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A Study On Export Consolidation In Chennai

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ABSTRACT

Freight forwarding is a facility used by companies that contract in international or multi-national import and export. While the freight forwarder doesn't actually move the freight itself, it acts as an intermediary between the client and various transportation services. Sending products from one international destination to another can engage a multitude of carriers, requirements and legalities. A freight forwarding service handles the considerable logistics of this task for the client, relieving what would otherwise be a formidable burden. The modes of transport are very essential in freight forwarding or logistics business. The mode of transport is selected as per the context demands. The modes of transport will vary according to the needs. The freight forwarding company gives the best mode of transport meeting the need of the customer. The various modes of transport used by the freight forwarding companies are: Air cargo, Sea freight Road transport, Rail freight

EXPORT CONSOLIDATION

The Less Container Lead Services are effective in catering to both domestic and foreign industry requirements. We follow highest quality standards to render these services in a hassle free and prompt manner. Customized solutions for these services are also offered as per the specifications detailed by the clients. Our professionals ensure personal service and attention to detail from pick-up to destination delivery with regular departures and fixed container freight station closing. The endeavour to bring forward value added consolidation services for our clients.

CARGO CONSOLIDATION SERVICES INCLUDE:

Transportation of cargo to the stuffing point, stuffing of cargo in container, Custom process of shipping documents Use of Premium Air/Shipping Lines, FCL is our most excellent transit-time-to-cost combination product for occupied container loads. FCL imports and FCL exports, both products offer description like schedule flexibility, frequency of sailings per port-pair, reach to remote inland destinations and availability of equipments. We are masters in FCL

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movements. Whether it is exports from India or Imports into we hold both equally professionally. Competitive freight rates, assured space, guaranteed connections at transshipment points are several of the key benefits. The facilities offered under cargo consolidation are: Transportation of cargo to the stuffing/ consolidation point. Stuffing and un-stuffing cargo. Processing of shipping documents. Monitoring shipment movement on time. De-consolidation and distribution of cargo according to their destination.

EXPORT DOCUMENTATION IN FREIGHT FORWARDING COMPANIES

ESSENTIAL DOCUMENTATION: The invoice and bill of lading are the two documents required for every export shipment. As such, you should ensure that all other documents associated with the shipment match the information on these documents.

INVOICES

PRO-FORMA INVOICE:

A pro-forma invoice is an invoice sends to the buyer before the shipment, giving the buyer a possibility to re-evaluate the sale terms (quantity of goods, value, specifications) and get an import license, if required in their country. It in addition allows the buyer to work with their bank to arrange any financial process for payment. For example, to unwrap a Documentary Credit (Letter of Credit), the buyer’s bank will utilize the pro-forma invoice as a source of information.

Commercial Invoice:

A commercial invoice is prepared by the seller/exporter and addressed to the buyer/importer, and is one of the first documents prepared when a transaction has been agreed upon. The invoice identifies the buyer and seller, describes the goods sold and all terms of sale, including Inco Terms, payment terms, relevant bank information, shipping details, etc. An invoice may be itemized to show cost of goods, freight, and insurance, or other special handling. The invoice may be numbered and have multiple “purchase order” numbers. U.S. Customs does not actually need a copy of the invoice, unless requested, but the information included is used to prepare other documents.

CONSULAR INVOICE:

A consular invoice is the commercial invoice stamped or notarized by the consulate or embassy of your customer¡¦s country, if required. For example, if you are exporting to Egypt and your

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buyer requires a consular invoice, the Egyptian embassy in Washington, D.C. will do this for a small fee. Usually a freight forwarder will offer this service, but an exporter can send the original invoice to the consulate, have it notarized/legalized as required, pay the fee, and have the documents returned or forwarded on. It is important to understand that consular invoices are required in the buyer¡¦s country.

MATERIAL HANDLING

PACKING LIST:

A packing list is prepared by the shipper and is a detailed breakdown of the items within a shipment. It may also include any “special marks” for identification. For example, the customer may want “ABC XX” in blue letters on the side of the packaging. For insurance claims and tracking purposes, it helps to describe what is in each “package”. The packing list should also reference the customer’s purchase order number and destination. Often, a packing list is taped to palletized cargo.

DOCK (OR WAREHOUSE) RECEIPT:

The dock or warehouse receipt is issued by a warehouse supervisor or port officer and certifies that the goods have been received by the shipping company. This document is used to transfer accountability when goods are moved by the domestic carrier to the port of embarkation and left with the international carrier. At this time, the carrier’s Bill of Lading is also signed by both parties and copies are issued accordingly.

BILLS OF LADING (B/L):

A Bill of Lading is issued by the carrier to the shipper for receipt of the goods, and is a contract between the owner of the goods and the carrier to deliver the goods. Sometimes the B/L acts as title to the goods so an “Original” B/L is issued- usually a set of three. Whoever presents one of those Original, Negotiable B/L can take possession of the goods. A B/L can be either negotiable or non-negotiable.

INLAND BILL OF LADING

Issued by the trucking company and/or the railroad line for taking the goods from the exporter’s facility to the port of embarkation or consolidation facility.

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OCEAN BILL OF LADING (OBL)

The Ocean B/L is an invoice, and may be issued as a "clear" bill of lading, meaning the carrier certifies that the goods have been received without visible damage. An "On-Board" B/L may be issued when the goods are received into the carrier's port facility, basically confirming the cargo will be sailing.

AIR WAY BILL (AWB)

The Air Way Bill is a form of bill of lading used for the air transport of goods. AWBs are non-negotiable, mainly because of the short amount of time that the goods are in transit. The original AWB is rarely needed by the importer at the other end of the shipment to prove ownership of goods. A "house airway bill" is issued by a freight forwarder on behalf of the actual carrier, which is the case when a freight forwarder has a contract rate with an air cargo service to expedite the documentation.

NEED FOR THE STUDY

To identify the problems of cargo consolidation for export, factors affecting smooth flow of export/import process in logistics, to increase the shipment of the companies, reduce the damages of cargo and improve efficient utilization of man power and machine power, control more shifting of cargo and to control the theft cargo of the companies.

STATEMENT OF PROBLEMS

- To know the problems that arise and the barriers in freight forwarding operations.
- To study the problems which arise at the time of exporting the cargo
- The barriers in the freight forwarding documentation process followed in Logistic Companies
- To analysis problem that arise in value added service in Logistic Companies.

REVIEW OF LITERATURE

Densing (2006) "A study on customer awareness towards documentation process in APL Logistics India. Pvt. Ltd". Through his survey that the customer or consignee awareness towards documentation process .Due to delay of cheque payment the consignment gets delays. Tu Thanh Thuy (2002) stated "Customer Satisfaction in service quality in kuehnenagel freight forwarding company". This thesis focus on the research of the customer satisfaction in order to evaluate short coming existing issues, the quality of service provide by the kuehnenagel

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forwarding company in vitnam as well as factors influences to the customer evaluation and consideration of confidence of a freight forwarder. Besides those strengths or competitive advantages indicated by the survey foundation there was some suggestions for improvement in the service and operational system to the company based on negative feedback and commends moreover through the content of thesis , it bodily referred to the theories and literature related to customer relationship management and freight forwarding industry.

Nandhakumar(2008) studied "survey on documentation and customs clearance service with special reference to Evergreen Logistics tuticorin. According to his survey bill of lading and forwarding cargo receipt play a vital role in every consignment.2008 employee of the documentation Evergreen Logistics pvt.Ltd given the wrong bill of lading number to that the importers cancel the consignment. Thomas A. Cook (1994) said "One of the major pitfalls in an international sale is the quality of the documentation supporting the transactions. A mistake in spelling, execution, language or number of copies will cause substantial delays in obtaining clearance and require additional expenditure to complete the process. Many potential exporters shy away from exporting due to the fear of the potential headache caused by export documentation. In reality while the process is complicated and has a steep learning curve with the right approach and support from several resources the process can be simplified and the inherent obstacles lifted. Generally the required documents necessary for an export transaction are the invoice, packing list, export declaration and the bill of lading other documents that may be optional include :payment instruction (letter of credit, draft) health /sanitary certificates, certificate of origin, export import licenses, SGS inspection certificates, carnets(customs passes),certificates of insurance and mandatory import documents. In addition to knowing the specific documents, the exporter will need to know language, the number of copies, required signatories, format notarization, consularisation and the shipping instructions.

Laurel Delancy (2006) describes AES direct, a free online process for filling shippers export declarations AES stands for Automated Export System. Here are highlights, Ensures export compliance –it returns a confirmation number to verify that you successfully filed your export documentation. Corrects errors - Get immediate feedback when data is omitted or incorrect and correct error at any time. Eliminates paper review - Eliminates time delay of handling paper. Stay up-to-date with trade agreement – AES conforms to NAFTA and GATT, making it easier to do business in multiple countries. Evaluates and measures potential markets – provides accurate and timely export statistics.

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RESEARCH DESIGN

It is concerned with turning the research question into a testing project. The best design depends on your research questions. Every design has its positive and negative sides. The research design has been considered as a "blueprint" for research, dealing with at least five problems: what questions to study, what data are relevant, what data to collect, how to analyze the results and how to give feedback. The sample size is 50. Were the respondents are also Procam Logistics pvt ltd. Census method adopted to collect data.

TOOLS AND TECHNIQUES

Data Analysis is the process of gathering, modelling and transforming data with the goal of achieving the target, highlighting the useful information, suggesting conclusions and finally drawing out the suggestions. It is an important stage in the research process as it explores the quantitative and qualitative data. With the help of various tools and techniques data has been analysed and interpreted. The following are the statistical tools that are used for analysis purpose:

- Percentage Analysis.
- Chi- Square Test
- Weighted Average Method.

DATA ANALYSIS AND INTERPRETATION

TABLE NO 1

FREQUENCY OF THE THEFT

S.No.	Frequency	No. of Respondents	Percentage %
1.	0 to5	18	36
2.	5 to 10	23	46
3.	10 to 15	08	16
4.	Above 15	01	02
	Total	**50**	**100**

INFERENCE

From the above table it is clear that 46% of the respondents said theft was happened5-10 times, 36% of respondents said theft was happened 0 to5 times, 16%of the respondent stated that 10 to 15 times and remaining of 2% of respondents said more than 15 times theft was happened.

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TABLE NO 2

CLAIMED THEFT CARGO

S.No	No.of times	No. of Respondents	Percentage %	
1.	0 to 3	04	08	
2.	3 to 6	23	46	
3.	6 to 9	18	36	
4.	Above 9	05	10	
	Total	**50**	**100**	

INFERENCE:

From the above table it is clear that 46% of respondents claimed theft cargo 3to 6 times. 36% of respondents claimed theft cargo 6 to 9 times, 10% of respondents claimed theft cargo above 9 times and remaining 8% of respondents claimed theft cargo 0 to 3 times.

TABLE NO 3

REASONS FOR CARTON DAMAGE

Reasons for carton damage	**Strongly Agreed**	**Agreed**	**Neutral**	**Dis Agreed**	**Strongly Disagreed**	**Total**	**Value**	**Rank**
Mis-handling of labour	120	76	21	0	0	217	4.34	1
Over weight of stuffing cargo	55	88	15	2	1	161	3.22	4
Not proper packing	75	60	48	8	0	191	3.82	2
Not proper plan for stuffing	35	64	69	8	0	176	3.52	3

- **Mishandling of labour:**

Weighted Average = ∑(wx)/ ∑x

24*5+19*4+7*3+0*2+0*1=217

=217/50

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=4.34

- **Over weight of the cargo:**

11*5+22*4+15*3+1*2+1*1=161

= Weighted Average = ∑(wx)/ ∑x

161/50

=3.22

- **Not proper packing:**

Weighted Average = ∑(wx)/ ∑x

15*5+15*4+16*3+4*2+0*1=191

=191/50

=3.82

- **Not proper plan for stuffing :**

Weighted Average = ∑(wx)/ ∑x

7*5+16*4+23*3+4*2+0*1=176

=176/50

=3.52

INFERENCE:

Weighted average analysis shows that respondent has been rankedMishandling of labours First rank whereas weighted average is 4.34, Not proper packing has been ranked as 2 whereas weighted average is 3.82, Not proper plan for stuffing has been ranked 3 whereas weighted average is 3.52, Financial Over weight of the cargo has been ranked 4 whereas weighted average is 3.22.

CHI – SQUARE TABLE

HO – THERE IS NO SIGNIFICANCE DIFFERENCE BETWEEN DURATION OF BUSINESS AND

FREQUENCY OF CARTONDAMAGE.

H1– THERE IS SIGNIFICANCE DIFFERENCE BETWEENDURATION OFBUSINESS AND

TABLE NO 4

Duration of business					

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Frequency of carton damage					
0-10 times	1	7	1	0	9
10-20 times	6	14	1	0	21
20-30 times	1	9	7	0	17
Above30 times	2	0	1	0	3
Total	10	30	10	0	50

FREQUENCYOF CARTON DAMAGE.

TABLE NO 5

S.NO	**O**	**E**	**(O-E)2**	**(O-E)2/E**
1	1	1.8	0.64	**0.3556**
2	7	5.4	2.56	**0.4741**
3	1	1.8	0.64	**0.3556**
4	0	0	0	**0**
5	6	4.2	3.24	**0.7714**
6	14	12.6	1.96	**0.1556**
7	1	4.2	10.24	**2.4381**
8	0	0	0	**0**
9	1	3.4	5.76	**1.6941**
10	9	10.2	1.44	**0.1412**
11	7	3.4	12.96	**3.8112**
12	0	0	0	**0**
13	2	0.6	1.96	**3.2667**
14	0	1.8	3.24	**1.8**
15	1	0.6	0.16	**0.2667**
16	0	0	0	**0**
TOTAL	**50**	**50**	**(O-E)2/E =**	**15.530**

Degree of freedom = (c-1) (r-1)

= (4-1) (4-1) = 9

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Level of significance = 5%

Table value = 16.9

Calculate value = 15.530

INFERENCE:

Since the calculated **value 15.530** is less than tabulated value 16.9 at 9 degree of freedom and at 5% level of significant**16.9**.The null hypothesis (H_0) is accepted. Therefore, I conclude that there is no significant relationship between duration business and frequency of carton damage.

RECOMMENDATIONS AND SUGGESTIONS

As the business volume is more in ocean trade, try to bring air segment also as it more profitable. Few customers of logistics industry have stated that the cargos are not delivered on time; hence the logistics industry can pay more attention on prompt delivery of cargos. As more delay has been happening through transport, develop the company can develop the transport facility of the company. Customer cargo must be delivery timely in final destination. Document is delivering in time try to avoid loss of the customer. Try to improve the sources of information about the forwarder. The company can take steps to control the damage of cargo, case and carton boxes. Improve the communication tools like searching of shipment details in website itself.

CONCLUSION

From the study about logistics industry, the researcher was able to acquire practical knowledge about the functioning of an industry as a whole. It also was of immense help to understand various authorities together, how they are properly coordinated to achieve the common goals of the industry. Also the study gave an idea about the various problem faced by the industry and how solutions are arrived at. The researcher was also able to understand the importance of information and the flow of information in the right manner within an organisation, from one department to other and to the customer also. Generally the study helped to fill the gap between theory and practise. Also the industry had good volume in the month of January and it reduced in the month of February but still they manage to compensate in the month of March. Even though their monthly shipments vary they are managed to adjust the losses by providing additional value added services to the customer who is extra earning for the company.

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[4] Prof.Kumaran (2006) "Survey on usage of LCL and FCL container for development process".

[5] Dr. Thomas A. Cook (1994) "One of the major pitfalls in an international sale is the quality of the documentation supporting the transactions".

[6] Laurel Delancy (2006) "A free online process for filling shippers export declarations AES stands for Automated Export System"