

BLOCKCHAIN AND BILL OF LADING

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Bill of Lading is a substantial document for carriage of goods by sea. The Bill of Lading is issued by the captain of the ship or the carrier to the shipper or the consignor; acknowledging that the goods or the cargo is on the ship with specific details.

India has been working towards the development of Electronic Bill of Lading and Regulations. This has changed the working capacity and efficiency of the shipping business and the trade as it adds benefits in different ways. Now, the new development is unfolding with the emerging concept of blockchains.

A blockchain is essentially a specific type of database where time-stamped and authenticated digital records are compiled.¹ Blockchains are a new digital technology that combines peer-to-peer network computing and cryptography to create an immutable decentralised public ledger. Where the ledger records money, a blockchain is a cryptocurrency, such as Bitcoin; but ledger entries can record any data structure, including property titles, identity and certification, contracts, and so on.²

The shipping companies are keen to collaborate with the companies for technological advancement for developing the whole system and roll it in process. This has been taken as a step forward to the displacement of the traditional form of Bill of Lading with the help of automated contract.

The shipping companies are promoting the blockchain based Bill of Lading. The new method is considered to be extremely useful in reducing the time from 5-6 days to a few seconds in processing the Bill of Lading. One day in carriage through shipping means a huge cost and by reducing the time in processing the Bill of Lading will lead to the reduction of cost for the whole process.

¹See: https://www.americanshipper.com/Main/News/Special_Coverage_A_blockchainbacked_bill_of_lading_66056.aspx, Last accessed on 11 October 2018.

² Sinclair Davidson, Primavera De Filippi and Jason Potts, *Blockchains and the Economic Institutions of Capitalism*, Journal of Institutional Economics Vol. 14, Issue 4 Aug. 2018 , pp. 639-658.

Bill of Lading has the evidential value for the existence of a contractual relationship. Bill of Lading is also significant as the document of the title for the cargo loaded. It's an important document for the carriage business. There are few concerns regarding the new developments related to the blockchain backed Bill of Lading. Primarily the statements made by the Indian authorities including the Finance Minister and the Prime Minister, it has been clearly indicated that in India the cryptocurrencies are not accepted as legal currency yet. Time and again the use of cryptocurrency in India has been discouraged so firmly. But it has not been officially mandated yet. Hence the situation is not so clear about the future of cryptocurrency in India and the financial activities in Indian market.

In relation to the blockchain backed Bill of Lading we need to have a clarity about the future of the cryptocurrencies in India. Another aspect is to deal with the fact that the Electronic Bill of Lading is still facing issues relating to the applicability of the Evidence Act 1872 (for example section 65 B of Indian Evidence Act 1872), how it is going to be dealt in the condition of the more advanced form of the Bill of Lading based on blockchain.

“...[A]ny information contained in an electronic record which is printed on a paper, stored, recorded or copied in optical or magnetic media produced by a computer (hereinafter referred to as the computer output) shall be deemed to be also a document.”³

“...[S]hall be admissible in any proceedings, without further proof or production of the original, as evidence of any contents of the original or of any fact stated therein of which direct evidence would be admissible.”⁴

This is just an aspect of issues which may arise, there are many others, like as how to develop the technological advancements complying with the international standards and confidentiality with the fingerprints and other technical aspects needed to be taken care of. The idea of blockchain based Bill of Lading is certainly a progressive thought, but this has to be taken diligently with all due care.

³ Section 65 B Indian Evidence Act, 1872

⁴ *ibid*