

# LOST IN PORT: WHEN PAPER FAILED BUT LAW SPEAKS



Wednesday Wisdom  
18-02-2026



Imagine[1] a Mumbai based exporter ships a full container of garments to Rotterdam. The cargo is duly handed over to a foreign shipping line at Nhava Sheva and the vessel sails as scheduled. Yet upon arrival, the consignee is unable to secure delivery: no valid bill of lading is produced. Payment is withheld, the goods remain stranded at the port, and weeks turn into months of commercial paralysis. What began as a routine international transaction descends into legal uncertainty triggered not by loss or damage to the cargo, but by the inadequacy of the very document that governs maritime carriage.

This scenario is not an anomaly in global trade. It reflects persistent vulnerabilities in maritime documentation, carrier obligations, and cargo rights areas historically governed in India by the now-outdated Carriage of Goods by Sea Act, 1925. Recognising the need to modernise its maritime legal framework in line with contemporary shipping practices and international standards, India has enacted the Carriage of Goods by Sea Act, 2025[2]. The new legislation introduces several significant changes aimed at clarifying carrier liability, strengthening documentation norms, harmonising with global conventions, and enhancing legal certainty in international trade.[3]

## **I. Introduction: The Bill and Its Passage**

The Carriage of Goods by Sea Act, 2025 represents a decisive overhaul of the colonial-era framework established by the Carriage of Goods by Sea Act, 1925. Enacted to modernise India's maritime cargo liability regime, the Act addresses nearly a century of transformation in international shipping, including containerisation, digital documentation, complex logistics and multimodal transport chains. The 1925 Act, primarily derivative of the Hague Rules, had long become outdated, offering limited protection to cargo interests and insufficient guidance for carriers in contemporary trade.

[1]The article reflects the general work of the authors and the views expressed are personal. No reader should act on any statement contained herein without seeking detailed professional advice.

[2] <https://www.indiacode.nic.in/bitstream/123456789/21917/1/A2025-19.pdf>

[3] For insights into related regulatory and security considerations in Indian ports, see [\(5\) Post | LinkedIn](#).



Introduced as the Carriage of Goods by Sea Bill, 2024, the legislation was passed by the Lok Sabha on 28 March 2025 and the Rajya Sabha on 6 August 2025. It received Presidential assent on 8 August 2025 and came into force on 10 September 2025, repealing the 1925 Act in its entirety.

The long title of the Act states, verbatim: "An Act to provide for the responsibilities, liabilities, rights and immunities of carriers in relation to the carriage of goods by sea, and for matters connected therewith or incidental thereto." This framing signals a deliberate shift from a narrow incorporation statute to a self-contained code, designed to clarify carrier obligations, safeguard cargo rights, harmonise Indian law with international conventions, and enhance legal certainty in maritime trade.

## **II. Core Legal Provision**

The provisions of the Act address longstanding gaps in carrier liability, cargo documentation, and dispute resolution while accommodating contemporary trade practices such as containerisation, multimodal transport, and electronic documentation.

### **A.Scope and International Alignment**

Sections 1-3 of the Act define its ambit, bringing all contracts for the carriage of goods by sea from Indian ports under its purview. The Act expressly anchors its rules to the Schedule, which incorporates modern Hague-Visby Rules standards, thereby superseding the 1925 Act's outdated Hague Rules framework. In addition to outward-bound shipments, the Act clarifies that it applies to contracts covered by bills of lading or similar documents of title, whether the carriage is to a domestic or foreign port, and regardless of whether the carrier is Indian or foreign, provided the contract originates from an Indian port (Section 3(1) - (3)).



This alignment ensures consistency with international practice and provides exporters, consignees, and carriers with predictable legal norms governing the rights, obligations, and liabilities in cross-border shipments, while also encompassing certain inland or multimodal segments when the contract includes carriage by sea as a substantial leg of the journey.

## **B. Carrier Duties and Shipper Responsibilities**

The Act clearly codifies carrier obligations under Article III of the Schedule:

- i. Exercise due diligence to make the vessel seaworthy, properly manned, and suitably equipped.
- ii. Carefully load, stow, carry, keep, care for, and discharge cargo.

Shippers' responsibilities include:

- i. Providing accurate cargo descriptions, markings, numbers, and weights.
- ii. Indemnifying the carrier for losses or damages resulting from misdeclarations or improperly identified hazardous goods.

To provide commercial predictability, the Act also caps the carrier's financial exposure: liability for loss or damage to goods is limited to 666.67 Special Drawing Rights (SDRs) per package or unit, or 2SDRs per kilogram of the gross weight of the goods lost or damaged, whichever is higher (Schedule, Article IV (5)). These provisions collectively create a balanced statutory regime that mitigates disputes, clarifies accountability, and aligns domestic law with internationally recognised standards.

Special Drawing Rights (SDRs) [4] is an international reserve asset, type of international monetary unit created by the International Monetary Fund.

[4] <https://www.imf.org/en/about/factsheets/sheets/2023/special-drawing-rights-sdr>



They are not a physical currency, but a standard measure of value based on a basket of five currencies, the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling. Because their value changes slightly with global exchange rates, the amount in local currency may vary over time. In shipping law, using SDRs helps ensure that compensation limits are fair and consistent worldwide.

### **C. Electronic Documentation**

A key reform under the 2025 Act, supported by the Bills of Lading Act, 2025, is the legal recognition of electronic bills of lading and other digital transport documents. By giving paperless trade and digitised supply chains legal validity, these laws reduce the traditional reliance on physical documents, which often caused shipment delays and commercial uncertainty.

### **D. Liability Standards and Limitation**

The Schedule prescribes clear liability limits expressed in Special Drawing Rights (SDRs) per package or per unit weight, bringing Indian law in line with international practice. Procedural requirements, including timely notification of visible and latent damage, and statutory limitation periods for claims, are clearly articulated (Schedule, Articles VII and VIII). These reforms enhance legal certainty, reduce protracted litigation, and facilitate smoother commercial transactions.

### **E. Exceptions and Carrier Protections**

The Act preserves essential carrier protections against liability arising from the perils of the sea, acts of God, hostilities, strikes, and latent vessel defects undetectable with reasonable diligence (Schedule, Article X). These carefully calibrated exceptions maintain the balance between cargo protection and carrier immunity, consistent with global norms.



## **F.Special Provisions for Certain Routes**

Section 6 permits modifications to Article VI of the Schedule for goods carried on sailing ships from Indian ports and on specified routes such as India–Sri Lanka, providing commercial flexibility in niche maritime sectors. This ensures that statutory rules do not unduly constrain long-standing trade practices while maintaining the overarching liability framework.

## **G.Central Government Powers**

Sections 8–10 empower the Central Government to issue directions, amend applicable rules, and implement the Act with parliamentary oversight. This regulatory adaptability allows Indian carriage law to evolve with international conventions and emerging commercial practices without requiring constant legislative intervention.

## **H. Repeal and Savings**

Section 12 repeals the 1925 Act but preserves rights, liabilities, and proceedings initiated under the old law, while clarifying that other related statutes, such as the Merchant Shipping Act, 1958, remain unaffected. This ensures continuity and legal certainty for contracts entered into under the earlier regime.

## **III. Judicial Doctrine: Relevance of Supreme Court’s M.V. Elisabeth Decision**

Although the Carriage of Goods by Sea Act, 2025 post-dates foundational Supreme Court jurisprudence, established case law continues to illuminate the practical enforcement of maritime cargo claims, particularly with respect to admiralty jurisdiction, the scope of statutory liability, and the interpretation of bills of lading.



In *M.V. Elisabeth & Ors. v. Harwan Investment & Trading Pvt. Ltd.*, [(1993) Supp (2) SCC 433][5] the Supreme Court confronted a dispute arising from a foreign vessel's failure to issue bills of lading and improper delivery of cargo. The Court observed:

*"The High Court of Andhra Pradesh undoubtedly possesses jurisdiction over claims relating to inward and outward cargo. Therefore the High Court rightly assumed jurisdiction by the arrest of the appellant vessel..." (Per Thommen, J).*

*This authoritative pronouncement, now often referred to as the "Elisabeth Doctrine," confirmed that Indian courts may exercise admiralty jurisdiction over maritime claims connected with cargo including those touching on bills of lading irrespective of the foreign nationality of carriers or ships, so long as the cause of action arises from carriage involving an Indian port. Elisabeth thus remains relevant in disputes under the 2025 Act, particularly where cargo rights and remedies such as ship arrests or injunctions are invoked.*

The Supreme Court further clarified the applicability of national carriage law and the limits of statutory liability in *Shipping Corporation of India Ltd. v. M/s. Bharat Earth Movers Ltd.*, (2008) 2 SCC 79[6]. The question in that appeal was whether the Indian Carriage of Goods by Sea Act, 1925 applied to a contract of carriage concluded abroad, or whether a foreign statute should govern. In addressing the liability regime, the Court made the following observation about the evidentiary and statutory requirements for declaring value in a bill of lading:

[5] <https://indiankanoon.org/doc/1515069/>

[6] <https://api.sci.gov.in/jonew/judis/29968.pdf>



*“A contention has been raised before us for the first time that the value of the goods had been declared in the Bill of Lading. It is based on the premise that Bill of Lading refers to the invoice. We cannot accept the said contention. Invoice is not a part of the Bill of Lading. The value of the goods is required to be stated on the Bill of Lading so as to enable the shipping official to calculate the quantum of freight. It cannot, in absence of any statutory provisions, be held to be incorporated therein by necessary implication or otherwise.”*

By rejecting the submission that an invoice incorporated into a bill of lading could satisfy statutory declaration requirements, the Court underscored that limited liability under the statutory regime – whether Indian, foreign, or conventionally derived depends on express contractual and documentary compliance with statutory norms. Even though Shipping Corporation applied the 1925 Act, its reasoning on statutory liability thresholds and evidentiary foundations remains highly relevant in the 2025 Act era, particularly as the new Act continues to predicate liability limits on declared values in transport documents.

Together, Elisabeth Doctrine and Shipping Corporation of India articulate two enduring principles: first, that Indian courts possess admiralty jurisdiction over cargo claims connected with Indian ports regardless of the foreign character of the carrier; and second, that statutory liability limits must be anchored in the documentary and contractual terms that govern international carriage. These doctrinal rules continue to influence cargo claim litigation, even as the 2025 Act modernises the statutory framework.

## IV. Impact and Legal Significance

### A. Harmonisation with International Norms

The Carriage of Goods by Sea Act, 2025 brings Indian maritime law in line with global standards, ensuring clarity and consistency in international shipping practices. Some of them are:

- The **Carriage of Goods by Sea Act, 2025** incorporates Hague-Visby principles into its Schedule, aligning Indian maritime law with internationally recognised standards.
- It standardises **carrier duties, liability limits, and cargo documentation** under a consistent legal framework.
- Harmonisation reduces reliance on foreign laws when resolving cross-border carriage disputes.
- Provides a predictable interpretative framework for **bills of lading and contracts of carriage.**
- Exporters, shipping lines, and consignees benefit from a statutory regime that mirrors major trading jurisdictions, **minimising uncertainty and potential conflicts in international shipments.**



## Legal Certainty and Trade Facilitation

The Act provides a suite of reforms that enhance legal clarity and facilitate efficient trade.

1. The codification of carrier obligations, including due diligence in vessel seaworthiness, proper cargo handling, and accurate stowage, significantly reduce disputes over operational duties.
2. The establishment of statutory liability limits expressed in Special Drawing Rights per package or per kilogram and clearly defined notice and claim periods streamline dispute resolution and lower litigation risk.
3. The recognition of electronic bills of lading and other digital transport documents modernises Indian shipping law, enabling seamless paperless trade consistent with global digital supply-chain practices. Collectively, these provisions strengthen India's position as a predictable, modern, and trade-friendly jurisdiction for maritime contracts, aiming to develop confidence among both domestic and international stakeholders.

## V. Conclusion

The Carriage of Goods by Sea Act, 2025 represents a landmark modernisation of Indian maritime law. When read alongside established judicial doctrines, notably *M.V. Elisabeth* and *Shipping Corporation of India v. Bharat Earth Movers Ltd.*, the Act balances statutory reform with doctrinal continuity, ensuring that Indian courts retain clear authority to adjudicate cargo claims while applying predictable liability standards.

By merging legislative modernisation with established jurisprudence, the Act significantly enhances legal certainty, trade facilitation, and compliance predictability, thereby strengthening India's stature in global maritime commerce and contributing meaningfully to the evolution of shipping jurisprudence in the 21st century.

For any feedback or response on this article, the authors can be reached on [darshan.mundane@ynzgroup.co.in](mailto:darshan.mundane@ynzgroup.co.in) and [shravani.joshi@ynzgroup.co.in](mailto:shravani.joshi@ynzgroup.co.in)

**Author: Darshan Mundane**

Darshan is a Legal Associate at YNZ Legal. By qualification he is Bachelor of Legal Science and Bachelor of Law from Government Law college, Mumbai University.



**Co-author: Shravani Joshi**

Shravani is Legal Associate at YNZ legal. By qualification she is Bachelor of Commerce and Bachelor of Law from Vivekanand College.

