

WSPs to issue only electronic NWRs soon

Warehousing regulator all set to ban issuance of paper warehousing receipts, electronic NWRs are the way to go

Mumbai, December 21, 2017: Warehouse Service Providers (WSPs) shall have to shun the practice of issuing physical negotiable warehousing receipts soon. The industry regulator Warehousing Development and Regulatory Authority (WDRA) is working on the idea and the decision could be taken in a month or so.

“Warehouses will have the liberty to issue negotiable and non-negotiable warehousing receipts, but only in electronic form”, said Mr. P Srinivas, member, WDRA in a conference here organized by National E-Repository Limited (NERL). The first ever conference in India to discuss the benefits and scope of electronic negotiable warehousing receipts (eNWR) saw active participation of select representatives from banking and warehousing industry.

Mr. Srinivas also announced setting up of a grievance redressal cell where all the stakeholders could lodge their complaints. He clarified that warehouses could issue both negotiable and non-negotiable warehousing receipts, but not in physical form going forward. Speaking in the event through different sessions, industry participants suggested to introduce refinance facility to pledge finance against ENWR to all commercial / coop banks by NABARD.

Some industry representatives also demanded that RBI should direct the banks to offer pledge facility against ENWR and risk weight-age average assigned to ENWR should be lower than other pledge finance. Additionally, demands were also made increase cap on pledge finance for classification as agriculture asset from Rs. 50 lacs to Rs. 1 crore.

“The current market conditions need an able regulator like WDRA to oversee its smooth functioning and concerted efforts are required to build an environment of fiduciary trust and a strong foundation to meet challenges of how the commodity market will evolve over a period of time. For the banks, funding against eNWR under the regulatory oversight of WDRA will bring with it a much needed legal framework resulting in timely resolution of disputes”, said Mr. Samir Shah, MD & CEO of NCDEX. He also highlighted the issues faced by the industry due to the physical or paper warehousing receipts by citing examples of recent incidents where lenders faced financial loss due to aforesaid issues.



“Institutions like NERL will be at a center stage in building and developing the eNWR ecosystem using innovative and flexible technology systems. At NERL our efforts will be directed at ensuring the safety and soundness of Electronic Warehouse Receipts by developing solutions that increase efficiency, minimize risk and reduce costs. We will work to bring integrity and sovereignty to the eNWR as a most favored instrument for holding and financing against commodities”, said Mr. Kedar Deshpande, CEO, NERL.

Mr. Siraj Hussain, former agriculture secretary, Gol and the Chairman at NERL, emphasized the need of putting more investment into agri infrastructure to help farmers in coping up with price fluctuation. Apart from him, Mr. S.A.Pande, CGM NABARD, Mr. S Adikesavan, CGM SBI, Ms. M P Kotwal and Ms. K C Badatya from RBI and Mr. D K Malhotra from IBA also participated in the conference along with other dignitaries.

About NERL:

National Commodity & Derivatives Exchange Limited (NCDEX), the largest Agri Commodity Derivatives Exchange, has incorporated an institution and a market intermediary, National E-Repository Limited (NERL) that provides a platform for issuing negotiable warehouse receipts for commodities in electronic form. NERL, the Commodity Repository in India, incorporated in February 2017 and has commenced its operations in September 2017 on receipt of permanent Certificate of Registration from WDRA.

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