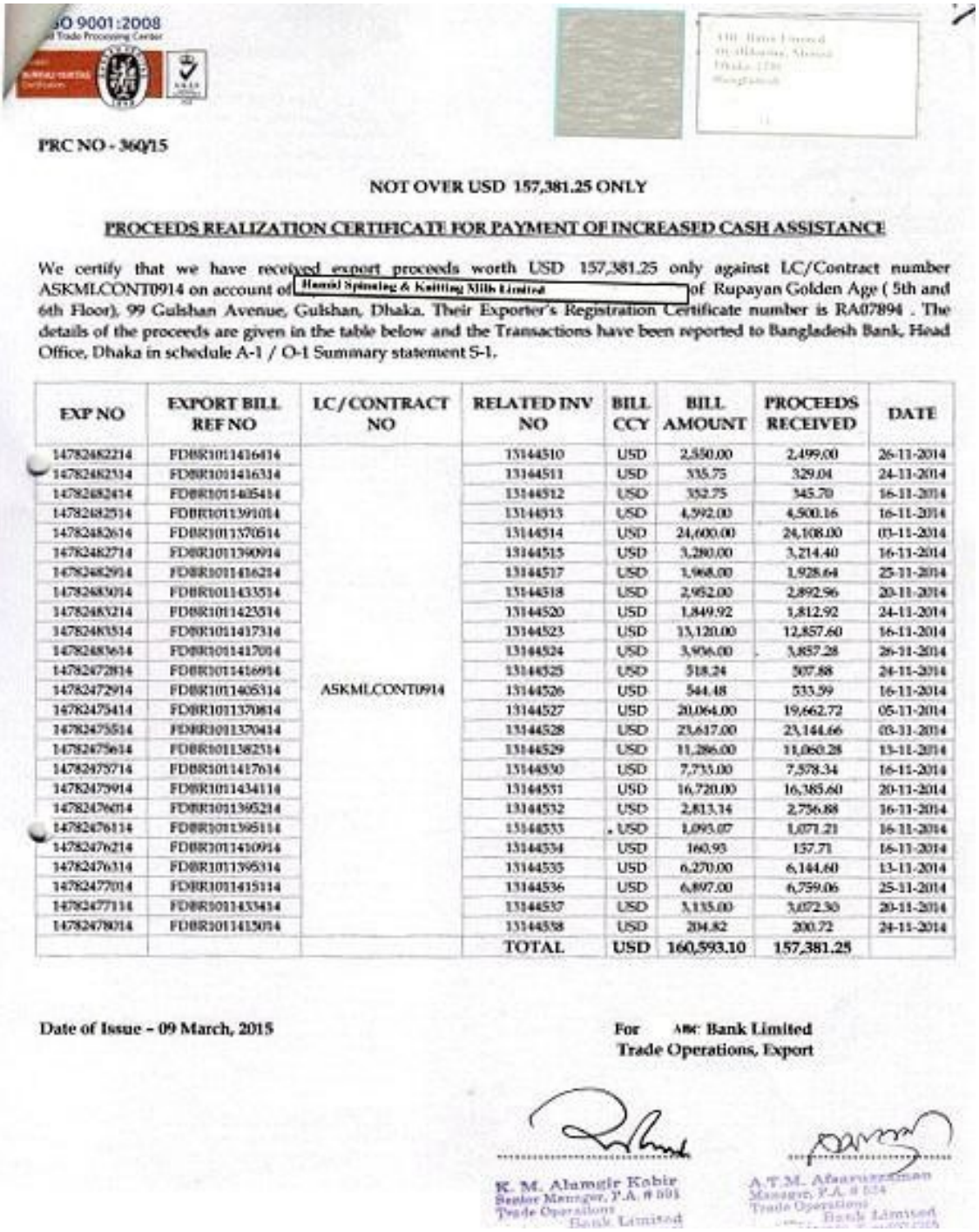
56. DECLARATION: I/We confirm that the documents relating to this consignment are genuine and correct. All these records and documentation will be preserved and produced before Customs authorities, if and when demanded, within three years

Name of Importer/Exporter | Signature | Date

MD. NURUL HUDA
Assistant Revenue Officer
EXPORT-2 (A)
Custom House, Chittagong

KHAIRUL KABIR KHAN
Revenue Officer (C.C)
Export-2 (A)
Custom House, Chittagong

Figure (Appendix) 2.8: Bill of Export



PRC NO - 360/15

NOT OVER USD 157,381.25 ONLY

PROCEEDS REALIZATION CERTIFICATE FOR PAYMENT OF INCREASED CASH ASSISTANCE

We certify that we have received export proceeds worth USD 157,381.25 only against LC/Contract number ASKMLCONT0914 on account of [redacted] of Rupayan Golden Age (5th and 6th Floor), 99 Gulshan Avenue, Gulshan, Dhaka. Their Exporter's Registration Certificate number is RA07894 . The details of the proceeds are given in the table below and the Transactions have been reported to Bangladesh Bank, Head Office, Dhaka in schedule A-1 / O-1 Summary statement S-1.

EXP NO	EXPORT BILL REF NO	LC/CONTRACT NO	RELATED INV NO	BILL CCY	BILL AMOUNT	PROCEEDS RECEIVED	DATE
14782482214	FDBR1011416414		13144510	USD	2,550.00	2,499.00	26-11-2014
14782482314	FDBR1011416314		13144511	USD	335.75	329.04	24-11-2014
14782482414	FDBR1011405414		13144512	USD	352.75	345.70	16-11-2014
14782482514	FDBR1011391014		13144513	USD	4,592.00	4,500.16	16-11-2014
14782482614	FDBR1011370514		13144514	USD	24,600.00	24,108.00	03-11-2014
14782482714	FDBR1011390914		13144515	USD	3,280.00	3,214.40	16-11-2014
14782482914	FDBR1011416214		13144517	USD	1,968.00	1,928.64	25-11-2014
14782483014	FDBR1011433514		13144518	USD	2,952.00	2,892.96	20-11-2014
14782483214	FDBR1011423514		13144520	USD	1,849.92	1,812.92	24-11-2014
14782483514	FDBR1011417314		13144523	USD	13,120.00	12,857.60	16-11-2014
14782483614	FDBR1011417014		13144524	USD	3,936.00	3,857.28	26-11-2014
14782472814	FDBR1011416914		13144525	USD	518.24	507.88	24-11-2014
14782472914	FDBR1011405314	ASKMLCONT0914	13144526	USD	544.48	533.59	16-11-2014
14782475414	FDBR1011370814		13144527	USD	20,064.00	19,662.72	05-11-2014
14782475514	FDBR1011370414		13144528	USD	23,617.00	23,144.66	03-11-2014
14782475614	FDBR1011382514		13144529	USD	11,286.00	11,060.28	13-11-2014
14782475714	FDBR1011417614		13144530	USD	7,735.00	7,578.34	16-11-2014
14782475914	FDBR1011434114		13144531	USD	16,720.00	16,385.60	20-11-2014
14782476014	FDBR1011395214		13144532	USD	2,813.14	2,756.88	16-11-2014
14782476114	FDBR1011395114		13144533	USD	1,093.07	1,071.21	16-11-2014
14782476214	FDBR1011410914		13144534	USD	160.93	157.71	16-11-2014
14782476314	FDBR1011395314		13144535	USD	6,270.00	6,144.60	13-11-2014
14782477014	FDBR1011415114		13144536	USD	6,897.00	6,759.06	25-11-2014
14782477114	FDBR1011433414		13144537	USD	3,135.00	3,072.30	20-11-2014
14782478014	FDBR1011415014		13144538	USD	204.82	200.72	24-11-2014
			TOTAL	USD	160,593.10	157,381.25	

Date of Issue - 09 March, 2015

For [redacted] Bank Limited
Trade Operations, Export

K. M. Alamgir Kabir
Senior Manager, P.A. # 501
Trade Operations
[redacted] Bank Limited

A.T.M. Afaruzzaman
Manager, P.A. # 534
Trade Operations
[redacted] Bank Limited

Figure (Appendix) 2.9: Proceed Realization Certificate (PRC)

Appendix: 3

An overview of Sector wise Cash incentive percentage:

Sector	Percentage	
Small and medium garment factories	For Additional Cash Incentive	0.25%
	For New Market(other than US, Canada and European Market)	3%
	If local raw material is used (yarn)	5%
Potato, halal meat and agro-products	20.0 %	
The products, which are made of elephant grass (hogla), paddy straw (khor) and sugarcane bark (akher chobra)	Between 15.0 % and 20.0 %	
Exporters of bone dust and leather goods	15.0 %	
Pat bottle, finished jute goods and products of light engineering sector	10.0 %	
Among the other sectors, frozen shrimp and jute yarn	7.5 % and ship export will get 5.0 % cash subsidy.	

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