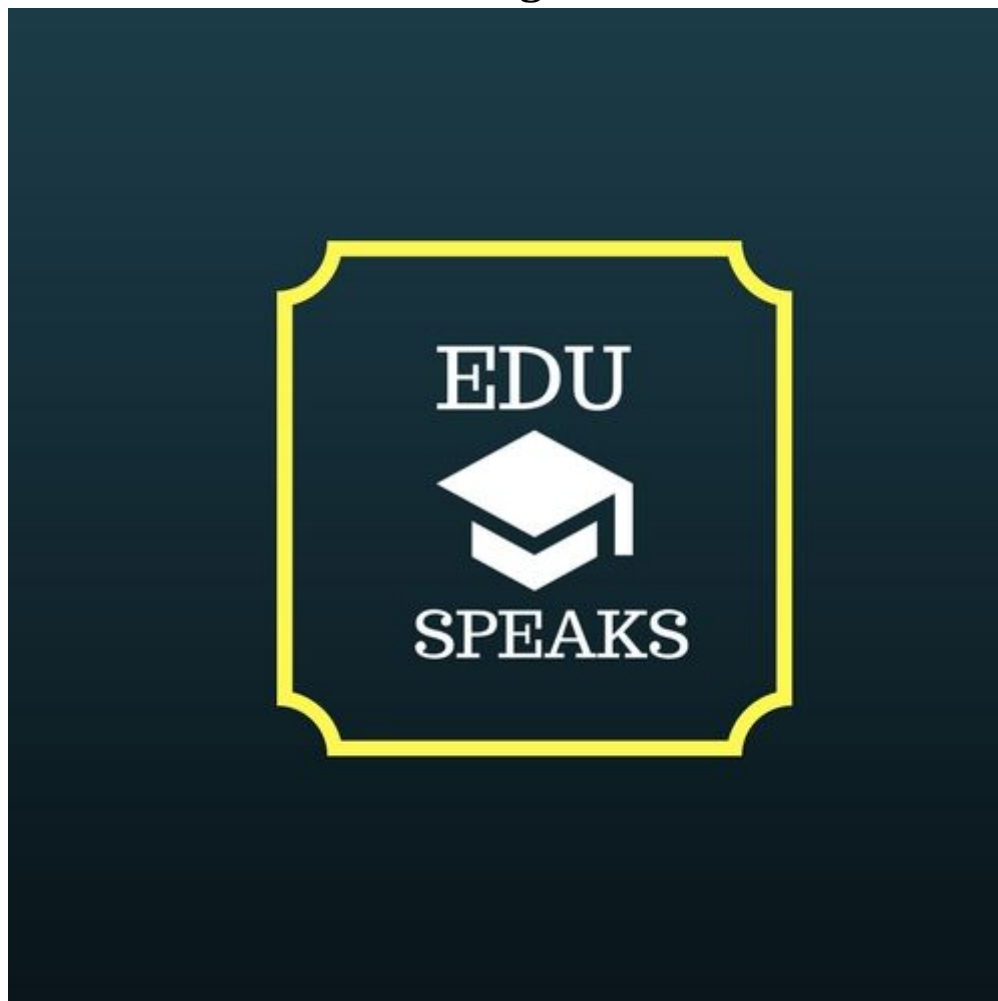


Question No.3 Briefly comment on the following:

c. Normally oral agreement are binding on the ship owners and the charterers who negotiate and fix vessels



Solution: Normally oral agreements are binding on the ship owners and the charterers who negotiate and fix vessels. But it is commercially prudent and a legally desirable to produce documentary evidence at the time of dispute between the two parties. Since the terms and conditions for the tramp fixation are not legally given under natural laws the world over unlike a liner bill of lading, it is a universal practice that these terms and conditions are reduced in writing at the conclusion of the negotiations. Thus, in order to obviate any misunderstanding of the agreed terms and conditions and also for producing the same as evidence, if required, both the parties usually enter into written agreement called 'Charter party'

Charter Party is a contract of carriage of goods in the case of employment of a tramp. Simply stated, it means that the charter party will clearly and unambiguously set out the rights and responsibilities of the ship owners and the charterers and any subsequent dispute between them will be settled in a court of law or any agreed forum with reference to the agreed terms and conditions as embodied in the charter party. However, to facilitate the contract conclusion, the parties may use the standard charter party forms.

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The forms have been in use of a long time and formulated by associations and organisations with interest in tramp trade. In addition to the standard charter party forms, a number of private in-house CPs are also in use. Both standard forms and private CPs are supplemented by additional/Rider's clauses

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