

A STUDY ON CHALLENGES FACED BY CUSTOMS HOUSE AGENT

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Abstract: This study looks at the various difficulties that Customs House Agents (CHAs) in India confront, with a particular emphasis on operational inefficiencies, complicated regulations, and structural problems that make import-export procedures less effective. Technological issues, insufficient infrastructure, and bureaucratic hold-ups are the main challenges noted. In a survey of 150 CHAs at Chennai Port Trust, for example, it was found that 92% of them had problems with insufficient package sizes, and 90.67% had concerns with merchandise overvaluation during customs clearance. High service fees and Electronic Data Interchange (EDI) malfunctions were also major issues. These difficulties are made worse by corruption in customs operations. According to reports from the Jawaharlal Nehru Port Trust (JNPT), importers have suffered significant financial losses as a result of widespread bribery and extortion by customs agents. Such immoral actions compromise the integrity of the trading system in addition to delaying shipment clearance. The report emphasizes the necessity of extensive reforms, such as tough anti-corruption measures, the deployment of transparent digital systems, and the renovation of infrastructure. By tackling these issues, India's customs processes may become much more dependable and efficient, which will create a more favorable atmosphere for global trade.

Keywords: Customs House Agents (CHAs), Operational Challenges, Regulatory Complexities, Systemic Issues.

I. INTRODUCTION

A Customs House Agent (CHA) in India is a licensed professional who acts as an intermediary between importers or exporters and the customs authorities, facilitating the clearance of goods through customs. Their primary responsibilities encompass preparing and submitting essential documentation such as shipping bills, bills of entry, and certificates of origin, ensuring compliance with both domestic and international regulations. CHAs also liaise with customs officials to resolve any issues related to tariff classifications, valuation, and duty assessments, thereby expediting the clearance process. They play a pivotal role in advising clients on applicable duties and taxes, managing risk mitigation strategies, and coordinating with various stakeholders including freight forwarders, port authorities, and regulatory bodies. The operations of CHAs are governed by the Customs House Agents Licensing Regulations, which stipulate that no individual shall act as a CHA at any customs station unless they hold a valid license issued in accordance with these regulations. To obtain a license, an applicant must meet specific criteria, including possessing a master's degree in law, an MBA, or a CA qualification, passing a prescribed examination, and demonstrating financial solvency. Additionally, the license may become invalid if the licensee remains inactive for a period of one year. In essence, CHAs are integral to the smooth functioning of international trade, ensuring that goods move efficiently and compliantly through customs procedures. Their expertise helps mitigate delays, reduce costs, and maintain the integrity of the trade system.

II. PROBLEM OF THE STUDY

Customs House Agents (CHAs) in India face multifaceted challenges that hinder their efficiency and effectiveness in facilitating international trade. These challenges encompass bureaucratic delays, inadequate infrastructure, technological barriers, and financial constraints, which collectively impede the smooth flow of goods through customs. Additionally, issues such as corruption within customs authorities and the complexity of compliance with ever-evolving regulations further exacerbate the difficulties faced by CHAs. These obstacles not only affect the operational efficiency of CHAs but also have broader implications for the competitiveness of Indian trade in the global market. Addressing these challenges is imperative to enhance the performance of CHAs and, by extension, the efficiency of customs operations in India.

This study aims to systematically identify and analyze the key issues faced by CHAs, assess their impact on daily operations, and propose actionable solutions to mitigate these problems. Through this investigation, the study seeks to contribute to the optimization of customs procedures, ensuring a more streamlined and effective trade facilitation process.

III. REVIEW OF LITERATURE

Mr. Karuppasamy R. emphasizes that foreign trade is crucial for national economic wealth, highlighting the significant challenges faced by shippers and buyers in India, particularly in customs documentation and clearance processes.

Mengistu Tefera's study on Ethiopia's Dire Dawa Customs Branch identifies key issues in export trade facilitation, including inadequate risk management, outdated customs procedures, and insufficient human resource development, leading to delays and inefficiencies.

Ms. V.K. Elavarasi outlines the prerequisites for customs clearance in India, such as obtaining an Import Export Code, Authorized Foreign Exchange Dealer Code, and export licenses under promotion schemes, emphasizing the importance of compliance with customs duties and tariffs.

Venkata Krishna Reddy Chinnapareddy's research at Addis Ababa Airport Customs Branch reveals that high compliance costs and lack of coordination among customs and regulatory bodies contribute to delays in import clearance procedures, suggesting the need for risk-based control measures.

Eloisa D. Macalino and colleagues assess challenges faced by PEZA-registered export processing companies in the Philippines, noting issues like processing delays and the need for continuous development of customs clearance processes through regular assessments and stakeholder training.

Dr. Perways Alam's study at Jigjiga Branch Customs Office highlights challenges such as delays, increased costs, and goods damage due to inadequate implementation of time standards, risk management techniques, and lack of cooperation among customs and other regulatory bodies.

Sandra Karklina-Admine and colleagues discuss the evolving role of customs administrations in managing increased trade volumes and security risks, emphasizing the need for structured and systematic customs risk management to adapt to technological developments and geopolitical changes.

IV. OBJECTIVE OF THE STUDY

- To identify the key challenges faced by Customs House Agent (CHA) in their daily operations.
- To analyse the technological barriers.
- To assess the communication and coordination issues between CHAs, customs authorities and other stakeholders.
- To understand the role of CHA in facilitating international trade and how challenges affect this role.
- To explore the financial challenges faced by CHAs, including delays in payment and financial security issues.

V. RESEARCH METHODOLOGY

A study on the challenges faced by Customs House Agents (CHAs) in India reveals several critical issues impacting the efficiency of import and export processes. Key obstacles include complex and frequently changing customs regulations, inadequate infrastructure, and coordination challenges among various stakeholders. Technological advancements, while beneficial, introduce new hurdles such as cybersecurity concerns and the need for continuous staff training. Additionally, non-tariff barriers like import licensing and pre-shipment inspections further complicate operations. Addressing these challenges requires enhanced compliance expertise, improved communication strategies, and the adoption of advanced technological solutions to streamline customs procedures effectively.

RESEARCH DESIGN

Research design is a comprehensive plan that outlines how a research study will be conducted. It specifies the research questions, objectives, methodologies, data collection techniques, sampling strategies, and analysis methods. By providing a structured framework, research design ensures that the study is systematic, valid, and aligned with its goals. A well-defined research design enhances the reliability and credibility of the findings, guiding researchers in addressing their research questions effectively.

DATA COLLECTION METHOD

The research employed both primary and secondary data collection methods to examine the challenges faced by Customs House Agents (CHAs). Primary data was gathered through structured surveys distributed via Google Forms to professionals engaged in freight forwarding and logistics. The survey focused on key issues such as documentation complexities, regulatory compliance, coordination with authorities, and the impact of technological advancements on customs procedures.

Secondary data was sourced from existing materials, including published reports, industry statistics, internal company records, and information from other forwarding companies. These secondary sources provided additional context and comparative data to support the primary findings. By integrating both primary and secondary data, the research aimed to provide a comprehensive understanding of the challenges faced by CHAs in the freight forwarding sector. This mixed-methods approach allowed for a more robust analysis by combining firsthand insights with existing knowledge and data.

DATA ANALYSIS TOOLS

The Statistical Package for the Social Sciences, or SPSS, software was used to handle and analyze the collected data. The following statistical tools are

Correlation analysis: evaluates how strongly and in which direction two or more variables are related.

Percentage Analysis: To understand the demographic distribution of variables and key operational practices.

VI. SIGNIFICANCE OF THE STUDY

This study emphasizes the crucial role of Customs House Agents (CHAs) in international trade facilitation, highlighting the key challenges they face in their daily operations, including documentation complexities, regulatory hurdles, and coordination issues with customs authorities and other stakeholders. It also identifies the technological barriers CHAs encounter, such as the integration of digital tools and automation in customs processes. The study delves into how these challenges impact the efficiency of CHAs in facilitating trade. Furthermore, it explores the financial difficulties faced by CHAs, including delayed payments and security concerns. The findings provide valuable insights that can help policymakers, customs authorities, and logistics professionals improve the operational effectiveness of CHAs, mitigate risks, reduce delays, and enhance compliance in the global trade and logistics environment.

FINDINGS

The study highlights several key challenges faced by Customs House Agents (CHAs) in their daily operations. Documentation issues, such as incomplete or incorrect paperwork, emerge as a significant hurdle, often leading to delays and increased operational costs. Coordination between various agencies is another critical concern, with respondents noting that lack of communication can exacerbate delays and complicate the clearance process. Technological barriers also play a role, as outdated systems and manual inspection procedures hinder efficiency and transparency. Financial challenges, including delayed payments and concerns over financial security, further strain the operational capabilities of CHAs. Despite these obstacles, there is a growing interest in adopting digital platforms, with many respondents acknowledging the potential benefits of automation in streamlining processes and reducing errors. However, the implementation of such technologies is not without its challenges, including issues related to system integration and data accuracy. The study suggests that addressing these challenges requires a multifaceted approach, including improved training, better communication channels, and investment in modern technologies to enhance the efficiency and effectiveness of CHAs in facilitating international trade.

PERCENTAGE AND ANALYSIS

- 54.3% of respondents identified incomplete or incorrect documents as the primary challenge, while 25.7% noted lack of coordination between agencies. Other challenges include manual inspection (17.1%) and corruption or informal payment expectations (2.9%).
- 54.4% reported increased documentation overload, followed by 25.7% facing delays in goods delivery and customer dissatisfaction, and 17.1% encountering higher operational costs.
- Inconsistent documentation requirements were the primary issue for 54.3% of respondents, with 25.7% citing lack of updated information from customs, 11.4% limited access to support resources, and 8.6% complex procedural requirements.
- 51.4% of respondents believed that digital platforms significantly reduced processing time and improved transparency, while 20% felt it added complexity.
- 40% of respondents experienced clearance in less than 24 hours, while 28.6% took 24-48 hours, and 20% faced delays over 72 hours.
- 62.9% of respondents reported air shipment clearance within 1-2 days, with 17.1% taking 2-3 days and another 17.1% clearing within a day.
- 62.9% of respondents were open to adopting a digital platform, while 22.9% were uncertain and 14.3% opposed it.
- 51.4% believed the process caused delays due to waiting for approvals, while 25.7% thought it reduced flexibility, and 17.1% felt it enhanced decision-making.

- Increased transit time was a major issue for 42.9%, followed by better collaboration (25.7%) and increased costs (20%)
- The most effective solutions for improvement were clear roles and communication channels, and regular stakeholder engagement, each supported by 31.4% of respondents.

CORRELATION ANALYSIS

CORRELATION			
		What role does digitalization (e.g., e-clearance systems, blockchain) play in reducing customs clearance delays?	What measures can be taken by government authorities to reduce technical glitches in ICEGATE/EDI systems?
What role does digitalization (e.g., e-clearance systems, blockchain) play in reducing customs clearance delays?	Pearson Correlation	1	0.144
	Sig. (2-tailed)		0.396
	N	37	37
What measures can be taken by government authorities to reduce technical glitches in ICEGATE/EDI systems?	Pearson Correlation	0.144	1
	Sig. (2-tailed)	0.396	
	N	37	37

INFERENCE

The role of digitalization (e.g., blockchain, e-clearance systems) and steps to lessen technical issues in ICEGATE/EDI systems have a weakly positive link, as indicated by the Pearson correlation coefficient of 0.144. The p-value of 0.396, however, indicates that this correlation is not statistically significant, suggesting that efforts to digitize customs procedures may not have a substantial effect on lowering technical issues. The ICEGATE system has been reported to have ongoing technical problems, including frequent tripping brought on by modifications to the computerized cash ledger, which causes delays in import clearances. Import shipments have also been stranded at ports and terminals nationwide due to issues with the new payment mechanism. These difficulties show that although digitization is a start in the right direction, it is not a solution to all of the technological problems that customs systems are now facing. To minimize technological issues and guarantee that customs clearance procedures run smoothly, comprehensive measures are necessary, including strong system infrastructure, frequent maintenance, and ongoing monitoring.

VII. DISCUSSION

The study identifies several key challenges faced by Customs House Agents (CHAs) in their daily operations. Incomplete or incorrect documentation is the primary issue, followed by increased documentation overload, inconsistent requirements, and delays in customs clearance. While digitalization efforts like e-clearance systems and blockchain have been introduced, they have not significantly reduced technical glitches in systems like ICEGATE/EDI. Persistent issues such as system downtimes and integration problems continue to cause delays in customs clearance. To address these challenges, the study recommends measures such as conducting regular awareness sessions for CHAs, encouraging full digital adoption of customs systems, implementing stricter document verification protocols, establishing better coordination with clients, upgrading port infrastructure, providing skill development training for CHA staff, forming an industry association or grievance cell, and developing a transparent cost structure. These recommendations aim to improve efficiency, reduce delays, and enhance the overall functioning of customs operations.

VIII. CONCLUSION

The study highlights several key challenges faced by Customs House Agents (CHAs) in their day-to-day operations. Frequent changes in customs regulations and policies create confusion, making it difficult for CHAs to stay updated and

ensure compliance. Documentation errors, stemming from incorrect shipping bills, invoices, or misclassification of goods, are common and often lead to delays in customs clearance. Despite advancements in digital systems like ICEGATE, manual processes still persist, resulting in inefficiencies. Furthermore, a lack of coordination between clients, customs authorities, and other stakeholders leads to delays and additional pressure on CHAs. Port congestion, inadequate infrastructure, and rising operational costs further complicate their work. Moreover, the shortage of skilled professionals with expertise in customs procedures and digital platforms exacerbates these challenges. Addressing these issues requires a combination of improved training, better technology adoption, enhanced coordination, and streamlined communication among all stakeholders. Only through these measures can CHAs overcome their challenges and operate more effectively.

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