



ESSAY ON ROLE OF CUSTOM HOUSE AGENTS IN INTERNATIONAL TRADE

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ABSTRACT

A custom house agent is an authorized representative who may handle imports and exports on behalf of their clients. A temporary or permanent license is required to function as an agent, and both internal and external work on the shipping bill will be completed. Procedures for exporting and importing goods include really challenging and intolerable right away. As a result, it is in everyone's best interest for exporters to work with clearing and forwarding firms that are knowledgeable in the customs and consignment processes. The agent at the customs house should have a background in logistics and appropriate academic credentials. The purpose of this exploratory research was to determine the necessary skills, training, and guidelines for a successful career as a custom home.

keywords: custom house agent, trade

1. INTRODUCTION

Agents at the Customs House provide legal advice by recommending the appropriate product categories. Whenever the inquiry is raised by customs officials, CHA provides a solution. Essentially, CHA handles everything involved in customs clearance.

Customs processing for international shipments is where CHA really shines. They've got everything figured out that has to be figured out. In business terms, this means that CHA streamlines the time it takes to pass customs. CHA's fees are flexible within the limits set by the commissioner, but they cannot be increased. Who's a big perk for businesses that use CHA for exports. The decision to employ a CHA rest solely with the company or entrepreneur in question and is not required.

When it comes to international trade, just though an exporter employs a CHA does not give them carte blanche to violate any laws or regulations. That's only a potential outcome that occurs 3% of the time. CHA is responsible for advising the customer and providing them with the necessary, pertinent information needed for cargo or baggage clearance.

The duties of a CHA are crucial to the smooth operation of an export/import firm. Those involved in export trade may find it advantageous to develop and keep positive contacts with CHA. As export and import policies in India broaden, so too does the role of the customs agent.

In order to qualify as a Licensed Customs House Agent, the individual in question must first receive a license from the commissioner of Customs in accordance with regulation 146 of the Customs Act, 1962. Any CHA seeking a "G-Card" must first work for an approved CHA for a minimum of two years.

Not everyone looks forward to the paperwork and documents required for export and import customs clearance. Several more considerations raise the issue (not a bad one) of whether or not to use a CHA. In my opinion, it is important to consider the company's export history and scale while deciding whether or not to employ a CHA. Contact us at 9898724798 or check out our website at <https://digitalexim.com/> if you want to learn more about the exciting world of exporting and importing.

The term "logistics," derived from the French "logistique," refers to the extensive planning and execution of a complicated process. The term "logistics" is often used to refer to the corporate practice of coordinating the flow of goods and services between different locations supply chain management involves coordinating the movement of goods between production facilities and retail outlets to satisfy demand. Logistics include the management of both tangible and intangible resources, such as food, materials, animals, equipment, and liquids. Information and material handling, manufacturing, packaging, inventory, shipping, storage, and sometimes even security are all part of the logistics process for tangible goods. What we mean when we say "import" is anything that comes into a country or other governing body from outside that country. An importer is the person or organization responsible for bringing in the product.

The equivalent of an import in the country of destination is an export in the country of origin. In international commerce, "export" refers to the shipment of manufactured or processed commodities or services from one country to another. The vendor selling these items is known as an exporter, and customs officials are frequently involved in the process of exporting commodities. The corresponding import to any export is an import. Importing and exporting may be a stressful ordeal. Therefore, it is in the best interest of every exporter to use the help of clearing and forwarding agencies who are knowledgeable in the customs and consignment processes.

The exporter should hire an agent to ensure the shipment goes off without a hitch. A customs house agent is a licensed individual who acts as an agent for the purpose of facilitating the exit or entrance of goods or transportation, or the import or export of products, at a customs facility. In accordance with the customs house agent licensing requirements, a license to serve as a customs broker may be issued

for either a temporary or permanent period of time under subsection (2) of section 146 of the Customs Act of 1962.

The customs house agent should have relevant work experience and academic credentials. A college degree is required for the CHA position. The CHA has to have some background working with customs. The CHA should be securing Rs.5 million in assets, as verified by a bank. The Commissioner may extend a Form G pass for a qualifying CHA for up to one additional year in writing.

2. LITERATURE REVIEW

In order to choose the best Customs House Agent (CHA), an Analytic Hierarchy Process might be used, as stated by Kannan (2018). (AHP). In this piece, the author addresses a pair of groups. One highlights the relative significance of the elements that contribute to choosing the best CHA, while the other investigates those criteria. Judgment sampling was used to determine which groups would be formed, then quota sampling and snowball sampling were used to determine which individuals would make up those groups. The author draws the conclusion that using this AHP-based methodology, exit businesses may easily choose the best CHA for their needs. Importers and exporters might benefit from the research conducted by Chaplin and Wills, who excluded trade of law literature in favor of a discussion of the liabilities and assets of customs.

Kirubakaran (2019) states that the custom housing agent in logistics operations will use several transit modes to locate an already established business. After researching customs broker associations, Kumar and Mukherjee (2014) write on the training program offered to association members. Electronic delivery of orders, or (e-do), system has been deployed at port for managing the delivery orders from custom house agent to container freight station, as discussed in detail by Taneja, Bimal, and Dayal (2016).

The Custom Housing Association in Bombay was consulted by Gupta & Dasgupta (2018). In his report, he spoke briefly on the country's educational system, legal system, and business friendliness. Shareef (2014) discusses the effects of Andhra Pradesh's division on the state's export and import commerce, focusing particularly on the concerns of customs agents' groups on inland container depots, container freight stations, and warehouses. A general meeting of the customs house agents' association was recently conducted in Mumbai, and Argyrou (2014) reported on the conference's outcomes.

Dublin : motive , image and reality in the custom house docks- Patrick Malone City , capital and water , 65-88 , 2013 One of the central questions in urban development is how far it is shaped by good practice in planning and design , rather than by the ambitions of property and political interests which hold power in the development process . The development of the Custom House Docks in Dublin (Ireland) provides an opportunity to examine how the objectives of property and other interests are integrated with planning and design processes . This raises the issue of whether the Custom House Docks project was created within a system of urban development that was based essentially on

planning , or within a system in which planning and design were hijacked by property and other interests working for their own ends . In short , the issue is that of the motives behind the project and the position of political and economic interests and of planning and design in relation to those motives .

Officially , the Custom House Docks project was initiated in October 1985 , when the Irish government decided to establish a development agency to revamp an area of redundant dockland and to use tax incentives to encourage investment in the area .

A Framework for the Selection of an Optimal Custom House Agent by Exim Firms Using the Analytic Hierarchy Process .

V Kannan

ICFAI Journal of International Business 3 (4) , 2008

This paper aims at providing a framework to exim firms for the selection of an optimal Custom House Agent (CHA) by using the Analytic Hierarchy Process (AHP) . For the study , two focus groups were conducted . One for exploring the criteria which contribute to the selection of an optimal CHA and the other for bringing out the relative importance of these criteria . The moderators of the focus groups were selected by using judgment sampling and the members by quota sampling and snowball sampling

On analysis , it was first found that Service Charge (SC) is the most important criterion in the selection process and Updated Knowledge (UK) is the least important criterion Then , three decision choices (CHA X , Y and Z) were assumed for illustrative purpose and how the optimal decision choice is selected by using AHP was explained in a step by step manner . This paper has not incorporated the Consistency Ratio (CR) . It is concluded that in real life situations , the exim firms shall select the optimal CHA with ease by applying this framework based on AHP .

3. BACKGROUND OF THE STUDY

Importance of the customs house agent

A customs house is an administrative building where officials oversee the processes involved in the import and export of goods and the arrival and departure of transportation, including the collection of taxes (commonly referred to as custom duties) and the inspection of incoming and outgoing shipments.

Since commerce by water was common in earlier years, governments often established these custom offices at seaports for gathering customs and making clearing boats of all dues. Air transport has made it commonplace to transport products and passengers from one location to another. As a result, customs offices are now often located at airports.

All commodities must pass through a customs house, which acts as a checkpoint where they are carefully inspected before being released. Records of products exported and imported, as well as those of vehicles entering and leaving a customs facility, are maintained here. These records are routinely

updated to include new information. A customs clearance certificate is required for all shipments before they can be released for general distribution and sale.

That person who works at the Customs Department is called a "Custom House Agent."

A Customs House Agent (CHA) acts as a legal counsellor by proposing exact product categories. Whenever the question is raised by customs officials, CHA is there to help. Simply put, CHA handles everything involved in the customs clearance procedure.

The Master of International Trade (MIT) in Customs House Agent (CHA) is the highest level of study in the field. After successfully completing the CHA course, individuals will have acquired all the necessary information. To put it simply, a custom house agent in trade makes the whole customs clearing procedure easy. Although CHA's prices are adjustable, they cannot go beyond the baseline rates approved by the commissioner. Who's great news for the many companies that rely on CHA to facilitate their export operations. It's up to the individual firm or entrepreneur whether or not they choose to invest in a CHA.

Employing CHA does not give exporters carte blanche to take advantage of them, and CHAs themselves have a responsibility to act within the law while working in international trade. The clearance of goods or luggage requires CHA to provide the customer with suitable ideas and accurate, relevant information.

In the field of international commerce, the duties of a customs house agent (CHA) are crucial to the success of the company as a whole. The export business owner may benefit from establishing and keeping a positive connection with CHA. Customs agent training in India is becoming more valuable as the government liberalizes its stance on the export-import sector

4. RESEARCH METHODOLOGY

METHODS FOR DATA COLLECTION & VARIABLES OF THE STUDY

Methods for data collection

Secondary Data

Secondary Data

Secondary source of data was collected from

Books

Journals

Magazines

Web's big data es

Sampling

The sample technique utilized for data gathering is convenient sampling. The convenience sampling method is a non-probability strategy.

Sampling size

Big data indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time and money,

Plan of analysis

Diagrammatic representation through graphs and charts

Big data able inferences will be made after applying necessary statistical tools.

Findings & suggestions will be given to make the study more useful.

5. DATA ANALYSIS

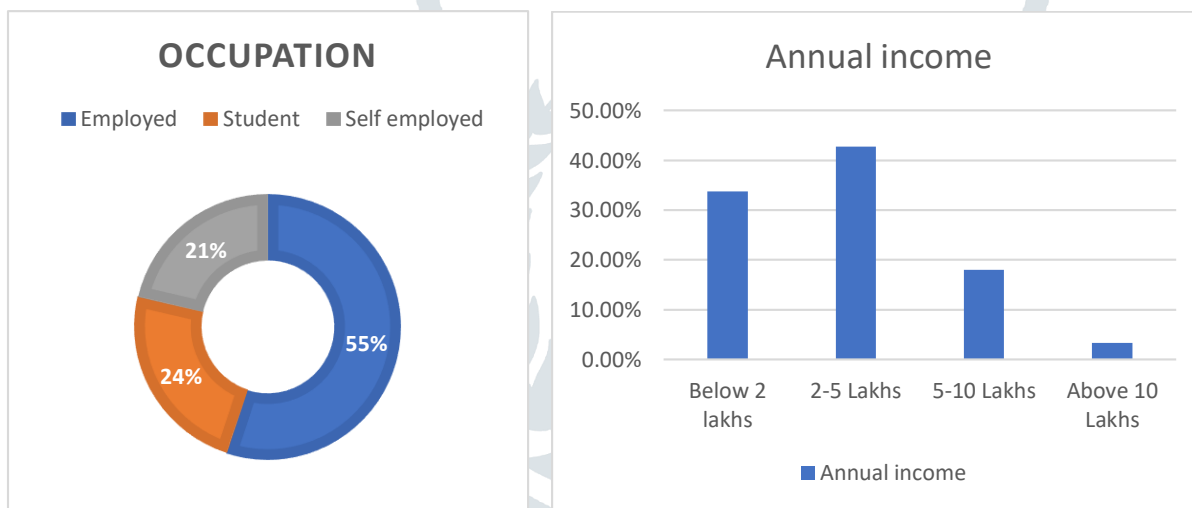


Chart 1 shows that there are total 54.4% of employed respondent out of which 42.2% of them have 2-5 lakh income per annum. Moreover, 33.3% have income below 2 lakh and 22.2% are self employed.

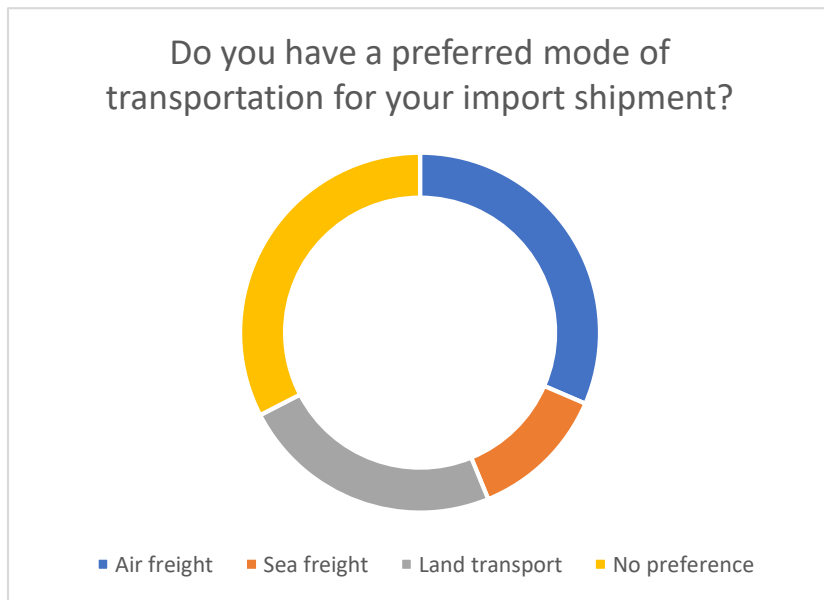


Chart 2 shows that 32.2% of respondent prefer air freight for transportation for import shipment while only 12.2% prefer sea freight which is the lowest

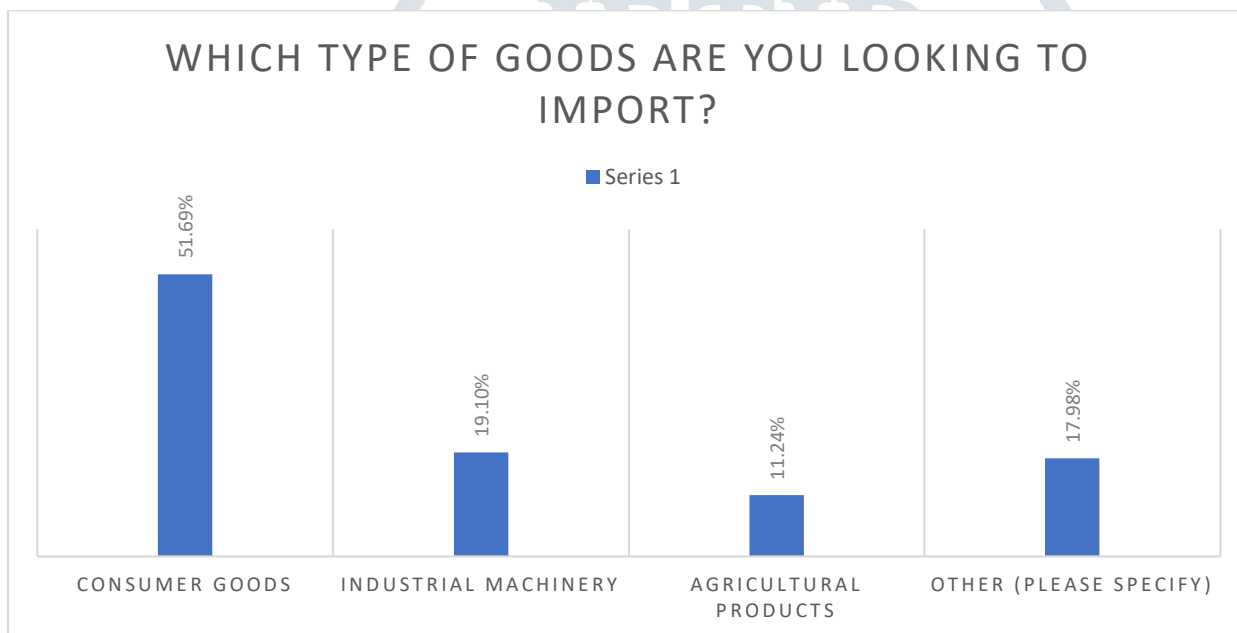


Chart 3 represents that 51.1% are the consumer goods which the respondents are looking to import and it is the highest among all other goods. Agriculture goods are at the nadir.

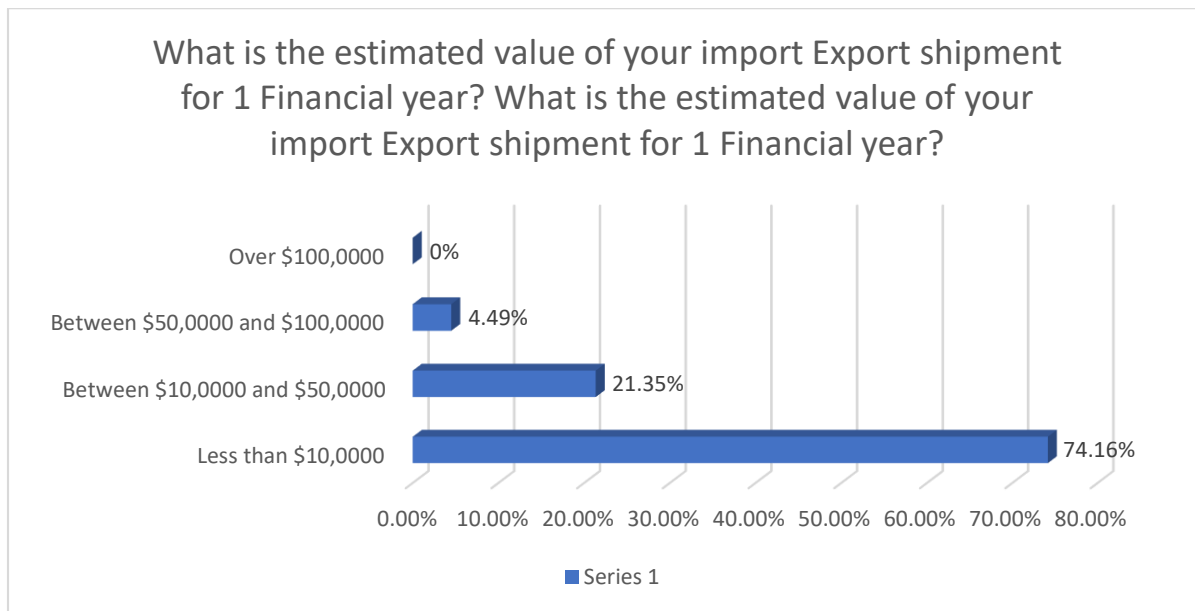


Chart 4 shows that majority of the estimated value of shipment is less than \$100000 i.e 73.3%.

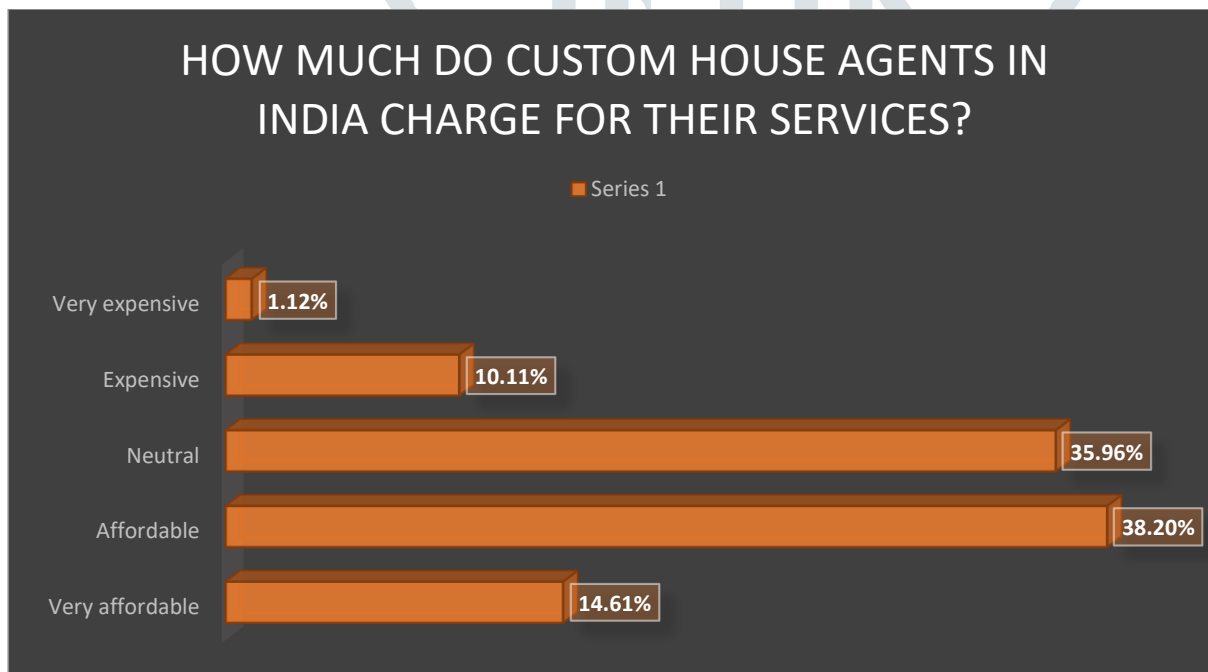


Chart 5 shows that the custom house agents in India charges are affordable to 37.8% while very affordable to 14.4% of respondents.



Chart 7 shows that 74.4% respondent requires special handling or storage for imported goods while only 71.1% have specific timelines or deadlines for import shipment.



Chart 9 represents that all the reasons are agreed with the respondents in the role of custom house in international trade but among them 17.8% is the highest number of respondent that handle the paperwork and documentation for import and export transactions.



Chart 10 proves that most of respondent agreed with all the given benefits with custom house agent but still highest benefit with custom house agent is that they save time & effort by managing all required paperwork & procedures.

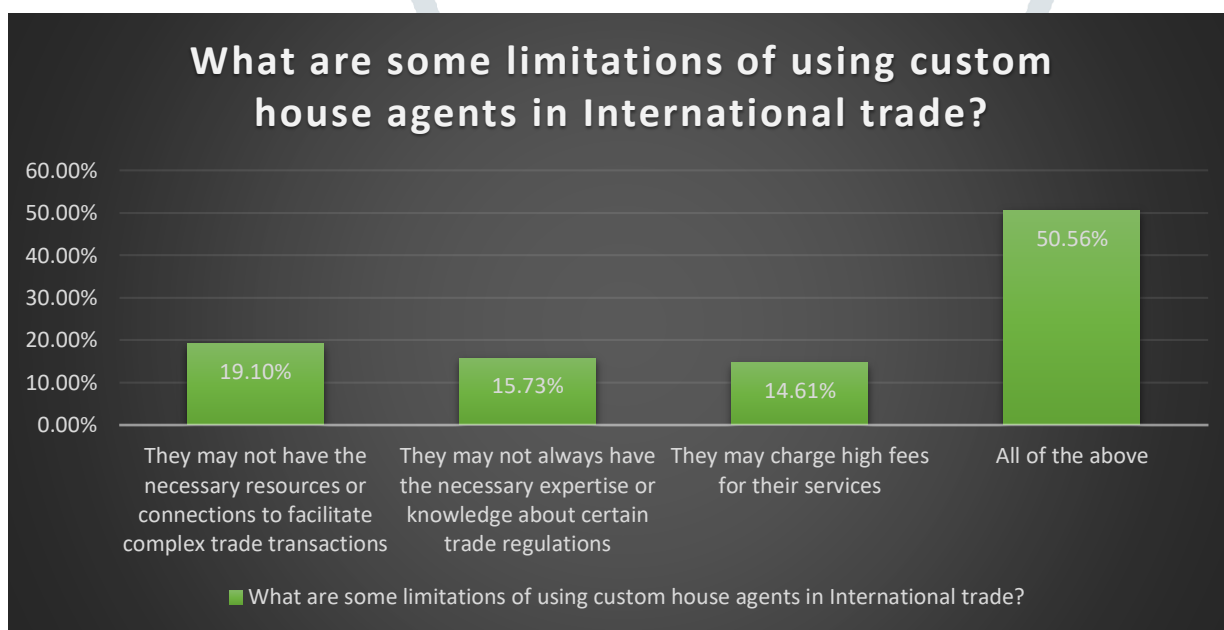


Chart 11 represents the limitations with custom house agent where respondent feels that given all 3 limitations are face with custom house agents but moreover 19.10% respondent feels major limitation is custom house agent have not required resources and connection which makes trade easy and due to that custom house agent may charge higher fees for trade.



Chart 12 shows that 70% of respondents believes custom house agent must do given all activities to make trade smooth but as per responses custom house agent should more focus on loading & unloading of goods at ports & airports.

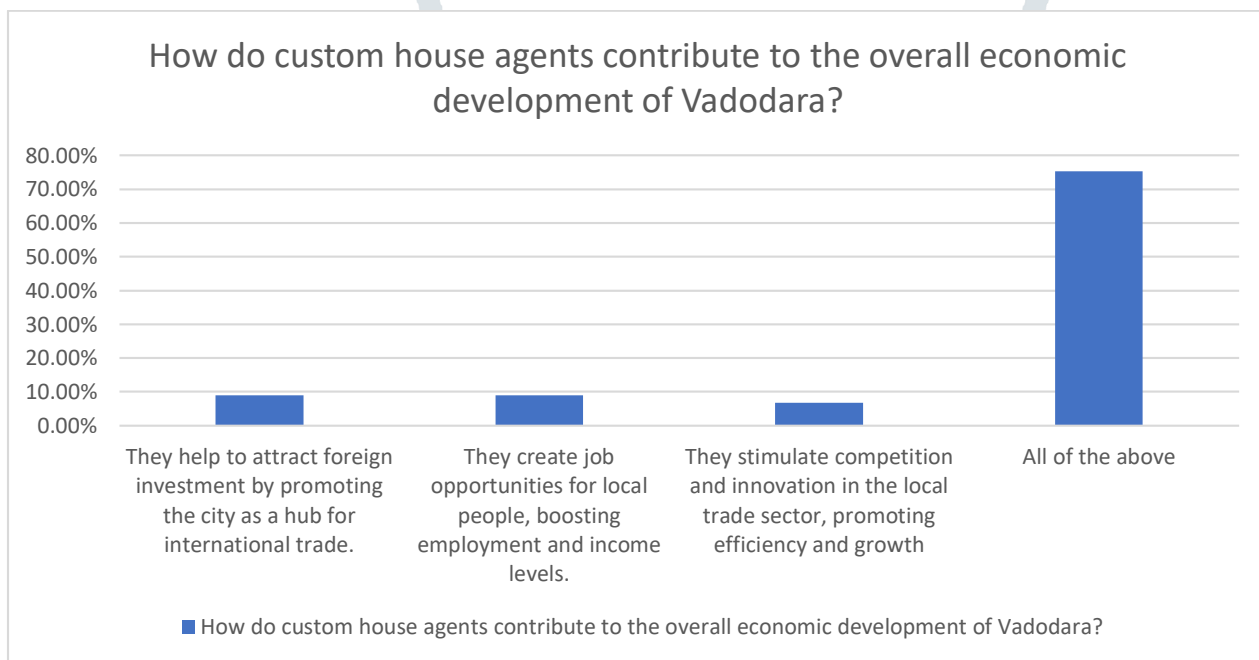


Chart 13 provides the information how much contributed by custom house agents in development activities. Custom house agent attracts the foreign goods and investor in country which makes more and more competition in local market and it leads to new jobs for economy, so this happens on international level.

6 CONCLUSION

- Changes must be made to customs procedures to ensure that shipments can be processed smoothly. Both exporters and importers must provide enough support to customs house agents throughout the shipping process.
- Reducing the price of using our services will encourage more business to flow through our doors.
- The CHAs should help the shippers who have the capability in producing commodities but lack the marketing skills by providing market development assistance.
- Revolutionary changes in logistics are essential if Indian companies are to succeed in the global marketplace of the twenty-first century.

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