AN ASSESSMENT OF CHENNAI PORT CUSTOMS CLEARANCE OPERATIONS

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Abstract. *Customs clearance is a necessary procedure before goods can be imported or exported internationally. If a shipment is cleared, then the shipper will provide documentation confirming customs duties that are paid and the shipment can be processed. The purpose of the article is to study the custom clearance operations in Chennai: to study the challenges faced in the custom clearance; to study the process flow of custom clearance; to study the documents required in the custom clearance. The research design undertaken in this article of descriptive in nature, since it provides a description of the state of affairs as its exists in the organization at performance management. The sample size taken for the study is 100. The instrument used in the present study is Questionnaire. Pilot study were done to test the questions and to make some modifications in the questionnaire. The study concentrated through the analysis of tabulation, comparative percentage, bar diagrams, Chi-square test is used in the appropriate places. Most common customs-related problems are: Misclassification; Duties higher than anticipated; Customs office won't clear the shipment to your buyer/importer; Customs office invoking health, sanitary, or safety issues; Labeling issues involving a certificate of origin, weight, ingredients, marks, etc.; Inadequate documentation provided by the exporter; Issues involving the import or packing regulations of the receiving country. The Present Value of Import duty.*

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Introduction. Customs clearance is the act of taking goods through the customs authority to facilitate the movement of cargo into a country (import) and outside the country (export). Also, the customs clearance means a document issued by the customs authority to a shipper indicating that all duties have been paid and the shipper's goods is cleared for export.

Customs is an authority or agency in a country responsible for collecting tariffs and for controlling the flow of goods, including animals, transports, personal effects, and hazardous items, into and out of a country. Traditionally, customs has been considered as the fiscal subject that charges customs duties (i.e. tariffs) and other taxes on import and export. In recent decades, the view on the functions of customs has considerably expanded and now covers three basic issues: taxation, security, and trade facilitation.

Each country has its own laws and regulations for the import and export of goods into and out of a country, enforced by their respective customs authorities; the import/export of some goods may be restricted or forbidden entirely. A wide range of penalties are faced bythose who break these laws

Freight Forwarders who coordinate the international transportation also provide customs clearance services to the clients. The activity is called customs brokerage. Customs clearance work involves preparation and submission of documentations required to facilitate export or imports into the country, representing client during customs examination, assessment, payment of duty and co taking delivery of cargo from customs after clearance along with documents. Customs clearance agents are also called Carrying and Forwarding agents. They are registered and licensed by Customs to operate. Their role is limited to acting on behalf of and representing clients as third-party agencies engaged in customs clearance. Customs Agents are linked through EDI with customs in most of the countries and use documentation software to facilitate entire process. Cargo imported into the country from any point of entry is warehoused at Customs bonded area under customs jurisdiction until it is released after clearance.

All goods imported into India have to pass through the procedure of customs for proper examination, appraisal, assessment and evaluation. This helps the custom authorities tocharge the proper tax and also check the goods against the illegal import.

The role of customs clearance in the Import-Export Process involves the preparation as well asthe submission of import and export documentation. It helps in the following:

- To represent a company before the customs examination;
- Assessing the document;
- Payment of duties and releasing the cargo from customs after the clearance ofdocumentations.

Understanding the Import-Export Process and its customs procedure is important. Customs involved a set of documentations, both while importing or exporting of goods.

Clearing and forwarding agents are facing lots of problems which have direct impact in their business performance. Though, the problems are more in every field, but in C&F agents, they totally depend on customers, customs and shipping companies. The problems faced by them are grouped into four categories namely, finance problems, logistics problems, problems related to government policies, and customs problems. This industry runs mainly of logistics related activities and hence, they face several problems related to logistics. Of course, finance problems are major issues in any company, and this industry is not an exemption. Therefore, it is important to study about the problems faced by clearing and forwarding agents in both export and import of goods. This study is conducted to analyze different problems faced by clearing and forwarding agents in Chennai.

Goods are exported and imported from one country to another in order to maintain a seamless supply chain. Transportation and shipping of the commodities happen through various routes like road, air, and water to reach their destinations. But in order to ensure a complete legal and ethical freight shipment, custom clearance is indispensable. Custom clearance can help a countries economy from illegal tax invasion.

Importers and exporters are the main parties involved in the EXIM process. Here are some examples of importers and exporters. Alibaba, Walmart, etc. are some of the companies involved in this process.

Custom broker is a person who is licensed to carry out the customs formalities. He or she acts as a professional agent. An importer or exporter prepares and submits all documents or clearing goods through customs. The remuneration so received for his service is called customs-brokerage. All of the items imported into the country have to be Custom cleared. This applies to the items brought in as personal effects and also imported by trade and business establishments including governmental and defense agencies. Necessary stipulated duties would have to be paid before the goods are released by Customs.

Getting payment from the customers is the foremost problems faced by clearing and forwarding agents with respect to finance. The next major problems related to finance are, high transportation cost, and more taxes. Conversion of foreign currencies is not a major problem for the C&F agents.

Regarding, logistics problems, it is noted that bringing goods from the customer point to port is the major problem faced by C&F agents, which is followed by high logistics insurance cost. As far as problems related to government policies are concerned, it is found that restrictions in government policies during expansion of business is the major problem faced by the C&F agents, which is followed by frequent changes of government rules and regulations, and difficulty in doing business when the government changes policies regularly.

While considering customer problems, it is observed that the C&F agents face more problems related to delay of goods during export and import due to customs persons, which is followed by more customs clearance formalities, and making unnecessary delay by customs people.

Literature review. According to M. Janet (2018) A country's ability to trade globally depends on its traders' access to global freight and logistics networks and efficiency of a country's supply chain (in cost, time and reliability) depends on specific features of its domestic economy (logistics performance). Today's international trade is not only highly competitive but also dynamic, a necessary responsive framework to make exports compete globally is essential. Countries cannot live in isolation.

They have to mutually share their prosperity, technical know-how and undertake trade in order to sell their surplus products. The world economy is the interdependent economic progress of a nation would depend upon its ties with other countries maintain trade relations with each other. Hence in this paper an attempt has been made to analyze what are the problems faced by the customs house agents in Thoothukudi District Rnupin.

As per S Parikh (2012) has stated that custom house agents are very important person whenever you are importing or exporting any goods. By definition he is a person who has acquired a license to act as an agent for transaction of any business related to departure or entry of transportations or the exporting or importing goods at any custom station. Generally, the business that imports or exports goods don't have knowledge about the rules and regulations of the government neither do they have any time to look into these matters. Hence, they appoint an agent to act on them behalf. However, all the duties performed by the CHA are administered by a government body known as Custom House Agent Licensing Regulations Kirubakaran.

According to J Paul Sundar (2012) 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 any time to look into these matters. Hence, they appoint an agent to act on their behalf. However, all the duties performed by the CHA are administered by a government body known as Custom House Agent Licensing Regulations.

According to Deneesh (2009) that computerization of Customs procedures resulted in time and cost savings due to the reduced need to prepare, handle, store and deliver customs documentation. EDI is based on the principle of trust and contractual obligations. It provides the faster settlement of customs clearance. It should be possible to do away with requirements of paper documentations, i.e., there would be no necessity to submit invoice, packing list, B/L etc in paper. Records need only be kept at the office of importers/exporters/CHA for a minimum period, for verification by concerned authorities, if required. It is sure that EDI system has made a phenomenal progress in the arena of Indian Customs Clearance, but for further progress attitudinal change in the officers and the business people is required to adapt to EDI. EDI is a reality.

According to Ashok Sagar (2008) Customs duties form a significant source of revenue for India. The principle statute under which they are imposed is the Customs Act, 1962 (hereinafter Act). Duties of custom are levied under section 12 of the Act on goods imported into or exported from India. The rates of duty are specified under the Customs Tariff Act, 1975 (hereinafter Tariff Act) or under any other law for the time being in force. For instance, special duties of customs may be levied under Finance Acts. The basis of valuation is the "transaction value" of goods. The transaction value is the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation or as the case may be or export from India for delivery at the time and place of exportation. The transaction value as declared is normally accepted, except in cases where the buyer and seller of the goods are related persons and the price is not the sole consideration for the sale of goods. Section 14 of the Customs Act provides that the transaction value shall include, in addition to the price, any amount that is paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges. The extent and the manner in which such charges are to be added are specified in the Rules framed under the Customs Act. As stated above, section 12 of the Customs Act is the charging section. It provides that the duties of customs shall be levied at such rates as may be specified, inter alia, in the Tariff Act Under section 3 (3) of the Tariff Act an additional duty of customs may be imposed by the Union Government to counterbalance excise duty livable on raw materials, components and ingredients of the same nature as, or similar to those used in the production or manufacture of such articles as the Union Government may specify by notification.

STA Law Firm (2018) say that Panorama of Customs Duty in India We all have read in our childhood or seen in movies that how centuries ago, to enter a kingdom, a merchant with his merchandise had to give some gift to the king. In due course, this tradition has formalized and now given the name of customs duty on goods exported from the country and imported into it. The flow of goods across borders demands a monitoring and controlling system, to protect the domesticindustry and to prevent any illegal activities or products from entering the country.

Every country has its own set of customs laws. Customs Act, 1962 describes the significance of customs duties that form a source of revenue for India. Custom obligations in India go back to the eighteenth century when the British East India Company came to political power in India. The organization of this obligation commenced through various laws during the British period.

The three presidencies to be specific Bengal, Mumbai and Chennai had their own particular traditions controls. Until 1859, there was a regular tax; be that as it may, the tariff underwent necessary amendments in 1867, 1870, 1894, 1932, 1934 and 1939. After autonomy of India, a noteworthy change was affected in 1975 when Customs Tariff was lined up with the Customs Cooperation Council Nomenclature (CCCN), which is the globally acknowledged order.

Table 1. May or may not also do customs clearance

Exports	Imports
- Select suitable mode of transport - Slot booking in the Vessel - Container Booking at Competitive rates - Insurance arrangement. - Cargo Consolidation - Weight and measurement services - Payment of freight and other relevant charges - Arranging transport of containers/goods to the port. - Custom clearance - Documentation formalities - Monitoring shipment and follow up with other agencies - Arranging “Shipped on Board” bill of lading. - Assisting exporters for Export promotion schemes and claims	- Monitoring import movement & ETA (Expected Time of Arrival) etc on behalf ofimporters - Checking of Non – negotiable documents in advance to avoid delays in clearance. - Co-ordination with shipping lines and port authorities. - Payment of Inland Haulage Charges to Shipping Lines, if required. - Arranging custom clearance under different schemes. - Follow ups with different agencies. - Payment of duties - Delivery of custom cleared goods.

The researcher has stated that custom house agents are very important person whenever you are importing or exporting any goods. By definition he is a person who has acquired a license to act as an agent for transaction of any business related to departure or entry of transportations or the exporting or importing goods at any custom station. Generally, the business that imports or exports goods don’t have knowledge about the rules and regulations of the government neither do they have any time to look.

According to prevailing customs regulation, no cargo meant for export can be loaded on a ship unless the customs authorities at the port accord their formal approval. After obtaining the export licenses, where necessary, a complete set of shipping documents, including five copies of the shipping bill. “Under claim of drawback”. Submitted by the export to the customs house concerned.

An officer of the customs department of the rank of as appraiser scrutinizes the complete set of documents with a view of determining. Whether the description, quantity and value indicated in the shipping bill for which permission is sought for export, correspond with those mentioned in the contract entered into with the buyer.

The customs also check the details on the GR-1 form including its number and date and the entry there of in the other document. The original copy of the GR-1 form is retained by the customs and later, after recording the same in their register, forward it to the RBI with the endorsement on the duplicate copy of the shipping bull by the export department of the customs house, customs clearance for the exports of products mentioned in the shipping bill is deemed to have been obtained.

The following are the main document to which are received from the exporters to makearrangement for shipment.

Receiving Documents to Arrange Shipment.

- Invoice
- Packing list
- Letter of credit
- GR Form
- Exporters declaration

Documents Required for Import-Export CustomsClearance:

- Pro Forma Invoice
- Customs Packing List
- Country of Origin or COO Certificate
- Commercial Invoice
- Shipping Bill
- Bill of Lading
- Bill of Sight
- Letter of Credit
- Bill of Exchange
- Export License
- Warehouse Receipt
- Health Certificate
- Bill of Entry
- Import License
- Insurance Certificate
- RCMC (Registration cum Membership Certificate)
- GATT/DGFT Declaration

Pro Forma Invoice. The Pro Forma Invoice documents the intention of the exporter to sell a predetermined quantity of goods or products. This invoice is generated as per the outlined terms and conditions agreed upon between the exporter and the importer, through a recognized medium of communication such as email, fax, and telephone or in person. It is similar to a ‘Purchase Order’, which is issued prior to completing the sales transaction.

Customs Packing List. The customs packing list states the list of items included in the shipment that can be matched against the pro forma invoice by any concerned party involved in the transaction. This list is sent along with the international shipment and is especially convenient for transportation companies as they know exactly what is being shipped. Individual customs packing lists are secured outside each individual container to minimize the risk of exporting incorrect cargo internationally.

Country of Origin or COO Certificate. The Country of Origin Certificate is a declaration issued by the exporter that certifies that the goods being shipped have been completely acquired, produced, manufactured or processed in a particular country.

Commercial Invoice. A commercial invoice is a mandatory document for any export trade. The customs clearance department will ask for this document first as it contains information about the order, including details such as description, selling price, quantity, packaging costs, weight or volume of the goods to determine customs import value at the destination port, freight insurance, terms of delivery and payment, etc. A customs representative will match this information with the order and decide whether to clear this for forwarding or not.

Shipping Bill. A shipping bill is a traditional report where the downside is asserted and primarily serves as a measurable record. This can be submitted through a custom online software system (ICEGATE). To obtain the shipping bill, the exporter will need the following documents:

- GR Forms for shipment to all the countries
- Packing list (with various details such as information about the content, quantity, the gross and net weight of each package)
- Export License
- Indent
- Acceptance of Contract
- Invoices (with all relevant information such as the number of packages, quantity, price, correct specification of goods, etc.)
- Purchase Order
- Letter of Credit
- AR4 and Invoice
- Examination or QC Certificate
- Port Trust document

Bill of Lading. Bill of Lading is a legal document issued by the carrier to the shipper. It acts as evidence of the contract for transport for goods and products, mentioned in the bill provided by the carrier. It also includes product information such as type, quantity, and destination that the goods are being carried to.

This bill can also be treated as a shipment receipt at the port of destination where it must be produced to the customs official for clearance by the exporter. Regardless of the form of transportation, this is a must-have document that should accompany the goods and must be duly signed by the authorized representative from the carrier, shipper, and receiver. The Bill of Lading comes in handy if there is any asset theft.

Bill of Sight. Bill of Sight is a declaration from the exporter made to the customs department in case the receiver is unsure of the nature of goods being shipped. The Bill of Sight permits the receiver of goods to inspect them before making payments towards applicable duties.

Applying for a bill of sight becomes necessary as it acts as a substitute document if the exporter does not have all the must-have information and documents needed for the bill of entry. Along with the bill of sight, the exporter also needs to submit a letter that allows for the clearance of goods by customs.

Letter of Credit. Letter of credit is shared by the importer's bank, stating that the importer will honor payment to the exporter of the sum specified to complete the transaction. Depending on the terms of payment between the exporter and importer, the order is dispatched only after the exporter has this letter of credit.

Bill of exchange. Bill of exchange is an alternative payment option where the importer is to clear payments for goods received from the exporter either on-demand or at a fixed or determinable future. It is similar to promissory notes that can be drawn by banks or individuals. You can even transfer a bill of exchange by endorsement.

Export License. Businesses must have an export license that they can provide to customs in order to export or forward any products. This only needs to be produced when the shipper is exporting goods to an international destination for the very first time. This type of license may vary depending on the type of export you intend to make. This can be done by applying with the licensing authority, and the permit is eventually issued by the Chief Controller of Exports and Imports.

Warehouse Receipt. Warehouse Receipt is generated once the exporter has cleared all relevant export duties and freight charges post customs clearance. This is needed only when an ICD ininvolved.

Health Certificates. Health Certificate is applicable only when there are food products that are of animal or non-animal origin involved in international trade. The document certifies that the food contained in the shipment is fit for consumption by humans and has been vetted to meet all standards of safety, rules and regulations prior to exporting. This certificate is issued by authorized governmental organizations from where the shipment originates.

Bill of Entry. A bill of entry is a legal document to be filled & duly signed by an importer/CHA/carrier. After filing a bill of entry along with the other necessary documents, assessment and examination of goods are carried out by concerned authorities. Once the process is completed, an importer can avail for ITC claim on goods.

Import License. There are certain items that cannot be freely imported in India, an import license is a permission granted by the government to undertake import activities for restricted goods. In order to avail the benefits, one must file an application to the licensing authority.

Insurance certificate. An Insurance Certificate is a document required for import customs clearance. This certificate helps the authorities to verify the shipment, in terms of whether the selling price contains the insurance or not. Also, it helps determine the precise value which eventually decides the import duty aggregate.

RCMC Registration cum Membership Certificate. RCMC is a certificate issued by Export Promotion Councils of India. If an exporter or importer wants to avail any benefits under any schemes governed by FTP or any ofthe EPCs then he has to submit his RCMC as well at the time of customs clearance.

GATT/DGFT declaration. Every importer has to file a GATT and DGFT declaration while completing customs clearance formalities for imports. It has to be filed as per the terms stated in General Agreement on Tariff and Trade. Following are some of the requirements for filing this document.

Show Cause Notice. The show cause notice must clearly specify the amount of duty or interest demanded. The notice must specifically require the person to show cause why the duty or interest should not be demanded from him. It is essential that the show cause notice must clearly state the department's case against the affected person.

Misdeclarations. Misdeclaration of imported goods - Bitumen - Country of Origin - Redemption fine - Levy of penalty - The department was well within its right to seize the goods for such misdeclaration and impose penalties under Section 112 of Customs Act, 1962,notwithstanding the fact that the appellants had nothing to gain.

DEEC (Duty Exemption Entitlement Certificate). DEEC (Duty Exemption Entitlement Certificate) is an Export Promotion Scheme, which enables duty free import of inputs required for manufacture of export goods. Value and quantity of each item permitted under DEEC imports are specified in the Advance License.

Advance License. An Advance License is issued to allow duty free import of inputs, which are physically incorporated in the export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts etc.

EPCG. EPCG is a term used in India under exports and imports. EPCG means, Export Capital Goods. EPCG is one of the schemes provided by government of India Promotion to importers and exporters to promote exports. In simple and easy language, EPCG is a scheme related to machinery, machinery parts and similar goods. Apart from other financial assistance for exporters, you can get exemption of 100% import duty amount while importing such machineries.

When obtaining EPCG license from government, you guarantee that you will export required amount or quantity of goods for next 5 years. EPCG is a good facility provided to exporters and importers by government on exemption of import duty amount.

EPCG Scheme allows import of capital goods for pre-production, production and post-production at zero customs duty.

Examination of Import Goods. The imported goods, which are interdicted for examination by the RMS, are required to be examined for verification of correctness of description/declaration given in the Bill of Entry and related documents.

The imported goods may also be examined prior to assessment in cases where the importer does not have complete information with him at the time of import and requests for examination of the goods before assessing the duty liability or, where the proper officer, on reasonable belief feels that the goods should be examined before assessment, giving reasons for the same.

Wherever required, samples are drawn in the examination area for chemical analysis, verification or any other purposes. After assessment by the appraising group or for cases where examination is carried out before assessment, bill of entry needs to be presented for registration for examination of imported goods in the import shed.

The proper officer of customs examines the goods along with requisite documents. The shipments, found in order are given clearance order by the proper officer of customs in the Import Shed.

Examination of Export Goods. After the receipt of the goods in the customs area, the exporter/ customs broker may contact the Customs Officer designated for the purpose, and present the check list with the endorsement of custodian and other declarations along with all original documents such as, Invoice and Packing list, ARE-1, etc.

The Customs Officer may verify the packages of the goods actually received and enter the same into the system and thereafter mark the Electronic Shipping Bill, handing over all original documents to the Dock Appraiser who assigns a Customs Officer to carry out examination of goods, if required under the Risk Management System and indicate the officers' name and the packages to be examined, if any, on the check list and return it to the exporter/ Customs Broker.

Duty Free Import Authorisation (DFIA). DFIA issued under the FTP 2009-14 are similar to AA in many aspects including requirement of monitoring. However, DFIA has a minimum value addition requirement of 20% and once export obligation is completed, transferability of the authorization and / or material imported against it is permitted.

The DFIA is issued only where SION are notified. After the annual supplement 2013 to the FTP 2009-14, the exemption from antidumping duty and safeguard duty is not available when materials are imported against a DFIA made transferable. In case imported materials are transferred, the importer is to pay an amount equal to the anti-dumping and safeguard duty leviable on the material, with interest.

These aspects apply subject to specified conditions. Under the FTP 2015-20, only post-export transferable DFIA with exemption from only Basic Customs duty is issued by RA. Such DFIA is not available for Gems and Jewellery sector or where SION prescribes actual user condition (for example, fuel).

The admissibility of brand rate of duty drawback is as per para 4.26 of the FTP. For transferrable DFIA, prior to registration it is to be verified that the details of the exports given along with the DFIA match the record of exports and is genuine. If any discrepancy is found it need to be first referred to the RA.

Re-Import & Re-Export. Sometimes, indigenously manufactured goods, when exported, are returned back for various reasons including cancellation of export order or after exhibition/display etc., or after use in particular project/contract and completion of the contractetc. (such as machinery).

Similarly imported goods which may have discharged duties at the time of original importation have also to be often sent out for repair, reconditioning etc. Private, personal imported property may also have to be sent abroad for repair within the warranty period and returned.

There are also goods that may have to be sent for special processes like electroplating, polishing or coating and re-imported. Thus, specific legal provisions permitthe facility of re-import and re-export of goods.

Entry Inwards and unloading and loading of goods. On arrival of the vessel, the shipping line needs to approach the Preventive Officer for granting Entry Inwards. Before making the application, the shipping line has to make payment of the Light House dues, as may be applicable.

Section 31 of the Customs Act, 1962 requires that the Master of the vessel shall not permit unloading of any imported goods until an order is given by the properofficer granting Entry Inwards to such vessel. Normally, Entry Inwards is granted only after the IGM is delivered. The date of Entry Inwards is crucial for determining the rate of duty in case of filing of prior Bill of Entry, as provided in Section 15 of the Customs Act, 1962. However, unloading of items like accompanied baggage, mail bags, animals, perishables and hazardous goods are exempt from this stipulation.

No imported goods are to be unloaded unless specified in the IGM/Import Report for being unloaded at that Customs station and such unloading shall only be at places provided therefore. Further, imported goods shall not be unloaded except under the supervision of the proper officer. Similarly, for unloading imported goods on a Sunday or on any holiday, prior notice shall be given and prescribed fees paid.

Board has clarified that unloading of liquid bulk cargo from the ship to the bonded storage tanks through pipe lines is allowed under the provisions of Section 33 of Customs Act, 1962 subject to the conditions that the premises where the goods are received through pipe lines is a bonded warehouse under Section 58 or 59 of Customs Act, 1962; permission of the proper officer is obtained for unloading prior to discharge of such cargo; and other requirements under the Customs Act, 1962 are fulfilled.

If the bonded tanks are located outside the jurisdiction of the Commissioner in charge of port permission may be granted subject to concurrence of Commissioner in whose jurisdiction the bonded tanks are located, and other safeguards as necessary.

Risk Management System in Import. “Risk Management System” (RMS) is one of the most significant steps in the on-going Business Process Re-engineering of the Customs Department. RMS is based on the realization that ever-increasing volumes and complexity of international trade and the deteriorating global security scenario present formidable challenges to Customs and thetraditional approach of scrutinizing every document and examining every consignment will simply not work. Also, there is a need to reduce the dwell time of cargo at ports/airports and also the transaction costs in order to enhance the competitiveness of Indian businesses, by expediting release of cargo where compliance level is high. Thus, an effective RMS strikes an optimal balance between facilitation and enforcement and promotes a culture of compliance. RMS is also expected to improve the management of the Department's resources by enhancing efficiency and effectiveness in meeting stakeholder expectations and bringing the Customs processes at par with best international practices.

Bills of Entry and IGMs filed electronically in ICES through the Service Centre or the ICEGATE are transmitted by ICES to the RMS. The RMS processes the data through a series of steps and produces an electronic output for the ICES. This output determines whether a particular Bill of Entry will be taken-up for appraisement or examination or both or be cleared after payment of duty without assessment and examination. Also, where necessary, RMS provides instructions for Appraising Officer, Examining Officer or the Out-of-Charge Officer.

Risk Management System in Export. On similar lines of the RMS in imports, a Risk Management System (RMS) in Export has been introduced with effect from 15-7-2013. The RMS in exports allowslow risk consignments to be cleared based on self-assessment of the declarations by exporters. This enables the department to enhance the level of facilitation and speed up the process of export clearance. By expediting the clearance of compliant export cargo, the RMS in exports will contribute to reduction in dwell time, thereby achieving the desired objective of reducing the transaction cost in order to make the business internationally competitive. At the same time, the RMS in exports will ensure proper and expeditious implementation of existing control overexport goods under the applicable Allied Acts and Rules. It will also provide appropriate control measures for proper and speedy disbursement of drawback and other export incentives.

Shipping Bills filed electronically in ICES through the Service Centre or the ICEGATE will be processed by RMS through a series of steps/corridors and an electronic output will be produced for the ICES. This output from RMS will determine the flowof the Shipping Bill in ICES i.e. whether the Shipping Bill will be taken up for verification ofself-assessment or examination or both or to be given "Let Export Order" directly after payment of Export duty (if any) without any verification of self-assessment or examination.

With the introduction of the RMS in exports, the practice of routineverification of self-assessment and examination of Shipping Bills has been discontinued and the focus is on quality assessment, examination and Post Clearance Audit (PCA) of Shipping Bills selected by the RMS.

National Risk Management Committee. A National Risk Management (NRM) Committee headed by DG (Systems) reviews the functioning of the RMS, supervises implementation and provide feedback for improving its effectiveness. The NRM Committee includes representatives of Directorate General of Revenue Intelligence (DGRI), Directorate General of Valuation (DGOV), Directorate General of Audit (DG Audit), Directorate General of Safeguards(DGS) and Tax Research Unit (TRU) and Joint Secretary (Customs), CBIC. The NRM Committee meeting is to be convened by RMD at least once every quarter. The following are some of the functions of the NRM Committee:

- Review performance of the RMS including implementation of ACP/AEO and

PCA.

- Review risk parameters and behaviour of important risk indicators.
- Review economic trends, policies, duty rates, exemptions, market data etc. that adversely impact Customs functions and processes and suggest remedial action.

Local Risk Management (LRM) Committee. A Local Risk Management (LRM) Committee headed by Commissioner of Customs has been constituted in each Custom House / Air Cargo Complex / ICD, where RMS is operationalized. The LRM Committee comprises the Additional / Joint Commissioner in charge of Special Investigation and Intelligence Branch (SIIB), who is designated as the Local Risk Manager and includes the Additional / Joint Commissioner in charge of Audit and a nominee, not below the rank of a Deputy Director from the regional / zone unit of the DRI, and a nominee, not below the rank of Deputy Director from the Directorate of Valuation, if any.

Import of jewelers/gold/silver. An Indian passenger who has been residing abroad for over 1 year isallowed to bring jewellery, free of duty, in bonafide baggage up to a weight of twenty grams with a value cap ofRs.50, 000/- in the case of a male passenger or forty grams with a value capof Rs.1 lakh in the case of a lady passenger.

Export of gold jewellery. There is no value limit on the export of gold jewellery by a passenger through the medium of baggage so long as it constitutes the bonafide baggage of the passenger.

WTO Agreement on Rules of Origin (Uruguay Agreement). The Agreement on Rules of Origin aims at harmonization of non- preferential rules of origin, and to ensure that such rules do not themselves create unnecessaryobstacles to trade.

The Agreement sets out a work program for the harmonization of rules of origin to be undertaken after the entry into force of the World Trade Organization (WTO), in conjunction with the World Customs Organization (WCO).

Through this Agreement, members commit to negotiate common rules of origin for all non preferential trade purposes. The Agreement does not contain rules (but broad principles), but rather, launch the negotiations for the harmonization of non-preferential rules of origin.

However, these negotiations are still on-going, so, for the moment, there are no common rules of origin at the WTO.

Refund (Only for Importer). Customs refund on import of goods, at times, it is found that duty has been paid in excess of what was actually liveable on the goods. Such excess payment may be due to lack of information on the part of importer/exporter or non-submission of documents required for claim of lower value or rate of duty.

Drawback (Only for Exporter). Drawback is the refund, reduction or waiver in whole or in part of customs duties assessed or collected upon importation of an article or materials which are subsequently exported.

Remittance. A remittance is a payment of money that is transferred to another party. The term is derived from the word remit, which means to send back.

Bank Remittance Certificate. FIRC (Foreign Inward Remittance Certificate) is issued against any receipt of amount from foreign countries by a bank to their customers. BRC (Bank Realization Certificate) is issued by banks to its customers who run export businesses.BRC is issued on each shipment of export proceeds.

Import & Export Documentary Remittance. The Import and Export Documentary Remittances are a means of payment/receipt that you can use instead of the Documentary Credit, Payment Order or Foreign Cheque in transactions where the parties involved already achieved a certain degree of mutual trust. It is also less expensive.

It enables the Importer to:

- Minimise the risk of non-compliance with the contractual obligations established with the Exporter
- Defer payment.

It enables the Exporter to:

- Receive the funds in a safer and more controlled manner before the importer takes possession of the goods (remittances against payment)
- Get an executive deed (remittances against acceptance)
- Anticipate the funds via discount or advance.

The most common problems with customs clearance. Customs clearance of goods transported by sea often becomes a challenge: incorrect classification or packaging of goods puts the consignment at risk of not reaching the recipient, and the complexity of the documentation to be completed requires accuracy and a fair amount of time. Below are some of the most common customs-related problems and the tips for dealing with them effectively.

Inaccurate Duties: Taxes on imported and exported goods shipped by sea are among the most misleading issues. These taxes depend on the country, as well as on the weight, category and value of goods. Pay attention to paperwork to avoid tax issues. Adequately prepare commercial documents: contracts and invoices. In the absence of commercial documents, the certificate of transportation costs provided by the declarant will be assessed. The customs often perform checks to ensure that a declaration is not fictitious, so better act honestly.

Incorrect Cargo Classification: Pay attention to the classification of the cargo. Many problems arise from an inaccurate description. This is especially relevant for shippers of goods, foods, and technical devices. Formalities can cause you considerable losses. Goods are classified according to size, dimensions, state of aggregation, specific features, degree of hazard and cargo handling technique. The more accurate you provide this information; the shorter time your customs procedures will take.

Consignee-related Problems. Not only the consignor is responsible for the customs clearance of the consignment, as there are cases where the consignor pays all the necessary duties and duly completes all forms but the consignee refuses to accept the customs formalities, duties or licensing procedures. In this case, the receipt of the cargo is not shipper’s responsibility. To avoid any disagreement, inform the customer of any potential charges that may apply to the consignment and send him / her documents that will be required to collect the consignment.

Shipping of Dangerous Goods. Such goods receive an increased attention. It happens that the customs authorities determine that a cargo is hazardous to health or poses a danger to safety in general,which results in returning or re-routing the cargo.

We recommend that you familiarise yourself with the Law on the Transport of Dangerous Goods before shipping this type of cargo. The carriage of all dangerous goods is governed by the International Maritime Dangerous Goods Code, the European Agreement concerning the International Carriage of Dangerous Goods by Road, the IMO International Code for the Construction and Equipment of Ships Carrying Dangerous Bulk Chemicals.

The International Convention for the Prevention of Pollution from Ships dated 1973 and the protocol of 1978 relating to this Convention. Compliance with these requirements is obligatory for all ports and ships.

Subtleties of Packaging. Customs of some ports have strict rules regarding packaging of cargoes or consignments. If the packaging material is unsuitable, the cargo may not reach the final consignee. Avoid problems by ensuring proper packaging of your cargoes. The packaging must meet applicable freight shipping standards for the particular cargo and must be robust and withstand the entire transportation process.

The Present Value of Import duty. The rate is 10% of the value of goods. GST is applicable onall imports into India in the form of levy of IGST. IGST is levied on the value of imported goods + any customs duty chargeable on the goods.

Aims. The *purpose of the article* is to study the custom clearance operations in Chennai: to study the challenges faced in the custom clearance; to study the process flow of custom clearance; to study the documents required in the custom clearance.

Scope of Research:

- Identifying the needs of stevedoring in shipping and importance of cargo handling whileloading and unloading.
- Identify importance of equipment’s and labour to handle the cargo.
- The foreign trade policy that changes after every five years also has the impact of theworking of import and export.

Here we can understand that how the CHA customs House Agents and the co-leaders areinterrelated to each other.

Limitation of Research:

- The studies were restricted to collect the information as they were busy by shipment.
- Short span of time wan another limiting factor for conduction the survey from the respondents.
- This result will be valid to particular time period only because the act and regulationmight change in future.
- Sometime respondents have fear with top level management to give their own options.
- Limitation of time.

Methodology. Methodology is an essential aspect of any research. It enables the investigator to look at the research problem in a systematic, meaning and orderly way. Methodology comprises of the sources of data collection, sampling design, hypothesis and techniques used for analyzing the data.

The research design undertaken in this study of descriptive in nature, since it provides a description of the state of affairs as its exists in the organization at performance management. The sample size taken for the study is 100. The instrument used inthe present study is Questionnaire.

Pilot study were done to test the questions and to make some modifications in the questionnaire. The study concentrated through the analysis of tabulation, comparative percentage, bar diagrams, Chi-square test is used in the appropriate places.

The Chi square test is an important test amongst several tests of significance developed by statisticians. Chi square, symbolically written as X(pronounced as chi-square) is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance.

As a non-parametric test. It can be used to determine if categorical data shows dependency or the two classifications are independent. It can also be used to make comparisons between theoretical population and actual data when categories were used. Thus the Chi-square test is applicable in large number of problems.

The test is, in fact, a technique though the use of which it is possible for all researchers to (i) test the goodness of fit (ii) test the significance of association between two attributes, and (iii) test the homogeneity or the significance of population variance X2 = (O – E)2 / E · = Observed Frequency · E = Expected Frequency

Research Design. The research design chosen is descriptive research design Descriptive research aims to accurately and systematically describes a population, situation or phenomenon.

It can answer what, when, where, when and how questions, but not why questions. A descriptive research design can use a wide variety of research methods to investigate one or more variables Descriptive research is an appropriate choice when the research aim is to identify characteristics, frequencies, trends, and categories. It is useful whennot much is known yet about the topic or problem.

Before you can research why something happens, you need to understand how, when and where it happens be introduced in a significant way unless we have complete overhaul

Tools for Analystics Stastical Tools Percentage Analysics. Percentage analysis is one of the basic statistical tools which is widely used in analysis and interpretation of primary data. It deals with the number of respondent’s response to a particular question is percentage arrived from the total population selected for the study Percentage = Number of respondents’ x 100 Total no of respondents.

Data Analysis and Interpretation.

Table 2. The Gender

Gender	Percentage
Male	70 %
Female	30%
Total	100%

Source: Primary Data

It is interpreted from above chart that; maximum number of respondents are female of about30% and 70% are male.

Table 3. The Age

S.no	Age category	Percentage
1	18-30	50%
2	30-58	50%
Total		100%

Source: Primary Data

It is interpreted from above chart that maximum numbers of respondents are 18-30 agecategory of about 50% and 50% are 30-58 age category.

Table 4. Educational Qualification

S. No	Particulars	Percentage
1	SSLC	10
2	HSC	15
3	Diploma	15
4	Undergraduate	30
5	Postgraduate	30
Total		100%

Source: Primary Data

It is interpreted from above chart that maximum number of respondents are Postgraduates that is 30%, 30% are Undergraduate, 15% are Diploma, 10% are SSLC 15% are HSE.

Table 5. No of Years' Experience in a Company

S. No	Particulars	Percentage %
1	1-5	15
2	5-15	20
3	15-25	50
4	More than 25 years	15
Total		100

Source: Primary Data

It is interpreted from above chart that maximum numbers of respondents are 15-25 Years' experience that is 50%, 5-15 Years' experience that is 20%, 1-5 Years' experience that is15%.

Table 6. Initial Capital Investment of company

S.no	Particulars	Percentage
1	Less than 5 lakhs	30
2	More than 10 lakhs	20
3	5-10 lakhs	50
Total		100

Source: Primary Data

It is interpreted from above chart that maximum number of respondents saying that the initial capital investment of their company is less than 5 lakhs that is 30% more than 10 Lakhs 20% 5-10 Lakhs 50%.

Table 7. The Licensed Clearing Agent

S.no	Particulars	Percentage
1	Undergraduate	12
2	Pass H card	48
3	Experience in CustomsClearance	40
Total		100

Source: Primary Data

It is interpreted from above chart that maximum no of respondents say that those who pass Hcard can become a Licensed clearing agent that is 48% about 40% say that those who are experience in customs clearance about 12% say that those who are undergraduate.

Table 8. The Mode of Transport is mostly used for Export and Import

S.no	Particulars	Percentage
1	Sea	70
2	Air	15
3	Multimodal	15
Total		100

Source: Primary Data

It is interpreted from above chart that maximum no of respondents say that Air transport is mostly used for shipment that is 15%, Multimodal transport is used by 15%, Seatransport is used by 70%.

The 15.56 percent of the respondents opine that unwanted questions from the customs officers are the main weakness in the process of clearing consignment at the port of India, which is followed by over pollution (13.33%), poor system knowledge (13.33%),and poor infrastructure (11.11%).

Most common customs-related problems:

- Misclassification;
- Duties higher than anticipated;
- Customs office won't clear the shipment to your buyer/importer;
- Customs office invoking health, sanitary, or safety issues;
- Labeling issues involving a certificate of origin, weight, ingredients, marks, etc.;
- Inadequate documentation provided by the exporter;
- Issues involving the import or packing regulations of the receiving country.

To resolve customs problems, try the following:

- Involve the buyer/importer. Chances are they can help or at least find out what needs to be done to resolve the problem;
- Involve your shipping company. Most shippers are responsive to the customs problems faced by their customers;
- Involve your insurance company;
- Contact the foreign customs' office.
- Contact the Commercial Service office in the appropriate country.

Discussion:

- VJ Logistics has to improve their planning for emergencies.
- Customs procedure need for modification so that the cargo can be cleared

properly.
- The exporter and importer need to proper assistants to the customs house agents forshipmenting
- Reduction in Service charges will help to increase the volume of trade.
- CHA's should provide market development assistant for the shippers who have the potential in manufacturing commodities but do not have the marketing competence.
- For Indian business to be able to compete effectively in the global market of the 21stCentury there needs to be a revolution in logistics.
- The Government policies specifically to this industry must be easy and technologiesmust be implemented to do the work properly.
- The common mistakes that happen during filing a packing list should be reduced because it creates more problems in customs clearance.
- Many people have responded that those who don't have valid license can go for customs for clearance it is wrong those who have license only knows the process ofclearance and necessary documents required
- Clearance agent does not give one time lock it is the responsibility of Customs person.

Conclusions. The logistics business is very important the growth and development of the country mainly depend upon the logistics industry the export in logistics play a important role apart from my project the role of clearing agents in logistics is a key all cannot be a clearing agent he must pass a qualifying exam conducted by central bureau of indirect taxes he must have a good knowledge to perform a task and to manage a shipment clear the shipment handle problem if problem arises so he must have a well experience in the field to manage the activities the knowledge must be also needed to identify any smuggling of goods cross checking the customer details verifying the packing list because any problem occurs it is the responsibility for a clearing agent to clear the shipment the industry involves a lot of documents the documents varies for kind of shipment either FCL or LCL the goods which are brought inside have different HS codes HS codes the code must be verified and proceeded accordingly to necessary places.

CHA's are in company form of organization have more than 9 years of experience doing shipment range is Rs.200-300 lakhs. They handled all type of goods in export and import. They work for all type of customers and Use Sea and Air Transport. They handle 20 feet and 40 feet container and less container load and full container load. They handle general cargo container and stuffing is done is all places like Airport, House Stuffing and Inland Containers Depots and pay Freight Rates at destination and advance payment. They provide Facilities like information about Vessel movement, packing and insurance.

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