

NCDEX starts warehouse e-repository services

FE BUREAU

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NCDEX GROUP ON Tuesday said it has entered into a new venture National E-Repository Ltd (NERL) to provide repositories services for electronic negotiable warehouse receipts, which farmers can use to avail bank loan.

The electronic Negotiable Warehousing Receipt (eNWR) was launched by union minister of consumer affairs, food & public distribution Ram Vilas Paswan on Tuesday.

The first ever eNWR generated under NERL will provide a regulated institutional framework for creation of electronic warehouse receipt lending to meet the financial needs and inventory financing of those involved in the commodities business, such as farmers, traders, processors and aggregators. With the first eNWR, NERL too was launched formally which would work under the aegis of the Warehousing Development and Regulatory Authority (WDRA).

NERL, one of the major participants providing services towards e-repository, has been promoted by leading agri commodity exchange National Commodity and Derivatives Exchange (NCDEX), National Bank for Agriculture and Rural Development (Nabard), ICICI Bank and SBI.

Its purpose is to help warehouse receipts become credible and marketable lending instruments for banks and thus improve the flow of capital to the commodity value-chain through electronic negotiable warehouse receipts.

NERL will act as a catalyst to boost warehouse based commodity business transactions. According to Samir Shah, MD & CEO, NCDEX, the combination of NERL, electronically connected warehouses and mandis, and electronic warehouse receipts

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will encourage agricultural market prices that reflect carrying costs and ease raw material procurement.

"NERL will be responsible for creation, storage, security, authenticity and transfer of all electronic negotiable warehouse receipts (eNWR), within a regulated framework, between users of the repository such as warehouse service providers, banks, financial institutions, farmers, traders and value-chain participants," said Kedar Deshpande, CEO, NERL.

NERL systems will introduce a lot of visibility, traceability and off-market transfers to commodity trading outside the Exchange ecosystem.

It will accommodate all types of warehouse service providers, including private and state-owned, small and medium.

"Banks have started funding against pledge of warehouse receipts in a big way. The current size of the warehouse receipts market is estimated at about ₹40,000 crore and negotiable warehouse receipts at ₹5,000 crore.

The potential for finance against collateral of major agricultural commodities and fertilisers is ₹1,66,234 crore," he said.

Real time traceability and visibility of stocks would enable warehouse service providers with better commodity risk management capabilities and help them increase occupancy and business volume.