Internship Report

on

“Accounts Maintaining Process of RMG Transport System”

Submitted by:

Md. Nayem

ID: BBA2103024045

Program: Bachelor of Business Administration

Major: Accounting

Department of Business Administration

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

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

Sonargaon University (SU)

147/1 Green Road, Panthopath, Dhaka

Date of Submission: 30th August, 2025

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Submitted for the partial fulfillment of the degree
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LETTER OF TRANSMITTAL

Date: 30th August, 2025

Shafiqul Islam
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Sub: Submission of the Internship Report on **"Accounts Maintaining Process of RMG Transport System"**

Dear Sir,

I am submitting my internship report titled **"Accounts Maintaining Process of RMG Transport System"** I have tried my best to find out the current situation of real estate sector in Bangladesh and its Accounting Practice. Please pardon me for any kind of mistake in this report. It was not possible for an individual to complete this report without your motivation and cooperation toward me; I would not be able to complete this report.

I sincerely hope that you will get current scenario of real estate developments and Accounting Practice. I have acquired the valuable experiences through this project report under supervision of you. I would like to thank you and the University for giving me the opportunity to do project and for helping me to prepare the report.

If you have any further queries regarding the report, please inform me.

Thank you

Sincerely yours,

_____

Md. Nayem
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DECLARATION OF STUDENT

Actually, this report is submitted as a fulfillment of the requirement of Bachelor of Business Administration degree. I am **Md. Nayem** hereby declare that the work presented in this report titled **"Accounts Maintaining Process of RMG Transport System"** has been carried out by me and has not been previously submitted to any other University, College or Organization for any academic qualification, certification, diploma or degree.

_____

Md. Nayem
ID: BBA2103024045
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Major: Accounting
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LETTER OF AUTHORIZATION

The internship report titled **"Accounts Maintaining Process of RMG Transport System"** submitted as partial requirement of BBA degree at Sonargaon University (SU). This report has been prepared by **Md. Nayem,** ID: BBA2103024045, Program: BBA (Major: Accounting), Department of Business Administration, Sonargaon University (SU) under my supervision and guidance. The data and findings presented in the report seem to be authentic. Thus the internship report has been approved for presentation.

I wish him every success in life.

_____

Shafiqul Islam
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ACKNOWLEDGEMENT

First of all, I would like to express my deepest gratitude to the Almighty Allah, the Most Gracious and the Most Merciful, who has blessed me with the ability, patience, and strength to complete this internship report successfully. Without His divine guidance and blessings, it would have been impossible for me to overcome the challenges and difficulties I faced during this journey.

I would like to express my profound respect and sincere appreciation to my honorable supervisor, **Mr. Shafiqul Islam,** Lecturer, Department of Business Administration, Sonargaon University (SU), for his constant guidance, valuable suggestions, and encouragement throughout the preparation of this report. His constructive advice and insightful comments have been an immense source of motivation and inspiration for me. Whenever I encountered difficulties in collecting data, analyzing information, or understanding the structure of the report, he provided me with the proper direction and solutions. His patience, expertise, and generous cooperation have truly enriched my learning experience and made the completion of this report possible.

I am also deeply grateful to the faculty members, colleagues, and well-wishers who directly or indirectly contributed to the successful completion of my internship and this report. Their kind support, assistance, and encouragement have played a vital role in making my work easier and more meaningful.

Finally, I would like to acknowledge my heartfelt gratitude to my family members and friends, whose constant support, prayers, and moral encouragement have always been with me. Their motivation has given me the strength to remain focused and dedicated throughout this period.

In conclusion, I would like to thank everyone who, in one way or another, has helped me prepare this internship report successfully.

EXECUTIVE SUMMARY

The accounts maintaining process of the Ready-Made Garments (RMG) transport system plays a critical role in ensuring financial transparency, operational efficiency, and regulatory compliance. As the RMG sector remains a cornerstone of Bangladesh's economy, an effective transport system is essential for timely delivery of goods from factories to ports and buyers. This requires a robust and systematic accounting process that manages daily transactions, monitors expenses, and supports decision-making.

The process begins with the documentation of each transport order, including trip schedules, vehicle details, fuel allocations, and freight charges. Accounts personnel record these transactions using accounting software or ledger systems, ensuring each entry is properly categorized under income, operational costs, maintenance, salaries, fuel, tolls, and miscellaneous expenditures. Revenue collection is primarily based on service contracts or trip-based charges with RMG factories and exporters. Each payment is invoiced, and the receivables are tracked rigorously. Expenses, on the other hand, include fuel usage, driver wages, vehicle maintenance, insurance, and route tolls. All receipts and vouchers are collected, verified, and reconciled monthly to avoid discrepancies.

To maintain financial discipline, the transport system often follows a centralized accounting policy with periodic audits, budget forecasting, and financial reporting. These ensure the transport system remains financially viable and capable of handling peak shipping demands without compromising service quality. Additionally, digital integration is increasingly adopted to automate payroll, GPS-linked fuel tracking, and route optimization, reducing human error and operational leakage. Compliance with tax regulations, VAT submission, and financial disclosures are also integral parts of the system.

In summary, the accounts maintaining process in the RMG transport system ensures accountability, cost control, and operational transparency, thereby contributing to the sustainable and timely export of garments — a vital driver of the national economy.

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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. Board of Objectives

- 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

Literature Review

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.

The literature on accounts maintaining processes within the Ready-Made Garments (RMG) transport system in Bangladesh converges on a few core themes: trip-level cost visibility, documentation integrity, compliance with tax and trade procedures, and the integration of transport data with enterprise accounting. Scholars and industry manuals describe transport accounting as the systematic recording of all costs and revenues associated with moving raw materials to factories, inter-plant transfers, and finished goods to ports and buyers. A central finding is that trip or job costing is the atomic unit of accuracy: each consignment or route assignment is opened as a “job,” against which fuel, tolls, advances, per-diems, maintenance

allocations, and accessorials (such as detention and demurrage) are posted. This job-level granularity enables post-trip profit-and-loss analysis and feeds performance dashboards such as cost per kilometer, on-time delivery, and empty return ratios.

A consistent concern in the literature is source-document discipline. The transport context depends on trip sheets, driver logbooks, gate passes, delivery challans, proof-of-delivery (POD), fuel slips, and toll receipts. Studies emphasize three-way matching among trip orders, PODs, and invoices to reduce revenue leakage, while audits frequently target reconciliation between fuel slips and odometer readings to deter pilferage. Where fleets are outsourced, vendor bills must be tied to electronic waybills and GPS trip traces to validate distance and waiting time. Maintenance accounting is another strand: vehicle history files accumulate service events, parts consumption, and workshop labor; these are capitalized or expensed according to policy and often allocated to trips using standard rates. The use of preventive maintenance schedules is associated with smoother expense recognition and fewer exceptional repairs that distort trip costs.

Compliance requirements are particularly salient in export-driven RMG logistics. VAT treatment on transport services, withholding tax on contractor payments, and documentation for bonded warehouse movements create a high paperwork burden. The literature notes that standardized chart-of-accounts structures—separating in-house fleet costs from third-party freight, and isolating accessorials—improve compliance reporting and enable more precise cost-to-serve analyses by buyer, route, and incoterm. At export gateways, detention, demurrage, and port charges must be captured promptly to avoid margin erosion. Researchers also point to the value of accruals for unbilled shipments at month-end, using POD dates and gate-in/gate-out events to estimate liabilities and revenue cutoffs.

Chapter-03

Organizational Overview

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.

3.2. 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.

3.3. 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.

3.4. 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.

3.5. 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.

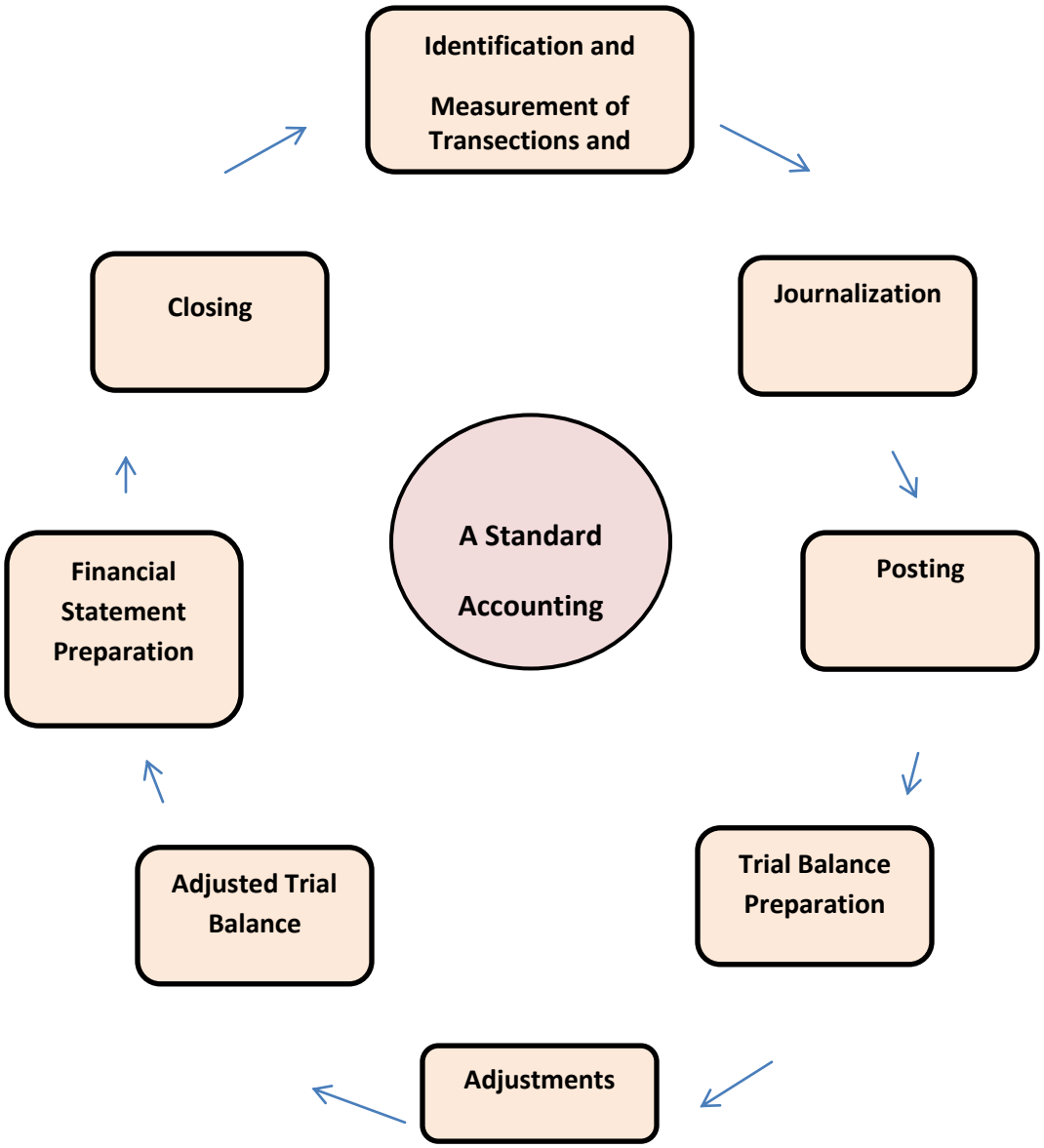
Chapter-04

Accounts Maintaining Process of RMG Transport System

4.1: 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:



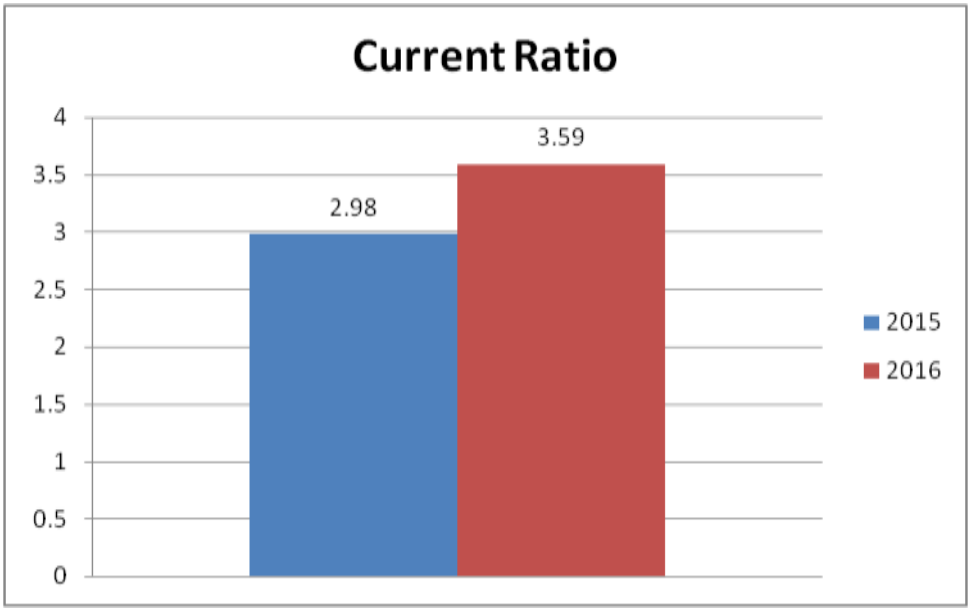
When the steps have been completed, the sequence starts over again in the next accounting period.

4.2: 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:

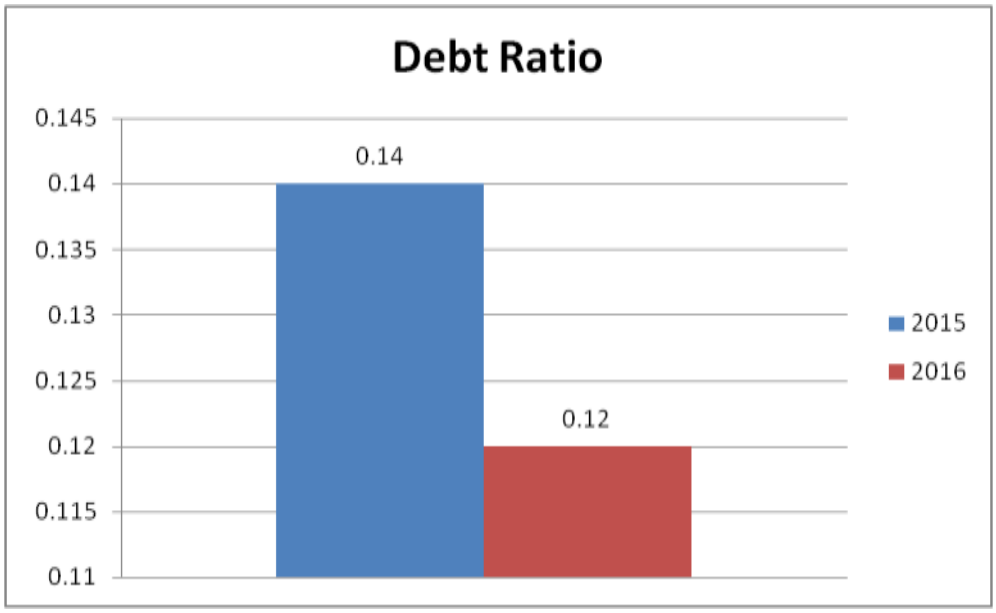
Ledger, Cash Book, Bank Book, Day Book, Group Summary, Voucher Register, Trial Balance Trading Account, Profit and Loss Account/Income & Expenditure Account, Receipts and Payment Account Balance Sheet, Bank Reconciliation, Post date Cheque Register.

4.3: 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.

4.4: 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.

4.5: 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).

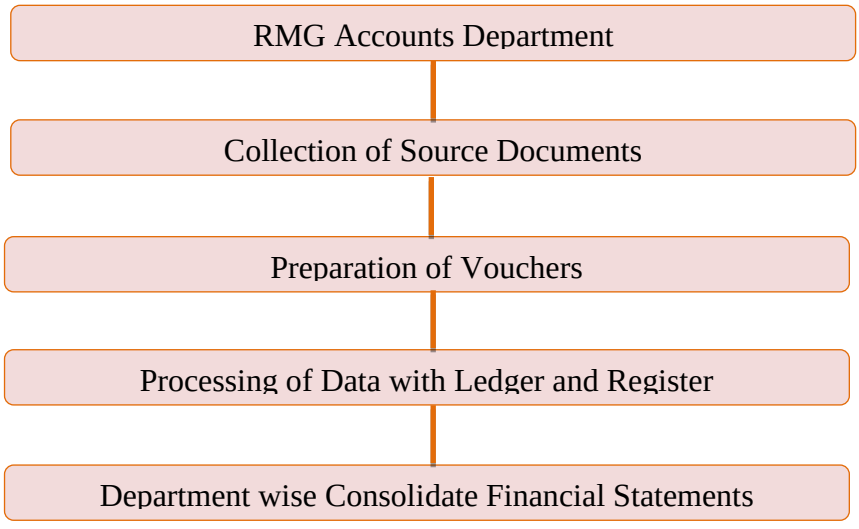
4. Guide utilization of fund effectively.

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

4.6: Overview of Accounting System

➢ **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:



- **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.

4.7: 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.

4.8: 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.

- **Students' tuition fees:**

Revenue is recognized on accrual basis.

- **Students' fees – other:**

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

- **Sale of materials:**

Revenue is recognized on cash basis.

- **Interest on bank account and fixed deposits:**

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

- **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.

4.9: 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.

- **Accounts Receivable:**

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

- **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.

- **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.

- **Bill-Voucher Preservation**

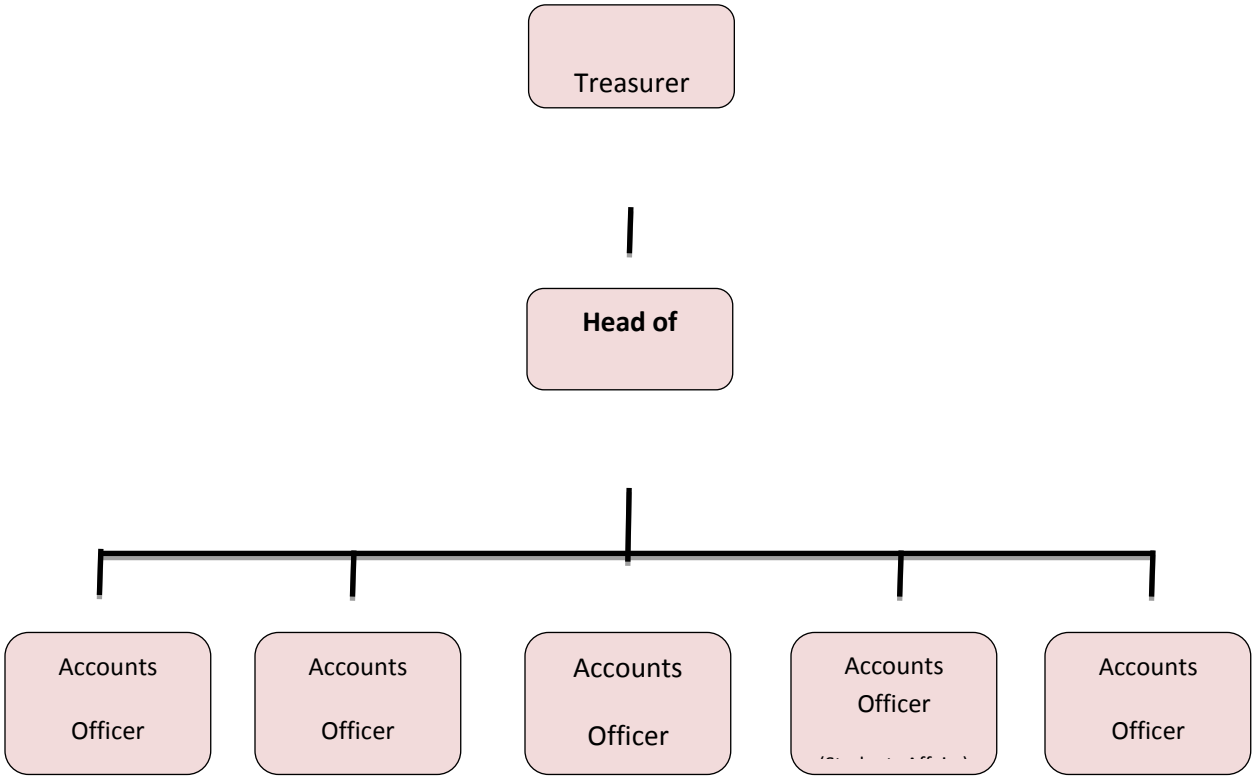
Except any legal and regulatory documents like deeds, agreements, books and records related to Income Tax, VAT, or any other legal documents which might be needed in future, all other

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.

4.10: Sections of the Department

- **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

4.11: Functions of department units

- **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.

- **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.

- **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.

- **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.

- **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-05

Findings

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.

Chapter-06

Recommendations & Conclusion

6.1 Recommendations :

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.

6.2 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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