Custom House Agents Performance and Problem at VOC Port Trust, Thoothukudi - An Empirical Analysis

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ABSTRACT: A custom house agent is somebody entitled to act upon a company’s behalf on actions involving the import and export of goods. The phrase is most commonly used in India. There such agents must be licensed under section 146 of the Customs Act. The purpose of a custom house agent is to tackle the problem that management of many businesses simply do not have the resources to personally deal with import and export issues. This is a particular concern given that India is traditionally a trading nation. There is also a high degree of bureaucracy in Indian Business. A custom house agent must be licensed by the local Commissioner of Customs.

This paper is an attempt to analyze the import and export performance of VOC port trust, Thoothukudi, and to examine the perception of custom house agents on the real time problems Faced by them.

KEYWORDS: Custom House Agent, Performances, and Problems.

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 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.

II. PORTS IN TAMIL NADU

Tamil Nadu has three major seaports located at Chennai, Ennore and Tuticorin, as well as seven other minor ports including Cuddalore and Nagapattinam. Chennai Port is an artificial harbor situated on the Coromandel Coast and is the second principal port in the country for handling containers. Ennore Port handles all the coal and ore traffic in Tamil Nadu. The volume of cargo in the ports grew by 13 per cent during 2005.

Tuticorin, also known as Thoothukudi is a port city and a Municipal Corporation and an industrial city in Thoothukudi district of the Indian state of Tamil Nadu. The city lies in the Coromandel Coast off Bay of Bengal. Thoothukudi is the headquarters of Thoothukudi District. It is located about 590 kilometers (367 mi) south of Chennai and 190 kilometers (118 mi) northeast of Thiruvananthapuram (Trivandrum). According to Confederation of Indian Industry, Tuticorin has the second highest Human Development Index in Tamil Nadu next to Chennai. Tuticorin City serves as the headquarters of Tamilnadu Mercantile Bank Limited. Major educational establishments in the city include Thoothukudi Government Medical College, Fisheries College and Research Institute, Marine Training Academy, V.O.C. Arts &
Science College, Government Polytechnic College, and Anna University Tuticorin Campus. Tuticorin Port is one of the Fastest growing Major Ports in India. Tuticorin is an "Emerging Energy and Industrial hub of South India".

III. 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 licence 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. DUTIES OF CHA’S

**Authorized clearances only against authorization:** A CHA is required to clear goods for import or export with specific authorization from the principal, which must be produced whenever required by the Deputy or Assistant Commissioner.

**Personal clearance:** The CHA must personally clear the goods or clear them through an employee designated by the Commissioner. All documents should list the CHA’s name at the top. The CHA should not attempt to influence the conduct of customs officers in matters pending before him or his subordinates; there should be no threats, false accusations or duress against such officers, and no promise of advantage, benefit or gift should be made or bestowed on such officers. The CHA’s duties should be discharged expeditiously, and he cannot charge more than the rates approved by the Commissioner.

**Conflicts of interest:** If the CHA is a former officer of a department, he cannot represent any matter before a customs officer which he had considered as an officer. He cannot use facts which came to his knowledge as an officer.

**Correct advice:** The CHA must advise the client to comply with the provisions of the Act and the regulations, diligently ensuring the imparting of correct, relevant information to the client for clearance of cargo or baggage. If there is non-compliance by a client, the CHA must bring it to the attention of the deputy or assistant commissioner. This regulation requires the CHA to provide information to the department.

**Fiscal accountability:** The CHA must promptly pay the government all monies received from the client for duties and taxes. Any money received from the client or from the government should be promptly and fully accounted to the client.

**Record-keeping:** A CHA should not attempt to gather information from government records if they are not provided by the appropriate officer. Access to records should not be denied, removed or concealed when sought by the Commissioner. Records and accounts must be maintained as directed by the Deputy or Assistant Commissioner, and available for inspection. All documents must be prepared in accordance with rules and orders. If the licence granted to a CHA is lost, the loss should be promptly reported to the Commissioner. If there is failure in compliance with obligations under Regulation 14, the Commissioner may prohibit a person from acting as a CHA.
Handling changes: Any change in partners or directors should be referred to the Commissioner. If there is a change in the constitution of the firm or company, an application for temporary and regular licenses should be made within 30 days of the change. If there are no adverse findings against the firm or company, the Commissioner will grant a license in the previous category held by the firm or company. In the meantime, the firm may continue as a CHA with application to the Commissioner.

If the CHA is not a firm or company, the Commissioner will grant permission to continue as a CHA if there is any change in the constitution of the concern. If the change is due to the death of a licensed CHA, his legal heir (assisting him in his work as CHA under Regulation 20) may be granted a license subject to no adverse findings and passage of the examination. Changes in the qualified person acting on behalf of the firm or company should be immediately provided to the Deputy or Assistant Commissioner.

Information technology

The National Informatics Centre (NIC) has developed basic software to create and file shipping bills (Customs documents) on the Indian Customs website. The software is free to download with Ice Gate (Indian Customs) registration and CHA can make use of it.

V. STATEMENT OF THE PROBLEM

The study area Thoothukudi is well known for the prosperous functioning of VOC Port Trust. This port imbibes so many awards in the field of traffic management. It acts as a self-record breaking unit. The broad light success story of port induces everyone to study the reasons behind the success. It is an open secret that Customs House Agents operating in the town are the main factors for the records so far registered. There are about 138 CHAs functioning in the study area. The enthusiastic effort is the backbone for the ever winning position of the port. All the activities for the export and import of commodities – A to Z are done by Chas. In most of the cases they act as springboard of the port. They face so many problems to deal with the cargoes of the Port Trust. The problem starts from booking of cargoes on containers and ends with safe distribution of cargoes on containers at the destination. The pilot survey conducted by the researcher explores a wide scope to have a detailed study over the services of CHAs. This study is the result in that direction.

VI. 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.

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 analyzing and understanding the performance of custom House agents who acts as the backbone for shipping operations in India.
VII. RESEARCH DESIGN

There are three broad types (Malhotra, 2010) of research designs used, namely, exploratory, descriptive and causal. The latter two are referred to as conclusive research.

Exploratory research: This design is defined as “research that focuses on collecting either secondary or primary data and using unstructured format or informal procedures to interpret them”. Exploratory studies are often used to classify problems or to understand a Phenomenon and are not intended to provide conclusive information to determine a course of action.

Descriptive research: This design is defined as research that uses a set of scientific methods to collect raw data and create data structures that describe the existing characteristics of a defined target population or market structure.. Descriptive research answers the questions who, what, where, when and how.

Causal research: This design is defined as “research designed to collect raw data and create data structures and information that will allow the researcher to model cause-and-effect relationships between two or more market (or decision) variables”.

VIII. SIGNIFICANCE OF RESEARCH

i. The overall performance of ports in India and abroad and human resource involved and risk associated with the day to day operations would be compiled and documented through review of related literature in order to propose a conceptual framework and research model.

ii. It would serve as a starting point from where problem areas in terms of custom house agents would be identified.

iii. There will be value in knowing how the entrepreneurial traits are helpful for the success of CHA in selected study area

iv. This research would help in understanding Import and export performance of CHA in the study area.

8.1 Sampling Design

There are 135 Custom House Agency are operating in Tuticorin custom house agents association as on March 2014. The researcher have chosen 100 CHA agents out of 135 by using stratified random sampling and issued 4 interview schedules in each CHA agency for conducting the study.

8.2 Statistical Tools Used for Analysis

The primary data have been collected from the potential respondents from different areas and has been properly sorted, classified, edited, tabulated in a proper format and analyzed by deploying appropriate statistical tools. Descriptive Analysis.

ANOVA

Chi-Square Test

Reliability Analysis.

Factor Analysis.

Discriminate Analysis
8.3 Limitations

The limitations of the research are:

i. The study is focused the problems faced by Custom House Agents at V.O.C Port, Tuticorin,

ii. The study is restricted to the performance and problems of Custom House Agents only.

iii. There may be changes in the work environment and other factors which influences the success of Custom House Agents who operate in other ports of the country.

8.4 Chapter Scheme

A. The first chapter deals with introduction, Indian ports, V.O.C port and functions of Customs House Agents, significance of the study, reason for conducting the study and sampling methodology.

B. Review of literature is from previous studies related to ports entrepreneurial problems are presented in the second chapter.

C. Import and export of V.O.C. port is discussed in detail and the global list of ports and Indian major and minor ports are discussed in the third chapter.

D. Fourth chapter studies the personal profile business profile and factors motivating the individuals to become custom house agents.

E. Risk associated with day to day operations of CHAs during the study period and their entrepreneurial traits are presented in the fifth chapter.

F. Sixth chapter deals with the summary of findings, suggestions and conclusions.

IX. MAJOR FINDINGS OF THE STUDY THE ROTATED COMPONENT MATRIX

It is an important output of principal component analysis. The coefficients are the factor loadings which represents the correlation between the factors and the forty five variables (X1 to X45). From the above factor matrix it is found that coefficients for factor-I have high absolute correlations with variable X3(Always thinking of enrichment of life), X5(Always work hard), X9 (I am aware of my strength and weakness), X12 (I feel risk is everywhere), X15 (I want to be a risk taker), X41 (I can calm myself down when I’m under stress), X16 (I am capable of facing problem), X20 (I have emotional intelligence to manage the problem), X21 (I am motivated in my present work), X22 (I motivate others to do what I feel), X31 (I challenge myself) with the influence ranging between 0.757 to 0.662.

Similarly factor-II has high absolute correlation with variable X1 (Belief in hard work), X6 (I have positive attitude), X42 (I find it easy to prioritize my tasks) and X10 (I trust on my own judgment) X17 (I analyze the cause of problems and rectify), X23 (I am recognized well by other related CHA’s), X19 (I use my experience to solve the problem), X32 (I worry about making mistakes), X45 (When starting a new task, I detail information), X35 (Long-term commitment is key to reaching my goals), X36 (I have to lose anything compared to others), X40 (I give much effort to my work) with the influence ranging between 0.752 to 0.649.

Next, factor III has high absolute correlation with variable X2 (Failure is treated as a stepping stone for success), X7 (I believe in my capability) and X43 (I find it easy to remember telephone numbers), X11 (I take decision even when not sure of the outcome), X18 (I approach others to solve the problem), X24 (I get enough income from my business), X25 (I go for excellence), X44 (I always try to learn something new), X28 (I always like creativity), X29 (I want to be a pioneer in my work), X30 (I try to apply new techniques), X39 (When faced with difficult problems, I spend a lot of time trying to find solution) with the influence ranging between 0.749 to 0.619.

Factor-IV has high absolute correlation with variable X2 (Spend more time for future development), X8 (I am highly optimistic) and X13 (I know that risk leads to return), X14 (I learn to manage the risk), X26 (I want to be distinguished from others), X27 (I want to do something innovative), X33 (I like to set my own schedules), X34 (I am a very tactile

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person).X37(I am known as a fighter for my rights).X38(I set high goals for myself compared to others) with the influence ranging between 0.696 to 0.601
For example in this study, factor one is at least somewhat correlated with eleven variable out of the forty five variables with absolute value of factor loading greater than or equal to 0.5.
In such a complex matrix it is difficult to interpret the factor. So we proceed to compute the rotated Factor matrix. Thus the forty five variables in the data were reduced to four Component factor and each factor may identified with the corresponding variables given below and component plot in rotated space also is given below:

9.1 Ranking the Hindrances Incurred by CHA’S that affect the Business Activity

The analysis reveals the ranking of reason for hindrances incurred by CHA’s that affect the business activity. “Truck Delay in loading and unloading of cargoes from CFS to Port / Port to CFS area.” was ranked first by the selected sample respondents with the total score of 8925 and mean score of 12.5. “Communication delay due to electronic data inter change of information.” was ranked second with the total score of 8756.2 and mean score of 11.59. “Lack of poor communication with customers” and “Strike by the laborers who are employed by the CHA’s” occupied third and fourth position with the total score of 8654 and 7963.5 and mean score of 11 and 10.53 respectively.

I. Ranking of the Under Utilization Problems of CHA

The analysis reveals the ranking of reason for the Underutilization problems. “Power failure” was ranked first by the selected sample respondents with the total score of 8563.2 and mean score of 56.30. “Lack of full time concentration” was ranked second with the total score of 7825 and mean score of 54.39. “Competition” occupied third and fourth position with the total score of 5215.2 and 4256 and mean score of 50.09 and 41.29 respectively. “Shortage of finance” was ranked fifth with the total score of 2356 and mean score of 32.56.

II. Ranking of the Personal Problems Faced by CHA

The analysis reveals the ranking of reason for the Personal Problems. “Inadequate predicting efforts” was ranked first by the selected sample respondents with the total score of 9562.3 and mean score of 84.5. “Excessive tensions and challenges” was ranked second with the total score of 8723.6 And mean score of 80.9. “Poor risk taking ability” and “Lack of communication skills” occupied third and fourth position with the total score of 5421.1 and 4500.2 and mean score of 78.2 and 76.5 respectively.

III. Ranking of Marketing Problem Faced by CHA

The analysis reveals the ranking of reason for the Problems of Marketing. “Inadequate market center” was ranked first by the selected sample respondents with the total score of 8002.5 and mean score of 96.2. “Lack of storage facilities” was ranked second with the total score of 7825.2 And mean score of 93.6. “Higher rate of credit transaction” and “Lack of marketing facilities” occupied third and fourth position with the total score of 7412 and 6478 and mean score of 87.8 and 80.3 respectively.

III. Ranking of the Labour Problem

The analysis reveals the ranking of reason for the Labour problems. “Delay in CFS services” was ranked first by the selected sample respondents with the total score of 5623.2 and mean score of 89.3. “Skipping of skilled labour to their comparison” was ranked second with the total score of 4712 and mean score of 87.6. “Lack of skilled labour” and “Labour strike occupied third and fourth position with the total score of 4586.2 and 4221.5 and mean score of
78.6 And 74.3 respectively. “Absenteeism” was ranked fifth with the total score of 2563.2 and mean score of 53.2.
“Insufficient wages provided to laborers” occupied sixth position with the total score of 3458.4 and mean score of 49.5.

IV. Ranking of the Problems Faced by CHA’S Due to Implementation of Various Govt. Policies

The analysis reveals the ranking of reason for the Problems focused by CHA’s due to implementation of various Govt. Policies. “Shortage of officials” was ranked first by the selected sample respondents with the total score of 856.9 and mean score of 96.3. “Demand speed money” was ranked second with the total score of 784.2 and mean score of 89.2. “Frequent changes made by the Government related to Exim policies “and “Unnecessary lagging of Govt.

V. Ranking of Transact Business to &from World Wide Destination & in Terms of Export and Import

The analysis reveals the ranking of transact business to & from worldwide destination in terms of export and import. Asian Sector was ranked first by the selected sample respondents with the total score of 956.9 and mean score of 106.3. “Middle East” was ranked second with the total score of 884.2 and mean score of 99.2.

VI. Ranking of the Types of Cargoes you are specialized in Export Based on your Day to Day Operations

The analysis reveals the ranking of reason for the types of cargoes in Export based on your day to day operations. “Construction materials” was ranked first by the selected sample respondents with the total score of 2896.1 and mean score of 96.5. “Cotton” was ranked second with the total score of 2568.3 and mean score of 92.6. “Steel products” and “Garments” occupy third and fourth position with the total score of 2487.8 and 1786.4 and mean score of 85.3 and 80.5 Respectively.

9.2 Suggestion for Improvement of CHA Service

Marketing

CHA opinion about the improvement of marketing services clearly revealed that 29.55% of CHA’s strongly agree that there must be improvement in marketing services in different aspects and 33.25 % agree for the same. 14.7 % CHA are neutral about their opinion and 14.5 % of the respondents disagree followed by 7.95 % who strongly disagree for the same.

Labour Relationship and Maintenance

CHA opinion about the labor relationship and maintenance revealed that 35.5 % of CHA’s strongly agree that there must be improvement in labour relationship and maintenance and 31.25% agree for the same. 14.2% CHA are neutral about their opinion and 12.3 % of the respondents disagree followed by 7.2 % who strongly disagree for the same.

Government Policies

CHA opinion about the changes needed in Government policies revealed that 33.1 % of CHA’s

Strongly agree that there must be changes in government policies for supporting CHA, s and 31.8

% agree for the same. 14.4% CHA are neutral about their opinion and 12.3 % of the respondents disagree followed by 6.75 % who strongly disagree for the same.
9.3 General Suggestions

1. Proper attention and response should be provided from the Government officials for handling CHAS and their needs.

2. Government should maintain a healthy relationship with the laborers and there must be established defined labour maintenance and relationship policies.

3. Most of the CHA’s depend on government for availing loans to establish new agencies. So the Government should support them and encourage for business loans.

4. Even though there is training programs conducted for CHA’S only very few persons are attending. There must be awareness among CHA’S to participate in training programs.

5. Language proficiency of CHA staff can be improved by providing effective communication skills development programs.

6. The foreign private investment would provide an easy transfer of technology, particularly in the area of cargo transfer system, including the container technology and pave the way for technological innovation and higher cargo transfer rates.

7. private participation results in reduction in overheads and rationalization of the out of proportion manning scales, which is the bane of the low productivity, through higher wages, competiveness and sensitive approach to employee-employer relations and CHA welfare.

X. SCOPE FOR FURTHER RESEARCH

The present study deals with the “Custom House Agents performance and problems at V.O.C. Port trust, Thoothukudi”. The following are the scope of further research in the same area:

1. HRM policies followed in CHA agencies can be studied and suggestions can be given To the government for CHA labour welfare improvement

2. An exclusive study can be conducted for measuring the stress management techniques

Adopted by CHA’S.

3. A comparative study can be conducted for finding CHA performance among the different ports located across country.

4. A study can be conducted for analyzing the government support and performance of port laborers of different countries.

XI. CONCLUSION

India today is encouraging private sector participation and most of the ports are working out areas for private investments as well as services that are needed to improve efficiency in the ports. The development of the port and shipping services is a prerequisite for sustained growth of the economy. Availability of adequate ports and shipping services is also considered a key to foreign direct investment. Under the privatization process, new container terminals are being built at Cochin, Goa, Vishakhapatnam, Haldia, Calcutta, Tuticorin, New Mangalore, Kandla and JNPT. Apart
from the development of the existing ports, the Government also has immediate plans to develop four minor ports - Ennore (TN), Gangavaram (AP), Kakinada (AP) and Gopalpur (Orissa), into major ports soon. There are certain modes of privatization, which find favor with the corporate world. In case of Port Industry, the preferred method seems to be BOT (Build, Operate and Transfer). The proposals to build and operate Ports at Dharma and Gopalpur in Orissa, Krishnapatnam in Andhra Pradesh, Vizhinjam in Kerala, Dhabol, Jaigad, Vijaydurg, Deogad, Ratnagiri and Redi in Maharashtra and Hazira, Maroli, Simar, Vansi-Borsi and Muthivirdi in Gujarat will be the trend setters for private participation in the Port development and CHA can make use of the fore coming opportunity of private sector investments in Indian port industry and expand their business to greater extent.

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BIOGRAPHY

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