Sonargaon University (SU)

Internship Report

On

Accounts Maintaining process of RMG Transport System

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

Date of Submission: 5th September, 2023

Letter of Transmittal

Date: 10th June, 2023

Md. Masud Rana
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Subject: Submission of Internship report.

Dear Sir,
With humble honor and respect, I am submitting my internship report on **"Accounts Maintaining process of RMG Transport System**". As per partial accomplishment of the requirements for the BBA degree, this Internship has been carried out under the supervision.

This report is an integral part of our academic courses in completion of the **BBA** program which has given me the opportunity to have an insight into Accounts Maintaining process of RMG Transport System hope this report Reflects on the contemporary issues on the (Major Accounting) that are being practiced by RMG Transport System in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

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Acknowledgement

I would like to mention some people with due respect and honor who assisted us, without any hesitation to complete our Internship report within the due time. Therefore, I would like to thank them all from the bottom of my hearts.

In this procedure, at first I would like to thank Almighty Allah for making it possible for us to complete our work properly within the given time. Most importantly I would like to thank my Internship Supervisor **Md. Masud Rana,** who was always ready to guide me and solved all the difficulties that I faced during preparing my internship of the report.

Most importantly, I would also like to thank my wife and other members who helped me by providing informative instructions. Without their help this project would have been difficult to complete.

Yours faithfully

Rubel Hossen

Student Declaration

I, Rubel Hossen, a student of Bachelor of Business Administration, bearing ID No BBA1903018089 from Sonargaon University would like to solemnly declare here that this report on**: "Accounts Maintaining process of RMG Transport System**" has been authentically prepared by me. While preparing this report, I didn't breach any copyright act internationally. I further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

Sincerely Yours

……..

Name: Rubel Hossen

ID: BBA1903018089

Program: BBA

Letter of Authorization

Certified that this project report titled **"Accounts Maintaining process of RMG Transport System**" is the bona fide work of Rubel Hossen, who carried out the research under my supervision Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Md. Masud Rana
Assistant Professor
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Executive Summary

As soon as I completed BBA and I started my dissertation in Ready Made Garments industry. This program designed to nourish my confidence and to develop my consistency. These institutions play a vital role in the field of financial stability of a country. Due to globalization and technological changes, they give effective real time service to their customers. For giving friendly service to the customers they need will-educated working force.

My topic is **"Accounts Maintaining process of RMG Transport System**" I have tried in my best to study the material related with the topic and observed published and unpublished data, annual report in order to prepare the report.

I have equally faced co-operation and many obstacles simultaneous. I hope this report would be able to portray the real status of Garments Industry. My efforts will be meaningful if this report serves the purpose effectively.

I have faced new challenge in every steps of banking industry. I also tried to overcome every case. All these survey activities from my personal point of view presented in this report.

List of Abbreviation

RMG -	Ready Made Garments
PI -	Pro Forma Invoice
CS -	Cost Sheet
KNIT -	Only Dyeing Fabrics
WOVEN -	Dyeing & Printing Fabrics
GREY -	Grey Fabric
YARN -	Spun thread used for Knitting, Weaving or Sewing
Dyes -	Solid Color
DO -	Delivery Order
APRTS-	Accounting Practice of RMG Transport System
Maturity date -	The day when the LC contact expires
LC -	Letter of Credit
Issuing Bank -	Importers Bank
Beneficiary -	Exporter
Advising Bank -	Exporter‘s Bank
DBL -	Dhaka Bank Ltd
NRB -	Non Residential Bank Ltd
IBBL -	Islami Bank Bangladesh Ltd

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Chapter-01

Introduction

1.1. Introduction

The export-oriented apparel industry of Bangladesh, popularly known as readymade garment (RMG) or simply the garment industry occupies a unique position in economy of Bangladesh. It is the largest exporting industry, which experienced a phenomenal growth during the last three decades. By taking advantage of cheap labor and quota-based market in the USA and EU under the provision of Multi Fiber Arrangement (MFA) of GATT, it attained a high profile in terms of economic growth of the country. The industry started its modest journey in late 1970s and enjoyed a meteoric rise from 30 enterprises in 1980 increased to 4825 in 2010. Average growth rate of this sector was over 20% per over the last two decades. This single sector alone earns about 80% of yearly foreign exchange of the country. Its contribution to GDP reaches 13% in fiscal year 2013-2014. Since independence, no single sector could accelerate the industrialization process in the country as the RMG sector could do. It has created employment opportunity for about 3.5 million people. Most of them are uneducated and unskilled. About 80% of them are women. To a creditable extent, it has been able to relieve the country from the burden of unemployment and at the same time contribute to the empowerment of women. Thus this sector is playing a vital role in socio-economic development of the country.

But this sector is struggling with a number of problems. Conflict between owners and workers, labor unrest, shortage of gas and electricity, poor infrastructure, poor port facility, lead time complexities, conspiracy of home and abroad, advancing competitors in the quota free international market are some of them which are posing a great threat to its survival. In recent time, labor unrest in the RMG sector has been a matter of serious concern. Almost every day electronic and print media cover news of labor unrest in RMG sector in one place or another across the country. Fixing new minimum wage for the garment workers and issue of implementing the new wage structure have been the prime causes of recent labor unrests across the country. The unrest takes shape of violence and vandalism. The agitated workers come to the street and go storming on vehicles and garment factories. The attacked factory is declared closed; many labor leaders are arrested, many workers lose jobs or suffer from uncertainty; losing interest in the uncertainty, the international buyers cancel their orders and divert to another market. The industry comes to a deadlock situation.

The growth of RMG sector in Bangladesh is amazing one and it has been possible mainly because of hard work of labor-force. Rashid, (2010) observes, “It is a story of success, of winning against all odds. It is a story of a nation, which has vowed to overcome all the barriers with limited resources and immense passion. It is not a story of "Veni Vidi Vici." Rather, it is a tale of toil, a tale of rising, of starting small and finally finding glory”. But this glory is being diminished day by day due to labor unrest in this sector. This study is designed to unearth the causes of labor unrest and search the areas where Public-Private Partnership can work to address the problem.

1.2. Statement of the study

There are, mainly, four parties involved in apparel industry: government, factory owners, international buyers of finished garments, and workers. Of four parties, the first three are immense beneficiaries, while workers remain deprived. Government receives a handsome amount of revenue from this sector. Buyers, who get garment products at the cheapest possible price, make huge profits in international markets. Most of the local factory owners make adequate money out of this business to build palatial houses in posh area of capital, have their children educated and treated abroad, ride luxury cars, spend holidays at tourist resorts across the world. But garment workers, who make all these profits and benefits possible for other three parties, are to live a sub-standard life for years. The wage they get is low. Very often they do not get their salary, overtime bills and bonus in time. Their recruitment system is hiring and firing as they do not get any appointment letter and at any time they can be dismissed by owners for any reason. Being maltreated by owners and mid-level officers, working long hours in a congested room without sufficient rest, lack of recreational opportunity, nutritious foods, medicine, right to legitimate protest against ruthless exploitations, etc are their daily destiny. They don’t have any access to the decision making process. Factory building collapse, fire accident, stampede render many dead and Injured. Nevertheless, if any worker protests against owners or management, he/she is threatened by various types of harassment such as dismissal, arrest or even physical assault by the hired hooligans of owners.

There are allegations that a vested group is behind the violence in garments industry. Some Human-right-based NGOs are alleged to instigate the work-force in the name of their rights and privileges without knowing the actual capacity of the owners. Very often, agitating workers are aided by outsiders. Nowhere in the world is labor as cheap as in Bangladesh. It is one of the main factors for flourishing of this sector in Bangladesh. Therefore, foreign conspiracies in instigating labor unrest in garment sector of Bangladesh cannot be ruled out as history records hundreds of wars to capture another market.

At every incidence of labor unrest, police is deployed to disperse agitators. The coercive measures of the forces rather deteriorate the situation. Concerned groups engage themselves in blame game and do not waste time to put their readymade comments. Party in power always takes it as a subversive act of opposition party to destabilize government. Opposition party labels it as a failure of government and demands resignation. Factory owners blame workers and vice-versa. Very often, after some violent unrest, an inquiry committee is formed to look into the fact. But the fact is that, hardly people come across the investigation report. After some days people forget the issue and things go on as usual.

Solving labor unrest in the RMG sector requires a collective effort. The root causes of unrest are to be explored. If private sectors (garment factory owners, managers, workers, BGMEA, workers' association, members of civil society organizations, NGO activists) with their firsthand knowledge and experience work together with the public bodies, solution of this problem is possible.

1.3. Objectives of the study

- To find out cause of labor unrest in RMG sector of Bangladesh.
- Find out how improve better working condition in RMG.
- Find out the role of Trade Union
- To identify areas where public and privet sector work together to solve the problem.

1.4. Scope of the study

Human Resources are essential and foundational to the growth and development of any organization and hence the ability to satisfy and retain quality and trained employee is vital.

This report will give a clear idea about **Accounts Maintaining process of RMG Transport System** How effectively reduces the Labor unrest in RMG sector. What types of benefit they get and what challenges they are face. Find out the role HR department in RMG sector. What thing is demand from this sector? Collect the information from the workers of the RMG sector by Questionnaire and interview.

1.5. Limitations of the study

- Limited to access into factories.
- Time Constraint.
- Owing to time and distance constraint, factories of Chittagong and other distant places could not be covered.
- Inside the garment factory, workers are very reserve to answer the questions. They seem to be afraid of disclosing the facts in front of the managers or officers. Their responses differ outside the factory. Another problem is their low level of education and knowledge. Many of them know nothing conspiracy, industrial police, concern authority and many other important matters.
- Unwillingness to give answer of the question.

Chapter-02

A Brief History cash incentive in RMG Transport System

2.1. Cash Incentive of RMG Transport System:

Cash incentives for a Ready-Made Garment (RMG) Transport System in Dhaka, Bangladesh, or any other region, would typically follow a specific process. Please note that the details of such incentives can vary depending on government policies, programs, and eligibility criteria. Here's a general outline of how cash incentives for an RMG Transport System might be calculated and disbursed. It's crucial for the RMG Transport System to carefully follow the specific guidelines and requirements outlined by the relevant government agency or organization to ensure a successful application, calculation, and disbursement of cash incentives. Legal and financial consultation may also be advisable to navigate the process effectively. Additionally, the specific details and eligibility criteria can change over time, so it's essential to stay informed about the latest regulations and programs related to cash incentives for RMG transport systems in Dhaka, Bangladesh.

2.2. Reasons for Cash Incentive Facilities:

Cash incentive facilities for the Ready-Made Garment (RMG) Transport System or similar industries are often implemented by governments and organizations for several reasons:

- **Promotion of Export:**

Encouraging the RMG Transport System through cash incentives can boost export volumes. The RMG industry is a significant contributor to many economies, and incentives help enhance competitiveness in international markets.

- **Job Creation:**

The RMG Transport System creates employment opportunities, from drivers to support staff. Cash incentives can encourage the expansion of this industry, leading to more job opportunities and reduced unemployment rates.

- **Economic Growth:**

A thriving RMG Transport System can stimulate economic growth by increasing the overall economic activity. This growth can lead to higher tax revenues, increased consumer spending, and a more robust economy.

- **Foreign Exchange Earnings:**

The RMG industry generates substantial foreign exchange earnings, which can be critical for countries with trade deficits. Cash incentives help sustain and expand this revenue stream.

- **Infrastructure Development:**

Incentives can facilitate infrastructure development for the RMG Transport System. This includes improving roads, transportation hubs, and logistical support, which benefits not only the industry but also the overall economy.

- **Technology Adoption:**

Cash incentives can encourage RMG Transport System companies to invest in modern technologies, such as fuel-efficient vehicles, GPS tracking systems, and eco-friendly transport options. This promotes efficiency and sustainability.

2.3. Factors promoting growth of RMG industry:

Factors which promoted growth of RMG sector in Bangladesh can be categorized into two groups- 1) domestic and 2) external.

Domestic Factors

Cheap labor: RMG is a labor-intensive sector. Bangladesh is an over-populated country burdened with unemployment problem. The private entrepreneurs in the late 1970s and early 1980s got an opportunity to use cheap labor to flourish this sector over-night. At present, about 3.5 million people are working in this sector. About 80% of them are women. They got a chance to change their fate by working in the garment factories which helped boom the sector. Nowhere in the world is labor as cheap as it is in Bangladesh. The following table shows a comparative study of per hour labor wage in major RMG exporting countries.

Country	Per hour wage (US$)
Turkey	2.44

Mexico	2.17
China	1.88
Pakistan	0.56
India	0.51
Sri Lanka	0.44
Vietnam	0.44
Bangladesh	0.22

Country-wise per hour wage of garment workers

Source: The Daily New Age, 13 Aug, 2014

Low production cost: As labor cost is very low, RMG factories in Bangladesh can produce quality garment at lower cost which has attracted the foreign buyers. International companies like Wal-Mart, JC Penney, H&M, Zara, Tesco, Carrefour, Gap, Metro, Marks & Spencer, Kohl's, Levi Strauss and Tommy Hilfiger all import in bulk from Bangladesh. The total export from the sector has doubled from $6.4 billion in FY 04-05 to $12.5 billion in FY09-10. The comparative advantage of low production cost also attracted foreign direct investment. As a result, both backward and forward linkage industry flourished in Bangladesh. Currently, the backward industry is able to meet up to 85% of the demand for the raw materials, which significantly contributed to the country's growth of apparel and knitwear exports.

Local Demand: Clothing is a basic need. Bangladesh is one of the most densely populated countries in the world. Every year Bangladesh needs a huge quantity of garment for its local need. Culturally people of Bangladesh like to wear new cloths on the eve of various festivals like Eid, Puja, Pohela Baishakh etc. Before emergence of RMG industry, people of Bangladesh had to depend on the tailors for their domestic need of clothing. Though tailoring still exists, ready-made garment business is very prolific in Bangladesh.

Government Support: The apparel industry received support from the government, which included measures like duty drawback facilities, tax holidays, cash assistance, income tax rebate, creation of export processing zones, zero tariff on machinery inputs, rebate on freight and power rate, bonded warehouse facilities, provision of import under back-to-back letters of credit, loans at concessional rate, export development fund, etc.

Back to Back Letter of Credit: Back to Back Letter of Credit is one of the important factors in the initial and continuing success of this sector. It considerably eases the financing requirement of garment business for the local entrepreneurs. The entrepreneurs are able complete the complicated process of manufacturing and export with very little of their own funds for working capital. Even if the turnover is Tk. 50 million and the profit is only 5% the returns are still decent since the funds are borrowed largely from the banks. Therefore the rate of return does not need to be high. In the absence of back to back L/C, it would have been very difficult for the new entrepreneurs to raise funds from local financial institutions to import fabrics and accessories.

Private entrepreneurship: The export- oriented RMG sector started its journey entirely with private initiatives. The journey was not smooth. The entrepreneurs faced tremendous constraints in terms of power and gas supply. Political instability, frequent hartals (strikes), poor port facility, and labor unrest created longer lead time, which became another barrier in competing with neighboring nations. Amidst all the constraints, the RMG entrepreneurs lived up to the buyers' expectations of reduced price margin, improved compliance standards, and quality assurance. There were also significant investments in backward integration.

External Factors

Quota facility: The key factor behind the growth was the quota system under the Multi-Fibre Arrangement (MFA). The General System of Preferences (GSP) facilities and RoO (Rules of Origin) offered by the developed nations also helped Bangladesh to accelerate its export. In

short, MFA provided market protection for Bangladesh, whereas GSP facilities offered preferential treatment and market access opportunities in developed economies.

Civil War in Sri Lanka: Civil War in Sri Lanka which started in late 1970s proved to be boon for Bangladesh in respect of RMG industry, though it was a bane for Sri Lanka. Sri Lanka was a leading country in exporting RMG among Asian countries. But due to the civil war, the western buyers turned away from Sri Lanka and were looking for substitute of Sri Lanka. Finally Bangladesh came forward to replace Sri Lanka in RMG business based on its huge cheap labor force.

Supply Side Factors: On the supply side, several factors can be mentioned that have contributed to the growth of Bangladesh as an apparel exporter. First as the wages of the East Asian Countries rose and quota restrictions limited shipments from these countries to particularly the US markets, apparel firms from those countries established production operations in other countries with cheaper labor and with few or no quota restrictions. In the second half of 1970s, business houses from the Republic of Korea, Daewoo in particular, ventured into Bangladesh to transfer the technology of production and to provide marketing channels. The number of garment exports business from this arrangement remained small but awareness as regard the prospects developed within the garment industry. In 1978, fewer than a dozen companies were in operation. The number grew to 80 just in three years. Since then, the growth of the industry has been fabulous. The Korean investment provided the garment industry the decisive advantage without which a much longer time would have been taken by the Bangladesh garment industry to attain its present status.

2.4. Historical Practice of Cash Incentive in Bangladesh:

As of my last knowledge update in July 2023, cash incentives and other support measures for the Ready-Made Garment (RMG) Transport System in Bangladesh have been a part of the country's strategy to promote its RMG sector. However, please keep in mind that government policies and incentives can change over time, so it's essential to verify the current status and details of any specific incentives. Here is an overview of the historical practice of cash incentives for the RMG Transport System in Bangladesh. The Export Promotion Bureau of Bangladesh has historically

played a central role in providing various incentives to the RMG sector, including the RMG Transport System. These incentives have aimed to boost exports, increase competitiveness, and encourage investment. The Bangladesh government established the Export Development Fund to provide financial support to various sectors, including transportation and logistics, to enhance export capacity. Funds from the EDF have been used to finance transportation infrastructure development and improve logistics services that benefit the RMG Transport System. Bangladesh has offered cash incentives to RMG exporters as part of its export promotion policy. These incentives have been designed to encourage RMG Transport System companies to meet specific export targets.

Chapter-03

Overview of Company

3.1 Overview of RMG Transport System:

The Ready-Made Garment (RMG) Transport System is an essential component of the supply chain within the textile and apparel industry. It plays a crucial role in transporting raw materials, components, and finished garments to and from various points in the production and distribution process. Here's an overview of the RMG Transport System. The RMG Transport System encompasses a wide range of activities related to the movement of textile and apparel products. This includes the transportation of raw materials (such as fabrics and accessories) to garment factories, the distribution of finished garments to retailers or export facilities, and the movement of goods between various production stages within a vertically integrated textile and apparel company. The RMG Transport System utilizes various modes of transportation, including road transport (trucks and lorries), rail transport, sea transport (container ships), and air transport. The choice of mode depends on factors like distance, urgency, cost, and the nature of the goods being transported. RMG transport often involves logistics and warehousing operations to manage inventory, sorting, and distribution. Warehouses are strategically located to facilitate efficient transportation and minimize lead times. Cost management is a significant concern in the RMG Transport System. Companies aim to optimize logistics and transportation costs while maintaining service quality.

The RMG Transport System often operates as part of a global supply chain. Garments and textiles may be manufactured in one country, transported to another for assembly, and then shipped to markets worldwide.

Overall, the RMG Transport System is a critical element in the textile and apparel industry, ensuring that garments reach their intended destinations efficiently and on time, whether for domestic consumption or international trade. It plays a vital role in the economic success of regions heavily involved in RMG production and export.

Chapter-04

Literature Review

4.1 Literature Review :

It will not be a hyperbole to say that economy of Bangladesh is what it is today mainly because of readymade garment industry. A population of around 160 million for a small country like Bangladesh, in all probability, is considered a serious liability. However, with the inception and subsequent exponential growth of RMG sector, it has turned that liability into an invaluable asset. In the post-liberation economy of Bangladesh, this sector has acted as an engine of growth for the rest of the economy. Even in the face of recent global economic recession, economy of Bangladesh is not shaken mainly because of steady growth of this sector and smooth flow of remittance. Quota-based access to EU and USA and other countries under MFA, local demand, cheap labor, low production cost and private entrepreneurship have been the contributing factors for evolution of RMG sector in Bangladesh. Accelerating industrialization process in the country, attracting foreign direct investment, alleviating poverty through creating employment opportunities for millions, mobilizing business, empowering women and creating a positive image of Bangladesh abroad are major contributions of this sector. However, this sector is enmeshed with a number of problems and challenges such as conflict between factory owners and garment workers, labor unrest, conspiracy of home and abroad, non-compliance, shortage of gas and electricity, poor infrastructure, political interference, regional and international advancing competitors, lack of effective government policies, and lack of initiatives to search international markets etc. This chapter discusses history of growth of RMG sector in Bangladesh, factors promoting the growth of RMG industry in Bangladesh, contribution of this sector to national economy, RMG industry in quota-free post-MFA era and problems surrounding this sector.

4.2 Contributions of RMG Transport System:

Garments Industry occupies a unique position in Bangladesh economy. It is the largest exporting industry in Bangladesh, which experienced phenomenal growth during last three decades. The industry plays a key role in employment generation and in the provision of income to the poor. More than 3.5 million workers are directly and more than ten million people are indirectly associated with the industry. The sector has also played a significant role in the socio-economic development of the country.

In terms of GDP, RMG's contribution is highly remarkable; it reaches 13% in FY 2009-10 which was only 3% in FY 1990-91. This is a clear indication of the industry's contribution to the overall economy. It plays a vital role to promote the development of other key sectors of economy like banking, insurance, shipping, hotel, housing, transport, etc.

Till now Bangladesh is known as an agricultural country. Except, RMG sector, there is no other mention-worthy industrial establishment. It is the RMG sector which has accelerated the process of industrialization in the country. Bangladesh is one of the most densely populated countries of the world. With limited land area and natural resource, the increasing population is creating heavy burden on unemployment problem. The RMG sector has been able, to a great extent, to relieve the country from the burden of unemployment by creating employment opportunities for more than three million people. Bangladesh is known as a poor and over-populated country stricken with a lot of problems. RMG carrying the label of "made in Bangladesh" is working to create a positive image of Bangladesh in the world. It has also proved that the heavy burden of population can be turned into an asset by using them as workforce.

4.3 Scenario of Ready Made Garments in Bangladesh:

Over the last thirty years, international trade and investment in the global textile and garment (T&G) sectors has been influenced by Multi-Fiber Arrangement (MFA) quantitative restrictions (quotas) applied by the major developed country importers (the United States, the European Union, Canada and Norway) on T&G exports from (predominantly) developing countries. MFA quotas were negotiated bilaterally and applied on a discriminatory basis to some exporting countries but not to others, thus differing from country to country in both product coverage and the degree of restrictiveness. In such a context, the Multi-Fiber Arrangement governed the trade in textiles and clothing from 1974 to 1994. This arrangement was superseded in 1995 by the Agreement on Textiles and Clothing (ATC) under the administration of the World Trade Organization (WTO). From 1 January 2005 all such quantitative restrictions on the trade in textiles and clothing were phased out, and finally abolished. The quota system under the MFA has distorted international T&G trade and has resulted in global welfare losses since quota limits on the exports of selective producers have prevented an allocation of resources to the most efficient T&G producers and prevented.

4.4 Occupational health, safety and welfare:

Section 62 deals with the provisions for measures to be taken by a factory to avoid dangers and damage due to fire. The section provides for the following:

1. At least one alternative exit with staircases connecting all the floors of the factory building as described in the rules for each and every factory.
2. No door affording exit can be locked or fastened during the working hours so that they can be easily or immediately opened from inside.
3. The doors affording exit must be open outwards, unless it is sliding in nature, if the door is between two rooms it must open in the direction of the nearest exit.
4. Marking in red letter in proper size, in the language understood by the majority of the workers, on such doors, windows or any alternative exit affording means of escape in case of fire.
5. There shall be an effective and clearly audible means of fire-warning system to every worker.
6. There shall be a free passage-way giving access to each means to escape.
7. Where more than ten workers are employed other than in the ground floor, there shall be a training for all the workers about the means of escape in case of fire.
8. There shall be at least one fire-extinction parade and escape-drill at least once a year in a factory where more than fifty workers are employed.

- **Canteens**

Section 92 of the new labour law provides a canteen for every 100 workers as opposed to the earlier Factories Act which provided a canteen for every 250 workers.

- **Changes brought by the new law:**

Number of workers per canteen has been decreased to ensure better canteen facility. All other provisions related to the management and quality of the services and food in the canteen remains unchanged.

- **Shelters/ rest rooms and lunch rooms**

Section 93 of the new labour code makes a provision of a rest room for every 50 or more workers and a separate rest room for the female workers numbering over 25. But if the number of female workers is below 25 then the factory management shall manage a curtain in the same rest room to create a separate resting space for the female workers.Required minimum number of workers for a rest room has been decreased to 50 from 100 and a separate rest room provision for female workers came into being in the new law.

- **Rooms for children***

The new law has made a provision of a children's room for every 40 female workers with children below 6 years of age. The room is required to be of such an area so that it can provide 600 square centimeters (previously it was 20 sft) of space for each child and the minimum height of such room shall not be less than 360 centimeters.

- **Drinking water**

Section 58(1) of the new labour law provides for an effective arrangement of sufficient supply of wholesome drinking water conveniently located at suitable point for all workers. The section further provides for the following

(2) The word "*Drinking water*" shall be legibly marked on the place;

(3) Cooling the drinking water in a factory during the hot weather where more than 250 workers are employed;

(4) Oral Re-hydration Therapy for the workers, working close to the machine producing excessive heat.

- **Lighting**

Section 57(1) of the new labour law provides for the arrangement of sufficient and suitable lighting of natural or artificial or both. The section further provides for the following:

(2) Glazed windows or skylights shall be kept clean on both the pouter and inner surface free from obstructions;

(3) Provisions shall be made

(a) to prevent glare either directly from any source of light or by reflection from a smoothened or polished surface;

(b) Provisions shall be made for the prevention of the formation of shadow to such extent as to cause eye strain or risk of accident to any worker.

- **Latrines and urinals**

Section 59 of the new labour law makes the provisions of the latrines and urinals for the workers employed in a particular factory. The section provides for the following:

a) Sufficient number of latrines and urinals located at convenient places and accessible to all the workers
b) Separate arrangements for male and female workers
c) Properly illuminated and ventilated and sufficient supplied with water at all times
d) Clean and sanitary condition be maintained by detergents or disinfectants or with both.

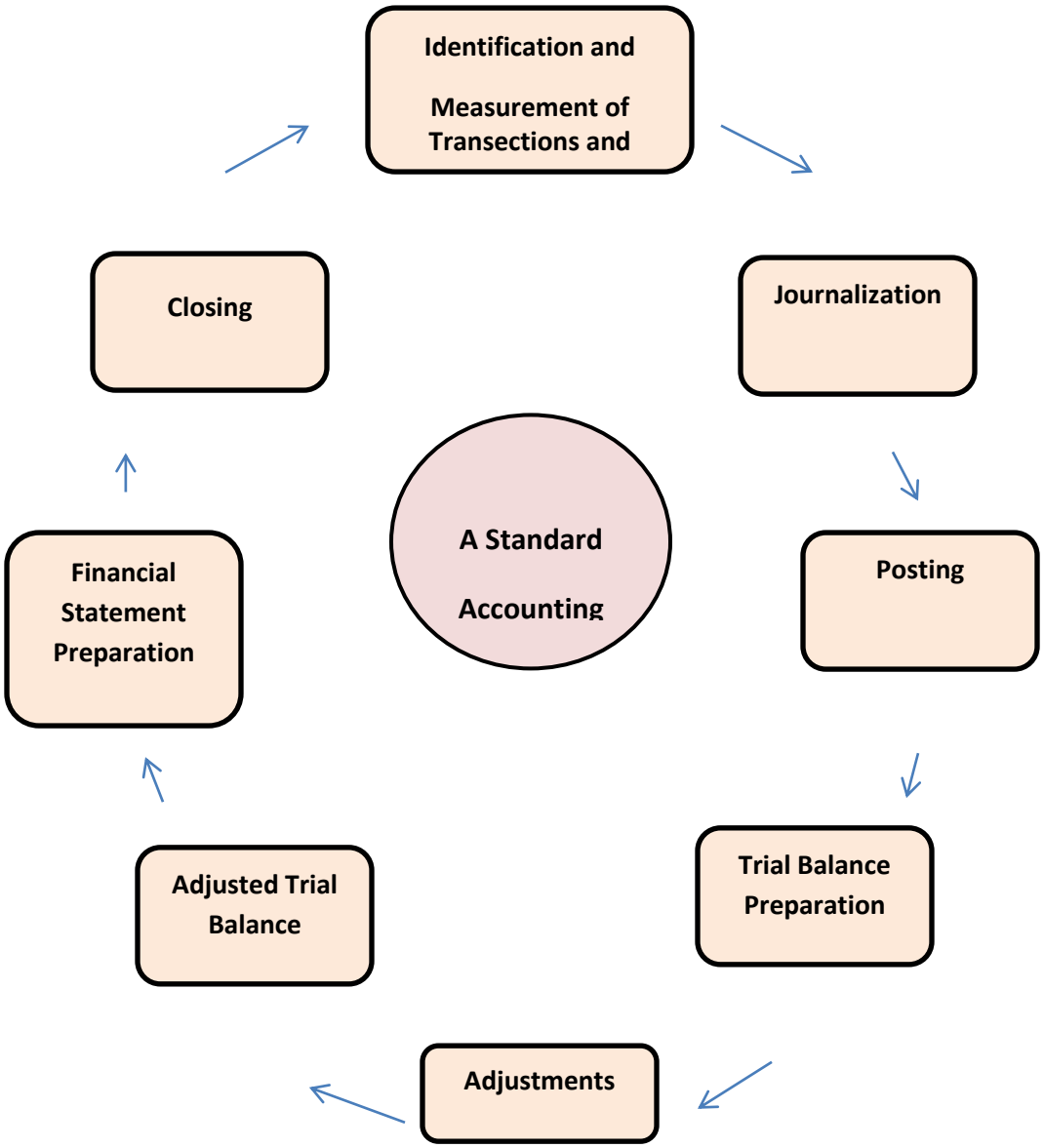
Chapter-05

Data Collection & Findings

5.1: Accounts Maintaining Process of RMG Transport System

Financial accounting is the process that culminates in the preparation of financial report on the organization as a whole for the use by both internal and external parties. Users of those financial reports include investors, creditors, managers, unions and governments agencies. However, managerial accounting is the process of identifying, measuring analyzing, and communicating financial information needed by management plan, evaluate and control an organization's operations.

A standard accounting cycle:



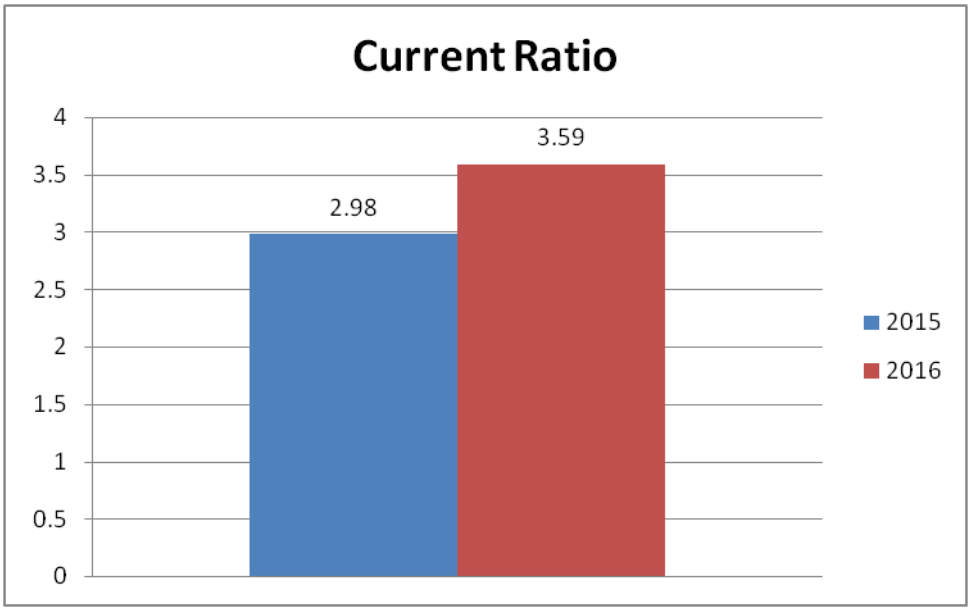
When the steps have been completed, the sequence starts over again in the next accounting period.

5.2: Accounting Software: Troyee-Enterprise

RMG Transport System accounts department uses accounting software as well as computerized software is a **Troyee-Enterprise** which is a package software. All accounting essence and modules set up in this software only user input data and it can automatically process and provide results. It has various module through it can give financial results. They are:

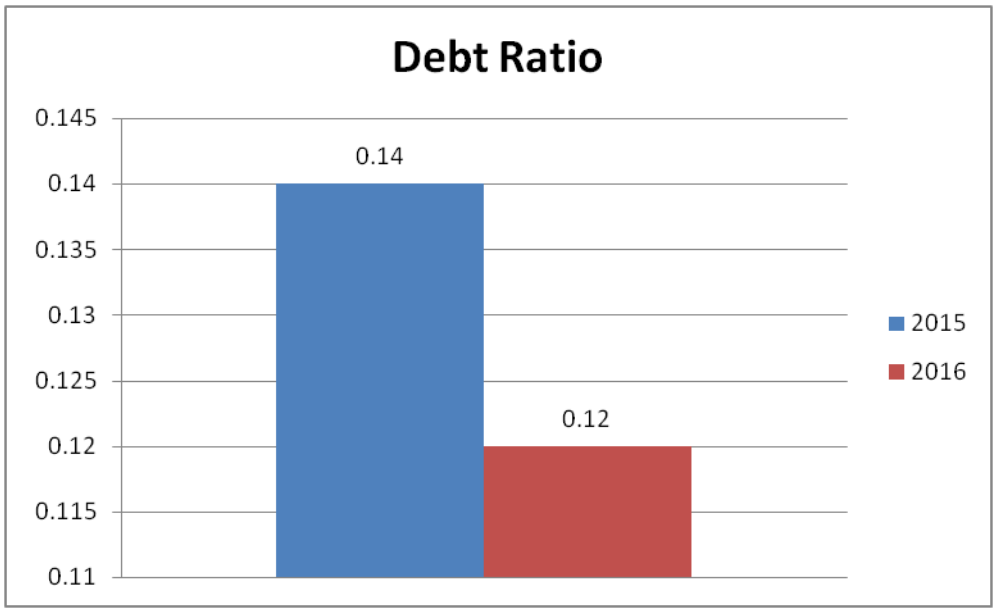
Ledger, Cash Book, Bank Book, Day Book, Group Summary, Voucher Register, Trial Balance Trading Account, Profit and Loss Account/Income & Expenditure Account, Receipts and Payment Account Balance Sheet, Bank Reconciliation, Post date Cheque Register.

5.3: Current Ratio and Debt Ration Analysis



Explanation: The current ratio measures a company's current assets against its current liabilities. The current ratio indicates if the company can pay off its short-term liabilities in an emergency by liquidating its current assets. A low current ratio indicates that a firm may have a hard time paying their current liabilities in the short run and deserves further investigation. A

ratio of 2:1 or higher is considered satisfactory for most of the companies but analyst should be very careful while interpreting it. We can 2015 & 2016 ratio is higher than Current liabilities and gradually this institution increase current asset against their liabilities.



Explanation: The debt ratio is shown in decimal format because it calculates total liabilities as a percentage of total assets. As with many solvency ratios, a lower ratio is more favorable than a higher ratio. The debt ratio is a fundamental solvency ratio because creditors are always concerned about being repaid. When companies borrow more money, their ratio increases creditors will no longer loan them money. Companies with higher debt ratios are better off looking to equity financing to grow their operations. So we gave found that this institution ratio low. According year 2015 & 2016 ratio is 0.14 & 0.12 so it is a positive sign of this institution.

5.4: Activities Undertaken by Accounts Department of RMG Transport System

The Organization receives income from several sources including student fees and donations and spends them on furtherance of academic activities and research. It is essential for the Institute to maintain an effective accounting system to satisfy the requirements of University Grants Commission, donors and different regulatory bodies. A set of guidelines is needed to recognize/record transactions according to standard procedures and produce required reports.

5.5: Objectives:

The Accounts manual is intended to:

1. Describe the systems and procedures that will guide the financial personnel and help them fulfill accountability requirement.

2. Establish a uniform accounting record keeping system across the sections/departments of the institute.

3. Ensure compliance of the requirements of Bangladesh Accounting Standards (BAS).

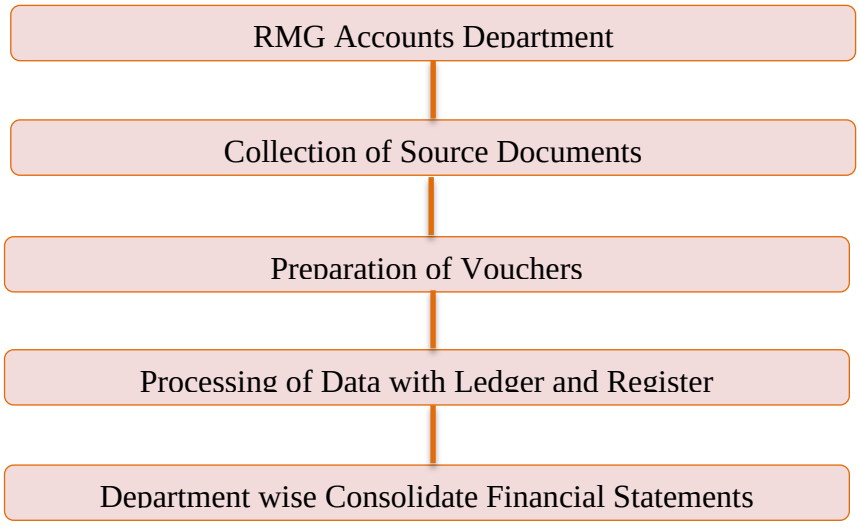
4. Guide utilization of fund effectively.

5. Assist Institute management by way of giving necessary financial information through proper system.

5.6: Overview of Accounting System

5.6.1: Flowchart of Accounting Function:

RMG Transport System is one of the quality education providers in Bangladesh. It operates through academic departments and all incomes and expenses are related to departments. The flow chart of accounting activity of RMG Transport System is shown below:



5.6.2: Summary of Significant Accounting Policies

RMG Transport System prepares its financial statements on a going concern basis, under the historical cost convention. It follows the modified accrual basis of accounting for key income and expenditure items.

The significant accounting policies followed in the preparation and presentation of financial statements are summarized below.

5.7: Basis of Presentation of Financial Statements

RMG Transport System maintains its books of accounts and records on the basis of departments, that is, each department is looked upon as a separate accounting entity having separate set of books. The Accounts department maintains records of all accounting, investment and management functions. All cash balances, including those meant for departments are held at one place and spent for or transferred to departments as required.

Financial statements reflect the collection, tabulation, and the final summarization of the accounting date. Four statements are involved:

1. Balance sheet
2. Income statement
3. Statement of cash flows and
4. Statement of retained earnings

Balance sheet shows the financial condition of the company at the end of the period whereas income statement measures the results of operation during the period. Then, the statement of cash follows reports the cash provided and used by operating, investigating and financial activities during the period. Finally, the statement of retained earnings reconciles the balance of the retained earnings account from the beginning to the end.

5.8: Revenue Recognition:

Revenue represents invoiced value of academic tuition fees and charges. Revenue is recognized when services rendered to the recipient. Invoices where made after satisfying the following conditions as prescribed by BAS 18 "Revenue Recognition".

(i) Significant risk and reward of ownership associated with the service rendered is transferred to recipient;

(ii) The amount of revenue was measured reliable;

(iii) It was probable that the economic benefits relating to the transactions will flow to the university.

5.8.1: Students' tuition fees:

Revenue is recognized on accrual basis.

5.8.2: Students' fees – other:

Includes admission fees, semester fees, fines etc. Revenue is recognized on accrual basis.

5.8.3: Sale of materials:

Revenue is recognized on cash basis.

5.8.4: Interest on bank account and fixed deposits:

Revenue is recognized as the interest accrues unless collectability is in doubt.

5.8.5: Other income:

All other incomes are recognized when RMG Transport System right to receive such income has been reasonably determined and all conditions precedent are satisfied. Other incomes are recognized on cash basis.

5.9: Expense

Expenses arise from goods and services being distributed to beneficiaries in accordance with the academic and research objectives and activities. RMG Transport System administrative expenses are allocated to various departments. Each department's share is calculated according to the aggregated number arrived by multiplying courses offered by it by the number of students.

5.9.1: Accounts Receivable:

Accounts receivable arise principally from providing services to students. Accounts receivables are recognized when they are due.

5.9.2 Employee Gratuity and Redundancy Fund

RMG Transport System makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed year's of service for each permanent employee (based on the latest basic salary). For accounting purpose the provision is made on a monthly basis. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made in the event of cessation of service from RMG TRANSPORT SYSTEM on grounds of redundancy.

5.9.3: Cash and Cash Equivalents:

Cash and Cash Equivalents include Cash in hand and cash at banks which are held and available for use by the University without any restriction. Cash and cash equivalents for the purposes of the statement of cash flows comprise cash and bank balances and un-pledged fixed deposits, against which bank overdrafts, if any, are deducted.

5.9.4: Bill-Voucher Preservation

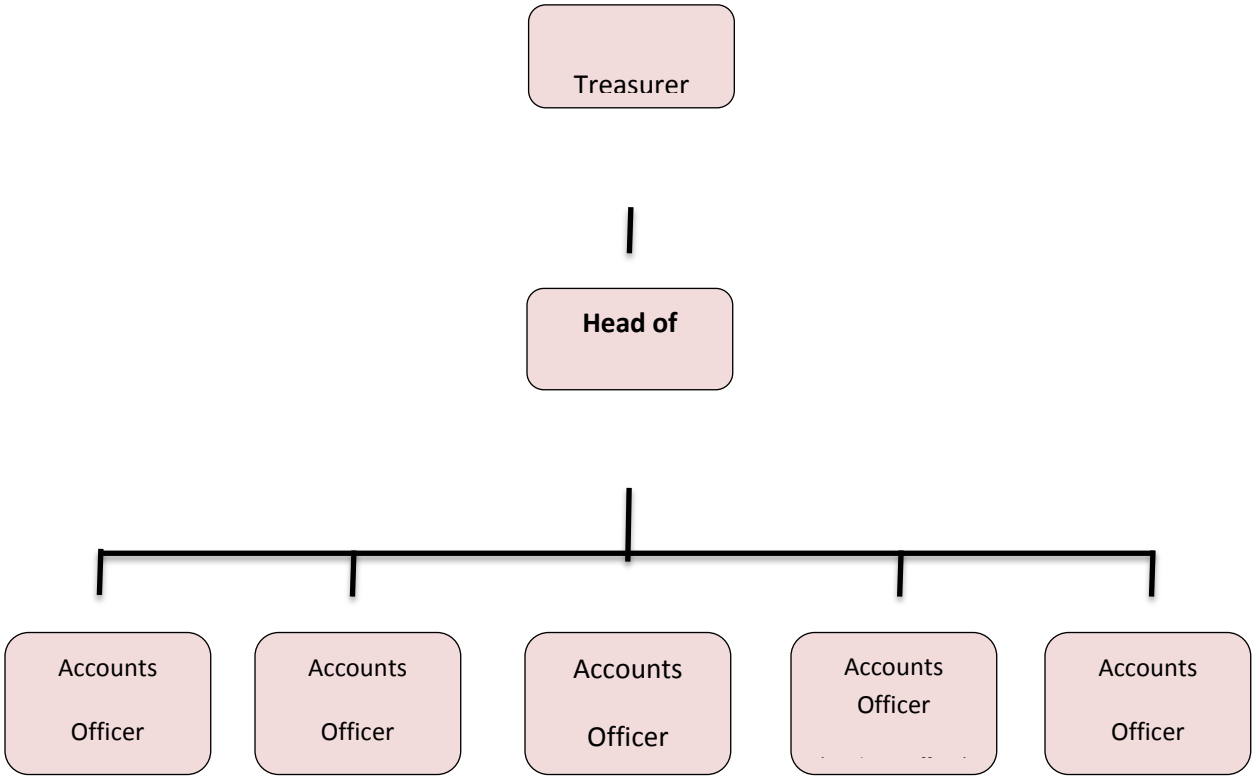
Except any legal and regulatory documents like deeds, agreements, books and records related to Income Tax, VAT, or any other legal documents which might be needed in future, all other

documents, vouchers, bills, files, or registers shall be destroyed after of 5 (five) years. A committee will effect the disposal. A list of documents destroyed shall be preserved.

5.10: Sections of the Department

5.10.1: Organogram of Accounts Department:

RMG Transport System Accounts department has the following organizational structure:



Accountant bears overall responsibilities of the Accounts Department who works

Head of Accountant bears overall responsibilities of the Accounts Department who works under the direct supervision of the Treasurer. Head of Accounts work in co-ordination with V.C., Treasurer and Registrar. For smooth operation, the Accounts Department of RMG TRANSPORT SYSTEM University has following units with distinct responsibilities:

(1) General Accounts Unit

(2) Treasury Unit

(3) Students Affairs Unit

(4) General Accounting Unit, and

(5) Budget & MIS Unit

5.11: Functions of department units

5.11.1: Functions of Treasury Unit:

Treasury unit executes the following activities:

• Payment of all bills authorized by General Accounting unit.

• Receipt of cash against donation, various fees, and sales proceeds.

• Deposit of cash and cheques in banks.

• Withdrawal of cash from banks.

• Make final payment to staff/officials in the case of resignation, termination or retirement etc. (according to calculations made by the general accounts section).

• Meet up Utilities bill like gas, rent, electricity, water, telephone, Internet, Fax etc. as authorized by general accounts section.

• Administer IOU.

• Payment of scholarship to students according to the approved list.

• Act as custodian of money Receipt and other forms and registers used by the section.

• Preserve paid vouchers.

5.11.2: Functions of General Accounting Unit:

General Accounting Unit performs the following functions:

• Control operation of RMG TRANSPORT SYSTEM Bank Accounts.

• Prepare all vouchers including journal vouchers for internal transaction, transfer or any other provisions.

• Maintain effective operation of the computerized accounting packages.

• Prepare Bank Reconciliation Statement.

• Produce department-wise financial statements at the end of every month and preserve hard copies in file.

• Maintain consolidated financial statements on monthly basis.

• Reconcile inter department transactions.

• Maintain books, registers and documents required for smooth functioning of accounts section.

• Coordinate Annual External Audit and work with internal auditors.

5.11.3: Functions of Payroll Unit

Payroll unit performs the following functions:

• Collect relevant information from HR and other departments/sections on salary and benefits, leave availed without pay, deductions etc. required for payroll preparation.

• Input all required information in the Payroll software.

• Prepare and check salary register.

• Advice banks to transfer net salary to individual staff.

• Prepare, check and distribute pay slips.

• Maintain and preserve all records and information related to payroll.

• Maintain the Payroll software.

5.11.4: Functions of Students Affairs Unit

The Students Affairs Unit is responsible for:

• Receive Students Invoices raised by the Registrar Office for admission.

• Set up student's database in Students Account software based on information on Register's office advice.

• Receive collection slips from bank showing deposit of admission fees.

• Receive invoice raised by faculty on the basis of course chosen by students.

• Input invoice information in Students Accounts software.

• Receive copy of collection slip from bank.

• Input information about money received based on the collection slip.

• Keep all information regarding students payments, receipts dues etc.

• Preserve all records relating to various functions performed by the unit.

• Maintain contact with registrar office and departments for relevant information and clarification.

• Maintain students' scholarship policy and disburse scholarship to students.

5.11.5: Functions of Budget and MIS Unit:

Budget and MIS Unit performs the following functions:

• Prepare budgets for individual departments with the help of concerned Departmental Coordinator Officer (DCO).

• Monitor budgets; calculate variances and identify causes of major variances in consultation with budget holders.

• Implement recommendations of internal and external auditors.

Chapter-06

Findings, Recommendation & Conclusion

5.1 Findings:

The findings related to the RMG (Ready-Made Garment) Transport System can vary depending on the specific research or analysis being conducted. These findings are typically derived from data collection, surveys, interviews, and various research methods. Here are some common findings that might emerge from studies or analyses of the RMG Transport System:

- Market Trends: Analysis of market trends in the RMG industry, such as shifts in demand for specific garment types or styles, emerging markets, and changing consumer preferences.
- Production Efficiency: Assessment of production efficiency within the RMG Transport System, including factors like production rates, workforce productivity, and process optimization.
- Supply Chain Performance: Evaluation of supply chain performance, including the reliability of suppliers, inventory management, and transportation logistics.
- Quality Control: Findings related to the quality of RMG products, including defects, rejection rates, and compliance with quality standards.
- Export and Trade Data: Analysis of export data, including information on export destinations, volumes, and the impact of trade agreements or tariffs on RMG exports.
- Financial Performance: Financial findings, such as revenue growth, profit margins, and cost control measures within RMG Transport System companies.
- Labor and Workforce: Insights into the labor force within the RMG Transport System, including employment levels, worker demographics, wages, and labor rights compliance.
- Technological Adoption: Findings regarding the adoption of technology and automation in the RMG Transport System, including the impact on efficiency and competitiveness.
- Sustainability Practices:
- Assessment of sustainability initiatives and environmental practices within the RMG Transport System, including reductions in energy consumption and carbon emissions.
- Regulatory Compliance: Findings related to compliance with government regulations, labor standards, safety regulations, and any legal or compliance issues.
- Social Responsibility and Ethical Sourcing: Insights into ethical sourcing practices, corporate social responsibility (CSR) initiatives, and efforts to improve labor conditions and workers' rights.

- Competitive Analysis: Comparative analysis of RMG Transport System companies in terms of market share, pricing strategies, and competitive advantages.

- Challenges and Opportunities: Identification of challenges faced by the RMG Transport System, such as infrastructure limitations, traffic congestion, and economic fluctuations, as well as opportunities for growth and improvement.
- Government Policies and Incentives: Analysis of government policies, incentives, and regulatory frameworks that impact the RMG Transport System.

These findings provide valuable insights for industry stakeholders, policymakers, and businesses within the RMG Transport System. They help inform decision-making, strategic planning, and policy development aimed at improving the efficiency, competitiveness, and sustainability of the sector. Researchers and analysts often use a combination of quantitative and qualitative methods to gather and analyze data to generate these findings.

6.2 Recommendation :

Recommendations for improving the RMG (Ready-Made Garment) Transport System in Bangladesh or any other region should focus on enhancing efficiency, sustainability, safety, and compliance within the industry. Here are some key recommendations:

- Invest in Infrastructure:

Improve road networks, transportation hubs, and facilities to reduce traffic congestion, transportation delays, and improve overall logistics efficiency.

- Adopt Technology:

Embrace technology solutions such as GPS tracking, fleet management systems, and real-time monitoring to optimize route planning, reduce fuel consumption, and enhance security.

- Eco-Friendly Transportation:

Promote the adoption of eco-friendly vehicles, such as electric or hybrid trucks, to reduce carbon emissions and contribute to environmental sustainability.

- Safety Measures:

Implement strict safety measures and regulations for RMG Transport System vehicles to reduce accidents and ensure the safety of workers and the public.

- Training and Skill Development:

Provide training and skill development programs for RMG Transport System workers to improve their efficiency and professionalism.

6.3 Conclusion:

In conclusion, the Ready-Made Garment (RMG) Transport System is a vital component of the global textile and apparel industry. It plays a critical role in the efficient movement of raw materials, components, and finished garments, contributing significantly to the industry's success and economic growth. Here are some key takeaways from our discussion. The RMG Transport System is crucial for the economic development of regions heavily involved in RMG production and export, such as Bangladesh. It contributes to employment generation, export earnings, and overall economic growth. While the RMG Transport System faces challenges like traffic congestion, infrastructure limitations, and compliance issues, it also presents opportunities for improvement, especially through technology adoption, sustainability practices, and collaboration. Sustainability is becoming increasingly important within the RMG Transport System, with a focus on eco-friendly practices, energy efficiency, and carbon footprint reduction. Innovation in logistics and transportation technologies is key to achieving sustainability goals. Global Supply Chain Integration. The RMG Transport System often operates as part of a global supply chain, emphasizing the need for seamless coordination and efficient logistics to meet international demand. Compliance and Social Responsibility, Ethical sourcing, labor rights compliance, and corporate social responsibility initiatives are integral to the industry's reputation and success. Government and Industry Collaboration, Effective collaboration between government agencies, industry associations, and businesses is essential to address common challenges and promote industry growth.

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