

## **ROLE OF ELECTRONIC DATA INTERCHANGE (EDI) EXIM DOCUMENTATION IN SHIPPING INDUSTRY- AN ANALYTICAL STUDY**

Dr.P.Gurusamy, Assistant Professor of Commerce, NGM College, Pollachi, Coimbatore, Tamilnadu, India.

Dr. Reshmi A. Rajan, Associate Professor, School of Commerce, Kumaraguru College of Liberal Arts and Science, Coimbatore, Tamilnadu, India.

### **ABSTRACT:**

Shipping industry is one of the most globalised industries operating in a highly competitive business environment that is far more liberalized than Most of the other industries and is, thus, intricately linked to the world Economy and trade. This peculiar structure of the industry throws both Opportunity as well as challenges as it opens the global markets for Indian Shipping companies, while at the same time exposing them to global Competition even on their home turf. The shipping documentation contains the proper shipping name, the hazard clause or division of material, ID number and the appropriate packing group etc. Shipping documentations formulates based on the EXIM policies of particular nation only.

Keywords; EDI, EXIM, Shipping documentation, Exporter/importer, Seaport, Customs office  
and

### **PREAMBLE**

Shipping industry is one of the most globalised industries operating in a highly competitive business environment that is far more liberalized than Most of the other industries and is, thus, intricately linked to the world Economy and trade. This peculiar structure of the industry throws both Opportunity as well as challenges as it opens the global markets for Indian Shipping companies, while at the same time exposing them to global Competition even on their home turf. In Indian shipping industry has lot of procedure in connected with the filing of documents for clearing the export and import cargo from the port of loading and unloading place based on the foreign trade policy of India. Documentation is the evidence of transaction, which is required for the buyers or importers, suppliers or export for the purpose of setting legal validity and also to protect the transaction between the two parties as legal documents. The shipping document provides vital information when responding to hazardous materials/dangerous goods. The shipping document contains information needed to identify the materials involved, and then identifying to initiate protective actions for exporter's/importer 'safety. The shipping documentation contains the

proper shipping name, the hazard clause or division of material, ID number and the appropriate packing group etc. Shipping documentations formulates based on the EXIM policies of particular nation only. During the beginning period manual EXIM documentation system were followed in India, right now all over the world, the ministry of shipping is following only EDI system for filing the EXIM document for to do the export import transactions India. EDI means Computer-to-Computer exchange of business, information through standard interface. The EDI was first implemented in India at the year 1960 for sharing the shipping as well as cargo transport documents from exporter place to customs office and mediators office to port officials and port officials to importer country port officials quickly without any delay electronically to all over the world for complete the export import process quickly.

### **OBJECTIVES OF THE STUDY**

The present study is concentrate towards explore the following objectives, they are as follows.

- To study the types of documents is used for shipping Documentation through EDI in shipping industry.
- To investigate the role of EDI EXIM documentation in shipping industry.
- To study the level of opinion of various shipping mediators towards EDI EXIM documentation procedures followed in port of stuffing/destuffing.

### **STATEMENT OF THE PROBLEM**

The EXIM documentation is the evidence of transaction, which is required for the importers and exporters as well as customs authorities and intermediaries of shipping industry for getting legal validity against the cargo transaction between the two countries. The shipping document are contained the valid information related to nature of export or import cargo like dangerous goods, hazardous goods, prohibited goods and restricted goods as well as exportable or importable goods details. The shipping documents contains information needed to identify the nature of export import cargo or materials involved for protecting the few cargo as per the guidelines of foreign trade policy of India. Since as a exporter or importer, they cannot to do the transaction as per their choice and convenient in the field of international business in air and sea way it is stated that shipping bill, at land customs station it is stated that export bill and goods transhipments it is stated that Bill of transhipment. If any exporter would like to export his goods from his country to another country, the exporter want to submit the detailed information through appropriate format of shipping to the customs officials of getting let export order from particular exporter country to another

country then only the exporter will get the clearance certificate from the customs official that document name is called as shipping bill. All over the India's major sea port, air port and Inland Container Depot and Container Freight Station as well as house stuffing like factory or industry stuffing of export activities carried out through the filing of shipping bill in two ways namely manual shipping bill and EDI shipping bill. The majority of the places EDI only effectively used for to do shipment for export purpose in India, since EDI is mandatory some special case commissioner of customer may grant an exemption for applying through EDI and commissioner will accept the physical or manual document, where an EDI facility is not feasible. For manual documentation there are five colour are denoted by ministry of shipping for used to the exporters namely for exporting the dutiable goods-yellow, duty free goods-white, goods with drawback claims-green, goods allowed to be exported as duty free ex bond-pink and export the goods under DEPB scheme is blue colour shipping bill as manual and EDI there is no specific colour all exportable goods only white colour are used by the exporters and customs authority for exporting goods from India to foreign country. Therefore, the EDI shipping documentation work are involving with lot of process, procedures and format for to do the export activities, since there is a essential to study about the role of EDI shipping documentation in international business, that is the reason why the researchers has chosen this topic for analysing the detailed study about the EDI documentation for understanding the present system and recommend to the ministry of shipping if there is any modification needed to the budding exporters as well as existing exporter, this research study will be useful for improving the India's export volume and it will help to receive more foreign exchange reserve to Indian Government then it will improve the purchasing power of Indian external value of rupee.

#### STEPS TO GENERATE THE SHIPPING BILL

SL. NO.	STEPS	STAGE
1.	The exporter registration process.	Received the IE code/ CHA License number and authorized dealer code with exporter bank details.
2.	The declaration in a specific format signed by the exporter.	Invoice and packing list generated

3.	Exporter received the checklist	the data entry process is completed with checklist will be generated.
4.	Exporter verify the data	intimates to the service centre.
5.	Data is verified and corrected	Documents will automatically get processed.
6.	Data will be assessed by the Assistant Commissioner (export) when the export goods is more than Rs.10 lakhs/ or it contains free samples worth more than Rs.20, 000/ if the drawback amount exceeds 1 lakh.	Value of goods exportable one assessed by the commissioner of customs department.
7.	Processing of data is over	Exporter can check the status of the shipping bill with the service centre.
8.	Customs officers will raise the query to the exporters.	Exporter wants to explain about the queries to the service centre.
9.	The place of export goods stuffing the original documents like invoice, packing list will be submitted by the exporter/CHA along with a checklist.	The shipping documents will be finalized.
10.	Customs officials will verify the all documents are submitted and arranged properly.	Issue of let export order to the exporter.
11.	Received the 'Let Export Order'.	Print out the shipping bill.

Apart from the shipping bill, the exporters want to enclose the following documents to the customs officials like invoice, packing list, export license, indent, and acceptance of contract, letter of credit, Quality control certificate, port trust document and any other document are connected with nature of the exportable goods.

## **RESEARCH METHODOLOGY**

A structured questionnaire was provided to collect the primary data. The depth of information on the role of EDI shipping documentation has necessitated the research to have manually used of the internal and other available resources in the form of journals, magazines, customs and foreign trade etc.

## **METHOD OF DATA COLLECTION**

As the universal is definite population out of 126 respondents as Mediators, CHA, Liner, Freight Forwarder and consolidators those who are registered their organisation under the Coimbatore chamber of commerce as on date 15<sup>th</sup> June 2022, the researcher has adapted the convenient random sampling method to identify the 25 respondents in among the study area. The sample size is 25 respondents in the study area.

## **PERIOD OF THE STUDY& SHORT COMINGS OF THE STUDY**

The researcher has selected Coimbatore area alone is the study area for exploring the role of EDI documentation in international business and the researcher has collected data in among the Coimbatore city alone. Therefore, the present study result may not suitable to the other area appropriately.

## **RESULTS AND DISCUSSION OF THE STUDY**

The collected primary data are analysed with the help of statistical tools like simple percentage method and chi-square method for converting the raw data in to meaningful data for observing the result of the study related to EDI documentation in international business.

### **Profile of the Respondents**

- **Status:** The Status of respondents is classified under four categories ranging from Exporter, Importer, CHA, and Liner.
- **The Experience:** The respondents were classified on the basis of years of experience in the field of export import operation by the researcher for observe the in-depth knowledge of the respondents.
- **The Mode of Transportation:** The respondents were classified on the basis of mode of Transportation road to Sea and from sea to road. It is used to find out the maximum mode of transportation, depends upon the mode of transportation only, the EDI documentation formalities will differ in the export import operation.

- Number documents cleared per year: For the purpose of find out the respondents potential transaction the researcher has raised this question for observing the volume of respondent's transaction per year.
- Main customs documents: The researcher has collected the opinion form the respondents regarding which customs documents are acting as a main document in the operation of international business.
- Documents provide let export order: The customs inspector will verify and examine the entire document since which document is essential to release the let export order to the respondents is examined by the researcher.
- Types of goods dealt with export & import: The researchers have observed the types of goods dealt by the respondents for export import activities.
- Type of documentation filing system: The researcher has analysed about the types of documentation sis suitable for to do export and import activities in the respective study area.

Table Number-01

**Profile of the Respondents in Percentage Analysis**

S.No.	Statements	Opinion	No. of respondents	%
1.	Number of EDI documents cleared per year.	05-100	04	16
		100-200	10	40
		200-300	10	40
		300-350	01	04/100
2.	The main customs documents.	Shipping bill	18	72
		Proforma Invoice	02	08
		Bill of lading	03	12
		Mate receipt	02	08/100
3.	The main documents to provide let export order by customs officials.	Proforma invoice	03	12
		Packing list	17	68
		Certificate of origin	02	08
		Shipping bill	03	12/100
4.	Types of goods dealt with export/import.	Dutiable goods	11	44
		Drawback goods	6	24
		Non-dutiable goods	5	20
		Free/Gift	3	12

		goods		
5.	Suitable type of filing of documentation.	Manual	06	24
		EDI	19	76

Source: Afresh data

### TESTING OF THE HYPOTHESIS:

The chi-square test statistical application is used to authenticate the study results.

Ho: There is no relationship between experience of respondents and types of goods dealt with export.

H1: There is a signature relationship between years of experience & goods dealt with export.

Table Number: 02

Year of Experience	Up to 5 years	5-10 years	10-15 years	Above 15 years	Total
	03	18	03	01	25
Types of goods	Engineering	Agricultural	Textile	Any other	Total
	02	04	16	13	25
Grand Total	05	22	19	14	50

Calculated chi-square value = 28.26

Table Value=7.815

Level of significance = 5%

Degrees of freedom= 3

Since the calculated value is more than the table value, so the alternative hypothesis is accepted and null hypothesis is rejected. Hence, there is a significant relationship between the experience of the respondents and types of goods dealt with export.

Table Number: 03

Ho: There is a significant relationship between status of the respondents and number of documents cleared per year.

H1: There is no relationship between status of the respondents and number of documents cleared per year.

Status	Exporter	Importer	CHA	Liner	Total
	04	03	15	03	25
No. Of documents cleared per year.	5-100	100-200	200-300	300-400	Total
	04	10	10	01	25
Grand Total	08	13	25	04	50

Calculated chi-square value=5.34

Table value=7.815

Degrees of freedom=3

The calculated value is less than the table value, so the null hypothesis accepted and alternative hypothesis is rejected. Hence, there is a significant relationship between status of the respondents and number of documents cleared per year.

Weighted Average Score Analysis:

The researcher has applied weighted Average score analysis for determine the level of satisfaction towards EDI shipping documentation in international Business through allocating



scores like strongly Agree 4 point, Agree 3 point, Neutral 2 point and Dis-Agree 1 point for converting the quantitative data in to qualitative data.

Table number:

Level of satisfaction towards EDI Shipping Documentation

S.No.	Statements	SA	A	N	DA	Total Score	Mean score	Rank
01.	EDI documentation is good.	04	11	04	06	63	2.52	3
02.	The customs documentation formalities are good.	10	11	02	02	79	3.16	1
03.	The customs documentation clearance procedures are good.	01	11	12	02	62	2.48	4
04.	The India's present EXIM policy is good.	04	13	07	01	70	2.80	2

Source: Afresh data

### MAJOR OBSERVATIONS OF THE STUDY

- The majority of the respondents 60% are Customs House Agent, they are involving with EDI shipping documentation process in the study area.
- 52 percentages of respondents are using duty drawback shipping bill nature of EDI documentation in the study area.
- Most of the respondents are clear 100 to 300 EDI shipping documentation per year.
- 64 percentages of respondents are using duty drawback EDI shipping documentation in the study area.
- The Eight percentages of the respondents stated their level of satisfaction towards EDI shipping documentation is suitable since it is easy as well as quick process.
- All the respondents felt that commercial invoice is the basic documents for preparation of all other shipping documents.
- There is a significant relationship between the experience of the respondents and types of goods dealt with export.



- There is a significant relationship between status of the respondents and number of documents cleared per year.
- The customs documentation formalities are good as per the weighted average score analysis.

### **RECOMMENDATIONS OF THE STUDY**

The objective of Indian shipping industry is connect the entire exporter, importer, mediators and sea port authorities with single window for deliver the communication between them through EDI. India is one of the third largest economies in among the developing countries; therefore there is a need for improving the technological and technical area for improving the productivities of domestic trade as well as foreign trade to strengthen the India's Balance of payments as positive one in near future. In this junction, the role of EDI is playing very important role for reducing the less shipping operating costs, save time, less human errors, high business efficiency, improve the paperless transaction between the shippers and increasing the export import volume. For achieving the above, the GOI must take appropriate steps for developing the B2B network, improving the volume of EDI transactions, reducing the cost of EDI through technical collaboration and improve the EDI transaction with more transparency manner with more securities of quality data of shippers. If Indian commerce ministry take right steps at the right time for the right shipper, definitely Indias export import volume will improve gradually in near future.

### **CONCLUSION OF THE STUDY**

The international business transaction are involving with complex nature of procedures, rules and regulation as well as system from right from receiving the export order from the importer to deliver the cargo towards importer destination. Comparatively manual EXIM or Shipping documentation, the present EDI documentation method is simple and quick process, it is reducing the unnecessary physical movement form exporter to mediator again mediator to customs office as well as customs office to port of loading place with the help of technological advancement from the exporter destination to importer destination the entire shipping documentation are travelled through EDI method in better and smooth way. It will help to all the international business dealing personalities for completing their task without any hurdle. Due to the Liberalization, privatisation and globalisation from 1991 onwards Indian export import volume day by day increasing due to the global market needs and wants as well as indias industrial development are improving with moderate manner for compete with world market. At the same time, technological innovation, efficiency as well as

effectiveness also influencing the EXIM documentation and its allied operation process significantly, especially the EDI documentation system are very useful to exporters, importer, customs house agent, liner, logistics industry people, consolidators, clearing and forwarding agent, container freight station officers, CONCOR officers, Inland container depot officers, sea port officials and air port officers as well as customs official and customs superintendent for moving the export and import cargo from production point to consumption point and consumption point to production point with the help of EDI ice gate, the entire documentation process are completed without any hurdles for completing the international business activities. In this study concluded that, really the EDI shipping documentation method is very useful to the international business personality if the GOI is improving over the period of time through connected EDI system with all major port, minor port, hub port as well as air port, definably the EDI will helpful to attain the surplus balance of payments position of India in near future.

#### **REFERENCES:**

##### **BOOKS& JOURNALS:**

1. Christopher Cancilla (2017), EDI - Electronic Data Interchange: An introduction: 1 (EDI Education).
2. Hartley, John (1996), Electronic Data Interchange, orient publishers.
3. Bonnie Kucharski (2017), Understanding Electronic Data Interchanges (EDI), DZone Integration Zone.
4. D.Rajasekar and Dr. J. Rengamani, A Study on the Infrastructural Facilities of the Seaports in Chennai Cluster. International Journal of Civil Engineering and Technology, 8(11), 2017, pp. 591–599.
5. Jamie Vogel, What's the role of EDI and APIs in Logistics? Transportation Impact, August, 1, 2018.
6. Ruriani, D.C. "Selecting the Right Port for Your Transport Needs." Inbound Logistics (2009).
7. Tang, L.C., J.M.W. Low, and S.W. Lam. "Understanding Port Choice Behaviour—A Network Perspective." Networks and Spatial Economics 11(1), (2011): 65-82.
8. Tiwari, P., H. Itoh, and M. Doi. "Containerized Cargo Shipper's Behaviour in China: A Discrete Choice Analysis." Journal of Transportation and Statistics 6(1), (2003).
9. Tongzon, J.L., and L. Sawant. "Port Choice in a Competitive Environment: From the Shipping Lines' Perspective." Applied Economics 39(4), (2007).