

[Estd: 1962]

# Federation of Freight Forwarders' Associations In India

(Apex Body of Customs Brokers' Associations)



## STANDARD TRADING CONDITIONS FOR FREIGHT FORWARDERS

These are the Standard Trading Conditions applicable to the members of the Federation of Freight Forwarders' Associations in India. These conditions do not apply when the forwarders acts as a carrier or a combined transport operator.

### 1. Definitions:

A freight forwarder (hereinafter called FORWARDER) is one who undertakes as a licensed Customs Broker, Customs Clearance and Forwarding of goods on behalf of his customer, including if necessary, procurement and coordination of one or more modes of transport. He may also undertake to perform 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 transaction 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 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 Forwarder agent takes the 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 instructions as are necessary for the performance of the contract and the latter shall abide by these instructions in a manner suited to the requirement 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 instructions issued by the customer, the Forwarder is free to exercise his discretion in the choice of sub-contractors, modes of transport and transportation routes. Provided further that in the absence of any specific instructions in writing the Forwarder shall be at liberty to



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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 disbursements on account of the customer. When the Forwarder acts only as a Customs Broker he is governed by Customs Broker Licensing Regulations 2013. The Customer will make available to the Forwarder all documents, information etc., as required. The Forwarder shall exercise all due care within the Regulations. In the event the Forwarder takes all care under the Regulations he shall not be held responsible for any loss or damage or delay.
- (d) It is understood and accepted as well as certified by the Customer that the Forwarder acting as Customs Broker is not privy to any dealings prior to and post the process of Customs Clearance.
- (e) 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 Forwarder on account of the customer, on such terms and conditions as may be acceptable to the insurers.

### 3. Liability of the 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 howsoever caused.
- (c) The Forwarder shall not be liable for acts or omission of 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 has 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 forwarder and will not, under any circumstances, exceed that market 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 to a maximum of Rs. 15,000/- for each occurrence of loss.
- (e) The Forwarder may arrange/ provide Road Transport for customer and in such event the Forwarder shall not be held responsible as a carrier or assume the liability of a carrier. The Forwarder when working as a Custom Broker shall not be liable for any consequences arising out of actions of Custodians, Carriers, Customs and any other statutory or Regulatory Departments or Agencies.

311-313, Mahinder Chambers, W. T. Patil Marg, Chembur, Mumbai – 400 071

Tel: 022-67107495/ 96 | Fax: 022-67107500 | Email: [info@ffai.org](mailto:info@ffai.org) | Website: [www.ffai.org](http://www.ffai.org)



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- (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 document the liability of the Forwarder shall be governed as provided herein.

## 4. Right to lien and detention:

- (a) Constituents shall pay the bills presented by the Forwarder within 15 days of their presentation, failing which penal interest at 3% above Bank's lending unless specifically agreed to that contrary rate of interest shall become due and payable from due date or 15 days as applicable.
- (b) The Forwarder has a right to lien and a right of detention over the goods or other securities and effects lying 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 Forwarder under this clause shall not be deemed to have been waiver of his right to take further legal steps to recover the dues.

## 5. Time Limit:

Claims against the Forwarder 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, out of charge from Customs 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 the juridical relations between the Forwarder, the customer or authorized persons shall together with the application of these conditions, be regulated by Indian law.



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### 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 the 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 clause shall be appointed only from the panel of arbitrators duly approved by FFFAI.

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

