

# Custom House Agents Performance and Problems - A Literature Based Analysis and Further Scope for Research

Anne Devotta, M.Com. M.Phil, Dr. V. Rajalakshmi, M.Com. MBA, M.Phil., Ph.D., PGDCA

Assistant Professor, Department of Commerce, St. Mary's College, Thoothukudi., India

Head of the Department, Department of Commerce, Sarah Tucker College, Palayamkottai. India

**ABSTRACT:** In India, a **customs house agent** (CHA) 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 a customs station. CHAs maintain detailed, itemized and up-to-date accounts. A CHA license may be temporary or permanent. An attempt has been made through this doctoral research to understand and analyze the origin and development of V.O.C. Port Trust in general and the role of custom house agents in import and export operations, Type of organization in Customs house agent, Reasons for becoming a CHA, training programs in CHA, Ranking the following transact business to & from worldwide destination & in terms of export and import, Rank the types of cargoes you are specialized in Export based on your day to day operations, Factors influencing the entrepreneurial traits of your CHA agents, hindrances incurred by CHA's, Problems focused by CHA's due to implementation of various Govt. policies, improvement of your CHA service, Every research has its own limitation and all the areas cannot be analyzed and hence the above areas have been touched through the scholar's doctoral research.

**KEYWORDS:** Customs House Agent, Import and Export Operations, Problems Focused By Cha.

## I. INTRODUCTION

Maritime Transport is a critical infrastructure for social and economic development of a country. It represents the pace, structure and pattern of development of water transport in the country. The Ministry of Shipping encompasses within it the shipping and port sectors which include shipbuilding and repair, major ports, national waterways and inland water transport.

The ministry has been entrusted with the responsibility to formulate policies and programmers on these subjects and their implementation. India currently ranks 16th among the maritime countries with a coastline of 7,517 km with 13 major ports (12 governments and one corporate) and about 200 non-major ports currently operating in western and eastern region of the country. According to the ministry 95% of India's trade by volume and 70% by value happens through maritime transport. The new economic policies such as globalization and liberalization of world market have further intensified the growth of shipping industry and world trade. Each of these breakthroughs had its impact on trade routes and on the rise and decline of seaports.

The last five decades have experienced rapid changes in ocean transportation. International trade has been growing at a rate higher than the growth rate of world output. This higher growth rate of international trade is due to various strategies introduced worldwide. The economic development of any nation depends upon the availability of resources and the productive capacity of that country. The productive capacity depends upon the ability to move goods from one place to another place. In the modern economy, where large-scale production is the order of the day, goods have to be transported either in a semi-finished form or finished form. Similarly, with the development of territorial specialization, significance of international and coastal trade has come to prominence, besides other benefits. Thus in these two respects, the sea transport system speaks favorably over the air and surface transport systems. A port system in India plays a vital role in economy development.

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## II. THE GROWING IMPORTANCE OF PORTS

Growth in trade of a country is an important indicator of its overall growth. Trade of a country is an indicator of its economic condition. Internal trade of a country not only fulfills the requirements of its different regions but also promotes balanced regional growth in the country. Foreign trade also fulfills two objectives: providing a means for expenditure of surplus items of a country and making available items that are not internally produced. It leads to rapid economic progress of a country. Water transport has been playing an important role in Indian economy since time immemorial. It is an easy and cheap means of exports and imports of heavy items. It is in this context that the role of ports becomes all the more important.

A port is a gate for entering into land from sea. In fact, a port is a place in a waterway where a ship can stop for loading and alighting goods. Ports are the nodal points for land and sea trades. Although importance of ports in the trade of the country is continuously growing, existing port structure is inadequate. It is not able to avoid the delay in pre-trade activities as well as time taken by the ships in completing their journey.

In labour and mechanical productivity, Indian ports are inferior to other Asian ports. India's coastline has few indentations and consequently the country has only a few major ports of trade. The southern side is deficient in harbors to accommodate the large vessels now employed in sea-borne trade. The violence of the monsoon keeps the western ports, excepting Mumbai, Kandla and Cochin, closed to traffic from May to August.

In order to improve efficiency, productivity and quality of services as well as to bring in competitiveness in port services, the port sector has been thrown open to private sector participation. Various areas of port functioning, such as leasing out existing assets of the port, construction/creation of additional assets, leasing of equipment for port handling and leasing of floating crafts from the private sector, pilot age and captive facilities for port-based industries, have been identified for participation/investment by the private sector. It is expected that private sector participation would result in reducing the gestation period for setting up new facilities, and also in bringing the latest technology and improved management techniques.

## IV. CUSTOMS HOUSE AGENT

In Indian Ports, a customs house agent (CHA) 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 a customs station. CHAs maintain detailed, itemized and up-to-date accounts. A CHA license may be temporary or permanent. Multimodal transport operators (MTOs) are appointed under the Multimodal Goods Transportation Act, 1993 by the Ministry of Surface Transport. Their work involves carrying goods by more than one mode of transport between India and abroad. This does not confer a right on them to obtain an appointment as steamer agents or CHAs unless they are otherwise qualified for the appointment. After accepting an application, a one-year temporary license or regular license is given to CHA'S. For major ports, the surety amount is Rs.25000/-; for other ports, Rs.10000/-. Surety may also be given in the form of National Savings Certificates or postal security, which should be pledged in the name of the Commissioner. Since a regular license-holder is allowed to work in more than one Customs station, separate bond and surety must be posted for each customs station.

## IV. SCOPE OF THE STUDY

The scope of the research broadly encompassed sub themes like personal profile, Business Profile, Factors motivating CHA's, Import and export performance, risk associated and entrepreneurial traits of CHA,s.

## V. OBJECTIVES OF THE STUDY

The following are the prime objectives set out for the present study.

- i. To examine the origin and development of V.O.C. Port Trust in general and the role of custom house agents in import and export operations.

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- ii. To analyze the personal and business profile of custom house agents and the factors motivating them to become a CHA.
- iii. To analyze the import and export performance of CHA's at V.O.C. Port Trust and exhibit the problems and risk associated with cargoes handled by custom house agents.
- iv. To study the entrepreneurial traits and general problems faced by custom house agents operating at V.O.C. Port.
- v. To offer suggestions for improving CHA services at V.O.C. Port Trust based on the findings of the study.

Although several studies are done on the topic of shipping and port performance in India, This study is done from the analysing and understanding the performance of custom House agents who acts as the backbone for shipping operations in India.

## VI. METHODOLOGY

The present study is a research based on convenient sampling technique .the primary data has been collected from CHA's through interview schedules. (Annexure 1) and secondary data regarding the performance of ports and problems faced by CHA's were collected from Journals, magazines and Websites and Annual Reports.

### 6.1 Pre Testing

A pilot study was undertaken where in 50 Custom House Agents were surveyed using a structured questionnaire. Modifications in the questionnaire were made based on feedback received from respondents.

### 6.2 Sample Selection

There are 135 Custom House Agency are operating in Thoothukudi custom house agents association as on March 2014. The researcher have chosen 100 CHA agents out of 135 by using convenient sampling and issued four questionnaire in each CHA agency for conducting the study

S. NO	TOTAL NUMBER OF CHA'S OPERATING AS ON MARCH 2015	TOTAL NUMBER OF CHA'S CHOSEN	TOTAL NUMBER OF SAMPLES IN EACH CHA	TOTAL NUMBER OF QUESTIONNAIRES ISSUED IN CHA
1	135	100	4	400
<b>TOTAL</b>		100	4	400

Source: Custom House Agents Association Thoothukudi

### Hypothesis

1. There is no association between age, religion, literacy level and factors influencing to become custom home agents.
  2. There is no association between type of family, marital status, income, occupation of spouse and factors influencing to become custom home agents.
  3. There is no association between business profile and factors inspiring to become custom home agents.
- There is no relationship between type of the organisation of CHA and the risk associated to handle import and export operations

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## VII. REVIEW OF LITERATURE

### INTRODUCTION

In this chapter an attempt has been made to present the literature review of the relevant research work done by researchers in the area of Human Resource Management Practices and general problems in shipping and ports. Since a few studies alone have been conducted in this area, the availability of literature is very scant. However the researcher has been able to manage in reviewing the available literature which is as follows.

**Fremont, Antoine (2008)** In 50 years, containerization has become the backbone of globalization. That it has done so can be attributed to the beneficial interaction of three broad types of factor: technical, economic and organizational. In the beginning, containerization was nothing more than a simple technical innovation. However, as an intermodal tool, the container paved the way for new and long-term organizational models in the transport sector. These organizational factors challenged transport actors, who had to redefine the demarcation lines between their respective businesses in order to bring reliable door-to-door transport chains with a global reach into operation.

**Gordon Wilmsmeier and Jan Hoffmann (2008)** The Caribbean basin lies at the cross roads of major east-west and north-south liner shipping routes. A number of regional ports have been able to take advantage of their geographical position. In other ports, however, the limited scale of hinterlands and the *de facto* monopolistic situation of ports in Small Island States have had a detrimental effect on port development. Port infrastructure endowment varies between highly equipped global transshipment hubs and rudimentary ports with wooden quays. By the same token, the supply of regular shipping services ranges between highly interconnected routes on the one side, and Small Island States that are heavily dependent on a few limited feeder services on the other. At the same time, freight rates in the region dispose of a high variability. The paper analyses the impacts of port infrastructure and liner shipping connectivity on intra-Caribbean freight rates. The structure of liner shipping services, port infrastructure endowment and liner shipping freight rates are closely related to each other.

**Ramu (2008)**, in his paper, explained the various elements of human resource management like human resource policies, recruitment and selection, training and development, promotion, performance appraisal, compensation, employee-employer relation, etc. He concluded that compared with other management functions, human resource management in cooperative banks was more sensitive and personalized issue. He emphasized that successful HRM requires a sound management philosophy that respects human dignity, diversity and commitment to the growth of employees. He further pointed out that belief in the value of employees' contribution and then involvement in decision-making can lead to organizational effectiveness.

**Sang-Yoon Lee, Jose L. Tongzon (2008)** the objective is to identify the factors affecting shipping companies' port choice based on a survey to a sample of shipping companies. Six factors were considered relatively important: local cargo volume; terminal handling charge; berth availability; port location; transshipment volume and feeder network. Exploratory factor and confirmatory factor analyses identified five port choice categories, i.e. advancement/convenience of port; physical/operational ability of port; operational condition of shipping lines; marketability; and port charge.

**Erin White (2007)** in the article "Call centers in small towns can run into problems" reports on the actions taken by 1-800-flowers.com incorporation in response to high attrition problems at its call centers in two small southwestern towns. The company faces employment problems because of the small populations in the towns. In relation to this, the 1-800-flowers changed its staffing. Method by increasing employee retention efforts and expand its home based workers

**Fay Hansen (2007)** the article "Lackluster performance" deals with the need for companies in the US to improve their performance management systems to be able to retain employees. Companies across the country still face sweeping condemnations of their performance management system from employees, managers and c level leadership. A 2007 survey from Towers pen-in found that most base pay, incentive and performance management programs are not effective tools for talent management.

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**Freada Kapur Klein (2007)** the article “The Real Exit Interview” discusses the significance of effective exit interviews, and the basic reasons why employees leave their employers. It cites that some of the factors that motivate employee departure include the workplace unfairness, unjust salary and negative work culture.

**Steve Rosebush (2007)** the article “CFOs are feeling the Heat” reports that turnover among Chief Financial officers (CFO) was up to 23percent in 2006 from 2005, according to a report from Liberum Research. At businesses with more than 1 billion dollar in revenues, CFO turnover was up to so, percent average tenure OF CFO’S dropped to 30monthes half of what it was in2002.

**Dwivedi (2006)** According to him it is very difficult to initiate competitive strategy based on human resources. The key to competitive advantage in the modern world is the application of sophisticated HR policies and practices.

**Radjamanogary (2006)** n his article, Globalization and its Impact on HRM in corporate sector, he explained the impact of globalization on HRM Practices and discussed the restructuring of HRM practices in the context of globalization.

**Monster Retention Study, (2006)** Interbiznet Bugler, Monster conducted a study of HR managers to assess their attitudes toward worker retention and identify best-in-class strategies they plan to implement in 2006. Key highlights of the research.

**Jose Tongzon and Wu Heng (2005)** few studies have investigated the quantitative relationship between port ownership structure and port efficiency with mixed results. This study applies a stochastic frontier model proposed by Battese and Coelli which incorporates the inefficiency effect, to show whether port privatization is a necessary strategy for ports to gain a competitive advantage.

**Theo E. Notteboom a & Jean-Paul Rodriguez (2005)** Logistics integration and network orientation in the port and maritime industry have redefined the functional role of ports in value chains and have generated new patterns of freight distribution and new approaches to port hierarchy. Existing models on the spatial and functional evolution of ports and port systems only partially fit into the new freight distribution paradigm. This paper aims to add to existing literature by introducing a port regionalization phase in port and port system development.

**Paul A.K. and R.N. Anantharaman (2003)** in their article “Impact of People Management Practices on Organizational Performance – Analysis of a casual model”; based on a study on Indian Software Companies has attempted to link HRM with organizational performance through an intervening process. Their study has found that not even a single HRM practice has direct casual connection with organization’s financial performance. At the same time it has been found that each and every HRM practice under study has an indirect influence on the operational and financial performance of the organization.

**Simon et al (2002)** found that cities that have higher level of human capital initially grow faster in the long run. Thus, initial level of human capital seems to be advantageous to cities and regions in attracting knowledge based Industries. The regional differences in the level of human capital also explain geographic differences in firm formation rates with regions endowed with higher level of human capital, having higher firm formation rates.

**Tom Siekel (2002)** argues that the advocates of Customer Relationship Management (CRM), have moved on to Employee Relationship Management (ERM) as human resource is recognized to be resource which will yield rich returns for a company.

**Catherine Truss (2001)** argues that the resource based view of human resource is overly rationalistic, unitarist and internally focused, compared with organizations from the sociological institutionalism perspectives. She contends that the more recent Complex Adaptive Systems perspective constitutes a more promising basis upon which to advance our knowledge in this area, since the I.T industry is an emerging industry and H.R practices in such an industry have to be necessarily strategic, dynamic and flexible in nature, considering the changing business environment.

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**Vikhe Patil Balaseheb (2000)** in his paper 'Economic Reforms and Human Resource Development' published in the Indian Journal of Labour Economics, strongly recommends a renewed focus on the labour policy that views development as a sustainable process of expanding the capabilities of people and one which seeks to mobilize human resources. In 1991 India witnessed significant changes in its economic policy when we adopted the economic reform measures in the wake of acute Balance of payment crisis and mounting fiscal deficits. However, it has been the declared policy of the Government to carry out these reforms while giving them a human face. The major challenges before our policy makers and planners are how to achieve efficiency and higher productivity while providing adequate social security measures to the workers.

**Giridharan R. (1999)** in his article entitled "Human Resource Management as a Facilitator of Business process Reengineering" has studied the present business environment. Every corporation is engaged in the process of adding value by elimination of waste throughout its business process by understanding customer requirements to acting on feedback from customers on its products and services.

Business Process Reengineering (BPR) means to examine all the business process to maximize the satisfaction of both internal and external customers at optimal cost. This paper deals with the role of Human Resource Management as a facilitator in BPR implication in interfacing and preparing people to accept and participate in the change process.

**Deepu D.S (1998)** in a study conducted in the area mention the need to teach proper work methods and techniques in order to increase productivity as well as recognition of meritorious services and concern for their well-being.

**Agarwal N.P and Priti Gupta (1997)** in their essay 'Human Capital Structure' published in the Management Accountant (July 1997), make it clear that just like capital structure, the human capital structure consists of various types of employees in an organization. The study outlines the various human capital valuation and accounting methodologies. They conclude that structural change improves the human efficiency of the organization.

**Chauhan Daisy (1995)** in his research work, 'Challenges for Human Resource Development in the changing environment' indicates that through a systematic and effective human resource management system, ordinary people can be converted into extra ordinary performers. It is necessary for the organizations to invest in human resources not only for its growth and development but also for the very survival of the organization in an increasing competitive and fast changing environment.

**Wright and McMahan (1992)** the Resource Based View treats human resources as a pool of skills that can provide a resource to serve as a sustained competitive advantage. In a sense, this theory provides a strong theoretical foundation to the subject of Human Resource Management.

## VIII. RESEARCH GAP AND CONCLUSION

The Gaps found consequent to exhaustive review of literature is highlighted. Previous research were conducted on containerization, Ports shipping services, port infrastructure endowment and liner shipping freight rates however specific studies related to Custom House Agents have not be undergone in the Indian context .Human Resource management problems in Industries like IT, ITES, Service, Manufacturing and allied sectors have been explored however these issues have not been addressed with specific reference to CHA's contributing to the shipping industry. Thus, studies on HR problems in shipping industry are negligible especially in India .Performance of CHA's is scant reviews which focus on the performance aspects of CHA's and this study will throw light on the performance of CHA's and Tutukudi port in general as this is a rapidly growing industry a study of this nature is necessary for the industry .

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