



SEA CARGO TRANSPORTATION PROBLEMS FACED BY THE LOGISTICS PLAYERS AND CUSTOMS HOUSE AGENTS IN COIMBATORE AREA – 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 Liberalisation, Privatisation, and Globalisation policy in India. But there are several unpredictable factors related to sea cargo transportation. Cargo transportation processes are involved with complicated customs formalities. This present study will make an attempt related to export and import activities in Coimbatore area. The Coimbatore international traders are moving their goods 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. 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.

KEYWORDS : Sea cargo, ICD, sea port, Transportation problem, Logistics players, CHA, stuffing, de-stuffing.

PREAMBLE

The future development of international trade covering export and import activities are developing day by day due to Liberalisation, Privatisation, and Globalisation policy in India. In this era of globalization and liberalization, new emphasis has been made on ports development for efficient export import trade. Ports play a key role in international trade. About 90% of global involves transportation by seaports handle over 95% of the cargo to, or from India. There are 13 major ports are administrated with the provision of the major port act 1963. Exports are the major focus of India's trade policy and a thrust area. Exports involving higher value additions. Most items can be freely exported from India. Imports are allowed free of duty for export production under a duty exemption scheme. Shipping has become a highly challenging and dangerous business in the present day world. Seaports being the axle of maritime sector play an important role in establishing an integral and multimodal infrastructure network throughout the country. In both national and regional economy ports are the major driving factor and acts as vital modes of transport in the global supply chain. It is difficult to point out the paramount importance of having a direct access to the sea through modern and well organized national port in case of developing countries. Without an efficient port, cost of living becomes higher, industrial development would be more difficult and exports of minerals ores unprofitable. In many of the advanced countries, ports are of course playing an essential role in economic development. There are many other reasons why a major national port can be of at most importance for the economic life of the country, whether advanced or retarded and even for its political independence. 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 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 with in 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 13 major ports and 187 minor ports. Port traffic grew at 7.66% p.a. between 2005-06 & 2010-11. Indian shipping sector is playing most effective mode of transportations in all over the world due to cheap transport cost and other umpteen numbers of factors. Therefore, Indian Government has allowed 100 per cent foreign direct investment (FDI) in the marine trade sector with the strategic approach of public-private partnership (PPP) for improving the existing India's export volumes. As per national maritime agenda stated that expanding the total traffic from 800 million tonnes to 2500 million by 2020. To achieve the expected results, Indian shipping ministry is preparing all the possible efforts to invest Rs 73, 793.95 crore (US\$ 13.71 billion) for development of sea transportation sector during the 12th Five year plan. As per the plan, the annual capacity of major ports will expand to 1229.24 MT by the end of March, 2017. Apart from, major ports the non major ports also contributing considerable volume of export import transaction in India through sea trade. The 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. For connecting the shipper as well as beneficiary, there are several mediators are playing important role in international trade like logistics players, freight forwarders, customs brokers, NVOCC and CHA. Especially customs house agent role is unavoidable 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

1. No ceiling for number of CHAs who can be appointed in a Customs House.
2. Issue of regular license is preceded by a period of grant of

temporary license.

3. Prescribing criteria of experience and financial soundness for appointment.
4. Grant of regular license is subject to passing examination, satisfying minimum volume of business and complying with obligations under Regulation No. 14.
5. Change in the constitution of partnership or firm not to affect the operations of CHA.
6. Commissioners have been empowered to prescribe fees to prevent excess billing by the CHAs.

QUALIFICATION TO BE CAME A CUSTOMS HOUSE AGENT

The applicant individual working for a firm or a company should be:

- A graduate from a recognized University.
- Should hold a pass in Form G as employee of the firm / company.
- Should have engaged in Customs clearance work for three years.
- Should possess assets of Rs.1 lakh or Rs.50,000/- as certified by a scheduled bank.
- 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 CHALICENCE

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 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.

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:

1. The applicant must satisfy the norms regarding quantity or value of cargo cleared from the Custom House. This is determined by the Commissioner.
2. 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.

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 realising 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 (service levels, limit risk exposure, expose options and alternatives, reduce spend etc.) are met at the lowest possible cost. Traditionally, shippers send global bid requests to partner carriers, and based on the rates and terms received, and business objectives, determine the optimal allocation.

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. Inland Container Depots (ICDs) and Container Freight Stations (CFSs) are called dry ports, these place are involving with handling all customs formalities related to export or import of goods at different locations. 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 perform well in future. 40 percentages of dry ports are owned by Concor and the Central Warehousing Corporation (CWC), and the remaining by the private sector. Even though increase in container traffic is driving growth, dry ports face several challenges related to logistics cost.

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 major Export and Import Commodities are Hosiery Items, Yarn, Textiles Garments, Agricultural items, Arecanut, 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. The present study aims to 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 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 as on May 2017. The data collected from the sample respondents has been subdued in to suitable tabulated forms.

Distribution of sample size

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

Source: Coimbatore chamber of commerce

Period of the study

This current study is conducted during the month of May 2nd to May 30th 2017.

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, irugur CONCOR and Thudialur ICD as well as chettinadu CFS in coimbatore for stuffing and destuffing 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.

No	Statements	Hs	s	A	p	total	hs	s	a	P	Total mean	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

Source: Primary data

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

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 Findings of the study

1. There is a Connectivity problem between dry port to sea port in Coimbatore area.
2. More operating costs are involving for moving the cargo from production point to stuffing point.
3. More export and import documentary works are involving with sea cargo transportation.
4. The EDI delayed process are affecting the cargo movements.
5. Trucking problems are lead to delaying the sea cargo transportation movements in Coimbatore area.
6. 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

1. Each and every respondents should have an attitude to have a good and long term relationship with the manufacturers/exporters/customers.
2. 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.

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

LIMITATION 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.

DATAANALYSIS

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

3. The Customs executives can treat the mediator's ie.CHAs and Logistics players in an prestigious way because they are the real source to enhance the export and import there by our economy will be improved.
4. 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.
5. There should be proper connectivity between the entire infrastructure in tamilnadu i.e. coimbatore to tuticorin port, chennai port and cochin port.
6. 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.ime.
7. 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 tamilnadu 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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