

BILL OF LADING

Proof of the Goods

What is Bill of Lading?

A bill of lading (BL or BOL) is a legal document issued by a carrier to a shipper that details the type, quantity, and destination of the goods being carried. A bill of lading also serves as a shipment receipt when the carrier delivers the goods at a predetermined destination. This document must accompany the shipped products, no matter the form of transportation, and must be signed by an authorized representative from the carrier, shipper, and receiver.

Bill of lading is one of the most important documents in the shipping process. To ship any goods, a bill of lading is required and acts as a receipt and a contract. A completed BOL legally shows that the carrier has received the freight as described and is obligated to deliver that freight in good condition to the consignee.

As an example, a logistics company intends to transport, via heavy truck, gasoline from a plant in Texas to a gas station in Arizona. A plant representative and the driver sign the bill of lading after loading the gas on the truck. Once the carrier delivers the fuel to the gas station in Arizona, the truck driver requests that the station clerk also sign the document. See the Bill of Lading show in Figure 1.1.

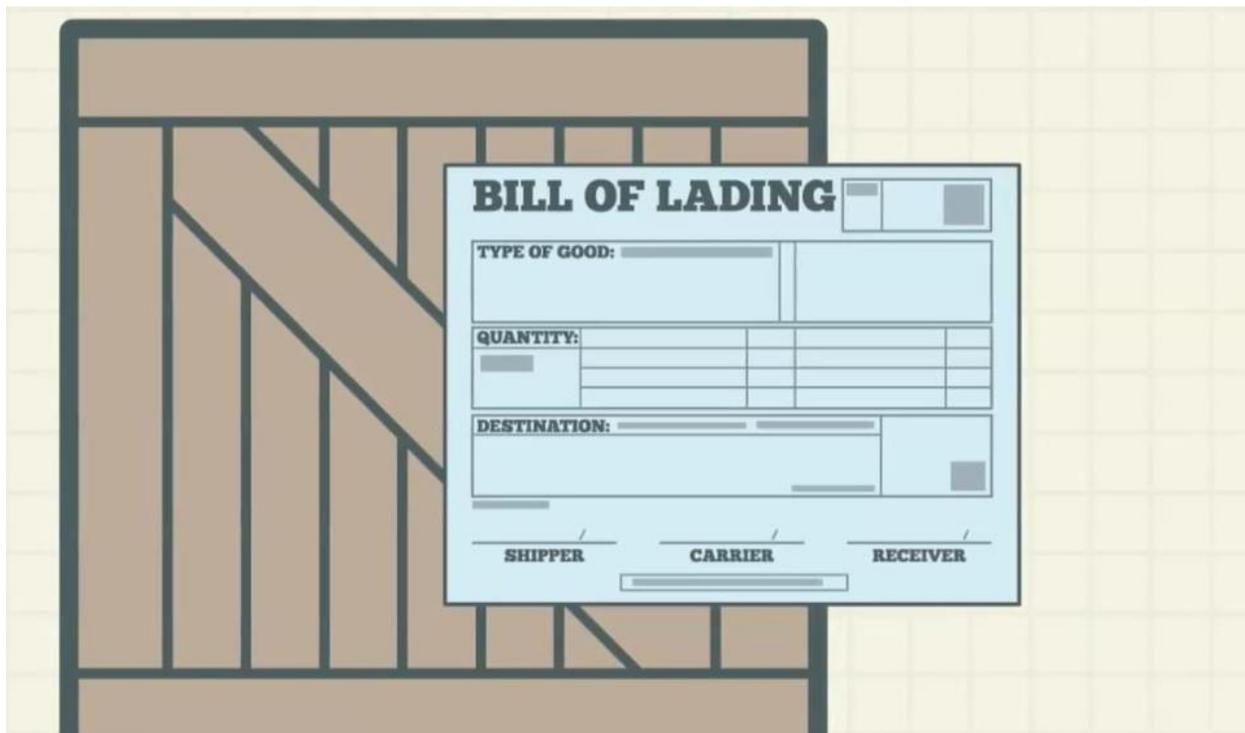


Figure 1.1. Bill of Lading

Why Bill of Lading?

Bill of Lading is the proof of the agreement entered into between the carrier and the Shipper,

or freight owner, in order to carry out the transportation of the freight as per the contract between the buyer and the seller.

This document is also used as a receipt, signed by the carrier, to confirm that the goods match the description listed on the paperwork, and that they have been received by the carrier in good order.

Lastly, the bill of lading is used to determine who pays for the freight charges and any customs fees, and to outline the liability and responsibility for the goods transferred from the seller to the buyer.

Importance of Bill of Lading?

The carrier need not require all originals to be submitted before delivery. It is therefore essential that the exporter retains control over the full set of the originals until payment is effected or a bill of exchange is accepted or some other assurance for payment has been made to him.

A bill of lading, therefore, is a very important issue when making shipments to move the cargo or freight from one point to the other. On one hand it is a contract between a carrier and shipper for the transportation of goods and on the other hand, it serves as a receipt issued by a carrier to the shipper.

Purpose of Bill of Lading

Bill of lading document is meant to act as a transport document enacting as the evidence of the contract of carriage of the goods. A negotiable bill of lading has the following legal qualities:

- It acts as a piece of evidence for the carriage contract containing the terms and condition under which the goods transportation will be carried out.
- It represents as a receipt which endorses that the carrier has received the cargo as per the contract and the goods are received in good condition.
- It is a document of title, permitting the sale of goods in transit and the raising of financial credit.
- Most of the local and international system does not consider a bill of lading as a document of title. It provides the right for the delivery to be made to the possessor.

Types of Bills of Lading

- Bill of Lading
- Air Waybill
- Inland Bill of Lading

- Multimodal Bill of Lading
- Ocean Bill of Lading
- To order Bill of Lading

Bill of Lading is typically used to ship goods to a customer who has already paid for them.

Air Waybill (AWB) is the equivalent of an ocean bill of lading used in air transport. However, unlike the ocean bill of lading, it cannot be negotiable; in other words, it may not be consigned "to order."

Inland Bill of Lading are often the first transportation document issued for an international shipment. They are used for cargo shipments by rail or road, but not sea.

Multimodal Bill of Lading You'll use this type when you combine shipping methods. For example, goods flown from Omaha, Nebraska, to New York City and then shipped to Europe qualify for a multimodal bill of lading.

Ocean Bill of Lading is used for shipping goods overseas. It authorizes the holder or another party to take possession of the goods. Ocean bills of lading can be straight bills of lading or consigned "to order" bills of lading.

To order Bill of lading "to order" bill of lading is typically a negotiable document. It allows the transfer of ownership of the goods outlined in the bill of lading to another party upon endorsement by the party listed as the ultimate consignee on the document. Often under the terms of a letter of credit, the bill of lading is consigned "to order" or "to order of [named] bank."

Master Bill of Lading

A Master Bill of Lading (MBL) is a document created for shipping companies by their carriers as a receipt of transfer. A MBL summarizes the contents of a shipment including the bill of lading numbers assigned to the various items within the shipment, as well as a description of the freight under each bill of lading.

The document also includes the terms for transporting the freight and the name and address of the consignor, or the shipper, and the consignee, the person whom possess the goods.

House Bill of Lading

A bill of lading issued by a freight forwarder or NVOCC (Non vessel operating companies) is called House Bill of Lading (HBL). Once after receiving cargo from shipper after necessary customs formalities, the freight forwarder releases House Bill of Lading HBL to the shipper. House Bill of Lading also is a negotiable document and accepted similar to any Bill of Lading.

