

**“A CRITICAL STUDY ON THE ROLE OF FREIGHT FORWARDERS IN
HANDLING CARGOES IN INDIA”**

PROJECT REPORT

*A dissertation submitted to the Indian Maritime University in partial fulfilment of the
requirement for the award of the degree of*

**MASTERS OF BUSINESS ADMINISTRATION
(INTERNATIONAL TRANSPORTATION AND LOGISTICS MANAGEMENT)**

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SCHOOL OF MARITIME MANAGEMENT
KOCHI CAMPUS**

MAY 2022

DECLARATION

I hereby declare that this submission of the report of the project work entitled “A CRITICAL STUDY ON THE ROLE OF FREIGHT FORWARDERS IN HANDLING CARGOES IN INDIA” is based on my own work carried out during the course of my study under the supervision of Dr. Yogamala H.L.

I assert that the statements made and conclusions drawn are an outcome of the project work. I declare that is to the best of my knowledge and belief, it contains no materials previously published or written by another person nor materials which has been accepted for the award of a degree or diploma of any university or institute of higher learning, except due acknowledgement has been made in the text.

Place: Kochi

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CERTIFICATE

This is to certify that this Project Report submitted to the Department of Maritime Management, Indian Maritime University in partial fulfilment of the requirement for the award of the degree of Masters of Business Administration in International Trade and Logistics Management is the bonafide piece of the work by Miss. Simran J. Rayan under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other report or dissertation on the basis of which a degree/diploma or award was conferred on an earlier occasion to this or any other candidate.

Dr. YOGAMALA H.L.
Head of Department
(Signature)

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ABSTRACT

This study is based on the primary data and secondary data in order to identify the challenges faced by the freight forwarders in India. While working on this project, I have collected information based on the sources such as Reports, Journal articles, Magazines, Books, Websites, Previous studies and Industry Experts. I have also contacted some of the freight forwarders of sea transportation to study the issues related to the freight forwarding industry in India.

The present study aimed to find out the challenges faced by freight forwarders in their operations. Due to various factors, they face challenges and that could be the reason for their failures. In some cases, due to hindrance, they may not be able to satisfy the customer needs. The major challenges faced are due to government policies and regulation (GST), importers or exporters, port authorities, warehousing of the goods, customs clearance, liner companies, infrastructure problems etc. The study involves both primary and secondary data. The study is concluded by giving the ways to overcome the challenges faced by the Freight Forwarders and the industry over view.

The problems faced by the freight forwarder from the side importer and exporter are due to terms of contract and product related issues. Lack of advanced equipment, the lacking of infrastructure could be the issues with Port authorities. The efficiency of customs clearance it could be observed from the analysis that from the study it is clear that Customs clearance is not a transparent process, receive adequate and timely information when the regulations change and the traders are not demonstrating high levels of compliance about customs clearance. From the evaluation of efficiency is clear that the goods are cleared in time but customs clearance is not a transparent process.

LIST OF CONTENT

CHAPTER	TITLE	PAGE NO
1	INTRODUCTION	8
	1.1 INDUSTRY PROFILE	14
	1.2 SCOPE OF THE STUDY	22
2	REVIEW OF LITERATURE	31
3	RESEARCH METHODOLOGY	35
4	FREIGHT FORWARDING IN INDIA	37
5	FREIGHT FORWARDERS ROLE IN DIFFERENT COUNTRIES	42
6	FREIGHT FORWARDER (EXIM) OPERATIONS	56
7	CALCULATION AND INTREPRETATION	61
8	FINDINGS AND CONCLUSION	77
9	SUGGESTION	83
10	BIBLIOGRAPHY	97

LIST OF CHARTS

CHART TITLE	PAGE NO
LENGTH OF SERVICE IN FREIGHT FORWARDING BUSINESS	62
SHIPPING LINES USED FOR IMPORT AND EXPORT	63
FREQUENCY OF SALE PERSONNEL VISIT	64
TIME TAKEN TO PROVIDE THE FREIGHT RATE	65
OPINION ON FRIEGHT RATE	66
IMPORTANCE OF TRANSIT TIME IN SELECTING SHIPPING LINE	68
SATISFACTION OF TRANSIT TIME PROVISIONS	69
SERVICE OFFERED BY SHIPPING LINE CONSOLIDATED	70
CORE COMPETENCIES OF SHIPPING LINES	73
OVERALL PERFORMANCE OF SHIPPING LINE	75

CHAPTER-1

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. 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. 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.

As an analogy, freight forwarders have been called travel agents for freight. In the U.S., a freight

forwarder involved with international ocean shipping is licensed by the Federal Maritime Commission as an Ocean Transportation Intermediary.

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

- ✓ Insurance
- ✓ Warehousing & Distribution
- ✓ Rate and Contract Negotiations
- ✓ Findings alternatives
- ✓ Grouping & Consolidation

Freight Forwarder can provide the Exporter with an initial quotation on the following:

- ❖ Cost & Freight
- ❖ Port charges
- ❖ Consular fees
- ❖ Cost of special documentation
- ❖ Cost of insurance
- ❖ Fee of the Freight Forwarder

Main activities of Freight Forwarders in seamless cargo movement:

Exports

- Packaging
- Documentation
- Warehousing
- Transportation
- Statutory compliance
- License customs

Imports

- Monitor arrival of carriers
- Monitor arrival of cargoes
- Documentation
- De unitization
- Warehousing delivery & distribution

Multifaceted activities of Freight forwarders:

I. As a advisor & consultant:

- ✚ Sourcing
- ✚ Transportation & Routing
- ✚ Packing
- ✚ Statutory requirements
- ✚ Documentation
- ✚ Insurance

II. As a Transporter:

- ✚ Road haulage
- ✚ Ocean carriage
- ✚ Air carriage
- ✚ Multimodal transport
- ✚ NVOCC

III. As a warehouse agent:

- ✚ Bonding facility
- ✚ Transit bonding

Post & Preshipment

✚ Warehousing & Inventory management

✚ Retail distribution

Elements considered by shipper while selecting Freight

- Customer service
- Document quality accuracy
- Shipment tracking
- Global coverage
- Pricing
- Information
- On time performance

Other names of Freight Forwarders:

- a) Custom house agent
- b) Clearing agents
- c) Custom brokers

1.1 COMPANY PROFILE

Freight Systems India Pvt. Ltd. is a well-known Shipping, Clearing Freight Forwarding and Logistics company with head office in Dubai, with over 30 branches/associates all across the globe and strong partner agents worldwide. We are licensed Customs Broker and Multimodal Transport Operators (MTO) offering host of services to exporters and importers from various different industries.

We offer competitive Custom Clearance, Ocean Freight rates and Air Freight rates to and from worldwide locations, Road transportation, Rail transportation, Warehousing, Ship chartering and Ship broking service for break bulk cargoes, Project cargo logistics, Door to Door service, FCL / LCL Consolidation, Buyers Consolidation, Coastal shipping service and host of value-added services.

We have a team of experienced and skilled professionals that renders efficient and reliable services to our customers for handling their valuable cargo. We cater to customers from diverse industries and we believe in maintaining a long term and continuous business relation with our customers by offering them quality services and guaranteed reliability.

We offer complete door to door logistics services under one roof so that you don't need to deal with many parties usually involved in movement of cargo thus enabling you to concentrate on your core business activity.

We have a network of our own offices at all the major ports and ICD's in India and a strong global network of associates and agents representing us at worldwide destinations to meet the door to door requirements of our valued customers.

Our company's motto is 'A to Z Global Logistics with perfection' which signifies that we thrive for perfection in our service offerings and thus achieve our prime goal i.e. Customer Satisfaction. Our vision is to become one of the topmost global Shipping, Freight forwarding and Logistic Company.

At Freight Systems, customer experience will always be the heart of our operations. Our blueprint of tomorrow lies in strengthening our ties today. We strive to achieve excellence for all our customer's needs. With our resourceful team of logistics professionals, an extensive global network and strong technological backing we are prepared for the future by building a strong foundation today.

Freight Systems, as a logistic solutions provider, is committed to:

- Delivering customized solutions
- Investing in technology and people
- Complying with applicable statutory and regulatory requirements
- Enhancing portability
- Providing end-to-end supply chain services through an efficient global network

Our Services

Ocean Freight

We offer competitive export / import Ocean Freight for worldwide destinations as we have secured service contracts & preferential customer status with all the major ocean carriers also our strong global agency network enables us to offer competitive FCL & LCL rates.

Air Freight

In air cargo transportation, we understand that timeliness and punctuality are essential for customers. At Freight Systems, we fulfil our responsibility of transporting your cargo to the desired destinations safely. In order to offer clients the most responsive service possible, our Air Cargo specialists maintain close relationships with all airlines operating in India and offers competitive Air Freight rates.

Clearing and Forwarding Agents in India

We are an in house Licensed Custom Broker (Custom House Agents), we also provide Custom clearance service of export and import shipments. Our expertise in custom regulations and our relations ensures that cargo is cleared on time without causing any delays and thus there is no unnecessary additional cost to the customer.

Transportation

Apart from Air and Sea transportation services, we also offer Road / Rail transportation services to our customers. Our transportation arm has fleet of owned & leased trucks & trailers to meet our customers haulage needs.

Warehousing and CFS

We have a network of strategically located warehouses for consolidating and safe storage of goods in transit under the care of our logistics control and inventory management team. They are well equipped with latest warehouse management systems and cargo moving & handling equipment.

Logistics and Multimodal Transport

Our reliable Door to Door integrated logistics services takes care of the entire international Logistic for our valued customers whereby we collect the cargo from the exporter's factory or warehouse and carry out the entire transportation process right up till the delivery to warehouse or factory of the buyer. The entire process involves Multimodal Transport operations that may involve some or all of the services like stuffing of cargo in containers, road haulage & custom clearance at both ends, sea transportation on mother vessel and feeder vessel, rail transportation and warehousing.

Global Networks

Freight Systems has a strong global network of agents and associates who are experts in all aspects of

Shipping and International logistics. We are proactively growing our global networks & partnering with more reliable agents and associates

E- FREIGHT- “COMPREHENSIVE SOLUTION FOR FREIGHT FORWARDING INDUSTRY”

E-Freight is the only solution that can address all your requirements and much more with the highest level of flexibility. E-Freight is web centric software catering to freight forwarding industry developed using J2EE technology. The system includes modules to cover all complex operations within the freight forwarding industry covering Air Freight, Sea Freight, and Finance, Sales, Stores and HRD functions.

Utmost care is given to the architecture such that it has the flexibility to accommodate all the requirements of the clients, let it be a database choice or a choice of communication medium or functionalities or platforms.

E-Freight has the facility of drilling down on activities to the level of Identifying the exact time at which a particular job was finished. Facilities are given for the management to customize their own reports on top of the standard reports that are provided. On the whole, working with e-Freight make the dealings in Freight Forwarding industry a different experience.

Integration

E-Freight offers a unique integration between front-end and back-office systems, avoiding duplicate data entry. The design enhances the accuracy and decreases the probability of errors or miscalculations

Modular approach

E-Freight comes in six different modules with an integrated approach among modules

- Sea/Air freight operation
- Finance
- Sales
- Stores &HRD

Key features:

- ✓ Complete web centric architecture
- ✓ Most effective user interface crossing the barriers of web technology End user comforts
- ✓ Online or Offline Multi location data replication
- ✓ Usage of bare minimum communication infrastructure in interconnecting locations
- ✓ Facility to send reports through email/Fax directly from the system
- ✓ Facility to export to Microsoft Excel, Microsoft Word or Open Office.Org formats
- ✓ Choice of RDBMS (Oracle, Sybase, MS SQL etc
- ✓ Integrated modular approach
- ✓ Multi Lingual user interface
- ✓ Platform Independent

Benefits:

- ❖ Anywhere anytime access to data
- ❖ End user comforts
- ❖ Multi Branch/Location Integration
- ❖ No job left unfinished
- ❖ Communication Infrastructure Cost reduction
- ❖ Flexible medium of transmission
- ❖ Flexible interfaces with third party tools
- ❖ Avoid duplicate data entry

NON-VESSEL OPERATING COMMON CARRIERS (NVOCC)

Non-vessel operating common carriers (NVOCC) are one type of sea freight forwarders. Instead of using their own ships, they operate as transportation or logistics intermediaries. That is, they book space on ships and sell it in smaller quantities, consolidating freight for transport in standard containers.

NVOCCs are those who own their own containers but don't own and operate vessels. These NVOCCs buy container space in vessels from vessel operators and in turn will sell sea freight service in terms of Full Container Load [FCL]/Less than Container Load [LCL] to their customers.

Smaller shippers, with less-than-container load (LCL) shipments, can take advantage of the lower costs associated with being a big shipper. Non-vessel operating common carriers (NVOCCs) book space on steamships in large quantities at lower rates and sell space to shippers in smaller amounts.

CHARACTERIZATION OF THE FORWARDERS ROLE

The legal distinction between an ocean or actual carrier's bill of lading and a forwarder's bill of lading is an important issue under Coga, and has been the subject of considerable legal argument in recent years both in Australia and internationally.

In a typical transaction involving an NVOCC, there are four parties:

- Export shipper
- NVOCC
- Ocean Carrier
- Import shipper/holder of the bill

But there will not necessarily (though sometime there will) be a contract binding all of these parties.

There are three convenient characterizations of the NVOCC's legal standing:

- NVOCC as carrier (principal)
- NVOCC as shipper's agent
- NVOCC as both carrier principal and shipper's agent

(and interestingly perhaps, there has not been an attempt to characterize the NVOCC as an independent contractor in the same manner as stevedor

Principal

This relationship is straight forward, and involves the NVOCC issuing its house bill of lading to the export shipper and representing its house bill to be a bill of lading with the same rights and liabilities of a negotiable ocean bill of lading, which is then negotiated with the NVOCC at the destination port by the import shipper/holder of the bill, for delivery of the goods.

So far as the export/import shipper and holder of the house bill and bank through which the house bill is negotiated (UCP 500 Art # provides for the negotiation of house bills of lading) are concerned, it is the only bill of lading they are aware of or concerned about. They will be blissfully unaware of the contract between the NVOCC and the ocean carrier evidenced by the ocean bill of lading.

Agent

In this characterization, the transaction is as follows:

- The shipper contracts with the forwarder;
- The forwarder issues a house bill of lading;
- The forwarder contracts with the ocean carrier in its own name as agent for the shipper who is an undisclosed principal;
- Through agency, privity of contract is established between the shipper and the ocean carrier;
- If the goods are lost or damaged, the shipper must sue the ocean carrier.

Principal and agent

It has been suggested in this characterization that the NVOCC acts as both principal and agent simultaneously

Principal or agent

There is no legal reason why the NVOCC's role can not change from agent to principal to agent etc and characterized according to the nature of the transaction at the particular time.

1.2 SCOPE OF THE STUDY

PROBLEMS FOR FORWARDERS

On one view, the forwarder's carriage contract should not be called a bill of lading, as to call it a bill of lading is a misnomer, as these documents are not really documents of title but merely receipts. And by calling them bills of lading, forwarders are attracting all the liability (and often more) of an actual carrier. A more accurate name for these documents is consignment note.

In addition, a forwarder who asserts he is a principal and thereby sub-contracts to the actual carrier is involving himself unnecessarily as a defendant in cargo claim litigation, and attracting liability for loss or damage caused by the actual carrier which he need not have.

When a freight forwarder represents that it is the actual carrier of the goods it is creating a number of problems which can be avoided:

- 1 Assumes responsibility for loss or damage to the cargo as if it is the actual carrier under one of the international conventions, for example, under the amended Hague Rules relating to sea carriage which imposes a compulsory minimum limitation of 666.67 SDR (about A\$330) per package or shipping unit or 2 SDR (about A\$1) per kg, whichever is the greater;
- 2 Prevents the cargo interests from pursuing the actual carrier for loss and damage;
- 3 Voluntarily adopts a package limitation which does not otherwise apply to them (see above);
- 4 *Loses the right to exclude all liability:* These results are not in the freight forwarder's commercial interests as it voluntarily and unnecessarily assumes the burden of a defendant in cargo claims.

The problem for freight forwarders appears to arise by default rather than design as it is not entirely clear why they would want to voluntarily assume the role of a defendant in cargo claims when this onerous burden can be avoided:

- No thought has been given to the name of the document being used by the freight forwarder;
- Little thought has been given to the issues which should be addressed;

- Terms and conditions are a 'cut and paste' of those used by competitors;
- The freight forwarder wants to represent that it owns or operates the aircraft or ships on which the cargo is carried.

FEDERATION OF FREIGHT FORWARDERS ASSOCIATIONS IN INDIA

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. We have redefined our Mission and goals. They, in turn, define what FFFAI is and what it does

History of Association

On 5th November 1963, the Federation was registered under the Societies Registration Act, 1860 at Bombay. Mr. Karsandas Tulsidas Khimji of M/s Tulsidas Khimji Pvt. Ltd., was chosen to be the founder President of the Federation.

Federation was enrolled as National Member of FIATA - The International Federation of Freight Forwarders Associations, at the World Congress at Copenhagen on 9th September 1965.

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 organise Training Programmes at local, regional and national level.

- ◆ To work closely with Revenue Department i.e. Customs Organisation to create confidence and establish integrity & respectability for its members.
- ◆ To establish and publicise the code of conduct applicable to its members and suitably modify the constitution to provide strict adherence.
- ◆ 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 a 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.

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 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.

BUSINESS PROCESS OF FREIGHT FORWARDING

Import process:

- A foreign partner sends the pre –alert of shipment details along with copies of the Bills of lading.
- Check if contents of Master B/L as per specimen and House Bill of lading tally. In case of discrepancy inform foreign partners and ask them to correct the same.
- Check with Liner agent on ETA of vessel and inform the consignee / custom house agent.
- Submit Master and House B/L to the shipping line for filing the manifest.

WITHIN 48 HOURS BEFORE THE ARRIVAL OF THE VESSEL

- Obtain Import general manifest no.(IGM) and Line no, from the shipping line and pass on the same to the custom, house agent ***WITHIN 24 HOURS UPON***

RECEIPT OF THE SAME FROM THE SHIPPING LINE.

- Issue cargo arrival notice cum Freight invoice to the consignee/ CHA. ***WITHIN 48 HRS BEFORE THE ARRIVAL OF THE VEEESL***
- Inform shipping line to move the containers to the designated off dock CFS after checking with the CHA, if required.
- Collect freight and other local charges wherever applicable and hand over the same to Accounts departments for remittance.
- To issue release order to custom house agent after collection of duly discharged original house Bill of lading with all relevant endorsements such as bank, if bank is involved, consignee and custom house agent after collection of relevant charges.

Export process:

- Receive rate enquiry from foreign partners if applicable.
- Check with local shipping company's / Break bulk operator / Consolidator and negotiate ocean freight.
- If business finalized, obtain routing order from the overseas agent comprising of shipper details / consignee information.
- Advise shipper via telephone about being nominated to handle the shipment and check on cargo readiness.
- Obtain copy of invoice/ packing list and ACD (Advance cargo declaration) if shipments are destined to USA ore Canada.
- If shipment is FCL (Full container load) then request for allotting the container is sent to the shipping line and once the plot permission is received than the same is handed over to the shipper' s CHA. ***WITHIN 24 HRS AFTER REQUEST IS RECEIVED FROM THE SHIPPER/ CHA.***
- If LCL then advise shipper / CHA name of the LCL consolidator and ask the CHA to hand over the cargo after customs clearance
- Follow up with the shipping line for issuing the Form 13 to the CHA so that the container can be offloaded inside CCTL.
- Follow up with the suppliers / Customs house agent for draft of House Bill of lading for preparation of Original B/L
- Intimate local charges such as Terminal handling charges / documentation charges etc. to the Shipper/ CHA
- Release the shipping line to give the debit note for THC and local charges and payment request is given to accounts departments for payment of local charges.
- Release Master B/L from shipping co/ consolidator as soon as the vessel sails.

FREIGHT FORWARDING – MARKET REPORT

It is estimated that, in 2005, the UK international freight-services market was worth around £19.76bn, of which £15.43bn was attributable to freight forwarding. Freight forwarding is defined to include related warehousing, storage and customs-clearance activity. It supports the international freight-services market, which includes international freight transport operations by road, air, sea and rail. Largely because of improvements in transport efficiency, demand for such freight less than proportionately to growth in gross domestic product (GDP). However, over the 5-year review period (2001 to 2005), growth experienced by the freight-forwarding sector exceeded growth in the freight-transport sector as a whole.

Recent influences supporting the growth of the freight-forwarding sector have included the trend towards outsourcing of non-core business activities by many firms across the commercial spectrum, the growing complexity of regulation affecting international trading relationships, and an increasing awareness of security considerations. All of these factors have made it more beneficial for clients to use the services of a professional forwarder, but other developments, which have reduced the regulatory burden on shippers and transport operators alike, have lessened the benefits of using these specialists. Noteworthy among these has been the progressive deregulation of transport markets within and between the member countries of the EU, with the dismantling of customs barriers between member countries removing the need for many of the specialist services formerly provided by the freight forwarder.

Other influences affecting the sector in the recent past have included the need to comply

with many onerous regulations, including those concerning terms and conditions of employment, which have had a disproportionate impact on the many smaller freight forwarders operating in the sector.

Road transport remains the dominant mode for international freight transport, but sea freight showed the highest growth over the review period, with receipts from cross trades showing a particularly large increase. Although the share of air freight is small in terms of tonnage carried, it represents a much higher share items carried and the service provided. The international rail-freight sector performed well below its potential over the period, largely as a result of disruption to services caused by asylum seekers at the SNCF-operated rail-freight terminal near Calais in 2002 and continuing issues regarding the quality of service to clients.

Independent forecasts of the development of the UK economy indicate that it will continue to experience steady if modest economic growth over the period to 2010, with inflation and unemployment continuing at relatively low levels. This, together with further market globalization, an increased awareness of security and environmental issues, and the continuing development of IT applications to enhance the value of the freight-forwarding product, suggest a favorable environment for the continued growth of the sector.

CHAPTER 2

REVIEW OF LITERATURE

- International Freight Forwarding
- Freight Forwarding
- Custom Clearance
- Transportation

INTERNATIONAL FREIGHT FORWARDING

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 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. The original function of the forwarder, or speedier, was to arrange for the carriage of his customers' goods by contracting with various carriers. His responsibilities included advice on all documentation and customs requirements in the country of destination. His correspondent agent in far-away lands looked after his customers' interests and kept him informed about matters that would affect movement of goods. In modern times the forwarder still carries out those same responsibilities for his client. He still operates either with a corresponding agent overseas or with his own company branch-office. In

many instances, the freight forwarder also acts as a carrier for part of a movement it can happen that in a single transaction the forwarder may be acting either as a carrier (principal) or as an agent for his customer. While doing the research, initially we collected/ gathered the list of industry in and around Chennai. During the course of the research, the main issue identified is the volume of their export or import shipment which is very less; as a result the giant players in freight forwarding are seems to have less focus on such clients because they generally look for the / interested in the clients who are having huge activities / more volume of export or import shipments. If there is more number of customers, there would be more number of shipments. Like-wise, I had started focusing on these customers. I met with many clients and by discussing the queries I got to know the requirement of people and what kind of services is required. To be a good and “go getter” marketing person in International Freight Forwarding / EXIM field, the person should be well versed / aware of the international trade and activities carried out on day to day basis. While marketing / selling of products of International Freight Forwarding / EXIM, any type /kind of queries or questions are expected from a customer. Similarly there are also few customers who are unaware of the activities but they are in urgent need to export or import their product. In such situation, the forwarder must be in a position to provide a proper and fare guidance to the customer. Below are the basic and important knowledge path ways that not only a marketing & sales person but any person in International Trade /Logistics should be aware of.

Freight forwarding

A freight forwarder is a third-party logistics provider. A third-party logistics forwarder dispatches shipment via asset-based carriers and books or otherwise arranges space for those shipments. Carrier types include waterborne vessels, airplanes, trucks or railroads. 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 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.

Custom Clearance

It is a procedural activity which is performed by government personnel. The shipment has to clear all the norms of custom clearance. Custom clearance differs from country to country. Tariff classifications, value declaration, and duty management can increase costs. Customs and security initiatives have imposed new regulations on companies that make it more challenging than ever to trade internationally.

Transportation

It is the movement of people and goods from one location to another. Transport is performed by various modes, such as air, railroad, water, cable, pipeline and space. Infrastructure consists of the fixed installations necessary for transport, and may be roads, railways, airways, waterways, canals and pipelines, and terminals such as airports, railway stations, bus stations, warehouses and seaports.

CHAPTER -3

RESEARCH METHODOLOGY

A research cannot be conducted abruptly. Researcher has to proceed systematically in the already planned direction with the help of a number of steps in sequence. To make the research systemized the researcher has to adopt certain methods. The methods adopted by the researcher for completing the project are called Research Methodology.

RESEARCH OBJECTIVES:

- ❖ To identify the importance of freight forwarding in the Indian shipping industry
- ❖ To study the functions and work activities of freight forwarders in India
- ❖ To investigate the factors which hinder the success of the Freight Forwarding Industry in India
- ❖ To suggest possible solutions to the challenges being faced by the Freight Forwarders in India

RESEARCH DESIGN

Type of research:

The type of research that has been adopted by the researcher is descriptive research. It described the study on Freight Forwarders in the Indian sector and the growing importance of Freight Forwarders.

DATA COLLECTION PROCESS:

This study is based on the secondary data in order to identify the challenges faced by the freight forwarders in India. The researcher has collected information based on the sources such as Reports, Journal articles, Magazines, Books, Websites, Previous studies and Industry Experts. The researcher has also contacted some of the freight forwarders of sea transportation to study the issues related to the freight forwarding industry in India.

LIMITATIONS OF THE STUDY:

- The researcher has done the study only on Freight forwarder.
- The researcher has done the research with regard to Chennai and few other sectors.
- The researcher has not considered the financial aspects of Freight forwarders
- Lack of time available for the research

DATA ANALYTICAL TOOLS

The researcher has done the following analytical tools in order to fulfill the requirements of the objective of the study.

- Percentage of analysis method
- Calculation of average of market share of export of cargo
- Weight and average method
- Measure of deviation method

CHAPTER – 4

FREIGHT FORWARDING IN INDIA

4.1 Definition of key Concepts

4.1.1 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.’

4.1.2 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 supplier & supplier’s suppliers. Downstream is with the current & relates to the relationship between an enterprise & its customer. 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. Material & information flow both up & down the supply chain. The supply chain council (1997), states that the supply chain is a term used by logistic professionals which encompasses every effort involved in producing & delivering a final product from the suppliers’ suppliers to the

customers’ customer. Four basic processes are: plan, source, make, deliver Broadly
37 | Page

define these efforts, which include managing supply & demand, sourcing raw material & parts, manufacturing & assembly, warehousing & inventory tracking, order entry & order management, distribution across all channels & delivery to the customer. Lamming (1996), points out that Supply Chain is an extension of logistics.

According to Mentzer J T, DeWitt W, Keebler J S, Soonhong M, Nancy W, Smith D C and Zacharia Z G (2001),:

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 compete as a global and networked economy and therefore a strong demand for freight forwarding services.

4.1.3 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.

4.1.4 Value Chain

Dumond (1996) defines value as customer benefits. Value chain refers to all the transforming activities performed on an input to provide value to a customer, the contribution of the supply chain in creating value can be found in the better quality of inputs, the optimization of input costs, timeliness of transformation (production) & customer satisfaction. Value chain is the various steps a good or service goes through from raw material to final consumption (Porter, 1998).

4.2 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. Having unqualified personnel is the most dangerous gamble and liability which should never be experimented with since customers reject delayed cargo and the clearing agent end up facing legal penalties thus increasing costs in the supply chain.
- Poor infrastructure has a negative impact on the efficiency and effectiveness in distribution of cargo. Poor transportation and communication network influences the bad performance of freight forwarders.
- Poor management of roads, railways, airports, waterways and bonded warehouses negatively impact the efficiency of the supply chain hence there is a need for the government to invest heavily in infrastructural development.
- Strict regulatory environments

- Cumbersome Clearing Procedures at the Border Posts
- Cost Reduction Strategies within the Supply Chain.

INTERNATIONAL ORGANIZATION THAT FOSTERS THE ACTIVITIES OF FREIGHT FORWARDERS

The Freight Forwarding Agents can also benefit from trade agreements such as; Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), World Trade Organization (WTO) and World Customs Organization (WCO). The clearing agents can take advantage of these trade agreements by having their goods entering into member states without/ paying the lowest duty. This makes their goods competitive on the international market.

CHAPTER – 5

FREIGHT FORWARDERS' ROLES IN DIFFERENT COUNTRIES

Federation of Freight Forwarders' Association in India

History

Efforts to set up a National Apex body in the form of Federation was started when the Custom House Agents Associations of Bombay, Calcutta, Madras, and Cochin held a joint conference in 1960. The final decision was taken on 1st December 1962 at a joint conference at Bombay by the representatives of the Associations of Bombay, Calcutta, Cochin, Jamnagar, Bhavnagar, Delhi and Goa.

The next day on 2nd December 1962, Mr. Morarji Desai, the then Honourable Union Finance Minister inaugurated the Federation in presence of a distinguished gathering. On 5th November 1963; the Federation was registered under the Societies Registration Act, 1860 at Bombay. Mr. Karsandas Tulsidas Khimji of M/s Tulsidas Khimji Pvt. Ltd. was chosen to be the founder President of the Federation.

Federation was enrolled as National Member of FIATA - The International Federation of Freight Forwarders Associations, at the World Congress at Copenhagen on 9th September 1965.

Objectives of the Association

The main object of the Federation is to organise united action to protect and promote the interests of the profession in all its aspects at the national level; and for that purpose to co-ordinate the activities of the Customs House Agents' Associations and their members ; to collect and disseminate information to members on subjects of common interest ; to take part in conferences; to help members and to acquaint the authorities with their common problems, to protect and to improve the common benefits, to help redress legitimate grievances by all peaceful and constitutional means and procedures to exercise beneficial supervision over the clearing trade with a view to maintain a high standard of integrity and public confidence; to evolve a code of ethics for the Customs House Agents and/or members of the Federation.

Australia

In Australia most licensed Customs Clearance Agents (now more commonly referred to as Customs Brokers), operate under a freight forwarder.

Australian Federation of International Forwarders

History

The Australian Federation of International Forwarders was created in July 1996 following the merger of two distinct organizations, namely: The Australian Federation of Airfreight Forwarders - 'AFAFF'- formed (as a Federal body) in 1977 and The International Forwarders Association of Australia -'IFAA'- representing the Sea-freight Forwarders (formed in 1976). The merger was deemed to be a natural progression

which mirrored the business of its combined membership, most of whom were active in both air & sea transport. Existing and new members could elect to be represented in the Air and /or Sea division of the new entity.

As time progressed, the separate 'divisions' were incorporated into the organization as a whole and at the same time, the expanding role of the Freight Forwarder into 3rd party logistics and the resultant wider range of services, was catered for by AFIF as it expanded its representative involvement. In addition to specific Air & sea matters,AFIF also represents its members in issues related to: Customs & Quarantine; IT/E- Commerce; Training & Education; Security; Depot & Warehousing; etc.

AFIF also strengthened its presence at both local committee and regional and world representative level. More details are covered within this document. During its evolution, the organization continued to develop and deliver a comprehensive vocational training program which has progressed to cover most subjects required by operatives in the freight forwarding industry.

During 2001 AFIF, in partnership with a new specialist group training company 'my freight career', combined to pioneer a traineeship for our Industry. AFIF continues to increase its membership services and since 1999 has been the official Australian distribution Agent for IATA publications and in late 2010, was also appointed by OAG Singapore as it's GSSA for cargo publications and products for Australia.

Canada

Transport Canada is the federal department responsible for the implementation and enforcement of the transportation policies and programs of the Government of Canada.

The Canadian freight forwarding industry falls under the regulatory guidance of *Transport Canada*. The Canadian Border Services Agency is charged with enforcing the majority of the regulations that international freight forwarders are required to follow. International security measures are the dominant concern of freight forwarders and customs brokers.

The Canadian International Freight Forwarders Association (CIFFA) was established in 1948 to support and protect the character, status, and interest of foreign freight forwarders by establishing uniform trade practice and regulations. CIFFA also holds an educational role by providing a certificate and advanced certificate programs.

Ireland

Even in smaller markets, such as Ireland, the role of freight forwarders is strategically important. International merchandise trade is worth €148 billion to the Irish economy. 82% of manufactured products are exported, further highlighting the importance of the freight forwarders to a nations' economy. Associations like the Irish International Freight Association (IIFA) and FIATA help maintain the professionalism of this industry through educational and representative roles. The FIATA Diploma in Freight Forwarding is an example of how this can be achieved.

Kenya

In Kenya, Freight Forwarders are commonly referred to clearing and forwarding Agents and acts as such or as customs brokers. A license is required to operate as a Freight Forwarders in Kenya which can be acquired from Kenya Revenue Authority. Freight Forwarders in Kenya are responsible for clearing consignments through Kenya Customs, arrange transportation and forward the consignment to the consignee. Both exports and imports are required to be cleared through customs in Kenya.

Nigeria

Freight-forwarding in Nigeria has been in place since the exporting of groundnut as a cash crop since 1914, though not initially as freight forwarding but as the means of transportation of both goods and services from one country to another. Following the methodology of their British forebears, agents were used to facilitate the transport of goods and services.

United Kingdom

In the U.K., freight forwarders are not licensed, but many are members of the British International Freight Association (BIFA). Freight forwarders in the UK consolidate various goods from different consignors into one full load for road transport to Europe, which is often known as groupage. Some freight forwarders offer additional related services like export packing.

British International Freight Association

The British International Freight Association (BIFA) is the trade association for UK-registered companies engaged in international movement of freight by all modes of transport, air, road, rail and sea. BIFA has around 1400 corporate members, known generally as freight forwarders, which offer a wide range of services within these various modes.

BIFA represents over 1400 UK companies in the logistics and supply chain management sector. Members of BIFA are organizations engaged in the movement of freight to/from the UK by all modes of transport: air, road, sea and rail. Some members are also involved in providing customs clearance and other cross border controls.

A not-for-profit organization, BIFA is funded by subscription and run by its members for members. It operates with a full-time Secretariat which administers and manages the Association's affairs.

BIFA members adopt a code of conduct, and trade under a nationally accepted set of Standard Trading Conditions that are backed in the insurance sector.

The association provides:

- Representation
- Advice and information
- Training and development
- Industry promotion

Representation

BIFA ensures that the views of its members are properly presented, and listened to in many quarters. This is achieved by BIFA's active participation in other national and international governing bodies and institutions, and by political lobbying.

Advice and Information

Members of BIFA receive copies of the Association's monthly newsletter, BIFA link. This serves to keep them up to date on all aspects of the industry, including important matters which may affect their companies. BIFA's website contains a full listing of members, and is constantly updated with information valuable to the entire international trading community. In addition BIFA runs a number of conferences and seminars throughout the year to ensure that subjects requiring special attention receive proper coverage.

Training and Development

BIFA provides industry training not only to members, but also to international traders. Courses are run throughout the year in various locations throughout the UK. The subjects covered include customs procedures, dangerous goods, security, import/export and international trade procedures.

Industry Promotion

BIFA is dedicated to improving the standards of professionalism within the logistics and supply chain industry. The BIFA Secretariat handles over 2000 enquiries per year. BIFA encourages logistics as a career path to students, as well as providing assistance to new importers and exporters. Promotion is also achieved through regular participation at industry trade fairs throughout the UK.

USA

In the U.S., companies that handle domestic U.S. freight must be registered with the U.S. Department of Transportation's Federal Motor Carrier Safety Administration. Such forwarders are "carriers" who accept freight for transportation and are liable for transporting the freight from origin to destination, under their own bill of lading.

The legal definition at 49 USC 13102 (8) is: FREIGHT FORWARDER.-the term "freight forwarder" means a person holding itself out to the general public (other than as a pipeline, rail, motor, or water carrier) to provide transportation of property for compensation and in the ordinary course of its business — (A) assembles and consolidates, or provides for assembling and consolidating, shipments and performs or provides for break-bulk and distribution operations of the shipments; (B) assumes responsibility for the transportation from the place of receipt to the place of destination; and (C) uses for any part of the transportation a [surface carrier] carrier subject to jurisdiction of the Department of Transportation of under this subtitle.

International ocean freight forwarders arranging for shipments to and from the US must be licensed by the Federal Maritime Commission as Ocean Transportation Intermediaries. An Ocean Transportation Intermediary is either an ocean freight forwarder or a Non-Vessel Operating Common Carrier (NVOCC). An ocean freight forwarder is an individual or company in the United States that dispatches shipments from the United States via common carriers and books or otherwise arranges space for those shipments on behalf of shippers.

Ocean freight forwarders also prepare and process the documentation and perform related activities pertaining to those shipments. An NVOCC is a common carrier that holds itself out to the public to provide ocean transportation, issues its own house bills of lading or equivalent document, but does not operate the vessels by which ocean transportation is provided. Companies may obtain both licenses and may act in both capacities even on the same shipment. The U.S. legal distinction between the two is that a freight forwarder acts as the agent of a principal (typically a shipper or consignee) and the NVOCC is a transportation company (carrier) that is physically responsible for the carriage of goods and acts as its own principal. Companies acting strictly as an Ocean Freight Forwarder typically do not issue their own contract of carriage (bill of lading) and as agent are generally not liable for physical loss or damage to cargo except in cases of errors in judgment or paperwork or fiduciary responsibility. NVOCC's act as ocean freight carrier and issue their own bill of lading and are legally responsible for physical loss or damage in accordance with the terms and conditions of their bill of lading and tariff. Similar to other countries, freight forwarders that handle international air freight will frequently be accredited with the International Air

Transport Association (IATA) as a cargo agent; however, they must obtain an Indirect Air Carrier (IAC) certification from the Department of Homeland Security (DHS).

Freight Forwarding Industry in Hong Kong

The Hong Kong Association of Freight Forwarding Agents (HAFFA) was formed in 1966 to represent the interests of freight forwarding industry. It has been renamed as Hong Kong Association of Freight Forwarding and Logistics Ltd to reflect the sophisticated nature of the business.

The larger sea freight forwarders tend to target big companies for exclusive deals. They provide value-added services and invest in information technology to ensure that they meet the expanding needs of the customer's changing markets. They can also set up individual logistics subsidiaries to provide tailor-made and specialized services in order to work as a service partner for their customers. Generally speaking, larger companies' well-established brands and far-reaching logistics networks have enhanced their significant market shares in the global export market. The smaller regional players, however, have better understanding of the business culture, better knowledge of their markets and have established networks in the region.

As reliable and speedy delivery is the key to successful freight forwarding services, Hong Kong's forwarders' understanding of the international practices and their networks can help them to secure the confidence of international customers.

Exports

The destinations of freight forwarding services mirror the trade routes. The main markets for international freight forwarders in 2010 were Asia (34.1% of total share), North America (33.7%) and Western Europe (27.0%). The Chinese mainland is the most important source of cargo for Hong Kong's freight forwarders. In 2011, 61.6% of Hong Kong's re-exports were originated from the Chinese mainland.

The larger freight forwarders often follow their big international customers to new markets. In some instances, transport service providers set up business in the new markets before recommending their customers to follow suit. They expand overseas usually by setting up subsidiaries, joint ventures or appointing agents to render global services.

Major Export Markets of Cargo Forwarding Services 2017-2019 (US\$ million)

	2017	Share (%)	YoY growth	2018	Share (%)	YoY growth	2019	Share (%)	YoY growth
Western Europe	832	30.9%	+34.6%	484	23.8%	-41.8%	586	27.0%	+21.0%
North America	823	30.6%	+25.5%	683	33.5%	-17.1%	732	33.7%	+7.2%
Asia	816	30.3%	+23.1%	722	35.4%	-11.5%	741	34.1%	+2.6%
Australasia, Oceania	114	4.3%	+52.1%	79	3.9%	-30.7%	64	3.0%	-19.1%

Central & South America	27	1.0%	-61.5%	28	1.4%	+2.4%	23	1.0%	-18.1%
Others	77	2.9%	-9.9%	41	2.0%	-47.1%	28	1.3%	-31.7%

International Overview of Leading Economy

List of Countries by GDP Given by World Bank (2010–2019)

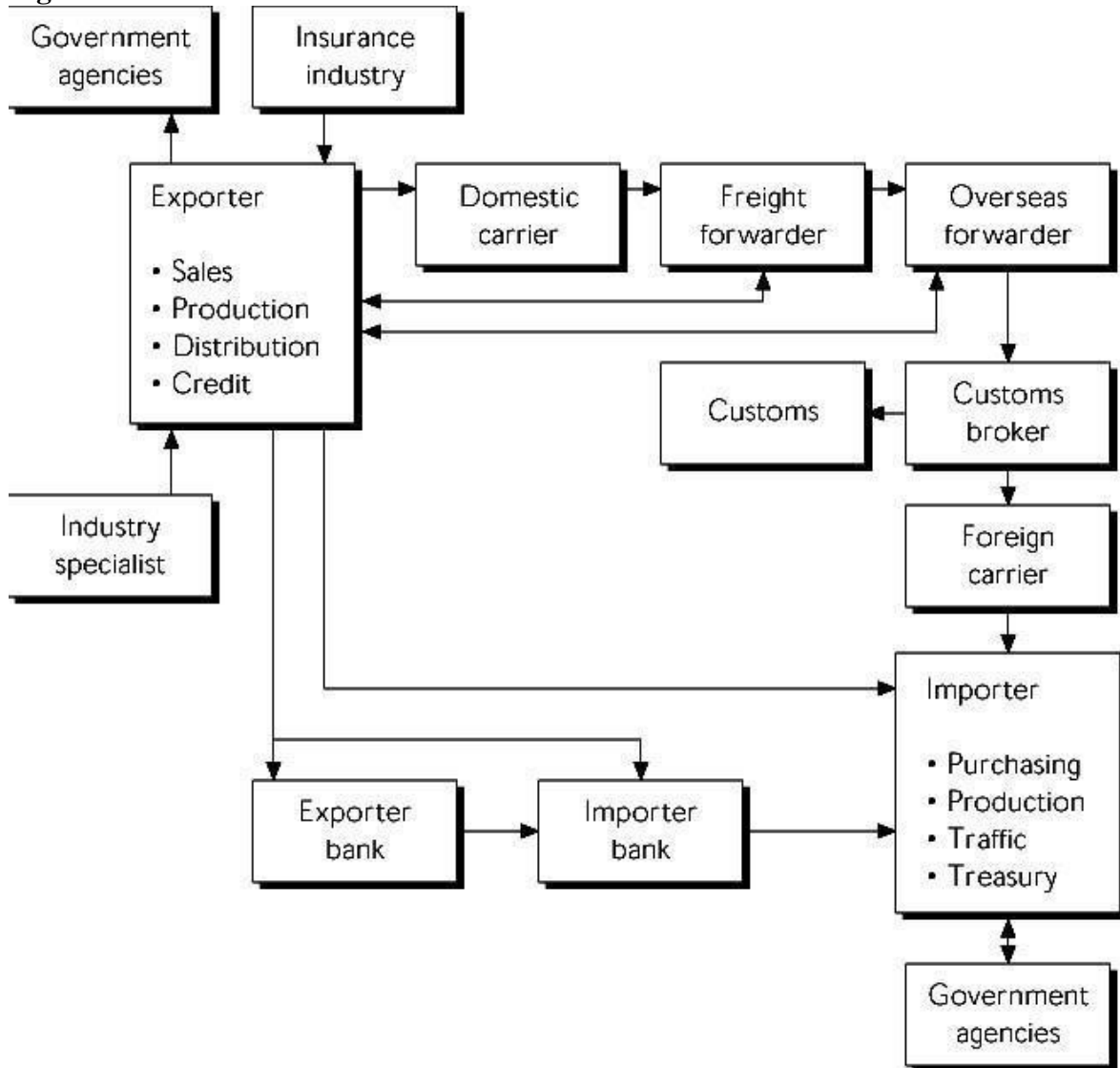
Rank	Country/Region	GDP (millions of US\$)
	World	69,983,693
1	United States	15,094,000
2	China	7,318,499
3	Japan	5,867,154
4	Germany	3,570,556
5	France	2,773,032
6	Brazil	2,476,652
7	United Kingdom	2,431,589
8	Italy	2,194,750
9	Russia	1,857,770
10	India	1,847,982
11	Canada	1,736,051
12	Spain	1,490,810

13	Australia	1,371,764
14	Mexico	1,155,316
15	South Korea	1,116,247

CHAPTER – 6

FREIGHT FORWARDER AS A CRUCIAL LINK IN (EXIM) EXPORT-IMPORT OPERATIONS IN INDIA

Figure 6.1



6.2.1 Government Agencies

The term government agencies cover the government bodies that regulate the provision of freight transport and freight corridor access services. It is recognised 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 country's 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 include:

- Collection of taxes associated with: costs of provision of some corridor access infrastructure (i.e. 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. As stated above, government has served and continues to serve other roles in the provision of freight transport. This may either occur in a competitively neutral or non-neutral environment.

6.2.2 Insurance Industry

Freight forwarders' liability insurance protects the Insured's property and financial interests. For logistics companies, Insurance companies offers a special insurance package which satisfies the specific character of forwarding the goods and mail delivery by any means of transport using the FIATA multimodal transport bill of lading or by mail and messenger service.

Insurance object:

- Freight forwarder's responsibility which he incurs in providing services of forwarding and transportation of goods and mail by any means of transport and the third party liability, including liability for payment of customs duties and taxes which are imposed by customs authorities on a freight forwarder placing the goods under transit procedure.

Risks covered:

- Liability for physical loss of or damage to cargo;
- Liability for physical loss of or damage to third party property;
- Liability for death, bodily injury or illness (including hospital, medical and funeral expenses) of any third party caused by the transported cargo;
- Liability for any financial loss incurred by the competent person under the contract of carriage resulting from the failing of the freight forwarder, partially or totally, to perform his contractual obligations;

- Customs risks - the risks arising from a breach of import or export regulations including liability for payment of customs duties and taxes which are imposed by customs authorities on a freight forwarder and which would not have been payable but for a breach of import or export regulations.
- Liability for loss of, destruction or damage to trailer and/or container during the transportation.

6.2.3 Exporter

This term *export* is derived from the conceptual meaning as to ship the goods and services out of the port of a country. The seller of such goods and services is referred to as an "exporter" who is based in the country of export whereas the overseas based buyer is referred to as an "importer". In International Trade, "exports" refers to selling goods and services produced in the home country to other markets.

6.2.4 Custom

Customs is an authority or agency in a country responsible for collecting and safeguarding customs duties and for controlling the flow of goods including animals, transports, personal effects and hazardous items in and out of a country. Depending on local legislation and regulations, the import or export of some goods may be restricted or forbidden, and the customs agency enforces these rules. The customs authority may be different from the immigration authority, which monitors persons who leave or enter the country, checking for appropriate documentation, apprehending people wanted by international arrest warrants, and impeding the entry of others deemed dangerous to the country. In most countries customs are attained through government agreements and

international laws.

6.2.5 Importer

The term import is derived from the conceptual meaning as to bring in the goods and services into the port of a country. The buyer of such goods and services is referred to an "importer" who is based in the country of import where the overseas based seller is referred to as an "exporter". Thus an import is any good (e.g. a commodity) or service brought in from one country to another country in a legitimate fashion, typically for use in trade

5.2.6 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.

CHAPTER-7

CALCULATION AND INTERPRETATION

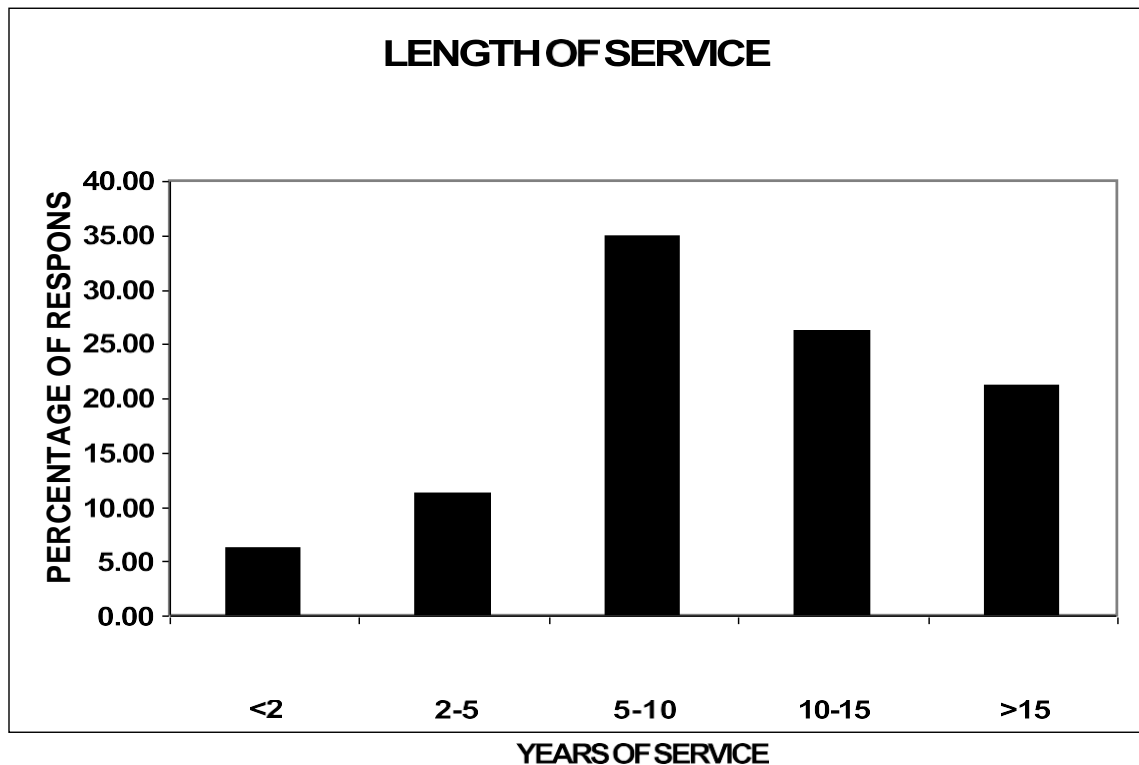
TABLE 7.1

LENGTH OF SERVICE IN THE FREIGHT FORWARDING BUSINESS

Age	Response	Percentage
<2	5	6.25
2-5	92	11.25
5-10	28	35.00
10-15	21	26.25
>15	17	21.25
TOTAL	80	100.00

GRAPH 7.1

LENGTH OF SERVICE IN THE FREIGHT FORWARDING BUSINESS



Inference: It can be inferred that out of 80 respondents, 35% of the respondents are doing the freight forwarding business for 5-10 years. This is followed by year groups 10-15 and >15 with 26% & 21% respectively.

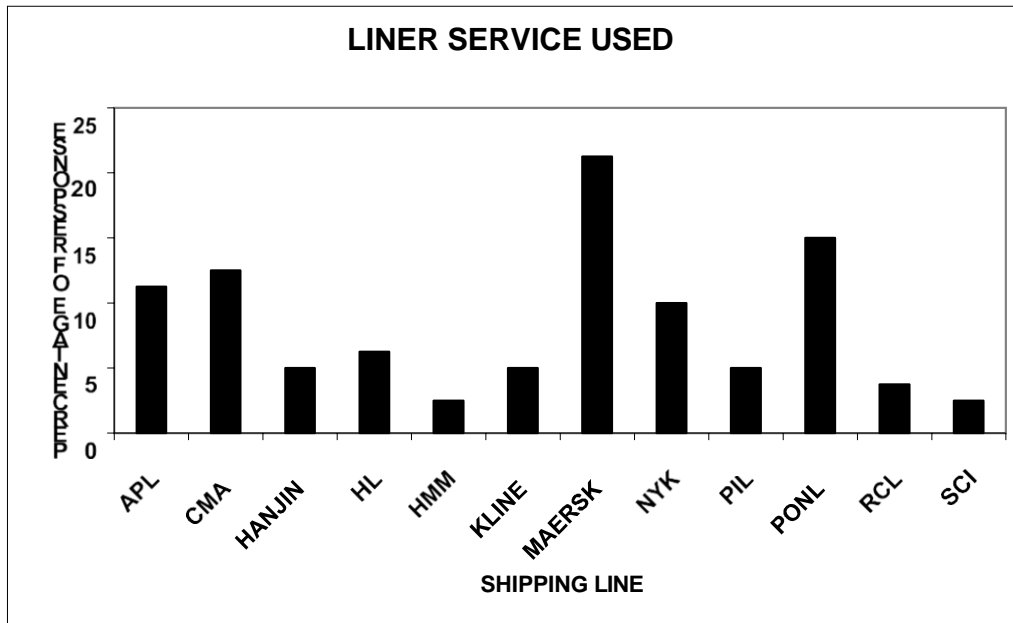
TABLE 7.2

SHIPPING LINE USED FOR EXPORTS & IMPORTS

Liner	Response	Percentage
APL	9	11.25
CMA-CGM	10	12.5
HANJIN	4	5
HL	5	6.25
HMM	2	2.5
KLINE	4	5
MAERSK	17	21.25
NYK	8	10
PIL	4	5
PONL	12	15
RCL	3	3.75
SCI	2	2.5
TOTAL	80	100

GRAPH 6.2

SHIPPING LINE USED FOR EXPORTS & IMPORTS



Inference: It can be understood that out of 80 respondents, 21% of the respondents are utilizing the services offered by MAERSK line and this is followed by PONL, CMA, APL and NYK with 15%, 13%, 11% & 10% respectively.

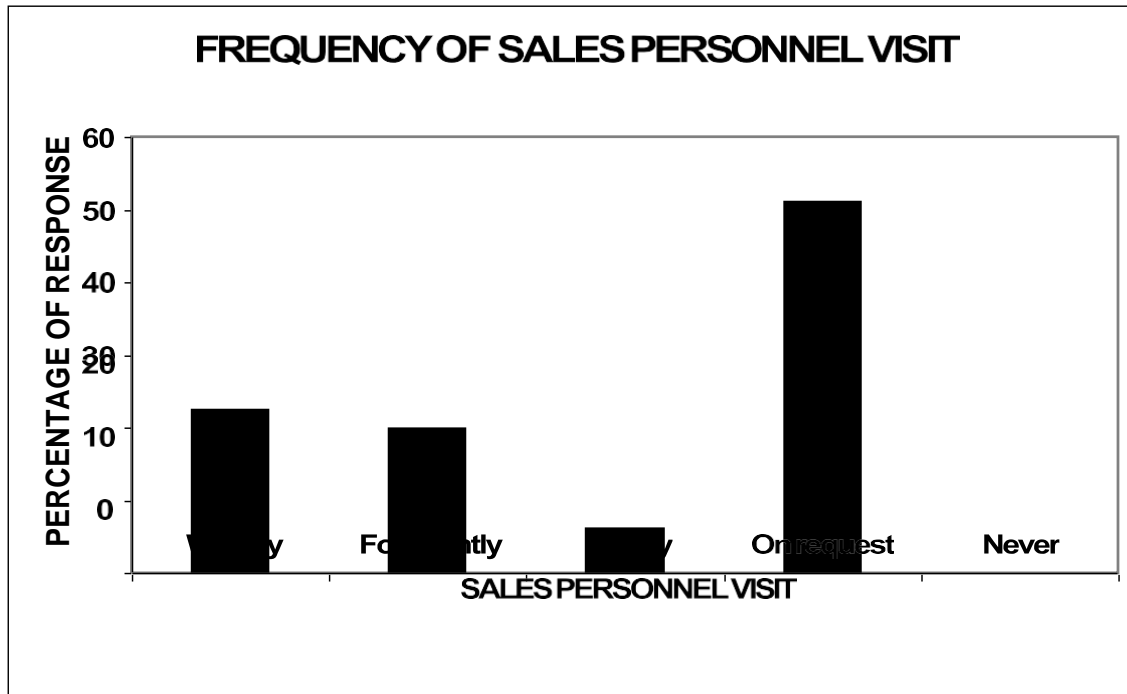
TABLE 7.3

FREQUENCY OF SALES PERSONNEL VISIT

Visit	Response	Percentage
Weekly	18	22.5
Fortnightly	16	20
Monthly	5	6.25
On request	41	51.25
Never	0	0
Total	80	100

GRAPH 7.3

FREQUENCY OF SALES PERSONNEL VISIT



Inference: It can be inferred that out of 80 respondents, 51% of the respondents have specified that the frequency of Sales personnel visit to their company is based “on request”.

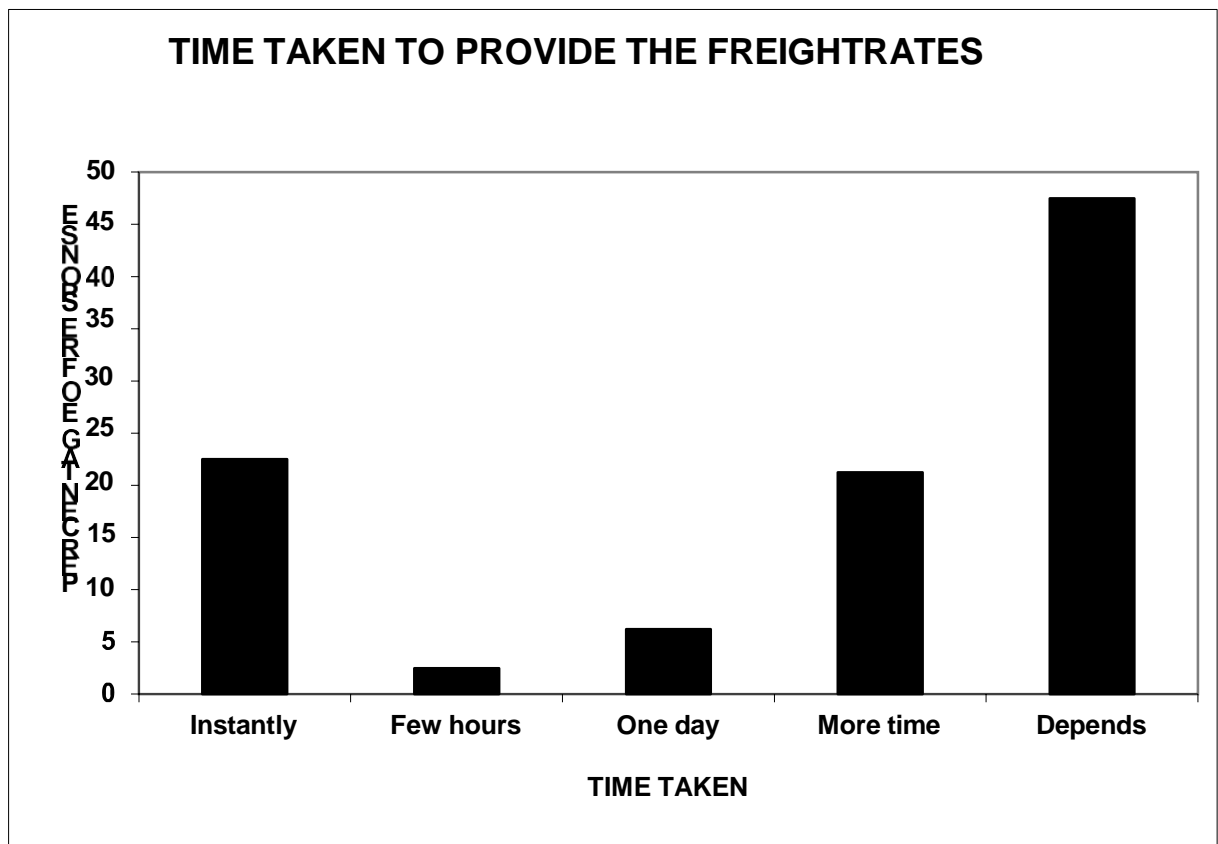
TABLE 7.4

TIME TAKEN TO PROVIDE THE FREIGHT RATES

Time taken	Response	Percentage
Instantly	18	22.5
Few hours	2	2.5
One day	5	6.25
More time	17	21.25
Depends	38	47.5
TOTAL	80	100

GRAPH 7.4

TIME TAKEN TO PROVIDE THE FREIGHT RATES



Inference: It can be inferred that out of 80 respondents, 48% of the respondents have specified that the time taken by the shipping line to provide the Freight Rates “Depends” on various factors that are normally considered.

TABLE 7.5

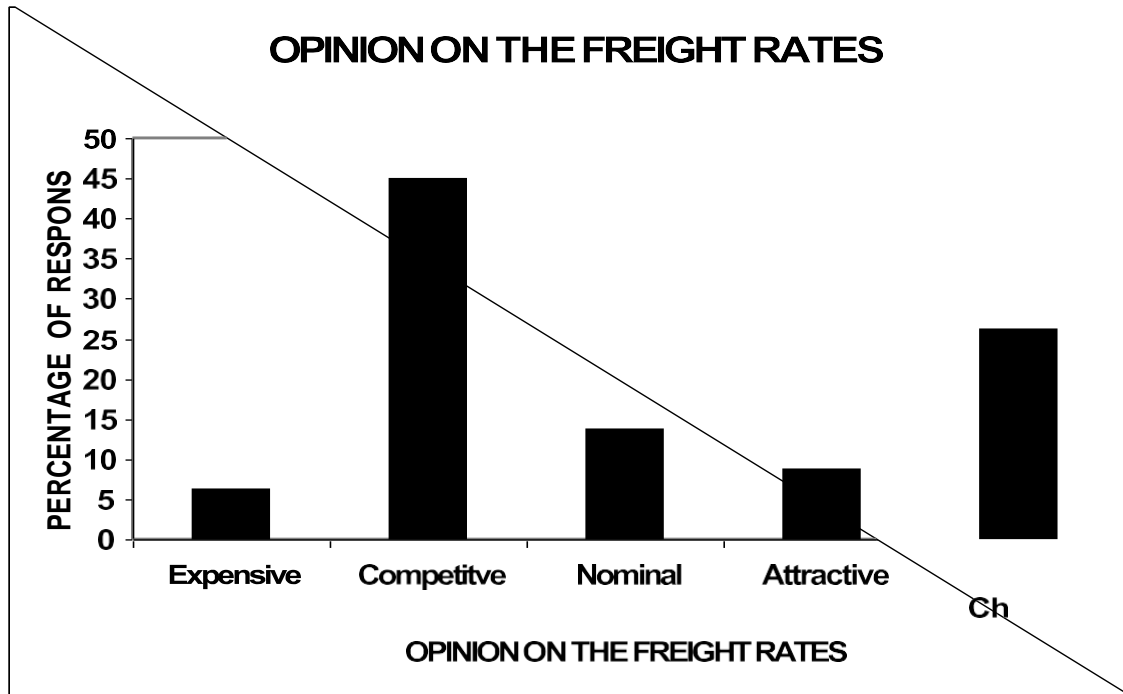
OPINION ON THE FREIGHT RATES

Opinion on Freight Rates	Response	Percentage
Expensive	5	6.25
Competitive	36	45
Nominal	11	13.75
Attractive	7	8.75
Relatively Cheaper	21	26.25

TOTAL	80	100
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GRAPH 7.5

OPINION ON THE FREIGHT RATES



Inference: It can be inferred that out of 80 respondents, 45% of the respondents have indicated that the Freight rates quoted by the shipping lines are competitive.

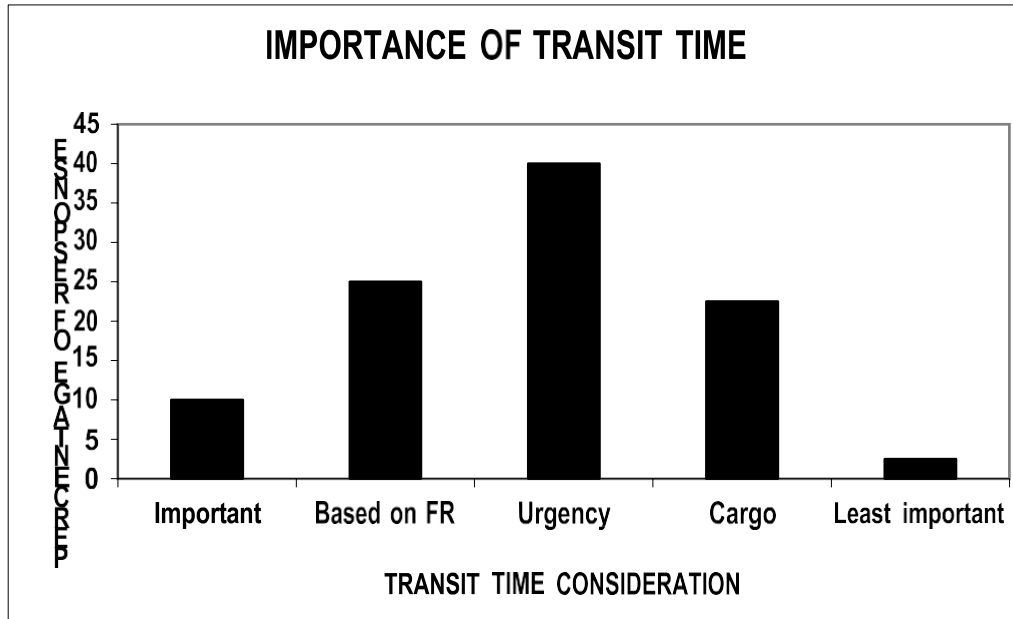
TABLE 7.6

IMPORTANCE OF TRANSIT TIME IN SELECTING SHIPPING LINE

Transit Time Selection	Response	Percentage
Important	8	10
Based on FR	20	25
Urgency	32	40
Cargo	18	22.5
Least important	2	2.5
TOTAL	80	100

GRAPH 7.6

IMPORTANCE OF TRANSIT TIME IN SELECTING SHIPPING LINE



Inference: It can be inferred that out of 80 respondents, 40% of the respondents have specified that the consideration of Transit Time depends on the “Urgency” of taking the cargo to its due destination.

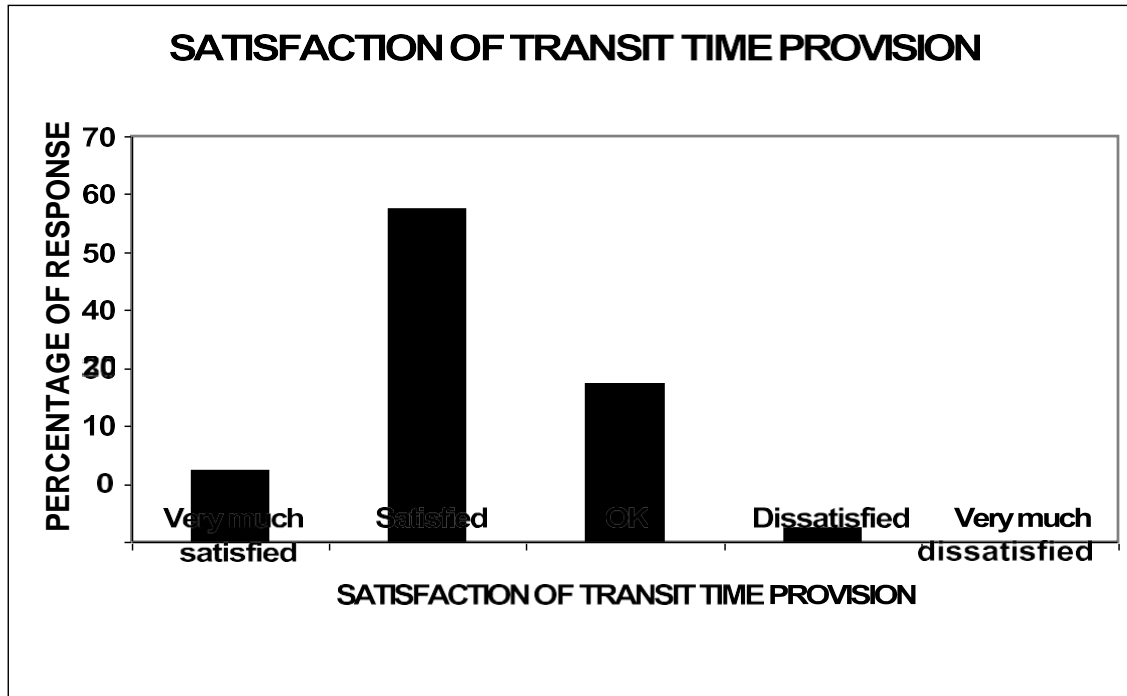
TABLE 7.7

SATISFACTION OF TRANSIT TIME PROVISION

Transit Time Satisfaction	Response	Percentage
Very much satisfied	10	12.5
Satisfied	46	57.5
OK	22	27.5
Dissatisfied	2	2.5
Very much dissatisfied	0	0
TOTAL	80	100

GRAPH 7.7

SATISFACTION OF TRANSIT TIME PROVISION



Inference: It can be inferred that out of 80 respondents, 58% of the respondents are satisfied with the Transit Time provided by their shipping lines.

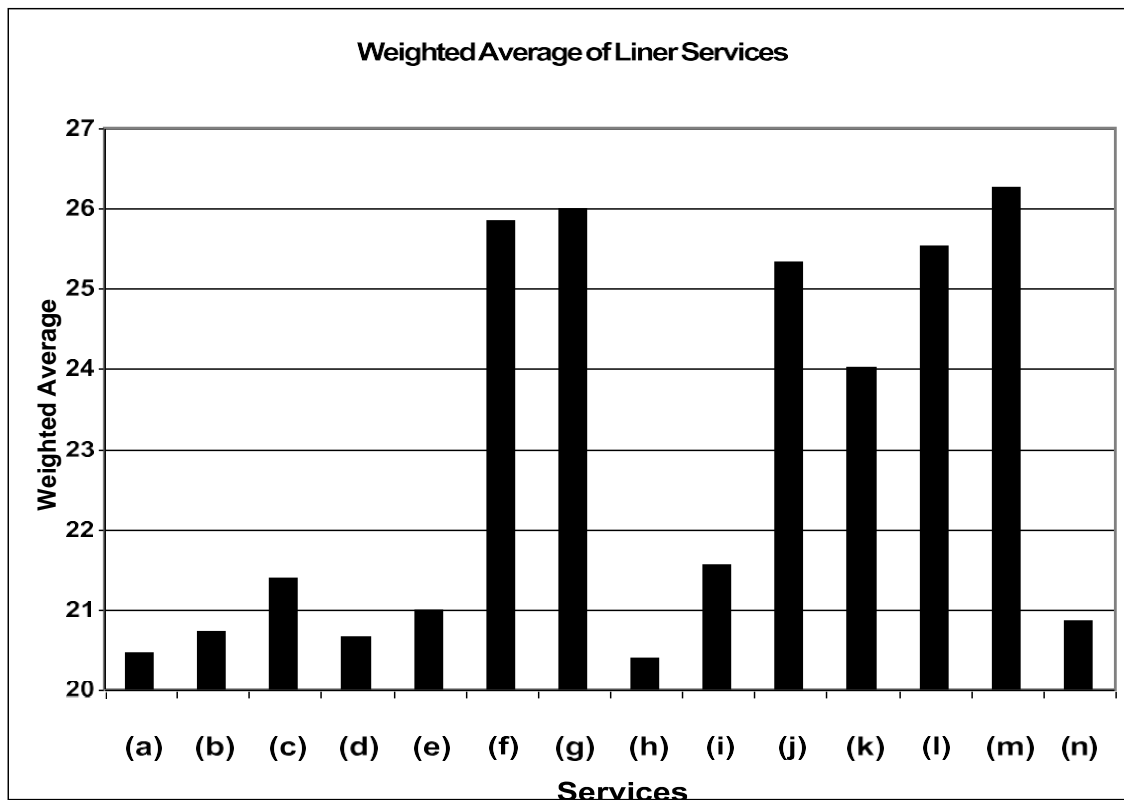
TABLE 7.8

SERVICES OFFERED BY SHIPPING LINES-CONSOLIDATED

SERVICES OFFERED	Consolidated Weighted Average
(a) Availability of persons on need	20.47
(b) Courtesy extended by the line	20.73
(c) Prompt Response to queries	21.40
(d) Visits-Calls made by liner sales rep	20.67
(e) Filling of EGM & IGM	21.00

(f) Timely Feedback	25.84
(g) Timely and Prompt issue of DO	26.00
(h) Availability of Containers at yard	20.40
(i) Stuffing/Movement operation at CFS	21.56
(j) Sales/Customer service department	25.33
(k) Documentation department	24.02
(l) Container Tracking	25.53
(m) Online services/Internet	26.27
(n) Receiving Brokerage	20.87

GRAPH 7.8
SERVICES OFFERED BY SHIPPING LINES-CONSOLIDATED



Inference: It can be inferred that the Weighted average of “Online services/Internet – 26.27” is higher than the weighted averages of all other services offered by the shipping lines. This means that the Freight forwarders expectations are more towards the provision of Online services of various shipping lines. The freight forwarders would like to complete their operations at a faster pace and also with higher accuracy. To satisfy their requirements, each and every shipping line has come out with an array of online/internet services. Using these online services, it would be possible for the freight forwarders to accomplish their tasks at great ease. This might be the reason for the selection of this service by the freight forwarders.

This is followed by the services such as Timely and Prompt issue of Delivery Order by the shipping line, Timely Feedback of operational details (such as Vessel arrival, Vessel schedules, provision of EGM/IGM, etc), Container Tracking & Services offered by the Sales/Customer service department of shipping line with weighted averages of 26.00, 25.84, 25.53 & 25.33 respectively.

It is very much evident that the freight forwarders expectations with their shipping lines are oriented more towards the provision of information on-time. The reason may be due to the urgency of taking the containerized cargo to their due destinations at the quickest possible time with less money spent on the freight rates. Moreover these people bother more about the whereabouts of the containerized cargo while they are in transit.

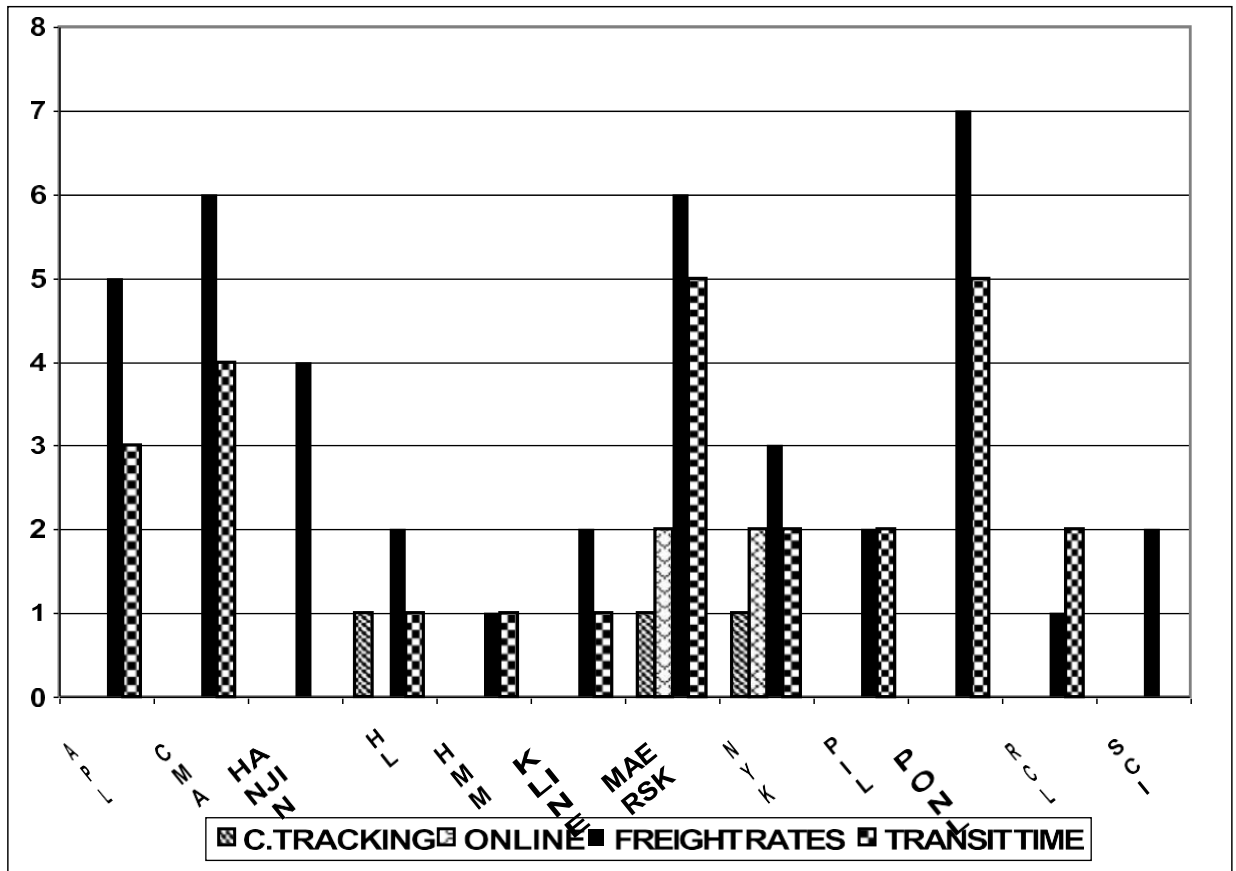
TABLE 7.9

CORE COMPETENCIES OF SHIPPING LINES

LINER	Availability of Container	Container Tracking	Online Services	Freight Rates	Transit Time	Total
APL	1			5	3	9
CMA				6	4	10
HANJIN				4		4
HL	1	1		2	1	5
HMM				1	1	2
KLINE	1			2	1	4
MAERSK	3	1	2	6	5	17
NYK		1	2	3	2	8
PIL				2	2	4
PONL				7	5	12
RCL				1	2	3
SCI				2		2
Total	6	3	4	41	26	80

GRAPH 7.9

CORE COMPETENCIES OF SHIPPING LINES



Inference: It can be inferred that the core competencies of all the shipping lines are Freight Rates quoted and the Transit Time offered by them. This essentially means that the freight forwarders expect a sort of competitive freight rates and lesser Transit Time in taking the containerized cargo in both exports & imports. And it is very much evident that most of the freight forwarders have chosen these two options with regard to the core competencies of shipping lines. The freight forwarders would never mind in switching to the rival shipping line if the rival is going to offer better freight rates and lesser transit time. Hence these two options are considered to be the most sought-after Core Competencies in the selection of the shipping line.

Moreover, it can be inferred that the freight forwarders who are doing business with MAERSK shipping line are very much satisfied with the services offered by them. This essentially means that the services of MAERSK line are excellent. This is followed by PONL, NYK, CMA and APL.

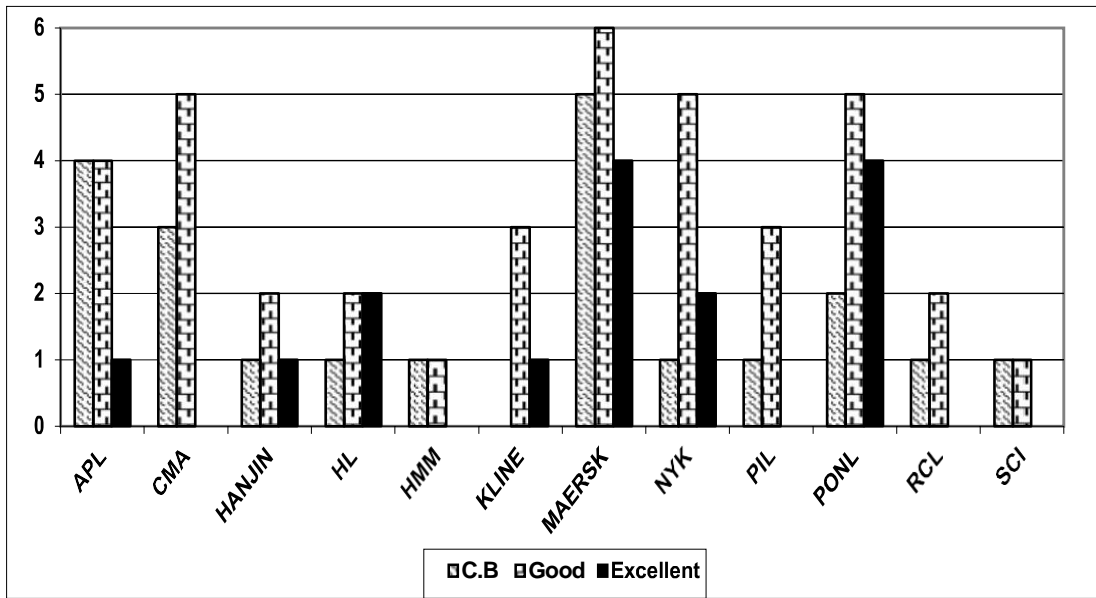
TABLE 7.10

OVERALL PERFORMANCE OF THE SHIPPING LINE

LINE	Poor	Moderate	C.B	Good	Excellent	Total
APL	0	0	4	4	1	9
CMA	0	2	3	5	0	10
HANJIN	0	0	1	2	1	4
HL	0	0	1	2	2	5
HMM	0	0	1	1	0	2
KLINE	0	0	0	3	1	4
MAERSK	0	2	5	6	4	17
NYK	0	0	1	5	2	8
PIL	0	0	1	3	0	4
PONL	0	1	2	5	4	12
RCL	0	0	1	2	0	3
SCI	0	0	1	1	0	2
Total	0	5	21	39	15	80

GRAPH 7.10

OVERALL PERFORMANCE OF THE SHIPPING LINE



CHAPTER -8

FINDINGS AND CONCLUSION

The following are the conclusions of the Competitor analysis of major shipping lines and its core competencies in the Chennai sector:

1) **Importance of Container trade in the Indian Shipping industry:**

Shipping transport is a critical infrastructure for the social and economic development of a country. Containerization of cargoes is becoming ever more widespread worldwide and almost all products are now transported by container. The concept of containerization is considered as the key innovation in the field of logistics, which has revolutionized freight handling in the twentieth century. Containerization is best option for high-value and delicate cargo as it provides safety from human and natural factors. As containers are moved intact, substantial amount of time and labor cost is saved which would otherwise have incurred in loading and unloading goods. It prevents poor handling of goods that results from bulk transport systems. Containers can act as mode of storage anywhere along the transport route. Container ships provide regular service to overseas ports, thus it minimizes the waiting time. Containerization reduces the transit time which not only offers a means of marketing for the producer that bulk systems cannot provide, but also helps to reduce the inventory costs and increases reliability.

2) **Performance of major Shipping Lines:**

EXPORTS: The performance of MAERSK shipping line with regard to exports for the years 2014 to 2018 stands highest when compared with the performance of all other shipping lines considered for the analysis. This is followed by APL, HL, CMA and NYK. MAERSK shipping line offers wide range of service covering most of the ports situated in the various shipping sectors around the globe. The major reason for the high exports of containerized cargo through MAERSK may be due to their competitive freight rates and less transit time offered to the exporters who are exporting their cargo to various destinations of the world. APL is the second highest line to take the containerized cargo to various destinations of the world. MAERSK & APL are the exclusive shipping lines with higher Exports than their Imports. Most of the shipping lines performance with regard to the export of containerized cargo has been consistently growing over the years. The performance of the Indian line viz., SCI is also encouraging.

IMPORTS: The Imports of all the shipping lines are higher than their Exports except for MAERSK. The imports of MAERSK are the highest when compared with the imports of all other shipping lines. The major reason for the excellent performance of MAERSK may be due to their global presence and their fleet of vessels. This is followed by APL, PIL, PONL, RCL, CMA, HANJIN and other shipping lines. On the whole, there is an increasing trend in the imports performance of all the shipping lines.

3) **Efficient and Consistent shipping lines in the container trade:**

EXPORTS: MAERSK is the most efficient line with regard to its exports in the container trade since the average exports of MAERSK is higher than the average exports of all other shipping lines. This is followed by APL, PIL, PONL, K-LINE AND HANJIN. With regard to the Consistency, PIL is the most consistent in the export of containerized cargo. This is followed by APL, K-LINE and SCI.

IMPORTS: MAERSK is the most efficient line with regard to its imports in the container trade since the average imports of MAERSK is higher than the average imports of all other shipping lines. This is followed by APL, PIL, PONL, HL and HMM.

4) **Services offered by the Shipping lines to the Freight forwarders:**

The following are the services that are normally offered by the Shipping Lines to their Freight forwarders:

- ❖ Availability of Telephone numbers & concerned person at the time of need
- ❖ Courtesy extended by the line at the time of attending to the calls
- ❖ Prompt Response to the queries
- ❖ Visits-Calls made by liner sales representatives
- ❖ Filling of EGM & IGM
- ❖ Timely Feedback on vessel schedules & other related details
- ❖ Timely and Prompt issue of Delivery Order
- ❖ Availability of Containers at container yard

- ❖ Stuffing/Movement operation at CFS
- ❖ Services offered by Sales/Customer service department
- ❖ Services offered by Documentation department
- ❖ Container Tracking
- ❖ Online services/Internet based services
- ❖ Receiving Brokerage/Refund Cheques.

5) **Core competencies of Shipping lines:**

The Core competencies of the major shipping lines have been analyzed through their Freight forwarders. The core competencies of the shipping lines are Freight Rates, Transit Time, Availability of containers, Online services and Container tracking. The decision to fix up a particular shipping line largely depends on the Freight rates offered by the line. It essentially means that the shipping line which offers lesser freight rates would obviously be selected by the freight forwarders in the container trade. This will force all the shipping lines to set a sort of competitive freight rates to stay alive in the market.

Transit time is also given an equal importance in the selection of a shipping line. Hence the shipping lines have seamlessly increased the transit time to take the containerized cargo from Chennai sector to various destinations of the world.

The containers are made available to the freight forwarders by the shipping line through Container Freight Station (CFS) or Inland Container Depots (ICD). The CFS/ICD service offered by the shipping line will dramatically reduce the burden of loading/unloading of cargo into the containers. Nowadays, this service is given a predominant importance in the selection of the shipping line in the container trade and has ultimately become a core competency.

The online/internet services offered by the shipping line will facilitate the accomplishment of various activities/operations that are connected with the export and import of containerized cargo in the container trade.

The freight forwarders have started giving more importance to the Container tracking facility offered by the shipping line. The container tracking facility will put the freight forwarder to know the exact location of the containers which are loaded with the cargo. This facility will be immense use in the process of identifying the whereabouts of the containers and hence this service has also become a core competency in the selection of the shipping line.

CHAPTER-9

SUGGESTIONS

The researcher has given the following suggestions towards the competitive analysis of major shipping lines and their core competencies in the sector:

- 1) The researcher has considered the sector alone to analyze the competition between the major shipping lines. The research can further be extended to cover all the major ports of India and also the performance of all the shipping lines can be considered to have a complete picture with regard to exports and imports.
- 2) The research study pertains to only Container trade. It can be further extended to cover rest of the shipping trades such as Bulk trade, Break-bulk trade, Liquid- cargo trade, Ro-Ro trade, Project cargo trade & Coastal shipping trade, to have a complete picture of Shipping Business in India.
- 3) Based on the analysis made in the current research, MAERSK, APL, CMA, NYK, HANJIN & PIL shipping line are performing in the remarkable manner in the Chennai sector. Rest of the shipping lines has to improve their performance by offering better service to the shippers and freight forwarders. The Indian shipping line viz., SCI's performance has tremendously increased over the years but still lagging behind the giant shipping lines and hence care should be taken to improve their services to win over the competition.
- 4) Freight forwarders act as middlemen between the Shippers (exporters & importers) and the Shipping lines (Ocean liners). Care should be taken by the

shipping lines to cater to the needs of freight forwarders because they are the people who bring in business for the shipping lines.

- 5) Amidst the core competencies, the freight rates and transit time are given more importance by the freight forwarders to decide about a particular shipping line to take their containerized cargo to their due destination. Hence care should be taken by the shipping lines to offer a sort of competitive freight rates and less transit time.
- 6) The expectations of the freight forwarders from the shipping lines have increased tremendously over the years and hence the shipping lines should thoroughly concentrate in providing better online/internet services with the help of advanced Information Technology based systems such as Electronic Data Interchange (EDI) & Radio Frequency Identification (RFID) technologies. This will definitely enable the shipping lines to have more business with regard to exports and imports of containerized cargo.
- 7) Amidst the core competencies, the shipping lines should give more importance to other competencies such as container tracking, services offered by sales & documentation departments and regular sales personnel visits from the shipping line companies. By offering radical services, the shipping lines can effectively & efficiently compete in the market of ever-growing economy like India.

GLOSSARY OF SHIPPING TERMS

Arrival notice: An advice that the carrier sends to the consignee advising of goods coming forward for delivery. Pertinent information such as BL number, container number and total charges due from consignee etc, are included and sent to consignee prior to vessel arrival. This is done gratuitously by the carrier to ensure smooth delivery but there is no obligation by the carrier to do so. The responsibility to monitor the transit and present himself to take timely delivery still rests with the consignee.

Bill of lading (B/L): Official legal document representing ownership of cargo, a negotiable document to receive cargo, and the contract for cargo between the shipper and the carrier.

Break-bulk cargo: Goods shipped loose in the vessel hold and not in a container.

Bulk carriers: A vessel carrying dry, liquid, grain, not packaged, bundled or bottled cargo, and is loaded without marks & number or count.

Bunkers: Heavy oil used as fuel for ocean vessels.

Cargo manifest: A manifest that lists only cargo, without freight and charges.

Carrier: Any individual, company or corporation engaged in transporting goods.

Cells: The construction system employed in container vessels; permits below ship containers to be stowed in a vertical line with each container supporting the one above it.

Cellular vessel: A vessel designed with internal ribbing to permit the support of stacked containers.

Consolidated cargo: Cargo containing shipments of two or more shippers, usually shipped by a firm called a consolidator. The consolidator takes advantage of lower F.C.L. rates, and savings are passed on to shippers.

Consolidation: The combination of many small shipments into one container.

Container: A receptacle designed to transport cargo of many types in continuous transportation.

Container freight station (CFS, C.F.S.): Consolidation depots where parcels of cargo are grouped and loaded into containers.

Container load plan (CLP): A document prepared to show all details of cargo loaded in a container, e.g. weight (individual and total), measurement, markings, shippers, consignees, the origin & destination of goods, and location of cargo within the container.

Container number: The unique identification of a container.

Container size: The length of a container i.e. 20", 40" and 45" (feet).

Container terminal: Also referred to as a Container Yard (CY). A facility that receives full export containers from one shipper to loading the vessel and delivers full import containers to the consignee after; it is the same location where ocean vessels are loaded & unloaded.

Container type: The purpose of a container of which the code is to be adhered to ISO standard.

Containership: An ocean vessel specifically designed to carry ocean cargo containers. It is fitted with vertical cells for maximum capacity.

Cut-off time: Latest possible time the cargo may be delivered to the vessel or designated point.

Deadweight Tonnage (D/W): The number of total weight tons that a vessel can transport of cargo, stores and bunker fuel. It is the difference between the number of tons of water a vessel displaces "light" and the number of tons it displaces when submerged to the "load line."

Delivery Order: A document authorizing delivery to a nominated party of goods in the care of a third party. Can be issued by a carrier on surrender of a bill of lading and then used by the merchant to transfer title by endorsement.

Depot Container: Container freight station or a designated area where empty containers can be picked up or dropped off.

Destination: The place where the carrier actually turns over the cargo to consignee or his agent.

Detention Charges: Charges raised for detaining container/trailer at customer premises for longer period than provided in Tariff.

Devanning: The removal of cargo from a container. Also known as unstuffing, unloading or stripping.

Dock: (a) The water alongside a pier or wharf. (b) Loading or unloading platform at an industrial location or carrier terminal.

Dry Cargo: Cargo that does not require temperature control.

Dry Dock: An enclosed basin into which a ship is taken for underwater cleaning and repairing. It is fitted with watertight entrance gates which when closed permit the dock to be pumped dry.

Dry-Bulk Container: A container constructed to carry grain, powder and other free flowing solids in bulk.

Dwell Time: It is expressed in term of no. of day that a container changed from one status to another e.g. from under inbound load (UIL) to empty available (MTA) to under outbound load (UOL). The shorter the dwell time, the more efficient the container utilization will be.

Export: Shipment of goods to another country.

F.C.L. Full Containerload: Arrangement whereby shipper utilizes all the space in a container which he packs himself.

Feeder Vessel: Vessel employed in normally short sea routes to fetch or carry goods and containers to and from ocean going vessels.

FEU: Forty-foot Equivalent Unit (40" or 2 TEUs)

Freight: (a) The price paid to the carrier for the transportation of goods or merchandise by sea from one place to another. (b) Freight is also used to denote goods which are in the process of being transported from one place to another.

Full Cellular Ship: A ship fitted for container carriage in all available space. The ship is fitted with vertical cells for container placement both below and above deck. No provisions are available for cargo other than containers.

General Average: General average is an unwritten, non-statutory, international maritime law which is universally recognized and applied. It is founded on the principle that vessel and goods are parties to the same venture and share exposure to the same perils, which may require sacrifice or the incurring of extraordinary expense on the part of one for the benefit of the whole venture.

Gross Tonnage: Applies to vessels, not to cargo. Determined by dividing by 100 the contents, in cubic feet, of the vessel's closed-in spaces. A vessel ton is 100 cubic feet.

Gross Weight: Entire weight of goods, packaging and container, ready for shipment.

High Cube: Any container which exceeds 8 feet 6 inches (102 inches) in height, usually 9 feet 6 inches.

Hull: The body of a vessel exclusive of masts, yards, sails, rigging, machinery and equipment.

Import: Shipment of goods from a foreign country.

Incoterms: Incoterms are a set of uniform rules codifying the interpretation of trade terms defining the rights and obligation of both buyer and seller in an international transaction, thereby enabling anotherwise complex basis for a sale contract to be accomplished in three letters. Incoterms are drafted by the International Chamber of Commerce.

Knot: A unit of speed. The term "knot" means velocity in nautical miles per hour whether of a vessel or current. One nautical mile is roughly equivalent to 1.15 statute miles or 1.85 kilometers.

L.C.L.: Less than Container Load. Cargo in quantity less than required for the application of a container load rate.

Liner: Vessel plying a regular trade/defined route against a published sailing schedule.

Liner Terms: Freight includes the cost of loading onto and discharging from the vessel.

Manifest: Document that lists in detail all the bills of lading issued by a vessel or its agent or master, i.e., a detailed summary of the total cargo of a vessel. Used principally for customs purposes. It is also called summary of Bills of lading.

Maritime: Business pertaining to commerce or navigation transacted upon the sea or in seaports in such matters as the court of admiralty has jurisdiction over.

Maximum Payload: Maximum cargo that can be loaded into a container either by weight or volume.

Net Tonnage: A vessel's gross tonnage minus deductions of space occupied by accommodation for crew, by machinery, for navigation, by the engine room and fuel. A vessel's net tonnage expresses the space available for passengers and cargo.

On Board: Cargo has been loaded on board a combined transport mode of conveyance. Used to satisfy the requirements of a letter of credit, in the absence of an express requirement to the contrary.

Open-Top Container: A container fitted with a solid removable roof or with a tarpaulin roof that can be loaded or unloaded from the top.

Port: (a) Harbor with piers or docks; (b) Left side of a ship when facing the bow; (c) Opening in a ship's side for handling freight.

Port of arrival: Location where imported merchandise is off loaded from the importing aircraft or vessel.

Port of Call: Port where a steamer discharges or receives traffic.

Port of Discharge: Port where cargo is unloaded from vessel.

Port of Entry: Port where cargo actually enters a country where the cargo is not part of its commerce.

Port of Loading (POL): Port where cargo is loaded to vessel.

Reefer: In the industry, it is the generic name for a temperature controlled container.

The containers, which are insulated, are specially designed to allow temperature controlled air circulation within the container

Seal (Container): Metal strip and lead fastener used for locking freight car or truck doors. Seals are numbered for record purposes.

Seal record: A record of the number, condition and marks of identification on seals made at various times and places, referring to the movement of the container between origin and destination.

Ship owner: One of the persons in whom is vested the title of property of a ship or ships.

Shipper: The person for whom the owners of a ship agree to carry goods to a specified destination and at a specified price. Also called consignor. The conditions under which the transportation is effected are stipulated in the bill of lading.

Shipper owned container: The container used for cargo shipment is owned by the shipper.

Stevedore: Terminal operator who is designated to facilitate the operation of loading and discharging vessels and various terminal activities.

Stripping: The unloading of a container.

Stuffing: The loading of a container.

Tank Container: A specially constructed container for transporting liquids and gases in bulk.

Tare Weight: The weight of packing material or, in carload shipments, the weight of the empty freight car.

TEU: Twenty-foot Equivalent Unit (20") .

THC: Terminal Handling Charge. A charge assessed by the terminal for handling FCLs at ocean terminals.

Tonnage: Generally refers to freight handled.

Transit Cargo: Goods onboard which upon their arrival at a certain port are not to be discharged at that port.

Transit Port: A port where goods received are merely en route and from which they have to be transferred and dispatched to their ultimate destination by coasters, barge and so on. Also called transshipment port.

Vanning: A term sometimes used for stowing cargo in a container.

Ventilated Container: A container designed with openings in the side and/or end walls to permit the ingress of outside air when the doors are closed.

Vessel's Manifest: Statement of a vessel's cargo (revenue, consignee, marks, etc.).

Waybill (WB): A document prepared by a transportation line at the point of a shipment; shows the point of the origin, destination, route, consignor, consignee, description of shipment and amount charged for the transportation service. A waybill is forwarded with the shipment or sent by mail to the agent at the transfer point or waybill destination. Abbreviation is WB. Unlike a bill of lading, a waybill is not a document of title.

CHAPTER- 10

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