



# **A STUDY ON INDIA'S CHALLENGES AND OPPORTUNITIES IN THE FREIGHT FORWARDING INDUSTRY**

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## **Abstract**

A freight forwarder is an individual or company that dispatches shipments via asset based carriers and books or otherwise arranges space for those shipments. Common carrier types could include waterborne vessels, airplanes, trucks or railroads. The movement of international freight among nations relies on a complex array of long-distance transportation services. The process involves many participants, including shippers, commercial for-hire carriers, third-party logistics providers, and consignees.

Key words: Planning, routing and clearance

## **Introduction**

To move large quantities of goods across the country and around the world, Nations depend on their freight transportation system a vast network of roads, bridges, rail tracks. airports, seaports, navigable waterways, pipelines, and equipment.

Moreover, global trade depends on seaport and airport services to move large volumes of merchandise over long distances via a variety of transportation modes. The interaction of these services and participants is vital to successful global trade. Freight forwarders typically arrange cargo movement to an international destination. Also referred to as International Freight Forwarders, they have the expertise that allows them to prepare and process the documentation and also perform related activities pertaining to international shipments.

Some of the typical information reviewed by a freight forwarder is the commercial invoice, shipper's export declaration, bill of lading and other documents required by the carrier or country of export, import, or transshipment. Much of this information is now processed in a paperless environment.

As an analogy, freight forwarders have been called travel agents for freight



Typical work activities of Freight Forwarders:

Typical activities include

Researching and planning the most appropriate route for a shipment (taking account of the perishable or hazardous nature of the goods, cost, transit time and security);

Arranging appropriate packing (taking account of climate, terrain, weight, nature of goods and cost) and delivery or warehousing of goods at their final destination Obtaining, checking and preparing documentation to meet customs and insurance requirements, packing specifications, and compliance with overseas countries' regulations and fiscal regimes

Offering consolidation services by air, sea and road ensuring cost effective and secure solutions to small shippers with insufficient cargo to utilize their own dedicated units, Liaising with third parties to move goods (by road, rail, air or sea) in accordance with customer requirements;

Arranging insurance and assisting the client in the event of a claim:

Offering tailored IT solutions and EDI (Electronic Data Interchange) connections.

Arranging payment of freight and other

charges, or collection of payment on behalf of the client,

Transmitting data by internet and satellite systems, enabling real-time tracking and tracing of goods; Arranging air transport for urgent and high-value freight and managing the risk door to door,

Arranging charters for large volume, out-of-gauge or project movements by air and sea

Acting as broker in customs negotiations worldwide to guide the freight efficiently through complex procedures; Arranging courier and specialist hand-carry services;

Working closely with customers, colleagues and third parties to ensure smooth operations to deadlines

Maintaining visibility and control through all phases of the journey, including the production of management reports and statistical and unit cost analysis

Acting as consultant in customs matters.

Maintaining current knowledge of relevant legislation, political situations and other factors that could affect the movement of freight

Functions of Freight Forwarders

Best Routing



Packing  
Customs Clearance  
Transport & Distribution  
Grouping & Consolidation

**FEDERATION OF FREIGHT FORWARDERS ASSOCIATIONS IN INDIA (FFFAI)**

International Transport is one of the most dynamic and fastest changing industries in the world. It needs a responsive, forward-looking and national trade association, operating to the highest professional standards. FFFAI is that association. They have redefined their Mission and goals. They, in turn, define what FFFAI is and what it does

**History of Association**

As a leading shipmanager, the Synergy Group provides end-to-end maritime solutions with precisely and expertly tailored services, where great technical expertise and a diverse product portfolio create optimal efficiency, productivity and customer experience.

With over 540 vessels under technical management we handle a wide variety of vessels, including complex LNG vessels, LNG-FSU conversions, LNG-to-power solutions, LPG carriers and chemical

tankers, VLCCs, Suezmax, Aframax, LR2, LR1 and MR tankers, Car Carriers, container ships from 2,000 to 20,000 TEU and Cape, Kamsarmax, Panamax, Handymax and Handysize bulk carriers.

Close collaboration and clear communication are vital for the Synergy hallmarks of the best working relationships amid maritime solutions, long-term success, and through-life expertise.

Synergy prioritizes each client's needs, providing top quality and optimally efficient solutions, crafted to meet all requirements in management, building, converting, or recycling

**Mission & Vision**

To bring in the feeling of togetherness among each and every one of the Custom House

Agents operating at different Custom Houses, ICDs, CFSs & Airports.

To encourage, support and organize Training Programs at local, regional and national level.

To work closely with Revenue Department i.e. Customs Organization to create confidence and establish integrity & respectability for its members.

To establish and publicize the code of conduct applicable to its members and suitably modify the constitution to



provide strict adhere.

To promote and educate the Trade & Industry to understand the necessity to engage only licensed and regulated Custom House Agents

To focus attention and educate the members on the advantages of computer system over manual systems and move them ahead towards total automation

Create councils and invite participation of all arms of transportation industry and evolve

Uniform and comprehensive policy. Establish a forum to interact with trade and industry and exchange ideas and views to

Develop and direct forwarding community to meet their requirements.

Establish relation, participation and contribute to policy makers and suggest regulation conducive for us to perform to the expectations of the trade

To move towards a full-fledged Electronic Data Interchange regime and become a part of Seamless cargo movement

### **Freight Forwarders Roles and Responsibilities**

Activities vary depending on the type and size of employer but typically include:

The perishable or hazardous nature of the goods, cost, transit time and security; arranging appropriate packing, taking account of climate terrain weight nature of goods and cost, and the delivery and warehousing of goods at their final destination, obtaining, checking and preparing documentation to meet customs and insurance requirements, packing specifications, and compliance with other countries regulations and fiscal regimes: - effective and secure solutions to small shippers who have insufficient cargo to require their own dedicated units; arranging insurance and assisting the client in the event claim. offering tailored IT solutions and electronic data interchange(EDI) conditions, arranging payment of freight and other charges or collection of payment on behalf o the client;

Utilizing E-commerce, internet technology and satellite systems to enable real-time tracking of goods;

Arranging air transport for urgent and high-value freight and managing the risk door to door

Acting as broker in customs negotiations worldwide to guide the freight efficiently

through complex procedures

Dealing with special arrangements for



transporting delicate cargoes such as livestock food and medical supplies  
Arranging courier and specialist hand carry services

Maintaining communication and control through all phases of the journey, including the production of management reports and statistical and unit cost analysis

Maintaining current knowledge of relevant legislation, political situations and other factors that could affect the movement of freight. . At more senior levels, the role may also involve managing staff and overseeing activities within a department or specializing in a particular area, such as sea freight or air freight

**The Freight Forwarder Is The Party Whose Role Ensures That The Following Big Problems Will Never Be Faced By The Exporter Or Importer:**

Missed Flights or Sailings of the Shipments

Failure to Negotiate Competitive Air or Sea Freight Rates

Mis - delivered or Misrouted Cargo

Mis-calculation of Air or Sea Freight Rates

Over billing On Inland, Air or Sea

Freight Costs

Failure to Insure Cargo or Arrange Adequate Coverage

Late Presentation of Documents on Letters Of Credit

Failure to Properly Legalize Documents

**Also, It Is The Party To Ensure That Internationally Traded Goods Move From Point of Origin To Point Of Destination To Arrive**

At The Right Place, At The Right Time. In Good Order and Condition. At the Most Economic Cost

## **FREIGHT FORWARDING IN INDIA**

### **Freight Forwarding Agents**

Business Dictionary (2012) defines a freight forwarder as a 'firm specializing in arranging storage and shipping of merchandise on behalf of shippers. It usually provides a full range of services including tracking inland transportation, preparation of shipping and export documents, warehousing, booking cargo space, negotiating freight charges, freight consolidation, cargo insurance and filling of insurance claims."



## Supply chain

Supply chain is a network of organizations that are involved in the upstream & downstream linkages in the different processes & activities that produce value in the form of products & services in the hands of the ultimate customer or consumer (Lysons & Farrington 2006). Upstream means against the current & relates to the relationships between an enterprise & its suppliers & supplier's suppliers. Downstream is with the current & relates to the relationship between an enterprise & its customers. Nichols & Handfield (1999), point out that the supply chain encompasses all activities associated with the flow & transformation of goods from the raw material stage (extraction), through to the user, as well as the associated information flows. Supply Chain Management (SCM) is the systematic, strategic coordination of the traditional business functions and the tactics across these functions within a particular company and across business within the supply chain, for the purposes of improving the long term performance of the individual companies and the supply chain as a whole. Hines (2004) defines SCM as supply chain strategies

requiring total systems views of the linkages in the chain that work together efficiently to create customer satisfaction. Costs must be lowered across the chain by driving out unnecessary costs and focusing attention on adding value. International freight forwarders can esteem SCM to address problems in distribution network configurations, distribution strategies, trade-offs in logistics activities, information and in cash flows and payments transactions SCM entails supply chain execution, with managing and coordinating movement of materials, information and funds across the supply chain. The purpose of SCM is to improve trust and collaboration among supply chain partners, thus improving velocity of inventory movement, responsiveness and adaptability. Due to globalization and the proliferation of multinational companies and business partnerships, organizations increasingly find that they must rely on effective supply chains or networks to complete as a global and networked economy and therefore strong demand for freight forwarding services

## Logistics



Logistics is defined by Fearson (2006), as the total management of the key operational functions in the supply chain. It is the process of managing both the movement & storage of goods & materials from the source to the point of ultimate consumption & the associated information flow. It is part of the supply chain process that plans, implements & controls the efficient & effective flow & storage of goods, services & related information from the point of origin to the point of consumption in order to meet the customers' requirements. Some of the logistical functions are transportation, warehousing, information technology, & inventory management. Efficient logistics will ensure the least cost in the supply chain while meeting or exceeding customer requirements

### **Government Agencies**

The term government agencies cover the government bodies that regulate the provision of transport and freight corridor access services. It is recognized that all levels of government are involved in the regulation process. There are several agencies that play prominent roles in the shipping. These agencies basically deal with the activities which are involved in a

countries import and export procedures and however fulfilling all regulations. Freight forwarders serve as a crucial link between their customers and the agencies. The agencies include: Inspection service, registration and certification service, port security service, custom service etc.

### **Responsibilities of Government Regulators**

Collection of taxes associated with: costs of provision of some corridor access infrastructure (Le. roads via fuel tax and vehicle registration), regulation and in some environments broader costs associated with ameliorating the impacts of freight transport, Regulating freight transport service provision for reasons of safety, efficiency and amenity

Planning for future land use and transport infrastructure provision (via integrated transport plans and corridor plans) and implementing its provision; and

Ensuring freight transport is delivered according to governments' social, environmental and economic objectives, which are developed in context of community expectations

### **Custom Broker**



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/or electronic submissions, the calculation and payment of taxes, duties and excises, and facilitating communication between government authorities and 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

## **CHALLENGES FOR FREIGHT FORWARDERS IN INDIA**

### **Basic Issues**

Cultural and political differences are the main reasons for the seemingly weird customs laws of some countries. In most cases, however, certain customs laws are perfectly rational. For instance, quarantine laws may apply to certain food products. These may also apply to live animals, plants and even people. The main purpose of quarantine is to prevent the spread of infectious diseases. Aside from the logistical and legal challenges, cargo forwarding operations

face potential losses due to civil unrest, bad weather and other natural disasters. The risks involved in the business are usually covered by insurance. The insurance coverage varies depending on the value and quantity of the items. The cost of insurance will also vary depending on the specific risks such as volatile political situation in a particular destination. The varying and sometimes conflicting jurisdictional and international regulations are problematic issues for freight forwarders and their respective clients. As the saying goes, "the devil is in the details." Some countries may ban certain items that are typically legal in other countries.

In spite of free trade agreements and globalization, there are still many countries that have protectionist laws. These laws may prevent the importation or exportation of certain items at a commercialized or large-scale level. However, these items might be perfectly legal at small scale or personal levels. Other custom laws are either outdated or plainly weird.

The legal aspect of cargo forwarding includes both domestic and international regulations. Some regulations are highly specific to a particular country. Other regulatory provisions, however, are





international in scope. These pose problems for freight forwarders in several ways

### **Factors Which Hinders the Success of the Freight Forwarding Industry in India**

Factors that influence a shipper's mode of transport are based on the Total Product Concept (TPC) which affects the efficiency in distribution of goods. This also include reliability, frequency, transit time, capital tied up in stock, quality of service, packaging, warehouse charges, permits and licenses, import duty and insurance. Customer loyalty is lost due to inefficiency in distribution of goods. Customers expect to benefit through consumption of goods imported, thus creating a value chain. Goods have to reach the point of consumption within the shortest possible time.

Use of unqualified and inexperienced clearing agents contributes to delays in clearing of goods.

Mistakes done by inexperienced staff are costly in terms of demurrage charges, damage to customer goodwill and relations in upstream and downstream linkages in the supply chain

The sea freight is faced by adverse

weather conditions which are normally unpredictable. Very strong tides and waves make it almost impossible to conduct sea transport as one would be running the risk of a sinking ship. During such instances, the sea transport has no activity while awaiting calmness to resume. Furthermore, sea transport has also been hit by the threat of pirates who hijack cargo ship and demand for ransoms before such a ship can be released. This has caused severe losses in the freight forwarding industry which has driven most operators out of business. Moreover, the credit crunch has had a negative impact on the freight forwarding industry. This has led to reduced activity in terms of trade hence a low season for freight companies. During the economic crunch, the level of trade significantly reduced across national borders meaning that there was little that could be transported from one country to another.

This was worsened by the weakening of the dollar meaning that the freight forwarding industry had to receive less in terms of payments advanced to them by their customers. If the price for a certain consignment was fixed at a certain price, the weakening dollar



impacted negatively on the exchange rate to those who conducted business internationally.

## **Key Issues**

### **Road Freight**

Poor quality of roads and network connectivity. Stoppage of vehicles at State border check posts are a major cause of delays. It is estimated that 40% of the time lost are due to these stoppages. No stringent requirement or regulations for starting a trucking business. Large number of small and unorganized players, with no industry consolidation and intense competition..

### **Rail Freight**

Freight tariffs in India are among the highest in the world. Rail freight lacks reliability and track ability. It is deficient in terms of quality of operations, speed, and customer orientation.

### **Air Freight**

There is absence of integrated cargo infrastructure; There are inadequacies in gateway and hinterland connectivity through rail and road; There is a need for streamlining of Customs procedures in air cargo; There is a need of

technological up-gradation of cargo handling processes;

### **Part Freight**

There are inefficiencies in berthing, and delays in loading and unloading, ie, high turnaround time of vessels. There are delays in co-ordination between ports and the Customs authorities. There is poor hinterland connectivity and poor port- and land-side infrastructure and outdated equipment. Navigation channel restrictions do not allow bigger vessels to be berthed

### **Vital Issues**

The sea freight is faced by adverse weather conditions which are normally unpredictable. Very strong tides and waves make it almost impossible to conduct sea transport as one would be running the risk of a sinking ship. During such instances, the sea transport has no activity while awaiting calmness to resume. Furthermore, sea transport has also been hit by the threat of pirates who hijack cargo ship and demand for ransoms before such a ship can be released. This has caused severe losses in the freight forwarding industry which has driven most operators out of business.

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## **OPPORTUNITIES FOR FREIGHT FORWARDERS IN INDIA**

### **New Opportunities Unveiled in Shipping Sector**

The Ministry of Shipping has taken many proactive and progressive interventions in the areas of shipbuilding, port development, inland waterways and coastal shipping this year for the development of the maritime sector in the country. These initiatives

can be summarized under the following heads

## **KEY INITIATIVES**

### **Sagar Mala Project**

Sagar Mala- Concept and Implementation was approved by the Union Cabinet on 25.03 2015. The Project Development Consultants were appointed on 15.05.2015 to develop a National Perspective Plan (NPP) for the Sagar Mala Programme. NPP is currently under preparation and would be finalized by 31.01.2016. As part of the NPP development)

The draft report on Origin-Destination (OD) Study, for POL & LNG, Iron Ore & Steel, Coal, Container, Food Grains and Fertilizer is under review and the final report is being prepared based on the inputs received from the relevant stakeholders. On the Coal OD front, the Ministry of Shipping is currently monitoring key railway connectivity projects from Talcher-Paradip and discussing with Ministry of Railways to fast track the same.

The draft Master Plan for Ennore has been submitted in November 2015. The draft Master Plans for Paradip, JNPT, Kolkata, Vizag, Kandla, Haldia and Ennore will be submitted by 31.12.15. Draft Master Plan is currently under



preparation for Tuticorin, Mumbai, Kochi, Mormugao and Mangalore Finalized Techno Economic Feasibility Report (TEFR) for Sagar Port and the draft TEFR for Vadhavan Port submitted on 30.11.2015. TEFR for Paradip Outer Harbour is under preparation.

Coastal Economic Zone (CEZ) Perspective Plans are also under development. While the NPP is under development, 12 projects have been considered for part funding by Sagarmala Development Company (SDC) for implementation, DPR is under preparation for 10 projects, 55 road projects and 28 rail projects have been shared with MORTH and Ministry of Railways respectively for their consideration. The institutional mechanism to implement the initiative includes the National Sagarmala Apex Committee (NSAC), Sagarmala Coordination & Steering Committee (SCSC), and State Sagarmala Committees (SSC) and the Project SPVs. The SCSC and NSAC have been constituted and their first meetings were held on 01.10.2015 and 05.10.2015 respectively. West Bengal, Odisha and Puducherry have constituted their SSCs and other Maritime States have been requested to do the same. The Ministry

of Shipping has also taken up development of 31 island lighthouses.

Special Purpose Vehicle to provide efficient last mile rail connectivity to Major Ports Based on the Cabinet decision dated 25.03.2015, an SPV, to provide efficient last mile rail connectivity to Major Ports, with equity from 11 Major Ports and Rail Vikas Nigam Ltd. was incorporated under the Companies Act. This SPV 'The Indian Port Rail Corporation Limited' started functioning from July 2015 and since then has taken up 23 projects which are critical for last mile rail connectivity to the Major Ports. The registered office of the company is at New Delhi and corporate office is at Mumbai. The SPV would undertake the following Projects:

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- Last mile connectivity to Major Ports;**
- Modernization of evacuation infrastructure in Ports;
- To operate and manage internal Port Railway system;
- To raise financial resources for funding Port related Railway Projects
- Incentive for Shipbuilding and ship-repair Industry
- Government has recently approved incentives to promote domestic shipbuilding industry. These include (i)



financial assistance to domestic shipyards for any vessel built by them subsequent to its delivery and (ii) relaxation of eligibility criteria for procurements or repair of vessels done by Government departments or agencies including PSUs for government purpose or for their own purpose to grant Right of First Refusal to domestic shipyards. The Government has addressed the problem of inverted duty structure in ship manufacturing. Inputs used in ship manufacturing and repair have been exempted from Customs and Central Excise Duties with effect from the 24th of November 2015. Ships could be imported at almost negligible rates of Basic Customs Duty (BCD) and nil rates of Counter Veiling Duty (CVD), the inputs used in ship manufacturing and repair attracted normal rates of BCD and CVD. This put the Indian shipyards, who build ships for the domestic market, at a cost disadvantage. Correction of this inverted duty structure was therefore necessary

### **Jal Marg Vikas Project**

In the Budget Speech for 2014-15, it was announced that a project on the river Ganga called Jal Marg Vikas' (National Waterways-1) would be

developed between Allahabad and Haldia to cover a distance of 1,620 kms, which would enable commercial navigation of at least 1,500 tonne vessels and that the project would be completed over a period of six years at an estimated cost of Rs.4,200 crore. The Project's objective is to provide an environment friendly, fuel efficient and cost-effective alternative mode of transportation, especially for bulk goods, hazardous goods, captive cargo and over dimensional cargo. Government has commissioned three expert studies to assess the interventions required to achieve greater clarity on the entire project and its impacts. These studies are (i) Detailed Feasibility Study on NW-1 and Detailed Engineering for its Ancillary Works; (ii) Environmental and Social Impact Assessment (ESIA), Environmental Mitigation Plan (EMP) and Resettlement Action Plan (RAP); and (iii) IWT Sector Development Strategy and Market Development Study. In addition, Inland Waterways Authority of India, which is the implementing agency of the project, has conducted comprehensive stakeholder meetings at Kolkata, Varanasi, Patna, Delhi and Farakka, wherein valuable feedback of environmentalists, industry,



academics and the wider society was obtained. The projects include construction of terminals, jetties, river training and conservancy works, modern automated information system, navigation aids, etc. The construction of the projects is expected to commence from March, 2016 and the last projects to be taken up may extend up to five years. Customs and Excise Duty Exempted on the Use of Bunker Fuels for coastal transportation of EXIM and empty container and for domestic containers transported along with EXIM and empty containers. This tax incentive for transportation along the coast will go a long way in enhancing Indian tonnage as well as in promoting development of transportation hubs in India

### **Cabotage Relaxed for Special Vessels**

The Government has relaxed cabotage for special vessels such as Roll-On Roll-Off (Ro-Ro), Hybrid Roll-On Roll-Off (Hybrid Ro-Ro), Roll-On Roll-Off cum Passenger (Ro-Pax), Pure Car Carriers, Pure Car and Truck Carriers, LNG vessels and Over-Dimensional cargo or Project Cargo Carriers for a period of five years wef 02-09-2015. With this relaxation, vessel operators will be

allowed to bring foreign flagged vessels of this category to ply on the coastal routes. Such special vessels are in short supply in the country but since they cater to specific class of cargo, their availability will make it possible to shift cargo movement for these commodities from road and rail to coastal shipping

### **Developing 78 lighthouses as tourism centers**

The Ministry of Shipping, along with the Directorate General of Lighthouses and Lightships (DGLL) has drawn up an ambitious programme to develop 78 lighthouses in the country as centres of tourism in the first phase under Public Private Partnership (PPP). The identified lighthouses are in Gujarat, Maharashtra, Goa, Karnataka, Kerala, Lakshadweep, Tamil Nadu, Puducherry, Andhra Pradesh, Odisha, West Bengal and Andaman and Nicobar Islands.

### **PROMOTING EASE OF DOING BUSINESS**

This has been at the core of the efforts of the Ministry during the year. Focus has been on simplifying procedures by removing irritants that make it cumbersome to carry on business



smoothly. The major highlights in this regard are:

**Obsolete Rules under the Merchant Shipping Act, 1958 weeded out**

The Ministry of Shipping has decided to rescind 13 Rules under the Merchant Shipping Act, 1958 (as amended), having found them to be obsolete and unnecessary. Out of the 13 Rules, 6 has been rescinded and 7 have been pre-published before rescindments

**Ship Repair Units no longer required to register with DG Shipping**

The Ministry simplified the procedure and eliminated the requirement of registration of Ship Repair Units (SRUs) with Directorate General (Shipping). Ministry of Finance and Ministry of Commerce & Industry have been informed to extend concessions and facilities to SRUS without insisting on the requirement of registration with DG (Shipping).

**Re Rolled Steel from Ship Breaking allowed for Shipbuilding**

To meet the growing demand for steel by ship and barge builders, the Ministry decided that re-rolled steel obtained from re-cycling yards/ship breaking units would be certified for use in

construction of inland barges, river sea vessels (RSV Types 1 & 2) and port and harbour crafts, after ascertaining its sourcing and processing. This will help in bringing down the cost of constructions of barges, river sea vessels and port and harbour crafts

E-governance initiatives of Directorate General of Shipping The following services have now been made online-  
Registration of ship

Application and seat booking for written and oral examinations

Application and processing of Continuous Discharge Certificates (CDCs), renewal and Replacement/duplicate CDCs\

Application processing and issuance of Certificate of Competencies (CoCs).dangerous cargo, GMDSS, Cookery certificates.

Application, processing and issuance of chartering permission.

Issue of registration certificate to transport operators.

Master checker for seafarers.

Initiative of Directorate General of Lighthouses and Lightships

(DGLL) Online Collection of Light Dues



**MAKE IN INDIA INITIATIVES**

Many initiatives have been taken up in the area of ship building and manufacture of Dredgers, promoting the objectives of Make in India

**Product Diversification by CSL**

**CSL has received license from GTT of France of Mark III Flex technology** for making cargo containment systems for LNG carriers.

**CSL has entered into a technology tie up with Samsung Heavy Industry of Republic of Korea for manufacture of LNG vessels.** With the above two initiatives CSL becomes the first port in India to manufacture LNG carrying vessels.

**CSL has manufactured six Fast Patrol Vessels** for the Indian Coast Guard and one Platform Supply Vessel

**CSL has undertaken a project to build a passenger ship** of 1200 capacity for Andaman & Nicobar Islands

**CSL has entered into a technology tie up with IHC Holland BV** for manufacturing dredgers.

**CSL has constructed a state of the art Buoy Tender Vessel** for Directorate: General of Lighthouses and Lightships

**Initial Public Offer of Cochin Shipyard Limited**

The Cabinet Committee on Economic Affairs has accorded approval for issue of an Initial Public Offer (IPO) of Cochin Shipyard Limited (CSL). The approval is for issue of an IPO to the public consisting of 3,39,84,000 equity shares of Rs. 10 each amounting to an equity capital of Rs. 33.984 crore of CSL consisting of fresh issue of 2,26,56,000 equity shares and sale of Government of India's stake in CSL worth 1,13,28,000 equity shares of Rs. 10, through a public offering in the domestic market according to Securities and Exchange Board of India (SEBI) rules and regulations. The proceeds of the IPO will be used to set up new Dry Dock in Cochin Shipyard and International Ship Repair Facility at Cochin Port

**INITIATIVES IN PORT SECTOR**

**Performance of ports improves**

After a fall in their performance during





2008-14, the performance of major ports showed improvement in 2015. The focus of the present government is on modernization of Major Ports and increasing their operational efficiency. With new initiatives, Major Ports have shown an improvement in their performance with the volume of cargo handled increasing by 4.6% and revenue increasing by 8.7% in 2015.

### **Bench marking performance of Indian Ports to International Standards**

A study to benchmark performance of major Indian Ports to comparable international ports has been completed and the recommendations of the study are being implemented.

### **Mechanization of East Quay (EQ) Berths-1, 2 and 3 at Paradip Port**

The Cabinet Committee on Economic Affairs (CCEA), approved the project of Mechanization of East Quay (EQ) Berths-1, 2 and 3 at Paradip Port on Build, Operate and Transfer (BOT) basis, under Public Private Partnership (PPP) mode for handling thermal coal exports. The estimated cost of the project is Rs.1437.76 crore of which Rs. 1412.76 crore will be spent by the

concessionaire. The remaining Rs.25 crore will be spent by the Paradip Port Trust on dredging

The project envisages mechanization of EQ 1, 2 and 3 Berths to increase their Capacity from the existing 7.85 million tonnes to 30 million tonnes. The project is scheduled to be completed within three years from the date of award of concession. After completion of the project, the total thermal coal export handling capacity at Paradip Port will reach 50 million

### **Tonnes Deepening Draft to Handle Large Vessels**

Major ports are undertaking studies to deepen the draft to 18 meters to handle large and modern vessels. Projects for deepening have been started at Mormugao Port and New Mangalore Port.

### **Establishment of Dry Ports**

The purpose of dry ports is to reduce congestion at ports by processing and completing bulk of the formalities relating to cargo here so that ships can set sail without delay at the sea ports. Dry ports are proposed to be set up at Jalna and Wardha to service JNPT



**Financial Assistance to Ports for Pollution Response Equipment**

The Government has formulated a new central sector scheme for providing financial assistance to all Major Ports and 26 oil handling non-major ports under State Maritime Boards/State Governments. The scheme would help them procure Pollution Response (PR) equipment/materials necessary for combating Tier-1 oil spills in their waters. Under the scheme, the ports have been put into categories A, B and C based on the risk of oil spill, in consultation with Indian Coast Guard. Financial assistance up to 50% of the cost of the equipment/materials, necessary to mitigate pollution due to oil spills, is provided to the ports

**Financial support to Major/ Non Major Ports to promote movement of cargo/ passengers by sea/maritime waters**

A new central sector scheme has been formulated to provide financial support by way of grant to Major Ports/ Non-Major Ports for construction/ up-gradation of exclusive coastal berths for coastal cargo, berths/jetties for passenger ferries and construction of platforms/ jetties for hovercrafts/

seaplanes in port waters.

**Dredging at Major Port - Guidelines**

Comprehensive guidelines on dredging at Major Port have been finalised and issued for implementation in October, 2015

**INLAND WATERWAYS SECTOR**

**Bill to Declare 106 Additional Inland Waterways as National Waterways**

Lok Sabha has passed the National Waterways Bill, 2015, for declaration of 106 inland waterways as National Waterways. After the inclusion of 106 additional inland waterways to the existing five national waterways, the total number of national waterways will go up to 111. The aim is to create cost-effective and eco-friendly waterways to ease the burden on roads and railways,

**MoU Signed For Logistic Hubs with Rail Connectivity**

A Memorandum of Understanding (MoU) has been signed between the Inland Waterways Authority of India (IWAI) and the Dedicated Freight Corridor Corporation of India (DFCCIL) for creation of logistic hubs with rail connectivity at Varanasi and other



places on National Waterways. This is expected to lead convergence of inland waterways with rail and road connectivity and provide a seamless, efficient and cost effective cargo transportation solution.

## **INTERNATIONAL CONVENTIONS**

### **India accedes to the Anti-Fouling Systems (AFS) Convention 2001 of International Maritime Organization (IMO)**

The Indian instrument of accession was deposited with the IMO on 24.4.2015 and the convention entered into force in India on 24.7.2015

### **India ratifies Maritime Labour Convention (MLC) 2006 of International Labour Organization (ILO)**

This Convention is considered as the 'Bill of Rights' for the seafarers across the world. India has the second largest number of seafarers after the Philippines and by ratifying the MLC, has ensured improvement in the working and living conditions, and employment rights of Indian national seafarers. The Indian Instrument of Ratification was deposited with ILO on 09.10.2015 and the

Convention will enter into force in India on 09.10.2016

**The Merchant Shipping (Amendment) Bill 2015** to incorporate the provisions of the three IMO Conventions, namely, Bunker Convention, Convention introduced in Parliament. Nairobi Convention and Salvage

## **SPECIAL INITIATIVES**

Development of Chabbahar Port in Iran India signed a MoU with Iran for developing Chahbahar Port. An SPV, Indian Porta Global Lid has been formed with equity participation from Jawaharlal Nehru Port and Kandla Port to execute the project Vision for coastal shipping, tourism and regional development Ministry of Shipping has prepared a vision for coastal shipping, tourism and regional development to increase the share of coastal/IWT mode from 7% to 10% by 2019-20. An action plan to achieve the objective has also been prepared and is being implemented. The key elements of the initiative include development of coastal shipping as an end-to-end supply chain, integration of IWT and coastal route, development of regional centers to Generate cargo for coastal traffic,



development of domestic cruise industry and promotion of lighthouse tourism. MoU with Republic of Korea on Maritime Transport A MoU was signed with Republic of Korea to promote bilateral cooperation in maritime transport

### **Coastal Shipping Agreement with Bangladesh**

India signed an agreement on coastal shipping with Bangladesh. This agreement would allow River Sea Vessels (RSV) to carry cargo between the two neighbours. In terms of berthing charges and light dues, both the countries would extend national treatment to one another. The commencement of coastal shipping between the two countries would give a boost to Exim trade between India and Bangladesh. The two countries also signed the Standard Operating Procedure (SOP) to operationalize the "Agreement on Coastal Shipping.

### **India and Bangladesh Initial a Draft MoU on Passenger and Cruise Services on Coastal and Protocol Route. India and Bangladesh Agree on Extension of Protocol on Inland Water Transit and Trade**

India and Bangladesh have agreed on the extension of Protocol on Inland Water Transit and Trade (PIWTT) with the provision of automatic renewal in line with the proposed amendment to the Bangladesh-India trade agreement during a Secretary-level talk between the two countries.

### **MoU between India and Spain on cooperation in Port matters**

The Union Cabinet has given its approval for signing a Memorandum of Understanding (MoU) between India and Spain on cooperation in Port matters.

### **Agreement between India and Jordan on maritime transport**

The Union Cabinet has approved signing of a shipping agreement between India and Jordan. Recognizing the significant mutual benefit that can be derived from cooperation in the area of shipping between the two countries, it has been decided to sign the agreement with a view. To strengthening cooperation and to provide sustained mutual assistance and advice on merchant shipping and other related maritime matter

### **Agreement between India and Egypt**



### **on Maritime Transport**

The Union Cabinet has given its approval for signing of an agreement between India and Egypt on Maritime Transport. Recognizing the significant mutual benefit that can be derived from cooperation in the area of shipping between the two countries, it has been decided to sign the Agreement with a view to strengthening cooperation and to render sustained mutual assistance and advice on merchant shipping and other related maritime matters

### **SECURITY**

#### **Ratification of International Labour Organisation Convention No. 185 on the Seafarers Identity Document**

The Union Cabinet has approved the Ratification of the International Labour Organization (ILO) Convention No. 185 on the Seafarers Identity Document (SID). A biometric based seafarer's identity document will be developed, mainly, to ensure a fool proof security system to ward off the potential risk of breach of security and possible terrorist attacks. India's ratification of this Convention will benefit Indian seafarers, who may otherwise find a threat to their job opportunities, in the near future, in the global maritime sector if India doesn't ratify the Convention.

### **Re-Drawal of the High Risk Area in the Indian Ocean**

International bodies have agreed to India's efforts to push back the High Risk Area (HRA) from 78 degrees East longitude to the 65 degrees East longitude. This will result in huge savings for India's EXIM trade and consumers on account of reduced insurance premium and consequently freight costs. This will be a major gain for India on global maritime stage, resulting in a saving of about Rs. 1500 crore per annum for merchant ships.

### **Logistic Efficiency Enhancement Programme**

A proposal to initiate a 'Logistics Efficiency Enhancement Program (LEEP) and Vehicle

Fleet Modernization Program (VMP)' to improve India's logistics efficiency is already under consideration in Ministry of Road Transport and Highways, Government of India (MORTH).LEEP and VMP are expected to support the 'Make in India' initiative and significantly raise India's Logistics Performance Index (LPI) score in the World Bank's ranking.

### **COMPANY PROFILE**



As a leading ship manager and freight forwarders the Synergy Group provides end-to-end maritime solutions with precisely and expertly tailored services, where great technical expertise and a diverse product portfolio create optimal efficiency, productivity and customer experience.

With over 540 vessels under technical management we handle a wide variety of vessels, including complex LNG vessels, LNG-FSU conversions, LNG-to-power solutions, LPG carriers and chemical tankers, VLCCs, Suezmax, Aframax, LR2, LR1 and MR tankers, Car Carriers, container ships from 2,000 to 20,000 TEU and Cape, Kamsarmax, Panamax, Handymax and Handysize bulk carriers

Close collaboration and clear communication are vital for the Synergy hallmarks of the best working relationships amid maritime solutions, long-term success, and through-life expertise

Synergy prioritizes each client's needs, providing top quality and optimally efficient solutions, crafted to meet all requirements in management, building, converting, or recycling.

## SERVICES

**Customs Clearance:** We handle all customs related activities for (Imports / Exports) both air and sea shipments. In

addition to this, we do handle bonding/deboning of cargo, and customs clearance formalities for household effects for people who relocate from or to the overseas

**Freight Forwarding:** Since we do have agency tie up with forwarders in some of the major overseas countries, we can handle both air and sea shipments on a warehouse to warehouse basis. (Door to Door Basis) This applies for both import and export shipments

**SEZ Registration:** We assist companies, setting up offices inside the SEZ, in getting their registration formalities done

**Online Softex Filing:** We help companies in filing their monthly reports and softex vide online filing as well as clearing backlogs if any, along with all other related activities like liaisoning with SEZ/RBI in Kochi etc.

## Steamer Handling:

In addition to the above, we also try assisting customers in liaisoning with the Customs / GST departments, as per their requirement

## MODE OF SERVICES

### SEA

LWL is a leading provider of ocean



freight solutions to provide our customers with services of the highest possible quality. SSL offers import and export containerized services for both full (FCL) and part load (LCL) cargo worldwide. We pride ourselves at being able to tailor make service solutions to fit our customers demands for speed of transit, ocean freight cost. containerized equipment availability and vessel space.

**AIR**

LWL is an IATA Cargo Agent, and a leading provider of air freight solutions. Excellent relationships with many of the world's premium airlines ensure that our customers receive the highest possible service standards. We offer a complete range of air freight services including

**Consolidation services**

- Air Freight
- Express
- Door to Door
- Courier
- Insurance
- Full and partial charters
- Letter of credit compliance
- Relocation Services
- Customs Clearance & Forwarding
- Sea Freight
- Ship Handling
- Ship Stores Suppliers

**Packing**

LWL has a dedicated team of airfreight professionals covering all the India's airports, and can provide our customers with 24/7 operational support and customer service. Whatever your airfreight needs, you can be sure that SSL has the right solution to ensure your goods are safely transported and delivered on time to their destination through a choice of reliable, cost effective services. Our office is fully automated and all staff members are periodically trained to ensure smooth and trouble free handling of shipments. State-of-the-art communication and IT support are in place to ensure the best service is rendered to our customers

**ROAD**

SSL provides a full range of road services throughout the India. Our services include express, groupage and full loads

**EXIM PROCEDURES IN SYNERGY**

**EXPORT PROCEDURE:**

**►INQUIRY FOR EXPORTS:**

Exporter sends enquiry for exports to freight forwarding company.

Inquiry includes: Port of lading, Port of destination, Gross weight, Incoterms, and description of goods etc.



► **QUOTATION TO EXPORTER:**

Freight forwarders takes the rates of importers country and send it to the exporter

Here freight forwarders prepares the quotation and send it to exporter

► **APPROVAL OF QUOTATION:**

After getting quotation and rates of export, the exporter approves the quotation and role of the freight forwarders start. Now the freight forwarders and exporters works for exports process. And business process starts.

► **DOCUMENTATION:**

For export, exporter requires the documentation like ARE Form. N Form, Invoice, and Packing List. GSP Certificate FOR European Nations, Shippers Declaration Form, Certificate OF Origin.

► **EXPORTS UNDER EXPORT PROMOTION SCHEME:**

If the exports are under export promotion scheme, exporter will get benefit or reward

from government, if export is not under any such scheme then export will be pre shipping export where exporter will not get benefit from the government

► **PREPARATION OF**

**CHECKLIST:**

After documentation procedure the CHA (CUSTOM HOUSE AGENT) prepares checklist for exports Checklist is the draft copy of shipping bill.

Checklist for exports includes: IEC Code, AD Code (Authorised Dealer Code) details of invoice, packing list etc

**APPROVAL OF THE CHECKLIST BY EXPORTER:** After the preparation of checklist, it is send to exporter for the approval. Here

Exporter check and verify checklist and make the approval for the custom filing of checklist.

► **FILING OF CHECKLIST IN CUSTOM:**

After the approval from exporter CHA files the checklist in custom

**SHIPPING BILL AND SHIPPING NUMBER IS GENERATED IN THE EDI SYSTEM:**

After filing of checklist in custom EDI system generates the shipping number. Without shipping number cargo cannot move for CFS (CONTAINER STATION)

► **CUSTOM CLEARANCE OF EXPORT GOODS:**

In the container freight station the custom clearance process is done by CHA Custom clearance must be done





with in the stuffing date.

► **ASSESSMENT AND EXAMINATION OF GOODS:**

After the custom clearance of export goods, the custom appraisal officer make Assessment and examine the goods ready for exports..

► **BOARDING ON VESSEL:**

After the custom clearance and examination of goods, Goods or consignment is boarded on vessel on the sealing date. And in this entire process goods are exported

**IMPORT PROCEDURE IN LEONA WORLD LOGISTICS**

**INQUIRY FROM IMPORTER:**

Importer will send inquiry for import to the freight forwarding company

Inquiry will include: Port of lading, Port of destination, gross weight, Inco-terms suppliers address and details.

► **QUOTATION FOR IMPORTER:**

Freight forwarder take the rates for import from their nominated agents in respective count

► **APPROVAL OF QUOTATION**

After getting the rates of import, the importer will approve the quotation. And business process of importer and freight forwarder starts

► **PICK UP AND TRANSPORTATION**

Freight forwarding company with its nominated agent has to make the pick-up arrangement from the exporters factory premises, and transportation facility till the port of origin

► **ARRANGEMENT OF VESSEL :**

Nominated agent of freight forwarding company will have to make the arrangement for the earliest vessel. Nominated agent will issue or provide house bill of lading.

► **BOOKING OF THE VESSELS BY CO LOADER:**

Co loader will book the earliest vessel for the import and agent will follow up with

the co loader. Co loader will give provide the master bill of lading

► **CUSTOM CLEARANCE OF EXPORT GOODS:**

Nominated agent of freight forwarding company will make the custom clearance of export goods at the container freight station at the port of origin in exporter country

**GOODS AT CARTING POINT OF VESSEL:**

After custom clearance process goods



are moved at the carting point on stuffing date,  
and on sealing date goods are boarded on vessel.

### ►PRE ALERT SET FROM IMPORTER:

Exporter will send pre alert set. (Invoice, Packing List, Master Bill of Lading, House

Bill of Lading, Debit Note, and other supporting documentation APPROVAL OF THE CHECKLIST BY THE IMPORTER:

Checklist will be send to importer for the approval to check the items of imports by CHA.

### ►BILL OF ENTRY READY:

After filing of checklist and IGM in custom BILL OF ENTRY is ready.

### ►PAYMENT OF THE IMPORT DUTY:

After Bill of Entry is ready importer is liable to pay the import duty.

After the payment of duty importer will give payment receipt to CHA and will make the Custom clearance process in container freight station

### ►OUT OF CHARGE:

After the custom clearance process the custom appraisal officer will physically examine the goods and Details of check list and IGM and check it with Bill of

Entry, if everything is in as per requirement, then Custom appraisal officer will give out of charge to cargo arrived Custom house agent or freight forwarding company will make the arrangement for the transportation till the importer final destination.

### FOLLOW UP:

Freight forwarders has to take follow up from CHA. Transporter, agent, and coloader and preparation of final invoice for importer

### REMITTENCE:

Remittance is the process that mainly deals in the foreign exchange. In remittance process the amount of abroad agent is paid. Remittance is done on the basis of debit note of the agent with the supporting (MAWB) Master Air Way Bill or (MBL) Master Bill of Lading The remittance process is mainly done through the commercial banks that like Kotak. IDBI, and ICICI etc. that deals in foreign exchange.

The remittance process is done to make the payment of the nominated agent which works on behalf of freight forwarder in the foreign country. Through the remittance process the payment of agent for the work like: pick



up arrangement, inland transportation till the port of the respective country, booking of the vessel through co loader, custom clearance on the CFS of the respective country is done in the agreed currency in the quotation. The remittance process requires the following documents:

A2 form: this form include the name of both the agent and freight forwarder it also include the details of the agents banks account along with the currency and its exchange rates in which transaction has to be done.

### **REQUEST LETTER FOR THE OUTWARD REMITTANCE:**

This request letter for the outward remittance is to be mandatorily provided to the bank for the remittance.

The request for the outward remittance is to be provided on the company's letter head. so that the letter head of the company remains as an proof with the bank for remittance for the respective amount.

### **FEMA DECLEARATION AND UNDERTAKING:**

FEMA is the foreign exchange management act. FEMA is the act accepted globally for the international

financial transaction in the monetary terms. FEMA DECLEARATION AND UNDERTAKING include all the norms terms and condition in and under which the monetary transaction has to be done. It also provide the guidelines to the central bank or National bank of countries as to avoid the fraud, grievances, and for the smooth balance of payment. FEMA DECLEARATION AND UNDERTAKING in the international trade provides or works as a guide line to global logistics in monetary terms or say remittance

### **FCL: (Full Container Load)**

The container which may be of 20 feet or 40 feet may be booked by the one sole shipper for its own commodity or goods such booking of the one type goods by the one shipper only is called the Full Container Load (FCL)

The FCL is mainly booked by the one shipper or importer which has to export or import the goods in the bulk quantity. The Full Container Load mainly requires the 3 to 4 days for the custom clearance on the port of origin and port of destination in the CFS container freight station FCL may Be in the open top container flat rack container high cube container



**LCL (less than container load)**

The LCL container may be of 20 feet, 40 feet. The less than container load is the container having the goods or cargo of the different shipper and the different consignee. This type of container contains different goods of one country of different consignee. For the booking in the LCL container mode the cargo of the shipper is charged on the cubic meter area of the container or the weight which is higher.

The place for the cargo in LCL mode is booked by the co-loader of the nominated agent.

LCL may also be in the open top container, flat rack container, high cube container as per the dimension and requirement of the cargo.

**CFS (Container freight station):**

Container freight station is the place where the cargo arrives and departs as on the stuffing date and sailing date. The main work of custom clearance of export and import of goods are done in container freight station and payment of the import duty is also paid to the custom authority is also in the container freight station premises. In the container freight station the custom assistance

officer and custom housing agent makes the process of custom clearance of both import and exports of goods.

On the stuffing date cargo is arrived for the export and till the cut-off date the cargo is accepted in CFS. On the sealing date the cargo the is depart from the CFS to board on the vessel The container freight station is the location nearest to the sea port so as reduce the transport cost and to complete the custom work as it cannot be done on the port itself due to limited space. In the container freight station the both containers of the import and export are places as per the vessel schedule

**REVIEW OF LITRATURE**

Murphy et al., and Daley et al., (1992) explained in their article that the freight forwarders are referred to as international trade specialists offering a variety of services to facilitate the movement of international shipments. They also have studied the determinant factors of international freight forwarders selection and concludes that forwarder's expertise and reliability of service are the most important selection criteria while forwarder size emerged as the least important one.



Shmeera (2003) in this study, the researcher has framed the following objectives:

- 1) To know about the role of clearing and forwarding agents in international business
- 2) To study about the export procedures followed by clear ship forwarders and 3) To know the services rendered by the Clear ship Forwarders.

►Sreenath (2005)<sup>22</sup> in this study the researcher has concluded that airlines have considered cargo as a by-product of passenger transport. But the advantage of freighters and combi craft has sowed a new status in the air transport industry. Besides that the new schemes and policies such as e-freight has become a strong base for the growth of cargo transmission through Air. The effect of modernization has also made new advancement in the air cargo handling by way of e-business revolution. In air cargo as early specified e freight system has made a surprising change and in passenger traffic the e-ticketing, system, bar-coding boarding system etc. To conclude, IATA is

emerging with new schemes and policies to increase the share of air cargo in the new business world and till this day the growth of air cargo is increasing beyond expectation.

►Jean Francois Arvis et al., (2007) in their article, they remarked that the increase in global production sharing the shortening of product life cycles, and the intensification of global competition all highlight logistics as a strategic source of competitive advantage. Since the advent of modern trade several centuries ago, the international movement of goods has been primarily organized by CHAs & freight forwarders. Typically large networks of companies with worldwide coverage, capable of handling and coordinating the diverse actions are required to move goods across long distances and international borders. More recently, the rise of intermediaries (CHAS, express carriers and third party logistics providers) has expanded the scope of services available to traders.

►Vaidyanathan (2008)as regards the logistics service providers, quality infrastructure support is not always available on time, due to the high pace



of economic development. This includes airport infrastructure, seaports, highways and express ways. Cumbersome procedures lead to a lack of focus on the part of policy makers. The logistic costs in the Indian economy is higher than in other countries, due to infrastructure bottlenecks. The price of fuel forces the users to shift from road transport to alternative transport modes. Only a very small and limited number of logistics service providers are providing end to-end logistics chain in a true sense. A large number of fragmented service providers aspire to cover all services. However, an integrated approach is lacking.

► Lei Wang (2011)<sup>43</sup> in his article he pointed out that today's international market competition is in full range competition. Enterprise has profoundly realized individual efforts are less preferable for the increasingly fierce competition in the market. Enterprises need to use their core strengths to seek and attract multilateral cooperation with other enterprises in order to realize win-win. The bold use of the partners' advantageous resource to seek their own economic interests represents that supply chain management is going

through a transformation from traditional transaction management to the relationship management. (Mengyan Zhang, Aimin Shi; 2008) With the development of logistics economy, logistics demand will become more inclined to the direction of "one-stop" and "globalization". This ever-increasing customer requirements make any logistics enterprises find it difficult to adapt to it, of course, the port is no exception.

## RESEARCH

### METHODOLOGY

► **Primary data:** Observation in the working process analysed the sector

► **Secondary data:** EXIM magazine, interaction with people of freight forwarding industry, interaction with the EXIM manager of manufacturing companies, previous projects internet etc.

### PRIMARY DATA:

The most and major of the data of the project is based on the observation that was done during working in Synergy. The primary data is being collected on the basis of the observation on the working process of the freight forwarding industry, interaction among the members of the company and



questionnaire was developed focusing various aspect.

**SECONDARY DATA:**

The secondary data is mostly collected from the export import weekly magazine, from this export-import magazine, the knowledge regarding the different ports of the country and different vessels and containers for the different countries. With the interaction of the export-importer manager of the different manufacturing industry the knowledge regarding the rates for the different countries.

With the interaction, with the people of freight forwarding industry, the knowledge regarding the work of co-loader, custom housing agent got with the clear vision. To get the clear vision for the ideas, the sources like previous projects from the college library and the internet was also being used as sources to get the secondary data

**LIMITATIONS OF THE STUDY:**

The researcher has done the study only on Freight forwarders. .

The researcher has not considered the financial aspects of Freight forwarders

Lack of time available for the research.

Terms and conditions are a 'cut and paste' of those used by competitors

While working in the Synergy, followings are the limitations, through Which I came across

- As the organization is on the introduction phase so strategies are lacking
- The concentration was less on the clients for follow up of the payment.
- The vendors sometime creates the situation that troubles the company.
- The infrastructure of the organization satisfactory as it is in the introduction stage.
- The relations with NOVCC and CHA must be developed and improved

Relations with the employees and vendors must be maintain apart from official work

**OBJECTIVES OF THE STUDY**

To get the exposure of the shipping services.

To know opportunities and challenges for freight forwarders.

To understand the process of import and export.

To get the exposure of the international



business

To understand and study the documentation required in the process of import and export.

To understand and study prospects of freight forwarding industry.

### **SCOPE AND OBSERVATIONS OF THE STUDY**

#### **SCOPE OF THE STUDY**

While working in the Synergy, I got to know the work of the shipping services .

Working in the shipping or freight forwarding sector is of good scope as number

of opportunities is waiting in future

The work of the freight forwarding teaches us how the international market works as per the currency rates.

Here we can understand the relations and work of the freight forwarders with the co loaders, Custom housing Agents of clearing agencies and local vendors for the pickup and transportation

While working in the freight forwarding industry we can understand the impact of government policy on the international market

#### **OBSERVATIONS OF THE STUDY**

In this period of time I came to know that international market is not that hard to make career in that, likewise getting your routs isn't that easy.

With proper sufficient knowledge anyone can dive in this field but only those who will survive and thrive who are flexible in any condition.

While working in the synergy the following observation was done and noted.

The details mentioned in the Documentation.

Various works like container planning, providing quotation.

Activities like remittance, customer service, customer marketing and working on the pre alert set.

#### **COMPUTATION AND DATA INTERPRETATION**

#### **DATA ANALYSIS AND INTERPRETATION**

The data collected through the questionnaire are analysed to know about the respondent's opinions about various particulars asked in the questionnaire. The data collected from the questionnaire was entered into spread sheet and the data has been interpreted. The questionnaire comprises of fourteen questions with subparts for each.





The topics covered are with decisions of each operational area, employee numbers of each firm, profitable area in operation, catering location, service offering, organizational effectiveness, Inventory, Location, Product availability and customer satisfaction

**STATISTICAL TOOLS**

Percentage analysis

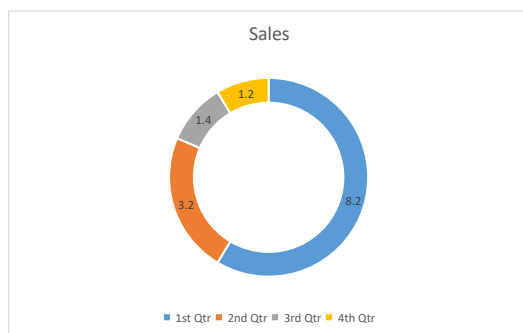
Bar Diagrams

Pie Chart

**1. Which are the logistics services organizations offers?**

Table -1 Service Offer

SINO	Services	Percentage
1	Freight	100
2	SEZ Registration	89
3	Steamer Handling	66
4	Customs clearance	98



**Chart-1 Service Offer**

The pie chart above shows the service offer of each organization. The chart shows that 100% of the respondents provide freight service and almost 90% provide SEZ Registration and Online Softex Filling. Only 66% were

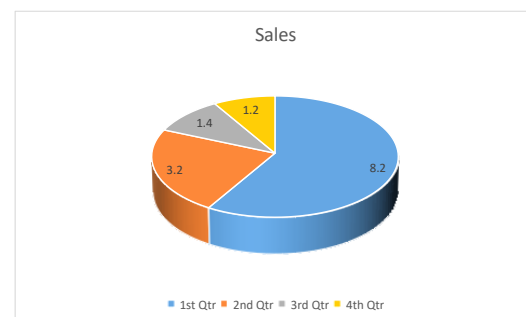
providing service of Steamer Handling. Other service includes Custom Clearance, which represents 98% of the sample.

**OPERATING WITH OTHER LOGISTICAL PROVIDERS AND REASONS FOR DECISIONS**

Table -2 - Operations with other logistics providers

SINO	Decisions	Percentage
1	Operational stability	11
2	Cost effectiveness	10
3	Customs Needs	36
4	Others	96

Chart- 2 Operation with Logistics providers



The pie chart above shows the operational decisions and reasons for operations with other logistical providers. The chart shows that 96% of the respondents operate with other service providers for different reasons like coordination, clearance, bulk operations etc. Almost 36% have operations with other providers as per customer needs. Only 11% and 10%



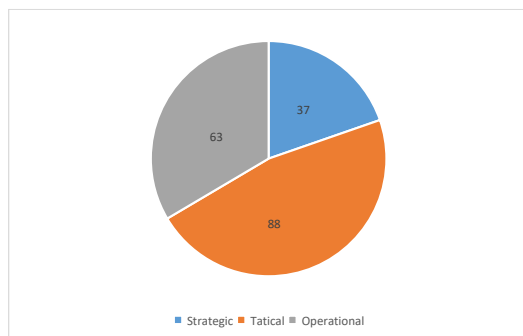
were providing service along with other providers for the purpose of operational stability and cost effectiveness respectively. It is stated that 96% of organizations operate with other logistical providers and remaining 4% as standalone.

**WHAT IS THE MODE OF DECISIONS REGARDING THE OPERATIONS?**

Table - 3 Mode of decisions

SINO	OPERATION DECESIONS	PERCEBRAGE
1	Strategic	37
2	Tactical	88
3	Operational	63

Chart - 3 Mode of decisions

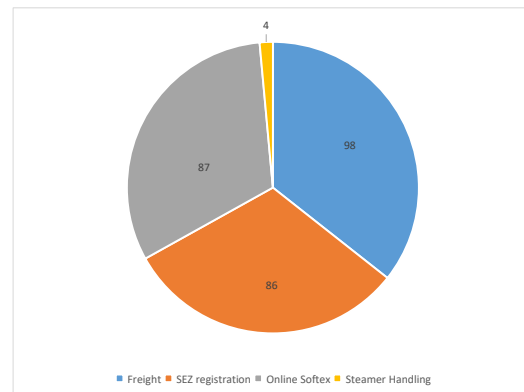


**Which is the area of the activity, that organizations feel best in their service**

Table - 4 Best activity

SNO	service	Percentage
1	Freight	98
2	SEZ Registration	86
3	Online softex	87
4	Steamer handling	4

Chart - 4 Best Activity



The pie chart above shows the best activity which organization feels in their operations. The pie chart shows 98% of organizations have freight in the predominant area, followed by 86% of SEZ Registration. Another significant area is Online Softex Filling with 87% as best activity. There is only a minor activity based on steamer handling with 4% and 97% in custom clearance.

**Number of employees in each type of services rendered of the organization**

Table - 5 (A) Employees

SNO	DEPARTMENT OF ORGANIZATION	NO. OF PEOPLE	PERCENTAGE
1	Top management	52	11
2	Operations	48	10
3	Account/Finace	51	11
4	Marketing	57	13
5	Human resource	3	02
6	Documents/others	54	12

Table - 5 (B) Employees in Synergy maritime

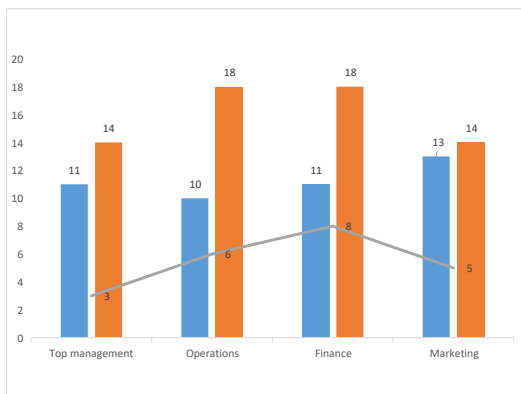


SNO	DEPARTMENT OF ORGANIZATION	NO. OF PEOPLE	PERCENTAGE
1	Top management	3	14
2	Operations	4	18
3	Account/Finance	4	18
4	Marketing	3	14
5	Human resource	0	0
6	Documents/others	8	36

Table - 5 (c) Employee percentage of Both

Employee %	Top Management	Operations	Finance	Marketing	HR	Doc and Others
LWL Employee %	11	10	11	13	02	12
Other organization Employees %	14	18	18	14	0	36

Chart - 5 (A) Employees



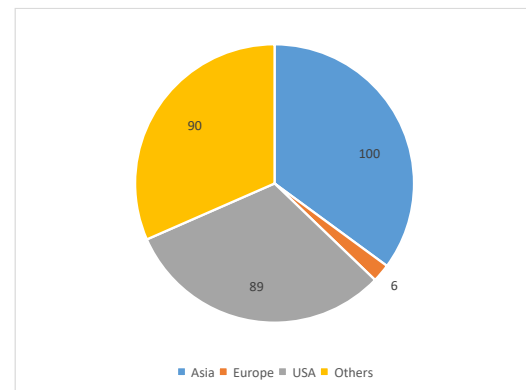
The line charts above shows the comparison of employees in each functional division of organization with Leona World Logistics. The line chart shows around 14 percentages of people belong to top management and industry standards has 11 percent, followed by 18% for operations and industry standards has 11%. Human Resource has to be enhanced and need to be further improved or need to start in the organization. Documentation also needs to be further strengthened. Marketing

comprises of 14% working in the said area. Most of the organizations have a mixture of top management with marketing in their activities and functional area. Human Resource comprises of 371 people and other main area is documentation and workers in the areas of loading, operational area. This comprises of only 36% and industry standards are of 45%.

**What are all the location in which the company caters to?**

SNO	Catering Locations	Percentage
1	Asia	100
2	Europe	6
3	USA	89
4	Others	90

Chart - 6 Catering location



The pie chart above shows each organizations catering location in the world. The chart shows 100% of organizations cater to Asian region followed by 6% to Europe and 89 % to USA. Each organization has tremendous catering locations with 86% to Australia, 71% to Africa, 98% to Russia, 98% to Middle East, and 90 % to other

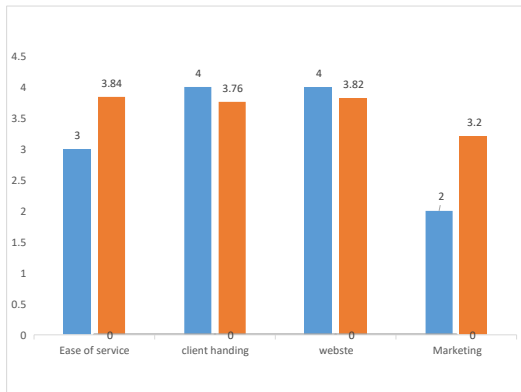


locations. Locations mentioned as other is company catering frequently with repeat orders of customers

**Comparison of service offered by Synergy and rating of other organization in the industry on the scale of 0 - 4**

Leona world Logistics	3	4	4	2
Industry average	3.84	3.76	3.82	3.29

Chart - 7 Service comparison



The chart shows Ease of Service is not up to the mark, it shows only 3 for Synergy and the industry standards is 3.84. So organization can increase their Ease of Service. Client handling is satisfactory compared with industry standards. Customer service also has remarkable value compared with industry. Major area to look into is Website easiness, Employee Efficiency. It can be brought up with a considerable effort by proper handling of human activity by human resource Department

**CONCLUSIONS AND SUGGESTIONS**

After working for my summer internship project of Bachelor of Business Administration (SHIPPING). I came to know the working of the freight forwarding industry. And got the exposure of the international market and knowledge about the different countries. The freight forwarding industry is the vital link in the international market. In simple words it is the best place to get and develop in the international business.

The individuals can also build up their future in the freight forwarding industry and have the share in the development of the economy of the nation.

Freight forwarding is the industry where many of the things are under the one roof, like working out with the shipping line industry, working out with manufacturer, NVOCC and Custom Housing Agents etc.

According to me and my conclusion the freight forwarding industry is the fruitful place for the students of Bachelor Of Business Administration(SHIPPING).

Freight forwarding industry also has the vital role in the development of Nations Economy. The market challenges faced by freight forwarders are quite daunting.



In order to become the best freight forwarding service provider, it is best to think and perform outside the box. and honest service are the key points to make the logistics business a success.

It is also essential to establish a customer support or a means of contact between the forwarder and customer at all times. A toll free number or live chat can be of great help in resolving issues or disputes quickly.

The relationship with shippers is also undergoing change and switching costs that are no longer relevant. In order to address this issue and ensure long time survival, forwarders need to understand the dynamics and adopt strategies accordingly

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