CLEARING AND FORWARDING OF EXPORTS AND IMPORTS: AN ANALYTICAL STUDY

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India is a peninsula and shipping activities have been always the key transport mode for the international trade. India has to rely heavily on shipping activities which, contributes significantly to the promotion of trade and to boost India's imports and exports on the international market. Agriculture is overwhelmingly the most important sector of the economy. Nearly two-thirds of the government revenue is provided by the agriculture sector, mainly through export and import duties on various products. Therefore, the development of the whole economy is heavily influenced by the sector's performance. However, many problems are associated with the transportation of goods that result into high transit cost. These problems undoubtedly, make India's imports and exports less competitive on the international market. It is on this background that the analysis focuses on, more especially on the problems associated in the development of maritime transport and transit activities. The study will try to examine various problems associated with the transit of goods, including customs procedures and documentation particularly relevant to the transport industry, with a view to elimination these problems and make India imports and exports more competitive on the international markets. This study has been conducted with respect to Uni logistics Agency Private Limited, Chennai.

Keywords: Clearing and Forwarding, Maritime Transport

INTRODUCTION

Roles of the freight forwarder and clearing agent
The Freight Forwarder and the Clearing Agent are important role players in the freight logistics pipeline. Here is a brief overview of their roles and how to get the best value from them. Freight Forwarder’s role in the supply chain:
- Traditionally it has been confined to arranging transport and preparing documentation as an agent of the shipper (importer or exporter depending on the INCOTERM).
- With development the role of the freight forwarder also started to change due to containerization and multimodal transportation, instead of acting only as an intermediary, some become transport operators offering container services, as well as multimodal inland and international transportation.
- We know them now as non-vessel operation common carriers (NVOCCs) and can issue transport documents.

The Freight Forwarder can therefore fulfill one or more of the below services:
- Act as a shipper’s agent arranging transport services and preparing documentation.
- Act as a transport specialist advising shipper on most cost efficient and best means of transport.
- Act as a multimodal transport operator (MTO) which means he becomes the principal transport operator with the direct contractual responsibility for the carriage of goods door to door, assuming liability for those segments of transportation for which he himself may not be the actual operator.
- Act as a specialist service provider in packing, container packing / unpacking, customs clearances and the raising of insurance claims.

Clearing Agents's role:
The clearing agent acts on behalf of the shipper (importer or exporter depending on the INCO Terms) and arranges for the customs clearances of the imported goods.

The role entails:
- Determining the correct harmonised tariff heading of the goods for customs duties, if applicable.
- Calculating the import duties and taxes / VAT payable.
- Assist with the clearing instruction to confirm that all information received from shipper and consignee is accurate before submitted for customs clearance – strict rule that is adhere to and if not, huge penalties that could follow both the clearing agent and the importer / consignee.
- Framing the Bill of entry (BOE) to be submitted via electronic data interchange (EDI) to customs / SARS.
- Collecting payment from the shipper for duties and taxes / VAT and making payment to Customs / SARS authorities.
- Arranging the customs clearance / release with the relevant requirements, i.e. customs stops, port health exams, and many more requirements per specific cargo requirements that needs to be met before a release could be obtained, as well as to avoid penalties / delays.

**Essential Services:**
(a) Transportation of goods to docks and arrangement of warehousing at port.
(b) Warehousing facilities before the goods are transported to docks.
(c) Booking of shipping space or air freighting and advice on relative cost of sending goods by sea and air.
(d) Arrangement for loading of goods on board.
(e) Equipped with information on shipping lines and freight to different destinations, and various charges payable by exporters.
(f) Obtaining marine insurance policies.
(g) Preparation and processing of shipping documents, Bills of Lading, Dock Receipt, Export Declarations, Consular Invoice, Certificate of Origin, etc.
(h) Forwarding of banking collection papers.

**Desirable Services:**
(a) Storage facilities abroad, at least in major international markets, to warehouse the goods in case importer refuses to take delivery on any account.
(b) Can trace the goods, if shipment goes astray, through his international connections.
(c) Arrangement for assessing the damage to shipment enroute.

Who is a Clearing Agent?
Every country has its own set of regulatory requirements relating to customs but one common requirement is that the clearing agent or customs broker (as they are referred to in a few countries) have to be accredited with the local customs authorities, border agencies, port and other authorities relevant to the shipment of goods. They should have a valid clearing licence at the time of clearing the goods on behalf of the customer. A few countries have very strict licencing requirements which are regularly reviewed and the agents that don’t follow these, may have their licences revoked. A clearing agent is essentially an agent who specifically takes care of the customs clearance aspect of the business. In many countries, clearing agents write examinations. Only after the passing of this exam, they can transact as a clearing agent in that country. USA and India are some of the examples where customs licence examinations are held. Some countries like Australia however, seem to have stopped the customs examinations, preferring “acquired experience” over customs licence examinations for the purpose of licencing customs brokers. Apart from the obvious function of lodging documentation with customs, a clearing agent has many other equally important responsibilities which affect them directly and also their clients (Addico, M T (1999).

**Cargo clearing and forwarding procedure**

**Arrival of cargo to the airport of destination**
Now that your cargo has arrived at the airport of destination, it has to undergo proper documentation before it can be released. This requires the following documents:
- Commercial invoice – bill for the goods from the buyer to the seller
- Bill of lading – serves as contract between the owner of the goods and the carrier
- Certificate of origin – signed statement as to the origin of the export item
- Power of Attorney – document authorizing the freight forwarder to act in behalf of the owner

These documents from the handling agent will now be picked-up by a receiving freight forwarder, either personally or through a third-party agent, upon the arrival of goods at the landside. As needed, they will prepare import documentation of your cargo. It’s just first step of the clearing and forwarding procedure.

**The customs clearing process**
After the handling agent passes the documents to the receiving freight forwarder, it becomes his duty to have the cargo cleared through customs. Thus it is most important to choose a freight forwarder who has certified customs brokers to process this for you.

What happens during the clearing process of goods?
This might be one of the things you’re very much curious and kinda nervous about. What happens during the customs clearance of goods?

**Air Cargo Advance Screening (ACAS)**
Due to the attempted terrorist attacks before, U.S. Customs and Border Protection (CBP) and the Transportation Security Administration (TSA) have enhanced security in air cargo shipments through the Air Cargo Advance Screening (ACAS) project. The procedures in Air Cargo Advance Screening includes the following:

**Collecting Pre-Loading Advance Information**
Through the “Trusted Shipper” concept, data supplied are used to pre-load the advance information. This includes criteria for shippers, as well as air cargo shipments based on the existing air cargo Security Directives/Emergency Amendments (SDs/EAs) such as:
- Shipper name and address
- Consignee name and address
- Cargo description
- Weight and piece count

Need more information on how you can become a trusted shipper? Talk to us, today.

**Enhancing Risk-Based Targeting**
Using the information of the air cargo carrier and shipment provided, CBP and TSA analyzes these data against intelligence and other available historical data to identify shipments, prior to loading, that may pose an elevated risk to aviation.

**Streamline Customs Entry Requirements**
In parallel with ACAS, CBP uses additional data received through current trade filings which will improve the processing of ACAS shipment verification and release of import shipment.

**Harmonization of International Air Cargo Security Standards**
Further improvement of the global security through ACAS requires international cooperation. However, ACAS is optimistic that advanced data collection and submission will soon expand to other areas of the globe to help enhance air cargo security worldwide.

**Customs procedures of air cargo for import and export**
Here is a glance of how customs procedures is handled by your customs broker.

**Submission of documents prior to the arrival of the cargo**
As mentioned earlier, documents such as commercial invoice, air waybill and packing list, should be submitted prior to the arrival of the goods at the destination airport. This entails the smooth flow of preparation and clearance of your cargo.

**Coordination of documents via the customs broker**
Upon acquiring all the required documents, the customs broker will now review these prior to the entry of goods. He’ll handle the notifications, filings and submissions to the carrier and customs. However, it is of utmost importance for the importer to provide a duly signed Power of Attorney authorizing the broker to act in behalf of them.

**REVIEW OF LITERATURE**
Stopford, M (1997) in their article state that Logistics outsourcing has a significant effect on how manufacturing firms produce and deliver products to their customers. Indeed, many manufacturing firms do not own or manage the transportation and warehousing resources used for inbound and outbound shipments from their facilities. Earlier research, however, has cast doubt on the efficacy of outsourcing, as some companies experience favorable performance outcomes while others do not. Their research investigates the effects of logistics outsourcing on cost by analyzing empirical data across a wide variety of industries, using data from a survey of manufacturing plant managers. Our analysis indicates that outsourcing logistics activities slightly increased COGS, but the existence of moderating factors suggests interesting new strategies for outsourcing the logistics functions.
Salifou, M (1988) said although logistics partnerships are common, incentives for entering into strategic arrangements and the determinants of their success are not well researched. Many logistics partnerships, being operational in nature, are of a logistics partnership on a shipper's strategic moves and competitive positioning has not been researched thoroughly.

Tharun Shankar (2007) in this study, the researcher has suggested that customer driven supply chain has become a prime focus with value added services such as just-in-time deliveries, high compliance systems and lower transportation costs. To this end, many shippers and suppliers have realized the growing power of intelligent and optimized transportation and logistics solutions and speed of information processing to cut down their service costs and its amazingly added value to the customers. It is therefore no wonder that today companies are focused on intelligent logistics as a key business tool to enable them to penetrate markets, improve returns and sustain.

Lei Wang (2011) in his article he pointed out that today's international market competition is in full range competition. Enterprise has profoundly realized individual efforts are less preferable for the increasingly fierce competition in the market. Enterprises need to use their core strengths to seek and attract multilateral cooperation with other enterprises in order to realize win-win. The bold use of the partners' advantageous resource to seek their own economic interests represents that supply chain management is going through a transformation from traditional transaction management to the relationship management. (Mengyan Zhang, Aimin Shi; 2008) With the development of logistics economy, logistics demand will become more inclined to the direction of "one-stop" and "globalization". This ever-increasing customer requirements make any logistics enterprises find it difficult to adapt to it, of course, the port is no exception.

Kirubakaran J Paul Sundar (2012) in this article it is stated that the flow of goods from the manufacturer to the end users goes through various stages with the help of effective logistic operations. The study is aimed to analyze the following objectives empirically. To limelight the overview of the Custom House Agents (CHA's), to analyze the contributions of Custom House Agents in the marine trade, to analyze the opinion perceived by the Custom House Agents and to suggest ways and means for effective Sea transportation to enrich India's Maritime Trade.

RESEARCH METHODOLOGY

The main aim of the research work is to study the role of clearing and forwarding of exports and imports and to analyze the factors considered for the success of clearing and forwarding agents in exports and imports of goods. The sample for this study is the persons who are involved in export or import of some goods and can be done through Uni-Logistics agencies private limited., Chennai. By adopting convenience sampling method 100 samples were collected. Twelve statements were identified which are most important factors that describe the success of clearing and forwarding business. Those statements were measured in FIVE point Likert scale where 5 represents strongly agree and 1 represents strongly disagree.

ANALYSIS AND INTERPRETATION

Table-1: Frequency Distribution of the Respondents’ Experience in Business

<table>
<thead>
<tr>
<th>Experience in Business</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>22</td>
<td>22.0</td>
</tr>
<tr>
<td>5 to 10 years</td>
<td>41</td>
<td>41.0</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>37</td>
<td>37.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table shows the frequency and percentage distribution of the respondents experience in business. It is noted that among 100 participants 41 percent are having 5 to 10 years of experience in the business, 37 percent are having more than 10 years in the business and 22 percent are having less than 5 years of experience in their existing business.
Table 2: Frequency Distribution of the Respondents’ Frequency of Shipping

<table>
<thead>
<tr>
<th>Frequency of Shipping</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>19</td>
<td>19.0</td>
</tr>
<tr>
<td>Quarterly</td>
<td>27</td>
<td>27.0</td>
</tr>
<tr>
<td>Half-yearly</td>
<td>8</td>
<td>8.0</td>
</tr>
<tr>
<td>Annually</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td>Whenever required</td>
<td>39</td>
<td>39.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 2 shows the frequency and Percentage Distribution of the Respondents’ frequency of shipping. It is noted that among 100 participants 39 percent ship their goods whenever they required, while 2 percent of the respondents ship their goods for every quarter. 19 percent of the respondents have consignment for every month, while 8 percent of the respondents ship half-yearly. However, only 7 percent of the respondents ship their products once in one year.

Table 3: Frequency and Percentage Distribution regarding Familiar with the local rules and regulations with respect to shipments

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>14</td>
<td>14.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>23</td>
<td>23.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>17</td>
<td>17.0</td>
</tr>
<tr>
<td>Agree</td>
<td>34</td>
<td>34.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>12</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table shows the frequency and percentage distribution regarding Familiar with the local rules and regulations with respect to shipments. It is found that 34 percent of the respondents agree to the statement, which means that the Uni-Logistics agencies familiar with the local rules and regulations with respect to shipments. However, 23 percent of the respondents disagree to the statement and 14 cent of the respondents strongly disagree to the above statement, which means that the Uni-Logistics do not familiar with the local rules and regulations with respect to shipments. 17 percent gave neutral opinion. Therefore it is found that Uni-Logistics agencies are familiar with the local rules and regulations with respect to shipments.

Table 4: Frequency and Percentage Distribution regarding Able to use technology effectively, including a good telecommunications system and a computerized tracking system that allows locating shipment at any given time

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Strongly Disagree</td>
<td>14</td>
<td>14.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>28</td>
<td>28.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
<td>12.0</td>
</tr>
<tr>
<td>Agree</td>
<td>36</td>
<td>36.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table shows the frequency and percentage distribution regarding Able to use technology effectively, including a good telecommunications system and a computerized tracking system that allows locating shipment at any given time. It is found that 36 percent of the respondents agree to the statement, which means that the Uni-Logistics agencies can able to use technology effectively, including a good telecommunications system and a computerized tracking system that allows locating shipment at any given time. However, 28 percent of the respondents disagree to the statement and 14 cent of the respondents strongly disagree to the above statement, which means that Uni-Logistics agencies can unable to use technology effectively, including a good telecommunications system and a computerized tracking system that allows locating shipment at any given time. 12 percent gave neutral opinion. Therefore it is found that Uni-Logistics agencies can able to use technology effectively, including a good telecommunications systems and a computerized tracking system that allows locating shipment at any given time.
Table 5: Frequency and Percentage Distribution regarding Own or have access to a bonded warehouse to protect and control cargo in transit

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>17</td>
<td>17.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>21</td>
<td>21.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>23</td>
<td>23.0</td>
</tr>
<tr>
<td>Agree</td>
<td>22</td>
<td>22.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>17</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table shows the frequency and percentage distribution regarding own or has access to a bonded warehouse to protect and control cargo in transit. It is found that 22 percent of the respondents agree to the statement, which means that the Uni-Logistics agencies own or has access to a bonded warehouse to protect and control cargo in transit. However, 21 percent of the respondents disagree to the statement and 17 cent of the respondents strongly disagree to the above statement, which means that Uni-Logistics agencies own or has access to a bonded warehouse to protect and control cargo in transit. 22 percent gave neutral opinion. Therefore, it is concluded that Uni-Logistics has good access to a bonded warehouse to protect and control cargo in transit.

Table 6: Frequency and Percentage Distribution regarding able to provide a wide variety of services (such as sea- and air-freight clearance, re-packaging of damaged cargo, and transport brokerage)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>6.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>38</td>
<td>38.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>21</td>
<td>21.0</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table shows the frequency and percentage distribution regarding Able to provide a wide variety of services (such as sea- and air-freight clearance, re-packaging of damaged cargo, and transport brokerage). It is found that only 31 percent of the respondents strongly agree to the statement, which means that the Uni-Logistics agencies can able to provide a wide variety of services such as sea and air freight clearance, re-packaging of damaged cargo and transport brokerage. However, 38 percent of the respondents disagree to the statement and 6 cent of the respondents strongly disagree to the above statement, which means that Uni-Logistics agencies cannot able to provide a wide variety of services such as sea and air freight clearance, re-packaging of damaged cargo and transport brokerage. 21 percent gave neutral opinion. Therefore, it is concluded that Uni-Logistics cannot able to provide a wide variety of services such as sea and air freight clearance, re-packaging of damaged cargo and transport brokerage.

**SUGGESTIONS**

Since, Uni-Logistics cannot able to provide a wide variety of services such as sea and air freight clearance, re-packaging of damaged cargo and transport brokerage, it is suggested that the agency should have contract with other operators to give various services for its customers. If few services are not provided by the agency, then the customers may look for alternative choice, which may lead to lose of customers. Therefore, it is suggested to concentrate on variety of services such as sea and air freight clearance, re-packaging of damaged cargo and transport brokerage.

Since, Uni-Logistics cannot liaise with the independent surveyor, vessel agent, port authorities, and government departments for a smooth operation, it is suggested that the agency management should materialize the activities and approach the authorities with adequate records and should have a cordial relationship with them. When the agency go with proper documents, there is no question of delay in operations. Further, the management should appoint a person to act as a liaison between the agency and other government departments to have a smooth operation.

Since, Uni-Logistics finds itself lag in the process all necessary paperwork to discharge cargo, it is suggested that Uni-Logistics agencies should give training to its employees about the documentation process and discharge of cargo. The training can be done by an expert from other agencies or even from customs department. The agency should insists all its employees to undergo training.
CONCLUSION

Clearing and forwarding agencies are facing lot of competition from their counterparts, and sustainability is the question to be answered at present. Though there are several factors to be considered for the sustainability in business, the present study was conducted with Uni-Logistics agencies in Chennai and analyzed its customers’ responses. Based on the analysis there are few suggestions given for the improvement of business. there are several positive aspects are with Uni-Logistics, but it has to rectify or overcome the negative aspects in clearing and forwarding business which will make the Uni-Logistics agencies a number one position in this business.

BIBLIOGRAPHY