A Study on Customer Preference Towards Customs Clearance Agency

Manikandan A
Department of Master of Business Administration, Dhaanish Ahmed College of Engineering, Chennai, Tamil Nadu, India

P. Sudha, V. Pradeep
Assistant Professor, Department of Master of Business Administration, Dhaanish Ahmed College of Engineering, Chennai, Tamil Nadu, India

ABSTRACT
The results of this research will aid the firm in better understanding its clientele. A country's customs department is the government agency in charge of regulating the entry and exit of various products, including animals, vehicles, people, and potentially dangerous materials. Customs has traditionally been thought of as the fiscal topic responsible for levying tariffs and other taxes on imported and exported goods. Over the past few decades, there has been a widespread expansion of perspectives on customs functions, which today encompass taxation, security, and trade facilitation. The customs authorities of each country strictly enforce their own set of laws and regulations regarding the import and export of products, and some items may be prohibited from entering or leaving the country altogether. Those who disobey these laws are subject to a variety of punishments. The Indian customs compliance information portal was recently released by the Indian customs authorities with information on customs procedures and regulatory compliances for import-export commerce. The article provides a concise overview of the important import-export procedures in India, as well as the many promotional schemes and activities now being done to aid exporters. There are more than 200 people in the population. Convenience sampling

ARTICLE INFO
Article history:
Received 04 Jul 2023
Received in revised form 04 Aug 2023
Accepted 09 Sep 2023

Keywords: Customer Preference, Clearance Agency, Shippers or Importer, Clearance Broker, Agriculture approval, Fisheries and Wildlife.
Introduction

Clearance by Customs is contingent upon the fulfilment of certain legal and procedural prerequisites with respect to the Customs Act of 1962, as amended and supplemented by the appropriate rules and regulations [1]. To clear items for their intended use, importers and exporters must meet certain conditions, such as providing the required documentation and following the necessary procedures [2]. Imports into the country are subject to customs duties and must comply with all applicable regulations. Therefore, importers must go through the extensive Customs clearance processes at the port/airport of arrival unless the goods are destined for passage by the same vessel/aircraft or transhipment to another Customs station or any destination outside India. Sections 52 through 56 of the Customs Act, 1962 provide duty-free transit for goods listed in an IGM or Import Report that are en route to a destination outside of India or are being transshipped to a different Customs station within India [3-7]. Customs clearance formalities must be met by the importer upon the products' arrival at the other customs station, but a straightforward transhipment procedure is all that's required of the carrier and the relevant authorities at the first port or airport of landing. After unloading, the commodities could be transshipped to a port outside of India. No taxes or fees are due, and a straightforward process for transshipment is outlined [8-12].

Importers have the option of clearing products for domestic consumption after paying the applicable duties or clearing the items for warehousing without prompt discharge of the duties leviable in accordance with the warehousing requirements of the customs act, 1962. Each importer is required to submit a bill of entry for domestic consumption or storage, as applicable, in accordance with Section 46 [13-17]. The bill of entry must be submitted in sets, with each set containing one or more bills of entry in a distinct colour and each bill of entry specifying its intended use on the face of the document. Nations rely on its freight transportation system, which consists of a vast network of highways, bridges, rail tracks, airports, seaports, navigable waterways, pipelines, and equipment, to carry massive quantities of commodities across the country and around the world. A freight forwarder is an organisation or person that plans and executes the transportation of goods by means of asset-based carriers. Watercraft, planes, trucks, and trains are all examples of possible modes of common carrier transportation. An intricate web of long-distance transportation services facilitates the transport of goods across countries. Shippers, commercial for-hire carriers, 3PLs, and consignees are just few of the many involved in this process [18-23].
To transport massive quantities of goods over great distances, the services provided by seaports and airports are crucial to international trade. Successful international trade is impossible without the cooperation of these services and their users. Transporting goods to a foreign country is a common service provided by freight forwarders. They are the experts in handling the paperwork and other logistics of overseas shipments, hence the alternative name "International Freight Forwarders" (IFF) [24-27]. A freight forwarder would usually look over the commercial invoice, export declaration, bill of lading, and any other paperwork necessary for the particular carrier or destination country before arranging shipping. These days, most of these transactions take place in a paperless office. A custom clearing agent and freight forwarder are crucial to every business that handles international trade [28-32]. The Customs Clearance Broker handles the import and export clearance process, including obtaining any necessary government approvals and coordinating their implementation with any other regulatory bodies that may have a say in the transaction. Each exporter and importer should have a foundational understanding of the import/export regulations and restrictions that apply to their goods. They should also have a general understanding of the procedures involved in international trade. However, the Customs Clearance agent would be familiar with the inner workings of all Customs Rules and Laws and would work quickly to assure compliance, reducing the risk of demurrage and allowing the import consignment to be cleared within the free period [33-41].

**Clearance Process at Customs**

Imports are subject to a physical inspection and value by Customs upon arrival at the Bond. In order to determine the amount of Customs Duty owed, it is necessary to determine the correct description of the goods being imported, their proper classification under the applicable Customs Chapter and Tariff, verify that no under-invoicing has occurred, and certify the valuation of the Consignment [42]. Customs duty payments are coordinated and advised by the clearance agency in conjunction with the importer. It is not complete until the Original Documents and the Consignment are physically delivered to the importer at the agreed upon location. Three to seven days of bonding or storage are allowed duty-free under Customs regulations (depending on country to country and location) [43-45]. Air cargo typically only get three days for Clearance, whereas marine goods can stay in a customs warehouse for free for up to seven days. If the consignment is not cleared by the importer through the Customs Clearance agent during the free period, the importer will be charged demurrage until the consignment is delivered [46-51]. If the Customs Clearance Agency isn't quick and competent, the demurrage could add up to a hefty sum. Even if an importer follows every procedure to a tee, he still won't have time to wait around for his shipments to clear customs. The Customs Clearance Agent steps in at this point to represent the importer before the Customs Office and see that the procedure runs well [52-61].

**A Brief on Customs Brokerage**

Tariffs and trade rules enacted by national governments are used to manage a country's international trade activities. The Government gives the Customs Departments, led by Custom Commissioners, executive authority to manage the country's import and export rules and tariffs [62-71]. Every single airport, seaport, and border checkpoint in the country has its own customs clearance department. During Customs Clearance, the products are inspected and appraised to determine their value and validity. The Commercial Invoice's valuation is approved by Customs after they verify it is in line with global market standards and determine the item's proper classification. The importer will be billed for the duty after the shipment has been evaluated. When the Customs bond is settled, the shipment can be released. Imports are governed not only by Customs Laws, but also by those of any other applicable Boards or Bodies, such as the Food and Drug Administration, the Department of Agriculture, the Department of
Fisheries and Wildlife, etc. It is necessary to gain the remaining tests and approvals while the import shipment is in Customs' custody [72].

To clear imports through customs, an importer may need to submit a number of commercial documents in addition to the aforementioned customs-related documentation. A Customs Clearance Broker or Brokerage Agency should be hired to handle the customs clearance process and to coordinate with the Customs and other agencies. The Customs Department authorises Customs Clearance Brokerage Agencies to function as Third Party Service Agencies on behalf of licenced importers. In order to obtain a licence to clear customs, one must first pass a test and examination designed to assess their knowledge of customs procedures. Several companies offer services related to customs clearance. Freight forwarding companies, both small and large, as well as MNCs, are common providers of Customs Clearance services. Commercial paperwork from the buyer and seller, the bill of transport from the transporting company, the Certificate of Origin from the Seller country, etc. are all required for Customs Clearance [73-81]. The Customs Bill of Entry is also an important part of the paperwork that must be handed in. Prior to the shipment's arrival, these forms are submitted electronically from the Customs Broker's office. The customs clearance process and the release of the Consignment must be finalised within three to seven days (varies by nation) following the Consignment's arrival at the Custom's Bonded Warehouse. If not, the Consignment will begin accruing demurrage on a daily basis, which the importer will be responsible for paying before the Consignment may be cleared. The Customs Clearance Agent is essential since they act as the importer's advocate with Customs and are responsible for ensuring that all rules and regulations are followed.

**Export Documentation Procedure**

*Step 1: Receive an Inquiry*

When a potential customer makes an inquiry about purchasing your goods, the shipping documentation procedure officially begins. When a potential purchaser shows interest, they frequently seek a quote and specify the conditions of their interest in a letter of inquiry.

*Step 2: Screen the Potential Buyer and Country*

After a potential client contacts you, you need to make sure you can actually sell to them. That entails a check against all applicable banned and restricted list databases. Their name, company name, and address can be screened in one of two ways: either manually, by verifying each of the dozens of lists issued by the U.S. government; or automatically, by utilising software like Shipping Solutions, which checks against the most up-to-date version of all the listings.

*Step 3: Provide a Proforma Invoice*

A proforma invoice may be required after the customer and their nation have been vetted. The proforma invoice serves as the initial point of contact between you and your buyers. It can be used to get funding for the acquisition and performs the functions of both a quote and a commercial invoice. If an order is placed after a proforma invoice is issued, the commercial invoice will look very similar to the proforma. All prices listed in the quotation are guaranteed and cannot be changed outside of the parameters of the letter of credit.

*Step 4: Finalise the Sale*

The buyer will either accept or reject your proposal after you send the proforma to them. They may try to haggle over the finer points of the deal as part of the acceptance procedure. This will lead to an agreement, either verbal or written.
Step 5: Prepare the Goods and the Shipping Documents

After the sale is finalised and the products are ready for export, the next step is to get the necessary shipping documentation ready. You might consider including one or more of these five export forms in your cargo.

Commercial invoice

The commercial invoice is the initial form that is required to be included in practically all shipments. Export control officials at U.S. Customs and Border Protection could look into it. If you want to get your items through customs in the country of destination, you'll need an invoice. The invoice can then be used by the buyer to have funds transferred to the seller's bank account. If any damage occurs during transport, the exporter may require it to file an insurance claim. These pieces of information can be seen on the commercial invoice. The original invoice is signed in blue ink, and the exporter always sends three copies along with the package [82].

Packing list

A packing list, detailing the shipment, the packing details, and the marks and numbers indicated on the outside of the boxes, is also frequently included to tell the freight forwarder, carrier, and eventual consignee about the shipment. Customs officials in the nation of import employ a packing list to ensure the safety and legality of the shipment. If your shipment was damaged or lost in transit, you'll need this form to file a claim with your carrier or insurer [83].

Certificate of origin

A certificate of origin may be required by the customs authorities of some countries while a statement of origin on the commercial invoice may be sufficient for others. Documentary proof that the goods came from the country listed on the certificate of origin, commercial invoice, or packing list. You may want to include the specific form for that trade agreement if the United States has concluded a free trade agreement (FTA) with the country to which you are exporting and if your goods qualify for reduced tariffs under the terms of the agreement [84-91].

Bill of lading

One bill of lading is required at minimum, and multiple bills of lading may be required depending on the size of your export. To transport products to a seaport or airport, for instance, an inland bill of lading may be required. A second bill of lading, often completed by your freight forwarder, is required when exporting goods from the United States. You should also fill out a dangerous goods form at this time if one is required.

Step 6: Run a Restricted Party Screening

Make one last check of restricted party lists to make sure no new entries have been added before sending out the shipments. Let's say you decide to employ the Restricted Party Screening Wizard offered by Shipping Solutions. If that's the case, the software will keep track of all of your screenings automatically, creating a paper trail of your vigilance that may be referred back to in the event of an audit.

Step 7: Miscellaneous Forms and Ship Your Goods

There could be additional paperwork required before you can ship your items abroad. Some examples include the forms requested by the freight forwarder and the documentation specified in the sales
contract you executed with your buyer. A temporary export may require additional documentation, such as a bank draught or an ATA carnets.

Export Documents

Bill of lading: The bill of lading is a contract between the items’ owner and the carrier that is typically the first document used in international shipments. It will detail the items being shipped, their final destination, and the origin point. The bill of lading also functions as a receipt from the carrier after the shipment has been picked up.

Certificate of manufacturer: This notarized document attests to the fact that the manufacturer has completed production, the items are in compliance with all applicable standards, and are ready to be shipped.

Certificate of origin: The manufacturer has created this document, which has been approved by a government agency or business group. The code is used to determine the origin of the manufactured goods. The U.S. Food and Drug Administration, for instance, mandates that all products imported into the country have a certificate of origin.

Commercial invoice: A commercial invoice is a document that details the export transaction from beginning to end, including the shipping arrangements, and is issued once the foreign sale is finalised and the products are ready to be dispatched. It’s crucial since it instructs and informs everyone involved (buyer, freight forwarder, U.S. and foreign customs, import broker, banks, carriers, etc.). U.S. companies may face fines or shipment delays if they fail to comply with the regulations of the nations to which they export [92-101].

Consular invoice: You can get a consular invoice from the country's consulate official, and it will serve as proof of shipment. Although not mandated everywhere, it is utilised to aid many developing nations' customs and tax collecting processes.

Dock receipts: This receipt serves as evidence to the exporter that the items were successfully delivered to the foreign carrier.

Inspection certificate: Industrial machinery, perishable goods, and meat products are typical targets for these kinds of checks. It confirms that the right number of items was included in the shipment and that they arrived in acceptable condition.

Insurance certificate. This certificate proves that you have purchased cargo insurance for international shipments. Since the exporter is concerned about liability and substantial losses, insurance may be acquired.

Scope of The Study

The study will also help the management know about the customer preferences so the management can satisfy the customer needs and wants. The study’s result helps the management know the customer choices and preferences they need in custom clearance. To help management plans, development and growth by knowing the customer preferences [102-111].

Need of The Study

The study’s findings can help the management understand the customer preferences, needs and wants they expect to fulfil.
It also helps BSM Logistics know how they perform their functions effectively and can analyse what they should get to improve their performance.

The management finds a possible way to fulfil customer’s expectations and attract new customers by w

**Objectives of The Study**

**Primary Objective**

To study the customers’ preference for custom clearance and how the company guides them in successfully clearing their goods concerning BSM Logistics.

**Secondary Objectives:**

- To know why the customer prefers BSM Logistics.
- To know the satisfaction level of the customers regarding the documentation work and assessment of goods.
- To know the process & procedures in customs clearance.

**Research Methodology**

Research is the process of systematically examining a topic of interest in order to draw conclusions about it using scholarly methodologies. A systematic research to describe, explain, forecast, and manage the observable phenomenon; so said American sociologist Earl Robert Babbie. Both inductive and deductive reasoning are required [112-115]. The difference between inductive and deductive approaches to study is that the former analyse a witnessed occurrence, while the latter verify it. Researchers often use inductive tactics in qualitative studies and deductive ones in quantitative studies. The "how" of doing any study is what is meant by "methodology." A researcher's methodical approach to study design is what guarantees meaningful and reliable results that answer research questions. In other words, the methodology section needs to prove that the selected approaches are appropriate for accomplishing the study's goals in a way that yields credible findings. The results of a study may only be considered scientifically reliable if the study's methodology was carefully thought out and executed. The researcher's research plan is the overarching strategy for implementing the various research methods and procedures. The layout makes it possible for scientists to zero in on the most effective research strategies for particular study topics. A study's methodology details whether it is an experiment, a survey, a correlation, a semi-experimental study, or a review (experimental design, research problem, descriptive case study) [116-121].

**Types of Research Design**

Mathematical computations are used in qualitative research to establish connections between the data and the observations. Using statistical approaches, one can confirm or refute a hypothesis about an observed phenomenon in nature. To determine "why" a given theory exists and "what" respondents think about it, researchers rely on qualitative research methodologies [122-129].

Quantitative research design

If you need definitive statistical findings in order to glean useful insights, quantitative research is the way to go. The use of numbers helps with making important business choices. Any successful business must employ quantitative research techniques. Decisions about the company's future are best made with the help of insights gleaned through cold, hard numbers and research [130-135]. A descriptive research strategy focuses primarily on explaining the topic under investigation. Data collection, analysis, and
presentation form the backbone of this theory-based design approach. The researcher is then in a position to explain the rationale and methodology behind their study. The importance of this study is better communicated through a descriptive research design. You can do exploratory research if the problem description is unclear.

Sample design

Taking a representative sample from a larger population requires a well-thought-out strategy. The term "sampling technique" refers to the method by which study subjects are chosen. An additional outcome of sample design is a method for determining the sample size, or the total number of elements to be drawn from the population. This means that the sample design is chosen before any data is collected. The researcher needs to select the most applicable and trustworthy sample design strategies for his research project [136].

The term "population" is used to describe all of a study's subjects. The study's findings may be generalised to the population at large if participants were recruited at random. The sample size of a survey or experiment is the number of unique participants or unique observations. The criteria of effectiveness, representativeness, dependability, and adaptability are all met by a perfect sample [137-139]. The researcher's intended level of accuracy and confidence in the estimate should inform the choice of sample size. The initial stage in statistical analysis is collecting the necessary data. After the research design, including the sample plan, has been developed, data collecting can begin. Primary or secondary data can be used. Primary data collecting in a study or research can involve either making in-person or online observations or conducting interviews with respondents. By means of a questionnaire, I have gathered primary data. The goals of the study informed the development of the questionnaire. The term "secondary data" is used to describe information that has already been gathered and analysed.

Statistical Tool Used for Analysis

Percentage analysis gives a tabulated representation of the respondent’s viewpoint.

Percentage = No. of. responses * 100

Total no. of responses

The chi-square test

The chi-square test is used to determine if there is any association between the two options. It is also used to determine the effectiveness of any opinion or preference.

\[ \chi^2 = \sum (O_{ij} - E_{ij})^2 / E_{ij} \]

F-Test two sample variance

Under the null hypothesis, an F-test refers to any statistical test where the distribution of the test statistic is F-shaped. It is commonly used to determine which of multiple statistical models fitting a dataset is the most accurate representation of the population from which the data were drawn. In an F-test, the significance level is determined by comparing the ratio of two scaled sums of squares that represent independent variables. These sums of squares are designed so that the statistic favours the alternative hypothesis more often than not. The sums of squares must be statistically independent and each follow a scaled 2-distribution for the statistic to follow the F-distribution under the null hypothesis. If the data values are uncorrelated and regularly distributed with a constant variance, then the later condition holds (fig.1).
Figure 1: Chart Showing the Company Service That Impressed Most

The above table shows that 39.3% of the respondents are impressed with the working speed, 32.2% are impressed with the good service, and 28.5% are impressed with the friendly-oriented employees (fig.2).

Figure 2: Chart Showing the Types of Transport That Customers Prefer

From the above table, it is identified that 74.9% of the respondents chose air transport, 24.2% chose sea transport, and 0.9% chose other transport like roadways. So, most respondents chose air transport because it is the fastest transport system (fig.3).

Figure 3: Chart Showing the Customer Preference for Suggesting Others
From the above table, it is identified that 45% of the respondents probably recommend others, 27% of respondents are not sure, 22.7% recommend others about the company, and 5.2% do not recommend (fig.4).

From the above table, it is identified that 55.9% of the respondents remain neutral, 34.1% agree, and 10% disagree. Most respondents remain neutral, so they are not sure they only use custom brokers to clear their goods.

The vast majority of those polled are pleased with the results of the documentation effort. The vast majority of those polled are content with the distribution of responsibilities. The majority of people who responded were agnostic on the application process. The anti-dumping measures and refunds have been well received by the majority of responders. The trade pact has been widely praised by those who have responded. The BSM Logistics has been well received by the majority of respondents. Most customers are pleased with the service they received from the organisation. The vast majority of interviewees have positive impressions about the documentation phase. The majority of people who responded were pleased with the overall impression they got. The convenience of BSM Logistics was largely praised by responders. Fast customer service was appreciated by the vast majority of survey takers. Most of those who responded approved of the measures taken to address the issue. The majority of responders endorsed the proposed solutions to the issues. The cargo cannot be processed through customs without certain adjustments. Customs agents must provide the exporter and importer with adequate shipment support. If service fees are lowered, business activity should grow. Shippers who have the ability to manufacture goods but lack marketing expertise should receive support from CHAs in developing new markets.

**Conclusion**

There must be a logistical revolution if Indian companies are to succeed in the global market of the twenty-first century. Eighty percent of our clients favour flying. Therefore, the corporation should pursue air transport by establishing dealerships with airlines. Problems with interpreting the data. The study relied solely on the feedback of logistics professionals, academics, and workers. The poll does not include data from all respondents or from all part of the state. Therefore, we decided to use a random sampling technique for our survey. Our customs house agents are a corporation with over 9 years of expertise.
handling shipments between Rs.200 and Rs.300 million. They were able to import and export any kind of product. They serve a wide variety of clients and rely on maritime and aerial transport in their work. Stuffing occurs in airports, homes, and inland containers, and general Cargo containers are handled by them. Payment for Freight Rates is made in advance by Depots at the final destination. They offer services such as vessel tracking, packing guides, and insurance coverage.

References


5. Żywiołek, Justyna; Tucmeanu, Elena Roxana; Tucmeanu, Alin Iulian; Isac, Nicoleta; Yousaf, Zahid (2022): Nexus of Transformational Leadership, Employee Adaptiveness, Knowledge Sharing, and Employee Creativity. In: Sustainability 14 (18), s. 11607.


Personnel Selection. BRAIN. Broad Research in Artificial Intelligence and Neuroscience, 11(2), 178-188.


