

# A Study on the Problems Faced by Customs House Agents in Import and Export Clearance by Sea & Airways

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## ABSTRACT

The challenges encountered by Customs House Agents (CHAs) during import and export clearance through sea and air routes are examined in this study report. Investigate the root cause of poor customs clearance operations and devise a solution. The study aims to do that. Through a comprehensive literature review and empirical evaluation, this study highlights numerous challenges that impact CHAs, including bureaucratic red tape, complex regulations, limited technology, procedural delays, and operational inefficiencies. In addition to increasing costs and decreasing customer satisfaction, these issues impact timely cargo clearance. The study employs both quantitative and qualitative methods to gather information from important stakeholders, government officials, and practitioners in the field. Methods like this encompass data analysis, surveys, and interviews. The study reveals that CHAs encounter significant issues at many stages of the import and export clearance procedure, and it gives an explanation for these issues as well as their implications. Not only does the study detail the issues and their remedies, but it also suggests overall ways to enhance customs clearing procedures. These suggestions encompass digitalization projects, capacity development, regulatory reforms, stakeholder engagement, process optimization, and an improved business climate for CHAs by streamlining clearance procedures and reducing bottlenecks.

**Keywords:** Customs House Agents (CHAs), Import Clearance, Export Clearance, Sea Freight, Air Freight, Regulatory Complexities, Documentation Errors, Technological Limitations, Infrastructure Inadequacies, Bureaucratic Delays, Compliance Issues, Supply Chain Dynamics.

## INTRODUCTION

Maritime transportation may be a crucial component of a rural area's social and economic development plan. The rapidity, structure, and organization of the country's water transportation system are symbolized by it. The Ministry of Shipping oversees the shipping and port industries, which also include shipbuilding and repair, major ports, national waterways, and inland water transport. The responsibility for formulating and carrying out policies and programs related to these issues lies with the ministry. India is currently the sixteenth most maritime nation in the world, with a coastline of 7,517 km, twelve large ports (12 public and 1 private), and more than 200 smaller ports spread over the country's eastern and western regions. The majority of India's trade—95% by volume and 70%

by value—occurs via maritime commerce, according to the government. The shipping sector and international trade have been greatly enhanced by the opening of global markets and other recent economic reforms. Seaports and trade routes were both impacted by these advancements, either positively or negatively.

The last half-century has seen tremendous change in the water transportation industry. International trade has been growing at a faster rate than global output. International trade has been growing rapidly due to a number of worldwide strategies. The rate of economic development of a nation is determined by the availability of resources, and therefore, by extension, its production capability. The capacity to transport goods from one place to another is an

essential part of production capability. In today's economy, marked by mass production, goods must be supplied in one of two states: highly semifinished or finished. Such is territorial specialization, which has many benefits, including making coastal and international trade more visible. Transportation networks on land and in the air in these two regions can learn a lot from the maritime transportation network. The development of India's port infrastructure has been crucial to the country's economic progress.

### REVIEW OF LITERATURE

According to Kirubakaran (2012), custom housing agents try to implement current operations through various transportation options. The educational program that the association provides its members is vital to their success, according to the author of the article on custom real estate broker associations that Kumar and Mukherjee (2014) investigated. According to Taneja, Bimal, and Dayal (2016), there is a stubbornness around the port's procedures for handling delivery orders from custom real estate agents to the instruments freight station. In their 2014 chat, Gupta and Dasgupta discussed the Bombay custom housing organization. He touched briefly on topics including education, law and order, and business operations in his report. Shareef (2014) examines the history of problems at midland instrumentation depots, freight terminals, and warehouses as they pertain to the concerns raised by the associations of custom house agents in Andhra Pradesh's import/export trade industry. Argyrou (2014) reported on the activities and successes of the custom-house agent association from the previous year and documented the command's annual general meeting in the city. In his article, Kannan (2008) emphasized customs real estate brokers. The main target teams' members and moderators were selected using a mix of victimization judgment sampling, quota sampling, and snowball sampling. While service fee (SC) is the most important factor overall, data updates (UK) are only considered a secondary consideration. Customs personnel should advocate for the preservation and expansion of international trade, according to studies conducted by Logannathan

(2009). Therefore, it should help small business owners by addressing their fundamental requirements, like reducing the tax on imported machinery, raising negative rates, and providing accurate paperwork. The burdensome paperwork and customs procedures can still be an issue, even though there will be a large migration of commodities from our country to another in 2011. Furthermore, companies want unambiguous rules. In order to save time and money, automating customs processes reduces the amount of paperwork that needs to be created, handled, stored, and dispatched (Deneesh, 2009). A foundational element of electronic data exchange (EDI) is the integrity and formality of contracts. This expedites the process of customs clearance. For example, there is no longer any need to submit paper invoices, packing lists, bills of lading, etc. Paperless paperwork should be an option. It is critical that records stay intact in the workplace of importers, exporters, and CHA for at least a certain amount of time so that they may be easily verified by the appropriate authorities. Without a doubt, Indian Customs Clearance has seen tremendous improvements because to the EDI system. Still, a mental change on the part of cops and businesses toward EDI is necessary for the current trend to continue. Despite being a reality in theory, EDI cannot be implemented to a substantial degree until we overhaul our entire operating system, methodologies, and procedures. Shefali Tiwari and Shuchi Khandel (2010) set out to do the following main things with their study:

1) to gain knowledge of the Indore area's CHA problems and 2) to find out whether the specific issues are related to the agent's age, level of education, and occupation. The results of this study support the following null hypothesis: First Hypothesis: Outdated concepts have little bearing on the issues faced by the shipping agents. No substantial difference is seen between employment agents and shipping agents with respect to the impression of round-faced concerns during shipping, according to Hypothesis 2. Qualifying has little bearing on shipping brokers' perceptions of difficulties (H03). They are Bhagat Singh and Sanjeet Kaur as of 2011. To answer the issues stated by respondents, this

essay takes into consideration and analyzes several factors. Using a variety of methods, this study revealed a multitude of interpretations derived from the data:

1. Although all of the characteristics considered in this study are important, some were found to be more influential in the challenges of export transit. Some of these factors include long lines at customs, heavy traffic at various ports, a plethora of paperwork required for export clearance, postponements in projects, partiality towards large exporters, unprofessional government officials, bad property, and infrastructure issues. Kirubakaran J. Paul Sundar (2012) states that effective logistical operations facilitate many stages of the product life cycle. This study aims to address the following questions by utilizing empirical observation. The goals of this research are to provide a concise overview of Custom House Agents (CHAs), explore their functions within the maritime trade, gain insight into their points of view, and ultimately suggest ways that India might improve its maritime trade by making better use of ocean transportation. It was 2012 when Rupin S. Parikh The scientist stresses the significance of custom house agents in international trading of products in this essay. In this context, "he" means someone who lacks the requisite inherited authorization to act as an agent for a business engaging in transportation, commerce, or the importation of commodities through any customs station. Trading on a global scale is complex, and most businesses just don't have the manpower or expertise to learn all the rules and regulations that govern it. So, they choose someone else to act as their legal representative. Nevertheless, the CHA's operations are overseen by the government organization responsible for custom real estate broker licensing regulations.

## RESEARCH METHODOLOGY

### Need for the study

Customs house agents' work efficiency and effectiveness are impacted by many difficulties. Despite the prevalence of difficulties in every industry, CHAs rely on customers, customs, and

shipping firms for their survival. Supply, government laws, and customs-related issues are their main focus. Since this business is primarily engaged in supply-related operations, there are numerous supply-related issues. There is no difference between any other firm and one with an associate degree in this subject when it comes to financial issues. As a result, before you export or import anything, make sure you know what problems customs house agents face. This study aims to shed light on the numerous difficulties encountered by customs house agents in India.

### Scope of the study

The study covered a lot of ground, including profiles of individuals and businesses, challenges they encounter, motivations for CHAs, import/export performance, and hazards associated with CHAs.

### Objectives of the study

- Find out what customs officials have experienced with shipping goods by air and sea, as well as the pros and cons of each

### Limitations of the study

- My research is entirely focused on issues faced by CHA.

We avoid making assumptions and instead strive to gather factual facts. In order to collect as much information as possible, particularly when dealing with sensitive topics, direct personal interviews are conducted. Some employees may have been slightly hesitant to answer the questions, which could have impacted the results. Due to time constraints, we were only able to survey a portion of the personnel; this may reflect the staff's overall attitude.

Research design

**Data collection methods**

The data collection was done through a survey.

- **Percentage analysis:**

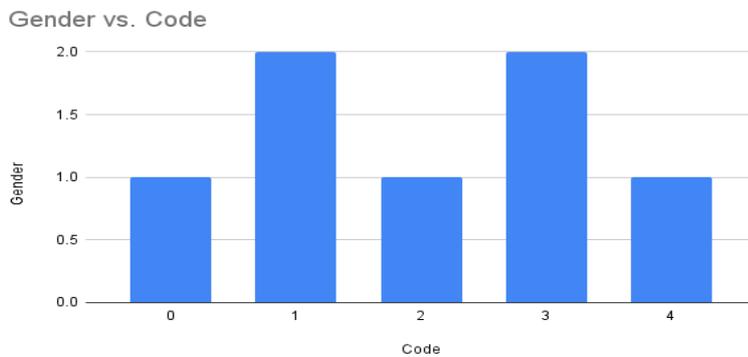
By utilizing percentage analysis, the average of the gathered data may be determined. To figure out percentages, follow these steps: We can get the percentage by tallying all of the replies, dividing that sum by the total, and then multiplying the result by 100.

The total number of respondents

For percentages, the formula is  $100 \times \frac{\text{sum of all responders}}{\text{total}}$ . A sum of all responders, the chi-square test:

The chi-square test is an excellent tool to use for comparing experimental results with theoretical and hypothesis-based expectations. These are the anticipated frequencies, which should be distributed pretty evenly throughout a specified time period.

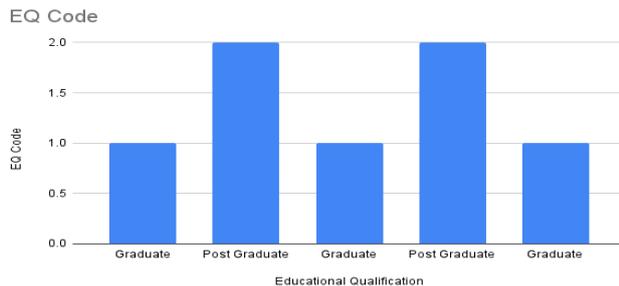
**Classification of gender**



Source – Primary data **Interpretation:**

From the above table, it is inferred that majority 76% of the respondents are Male and the rest 24% of the respondents are Female.

**Educational qualification**



Source – Primary data

**Interpretation:**

It is inferred that 16% of the respondents are SSLC, 28% of the respondents are HSC, 48% are Under-Graduates and 8% are Post Graduates.

## FINDINGS

. Of the people who took part in the survey, 44% are young adults (those under 30 years old), 26% are middle-aged (those between 30 and 40), 20% are old (those between 40 and 50), and 10% are old (those 50 and up).

The vast majority of individuals What follows is a breakdown of the respondents according to gender: 3/4 males and 1/4 females.

A quarter of the people who took the survey had a high school diploma, a third have an associate's, almost half have a bachelor's, and a small percentage have completed graduate school. . Twenty percent of the people who took part in the study had fewer than five years of experience, thirty percent have eleven to fifteen years, and fourteen percent have sixteen years or more. 5. 8% of citizens report filing less than 100 invoices monthly, 20% say between 100 and 300, 46% say between 300 and 500, and 26% say beyond 500. Half of the participants blamed delays on route traffic, whereas 6% disagreed and 8% were very adamantly against the idea. One-third of the participants are facing problems with clearing, while eighteen percent are seeing problems with payment. A total of 26% of individuals say it takes longer than three hours to process an out-of-charge request after an exam, while 44% think it takes more than an hour but less than three hours. . 5.8% of people say it takes more than 1 hour but less than 3 hours for the actual delivery of cargo after an out-of-charge request is made, and 24% say it takes more than 3 hours. After the assessment and payment of duty, 4% of respondents indicated that customs reviewed the shipment in less than an hour, while 62% said it took more than an hour but less than three hours. Logistics insurance is costly for some products that are transported by air and sea, according to 34% of respondents; nevertheless, 28% were uncertain and 8% were strongly against this.

## CONCLUSION

Better information collection capabilities—including an upgraded EDI system, fax, and email—will allow CHAs to run their businesses more efficiently. Their knowledge, language, and communication abilities need a refresher course in modern technologies. It is critical to hasten the implementation of the EDI network system at all inland container depots and ports if performance is to be enhanced. Careful measures should be implemented to forestall the possibility of loss or damage to the cargo. Make sure you have enough gear to meet the customer's periodic needs.

A rise in sales and service quality could be as simple as more frequent training for CHA staff to meet industry standards. CHAs are known for their positive growth mindset and their ability to provide clients with economical services that they are confident would bring in more customers. It is crucial to offer appropriate infrastructure facilities while boosting exports. It is necessary to modernize the port infrastructure in India. If the government were more diligent in enforcing better procedural features, more exports would likely come from locations like Chennai, a big city. The main reason prospective exporters have to deal with obstacles is because government personnel are not serious or diligent. There needs to be an immediate system reform to tackle the primary problem of poor connectivity in the Chennai area. Additionally, our exporters are unable to achieve their deadlines for clearing shipments and contacts due to the lengthier processing durations. Most exporters encounter paperwork-related problems when passing through customs. Common problems that arise during clearance include inaccurate cargo declaration, over- or under-invoicing, and delays in customs assessments. This means that all parties involved—agents, importers, and exporters—need to exercise extreme caution when preparing the necessary documents.

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