

ANALYSIS OF THE TRADE FACILITATION ISSUES FACED BY EXPORTERS AND IMPORTERS IN DELHI AND NCR REGION

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Abstract

Logistics is generally the detailed organization and implementation of a complex operation. In a general business sense, logistics is the management of the flow of things between the point of origin and the point of consumption in order to meet requirements of customers or corporations.

A brief description of every service to be provided at Export & Import outlet is given with its importance for the customers. Thereafter various ideas and views are generated after a deep analysis and certain valuable recommendations are given for trade facilitation.

The study based project was completed using primary and secondary data. A complete analysis of finding is compiled and classified into appropriate sub-modules. Various interesting findings from the survey with a sample size of 40 Companies. Methods of collecting data are interview method and sample was selected based on judgmental and convenience sampling.

Introduction

Sustainable export growth is crucial for maintaining and accelerating the GDP growth momentum, increasing employment and alleviating poverty. In this competitive era, in the international market the export must match the pace, if not in pace then in terms of pricing and quality. The exporters must also have an incentive to enter the highly uncertain export market. These objectives can be achieved through wide ranging facilities, infrastructure, financing, income tax relief, trade facilitation, etc.

Problem Statement

India is a developing country and to become a developed country it is very important to have a significant share in the international trade. Government of India is making different policies and taking number of measures to promote export and import trading. But still there are number of problems faced by Indian exporters and importers and one of the problems is related to custom clearance. This research paper discusses in detail about the major problems faced by the exporters and importers during custom clearance procedure.

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Objectives

- To determine the different areas where the exporters and importers find most of the problems.
- To learn whether losses are suffered due to sudden changes in law, rules and regulations and policy.
- To know the awareness of exporters and importers about the benefits of EDI system for filing the papers.
- To know whether the problem related to custom clearance is the main reason for using freight forwarders or custom clearance agent

Scope of the study

- This study can be used to analyze many trade facilitation problem faced by exporter and importer.
- This duty will help to know the loopholes in the custom clearance procedure and documentation.
- This study can help to know the awareness of exporters and importers about the rules & regulations of foreign trade
- This study will help to know the role of the freight forwarders in custom clearance.
- This study can help government to take corrective actions related to the problem of custom clearance.
- This study can be used for eliminating the undesired process and documents of custom clearance
- This study can be used for the promotion of foreign trade by eliminating or reducing different trade facilitation problem

Limitations

- The primary research was restricted only to trade facilitation area.
- The respondents may be biased or influence by some other factors.
- Some of the companies were not having separate department for custom clearance. So it was difficult to get proper information.
- The respondents were not taking interest in answering the questions and avoiding it.
- Some respondents were not aware of the EDI system.
- There are so many determining parameters for a particular thing or event and considering all of them at a time is not partially possible, so it is a limitation also.
- Time was also a constraint.

Research Methodology

The researcher contacted the respondents personally as well through different online networks with a well – prepared sequentially arranged questionnaire. The questionnaire was divided into two parts. Part one is respondents profile and Part two was the main survey.

Primary Data

Primary data was collected randomly through the structured questionnaire in Delhi NCR region using convenience based random sampling.

Sample Size

The study was limited to those participants (companies) who willingly elected to complete the instruments in their entirety. There were a total of 40 companies

Sample Design

The researcher relied upon convenience based random sampling technique, considering the research methodology and research type as per guidelines. A caution was exercised during the study that the companies who did not show inclination to be a part of the study were not covered.

Area of Research

Delhi NCR Region

Secondary Data

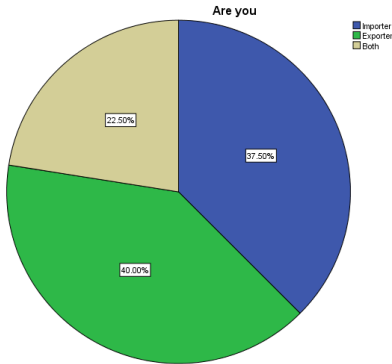
The secondary information or data was collected from published sources such as journals, magazines, newspapers, government reports, internet and other sources.

Logical Analysis

Efficient and effective data analysis is the result of effective data preparation. This was found to be very crucial between the completion of the field work and the statistical processing of the collected data. Data preparation involved transferring the questionnaire into an electronic format which allowed and facilitated subsequent data processing. Data sheet was prepared directly at Statistical Program for Social Sciences (SPSS) software for further analysis. Code was assigned to each response for data entry and data record. Transcribed data sheet was prepared for data analysis. On the basis of data sheet, tables and graphs were prepared for the analysis.

Data Analysis

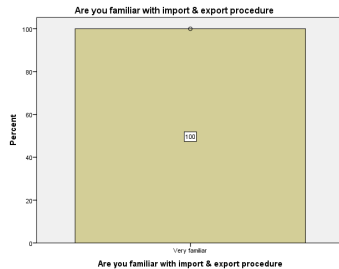
1. Organisation Profile



Interpretation

In this study with a sample size of 40 companies, 37.5% was found to be Importers and 40% was found to be Exporters and 22.5% was found to be both.

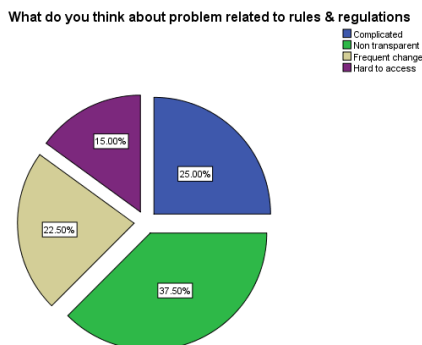
2. Familiarity with the Import/Export Procedure



Interpretation

In this study the maximum number of companies was found to be 100% very familiar in import and export procedure

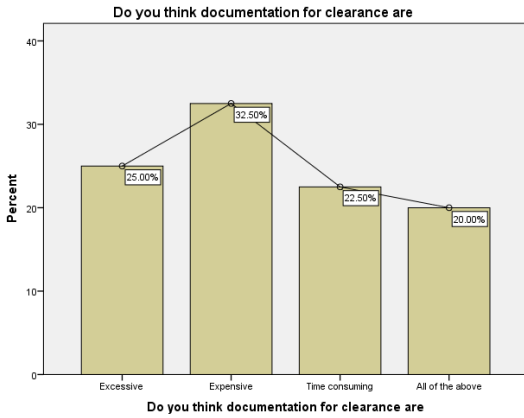
3. Problems related to rules & regulations



Interpretation

Yes 25% of companies are complicated in rules & regulations, 37.5% are Non transparent, and 22.5% are frequent changes, and hard to access are 15%

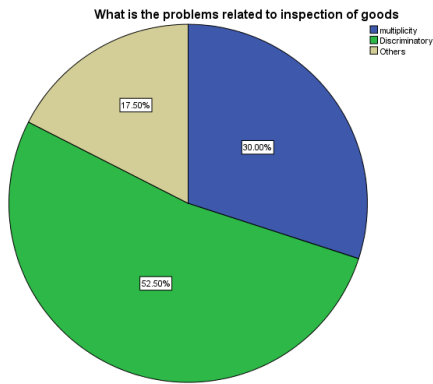
4. Documentation procedure during clearance



Interpretation

In this study, 25% of companies are thinking about the documentation for clearance are excessive and 32.5% of companies was found expensive of documentation clearance and the time consuming companies are 22.5% and at last 20% are all of the above.

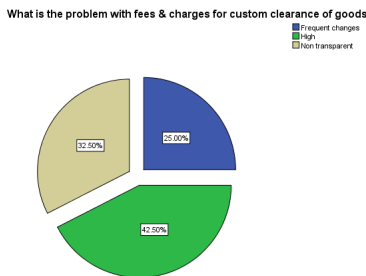
5. Problems related to inspection of goods



Interpretation

30% of companies are multiplicity in the problem related to the inspection of goods, and 52.5% of companies are discriminatory, and 17.5% of companies are responding others.

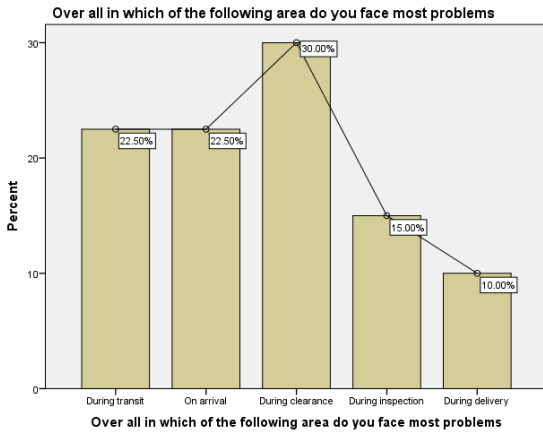
6. Problem with fees & charges for custom clearance of goods



Interpretation

As per study 25% respondents are frequent changes in problem with fees & charges for custom clearance of goods and 42% of companies are high, and non-transparent are 32.5%

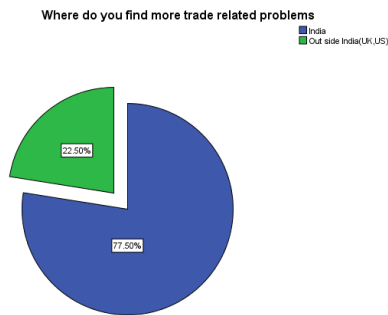
7. Overall in which of the following area problems faced



Interpretation

Yes 22.5% respondents facing most problems in during transit, and 22.5% of companies facing problems in on arrival, and 30% of companies are facing problems in during clearance, and 15% of respondents are facing problems in during inspection, and the 10% of companies are facing the problems in during delivery.

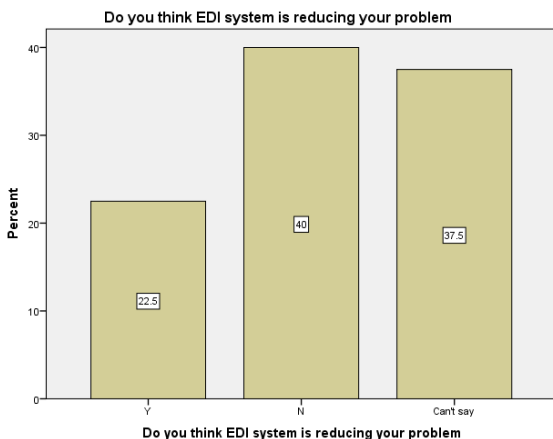
8. Maximum trade related problems found as per country



Interpretation

As 77.5% of respondents are facing the trade related problems in India, and 22.5% of companies are facing the trade related problems in outside India like UK and US.

9. Perception about EDI system w.r.t reducing documentation problems

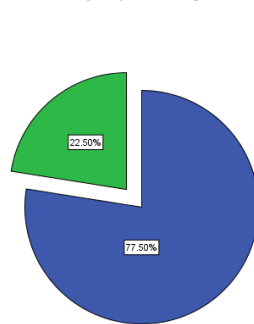


Interpretation

As 22.5% respondents thinking EDI system is reducing their trade problems, and 40% of companies responded NO, and 37.5% of respondents, they can't say EDI system is helpful.

10. Satisfaction scenario with your present freight forwarders / custom clearance agent

Are you satisfied with your present freight forwarders / custom clearance agent



Interpretation

As per sample size of 40 respondents 77.5% of companies are satisfied their freight forwarding agents, and 22.5% of respondents are not satisfied.

Recommendations

Through the survey made, it was observed that proper merchandising in the market can always meet end-consumer.

- The rules and regulations should be transparent, simple, and easy to access. So that exporters and importers can get it and understand it easily.
- There should be less documentation and the process should be less time consuming.
- There should not to be multiplicity and corruption at the time of inspection of goods.
- The fees and charges should be low and should be transparent.
- There should not be frequent change in the rules and regulations
- Government should make exporters and importers aware of the benefits of using EDI system
- There should be more computerization the whole process of export and import because it makes the process less expensive and less time consuming.

With these steps taken the customer satisfaction level can be improved.

Conclusion

After analyzing the data collected, on the trade facilitation issues faced by the Indian exporters and importers. It was found that problem of custom clearance and other similar problems faced by every importer and exporters were very often. There are number of exporter and importer who are not aware of the rules and regulations because of its complication, non-transparency and timely changes in it. The respondents also have perception that the documents which are required in the custom clearance are excessive, expensive as well as time consuming. The respondents face the problem of multiplicity in the

inspection of goods. Frequent changes, non-transparency and high charges are the problem related to the fees and the charges.

According to the respondents, custom clearance is the stage in which they face maximum issues. As per the data analyses the exporters and importers face more trade facilitation problems in India as compared to the countries like UK & USA. Because of the problems faced during documentation and custom clearance most of exporters and importers use freight forwarders and custom clearance agents for the same.

So to promote the exporters and importers in Delhi NCR region the procedure and rules and regulations should be simplified , the documentation should be reduced otherwise it will become a big reason for loss of the business in future for exporters and importers.

Government need to plan an integrated strategy to this issue. It is needed to encourage e-commerce and to facilitate trade through EDI such that turnaround time at ports, airports, and inland container depot and land custom stations match world standards.

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