

# NERL

NCDEX Group Company

FAQs



## **Frequently Asked Questions (FAQs)**

### **A. Introduction**

#### **1. What is a Repository**

“Repository” means a company that has received a Certificate of Registration under the guidelines issued by WDRA.

#### **2. Who is the Authority?**

“Authority” means the Warehousing Development and Regulatory Authority (WDRA) established under the WDR Act 2007.

#### **3. What are core services of a Repository**

- a) enabling safe and accurate creation, storage, maintenance and cancellation of electronic Negotiable Warehouse Receipts;
- b) enabling the transfer, pledge or removal of the pledge, e-auction of electronic Negotiable Warehouse Receipts;
- c) enabling the delivery of goods in part or full, underlying the electronic Negotiable Warehouse Receipts, through the warehousemen;
- d) on-boarding the users of a Repository;
- e) performing the functions of a Repository Participant; and
- f) providing appropriate access to the Repository to the users of the Repository;

#### **4. What is meant by User in the Repository environment?**

“User” means a depositor, holder, Financial Institution, Exchange, Clearing House, Warehouseman, Repository Participant or any other person to whom the Repository provides core services.

#### **5. What is NERL?**

NERL i.e. National E Repository Limited, is a NCDEX group company which has received a Certificate of Registration under the guidelines issued by WDRA to act as a Repository.

#### **6. Who are the promoters/shareholders of NERL?**

Promoters/Shareholders of NERL are NCDEX Limited, NABARD, State Bank of India and ICICI Bank.

### **B. General**

#### **7. What are the benefits of Electronic Warehouse Receipts?**

- 1) Electronic Warehouse Receipts in a Repository will be the authentic proof of existence of such electronic Warehouse Receipts, and the information contained in such electronic Warehouse Receipts and the record of electronic Warehouse Receipts held in a Repository shall override those of the warehouseman in case there is any difference in the record of the warehouseman and the Repository.
- 2) Electronic Warehouse Receipts can be used as collateral for loans from Financial Institutions
- 3) Electronic Negotiable Warehouse Receipts can be transferred within the Repository eco system from one account to another.

#### **8. Can eWR be transferred to another client**

No, as it is a Non - Negotiable instrument

**9. Can eNWR be transferred to another client**

Yes, as it is a negotiable instrument.

**10. Can the eNWR be transferred to client having account with another Repository**

Yes. This will happen through Inter Depository transaction.

**11. Can warehouse generate physical NWR and eNWR of same stock?**

With effect from such date as may be specified by the Authority, no warehouseman registered with the Authority, shall issue any negotiable warehouse receipt in physical form.

**12. Who is responsible for quality & quantity of the physical commodity?**

The warehouseman is responsible for maintenance of quality and quantity of the physical commodity. Please refer the WDR Act 2007 and Rules, Regulations and Guidelines issued there under pertaining to registration, operation and maintenance of registered warehouses.

**13. Where can I get forms related to NERL?**

Account opening forms and forms required for execution of transactions in NERL can be found on NERL website [www.nerlindia.com](http://www.nerlindia.com)

**14. How do I change my Password**

After first time login, user will be directed to a change password screen. Enter the mandatory details, new password will be received by the user on their registered mobile no and email ID.

**15. Can I generate New Password in case I forgot the old password**

Go to Forgot Password on NERL login page, fill in the mandatory details, new password will be received by the user on their registered mobile no and email ID.

**16. How many user ID's can be created by RP/WSP/Assayer/Pledgee**

RP/WSP/Assayer/Pledgee's can create unlimited user ID's as per their operational requirements.

**17. Which transactions can be executed inter-Repository?**

Transactions which can be executed inter Repository are mentioned below:

- 1) Deposit
- 2) Withdrawal
- 3) Ownership Transfer
- 4) Pledge

**18. Can my Electronic Warehouse Receipt be delivered on a commodity Exchange?**

Electronic Warehouse Receipt currently cannot be delivered on a commodity Exchange

**19. Whom should I approach in case of grievance against my RP or a warehouse?**

Grievance against an RP can be made to the Repository, while that against a warehouse is to be made to WDRA.

**20. What are the contact details of NERL Customer Service?**

NERL Customer Service Group can be reached on details as mentioned below:

- Toll free no. : 1800 209 6007
- E-mail: [help@nerlindia.com](mailto:help@nerlindia.com)

**c. Repository Participant related**

**21. Who can become a Repository Participant ('RP')?**

As mentioned in the Guidelines on Repositories and Creation and Management of Electronic Negotiable Warehouse Receipts issued by WDRA, a Repository may appoint any of the following as its RP.

- bank, or financial institution licensed under the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934;
- any intermediary registered with the Securities and Exchange Board of India;
- a warehouseman meeting the requirements that the Repository may specify, after such requirements for warehouseman have been approved by the Authority; and
- any other class of persons permitted to act as a Repository Participant by the Authority from time to time.

**22. What is the net worth required to become a Repository Participant**

Following are the various categories of RPs which will be empanelled in NERL

Sr. No	Category	Net worth between Rs. 3 crore & Rs. 10 crore	Net worth < 3 crore
1	General RP	Allowed with a cap of 50 times their Net Worth	Not allowed
2	Limited purpose RP	Allowed with a cap of 50 times their Net Worth	Not allowed
3	Members of stock exchange	Allowed with a cap of 50 times their Net Worth	<ul style="list-style-type: none"> <li>Minimum Net-worth of Rs. 1 crore.</li> <li>Allowed with a cap of Rs. 50 crore AUM</li> </ul>

- No minimum net worth for PACS, FPOs, NGOs, & APMC
- RPs with net worth more than Rs. 10 crore would not have any limit on AUM

**23. What is the documentation process to become a RP of NERL**

Following documents are required to become a RP:

Sr. No.	Documents required
1	KYC details
2	Interest Free Security deposit
3	Directors details viz. name, email id, contact details
4	Net worth certificate in prescribed format
5	Board Resolution
6	Photographs of Authorized Signatories
7	List of authorized signatories verified by bank
8	Self-certified PAN Copy
9	Self-certified PAN Copies of Directors
10	Self-certified copy Certificate of Incorporation
11	List of major clients
12	Letter from bank certifying a/c no and date from which operational
13	IT Returns & Annual reports for last 3 years
14	Proof of Residence - Promoters / Directors

Net worth certificate format and computation method should be as per Annexure C-1 and Annexure C-1A as mentioned below:

<b>Annexure C-1</b>	
<b>Certificate dated:</b> _____ <b>submitted by:</b> _____ <b>to NERL</b>	
<b><u>CERTIFICATE</u></b>	
This is to certify that the Net worth of M/s _____ as on _____ as per the statement of computation of even date annexed to this report is Rs. _____ only ( <u>Rupees in words</u> ) calculated as per L C Gupta method of Annexure C – 1A.	
We further certify that:	
<ul style="list-style-type: none"><li>• the computation of net worth based on my / our scrutiny of the books of accounts, records and documents is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.</li><li>• the computation of networth is in accordance with method of computation prescribed by Dr. L C Gupta Committee Report.</li><li>• The computation of net worth is in accordance with NERL requirement.</li><li>• We hereby confirm that we are not the related party to the aforesaid entity.</li></ul>	
Place:	For (Name of Chartered Accountant Firm)
Date:	Name of the Partner/Proprietor Chartered Accountant
	CA Stamp and Membership Number

(To be provided on the Letterhead of the certifying Chartered Accountant)

**Annexure C – 1A**

**Computation of Net worth**

(Net worth certificate should be provided as per the format provided in Annexure C – 1)  
 Computation of Networth as on..... prescribed by Dr. L.C. Gupta Committee is as follows:

A.	Capital	
B.	Free Reserves	
C.	Less Non-allowable assets viz.,	
	(a) Fixed Assets	
	(b) Pledged Securities	
	(c) Member's card	
	(d) Non-allowable securities (unlisted securities)	
	(e) Bad deliveries	
	(f) Doubtful Debts and Advances*	
	(g) Prepaid expenses, losses	
	(h) Intangible Assets	
	(i) 30% of Marketable securities	
D.	Total Net Worth(A+B-C)	

\*Explanation:

Includes debts/advances overdue for more than three months or given to associates

For (Name of Accounting Firm)

Name of Partner/Proprietor  
 Chartered Accountant  
 CA Stamp & Membership Number

**24. How to enrol in NERL as a RP / Pledgee**

- Go to website <https://nerlindia.com> and click on 'Sign Up'
- Enter mandatory details
- Upload your digital documents
- Send the uploaded documents on the registered address of NERL
- If all the documents are as per the requirements laid down by NERL, then NERL will approve the registration process.

f) System generated ORG ID and password will be sent on the received on the registered credentials.

**25. As a client, how can I avail the service of a Repository?**

A Repository interfaces with the clients through its agents called Repository Participants (RPs). If a client wants to avail the services offered by the Repository, the investor has to open an account with a RP. List of RP's empaneled by NERL are available on our website. Link: <https://nerlindia.com>

**26. How do I select a RP**

Some of the important factors for selection of a RP can be:

- I. Convenience - Proximity to your office/residence, business hours.
- II. Comfort - Reputation of the RP, past association with the organisation, whether the RP is in a position to give the specific service you may need?
- III. Cost - The service charges levied by RP and the service standards.

**27. What should I do to open a new account with a RP**

You can approach any RP of your choice, fill up an account opening form and submit the required KYC documents. You can also refer to the Account opening manual available on our website [www.nerlindia.com](http://www.nerlindia.com).

**28. Can I open more than one Repository account with the same RP**

Yes, you can open more than one Repository accounts with the same DP.

**29. Do I have to open separate Repository account with each Repository**

Clients can open accounts with any Repository of their choice

**30. What is Beneficiary ID**

Account opened by the client with a RP to avail services offered by a Repository can also be called as Beneficiary ID.

**31. Can existing details of a beneficiary ID be changed**

Yes

**32. Ownership transfer can be done within RP's OR intra RP's**

Ownership transfer can be done inside as well as outside RP's.

**33. What is the Beneficiary to Beneficiary process in NERL**

- Client will have to approach his RP and initiate beneficiary to beneficiary transaction by filling in the relevant form.
- RP will provide an acknowledgement copy of the said form and execute the said transaction in the NERL system.
- Client to verify the requested transaction from the holding/transaction statement issued by the RP.

**34. What are the types of accounts that can be opened in Repository?**

Beneficiary account of a client can be opened in Repository

**35. Can I operate a Joint account with Either or Survivor basis?**

No

**36. Is nomination facility available?**

Currently nomination facility is not available in the NERL system.

**37. How will I know my holdings or changes in my holdings?**

On every successful completion of a transaction, client will receive a SMS and an email on the registered credentials. Moreover the client can also request Transaction statement and Holding statement from its RP.

**38. Is POA facility available?**

Currently POA facility is not available in the NERL system

**D. Warehouse related****39. What is the eligibility criteria for becoming WSP of NERL**

WSP's will be registered by WDRA. Kindly refer to WDRA website for further details.

**40. How much time does it take to get an electronic balance credit of the commodity deposited in NERL**

Electronic credit is reflected in the users RP account on a real time basis after completion of all the requisite formalities/norms laid down by the Repository/WDRA.

**41. What is meant by eWR / eNWR**

eWR means Electronic Non-Negotiable Warehouse Receipt

eNWR means Electronic Negotiable Warehouse Receipt

**42. What is the difference between eWR & eNWR**

The term warehouse receipt has been defined by WDRA in WDR Act 2007. eWR are non-negotiable in nature i.e. ownership of the commodity represented by warehouse receipt cannot be transferred. eNWR are negotiable in nature i.e. eNWR's can be traded, sold, swapped and used as collateral to support borrowing.

**43. How much quantity can be deposited in a single eWR & eNWR**

There is no limit for the quantity to be deposited in a single eWR & eNWR

**44. What is deposit process in NERL**

- Client to open an account with the RP / RPs empanelled by the Repository
- Client to approach the Warehouse registered with WDRA for depositing the commodity approved by WDRA in the said warehouse
- Client to complete the formalities prescribed by the Warehouseman (WSP) and pay the Storage, loading/unloading, Sampling, Assayer and any other incidental costs to the warehouse if any to the WSP.
- Warehouse will enter the deposit details in NERL system to generate eWR/eNWR.
- Goods are then tested by the Assayer as per the procedure laid down by the WDRA and a grade is provided for the goods deposited.
- If the goods are not as per the standards laid down by WDRA, same will be rejected by WSP and client will have to withdraw the goods from the warehouse.
- Client will be issued eWR/eNWR's for the goods as per his choice, graded by the assayer as per the grading standards laid down by WDRA.
- Client to verify the credit from the holding/transaction statement issued by the RP.



**45. What is withdrawal process in NERL**

- Client will have to approach his RP and initiate withdrawal transaction as desired by filling in the relevant form.
- RP will enter the request in NERL system and provide an acknowledgement of the withdrawal initiation form.
- Client to approach Warehouse with the acknowledgement copy of withdrawal initiation form, identity proof and letter of authority (in case goods are to not withdrawn by the beneficiary holder.)
- Client to remit storage charges and any other incidental charges to the WSP at the time of withdrawing goods from the warehouse.
- WSP to confirm withdrawn quantity in NERL system.
- Client to verify the same from the holding/transaction statement issued by the RP.

**46. Which warehouses can be on boarded in Repository?**

Only the warehouse approved & registered by WDRA are on boarded in Repository.

**47. Which commodities can be deposited in the warehouses on-boarded by the Repository?**

List of Notified commodities is available on WDRA website.

**48. Can I deposit commodity for which I don't want assaying to be done**

Non assayed goods will be issued eWR.

However for issuing eNWR, assaying is mandatory.

**49. Can my eWR & be converted to eNWR and vice versa.**

To convert eWR to eNWR and vice versa, you need to intimate warehouse at the time of deposit. Once the deposit transaction is completed by the warehouse, conversion of eWR to eNWR and vice versa can be executed only by withdrawing the commodity from the warehouse and re depositing the same by following the complete deposit process laid down by the Repository/WDRA.

**E. Pledge related****50. What is the eligibility criteria for becoming Pledgee of NERL**

Any bank or Financial Institution that provides loan against Electronic Warehouse Receipts can empanel with NERL as a Pledgee

**51. What is the pledge process in NERL**

- Client will deposit commodity as per the process explained above.
- After client has received electronic credit of eNWR / eWR Repository client will approach a Pledgee empanelled with NERL
- The Pledgee will complete documentation and due diligence of the client
- The client will then approach its RP and fill up a Pledge Request Form. The RP will guide the client to fill up the form.
- RP will enter the details in the Repository system.
- This transaction will be confirmed by the WSP and then the Pledgee.
- The quantity will be lien marked in favour of the Pledgee.

**52. Where can I find list of NERL empanelled Pledgees?**

The list of NERL empanelled Pledgee is available on NERL website [www.nerlindia.com](http://www.nerlindia.com).

## **F. Auction related**

### **53. What is the auction process in NERL?**

- 1) NERL will carry out auction through NCDEX e Markets Limited (NeML)
- 2) The commodity to be auctioned will be transferred from the client account to the Pool account of NeML
- 3) NeML will publish the commodity details on its website through a circular and will invite bids from its registered Members.
- 4) NeML will allocate a time slot for the auction to be carried out.
- 5) During this time slot NeML will display the details of the commodity on its auction platform and bidders will bid for the same.
- 6) At the end of the auction window, highest bidder will be decided.
- 7) The financial will be settled with the highest bidder and then the commodity will be transferred into the bidder's NERL account.
- 8) If the bidder does not have a NERL account, then withdrawal papers will be generated in the bidder's favour.
- 9) The auction process will be based on the terms and conditions set by NeML.

### **54. Is it mandatory to auction the quantity in case of pledge invocation?**

No, auction is one of means through the Financial Institution can liquidate commodity of the loan defaulter.