

WAREHOUSING DEVELOPMENT AND REGULATORY AUTHORITY

NOTIFICATION

New Delhi, the 6th July, 2017

Requirement of Security Deposit for registration of warehouse (s) with the Warehousing Development and Regulatory Authority

No. WDRA/2017/1-1(1)/Tech.—In exercise of the powers conferred by clauses (h) and (p) of sub-section (2) of section 35 of the Warehousing (Development and Regulation) Act, 2007 (37 of 2007) and sub rule (1) of rule 19 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017, the Warehousing Development and Regulatory Authority (hereinafter referred as the Authority), hereby notifies the following procedure for requirement of Security Deposit for registration of warehouses with the Authority:

1. The applicant warehouse/ Warehouse Service Provider (WSP) seeking registration of their warehouse(s) with the Warehousing Development and Regulatory Authority (WDRA) shall submit a Security Deposit to the Authority before issue of a registration certificate. The Security Deposit shall be required to be submitted within 21 working days after issue of a communication by the Authority to this effect.
2. If the applicant fails to submit the Security Deposit within the period specified as above, the application shall be deemed to have been rejected, provided that the Authority may, if it is satisfied that the applicant was prevented by sufficient cause from submitting the security deposit within the said period of twenty-one working days, allow it to submit the security deposit within such extended time as may be decided by the Authority.

3. If the applicant submits the Security Deposit in the form and manner specified below, the Authority shall issue a certificate of registration to the applicant in respect of the warehouse to the applicant within five working days in the form specified in the Fourth Schedule of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017.

4. Details of the amount and manner of Security Deposit to be furnished by the applicant or the warehouseman are given as under:

i. The warehouseman shall maintain a Security Deposit to be held by the Authority during period of registration of the warehouse. Value of the Security Deposit shall be a sum total of columns A, B & C mentioned in the table given below (here the highest value of total outstanding negotiable warehouse receipts over the preceding quarter for all the registered warehouses of the warehouseman is referred as T):

Slab	A	B	C
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

ii. The Security Deposit shall be updated at the end of each quarter and submitted to the Authority which shall be duly acknowledged.

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 Organisation or a Co-operative, the total Security Deposit would be Rs. 50,000 (fixed) per warehouse.

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 authorising to furnish of 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 –

- 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 these rules;
- a warehouseman surrenders his certificate of registration, and the Authority accepts such surrender; or
- 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 these 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 validity of negotiable warehouse receipts issued to them.

The First Schedule

(Format for Bank Guarantee for Security Deposit Payment to be submitted by Warehouseman)

Director (Administration & Finance)
 Warehousing Development and Regulatory Authority (WDRA)
 NCUI Building (4th Floor),
 3, Siri Institutional Area,
 August Kranti Marg,
 Hauz Khas, New Delhi – 110016

(With due stamp duty as applicable)

OUR LETTER OF GUARANTEE No. : _____

1. In consideration of Warehousing Development and Regulatory Authority, having its office at NCUI Complex (4th Floor), 3, Institutional Area, August Kranti Marg, Hauz Khas, Delhi – 110016 (INDIA) (hereinafter referred to as "WDRA" which expression shall unless repugnant to the content or meaning thereof include all its successors, administrators and executors) and having considered granting/ granted registration of the warehouses (as per list annexed with this schedule) belonging to M/s _____ (hereinafter referred to as "The Warehouseman" which expression unless repugnant to the content or meaning thereof, shall include all the successors, administrators, and executors).

2. WHEREAS the Warehouseman having unequivocally accepted to conduct business of warehousing as per terms and conditions given in the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017 (hereinafter referred as the Rules) and having agreed to furnish to WDRA a Security Deposit in the form of a Bank Guarantee for Rs. (Rupees..... only) for the faithful performance of the entire registration with the WDRA, we..... (hereinafter referred to as "the Bank") at the request of the warehouseman do hereby undertake to pay to the WDRA an amount not exceeding Rs against any loss or damage caused to or suffered by the holder of the negotiable warehouse receipt due to breach by the warehouseman of any of the terms and conditions contained in the Rules and the notification No dated on "Requirement of Security Deposit for registration of warehouses with the WDRA" (hereinafter referred as the notification).

3. We..... (Name of the Bank) do hereby undertake to pay the amount due and payable under this guarantee without any demur merely on a demand from the WDRA stating that the amount claimed is due by way of loss or damage caused to or suffered by the holder of the negotiable warehouse receipt due to breach by the warehouseman of any of the terms and conditions contained in the Rules and the notification. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding Rs.....

4. We undertake to pay to the WDRA any money so demanded notwithstanding any dispute or disputes raised by the warehouseman in any suit or proceeding pending before any court or Tribunal relating thereto, our liability under this present being absolute and unequivocal. The payment so made by us under this bond shall be a valid discharge or our liability for payment thereunder and the warehouseman shall have no claim against us for making such payment.

5. We..... (Name of the Bank) further agree that the WDRA shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend time of performance by the warehouseman from time to time or to postpone for any time or from time to time any of the powers exercisable by the WDRA against the warehouseman and to forbear or enforce any of the terms and conditions relating to the said Agreement and we shall not be relieved from our liability under terms and conditions relating to the said Agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the warehouseman or for any forbearance, act or omission on the part of the WDRA or any indulgence by the WDRA to the warehouseman or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

6. This guarantee will not be discharged due to the change in the constitution of the Bank or the warehouseman

7. We..... (Name of the Bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of the WDRA in writing.

8. Notwithstanding anything contained herein :-

- i) Our liability under this Bank Guarantee shall not exceed Rs. (Rupees only)
- ii) This Bank Guarantee shall be valid upto..... and
- iii) We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if the WDRA serve upon us a written claim or demand on or before..... (Date of expiry of guarantee)

Dated the..... day of 20

Name of Authorized Signatory/ Manager

For (Name of the Bank)

Branch

Seal of the bank

The Second Schedule

INDEMNITY BOND

This indemnity is executed by deed on the day of _____ 201 by _____ (an entity created under the Act of the Parliament or of the State Legislative) here in after called "ENTITY" in favour of the Warehousing Development and Regulatory Authority (WDRA) here in after called "AUTHORITY"

WHEREAS:

- a) The Warehousing Development and Regulatory Authority (hereinafter referred as Authority) is established under the Warehousing (Development and Regulation) Act, 2007 (Act, 2007) with the objective to regulate and ensure implementation of the provisions of Act, 2007 for development of warehouses, regulations of negotiability of Warehouse Receipts and promote orderly growth of warehousing business. Every person desirous of commencing or carrying business of maintaining a warehouse issuing negotiable warehouse receipts is required to be registered and for that purpose an application has to be made to the Authority under the Act, 2007.

- b) Every applicant warehouse/Warehouse Service Provider (WSP) seeking registration of their warehouse shall be required to submit security deposit to the Authority within 21 days of the communication by the Authority.
- c) The value of security deposit (in the form of bank guarantee in favour of Warehousing Development and Regulatory Authority) to be deposited by warehouseman and to be maintained during the period of registration and to be updated at the end of each quarter is as follows: -

Slab	A	B	C
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 upto Rs.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 upto Rs.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.2,500 crore.	Rs.1 lakh per warehouse.

Note: - Here 'T' is referred in the above Table as highest value of total outstanding negotiable warehouse receipts in over the preceding quarter for all the warehouses registered by the warehouseman.

- d) The Authority may at its discretion, adjust the security deposit already furnished by warehouseman against the amount required as security deposit. The security deposit shall not be released until six months after cancellation, rejection or surrender of the registration of the warehouse or until after satisfaction of every claim against security deposit whichever is later. The Authority reserves its rights to revise the amount of security deposit.
- e) As the Authority may allow any entity created under an Act of the Parliament or State Legislative and carrying business of maintaining warehouse (s) and issuing Negotiable Warehouse Receipt, to submit Indemnity Bond in lieu of security deposit and the 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 authorising the furnishing of such Indemnity Bond.

NOW therefore M/s(name of the entity) established under Act, agrees and undertakes at all times to save, defend, and indemnify and keep indemnified the Authority from and against all actions ,suits, proceedings, accounts, claims and demands whatsoever for an amount to the extent of limits to be worked out as per Para 'c' above and as per the conditions of this indemnity bond noted below: -

- 1) M/s(name of the entity) shall comply with all the obligations to be performed on their part under the Authority's rules and regulations.
- 2) M/s(name of the entity) undertakes to keep the Authority indemnified for an amount to be worked out as per the Table in Para 'c' above until six months, after cancellation, rejection or surrender of registration or until after satisfaction of every claim whichever is later.
- 3) M/s(name of the entity) shall be discharged of its obligation under Indemnity Bond 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 these 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 these rules.
- 4) M/s(name of the entity) undertakes not to increase the charges payable by depositors within the period of Negotiable Warehouse Receipts issued to them.

M/s.(name of the entity) hereby agrees that in case any losses/damages if suffered by the Authority (to the extent of Para 'c' above), the same shall be indemnified by M/s.(name of the entity).

In witness whereof signed this Indemnity Bond is executed on this day of 201 ..

EXECUTOR

NAME:

DESIGNATION:

ORGANISATION:

(With Seal)

In the presence of witnesses: -

1)

2)

GANESH A. BAKADE, Director (Admn. & Fin.)

[ADVT.-III/4/Exty./137/17]