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## Problems faced by custom house and forwarding agents in cargo handling with reference to Tuticorin region

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### Abstract

CHAs (Custom House Agents) and freight forwarders have a massive impact on the domestic and global financial system of any nation. With rising consumer demand and the resulting growth in international trade, the role of infrastructure sustain in terms of rails, roads, ports & warehouses hold the key to the success of the economy. Goods are transported predominantly by road and rail in India. Whereas road transport is controlled by private players, rail transport is handled by the central government. With the second largest network in the world, road contributes to 65% of the freight transport. Road is prefer because of its cost efficiency and flexibility. Rail, on the other hand, is preferred because of containerization ability and ease in transporting ship-containers and wooden crates. The present study deals with 50 samples. Statistical tools uses for the analysis of the data are Simple Percentage, Chi-Square Test and Weighted Average Mean. This paper attempts to identify the problems faced by the CHAs and freight forwarders in Tuticorin region.

**Keywords:** Supply chain, CHAs, cost efficiency, consumer demand, international trade

### Introduction

CHAs and freight forwarders having a vast impact on the domestic and global financial system of any nation. As such, the role and significance of logistics has been elevated in a lot of industry environments. This report gives an impression of logistics business in India. The focus of the information is to study the problem faced by CHAs and freight forwarders prove that they are efficient in cargo handling. It is emphasized that the challenges in the prospective growth areas and growth strategies for the CHAs and freight forwarders players in India to becoming highly localized outstanding players. CHAs and freight forwarders industry in India is evolving rapidly and it is the interplay of infrastructure, technology and new types of service providers that will define whether the industry is able to help its customers reduce their logistics costs and provide effective services (which are also growing).

At the firm level, the CHAs and freight forwarders focus is moving towards reducing cycle times in order to add value to their customers. CHAs and freight forwarders is all about moving materials, information and funds from one business to another business or from a business to the consumer. CHAs and freight forwarders is a significant part of the business economic system and is a major global economic activity. It encompasses activities like freight transportation, warehousing, material handling, protective packaging, inventory control, order processing, and marketing, forecasting and customer service.

### Review of Literature

Dobbersteinet, *et al.* (2007) <sup>[3]</sup> said that the Indian logistics sector comprises the entire inbound and outbound segments of the industrialized and service supply chains. Of late, the logistics infrastructure has received lot of attention both from business and industry as well as policy makers. However, the role of managing this infrastructure (or the logistics management regimen) to effectively compete has been slightly under-emphasized. Inadequate logistics infrastructure has an effect of creating bottlenecks in the growth of an economy; the logistics managing regimen has the capability of overcoming the disadvantages of the infrastructure in the short run while providing cutting edge

competitiveness in the long term. It is here that exist several challenges as well as opportunities for the Indian economy. There are several models that seem to be rising based on the critical needs of the Indian economy that can stand as viable models for other global economies as well.

Paul TW Lee, Kai-Chieh Hu (2012) [2] indicated “Evaluation of the Service Quality of Container Ports” has investigated the relationship between the level of importance on service and satisfaction in port service. In order to achieve better service quality preference was given to the container cargoes and implement quality standards to achieve service quality excellence by allocating proper resource efficiency.

S.K. Bose, N.G. Kannan (2012) [1], observed that “Improving The Service Quality of Ocean Container Carriers” has encounter the service quality improvement of ocean container carriers to ensure breakthrough performance in India based on service criteria, transportation literature and customer satisfaction survey. The author found that the service criteria affect the service quality of ocean container carriers. The author added that there is a huge negative gap exists in the efficient resource allocation. Hence the author suggests that appropriate steps should be taken in the Indian Container Carrier industry.

**Management of a small logistics company**

Logistics encompasses all of the information and material flows all over a society. It includes everything from the facton of a product or from a service that needs to be rendered, through to the management of incoming raw materials, production, the storing of finished goods, its delivery to the customer and after- sales service. The scope of logistics has changed since the emergence of new technologies and strategic alliances in order to compete on flexibility and responsiveness. The growing importance of logistics arises from companies becoming globalized to gain access to new markets, realize greater production efficiencies, and tap technological competencies beyond their own geographical borders.

**Objectives of the study**

- To study the problems faced by logistic companies in cargo handling.
- To know the satisfaction level of carrier services provided by the logistic companies.
- To offer valuable suggestions to logistic companies to improve their operations

**Methodology**

In this study the researcher has used only source of primary data which were collected through well-structured Questionnaire and the data were collected from 50 number of sample respondents from Tuticorin region in Tamil Nadu. The type of respondents were taken for this study were of closed type. The following are the statistical tools which are employed in this study.

- Simple Percentage Analysis.
- Chi- Square.
- Weighted Arithmetic Mean.

**Simple percentage analysis**

The percentage method is used for comparing certain features, the collected data represented in the form of tables and graphs in order to give effective visualization of

comparison made.

$$\text{Simple percentage} = \frac{\text{Actual population size}}{\text{Sample size}} \times 100$$

**Chi-square test**

Chi-square test is the statistical technique widely used for testing the hypothesis in non-parametric test. It can be used to determine the categorical data that are shown on the two classifications are independent or not.

**The chi-square can be calculated by using following formulas**

**Expected value= (row-1) (column-1)**

$$X^2 = (O-E)^2 / E$$

**Weighted average mean**

The term weight stands for relative importance of different items. Weights have been assigned to various ranks. The weighted score is calculated by multiplying the number of respondents in a cell with their relative weights and the whole number is summed up to give the weighted score for that factors.

Arithmetic mean computed by considering relative importance of each items is called weighted arithmetic mean is computed by using the following formula:

$$\sum XW = \frac{\sum WX}{\sum W}$$

Where,

$\sum XW$  = weighted arithmetic mean

$\sum WX$  = value of items

$\sum W$  = weight of the items

**Data analysis and interpretation**

Simple Percentage Analysis

**Table 1:** Showing the Major shipments about the concerns

Particulars	No of Respondents	Percentage
Import	16	32
Export	18	36
Both	16	32
TOTAL	50	100

Source: Primary Data

**Inference:** From the above table 32% of the respondent’s shipments is concerned is import, 36% of the respondents are concerned with exports, 32% of the respondents in both of shipments

Majority of respondents (36%) are in export concern.

**Chi-square test**

**Null Hypothesis (H<sub>0</sub>)**

“There is no significant difference between the natures of the company.

**Alternative Hypothesis (H<sub>1</sub>)**

“There is significant difference between demands for your company”.

**Chi-Square Test**

**Table 2:** showing the observed value

Nature of the company / Demand for your company service	CHA	Freight forwarders	Liner agent	Stemer agent	Total
High level	2	2	6	0	10
Moderate	8	0	2	2	12
Low cost	6	10	2	2	20
Very low	0	2	2	4	8
Total	16	14	12	8	50

**Inference:** The calculated value is (29.781) is less than the table value (16.92). Hypothesis is a rejected. Hence there is a significant relationship between the nature of the company

and demand for your company.

**Weighted average mean**

**Table 3:** Showing the level of satisfaction towards the activities and services of the logistic company

Factors	SA	A	N	DA	SDA	Total	Weighted Mean Score	Rank
	5	4	3	2	1			
Time taken for obtaining certificates/permission from outside agencies	8	22	10	6	4	50	3.48	4
	30	60	24	6	1	174		
Infrastructure facilities	2	20	22	4	2	50	3.32	7
	10	80	66	8	2	166		
Container handling charges	10	16	22	2	0	50	3.68	3
	50	64	66	4	4	184		
Timely dispatch of cargos	0	8	20	18	4	50	2.64	11
	0	32	60	36	4	132		
Custom clearance procedures	6	20	16	6	2	50	3.44	5
	30	80	48	12	2	172		
Online inventory tracking	12	22	6	10	0	50	3.72	2
	60	88	18	20	0	186		
Temperature control storage	6	18	14	8	4	50	3.28	8
	30	72	42	16	4	164		
Advanced data collection technology	10	24	10	6	0	50	3.76	1
	50	96	30	12	0	188		
Hands free order selection	4	6	20	10	10	50	2.68	10
	20	24	60	20	10	134		
Storage and warehousing	8	14	18	10	0	50	3.40	6
	40	56	54	20	0	170		
Freight forwarding agents	10	16	12	12	0	50	3.00	9
	50	64	36	24	0	150		

**Sources:** Primary data

**Inference:** The table exhibits the weighted average mean scores. The table highlights weighted score, which help to make a decision the most vital factor, on the cutting section process and its level of satisfaction. The highest score 3.76 is complex data collection knowledge and the lowest score is 2.64 is timely dispatch of cargos.

**Findings**

- Majority of respondents (36%) are in send abroad concern.
- Hence there is a significant relationship between the nature of the company and order for your company.
- The highest score 3.76 is advanced data collection technology and the lowest score is 2.64 is timely dispatch of cargos.

**Suggestions**

- The performance of the logistics service provider’s logistics could be improved by providing still more infrastructural facilities.
- The cargo handling charges, especially in Tuticorin are to be revised to attract more exporters.
- Since cost is the factor for choosing another logistics service providers managements could try to modify

their cost structure.

- Logistic service providers could try to get better facilities in cargo handling.
- The time taken for obtaining certificates could be reduced.

**Conclusion**

A performance of logistic sector becomes predictable at those liberalized, privatized and globalized system, with a view to sustain its piece and profit than to contend with private sectors. in this study such an attempt has been taken to evaluate the maximum aspect of the operating and logistics performance further it is understood that the present performance of companies is good enough to meet its future requirement in all aspects of the company implements the propositions given in the study, the concert will be better in future also. The government should take care revising the tax pattern, clearance charges, and demurrage charges for humanizing the logistics method. And they should take steps to enforce consistency in cost structure. In addition, applying still more infrastructural facilities would be an added an improvement sustaining facilities to CFS, warehousing, storage, facilities, etc. will add settlement to the system. Further there is lot of changes

like automation, e-payment method; GPS tracking facilities etc. can be used by logistics companies to get better their operations.

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