

Warehousing Development and Regulatory Authority
Government of India

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Model SOP for Warehousemen Post Registration with WDRA (Deposit, Pledge and Delivery Management of eNWRs and eNAM)

1.0 Background

1.1 WDRA

Warehousing Development and Regulatory Authority (WDRA) was set up by the Government of India on 26th October, 2010 to ensure implementation of the provisions of the Warehousing (Development & Regulation) Act, 2007. The main objective of the Authority is to implement the Negotiable Warehouse Receipt (NWR) system in the country, which would enable farmers to store their produce for safe and scientific storage and preservation in warehouses near their farms and to seek pledge loan from banks against the NWRs issued against deposit of their stocks. The main functions of the Authority are to make provisions for the development and regulation of warehouses which inter alia includes negotiability of warehouse receipts, registration of warehouses, promotion of scientific warehousing of goods, improving fiduciary trust of depositors and banks, enhancing liquidity in rural areas and promoting efficient supply chain.

1.2 Paper based NWR

WDRA initially implemented paper based NWR system in the country. The applicant warehouses fulfilling the prescribed norms of WDRA are registered and are eligible to issue NWRs on the security stationery of NWR supplied under the regulatory framework of WDRA.

1.3 Risks involved in paper based NWRs

There were many risks involved in the paper-based warehouse receipts viz. risk of mutilation, fudging, overwriting, damage, loss, issuance of WR without receiving goods, issuance of duplicate WR without following the procedure, issuance of multiple WRs for the same stock, possible delivery of stocks without surrender of warehouse receipt, fraudulent overstatement of value of stocks in the warehouse receipt etc. Even many non-registered

warehouses were issuing paper-based receipts wherein they could deliberately mention it as a negotiable warehouse receipt which would lack regulatory back up.

2.0 Transformation Plan

Pursuant to Para 127 of Budget Announcement, 2014-15, a Transformation Plan of WDRA implementation was commenced in December, 2014 to streamline WDRA's activities and introduce IT based platform for registration and monitoring of warehouses and setting up Repositories for issuance of NWRs in electronic form (e-NWR). All activities envisaged under the plan viz. conducting market survey, re-writing of rules/regulations, strengthening of warehouse inspection and supervision framework and use of IT in registration & monitoring of warehouses, setting up Repositories for issue of NWRs in electronic form have been completed.

2.1 Repositories

On 26.09.2017 the electronic Negotiable Warehouse Receipt (eNWR) and WDRA Portal was launched by Hon'ble Minister of Consumer Affairs, Food & Public Distribution. Two repositories, M/s CDSL Commodity Repository Limited (CCRL) sponsored by M/s Central Depository Services Limited (CDSL) and M/s National E -Repository Limited (NERL) sponsored by M/s National Commodity & Derivatives Exchange Limited (NCDEX) were issued certificate of registration for setting up electronic repository systems for creation and management of e-NWRs.

2.2 Characteristics of an electronic NWR (e-NWR)

Following are the characteristics of an eNWR:

- (i) An eNWR is available only in electronic form;
- (ii) The single source of information for the eNWR will be the Repository;
- (iii) Confidentiality, Integrity & Availability of the eNWR information will be provided by the repository;
- (iv) An eNWR has a time validity that is co-terminus with the shelf-life of the commodity or withdrawal of the commodity fully from the warehouse, after which it expires;
- (v) An eNWR can be auctioned under certain conditions such as loan not repaid, delivery not taken on expiry and on damage or spoilage of the commodity in the warehouse;
- (vi) All eNWRs can be traded through off-market or online trading platforms/exchanges;
- (vii) eNWR once entered with a transaction, be it pledge or transfer or withdrawal, cannot

be simultaneously used for any other purpose. Thus, dual use of same eNWR is fully restricted.

The NWR in electronic form could be issued either as an **electronic Negotiable Warehouse Receipt (e-NWR)** which has negotiability and can be used for deposit and withdrawal of commodities as well as trade transactions such as transfer and Pledge or in the form of an **electronic Non-Negotiable Warehouse Receipt (e-NNWR)** which can be used only for deposit and withdrawal of commodities (generally issued for goods received in the warehouse with pending final assaying reports or if assaying is not desired by the applicant) without the facility of trade / transfer.

2.3. Functions of Repositories

2.3.1 Following are the core functions of Repository

- (i) Appoint Repository Participants to extend services of repository to the clients/ users and entering into agreements with them;
- (ii) Establish standard Procedures for repository Participant Operations;
- (iii) Monitoring and Surveillance of Repository Participants;
- (iv) Providing appropriate access of Repository services to the users of the Repository;
- (v) On-boarding the users of a Repository and entering into agreement wherever prescribed;
- (vi) Enabling safe and accurate creation, maintenance and extinguishment of electronic records for eNWR / eNNWR, based on valid authorization by the account holder;
- (vii) Ensure confidentiality, integrity and availability of all Information related to eNWR;
- (viii) Enabling the transfer (on-market and off-market), pledge or removal of the pledge and e-auction of eNWR;
- (ix) Enabling warehousemen to record delivery of goods in part or full, underlying the eNWR / eNNWR.

2.3.2 Following are the users of a Repository system associated with the eNWR life cycle:

- (i) **Repository Participant (RP)**– A field agent of Repository to facilitate account opening and maintenance of clients and all the related transactions locally;
- (ii) **Warehouseman** – a warehouseman having effective control of the warehouse and got registered with WDRA;
- (iii) **Depositor / Client-holder** – A person who has client account opened with Repository directly or through RP intending to be holder of receipt on deposit of his goods or purchasing the goods in a WDRA registered warehouse;

- (iv) **Banks/Financial institution** – Banks and other NBFCs involved in pledge financing based on eNWRs against underlying goods deposited in WDRA registered warehouse by marking lien on eNWRs;
- (v) **Exchange /Clearinghouse** –The Commodity Derivative exchanges/ Clearing Corporations are using eNWRs in Exchange Contract settlements and therefore they are to be provided with interface and to be on boarded with the repositories;
- (vi) **Auction Platform Linkage** – The Repositories can also facilitate an e-Auction platform which can be used by their stakeholders for the purposes of auction of goods deposited in a warehouse if they so desire;
- (vii) **Assayer** – A person who updates the quality norms against the deposit duly confirmed by the warehouseman.

3.0. Management of Warehouse Transactions through eNWRs

3.1 Mandatory registration with eNWR Repository

Rule 27 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017 provide that with effect from such date as may be specified by the Authority, no warehouseman shall issue any negotiable warehouse receipt in physical form, and shall register with one or more repositories registered with the Authority for issuing negotiable warehouse receipts in electronic form. WDRA has since specified the date as 01st August,2019.

3.2 Stages in the process of eNWRs

In order to be authorised for transacting on repository platform with respect to the following processes, the first step required is to get on boarded with one of the repositories:

- (i) Creation and Issuance of e-NWR/e-NNWR against deposit of commodity;
- (ii) Delivery of commodities stored under e-NWR/e-NNWR;
- (iii) Transfer (on-market and off-market) of e-NWR;
- (iv) Pledge/de-pledge management of eNWR;
- (v) e-Auction.

3.2.1 Warehouse registered with WDRA

- (i) Every Warehouse registered under WDRA shall be eligible to become a User of the repository system for generation and extinguishment of eNWR/eNNWR.;
- (ii) The details of WDRA registered warehouses are transmitted to both Repositories for on boarding with the repositories free of cost for registered warehouse;

- (iii) For getting access to repositories by warehouse, either repository team should contact warehouse or warehouse should contact repository team;
- (iv) The formalities with respect to provision of additional information, if any, to repository is required to be completed by the warehouseman so as to obtain user ID and Password to log in to repository system. Repository should ensure authenticated access.

3.2.2 Depositor/Holder client

- (i) The depositor/ clients of the warehouse intending to deal with registered warehouses are required to open an account with any of the repository through their Repository Participant as a sole holder /Proprietary ship/Partnership firm / Association of Persons / Body of Individuals / corporate / trust etc. by completing the Know Your Customer (KYC) process;
- (ii) Every user who has opened an account with the Repository will be on boarded with repository and is assigned an account number. Repository /RP may provide access to client to the system by issuing user-ID/password if so desired by the client.

3.2.3 Banks/FIs/Pledgee

Banks/FIs/Pledgee as defined under the guidelines may be onboarded by Repositories as Full-fledged Repository Participant / Pledgee-RP or only Pledgee client to RP by entering into agreement. The Core Banking system of Banks / FI may interface with Repositories for better functioning

3.2.4 Other Participants

Commodity Derivative Exchanges / Electronic National Agriculture Market (e-NAM) /Auction Platforms may be provided with interface by entering into agreement with the Repository to provide e-NWR services to the extent as prescribed by the Authority.

4.0 System with respect to each of the Repository processes is detailed as under:

4.1 Creation and Issuance of e-NWR/e-NNWR on deposit of goods

- (i) A depositor having an account in the Repository system places his deposit request by online access of the repository system through RP and providing details, such as, the commodity intended to be deposited, its weight and the warehouse where such deposit is intended to be made. Depositor can also place his deposit request with the RP by visiting RP or thru any communication channel as decided by Repository/RP

- for the convenience of the depositor, provided RP ensures KYC authentication.
- (ii) The depositor is also having an option to initiate deposit request at a registered warehouse. (In the NeRL Repository System only).
 - (iii) Depositor is having an option to select eNWR or eNNWR for goods deposited at warehouse. Assaying of commodity deposited and meeting the WDRA prescribed grade of the assaying is mandatory for issuance of e NWR.
 - (iv) The RP after verifying the KYC of the depositor and contents of the deposit request, issues an OTP or authorization code for deposit in the intended warehouse.
 - (v) After OTP or authorization code from RP is received, the depositor visits the concerned warehouse to deposit commodities.(NeRL yet to implement)
 - (vi) The warehouse in-charge, who is also warehouseman's representative, after validation of the KYD of the depositor and his OTP / authorization code, accepts the lot, if the verification is in order as per the detailed process laid down in the Standard Operating Procedure (SOP) for warehouses approved by WDRA (which gives procedure to be adopted for Receipt, Preservation and Delivery).
 - (vii) Some of the steps listed here briefly, are, taking the weighment and visual examination of the stock, drawl of the sample of deposited goods as per laid down process and analysis of the deposited commodity as per the SOP. Detailed steps are explained later.
 - (viii) Warehouse in charge generates the eNWR entering the commodity & actual weighment details and the assaying parameters and grade, and it gets credited to the depositor's account. In the event quality information as per assaying is not received on the same day of deposit, only an eNNWR is issued for the day. This can be converted into eNWR after the completion of assaying and grading subsequently. The same commodity stocks received on a day from a depositor of same grade can be issued an eNWR. However, More number of eNWRs with a small quantity as unit may also be issued at the request of the depositor. However, stocks received on two different dates / two different grades cannot be merged in to one eNWR/eNNWR.
 - (ix) Once the quality results are entered by the assayer, warehouse checks the results and confirms and converts the earlier issued e NNWR to a e NWR.
 - (x) For assaying values /grades, consent of depositor may be taken by warehouseman before confirming the same.
 - (xi) The validity of the e-NNWR/eNWR is initially as per notification issued by WDRA for that commodity. (available on WDRA website and defined in Repositories).
 - (xii) The e-NWR can be finally extended up to the declared shelf life of the commodity published by WDRA, provided the assaying/grading is carried out at each extension.
 - (xiii) In no case the validity of eNWR would exceed the declared shelf life of the commodity. Repository stores the eNWR/eNNWR record and updates the account of depositor and warehouseman.WHM should not allow the stocks outstanding beyond the shelf life of the commodity.

- (xiv) The RP, depositor and warehouseman accordingly receive the SMS / e MAIL confirmation regarding the issuance of eNWR/eNNWR generation at each stage. Assaying results are also conveyed.
- (xv) If assaying and grading is not required by the depositor, an eNNWR may be issued after verifying the moisture content and further storability so as to ensure proper delivery.
- (xvi) **Print of e-NWR/e-NNWR is only for information of users and no transaction based on printed e-NWR is permitted. Any transaction of e-NWR is only on electronic record of e-NWR /e-NNWR in repository system. Any claim on printed e-NWR/e-NNWR is null and void.**

4.2 Extension of Validity of eNWR

- (i) The eNWR has an initial validity followed by one or two extensions for a limited period with the condition that the total period of storage shall be well within the declared shelf life of the commodity as prescribed by WDRA for each notified commodity (Please refer WDRA website for shelf life details).
- (ii) The depositor/holder of the eNWR is to take delivery of the stock within the validity of the eNWR and WHM to ensure the same.
- (iii) In case any extension in validity, as admissible, is desired by holder of eNWR, a request for the same is made to the RP& verified/authenticated which gets routed to the warehouseman on Repository application.(On NeRL Repository system, the request for extension of e-NWR can be made to the Warehouse as well). The depositor / e NWR holder may have to incur additional expenses towards re assaying, if any, as prescribed by WHM.
- (iv) The warehouseman after confirmation from repository participant and verifying the eNWR credentials/KYD details initiates the process for revalidation/extension. He needs to assess the condition of the stock by assaying and grading as per details in SOP for warehouse operation.
- (v) If the quality on assaying is found within permissible limits, he may accept/enter the assayed values in e-NWR sheet, may get consent of depositor and confirm the extension of eNWR validity for the admissible period and update the same in repository system.
- (vi) The Repository sends notification confirming the extension of the validity of eNWR to the RP, depositor and warehouseman.
- (vii) The request for extension in the validity of eNNWR shall be entertained by the WHM only after verification of the Physical Parameters of the sample including moisture and getting satisfied with its further storability. The extension period is to be in line with WDRA instructions as in the case of e NWR. WHM to ensure that no Commodity to be allowed to be outstanding beyond shelf life.

4.3 Part/ full withdrawal /delivery of e-NWR/e-NNWR

- (i) Depositor / eNWR/eNNWR holder requests delivery of commodities through RP or through his online access on repository portal.
- (ii) The request is further processed in Repository system and once authorized as per the KYC verification and availability of balance stock in the eNWR, the OTP / authorization code is issued to the depositor/holder.
- (iii) The warehouseman or his authorized person (mostly it is the warehouse in charge) checks the owner of eNWR/eNNWR in repository system.
- (iv) After required KYD validation of depositor /eNWR/eNNWR holder and the presentation of OTP/authorization code, the warehouseman collects the balance storage charges from depositor /eNWR/eNNWR holder before releasing the commodities.
- (v) Required quality checks are to be exercised as per the SOP before delivery.
- (vi) The quantity delivered and other quality attributes are updated in the Repository system. The designated stock is then delivered to the depositor/eNWR/eNNWR holder. **NO STOCK TO BE DELIVERED BY THE WAREHOUSEMAN WITHOUT RECORDING IN REPOSITORY SYSTEM.**
- (vii) The records at Repository getup dated and confirmation sent to the RP, depositor / eNWR/eNNWR holder and the warehouseman about the completion of process.

4.4 Transfer of e-NWR

Transfer of eNWR may take place during both, off market and on market transaction, as per details given below:

4.4.1 Off Market Transfer

- (i) Assuming seller and buyer have already decided for transaction of e-NWR holding.
- (ii) Buyer or Receiving client/ transferee should have opened client account with either of the repositories.
- (iii) Depositor/eNWR holder (delivering client)/ Transferor places his requests (debit instruction) of eNWR through his online access or through RP after required validation and KYC along with the quantity to be transferred and the details of transferee and the details of Warehouse charges paid / overdue.
- (iv) For exchange based transactions, the request flows to warehouse of stock under e-NWR and the balance against the eNWR is confirmed from the warehouseman. For others/ off line transfers, the record of Repository is final and no reference to

- warehouse is required.
- (v) Pending warehousing charges are either collected by warehouseman from the Transferor client or transferred to the transferee automatically while confirming transaction, which are to be cleared by the receiving client.
 - (vi) The request flows to RP of receiving client / transferee.
 - (vii) The receiving client/ transferee, who is required to have an account with one of the repositories, needs to confirm for the credit of eNWR in his account online or through RP. Receiving client can set standing instruction in his account as well.
 - (viii) Instruction from receiving client / transferee gets further routed to repository participant of seller / transferor which transfers ownership of eNWR from delivering client /transferor to receiving client/transferee
 - (ix) Records get updated at Repository for seller and buyer RPs, transferor client, receiving client / transferee and the warehouseman. Repository also sends intimation to all of them to this effect.
 - (x) Any balance warehousing charges are to be paid by receiving client /transferee, if not cleared by delivering / transferor client.

4.4.2 On Market Transfer

4.4.2.1 Commodity Exchanges:

- (i) This will be available only to those commodity exchanges where Repository(ies) have entered into agreement to provide services.
- (ii) The delivering client on repository platform, who is the depositor or holder of eNWR, and also member on Exchange or Clearing corporation, through online access or through RP marks early pay-in or pay-in of eNWR of specific listed commodity on the exchange.
- (iii) Trades on exchange are cleared and settled by clearing corporation.
- (iv) Upon receipt of instructions of payout from Clearing Corporation, Clearing Member /Trading Member or the buyer client, e-NWR transfer instructions flows to buyer/RP of buyer for confirmation of buyer (presently to RP of buyer).
- (v) Upon receipt of the buyer confirmation, eNWR is transferred to buyer account.
- (vi) Records are updated at Repository for seller and buyer clients' RPs, Clearing members, Trading Members, Clearing Corporation, Delivering client, Receiving client and the warehouseman and also intimation/report to this effect is sent by Repository to all.
- (vii) All the procedures prescribed by SEBI / Clearing houses to be followed mandatorily with regards to deposit, transfer/ delivery of commodities in accredited warehouses of Commodity Derivative exchanges. However, Warehouseman has to ensure that the e NWR is in valid stage till delivery of the

goods, even by getting the same extended as scheduled

4.4.2.2. eNAM

Detailed process guidelines for trade and transfer of eNWRs on eNAM platform have been issued by the Authority as per **Annexure I**. It is necessary that the particular warehouse is notified as a market sub-yard of the concerned APMC before it starts transacting eNWRs on the respective eNAM portal.

4.5 Pledge management of eNWR

4.5.1 Pledge Creation

Assuming that pledgor and pledgee have decided for loan transaction and the depositor has got necessary sanction from the Bank / FI for extending Pledge loan.

- (i) Pledgor (Depositor/holder of eNWR) places pledge creation request through online access or through its RP, who, after necessary validation and KYC routes the request to the concerned warehouse for confirmation.
- (ii) Warehouseman is required to confirm the existence of commodities in the warehouse for the quality/quantity on the date of pledge creation / confirmation by Bank / FI.
- (iii) In consideration of the pledgor request for pledge creation, the pledgee can also put request for pledge creation through its RP, which is then routed to the concerned warehouse.
- (iv) If however, the pledgee has given standing instructions to its Repository Participant to accept any pledge, the pledge request confirmation need not be specifically be insisted upon by the Repository Participant from the Pledgee. This is between RP/Repository and Pledgee as per their agreement.
- (v) On confirmation for creation of pledge from the RP of the Pledgee the lien is marked on e-NWR record in the repository system and e-NWR is blocked for any further transaction.
- (vi) All records are updated on the repository system. Intimation to this effect is sent to RPs, pledger, pledgee and the warehouseman by Repository about pledge creation of eNWR.

4.5.2 Pledge Removal/ De-pledge

- (i) Request for de - pledge / pledge closure is either submitted by the pledgor or the pledgee online or through their respective RPs.
- (ii) In all such cases the pledgee is also required to submit his confirmation on de-pledge/ pledge closure on the eNWR, directly or through his RP.
- (iii) On receipt of confirmation on de-pledge from pledgee, the lien on e-NWR is removed in repository system.
- (iv) Records at repository are updated and communicated to all concerned.
- (v) The eNWR will be free in holder's account for further transactions.

4.5.3 Pledge Invocation

Assuming the Bank / FI has taken necessary steps such as issuance of Notices as laid down by the Bank Rules/ Sanction Terms & Conditions of pledge loan,

- (i) If pledge has decided for pledge invocation, the pledgee, directly or through its RP, shall place a request for invocation of pledge as per the provisions of the pledge document.
- (ii) Repository system may execute invocation and update its records.
- (iii) Information is communicated to all concerned.
- (iv) The pledgee, as per its option, may take help of repository to make use of the e-Auction platform facilitated by it for the purpose of disposal of goods against which pledge has been invoked.

5. DUTIES AND OBLIGATION OF STAKEHOLDERS

5.1 Duties and Obligation of Warehouseman

A warehouseman using the services of repository for eNWR based transactions shall be required to adhere to following obligations expected of him:

- (i) Accepting for deposit and providing safe storage facilities of notified commodities to depositors after verification process through KYD as advised by RP / Repository;
- (ii) Delivering the deposited goods well before the expiry of their declared shelf life.
- (iii) Issuing of eNWRs / eNNWRs as required on Repository Platform as per the request of client;
- (iv) Delivery of commodities to the depositor/eNWR title holder as advised by RP / Repository;

- (v) Carrying out all the record keeping and daily online reconciliation on repository application (including physical verification) at the warehouse and updating the repository;
- (vi) Always ensuring updates of attributes of eNWR /eNNWR on repository data base on the basis of evaluation by assayers;
- (vii) Regulatory reporting to WDRA and adherence to regulatory requirements;
- (viii) Facilitating Client account opening by acting as RP if required and approved by the repository.
- (ix) Ensure Withdrawal of eNWR / eNNWR in Repository system before delivery of stored commodities to the depositor.
- (x) Ensuring no e NWR / e NNWR outstanding beyond validity / shelf life

5.2 Duties and Obligation of the Depositor/ Title holder of the eNWR

A depositor/ title holder of the eNWR using the services of repository for eNWR based transactions shall be required to adhere to following obligations expected of him:

- (i) Provide correct information about the entity as sought during account opening/KYC validation to the RP
- (ii) Keep their RP informed about any change to KYC related information.
- (iii) Take delivery of the deposited goods well within the validity period of the eNWR but mandatorily before completion of shelf life. Ensure to keep the e NWR valid with due extensions.
- (iv) Make available the requisite information about the ownership of the goods deposited as and when required by the repository/Authority
- (v) Pay the requisite transaction fee to the Repository Participant
- (vi) Regularly pay the rentals and other warehousing charges against the goods deposited by him as per the Rules laid down by the WHM.
- (vii) In case any transfer of eNWR is required the buyer or the receiving client shall be apprised of the outstanding rentals and warehousing charges and any other dues towards eNWR transaction against the repository. He may also take a confirmation from the buyer/receiving client about his willingness to bear the outstanding charges before such transfer.

5.3 Duties and Obligation of the Bank/ Financial Institutions on-boarded with the repository (ies)

A financial institution which can be a Scheduled Commercial Bank as listed under Schedule 2 (as amended) of the Reserve Bank of India Act, 1934, Sponsored Banks, Small Industries Banks, State Financial Corporations, Cooperative Banks/ Societies,

Non- Banking Financial Companies and any other financial institution defined or notified under the Reserve Bank of India Act, 1934 or a Clearing Corporation registered with Securities and Exchange Board of India (SEBI). The financial institutions may be associated with repositories for the purpose of pledge financing and pledge removal/pledge invocation or for collecting margin as per SEBI norms.

Following shall be the obligation of financial institution on-boarded with the repository (ies):

- (i) Furnish requisite documentation to the RP as prescribed for opening of account with the repository (ies)
- (ii) Keep the repository updated about the status pledge of eNWRs and any default by the concerned depositors availing pledge loan.
- (iii) Furnish required reports and returns as prescribed by WDRA from time to time.
- (iv) Extend the pledge loan only after getting requisite confirmation from the warehouseman/RP
- (v) A bank, or financial institution licensed under the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934 may also act as RP

***** END *****

Warehousing Development and Regulatory Authority
Government of India

**GUIDELINES ON DEPOSIT OF GOODS IN A WDRA REGISTERED WAREHOUSE
INTENDED TO BE TRADED ON e-NAM PLATFORM**

1.0 Brief Background:

One of the basic purposes of Marketing Reforms in Agriculture is to prevent distress sale of produce by the farmers. e-NAM was launched to provide a wider market access to the farmers beyond the local Mandi to a PAN India platform, which enables the farmer to have better price discovery for the produce. Because of higher supply and less demand immediately after harvest, the market prices are too low at that time and even e-NAM alone, without the assistance of scientific storage, may not be able to prevent the distress sale. After a farmer physically brings produce to an e-NAM enabled Market yard / Mandi, he has no option but sell his produce at whatever price he may get, which could be non-remunerative, as he can't afford to physically retain or carry his produce again and again to the e-NAM Mandi till he gets a remunerative price.

Warehousing comes as a great support to the farmers in the above mentioned circumstances. Particularly, a WDRA approved warehouse, which can issue Electronic Negotiable Warehouse Receipt (e-NWR), helps the farmers to defer the sale without resorting to physical movement of the produce. These e-NWRs issued by the registered warehouses contain all the Quality/ Grade and Quantity details of the deposited goods, duly verified and recorded which are required for the farmers' stock reaching the e-NAM Mandi.

WDRA and e-NAM teams have jointly developed API protocol for electronic transfer of e-NWR data to e-NAM platform. The task of e-NWR and e-NAM integration has since been completed by the WDRA-e-NAM team and formally inaugurated / launched by the Hon'ble Union Minister for Agriculture on 03.04.2020 at Delhi.

An important part of e-NAM and e-NWR integration is the assaying of goods in the warehouse. Assaying for the normal WDRA registered Warehouses is done as per Agmark Grade Standards notified by the Directorate of Marketing and Inspection under the Agricultural Produce Grading and Marking Act, 1937 or BIS or any other standard and adopted by the WDRA under Warehousing (Development and Regulation) Act, 2007. In Warehouses notified as Mandis, additional information pertaining to assaying parameters, along with the derived Range, as prescribed by e-NAM will also be made available in e-NWR, for enabling bidder to make informative Bid.

2. Standard Operating Process (SOP) in a WDRA Registered warehouse declared as a Market / Sub Mandi by the Respective State Government:

Standard Operating Procedures (SOPs) published by the Authority provide details of the steps to be taken during receipt, storage, safety and security of stocks and the conditions for delivery of the same to the depositor or the person authorized by him or the holder of the e NWR. As far as deposit of the goods is concerned, SOPs of WDRA also elaborates in detail the process to be

adopted for the following activities:

- a. Receipt of Stock in warehouses
- b. Weighment
- c. Sampling
- d. Taking Lab Sample
- e. Assaying the lab sample
- f. Recording value of prescribed assaying parameters for ascertaining the grade
- g. Issue of e-NWRs

However, post integration of e NWR with e NAM, the SOP presently in practice will undergo some change in line with the requirements of e NAM Bid Process - Option to bid by the depositor / seller through Repository Participant (RP), Placement of bid by digital movement of data of e NWR in e NAM bid form, Bid Execution, Acceptance of Bid by the seller / depositor, Fund Transfer by Bidder / Buyer, Receipt of sale proceeds by seller and Transfer of ownership to the Buyer in Repository records.

The document will now explain the proposed improvements / changes in SOP for the benefit of all stake holders including Depositors, Warehouseman, Bidders & Repository Participants

At the outset we explain the prevalent practices at e NAM enabled Market / Mandi in brief for better understanding the process adopted for bid in e NAM enabled Market / Mandi through e NWR

2.1 Process adopted for BID/ SALE in e-NAM enabled Market yard / Mandi for Commodities moved physically.

Under e-NAM once the farmers bring their produce in the e-NAM Mandi, following processes are adopted after capturing KYC details of the farmer at the gate:

- a. **Assigning the lot number** – The quantity of a particular commodity/variety brought by the farmer is assigned a lot number. However, there are provisions under e-NAM system for splitting the assigned lot or merging of lots as required by the farmer and re-assignment of a new lot number.
- b. **Sampling:** Sampling is done for every lot and the collected samples are sent to assaying lab for assaying. While collecting the samples, details of the lot and total quantity involved in it are considered. Sampling procedure is also prescribed alongwith the e-NAM assaying parameters. The e-NAM Mandi has the system and facilities for sampling and assaying of the received goods
- c. **Assaying of the Samples** - Assaying is done based on Commodity and its Assaying parameters. Under e-NAM assaying parameters have been prescribed for the commodities identified for trading on its platform. After completion of Assaying result values are entered against the particular lot and saved. Under e-NAM quality parameters, different ranges are prescribed based on the values of different parameters obtained on assaying. These results are viewed by Traders and based on the assaying report they arrive to the bid price for a lot.
- d. **The Bidding Process:** The bidder will place the bid lot wise which are considered by the e NAM and the bidder quoting the highest price will be identified (lot wise) and published. The Seller has a specific time slot with in which he can reject the received bid. After the completion of time lines, the Sale Invoice / Bill will be generated.

- e. **Remittance of Sale Proceeds by Successful Bidder and Delivery of stock:** e NAM has several options for the successful bidder to remit the sale proceeds either in off line or on line. In case of On line remittance mechanism, the proceeds will be remitted by the bidder / Buyer to the credit of e NAM pool account and the Mandi will appropriate the proceeds to seller and towards other charges. Then the buyer will get a Gate Pass to move the stocks purchased

2.2 Process to be carried out at registered warehouses for enabling e-NAM trade for e NWR

Now, we will explain the process flow in case of bidding on e-NAM platform with e-NWR.

2.2.1 PRE-REQUISITES:

1. The Warehouse should be registered with WDRA and also notified by the respective State Government as a Sub Mandi / Market yard or permitted to facilitate trading on eNAM platform without such notification as per prevalent law in force. Detailsof notification regarding declaration of a registered warehouse as market sub-yard shall also be communicated to the repository by WDRA and also updated in the warehouse database.
2. The Mandi in whose area of operation the Warehouse is located should be e NAM enabled Mandi as per the prevalent law in force.
3. The Electronic Negotiable Warehouse Receipts are the only eligible instruments to be traded on the e NAM platform through WDRA registered warehouses.
4. The commodity against which the e NWR is issued should be the approved commodity of the e NAM at the specific MANDI.
5. All Rules & Regulations prescribed by the e NAM with regards to Assaying / Grade standards gets priority and required to be followed by all the stake holders to ensure bidding process at e NAM Mandi.
6. WDRA will ensure the Quality and Quantity as notified in e NWR and placed in the e NAM bid through the Warehouseman in line with W (D&R) Act 2007
7. WDRA is the sole Authority with regards to grievance redress of all the stake holders with regards to bid / sale of produce covered under e NWR in e NAM Mandi.
8. Online Fund Transfer post Bid Finalization will be the only option available to successful bidder / buyer with regards to e NWR bid on e NAM Market. No other option will be available to buyers.
9. The Sellers / Depositors and Buyers shall note the Terms and Conditions prescribed and published for each one of them. (A copy of the T&C enclosed)

2.2.2 Standard Operating Process (SOP) Proposed for eNWR bid on eNAM Market

1. **Receipt of Stock in a Warehouse:** The stock deposited by a depositor/farmer will be received by following all the pre-requisites as provided under the SOP published by WDRA for registered warehouses and the process notified under Repository system.
2. **Assigning a Lot number:** The system and process for assigning a lot is also prescribed under the SOP. As far as lot size is concerned the SOP provisions are under:

- (i) A lot shall represent the total quantity of goods pertaining to one variety/grade of a single commodity deposited by a depositor in a single day and shall be allotted a lot number.
- (ii) The warehouseman may consider allotting more than one lot number pertaining to the quantity of goods of one depositor for one variety/grade of a single commodity brought on a single day as per request of the depositor/conditions of the contract.
- (iii) However, once e-NWR is issued the lot number cannot be changed.

3. **Weighment:** Weighment shall be done for each lot number on an internal/external weighbridge or an internal weighing scale (Digital/Mechanical Platform Scale of Appropriate Capacity) duly supervised by the warehouse staff and authenticated by the warehouse staff and the depositor/farmer. Net weight of each lot is arrived at and recorded in the warehouse system/records. This net weight shall be inclusive of the bag weight.
4. **Intent of the farmer whether he wants to trade his stock on e-NAM platform:** At the time of deposit itself it will be desirable for the depositor/farmer to indicate whether he proposes to avail the option to trade his deposit on e-NAM platform provided all the prerequisites noted above met. As a thumb rule, in case of all deposits of the commodity deposited in e-NAM linked warehouses and is also likely to be traded on eNAM platform in the nearby mandi (which has declared the warehouse concerned as a Market sub yard or as prescribed under the prevalent law in force) will invariably be treated as eNAM-eNWR. In case of all such deposits the assaying will be done with respect to both the Agmark parameters as well as eNAM parameters mandatorily by warehouseman. Indicating intent to put his stock on e-NAM trading platform will, however, not debar the depositor/farmer from resorting to off market trading, pledge financing, transfer or normal delivery with respect to the deposited stock.
5. **Sampling from the truck or the Stack** – Depending on the size of the lot, the sampling may be done either from the truck itself or from the stack as per the sampling norms prescribed under the SOP, in line with prescribed BIS Standard.
6. **Assaying carried on the stock sample:**
 - i. **General Assaying as per Agmark**– It is mandatory to carry out assaying of the sample from deposited goods as per the process detailed in the SOP based on assaying parameters prescribed under Agmark/BIS or any other standard as adopted by WDRA in line with the Warehousing (Development and Regulation) Act, 2007.
 - ii. **Assaying as per e-NAM and Commonality in Agmark and e-NAM parameters** –

- (a) In case the commodity deposited is a commodity being traded on e-NAM, such deposit will be treated as e-NAM deposit and assaying of all the parameters under Agmark (or any standard acceptable to the WDRA all the additional parameters under eNAM along with noting the details of “Variety” of the commodity as per e NAM Master) shall be carried.
 - (b) It is observed that the assaying parameters under Agmark and e-NAM are generally same barring some exceptional cases. In case of e-NAM combined limits of two or more Agmark parameters is taken towards assigning range in case of some of the commodities.
 - (c) Even in case a depositor/farmer subsequently indicates his intent for trading his deposit on e-NAM platform, it shall be possible as assaying has been carried out, both as per agmark parameters as well as eNAM parameters at the time of deposit.
 - (d) There are some optional parameters prescribed under e-NAM, which need not be assayed, unless specifically requested by the depositor/farmers. Since many of these optional parameters seem requiring chemical tests, the warehouse may insist the depositor/farmer bear the cost of testing of optional parameters if done in an outside accredited lab, as per their business convenience.
 - (e) In case of older stock, deposited before the issue of these guidelines, if the depositor opts for trading on the eNAM platform, assaying for additional parameters as per eNAM requirements will have to be carried out by the warehouseman before the same is put on eNAM platform for auction.
- iii. **Issue of e-NWR** – The e-NWR may be issued for the lot after capturing both the WDRA notified parameters, such as agmark, and e-NAM assaying parameters along with Variety of that Commodity obtained from eNAM platform and recording the values of the same therein. The agmark grade, if any, derived from these assaying parameters will also be recorded in the e NWR. The parameters for eNAM and the eNAM variety will be provided in the eNWR as an additional information.

However, it is not mandatory for the depositor to express his intent for e-NAM trade at the time of deposit. Farmer/Trader may avail the option of trade on eNAM platform during the period of validity of e-NWR post generation of e-NWR also.

7. Process for transferring the e-NWR details to e-NAM portal and trading of Farmers Produce:

The depositor/farmer may store his stock in the warehouse and may wish to place a bid for his stock in full or in part on e-NAM platform at a time when he wishes to trade on the e-NAM platform. Such of the depositors/farmers would follow the

process as under:

- i. **Request for trading his stock on e-NAM** – The request to place the bid will be given by the depositor/farmer to the Repository Participant(RP) for transmitting the details of their deposited goods along with quantity proposed to be traded on eNAM platform, digitally to e-NAM platform. **The request for trading his stock on e-NAM platform shall be given to RP before 2.00 pm for getting a bid on e-NAM trade on the next working day. Depositor to note that the RP will initiate a lien on the stocks proposed for the bid on e-NAM platform till the completion of the process.**

The seller can opt to put the complete quantity in the eNWR for auction on the eNAM platform. Alternately the seller can also offer only a part quantity in the eNWR for bidding. However, it should be noted that the seller will not be able to put another part of the same eNWR for bidding on eNAM platform, till the bidding process for the earlier offered quantity has been completed. In any case, no two quantities for the same eNWR can be put up for bidding on the eNAM platform on the same day.

- ii. **Electronic process for transferring the e-NWR details** – The Repository Participant before initiating the process for digitally transmitting the e-NWR details would seek some additional details such as
 - a) Variety of the Commodity deposited
 - b) Warehousing charges due to be paid with a T+3 requirements, where T is the date when the stock would be traded on e-NAM platform.
 - c) Bank Account details of depositor / seller to which proceeds required to be remitted in case of successful bid

The depositor is required to obtain the warehouse charges due upto T+3 days, where T is the date of auction on e-NAM platform from the warehouseman. The depositor/farmer has an option to update the rent and other warehousing charges and obtain a NIL Certificate from the Warehouseman. **It is a proposed to collect the rental and other warehousing charges due for T+3 days keeping in view the time taken for e-NAM trade completion till transfer of stocks.** These details shall also be communicated to the buyer with the condition that it will be his responsibility to pay all the outstanding warehousing charges due on the stock from the date of transfer of goods to his account in repository books. Further, the RP will seek the details of Bank account information such as account number, IFSC Code, Bank details etc. which will be communicated to enable the e-NAM platform to remit the proceeds in case of successful bid.

- iii. **e NAM Bidding and Trading Process** : The bid process as follows:

- a. ***Transfer of e-NWR details***– The Repository Participant through APIs shall transmit the e-NWR details including Commodity, its variety, Bag type, Number of Bags, Quantity, Qualitative parameters and their range etc. as per eNAM requirements, along with rental and other warehousing charges due, if any, & Bank a/c details which are additionally captured to e-NAM portal to be included in the next working day's bidding
- b. Only the client / buyer having an account with any one of the Repositories through their Repository Participants is eligible to participate in bidding through e-NAM platform. A buyer intending to participate in e-NAM trade of e-NWR shall be required to approach the Repository Participant of any one of the Repository and provide required KYC documents and get the account opened in the Repository System. He would be required to provide his repository account details to eNAM, in case he is the successful bidder.

However, in the beginning, in order to have good number of buyers participating in the auction, the buyer who is currently not having an account with any of the repositories shall also be permitted to participate in the bid provided he accepts to open his / her account by furnishing required KYC post successful bid on e- NAM trading platform. This activity should mandatorily be completed within two days from the date of successful bid. In such a case, the successful bidder would be required to give his PAN number to eNAM prior to opening of his account with any one of the repositories. This process will help in authentication of the buyer at the time of opening of the account with the repository.

- c. Only those of the Buyers who accept to do the online payment to the seller through e NAM pool account by NEFT/RTGS/ Internet Banking/ Debit card or in any digital mode of payment available in e-NAM platform shall be eligible to participate in the trading of e- NWR on e-NAM platform. No other option other than On Line Payment is available to the bidder in trade with e NWR .
- d. Buyer with the unified license will be able to place the Bid for the commodities placed in warehouse located within his/her state. However, the buyer located outside the state will be eligible to participate in the trade subject to prior consent for interstate trade from the respective authorities (State Marketing Board) in line with the rules prescribed by the Mandi.

(THIS MAY UNDERGO A CHANGE BASES ON THE NEW ODINANCE ISSUED BY THE GOVT ON 03/06/20)

- e. **The Bid option will be open on e-NAM Portal from 11.00 am and close at 1.00 pm** during which a buyer can offer his bid. Buyer will be able to see the information pertaining to the warehouse, commodity details put on bid along with the pending rental and warehouse charges, if any, in the e-NAM portal before placing the bid. The Buyer is deemed to have taken into consideration the said information while placing the bid. He will also be able to observe the values of different assaying parameters and confirm as to which range they fall to decide about the price bid for the concerned stock. WDRA will be grievance redress authority in case of any issue with regards to the information published on the e-NAM portal.
- f. Buyer is expected to quote / bid on the e-NAM platform for the stocks stored in a warehouse represented by e-NWR duly taking into consideration the rental and warehouse charges payable / due in course to his account as already informed.
- g. The Buyer will not be able to withdraw his bid option once final bid price has been quoted by him. **However, the seller can reject the bid price quoted by the highest bidder and notified within 60 minutes of the generation of the Sale Agreement i.e. between 1.00pm to 2.00 pm through his RP.** In case there is no rejection by the seller through his RP within stipulated time (60 minutes of generation of sale agreement), it will be considered deemed acceptance and **the Sale Bill will be generated at 3.00 pm.**
- h. **Buyer needs to initiate the payment through the payment gateway (available in e-NAM portal) preferably on the same day on generation of sale bill. The buyer has to initiate the payment with in a time line of 2 days from the generation of Sale Bill.** Failure of doing so will change the status of the Bid to cancelled status. The e-NWRs in such event shall be credited to sellers account as free balance. Frequent failure by the Buyer will attract penal action so as to maintain the status of the bid process.
- i. Buyer would be required to transfer the value of the e-NWR along with the market fee/ Agriculture Market Committee (AMC) charges (as displayed in Sale Bill) to the escrow account immediately on the date of the bid. Buyer will also be required to pay the warehouse charges due (as displayed in Sale Bill) to warehouseman at the time of delivery or prior after the ownership is transferred.
- j. While putting his bid it will desirable for the buyer to take note of the rentals and other warehousing charges payable by him to the warehouseman from date of transfer of e NWR to his account as

per the demand from the Warehouseman or while taking delivery of the goods.

- k. Post successful remittance of the bid amount (remitted from Buyer account) to Seller account (value of eNWR component) and warehouse account (market fee component) from the escrow account under e-NAM and confirmation of credit of the amount by Seller to his RP, **the repository will initiate steps to transfer the ownership of stock from Seller to Buyer within one working day of the payment confirmation.** Transfer of ownership will be duly communicated by Repository to Buyer, Seller and Warehouseman.
 - l. Buyer should open his account with any of the Repository Participant before participating in the bid process. In case he opts to open his account post bid process, he should inform the sale bill details to his RP after successful opening of his account to enable the Repository to transfer the goods purchased by them. Till the account is opened the goods will be held by the Repository under their custody duly transferring the same from sellers account.
 - m. Buyer need not take delivery of the goods on the day the ownership is transferred from Seller to Buyer and is eligible to continue to keep goods in the warehouse for further period. The Buyer will be required to pay warehouse storage charges to warehouseman. Buyer to note that the warehouse storage charges may vary from warehouse to warehouse & commodity to commodity.
 - n. It may be noted that all grievances regarding the transaction on e- NWR on e-NAM platform pertaining to quantity, quality of the stock, payment, warehouse storage charges and other issues related to trade of e-NWR on e-NAM will be as per the grievance redress policy of WDRA. Trader/Buyer may log in to <https://wdra.gov.in> and raise grievance under Posting Grievances/ Query section of the portal
 - o. ***Physical delivery of stock to the buyer*** – This will be done by the Warehouseman only after payment/clearance of all Warehouse charges dues pertaining to the stock transacted by the seller/buyer till the date of delivery. If the buyer doesn't intend to lift the stock the same will continue to remain in storage till the buyer wishes to take delivery on payment of warehouse dues accrued till the date of actual delivery. Buyer as holder of the e NWR can avail the benefits of e NWR such as off market trading, pledge financing, transfer or normal delivery with respect to the purchased stock.
- iv. **Collection of Mandi fee towards sale transaction** : The APMC Mandi also collects requisite Market fee/mandi fee, cess etc. towards the sale transaction taking place either physically in the Mandi or through e-NWR

issued against stock stored in the Market Yard/ sub-Market Yard. Provisions for collection of Mandi fee, Cess etc. is prescribed under the Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 as under:

“Section. 66. - Levy of market fee (single point levy of market fee).

- (1) *The Market Committee shall levy and collect market fee from buyer in respect of notified agricultural produce including livestock bought by such buyer in the principal market yard or sub -market yard(s) or market sub-yard(s) either brought from outside the State/ UT or from within the State/ UT, at such rate as may be notified but not exceeding two percent ad valorem on transacted produce in case of non-perishable agricultural produce and not exceeding one percent ad valorem in case of perishable agricultural produce and livestock:*

Provided that Market fee specified under this section shall not be levied for the second time, in whatever name it is called, i.e. cess, user charge ,service charge, etc., in any principal market yard, sub -market yard, market sub-yard, private market yard, electronic trading platform within the State/ UT provided that market fee at applicable rate has already been paid on that notified agricultural produce in any principal market yard, sub-market yard, market sub-yard, private market yard, electronic trading platform of the State/ UT and the evidence to this effect has been furnished, by the concerned person that market fee has already been paid as aforesaid in the State/UT.

Provided further that in case of commercial transactions between traders, the market fee shall be collected and paid by the seller.

Provided also in case buyer is not licensee and seller is farmer, the liability of payment of market fee shall be of commission agent, who will collect the market fee from buyer and deposit to the Market Committee.

- (2) *The Market Committee may levy and collect entrance fee on vehicles which may enter into market yard(s) at such rate as may be specified in Bye- laws: Provided that no such fee shall be levied and collected from agriculturist –seller.”*

The warehouseman is not authorized to collect the prescribed market fee directly on behalf of State Govt. concerned as it is in violation of the APMC Act. The Market fee/ AMC Charges component is indicated in the sale Bill generated on e-NAM platform after acceptance of bid by the seller. It is the responsibility of the buyer to make payment for the Market fee from the escrow account under e-NAM. The buyer will not be able to make another trade till the market fee pertaining to an earlier transaction is

paid to APMC. In other words till outstanding market fees dues are cleared, no e-NAM transaction can be done by any party.

***** THE END *****