

**A STUDY ON PROBLEMS FACED BY CUSTOM  
BROKERS IN CONCOR – WITH SPECIAL REFERENCE  
TO COIMBATORE**

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**ABSTRACT**

Customs Brokers are licensed by the Commissioner of Customs that has jurisdiction over the area where the applicant intends to carry out their business in India and are governed by the Customs Brokers Licensing Regulations 2013. Container Corporation of India Ltd. (CONCOR) is a Navratna Public sector undertaking under the Indian Ministry of Railways. Incorporated in March 1988 under the Companies Act, CONCOR commenced operations in November 1989 taking over an existing network of seven inland container depots (ICDs) from Indian Railways. It now has a network of 63 ICDs/CFSs (Container Freight Stations) throughout India. There have been certain problems in handling goods in CONCOR, in this article the problems faced by custom brokers in CONCOR has been discussed. The CONCOR in Irugur, Coimbatore city has been taken for the study and the suggestions has given based on the findings. The primary data collection technique has been carried out through questionnaire method and a sample size of 50 respondents is taken for the study.

**Keywords: Custom Brokers, CONCOR, Handling goods.**

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## **1. INTRODUCTION**

### **1.1 Customs Broker**

Customs broking or Customs brokerage is a profession that involves the "Clearing" of goods through customs barriers for importers and exporters (usually businesses). This involves the preparation of documents and electronic submissions, the calculation and payment of taxes, duties and excises, and facilitating communication between government authorities, importers and exporters.

Custom brokers may be employed by or affiliated with Freight Forwarders, independent businesses, or shipping lines, importers, exporters, trade authorities, and customs brokerage firms.

According to "Customs Brokers Licensing Regulations 2013", Custom Broker means a person licensed under these regulations to act as agent for the transaction of any business relating to the entry or departure of conveyance, import or export of goods at any customs station.

### **1.2 Custom Broker Services**

Clients can access the custom broker services of top grade quality and timeliness. These services are assured to provide the clients customs clearance using the best solutions. The custom brokerage services are known for giving support and guidance to the required clients.

The process of the custom brokerage services makes sure that the clients do not require any further custom clearance troubles. These services are related to import and export customs. Offered in the best of form and by best of team members, our custom services can be availed at reasonable costs. The services can be altered as per the needs and demands of the clients.

### **1.3 CONCOR**

Container Corporation of India Ltd. (CONCOR) is a Navratna Public sector undertaking under the Indian Ministry of Railways. Incorporated in March 1988 under the Companies Act, CONCOR commenced operations in November 1989 taking over an existing network of seven

inland container depots (ICDs) from Indian Railways. It now has a network of 63 ICDs/CFSs (Container Freight Stations) throughout India.

From its humble beginning, it is now an undisputed market leader having the largest network of 66 ICDs/CFSs in India. In addition to providing inland transport by rail for containers, it has also expanded to cover management of Ports, air cargo complexes and establishing cold-chain. It has and will continue to play the role of promoting containerization in India by virtue of its modern rail wagon fleet, customer friendly commercial practices and extensively used Information Technology. The company developed multimodal logistics support for India's International and Domestic containerization and trade. Though rail is the main stay of our transportation plan, road services and also provided to cater to the need of door-to-door services, whether in the International or Domestic business.

CONCOR is committed to providing responsive, cost effective, efficient and reliable logistics solution to its customers. It strives to be the first choice for its customers. CONCOR is a customer focused, performance driven, result oriented organization, focused on providing value for money to its customers.

## **2. STATEMENT OF THE PROBLEM**

Since it is said “A problem well defined is half solved”. The problem is specified clearly with which aspect it should be carried out. The research is conducted to give an exposure to the exact problem faced by custom brokers in CONCOR in Coimbatore.

## **3. OBJECTIVES OF THE STUDY**

- To study about the problems faced by Custom Brokers in CONCOR at Irugur, Coimbatore city.
- To know about the major goods handled in the CONCOR and its containerization process.
- To give suggestion to reduce the problems faced by Custom Brokers in CONCOR.

#### 4. RESEARCH METHODOLOGY

- **Area Of The Study** - Coimbatore –Irugur CONOCR is chosen for the study.
- **Research Plan**
- **Data source:** Primary data and Secondary data
- **Research Instrument:** Questionnaire

#### 5. STATISTICAL TOOL USED FOR ANALYSIS

The following tools are to be used for analysis purpose.

- Simple Percentage
- Weighted Average Mean

#### 6. LITERATURE SURVEY

##### **1. Domestic container movement likely from next year, At present, Containers Corporation of India dispatching containers from Pithampur — Mr. Natarajan, General Manager, CONCOR.**

**INDORE:** The long-cherished demand of exporters of the region was fulfilled when Containers Corporation of India (CONCOR) dispatched a train with containers from Pithampur to Jawaharlal Nehru Port Trust (JNPT). This direct delivery of containers through rail route would save precious travel time. However, the domestic movement of containers would start in the end of 2017.

Pithampur, the biggest industrial town of the state established in 1984, also boasts of country's first and only green field and multi product Special Economic Zone (SEZ). Since 2003, exporters from SEZ and other areas like Indore, Dewas and Ujjain have been demanding facility for direct dispatch of their containers. In the meantime, three Inland Container Depots (ICDs) including one of CONCOR come into existence in Pithampur. But the containers booked from all three ICDs have to travel by road to Ratlam to catch rail service or directly to Jawaharlal Nehru Port Trust (JNPT) in Mumbai.

In this long, most of time fragile goods got damaged inside containers, causing huge revenue loss to the exporters.

However, after completion of 22-km-long new rail line between Indore and Tehi, CONCOR is ready to dispatch containers from Pithampur only.

Talking to this correspondent, Natarajan, senior General Manager of CONCOR, said that in the first phase we started dispatching containers, which were booked at CONCOR ICD, from Pithampur to JNPT from October 22.

A train carrying 90 TEUs having export containers was jointly flagged off by D Kishan, a cabin man of Ratlam division and Anil Raikwar from Multimodal Logistics Park of CONCOR, Tihi. The event was witnessed by PS Mishra, Chief Operation Manager (COM) of Western Railway and V Kalyanarama, CMD of CONCOR and other senior railway and CONCOR officials. This service will bring industrial hub of MP close to the ports by providing direct rail connectivity. Ujjain, Dewas and Indore are major beneficiaries along with Pithampur. Shippers will greatly benefit in terms of time and cost. The container train will run via Indore, Fatehabad, Ratlam and then Mumbai, JNPT.

CONCOR Sr. GM Natarajan further said that at present the facility is available thrice a week from Tehi, which will become fully operational from next week. The container train can carry 90 containers. Briefing about the entire planning of CONCOR, which it wants to offer the exports of the region, Natrajan said that under the first phase the direct container train service is being rolled out from Pithampur.

In next phase a boundary wall would be built around under construction Multi Model Logistic Park at Tehi where CONCOR will shift its ICD and in the third phase CONCOR would provide facility of to and fro service of containers from Tehi. Under the service rolled out from October 22 containers can only be dispatched from Tehi to the Port, but following completion of the third phase, containers can also be brought from ports to Tehi. However, this one can be done only when three railway lanes could be laid down in Tehi, presently there is only one lane.

Senior officer of CONCOR Natarajan said that we are working on providing facility of domestic movements of containers also. Making it clear he said that under the service containers can be any city within the country. That can be done well before end of next year.

## **2. Government plans container trains for export, import cargo – CMD Mr.V. Kalyana Rama.**

**New Delhi:** It takes less than 16 hours to travel from Delhi to Mumbai by Rajdhani. But for a container train the same journey takes three times longer as every passenger train gets priority, pushing up the cost of cargo and often making it uncompetitive.

The Delhi-Mumbai freight corridor, once ready, will cut the travel time drastically. But that will take another three years. Worried over falling exports and losing competitiveness, the commerce department is pushing the railways and Concor to start container trains for export and import cargo that follow a timetable in what is the first step to cut down on the time taken to move freight traffic.

"Studies have shown that it costs almost the same to move goods from Punjab to Jawaharlal Nehru Port Trust (JNPT) and from Mumbai to China. That gives a huge advantage to exports from Thailand or Malaysia, which are not just closer to China but have lower costs. We are looking at ways to make our transport costs much more competitive. A timetable will fix responsibility and ensure that trains don't remain parked at a station for hours to push passenger trains," said a source.

The focus on reducing costs comes as part of a larger strategy being pushed by the commerce department to make Indian exports more competitive by addressing gaps in the entire chain.

When contacted, CONCOR's newly-appointed CMD V Kalyana Rama told TOI that running timetable cargo trains for export and imports was one option on the table and the railways was also supporting the move. He said the PSU has had a successful run with timetable trains for domestic cargo on three routes — Delhi-Chennai, Delhi-Bangalore and Delhi-Hyderabad. The idea is to move goods to Kathuwas in Rajasthan from where the timetable container trains will run to the ports.

"There have also been suggestions to look at the costs. We are operating at very thin margins and if there is scope we will look at improving our service and tariffs so that our consumers benefit," the Concor chief said. The container operator, which controls nearly three-fourths of the market, is also looking that increasing multi-modal operations including moving goods by rail from Punjab to Mundra port and then taking the coastal shipping route to transport cargo to a southern port.

Separately, the commerce department has begun consultations with the authorities at the country's largest container port and customs to incentives trucks that complete all formalities in advance. "This can be in the form of green channel or tatkal service so that people are encouraged to opt for this. This will reduce the long queue of trucks," an officer said.

## 7. DATA ANALYSIS AND INTERPRETATION

### 7.1 Table Showing the Customs Broker's View on CONCOR - Irugur

Customer view on CONCOR	No. of Respondents	Percentage
Lack of Proper warehousing facilities	6	12
Delay in Documentation Procedure	8	16
More distance/remote from town area	32	64
Spacious/comfort	4	8
Total	50	100

**Sources: Primary Data**

#### **Inference:**

The above table shows that the Distance to reach the CONOCR – Irugur is the major problem faced by the Customs Broker's followed by the Delay in documentation procedure, Lack of proper warehousing facilities and Availability of Space.

## 7.2 Table Showing the Type of Product Frequently Containerized in Container Corporation (CONCOR)

Type of Products is Frequently containerized in Container Corporation (Concor)	No. of Respondents	Percentage
Engineering Goods	30	60
Textiles	16	32
Agriculture Goods	2	4
Other Products	2	4
Total	50	100

**Sources: Primary Data**

### **Inference:**

From the above table it is known that the Engineering goods are the most frequently containerized product in CONCOR – Irugur, followed by Textiles, Agriculture and other type of Products.

## 7.3 Table Showing Major Engineering Products That Are Exported

Major Engineering product exported	No .of Respondents	Percentage
Cast Iron Components	10	20
Machined Castings	24	48
Valves	10	20
Motor Pumps	6	12
Total	50	100

**Sources: Primary Data**

### **Inference:**

From the above table, 48 % of the respondents Exports to Cast Iron components, 20 % of the respondents Exports Machined Costing and Valves, 12 % of the respondents Exports Motor pumps.



#### 7.4 Weighted Average for the Satisfaction Level of Custom Broker's On Activities in CONCOR.

Weighted Average							
Factors	5	4	3	2	1	Total	Average score
Prepare and Obtain Documents for Shipment	3	10	34	1	2	50	3.22
	15	40	102	2	2		
Wait to Enter border station	20	15	16	17	0	50	1.52
	10	60	48	34	0		
Inspect Cargo with Breaking seals	5	15	26	4	0	50	3.42
	25	60	78	8	0		
Terminal Handling	4	15	21	8	0	50	3.22
	20	60	63	16	2		
Unloading of Cargo	9	33	6	2	0	50	4
	45	132	18	4	1		

Sources: Primary Data

#### INFERENCE

The above table shows that the unloading of cargo procedure was the mostly satisfied activity in CONCOR.

#### 7.5 Weighted Average on Satisfaction Level on Customer Brokers during Containerization in CONCOR

Weighted Average							
Factors	5	4	3	2	1	Total	Average score
Containerization cost	20	20	8	2	0	50	4.16
	100	80	24	4	0		
Warehouse Operation	16	22	8	2	2	50	3.96
	80	88	24	4	2		
Delivery Time	16	26	2	6	0	50	4.04
	80	104	6	12	0		
Quality of Goods	28	4	12	6	0	50	4.08

	140	16	36	12	0		
<b>Documentation process</b>	2	12	32	0	4	50	<b>3.16</b>
	10	48	96	0	4		
<b>Insurance Provided</b>	16	9	4	22	4	50	<b>3.52</b>
	80	36	12	44	4		

Sources: Primary Data

### INFERENCE

From the above table it is inferred that the containerization cost was the mostly satisfied factor in Containerization process.

### 7.6 Table Showing the Problems Faced During Containerization Process in CONCOR

Weighted Average							
Factors	5	4	3	2	1	Total	Average score
<b>Non Availability of containers from Shipping Line</b>	33	6	2	0	9	50	<b>4.08</b>
	165	24	6	0	9		
<b>Long time taken for documentation to clear Export Consignment</b>	8	21	15	4	2	50	<b>3.58</b>
	40	84	45	8	2		
<b>Shipment cannot be done within short period</b>	170	40	9	2	2	50	<b>4.46</b>
	2	17	15	16	0		
<b>Container Not available on time</b>	2	17	15	16	0	50	<b>3.1</b>
	10	68	45	32	0		

Sources: Primary Data

### INFERENCE

The above table shows that the shipment cannot be done within short period of time is the major problem faced by the Custom Broker's during the containerization process.

## **8. FINDINGS**

1. Majority of the custom broker's feel that the CONCOR is situated at a remote place from the town area.
2. Mostly the engineering goods are containerized in Container Corporation (CONCOR) – Irugur.
3. The Machined castings are the type of engineering product handled in the CONCOR.
4. The Custom Broker's feel that they have to wait for a longer period of time to enter into the border station.
5. The documentation process for the exports through CONCOR takes a longer period of time according to the custom broker's.
6. The availability of the proper container's is a problem faced by the custom broker's during containerization process.

## **9. SUGGESTION**

1. The CONCOR can take initiatives in providing inland transportation facilities on behalf of it.
2. The CONCOR can handle other products apart from engineering goods and the storage facilities must be maintained accordingly.
3. Documentation procedures are the major problem in exporting goods, since Electronic data implementation also helpful in documentation procedures and highly satisfied in containerisation. Electronic data implementation should be implemented in all the places and computerisation can reduce the problems in documentation.
4. Although rail connectivity from Inland Container Depot in Irugur, which would offer cheaper and faster cargo service, the distance for local transport had increased and after completing of stuffing work at the factory, the export consignment has to come back to Inland Container Depots for seal verification, which raised the cost for the corporation and necessitating the introduction of the tariff, measures should be taken for these problems by the Government. Since most of goods are transported weekly once, customers were not disappointed much.
5. More new Containers can be brought according to the quantity and kind of products handled.

## 10. CONCLUSION

A common problem between an importer and the broker is a failure to effectively communicate. While the fault for this lies with both importers and brokers the main responsibility must nevertheless fall on the importer. It is not unusual for importers to have very little communication with their brokers other than to alert them to the arrival of a shipment and make payment on the broker's invoice.

Documentation from the broker is infrequently reviewed by the importer and the work-product of the broker is almost never checked unless a problem arises. Again, viewing the broker as an employee or agent of the importer's organization, no other employee would be treated in such a haphazard fashion. It is a disservice to both the broker and the importer's organization and more often than not leads to serious problems. As previously mentioned, a mistake by the broker can result in detained merchandise, lost sales and even financial penalties.

The study that effectively utilizes the services of a broker the importer must effectively communicate with the broker as would be the case with any other employee of the importer's organization. Mistakes occur every day in customs transactions during containerization in Inland Container Depots.

### Reference:

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