



## भांडागारण विकास और विनियामक प्राधिकरण

भारत सरकार

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**Warehousing Development and Regulatory Authority  
Government of India**

NCUI Building, 4th Floor, 3, Siri Institutional Area, August Kranti Marg,  
Hauz Khas, New Delhi - 110016, Tel. No. 49536496, 49092978

F.No T-23/3/2020-Technical/730

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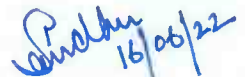
**Subject: Inviting comments from Stakeholders on proposed Rationalization of Dynamic Security Deposit to be submitted by the Registered Warehouseman under clause 4 of Requirement of Security Deposit for registration of warehouse (s) with the Warehousing Development and Regulatory Authority.**

WDRA has notified latest Security Deposit (SD) guidelines vide notification dated 04.12.2020. Recently WDRA conducted outreach programs along with all stakeholders, including WDRA registered WHM in various parts of the country. In these programs, WHM requested WDRA to rationalize the Dynamic Security Deposit (DSD) since the cost of DSD has a direct bearing on their cost of capital.

Further, Commodity derivative market regulator SEBI vide its notification SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated 16-04-2021 reduced required FSD from 3% to 2% (of value of goods stored upto 250 Crores.). Also there has been no instance where Dynamic Security Deposit had to be utilized for compensation to the Depositors or banks for any acts of omission or commission on the part of the WHM. Accordingly, WDRA started consultations with different stakeholders to further rationalize the security deposit requirement.

Suggestions/comments from the stakeholders including Public warehouseman like CWC/SWC, private warehouses commercial banks and general public are invited on the proposed security deposit guidelines. The comments may be sent to Deputy Director (AF&C), WDRA on e-mail [navneet.sandhu@gov.in](mailto:navneet.sandhu@gov.in) or may also be sent by post to the Deputy Director (AF&C), WDRA, 4th Floor, NCUI Bhawan, 3, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016

The comments may kindly be sent latest by the 30<sup>th</sup> June, 2022. It is requested that the name, telephone/ mobile number and address of the sender should be indicated at the time of sending the suggestions/ comments.



**Navneet Sandhu**

Deputy Director (AF&C)

DA: Proposed guidelines as above

**Subject: Stakeholder consultation on proposed Rationalization of Dynamic Security Deposit to be submitted by the Registered Warehouseman under clause 4 of Requirement of Security Deposit for registration of warehouse (s) with the Warehousing Development and Regulatory Authority.**

1. The new rules for registration of warehouses with Warehousing Development and Regulatory Authority (WDRA) developed after extensive consultation with Indian Bank's Association (IBA) and other stakeholders have been finally approved by the Government and notified in the official gazette on February 23, 2017. The new rules provide simplified registration process with well-defined timelines and also due verification of various infrastructural, qualitative and regulatory compliances to derive greater trust of banks and other concerned stakeholders.

2. The Warehousing (Development and Regulation) registration of warehouse Rules, 2017 provide that the Authority, in consultation with all the stakeholders, shall, by notification in the official gazette, specify the amount and manner of the security deposit to be furnished by the applicant or the warehouseman.

3. After further discussions with Warehousing Advisory Committee (WAC) in the meeting held on 22-03-2017 and deliberation with other stakeholders, the Authority vide notification dated 06.07.2017 had notified the Security Deposit requirements for registration of warehouses with the Authority.

Further, vide notification dated 22.01.2019, the Security deposit was fixed to a flat rate of Rs. 50,000/- per warehouse for FPOs/ Cooperatives to encourage registration of warehouses of these entities.

DFPD later advised to revise the security deposit norms, to enable smaller warehouses to register themselves with WDRA. Accordingly, two separate slabs were created, one slab for warehouses upto 2000MT and another slab for warehouses of capacity greater than 2000MT.

The revised norms were notified vide notification dated 04.12.2020.

4. The Security Deposit requires to be furnished by the warehouseman (WHM) as per notification dated 04.12.2020 is summarized as follows

i. A. For warehouseman with total capacity of all warehouses upto 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 50,000/- per warehouse (as detailed in the column A below for registration of warehouses), whereas, the dynamic **Security Deposit is 3% (three percent)** of the maximum value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively in all the registered warehouses of the warehouseman on any day **during the preceding month**, referred as T as mentioned in column B of Table 1 below.

The total security deposit of a sum of A and B for warehouseman having total warehouse capacity of all warehouses registered with WDRA up to 2000 MT, will be limited to total security deposit as detailed in column C, as given in Table I below:-

**Table-I**

Total registered Warehouse capacity (in MT) for warehousemen	Fixed Security Deposit	Dynamic Security Deposit	To Security Deposit Limited to the amount
	A	B	C
Upto 100 MT	Rs. 50,000/- per warehouse	NIL	Total Limited to Rs. 50,000/-
101-500 MT	Rs. 50,000/- per warehouse	3% of T	Total Limited to Rs. 2.50 Lakh
501-1000 MT	Rs. 50,000/- per warehouse	3 % of T	Total Limited to Rs. 5.00 lakh
1001-1500 MT	Rs. 50,000/- per warehouse	3 % of T	Total Limited to Rs. 7.50 lakh
1501 – 2000 MT	Rs. 50,000/- per warehouse	3% of T	Total Limited to Rs. 10.00 lakh

B. For warehouseman with total capacity of all warehouses above 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 1 lakh per warehouse (detailed in the column Z in the Table II below for registration of warehouses), whereas, the dynamic Security Deposit is a percentage of the maximum value of negotiable and non- negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively, in all the registered warehouses of the warehouseman on any day **during the preceding month**, referred as T in the table below. The specified percentage of the consolidated value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form) is in slabs (detailed in the column X&Y in the Table II below). X is the required Security Deposit in the previous slab whereas Y is Security Deposit required in the referred slab for the dynamic Security Deposit. The cumulative value of fixed (Column Z) and dynamic (Column X&Y) Security Deposit shall be maintained with WDRA as in the Table-II below:

**Table-II**

Slab	Dynamic Security		Fixed Security Deposit
	X	Y	
			Z
T is less than or equal to Rs.25 crore	0	3% of T	Rs. 1 lakh per warehouse
T is above Rs.25 crore and up to 250 crore	Rs. 75 lakh	1.5% of excess of T over Rs. 25 crore	Rs. 1 lakh per warehouse
T is above Rs.250 crore and up to 2,500 crore	Rs. 4.125 crore	1% of excess of T over Rs. 250 crore	Rs. 1 lakh per warehouse

T is above Rs.2,500 crore	Rs. 26.625 crore	0.5% of excess of T over Rs. 2500 crore	Rs. 1 lakh per warehouse
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ii. The fixed Security Deposit shall be maintained for a period of six months beyond the registration period whereas the dynamic Security Deposit shall be updated at the end of **each month** and submitted to the Authority which shall be duly acknowledged. The validity of dynamic Security Deposit can be kept for a period of minimum six months so as to take care of any changes in the requirement of Security Deposit during this period.

iii. The Authority may, at its discretion, adjust the Security Deposit already furnished by the warehouseman against the amount required to be furnished as Security Deposit.

iv. Where the applicant/ warehouseman is a Farmer Producer Organization or a PACCS, the total Security Deposit would be Rs. 50,000 (total) per warehouse covering both the dynamic and fixed Security Deposit.

v. The Security Deposit shall be in the form of Bank Fixed Deposits or in form of Bank Guarantee, favouring WDRA as per the format given in First Schedule for a period of six months beyond the expiry of Registration.

vi. The Authority may allow any entity created under an Act of Parliament or of State legislature to provide, an Indemnity Bond for the amount required as Security Deposit, as per format given in the Second Schedule.

vii. An entity allowed by the Authority to submit an Indemnity Bond shall submit, along with its application for registration, a resolution from its Board of Directors authorizing to furnish such Indemnity Bond.

viii. The Security Deposit shall not be released until six months after expiry, cancellation or surrender of the registration of the warehouse or until after satisfaction of every claim against the Security Deposit, whichever is later

ix. The Authority shall refund the security deposit in respect of a warehouse, if–

- a. an application for renewal of registration of the warehouse has been rejected and if the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules;
- b. a warehouseman surrenders his certificate of registration, and the Authority accepts such surrender; or
- c. the certificate of registration of a warehouse is cancelled, and the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules.

x. Notwithstanding such revision of the Security Deposit as specified at (i) & (ii) above, if any, the warehouseman shall not increase the charges payable by the depositors within the period of validity of negotiable warehouse receipts issued to them

5. Requests have been received from the warehouseman to reduce the Security deposit to reduce the cost of operations. Further it is seen that SEBI has reduced the requirement of Financial Security deposit vide Circular No. SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated 16.04.2021 on the subject of Guidelines for warehousing norms for agricultural/agri-processed goods and non-agricultural goods (only base/industrial metals) underlying a commodity derivatives contract having the feature of physical delivery as under.

## FSD Requirement

<b>Type of Goods</b>	<b>Value of Goods stored</b>	<b>Minimum FSD</b>
<i>Agricultural/Agri-processed</i>	<i>Up to Rs. 250 crores</i>	<i>2% of the aggregate value of stored commodities</i>
	<i>Between Rs. 250 crores and Rs.500 crores</i>	<i>'5 crores + 3% of aggregate value of stored commodities exceeding `250 crores</i>
	<i>Above Rs.500 crores</i>	<i>'1 2.5 crores + 4% of the aggregate value of stored commodities exceeding `500 crores</i>
<i>Base / Industrial Metals</i>	<i>NA</i>	<i>0.5% of the aggregate value of stored commodities</i>

In addition to FSD, SEBI has mandated that an accredited WSP shall furnish a minimum amount of Rs. 50 Lakhs as refundable security deposit.

### 6. Proposal

- (i) Recently WDRA conducted outreach programs along with all stakeholders, including WDRA registered WHM. In these programs, WHM requested WDRA to rationalize the Dynamic Security Deposit (DSD) since the cost of DSD has a direct bearing on their cost of capital.
- (ii) Commodity derivative market regulator SEBI vide its notification SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated 16-04-2021 reduced required FSD from 3% to 2% (of value of goods stored upto 250 Crores.)
- (iii) There has been no instance thus far where Dynamic security Deposit had to be utilized for compensation to the Depositors or banks for any acts of omission or commission on the part of the WHM.

iv) It is proposed that the Security Deposit to be furnished by the applicant or the warehouseman to be modified as under:

i. The warehouseman shall maintain a Security Deposit to be held by the Authority during period of registration. The Security Deposit has two components, i.e. fixed and dynamic Security Deposit. The fixed Security Deposit amount is per warehouse belonging to the warehouseman registered with WDRA, whereas, the dynamic Security Deposit is a percentage of the maximum value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form) put together outstanding consolidatively in all the registered warehouses of the warehouseman on any day **during the preceding month**.

(a) For warehouseman with total capacity of all warehouses upto 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 50,000/- per warehouse (as detailed in the column A below for registration of warehouses), whereas, the dynamic **Security Deposit is 2% (two percent)** of the maximum value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively in all the registered warehouses of the warehouseman on any day **during the preceding month**, referred as T as mentioned in column B of Table 1 below.

The total security deposit of a sum of A and B for warehouseman having total

warehouse capacity of all warehouses registered with WDRA up to 2000 MT, will be limited to total security deposit as detailed in column C, as given in Table I below:-

Table-I

Total registered Warehouse Capacity (in MT) for warehousemen	Fixed Security Deposit	Dynamic Security Deposit	Total Security Deposit Limited to the amount.
	A	B	C
Upto 100 MT	Rs. 50,000/- per warehouse	NIL	Total Limited to Rs. 50,000/-
101 – 500 MT	Rs. 50,000/- per warehouse	2% of T	Total Limited to Rs. 2.50 lakh
501 – 1000 MT	Rs. 50,000/- per warehouse	2% of T	Total Limited to Rs. 5.00 lakh
1001 – 1500 MT	Rs. 50,000/- per warehouse	2% of T	Total Limited to Rs. 7.50 lakh
1501 – 2000 MT	Rs. 50,000/- per warehouse	2% of T	Total Limited to Rs. 10.00 lakh

- (b) For warehouseman with total capacity of all warehouses above 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 1 lakh per warehouse (detailed in the column Z in the Table II below for registration of warehouses), whereas, the dynamic Security Deposit is a percentage of the maximum value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively, in all the registered warehouses of the warehouseman on any day **during the preceding month**, referred as T in the table below. The specified percentage of the consolidated value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form) is in slabs (detailed in the column X&Y in the Table II below). X is the required Security Deposit in the previous slab whereas Y is Security Deposit required in the referred slab for the dynamic Security Deposit. The cumulative value of fixed (Column Z) and dynamic (Column X&Y) Security Deposit shall be maintained with WDRA as in the Table-II below:

Table-II

Sl a	Dynamic Security Deposit		Fixed Security
	X	Y	Z
T is less than or equal to Rs.25 crore	0	2% of T	Rs. 1 lakh per warehouse
T is above Rs.25 crore and up to 250 crore	Rs. 50 lakh	1% of excess of T over Rs. 25 crore	Rs. 1 lakh per warehouse
T is above Rs.250 crore and up to 2,500 crore	Rs. 2.75 crore	0.75% of excess of T over Rs. 250 crore	Rs. 1 lakh per warehouse
T is above Rs.2,500 crore	Rs. 19.625 Crore	0.4% of excess of T over Rs. 2500 crore	Rs. 1 lakh per warehouse

- ii. The fixed Security Deposit shall be maintained for a period of six months beyond the registration period whereas the dynamic Security Deposit shall be updated at the end of **each month** and submitted to the Authority which shall be duly acknowledged. The validity of dynamic Security Deposit can be kept for a period of minimum six months so as to take care of any changes in the requirement of Security Deposit during this period.
- iii. The Authority may, at its discretion, adjust the Security Deposit already furnished by the warehouseman against the amount required to be furnished as Security Deposit.
- iv. Where the applicant/ warehouseman is a Farmer Producer Organization or a PACCS or a SHG, the total Security Deposit would be Rs. 50,000 (total) per warehouse covering both the dynamic and fixed Security Deposit.
- v. The Security Deposit shall be in the form of Bank Fixed Deposits or in form of Bank Guarantee, favouring WDRA as per the format given in First Schedule for a period of six months beyond the expiry of Registration.
- vi. The Authority may allow any entity created under an Act of Parliament or of State legislature to provide, an Indemnity Bond for the amount required as Security Deposit, as per format given in the Second Schedule.
- vii. An entity allowed by the Authority to submit an Indemnity Bond shall submit, along with its application for registration, a resolution from its Board of Directors authorizing to furnish such Indemnity Bond.
- viii. The Security Deposit shall not be released until six months after expiry, cancellation or surrender of the registration of the warehouse or until after satisfaction of every claim against the Security Deposit, whichever is later
- ix. The Authority shall refund the security deposit in respect of a warehouse, if—
  - a. an application for renewal of registration of the warehouse has been rejected and if the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules;
  - b. a warehouseman surrenders his certificate of registration, and the Authority accepts such surrender; or
  - c. the certificate of registration of a warehouse is cancelled, and the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules.
- x. Notwithstanding such revision of the Security Deposit as specified at (i) & (ii) above, if any, the warehouseman shall not increase the charges payable by the depositors within the period of validity of negotiable warehouse receipts issued to them.