

STANDARD TRADING CONDITIONS FOR CUSTOMS HOUSE AGENTS/FREIGHT FORWARDERS.

These are the Standard Trading Conditions applicable to the Members of the Federation of Freight Forwarder's Association in India. These condition do not apply when the forwarder acts as a Carrier or a Combined Transport Operator.

1. DEFINITION:

A freight forwarder (hereinafter called FORWARDER) is one who undertakes as a Licensed Customs House Agents, customs clearance and forwarding of goods of goods, on behalf of his customer, including, if necessary, procurement and co-ordination of one ore more modes of transport. He may also undertake to perform other functions connected with the main contract such as warehousing (including storage in transit), groupage or consolidation, packing, documentation, weighing and measurement of cargo, container leasing, insurance, foreign exchange transactions, etc.

In case, he is required to be licensed or approved by the Government or other Public Authorities for the performance of any of his functions, the term Freight Forwarder would mean only such licensed or approved persons.

2. PERFORMANCE OF THE CONTRACT:

- a) The forwarder shall perform his duty with due diligence and shall take care of the goods entrusted to him as a man of ordinary prudence thereby protecting the interest of his customers. In the event of the Forwarding agents takes care of the goods entrusted to him as a man of ordinary prudence, he shall not be held responsible for any loss or damages that may be suffered by the goods entrusted to him.
- b) A customer shall give the Forwarder such instruction as are necessary for the performance of the contract and the latter shall abide by these instructions in a manner suited to the requirements of the Customer. If however, the Forwarder is satisfied at any stage that a departure from those instructions is justified in the interest of the Customer, he shall be at liberty to act accordingly. The Forwarder is not in a position to guarantee a firm date in regard to the arrival of the goods at destination. In the absence of any specific instruction issued by the Customer, the Forwarder is free to exercise his own judgement for the delivery of the goods and for transport of the goods as a man of ordinary prudence..
- c) Customer shall advance such sums as may be required by the Forwarders for meeting disbursement on account of the Customer.
- d) The Forwarder is not responsible for effecting cargo Insurance but may arrange such insurance if so instructed by the Customer. In such cases, cargo insurance will be arranged by the Forwarders on account of the customer on such terms and conditions as may be acceptable to the Insurers.

3. LIABILITY OF FREIGHT FORWARDER:

- a) The Forwarder is liable only for his own faults attributable to himself or his employees.
- b) The Forwarder shall not be liable to the Customer for consequential loss or loss of market however caused.
- c) The Forwarder shall not be liable for acts or omission of the third parties such as Re-Forwarders, Carrier, etc provided he has shown due diligence in the choice of such third parties. If it can be proved that he had not done so, his liability shall not exceed that of any third party held liable whom he had contracted with.
- d) The liability of the Forwarder for loss of or damage to goods will be fixed on the basis of the market value of the goods at the time of acceptance by the Freight Forwarders and will not under any circumstances, exceed that mark value or a sum at the rate of Rs. 15/- per kilo of the gross weight of the goods lost or damaged, whichever is less subject of a maximum of Rs. 15,000/- (Rupees fifteen thousand only) for each occurrence of loss.
- e) The Forwarder may arrange/provide Road Transport for customers and in such event, the Forwarders shall not be held responsible as carrier or assume the liability of a carrier.
- f) In the event of the liability of the Forwarder being sought to be varied, the variation shall only be affected by a written document signed by the Forwarder. In the absence of such a documents, the liability of the Forwarder shall be governed as provided herein.

4) RIGHT TO LIEN AND DETENTION:

- a) Constituent shall pay the bills presented by the Forwarder within 15 days of their presentation, failing which penal interest at 3% above Bank's lending rate of interest shall become due and payable.
- b) The Forwarder has a right to lien and a right of detention over the goods or other securities and effects laying within his power of disposal in respect of any amount whether already due for payment or not which the Forwarder is entitled to receive in respect of services to the Customer. In exercise of the lien under this Clause, the Forwarder shall be entitled to dispose of the goods, either by Public or Private sales upon which lien is exercised, to recover his dues, provided that he gives a written notice of at least 7 days to the Customer of his intention to do so. The Forwarder is entitled to recover all the balance amount from the Customer after recovery of the dues by the sale of the goods under this Clause and the right exercised by the Forwarder under this Clause shall not be deemed to have been waiver of his right to take further legal steps to recover his total dues.

5) **TIME LIMIT:**

Claims against the Forwarders shall be time barred within a period of one year commencing from the day of delivery of the goods to the consignee named in the contract or, If no delivery has taken place, from the date of the conclusion of the Forwarding contract.

6) **JURISDICTION:**

Unless expressly agreed to the contrary, claims against the Forwarder shall be decided at the principal place of his business. All juridical relations between the Forwarder, the Customer or Authorised persons shall together will the application of these conditions be regulated by Indian Law.

7. **ARBITRATION:**

Any dispute between the Forwarder and the Customer arising in connection with the performance of the contract shall be settled in accordance with the provision of Indian Arbitration Act at the principal place of business of the Forwarder, each party appointing an arbitrator and the two arbitrators in the event of disagreement appointing an umpire whose decision shall be final and binding upon both parties, provided the arbitrators to be appointed under this clauses shall be appointed only from the panel of arbitrators duly approved by FFAI.

8. **WAREHOUSING:**

In case the Forwarder has to undertake warehousing of the goods, the conditions applicable will be as laid down in the document finalized by FFAI with Indian Bank's Association in September 1979.
