

**SEA CARGO TRANSPORTATION PROBLEM FACED BY THE CUSTOMS
HOUSE AGENT AND LOGISTICS PLAYERS IN COIMBATORE -AN ANALYTICAL
STUDY**

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ABSTRACT

The future development of international trade covering export and import activities are developing day by day due to Liberalization, Privatization, and Globalizations policy in India. But there are several unpredictable factors related to internal and external transportation system are affecting the smoothest sea cargo transportation from cargo production place to stuffing and de-stuffing place or port of loading and unloading place in Coimbatore. It is a very complicated process which made it difficult to determine, in precision, the future changes in these factors. This present study will make an attempt to sketch the broad perspective of development of transportation project in future and problems on the basis of present trends in Coimbatore. The Coimbatore exporters and importers are moving their goods and services up and down from three major ports namely Chennai port, Tuticorin port and Cochin port. The export-import customs and documentation formalities are carried by the mediators like CHA, Freight Forwarders, stevedores, Logistics players and other shipping agents performing this task within Coimbatore area through Singanallur ICD, Thudialur ICD and Irugur CFS. The logistics players and CHAs are facing the cargo transportation problem from product birthplace to stuffing place within Coimbatore and Coimbatore to major seaport. This present study aims to find out the problem faced by these people from the place of production to ICD (Dry Port) in Coimbatore and from ICD (Dry Port) to seaport from where the cargoes are transported to the destination.

Keywords: Sea cargo, ICD, seaport, Transportation problem, Logistics players, CHA, stuffing, de-stuffing.

PREAMBLE OF THE STUDY

The future development of international trade covering export and import activities is developing day by day due to Liberalization, Privatization, and globalization policy in India. But there are several unpredictable factors related to internal and external transportation system are affecting the smoothest sea cargo transportation from cargo production place to stuffing and de-stuffing place or port of loading and unloading place in Coimbatore. It is a very complicated process which made it difficult to determine, in precision, the future changes in these factors. This present study will make an attempt to sketch the broad perspective of the development of transportation projects in future and problems based on present trends in Coimbatore. The Coimbatore exporters and importers are moving their goods and services up and down from three major ports namely Chennai port, Tuticorin port and Cochin port. The export import customs and documentation formalities are carried by the mediator's like CHA, Freight Forwarders, stevedores, Logistics players and other shipping agents are performing this task with in Coimbatore area through Singanallur ICD, Thudialur ICD and Irugur CFS. The logistics players and CHAs are facing the cargo transportation problem from product birth place to stuffing place within Coimbatore and Coimbatore to major sea port. This present study is aim to find out the problem faced by these people from the place of production to ICD (Dry port) in Coimbatore and from ICD (Dry Port) to sea port from where the cargoes are transported to the destination. Roads have always been the primary mode of transport in India. India has one of the largest road networks of approximately 42.36 lakh kms. As per the Road Transport & Highways Department around 60% of the total freight and around 87% of passenger traffic is carried by Indian roads. Traffic is forecasted to grow at around 8-10% p.a. The quality of the road infrastructure remains a big concern. Analysis of the transport budgets of some states shows that the amount of money allocated to the sustenance of the existing road network far surpasses the allocation to the new road development. In some regions, it is almost double the budget for new works.

PORT SECTOR IN INDIA

India currently has 12 major ports and 187 minor ports. Port traffic grew at 7.66% p.a. between 2005-06 & 2010-11. While non-major ports registered a double-digit growth at 13.55%, traffic at major ports grew only at 5.37%. POL, iron ore, and coal constitute a major chunk of traffic at both major and non-major ports. Type of cargo, place of delivery and customer

preferences are among the various factors considered while deciding on the mode of transport of goods. Keeping in mind the planned capacity expansions and the projected traffic numbers, the ministry of Shipping has planned various rail-road connectivity projects for the major ports.

ROLE OF CUSTOMS HOUSE AGENT IN SHIPPING INDUSTRY

Customs House Agent (CHA) is a person who is licensed to act as an agent for transaction of any business relating to the entry or departure of conveyances or the import or export of goods at any Customs station.

FEATURES OF CHA LICENSING REGULATIONS, 1984 IN INDIA:

No ceiling for number of CHAs who can be appointed in a Customs House. Issue of regular license is preceded by a period of grant of temporary license. Prescribing criteria of experience and financial soundness for appointment. Grant of regular license is subject to passing examination, satisfying minimum volume of business and complying with obligations under Regulation No. 14. Change in the constitution of partnership or firm not to affect the operations of CHA. Commissioners have been empowered to prescribe fees to prevent excess billing by the CHAs.

QUALIFICATION TO BECOME A CHA:

The applicant individual working for a firm or a company should be A graduate of a recognized University. CHA person must pass in Form G as an employee of the firm/company. Should have engaged in Customs clearance work for three years. Should possess assets of Rs.1 lakhs or Rs.50, 000/- as certified by a scheduled bank. The reliability of the applicant and soundness of financial status are very important criteria. If there are too many applicants than the licenses that can be granted, the Commissioner has to select persons for licensing by seniority of holding G pass. If there are two persons of same seniority, the older person will be preferred [Regulation 8(3)].

TYPES OF LICENSE:

Temporary license: After scrutinizing and accepting the application a temporary license for a period of one year is granted under Regulation 8 in Form B. Before receiving the temporary or regular license, the applicant has to go through another important step. He/She is required to execute a bond and give a surety or bank guarantee in Forms D and E. For major ports, the surety amount is Rs.25000/- For other ports, it is Rs.10000/- Surety may also be given in the form of National Savings Certificates or postal security. In the last two forms of surety, these should be pledged in the name of the Commissioner. It is important to note that since a regular license holder is allowed to work in more than one Customs station, separate bond and surety have to be given in respect of each Customs station.

Regular license: An application for regular license can be made by a person who has passed the examinations. Application for regular license is made in Form C. Form A and Form C are almost identical except that while the first form is issued under Regulation 5, the latter form is issued under Regulation 10. License fee is Rs.5000/-. Regular license is granted in Form D. The applicant for regular license has to satisfy following conditions: The applicant must satisfy the norms regarding quantity or value of cargo cleared from the Custom House. This is determined by the Commissioner. The conduct of the applicant during the period of holding temporary license must be business like. There should be no delay in clearance of goods or in payment of duty on account of conduct of the applicant. There should be no complaint of misconduct of the applicant. There also should not be any complaint of non-compliance of provision of Regulation 14, which casts some important obligations on the CHAs.

Validity of license Under Regulation 12 (1), the validity of license is for a period of five years.

RECORDS TO BE MAINTAINED BY THE CHA

CHAs have to maintain detailed, itemized and up to date books of accounts. The accounts should reflect all financial transactions entered into as a CHA. A copy of all documents such as shipping bill, bill of entry, transshipment application etc. filed must be maintained by the CHA for at least five years. These records should be made available for inspection by the officers of the department.

OVERVIEW OF LOGISTICS INDUSTRY AND ITS ROLE IN INDIA

Logistics comprises of 14 per cent of the total GDP in India. In developed countries it is less than 8 per cent realizing the potential of the logistics industry. Transport Corporation of India in collaboration with Management Development Institute (MDI), conducted a research on 3PL Logistics Practices in Indian Industry. As per the survey, 55 per cent of the Indian companies subscribe to 3PL services compared with 75 per cent globally, indicating a huge potential in the country. Among the companies surveyed, 40 per cent have logistics costs less than 10 per cent of the total cost, 17 per cent have 10-20 per cent, 5 per cent have 20-50 per cent.

CARRIER SELECTION

For global shippers, selecting carriers and allocating freight optimally to meet business objectives is a taunting challenge. They must work with a range of carriers to support a network that is changing constantly. Shippers need to exploit the trade-off to ensure that all business objectives like service levels, limit risk exposure, expose options and alternatives, reduce spend etc. Traditionally, shippers send global bid requests to partner carriers, and based on the rates and terms received, and business objectives, determine the optimal allocation. The latter is normally done using spreadsheet, or some simple LP models. These days, various third party e-logistics solution providers (eg. GT Nexus) are playing the role of web-based portal that matches shippers' requirements with carriers' voyages. This gives rise to a complicated two-sided market where the carrier selection decisions need to be considered from a strategic/game theoretical perspective.

DRY PORTS

The present Indian logistics set-up has dry ports in the form of Container Freight Stations and Inland Container Depots. They are equipped with fixed installations and offer services for handling and temporary storage of import / export laden and empty containers carried under customs control. Transshipment of cargo also takes place from such stations. As per the Ministry of Commerce, as on 30th June, 2011 a total of 247 CFSs/ICDs were approved by the Inter-Ministerial Committee out of which 73 were under implementation and the rest were fully functional. To support the planned container terminal projects at major and non-major ports CFSs/ICDs are expected to come up in their vicinity. Though increase in container traffic is driving growth; dry ports face several challenges as well. The initial costs of developing facility

are quite high – the main cause being rising real estate prices. Compliances and procedures required for cargo movement play their part in increasing dwell times and delaying cargo movement. Also, the sudden surge in this sector has brought in a lot of competition for the existing players. With focus on intermodal/multimodal logistics, multimodal logistics parks are now being planned, which are much larger than CFSs/ICDs and provide several value added services. Private players have already started coming up with such logistics park on a large scale with state-of-the-art infrastructure.

STUDY AREA PROFILE

Coimbatore is the third largest city of Tamil Nadu, also an important district of the state. Due to its several textile industries, it is sometime called as the textile capital of south India or the Manchester of the South. The district city is situated on the banks of the river Noyyal. The major Export and Import Commodities are Hosiery Items, Yarn, Textiles Garments, Agricultural items, Jewels, Software, Tea, Pumps and Motors, Readymade Garments and Chemicals etc.

NEED FOR THE STUDY

Customs house agent and logistics players are playing vital role in transacting the goods along with doing all the documentation work on behalf of the Exporters/Importers. These peoples are applying different formula for the effective Logistics business transaction from production point to stuffing and destuffing point or dry port or sea port. The study aims at analyzing the sea cargo transportation problems faced by the CHA and logistics players in Coimbatore.

SCOPE OF THE STUDY

The present study focuses the variety of aspects of sea cargo transportation problem faced by the mediators in Coimbatore. It highlights the CHAs and Logistics players' sea cargo movement and its hurdles in Coimbatore area. In future, any researcher may do the research related to sea cargo transportation problems faced by the Freight Forwarders, stevedores, shipping agents and multi-model transport operators etc.

OBJECTIVES OF THE STUDY

The present study is aimed to analyze the following objectives empirically.

1. To limelight the overview of the CHAs and logistics players' role in marine trade.

2. To identify the sea cargo transportation problems faced by the CHAs and logistics players in terms of various factors.

4. To suggest ways and means for effective shipping industry's overseas operations.

METHODOLOGY OF THE STUDY

In the present study is contain with an extensive use of both primary and secondary data was made. The study has been made in a descriptive and analytical way.

SAMPLING DESIGN

Judgment sampling was followed to select the sample respondent for the study. To obtain primary data, the researcher approached 50 respondents in both CHAs and Logistics out of 220 registered CHAs and logistics players Coimbatore. The data collected from the sample Respondents have been sub divided in to suitable tabulated forms.

Distribution of sample size:

S.No.	No. of CHAs	No. of logistics players	TOTAL
01.	25	25	50

Period of the study:

This current study is conducted during the month of July 2nd to September 30th 2023.

Collection of data:

The study has been used both primary and secondary data.

Primary data:

The primary data collected from the selected respondents from CHAs and logistics players in Coimbatore area those who are using singanallur ICD, arguer CONCOR and Thudialur ICD as well as chettinadu CFS in Coimbatore for stuffing and de-stuffing process. Field survey techniques were used to collect the first hand information from the respondents. A well structured

Interview schedule was prepared to collect data from the respondents.

Secondary data:

The Secondary data was gathered from the records of CHA and steamer agent association, internet sources, libraries in Coimbatore area.

Tools for analysis: The following statistical tools are used in the study. a. Weighted average method score analysis. b.Rank.

SHORT COMINGS OF THE STUDY

The study undertaken has faced some limitation during the study period. They are as follows. The sample size was confined only to 50 respondents due to the time constraint and so it may not represent the entire population. So generalization cannot be made. The study is limited to Coimbatore only and therefore the findings of the study may not be extended to other areas. Attitudes will differ from individual to individual. The researchers are taking utmost care for selecting the sample respondents for the study. The entire study result is based on respondent's opinion only.

DATA ANALYSIS

Table.No:01: Scaling techniques showing the inclination of CHAs and Logistics players sea cargo transportation problems in Coimbatore area.

No	Statements	Hs	s	a	p	TOT AL	HS	S	A	P	Total mean score	rank
1.	Different nature of the cargo.	22	16	07	05	50	88	48	14	05	155/50=3.1	2
2.	Lack of advanced equipment.	19	17	09	05	50	76	51	18	05	150/50=3.0	5
3.	OTL formalities time.	20	14	10	06	50	80	42	20	06	148/50=2.96	7
4.	Transit problem.	19	11	16	04	50	76	33	32	04	145/50=2.9	8
5.	Traffic problem.	23	13	08	06	50	92	39	16	06	153/50=3.06	3
6.	Labour problem.	24	11	09	06	50	96	33	18	06	153/50=3.06	3
7.	Container availability problem.	20	13	12	05	50	80	39	24	05	148/50=2.96	7
8.	Cargo clearance problem in ICD.	17	19	10	04	50	68	57	20	04	149/50=2.98	6

9.	Road connectivity problems.	25	11	09	05	50	100	33	18	05	156/50=3.12	1
10.	Cargo inspection time.	22	12	11	05	50	88	36	22	05	151/50=3.02	4
11.	Customs inspectors' documentation verification delay.	18	17	11	04	50	72	51	22	04	149/50=2.98	6
12.	Packing problems in ICD.	16	18	09	07	50	64	54	18	07	143/50=2.86	9
13.	Poor road condition	17	15	12	06	50	68	45	24	06	143/50=2.86	9
14.	Poor infrastructural facilities of ICD.	19	18	10	03	50	76	54	20	03	153/50=3.06	3

HS – Highly satisfied 4 **S** –Satisfied 3 **A** –Average 2 **P** – Poor 1 **MS**-Mean score= $\sum x/n$.

Source: Primary data

The 4 statements of the study are shown in the table with the mean score of each and rank awarded based on the mean score. It is clear from the above table; the road connectivity problems are very high in Coimbatore area mean score: 3.12.

MAJOR OBSERVATIONS OF THE STUDY:

There is a Connectivity problem between dry ports to sea port in Coimbatore area. More operating costs are involving for moving the cargo from production point to stuffing point. More export and import documentary works are involving with sea cargo transportation. The EDI delayed processes are affecting the cargo movements. Trucking problems are lead to delaying the sea cargo transportation movements in Coimbatore area. Check post verification formalities are highly influencing against the sea cargo transportation movement in Coimbatore for enter in to the Kerala for reach the Cochin port.

RECOMMENDATIONS OF THE STUDY

Each and every respondents should have an attitude to have a good and long term relationship with the manufacturers/exporters/ customers. General Packet Radio Service (GPRS) can be introduced both by the Customs and also the respondents to locate the sea cargo movement from exporter point to export destination. The Customs executives can treat the mediator's ie.CHAs and Logistics players in a prestigious way because they are the real source to

enhance the export and import there by our economy will be improved. The National High way infrastructure should develop according to the international standards to enhance the CHAs and logistics players expectation for fulfill the sea cargo transportation. There should be proper connectivity between the entire infrastructure in Tamilnadu i.e. Coimbatore to Tuticorin port, Chennai port and Cochin port. To meet the international standards the government should take effort to install and use the advanced equipments to improve the sea cargo export and import cargo volume. The ministry of shipping corporation and ministry of commerce should establish separate logistics way to reducing the high traffic problem in Tamilnadu especially from ICD to Sea port.

CONCLUSION OF THE STUDY

The mediators are proving their efficiency by doing the best operations in Tamilnadu with limited infrastructural. Though various problems are studied and highlighted in this research, the researcher specially notes that the CHAs and Logistics player's problem in related to sea cargo transportation. They are also very much enthusiastic and most dynamic personalities and have the willpower and courage to overcome the sea cargo transportation problems in Coimbatore area. If the Tamil Nadu government and central government take necessary step for reducing sea cargo transportation problem in Coimbatore area through Public private participation Programme for establishing the wide road connectivity from Coimbatore to major sea port, definitely the Coimbatore export and import volume will improve immediately and it will reflect against our BOP position soon.

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