Abstract

This document summarizes functional needs of claims, recoveries and refund that can be conducted on issued credit guarantee under Standup India scheme.   
Intention is to collate & track functional specifications of underlying business processes for Standup India loan guarantee business and provide a firm base for further interpretations of software requirements & specifications.

Business Requirement Document

Claims, Recoveries & Refund for Standup India Loan Scheme

**Document Version History**

|  |  |  |  |
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| Version No. | Remarks | Date | Author |
| 1.0 | Baseline | 10-March-2018 | Sachin Patange |
| 2.0 | Revision to Baseline – Review Comments from NCGTC | 31-March-2018 | Sachin |
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**Glossary**

Glossary of Important Terms used in this document.

|  |  |  |
| --- | --- | --- |
| S. No. | Term | Description |
| 1 | A/c | Account or Account No. – a common written abbreviation for account in context of Banking/Financials |
| 2 | AID | Amount in Default |
| 3 | BRD | Business requirement Document. These documents capture NCGTC’s process/functional/operational needs for software solution development. |
| 4 | CGFSSI | Credit Guarantee Fund Scheme for Standup India – A notified scheme for Standup India Guarantees. |
| 5 | CGPAN | Credit Guarantee Permanent Account Number – a Unique Credit Guarantee Number generated by NCGTC processing system while issuing the Credit Guarantee. |
| 6 | eGOV | Electronic governance. |
| 7 | IP | Internet Protocol |
| 8 | LPD | Lock-in Period Date |
| 9 | MLI | Member Leading Institute. These will be Banks, Factors, and Para- Banks etc. Institutes predominantly in business of Money Lending’s. |
| 10 | NCGTC | National Credit Guarantee Trustee Company Ltd |
| 11 | NEFT | National Electronic Funds Transfer (NEFT) is a nation-wide payment system. Under this Scheme, individuals can electronically transfer funds from any bank branch to any individual having an account with any other bank branch in the country participating in the Scheme. NEFT transactions are settled in batches. |
| 12 | NPA | Non-Performing Asset |
| 13 | O/S | Outstanding Standing, usually amount which is awaiting action/payment. |
| 14 | RTGS | 'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time; 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable. |
| 15 | SURGE | Software System Developed and Commissioned by NCGTC for Managing Credit Guarantee Business Process. SURGE – System for Underwriting, Reassurance & Guarantee Endorsement |
| 16 | UTR No. | Unique Transaction Reference number) is a unique reference code that is attached to every transfer sent to India. |
| 17 | XML | Extensible Markup Language (XML) is a markup language that defines a set of rules for encoding documents in a format which is both human-readable and machine-readable. It is defined by the W3C's XML 1.0 Specification and by several other related specifications, all of which are free open standards. |

## **Introduction**

For purpose of Standup India loans, NCGTC has designed a credit guarantee product known as Credit Guarantee Fund Scheme for Standup India (CGFSSI).

Claims under this guarantee scheme for each CG will be handled in two steps: As a ‘First Claim’ to obtain 75% of cover amount and ‘Full & Final Claim’ for remaining 25%. As a part of the scheme, MLI’s need to pass the recovered losses from its borrower to NCGTC. All such recoveries will be considered at the time of final claim settlement.

Claims for this scheme will need to be developed on basis of ‘Real-Time’ Architecture. Which means MLI’s will initiate the first claim and the second claim using online mode (and not the batch mode like other implemented schemes).

To invoke CG (i.e. to lodge claim for the issued CG), MLI needs to provide the required details of their NPA loan account on the claim initiation form (an online form) on SURGE. A separate input file for recoveries of their losses in form of a separate input file (called as loss recoveries information input file). These files will need to be uploaded on the SURGE platform. In essence invoking claims and providing recoveries information is an operational mix of ‘Online’ and ‘Batch’ Mode respectively.

This document is divided in three predominant sections –

1. Invoking Claims – Enables MLI’s to lodge ‘First Claim’ for issued CG’s
2. Post Claim Recoveries – Enables MLI’s to pass on losses recovered from their respective borrowers. Recoveries passed to NCGTC are in accordance to the scheme rules.
3. Final Claim Settlement – Allows MLI’s to settle the claim in ‘Full & Final’

The above three sections forms part of the entire claim settlement processes under this scheme.

## **Invoking Claims**

Once MLI is sure of their asset losses and needs to claim the guarantee cover from NCGTC, they need to lodge the claims for such CG’s. This section elaborates the requirements and broad level flows for this envisaged process.

### **The Envisaged Work Flow**

As a part of MLI’s loan business at their end, their sanctioned and disbursed Loan to the borrower under the Standup India Scheme may become NPA. If such loan assets remain in the state of NPA and MLI is confirmed of no chance of such loan/s being transited back as Standard Asset, then, MLI may invoke the associated CG.

As a part of this scheme and claim raise process for first claim on the CG (i.e. for 75% of final claim amount), MLI’s are advised to send the requisite information of their loan accounts (for whom the guarantees has been provided) to NCGTC in following steps:

1. MLI needs to extract the loan information for all such loan accounts that have turned NPA has and are eligible for claims.
2. Note that the data needs to be send to SURGE only for those loan accounts which qualifies for claims as per scheme notification and not otherwise.
3. Navigate to the ‘Claim Initiation’ Menu and the online claim form.
4. This form duly filled with required details and ‘Saved’ (Non-Approved/Draft State).
5. Until the specified period (communicated by NCGTC) MLI is permitted to fill and/or re-fill the claim form multiple times. Thus, allowing MLI’s to append, edit and delete the information for claim of the issued CG’s multiple times and in *‘Non Approved’* state.
6. Final submission of the ‘Approved’ form will be effective once MLI accepts to the ‘Management certificate - Terms & Conditions’. Post the approved state – the form is sent for approval by NCGTC user.
7. After final verification of the input form by MLI approver user account (created by their own MLI Administrator), and NCGTC user the state of the input form is changed as *‘Approved’* state.
8. Approved state of input form also means that the claims has been considered in SURGE.

Note: MLI’s are expected to perform these steps in stipulated time communicated by NCGTC to MLI’s.

The input form content provided by MLI will be transited to a staging area database. While transiting these records, SURGE will append the records with Date-Time stamp in order for effective traceability of input records.

### **Search & View CG – Eligible to Invoke Claim**

MLI Creator will first need to search and identify those CG’s which are eligible for ‘First’ Claim. User is able to search a particular Customer in SURGE system based on following search parameters:

1. MLI (Mandatory)
2. Scheme (Mandatory)
3. Customer Id (Optional)
4. CGPAN (Optional)

The usage of the above criteria will be as below:

* Parameter 1 and 2 will be Auto filled by system
* Either of parameter 3 or 4 is mandatory

### **Eligibility Criteria Checks**

From the above criteria, the eligible CG is NOT fetched by the system which fulfills below criteria:

1. For the selected CG, its associated loan a/c has either of these ‘CG Current Status’ codes:
   1. 30036 - Guarantee Issuance Provisional
   2. 30010 - Guarantee In Force
   3. 30011 - Guarantee Not Issued
   4. 30013 - Guarantee Lapse
   5. 30018 - Guarantee Close – By NCGTC
   6. 30019 - Guarantee Invoked
   7. 30038 - Release Guarantee Lapse
   8. 30039 - Release NPA Guarantee Lapse
2. The claim of the selected CG is in WIP/Settled state.
3. Total Dues outstanding as on Date of claims is greater than total dues outstanding as on Date of NPA.
4. Total Dues outstanding as on date of NPA and claims is GREATER THAN 1.5 times of latest Sanctioned amount.
5. Outstanding as on date of claim is GREATER than Outstanding as on date of NPA.
6. Principal outstanding amount as on Date of NPA is greater than Outstanding as on Date of NPA.
7. Principal outstanding amount as on Date of Claims is greater than Outstanding as on Date of Claims.
8. For the selected CG record whose current system date is:
   1. LATER TO Claim End Date
   2. EARLIER AND EQUAL TO Lock-In Period Date (LPD)
9. Lock-In Period Date and Claim End Date is determined as below:The Lock In Period date is determined as below:
   1. Date of Issuance of Guarantee for New CG Request (File Type 1).
   2. To determine Lock in Period, add 18 months to the Date of Issuance of Guarantee (retrieved in point 1).
10. Claim End date is determined as below:

From the set of loan accounts for the selected CG, whose CG Current State is 30020:

* + 1. NPA Date will be selected

LPD is compared to Date of NPA marking. If NPA date is earlier to LPD, then, 24 months from Lock in Period Date is the Claim End Date. Else, 24 months from NPA date is the Claim End Date.

### **Search Result and Details for Claim Lodgment**

### **Search Result**

For the search results, system will fetch the CGPAN, which qualifies the criteria with following details:

|  |  |  |
| --- | --- | --- |
| S. No. | Field Name | Description |
| Details of the Customer for the Search Criteria | | |
| 1 | Customer Id | Associated Customer Id |
| 2 | CGPAN | CGPAN for the qualified criteria |
| 3 | Date of NPA Classification | Date of NPA Classification which is used to determine the ‘Lock-In Period Date’ in validation step |
| 4 | Lock-In Period Date | System Generated |
| 5 | Claim End Date | System Generated |
| 6 | Total Sanction Amount | System Generated – Summation of all the sanction amounts for the associated customer Id – whose current status is 30020 |
| Details of the Loan A/c’s associated with the Customer for the Search Criteria (There will be multiple loan A/c records for single Customer Id) | | |
| 7 | Loan Account No. | Loan Account No. |
| 8 | Borrower Name | Name of the Borrower |
| 9 | Date of NPA Classification | Date of NPA of the loan A/c |
| 10 | Sanction Amount | Amount of sanction for the loan A/c |
| 11 | CG Current State | Current Status issued by SURGE |
| 12 | CG Issued Start Date | CG Issued Start Date issued by SURGE(New CG Request) |

Date of Moratorium is not required; hence, we will remove it from First claims screens and popup’s.

### **Input Details – Status of A/c**

MLI’s need to provide the details related to status:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S. No. | Field Name | Description | Type | Mandatory/Optional | Validation |
| 1 | Any Loan Account classified as Fraud | Ensuring from MLI on this detail | List | Mandatory | ‘Y’ – if A/c is Fraud  ‘N’ – if A/c is NOT Fraud. |
| 2 | Date of Issue of Recall Notice | Date when the notice is issued | Date | Mandatory | * Past date until Current System Date. * No future date Allowed. |
| 3 | Upload Recall Notice File | Upload the document | - | Mandatory | Only file in Acrobat© Reader format (.pdf) |

*Note – This input data is required for selected customer (at customer level).*

### **Input Details – Recovery Proceedings**

MLI’s need to provide the details related to legal proceedings:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S. No. | Field Name | Description | Type | Mandatory/Optional | Validation |
| 1 | Legal Proceeding | Forum through which legal proceedings were initiated | Check Box | Mandatory | List values: DRT, SARFESI, DRT, Civil Suit, Lokadalat, Other. |
| 2 | Suit/case filed | Whether suit/case filed or no | Y/N | Mandatory | ‘Y’– if Suit/Case filed, allow MLI to save data.  ‘N’ – If Suit/Case not filed, then don’t allow MLI to save data. |
| 3 | Suit file case date | Suit file case registration date | Date | Mandatory if Legal Proceeding is check box is checked. | * No Future Date allowed. |
| 4 | Asset possession Date under SARFESI Act | Date of possession of Asset under SARFESI Act | Date | Mandatory, if SARFESI is selected.  For others it should be read only. | * Past date till Current System Date. * No future date Allowed. |
| 5 | Location | State | List | Mandatory | Refer the State Code Master in – ‘SURGE - Code Masters’ for the possible values. |
| 6 | Amount Claimed in Suit | Amount claimed in suit | Number with 2 Decimals | Mandatory | 0 – 9 |
| 7 | Upload Reference Documents | Upload the document | - | Mandatory | Only file in Acrobat© Reader format (.pdf) |

*Note – This input data is required for selected customer (at customer level).*

### **Input Details – NPA Outstanding and Recovery’s**

MLI’s need to provide the details related to NPA Outstanding and Recovery’s:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S. No. | Field Name | Description | Type | Mandatory/Optional | Validation |
| 1 | Loan Account No. | Loan Account No. | System Generated | Mandatory | Having status code 30020 (NPA Guarantee in Force) |
| 2 | Outstanding as on Date of NPA | Outstanding as on Date of NPA for the selected A/c No. Here Outstanding dues include - Principal O/s and Interest O/s also. | Number with 2 Decimals | Mandatory | 0 – 9 |
| 3 | Out of Total dues Principal Outstanding as on date of NPA | Only Principal Outstanding amount as on date of NPA | Number with 2 Decimals | Optional | 0 – 9 |
| 4 | Outstanding as on Date of claim | Outstanding as on Date of claim for the selected A/c No. Here Outstanding dues include - Principal O/s and Interest O/s also. | Number with 2 Decimals | Mandatory | 0 – 9 |
| 5 | Out of Total dues Principal Outstanding as on date of claim | Only Principal Outstanding amount as on date of claim | Number with 2 Decimals | Optional | 0 – 9 |
| 6 | Outstanding Stated in Civil Suit/Case Filed | Outstanding Stated in Civil Suit/Case Filed for the selected A/c No. | Number with 2 Decimals | Mandatory | 0 – 9 |
| 7 | Date of OTS Approval | If Recovery is done through OTS, indicate the Date of Seeking Approval for OTS | Date | Optional | * Past date until Current System Date. * No future date Allowed. |
| 8 | OTS Amount | OTS Amount | Number with 2 Decimals | Mandatory if Date of OTS Approval have value. | 0 – 9 |

*Note – This input data is required for each loan account of the selected customer, which are in state of NPA Guarantees in Force only (at account level).*

### **Input Details – Security and Personnel Guarantee Details**

MLI’s need to provide the details related to Security and Personnel Guarantee Details:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S. No. | Field Name | Description | Type | Mandatory/Optional | Validation |
| As on date of NPA | | | | | |
| 1 | Total security as on NPA date. | Total Security as on NPA date. | Number with 2 Decimals | Mandatory | 0 – 9 |

*Note –* *Now only one input will be required for Security and Personnel Guarantee details.*

### **Calculating Cover and Claim**

MLI Creator needs to provide inputs for the above-mentioned fields and needs to check the cover and claim for the submitted information.

System calculates the cover as mentioned in section 1.2.8.

On ‘Calculate’ claim, system will calculate claim (for First claim) as mentioned in section 1.2.9.

Once the claim is calculated, MLI Creator will need to submit the claim for approval to MLI Approver. On further approval of MLI Approver, the claim is submitted to NCGTC for settlement.

### **Flow for Processing Claims**

Once the claim requisition is received and approved by NCGTC user, the claims will be calculated.

Processing of the claims will entail following events:

* Calculation of claims as per scheme notification
* Calculation of CG Fees refunded. Charge CG Fees until claim lodgment date.
* Send to Approve or Reject – by NCGTC Creator
* Approving the claim by NCGTC approver
* Rejecting the claim by NCGTC approver
* Settling the claim

Each of above is explained below.

MLI Approves the Claim

(NCGTC Creator)

Send to Approve

(By NCGTC Creator)

N

Y

Claim Approval

Reject Claim

(By NCGTC Approver)

Approve Claim

(By NCGTC Approver)

Claim Settlement

Rejects the Claim

(By NCGTC Creator)

The Claim is rejected.

MLI will need to rectify and lodge a fresh claim for that Customer

### **Approving the Claims**

Once the claims are received at NCGTC User (approver), he can either ‘Approve’ or ‘Reject’ the claims.

Rejecting/Approving the claims will need reason/remarks.

NCGTC Approver can take claims for further processing from the ‘Approve’ State by sending it for ‘Settle Claim’ (to NCGTC Creator).

NCGTC Approver can also reject the claim, which will reject the claim file and claim calculation thereby making the MLI to re-upload fresh claim request.

Upon Approval of claim, an email notification to MLI stating that claim is approved and will be settled shortly. Email notification to Maker, Checker and Admin on their respective email.

### **Refund of CG Fees Calculation**

While calculating Claim amount, system will calculate CG Fees amount to be refunded to MLI. Charge CG Fees until Claim lodgment date.

Settle the Refunded amount with Claim payout.

* Refund of Guarantee Fee on SBR = [Summation of Modified Sanction Loan Amount@ (Fund and Non Fund) for the given loan account \* ((Annual Guarantee Fee in Percent) / 4) \* (No. of Quarter’s in current FY , excluding the current quarter during which claim is lodge]
* Guarantee Fee for all Premiums = [(Risk Premium – NPA + Risk Premium – Claim)] \* Guarantee Fee on SBR
* Total CG Fees = Refund of Guarantee Fee on SBR + Guarantee Fee for all Premiums

Note: Tax calculation will be same as way we do it for CG Fees for New and Renewals.

### **Payment of Claim Payout to MLI (Claim Settlement)**

Once NCGTC Approver approves the claims, NCGTC Creator can settle the claims. Settling the claims in actual is a making the RTGS/NEFT pay out to MLI. The payout activity is out of SURGE scope boundary.

However, as a part of the ‘settle claims’ functionality, NCGTC creator need to specify the RTGS/NEFT reference number and date of payout.

Refer the BRD – Payment Mechanism for further reference.

### **Rejecting the Claims**

NCGTC Approver may reject the claims. Along with the reason/remarks for rejections.

Rejecting claims will bring the affected loan a/c or the CG in state before to claim state (i.e. NPA Guarantee in Force). *Note that this does not have any change to the billing status, billed amount and flags related to billing.* Rejection will allow MLI to put in the claim again.

Upon Rejection of claim, an email notification to MLI stating the reason for claim rejection. Email notification to Maker, Checker and Admin on their respective email.

### **Marking the CG as Claimed**

Once the above eligibility checks are complete and NCGTC users approved the claim requisition file, system marks the CG record as ‘claimed’. There by indicating that the claim for the specific CG is initiated and processed.

**Important Note:** In case of this scheme, all the loan records having current status as 30020 will be marked for claim.

Identifying and marking the claims in SURGE is a two-way process:

* The respective CG in CG table is marked as ‘claimed’ along with the claim lodged date. *Claim lodged date is the date when MLI Approver approves the input claim file.* Refer section 1.2.7.1 below for more details.
* An entry with relevant details is created in separate Claim tables. Refer section 1.2.7.2 below for more details.

### **Marking the CG as Claimed in CG Table**

On approval of the claim requisition file from MLI and from NCGTC, system will proceed to mark the CG record as ‘Claimed’ as stated below:

SURGE inserts the following transaction with following values in CG table:

* File Type - 4
* Transaction Mode – 120001 (which indicates that this is a batch transaction)
* Customer Id – Customer Id selected for the search criteria
* Loan A/c No. – Loan Account selected for the associated customer having current state as 30020
* MLI ID - Same as the Original Master Record
* Schemes Id - Same as the Original Master Record
* CGPAN – CGPAN selected for the search criteria
* CG Current State – 30019
* CG Previous State - 30020
* IP Address – IP Address of the User
* Is Active Flag – Active
* Created By – MLI user id
* Created Date – Date Time of Record insertion

**Note: that the above record is inserted in the CG table for those loan a/c having status code as 30020 only.**

### **Making entry in Claims Table**

After making an entry in CG table (if required), system will make an entry in claims table for:

* Claim Type
* Customer Id
* Loan Account No.
* Total Dues Amount as on date of NPA
* Recoveries (if any) from the date of NPA till the date of lodgment of present claim

The above details are stored with respect to Batch Identification of the claims file.

### **Cover Calculation**

The calculation for cover will be based on Amount in Default calculated based on Total dues as on date of NPA or Total dues as on Date of Claims whichever is lower for the selected Customer Id and along with ‘Guarantee Cover’ (%) configured in the ‘Scheme’ and it’s respective ‘Docket’ and the formulae is as below.

CG cover to be calculated on amount in default.

***Note****: for this scheme the cover calculations, is undertaken during claim settlement period, thus cover is calculated only on the details passed on in the claims file.*

**A1** – Total dues (Principal O/s and Interest O/s) as on the date of NPA.

**A2** - Total dues (Principal O/s and Interest O/s) as on the date of claims.

**A3** – Amount in Default (A1 or A2 whichever is lower)

In case, Summation of all the Amount in Default DOES NOT EXCEEDS 50Lakh, then:

Guarantee Cover = **A3** \* Guarantee Cover (%)

In case, **A3** EXCEEDS 50Lakh, then:

Guarantee Cover = [A3 UPTO 50Lacs \* Guarantee Cover (%)] + [50% of (**A3** above 50Lacs BUT UPTO 1CR)]

|  |  |
| --- | --- |
| **Standup India Loan Scheme Parameters** |  |
| Guarantee Cover (%) | 80% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 1,00,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.01 |

**Scenario 1:** Amount In Default, is NOT more than Minimum Limit to Guarantee Issuance AND within 50Lakhs bracket:

|  |  |
| --- | --- |
| Total dues (Principal O/s and Interest O/s) as on the date of NPA | 13,00,000.00 |
| Total dues (Principal O/s and Interest O/s) as on the date of Claims. | 500,000.00 |
| Amount in Default | 500,000.00 |

Thus, in case of this scenario, Guarantee Cover calculation is 500,000.00 \* 80%

Which equals to INR 400,000.00/-

**Scenario 2:** Amount In Default, is more than Minimum Limit to Guarantee Issuance AND within 50Lakhs bracket:

|  |  |
| --- | --- |
| Total dues (Principal O/s and Interest O/s) as on the date of NPA | 13,00,000.00 |
| Total dues (Principal O/s and Interest O/s) as on the date of Claims. | 1,200,000.00 |
| Amount in Default | 1,200,000.00 |

Thus, in case of this scenario, Guarantee Cover calculation is 1,200,000.00 \* 80%

Which equals to INR 960,000.00

**Scenario 3:** Amount in Default, is more than Minimum Limit to Guarantee Issuance AND Equal to 50Lakhs bracket:

|  |  |
| --- | --- |
| Total dues (Principal O/s and Interest O/s) as on the date of NPA | 51,00,000.00 |
| Total dues (Principal O/s and Interest O/s) as on the date of Claims. | 50,00,000.00 |
| Amount in Default | 50,00,000.00 |

Thus, in case of this scenario, Guarantee Cover calculation is 50,00,000.00 \* 80%

Which equals to INR 40,00,000.00

**Scenario 4:** Amount in Default, is more than Minimum Limit to Guarantee Issuance AND Exceeds 50Lakhs bracket but within Maximum Limit to Guarantee Issuance Allowed (INR):

|  |  |
| --- | --- |
| Total dues (Principal O/s and Interest O/s) as on the date of NPA | 55,00,000.00 |
| Total dues (Principal O/s and Interest O/s) as on the date of Claims. | 58,00,000.00 |
| Amount in Default | 55,00,000.00 |

Thus, in case of this scenario, Guarantee Cover calculation = (50,00,000.00 \* 80%) + (5,00,000.00 \* 50%)

Which equals to INR 42,50,000.00/-

**Scenario 5:** Amount in Default, is more than Minimum Limit to Guarantee Issuance AND Exceeds 50Lakhs bracket AND EQUALS Maximum Limit to Guarantee Issuance Allowed (INR):

|  |  |
| --- | --- |
| Total dues (Principal O/s and Interest O/s) as on the date of NPA | 105,00,000.00 |
| Total dues (Principal O/s and Interest O/s) as on the date of Claims. | 100,00,000.00 |
| Amount in Default | 100,00,000.00 |

Thus, in case of this scenario, Guarantee Cover calculation = (50,00,000.00 \* 80%) + (50,00,000.00 \* 50%)

Which equals to INR 65,00,000.00/-

**Scenario 6:** Amount in Default, is more than Maximum Limit to Guarantee Issuance Allowed (INR):

|  |  |
| --- | --- |
| Total dues (Principal O/s and Interest O/s) as on the date of NPA | 105,00,000.00 |
| Total dues (Principal O/s and Interest O/s) as on the date of Claims. | 110,00,000.00 |
| Amount in Default | 105,00,000.00 |

Thus, in case of this scenario, Guarantee Cover calculation = 65,00,000.00

Any amount above 1cr, Guarantee Cover will be capped to 65,00,000.00

### **Claim Calculation – First Claim**

To understand the claim calculations, refer to the scenarios mentioned here.

Claim Calculation specified here is for each CG:

**Scenario 1:** when total dues as on date of NPA loan account is greater than total dues as on date of claims

|  |  |  |
| --- | --- | --- |
| **First Claim** | | |
|  | **During Previous Continuity** |  |
|  | CG Fees Charged from 1st April to 31st March(FY 2018-2019) already paid by MLI to NCGTC | 11050.00 |
|  |  |  |
|  | **During Claim Lodgment** |  |
|  | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,300,000.00 |
|  | Total dues (Principal O/s and Interest O/s) as on the date of Claim | 1,200,000.00 |
|  | Date of Claim Lodgment | 3-May-2018 |
| **ID#** | **Description** | **Value** |
| **A1** | Customer ID | ACCT1 |
| **A2** | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,300,000.00 |
|  |
| **A3** | Total dues (Principal O/s and Interest O/s) as on the date of claims | 1,200,000.00 |
| (The details provided by MLI in online submission form) |
| **A4** | Total Loss (Amount in Default) as on date of First Claim | 1,200,000.00 |
| (AID = A2 or A3 whichever is lower) |
| **B5** | CGCover =  If AID (A4) DOES NOT Exceeds 50Lacs: 80% of A4 If AID (A4) Exceeds 50Lacs BUT up to 1Cr: (80% of A4) + (50% of AID which Exceeds 50Lacs but up to 1CR) If AID (A4) Exceeds 1Cr: Capping at 65Lacs | 960,000.00 |
| **B6** | Eligible Claim -  Considered for Claim Settlement | 960,000.00 |
|  |
| **B7** | Eligible First Claim | 720,000.00 |
| 75% of B6 |
| **B8** | Eligible Final Claim | 240,000.00 |
| 25% of B6 |
|  |  |  |
|  | CG Fees to be refunded for no’s of quarters | 3 |
| **B9** | CG Fees to be refunded(as mentioned in section 1.2.6.2) | 8287.50 |
|  | First Claim Settled  (B7 + B9) | **728287.50** |

**Scenario 2:** when total dues as on date of claim loan account is greater than total dues as on date of NPA

|  |  |  |
| --- | --- | --- |
| **First Claim** | | |
|  | **During Previous Continuity** |  |
|  | CG Fees Charged from 1st April to 31st March(FY 2018-2019) already paid by MLI to NCGTC | 11050.00 |
|  |  |  |
|  | **During Claim Lodgment** |  |
|  | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,200,000.00 |
|  | Total dues (Principal O/s and Interest O/s) as on the date of Claim | 1,300,000.00 |
|  | Date of Claim Lodgment | 3-May-2018 |
| **ID#** | **Description** | **Value** |
| **A1** | Customer ID | ACCT1 |
| **A2** | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,200,000.00 |
|  |
| **A3** | Total dues (Principal O/s and Interest O/s) as on the date of claims | 1,300,000.00 |
| (The details provided by MLI in online submission form) |
| **A4** | Total Loss (Amount in Default) as on date of First Claim | 1,200,000.00 |
| (AID = A2 or A3 whichever is lower) |
| **B5** | CGCover=  If AID (A4) DOES NOT Exceeds 50Lacs: 80% of A4 If AID (A4) Exceeds 50Lacs BUT up to 1Cr: (80% of A4) + (50% of AID which Exceeds 50Lacs but up to 1CR) If AID (A4) Exceeds 1Cr: Capping at 65Lacs | 960,000.00 |
| **B6** | Eligible Claim -  Considered for Claim Settlement | 960,000.00 |
|  |
| **B7** | Eligible First Claim | 720,000.00 |
| 75% of B6 |
| **B8** | Eligible Final Claim | 240,000.00 |
| 25% of B6 |
|  |  |  |
|  | CG Fees to be refunded for no’s of quarters | 3 |
| **B9** | CG Fees to be refunded(as mentioned in section 1.2.6.2) | 8287.50 |
|  | First Claim Settled  (B7 + B9) | **728287.50** |

*Note: if the Eligible First claim works out as less than zeroes, then, it is considered and settled as zeroes.*

**Important Note:**

1. System will calculate claims – after the claim input is processed (i.e. approved by NCGTC user)
2. Once the claim has been calculated, the same will be available for ‘View’ to NCGTC and MLI users

## **Notifying Recoveries (Post First Claim)**

Once first claim has been invoked (and the same has been approved and settled by NCGTC), MLI can notify and provide recoveries to such invoked CG’s. This section elaborates the requirements and broad level flows for this envisaged process.

Note: MLI’s need to notify their recoveries for each loan account and make payment of such recoveries. Else, such recoveries are not considered as valid recoveries for any further process.

### **Input File Layout**

For notifying the recoveries and providing payments, refer the spread sheet – Standup India Scheme - Claim and Recovery Input Layout – Standup India Post Claim Recovery, for the fields included, Mandatory/optional level, allowed characters and usage of codes wherever applicable.

### **Input File Format Processed by SURGE**

SURGE will accept input file from MLI(s) in following format only:

* XML layout

XML is only format permissible as per eGov standards. SURGE will **NOT** process files received in any other formats than those listed above.

Refer the XML format in the file – Standup India Scheme - Sample XML Layout for Recovery Notification.xml for the layout of the XML input file.

### **Preparation of Input File**

Once MLI has invoked a CG of a specific Loan Account, the recoveries (if any) for the same CG/Loan Account can be notified and recovery amount passed on to NCGTC.

It is important to note that –

* MLI’s need to provide the recovery information for each loan account and also make payment of the recoveries to NCGTC within stipulated time as notified in the scheme gazette.

### **Notifying Recoveries**

Once claim is invoked for a given loan account, and settled by NCGTC, MLI’s can provide the recovery information of those loan accounts for which recovery has been done and which needs to be passed on to NCGTC as a per the scheme gazette notification.

As a part of this this process, MLI’s are advised to send the requisite information of their loan accounts (for whom the guarantees has been provided) to NCGTC in following steps:

1. MLI needs to extract the recovery information for all such loan accounts, which are already claimed, and has been approved and settled by NCGTC. Refer Section 1.3.5 on the details of recovery proceedings type which MLI needs to extract from its own IT System.
2. MLI needs to send the information in a file, called as ‘Standup India Scheme Recovery Notification Layout’. Information to be extracted in the layout mentioned in the section 1.3.1 and in the format mentioned in section 1.3.2
3. Upload this file on the NCGTC system in *‘Non Approved’* state by MLI user account. The file needs to be uploaded against a specific ‘Scheme’.
4. Till the specified period (communicated by NCGTC) MLI is permitted to upload and/or re-upload the input file multiple times. Thus, allowing MLI’s to append, edit and delete the information for claim of the issued CG’s multiple times and in *‘Non Approved’* state.
5. Final submission of the ‘Approved’ input file would be effective once MLI accepts to the ‘Management certificate - Terms & Conditions’. Post the approval state – the input file is sent for approval by NCGTC user.
6. After final verification of the input file by MLI approver user account (created by their own MLI Administrator), and NCGTC user the state of the input file is changed as *‘Approved’* state. *This approval will be AUTO in nature (which means system will automatically approve this input file on behalf of NCGTC)*
7. Approved state of input file also means that the recovery information has been considered in SURGE, but in provisional state only. In addition, MLI needs to provide payment for these file/recoveries.

### **Summary - Preparing & Uploading the Input File**

Note: MLI’s are expected to perform these steps in stipulated time communicated by NCGTC to MLI’s.

The input file content uploaded by MLI in XML format will be extracted to a staging area database. While extracting these records, SURGE extractors will append the records with Date-Time stamp in order for effective traceability of input records.

### **Eligibility Criteria Checks**

Following checks are performed on each MLI Loan Accounts to ascertain their eligibility for recoveries. Approved Input file will be processed for each record and the record will be *REJECTED if*:

1. The ‘MLI’ AND ‘Loan Account Number’ specified DOES NOT EXISTs in SURGE System Database.
2. Records in same input file presented by MLI has repeated/same account number. (In such case, the first record will be considered valid and remaining records having duplicate (or repeated) account number will be rejected).
3. The loan account exists in system, but NOT in Claim Invoked State (i.e. 30019)[[1]](#footnote-1)
4. The recoveries amount is LESS THAN ZERO
5. Date of Recovery is:
   1. Later to Current System Date.
   2. Earlier to NPA date.
6. The first claim payout has NOT been paid by NCGTC

### **Treatment to Notified Recoveries**

As specified in the scheme notification - the recoveries that MLI secures from its borrowers, needs to be provided to NCGTC. Such recoveries provided to NCGTC has a subtle difference depending on the period when it is being provided to NCGTC:

1. If a recovery for a particular loan a/c is being provided after the first claim but before settling the final claim, then:
   1. MLI needs to provide the entire recovery proceedings (recovered from the borrower) for the specific loan a/c or CG in consideration.
   2. NCGTC will utilize these entire recovery proceedings to calculate the final ‘Amount in Default’ and determine the ‘Final Claim’. (if there are multiple recoveries provided by MLI for a single loan a/c or CG, then, SURGE will add all such recovery amount and use it to adjust in the Final Claim) and consider the amount of recovery (and penalty with taxes if any) for final settlement.
2. If a recovery for a particular loan a/c or a CG is being provided after the settlement of final claim, then:
   1. MLI needs to provide the recovery amount (recovered from the borrower) for the specific loan a/c or CG in consideration.

### **Allotting Recovery Unique Identifiers – Recovery Id**

For the eligible recovery records, system allocates a unique identification number, called as Recovery Id. This recovery id is allotted to the input file (or the batch) and to each recovery transaction (at each CG/Account level).

### **Allotting Batch Recovery Unique Identifier – Batch Recovery Id**

This unique identifies is at the batch level, called as Batch Recovery Id – which is a unique identification allotted to the notified batch of recoveries, for traceability and management of recoveries in SURGE system.

Batch Recovery Id follows a specific format for this scheme:

### **Allotting CG/Account Recovery Unique Identifier – Account Recovery Id**

This unique identifies is at the account level, called as Account Recovery Id – which is a unique identification allotted to the notified batch of recoveries, for traceability and management of recoveries in SURGE system.

Account Recovery Id follows a specific format for this scheme:

### **Payment from MLI for Notified Recoveries**

MLI will need to make the payment of the recoveries (total recoveries) against the recovery file uploaded by him and approved by NCGTC Approver.

Note that MLI will need to make the payment of the recoveries using RTGS/NEFT facility and provide the UTR/reference number in SURGE.

Refer the BRD – Payment Mechanism for further reference.

### **Penalty Calculation on Recovery Amount from MLI**

The recovery amount provided by MLI for each corresponding CG (as specified in section 1.3.5) – will have penal charge consideration as well. This consideration is undertaken by system at the time when MLI makes payment of the recovery amount in full (he may do the payment of the recoveries at one go or in tranches) and when these are reconciled by NCGTC Accounts Dept. System will calculate the following (against each loan a/c):

1. Date when MLI deposits the final amount which makes the total recoveries as paid
2. Eligible days for penalty
3. Penalty calculated [It will be simple interest based on recovery (as P), Eligible days for penalty (as N), Penalty Rate for delayed Recovery (as R). Thus the formula used will be – P\*N\*R/365]

Here P = Recovery Passed to NCGTC.

For reporting of recoveries, two options will be provided:

1. Monthly option.
2. Annual option (Selected by Default).

This is explained in the following possible scenarios. For all the below scenarios, following values needs to be considered:

1. Monthly option:

|  |  |
| --- | --- |
| Month when recovery file is uploaded by MLI | Feb-19 |
| Rate of Penalty | 10% |
| DATE when the last tranch for full recovery payment is received | 25-Feb-19 |
| No of Days NCGTC has to Refund | 30 |

1. **Scenario 1:** 
   * **No Penalty situation**
   * **For Loan A/c whose Final claim has Lodged and Settled – MLI Provides only the NCGTC Share**
   * **For Loan A/c whose Final claim has NOT being Lodged and Settled – MLI Provides entire recovery amount**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **A** |  |  |  | **B** | **C** |  |  |
| **A/c No.** | **Final Claim Settled** | **Date of Recovery (From Borrower to MLI)** | **Recovery Amount (Only NCGTC Share/Entire amount)** | **DATE when the last tranche for full recovery payment is received** | **Days Elapsed (From date = Date of Recovery AND To Date = 'C'** | **Eligible Days For Penalty** | **Penalty Calculated** | **Tax on Penalty  (@18% on E)** | **Recovery amount for Cases - Post Final Claim (A+B+C) along with Penalty/Taxes** | **Adjust at The Time of Final Claim  (A+B+C) along with Penalty/Taxes** |
| L1 | Y | 4-Feb-18 | 7,500.00 | 25-Feb-18 | 22 | 0 | - | - | 7,500.00 | - |
| L2 | - | 5-Feb-18 | 5,000.00 | 25-Feb-18 | 21 | 0 | - | - | - | 5,000.00 |
| L3 | - | 10-Feb-18 | 20,000.00 | 25-Feb-18 | 15 | 0 | - | - | - | 20,000.00 |
| L4 | Y | 10-Feb-18 | 18,750.00 | 25-Feb-18 | 15 | 0 | - | - | 18,750.00 | - |
| L5 | - | 12-Feb-18 | 4,500.00 | 25-Feb-18 | 13 | 0 | - | - | - | 4,500.00 |
| L6 | - | 12-Feb-18 | 6,000.00 | 25-Feb-18 | 13 | 0 | - | - | - | 6,000.00 |
| L7 | - | 28-Jan-18 | 7,950.50 | 25-Feb-18 | 29 | 0 | - | - | - | 7,950.50 |
| L8 | Y | 27-Jan-18 | 11,253.75 | 25-Feb-18 | 30 | 0 | - | - | 11,253.75 | - |
| L9 | Y | 27-Jan-18 | 17,587.50 | 25-Feb-18 | 30 | 0 | - | - | 17,587.50 | - |
| L10 | - | 27-Jan-18 | 24,578.00 | 25-Feb-18 | 30 | 0 | - | - | - | 24,578.00 |
|  |  |  | **123,119.75** |  |  |  |  |  | **55,091.25** | **68,028.50** |
|  |  |  |  |  |  |  |  |  |  |  |

**Note:**

1. Amount of INR 68,028.50/- is adjusted in Final claim settlement.
2. Amount of INR 55,091.25/- is recovered from MLI
3. In this case since there is no penalty, there is no need for any additional recoveries from MLI
4. **Scenario 2:** 
   * **Penalty situation**
   * **For Loan A/c whose Final claim has Lodged and Settled – MLI Provides only the NCGTC Share**
   * **For Loan A/c whose Final claim has NOT being Lodged and Settled – MLI Provides entire recovery amount**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **A** |  |  |  | **B** | **C** |  |  |
| **A/c No.** | **Final Claim Settled** | **Date of Recovery (From Borrower to MLI)** | **Recovery Amount (Only NCGTC Share/Entire amount)** | **DATE when the last tranche for full recovery payment is received** | **Days Elapsed (From date = Date of Recovery AND To Date = 'C'** | **Eligible Days For Penalty** | **Penalty Calculated** | **Tax on Penalty  (@18% on E)** | **Recovery amount for Cases - Post Final Claim (A+B+C) along with Penalty/Taxes** | **Adjust at The Time of Final Claim  (A+B+C) along with Penalty/Taxes** |
| L1 | Y | 26-Jul-15 | 7,500.00 | 25-Feb-18 | 946 | 916 | 1,882.19 | 338.79 | 9,720.99 | - |
| L2 | - | 26-Jul-15 | 5,000.00 | 25-Feb-18 | 946 | 916 | 1,254.79 | 225.86 | - | 6,480.66 |
| L3 | - | 26-Jul-15 | 20,000.00 | 25-Feb-18 | 946 | 916 | 5,019.18 | 903.45 | - | 25,922.63 |
| L4 | Y | 31-Jul-15 | 18,750.00 | 25-Feb-18 | 941 | 911 | 4,679.79 | 842.36 | 24,272.16 | - |
| L5 | - | 26-Jul-15 | 4,500.00 | 25-Feb-18 | 946 | 916 | 1,129.32 | 203.28 | - | 5,832.59 |
| L6 | - | 31-Jul-15 | 6,000.00 | 25-Feb-18 | 941 | 911 | 1,497.53 | 269.56 | - | 7,767.09 |
| L7 | - | 26-Jul-15 | 6,925.00 | 25-Feb-18 | 946 | 916 | 1,737.89 | 312.82 | - | 8,975.71 |
| L8 | Y | 1-Aug-18 | 11,474.25 | 25-Feb-18 | 940 | 910 | 2,860.70 | 514.93 | 14,849.88 | - |
| L9 | Y | 26-Jul-15 | 17,572.50 | 25-Feb-18 | 946 | 916 | 4,409.98 | 793.80 | 22,776.27 | - |
| L10 | - | 5-Aug-18 | 24,578.00 | 25-Feb-18 | 936 | 906 | 6,100.73 | 1,098.13 | - | 31,776.86 |
|  |  |  | **122,299.75** |  |  |  |  |  | **71,619.29** | **86,755.54** |

**Note:**

1. Amount of INR 86,755.54 /- is adjusted in Final claim settlement.
2. Amount of INR 71,619.29 /- is recovered from MLI
3. In this case since there is penalty, and hence a need for additional recoveries from MLI which is about INR 36,075.09/-
4. For any penalty generated post first claim recovery, MLI will have an option to settle the penalty amount before lodging the Final claim. If penalty not settled before Final claim lodgment, then to be adjusted in the Final claim payout.
5. Annual Option

|  |  |
| --- | --- |
| Month when recovery file is uploaded by MLI | Apr-19 |
| Rate of Penalty | 10% |
| DATE when the last tranch for full recovery payment is received | 25-Apr-19 |
| Recovery Cutoff Date as define by NCGTC in schemes | 30-Apr-19 |

1. Scenario 1: No Penalty Situation.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **D3** | **A** | **D2** |  | **D1** | **B** | **C** |  |  |
| **A/c No.** | **Final Claim Settled** | **Date of Recovery (Provided by MLI in Claim file)** | **Recovery Amount (Only NCGTC Share/Entire amount)** | **DATE when the last tranch for full recovery payment is received** | **Days Elapsed (Difference between Date when last tranch for full payment is received and Recovery cutoff date).** | **Eligible Days For Penalty** | **Penalty Calculated** | **Tax on Penalty  (@18% on E)** | **Recovery amount for Cases - Post Final Claim (A+B+C) along with Penalty/Taxes** | **Adjust at The Time of Final Claim  (A+B+C) along with Penalty/Taxes** |
| L1 | Y | 4-Feb-18 | 7,500.00 | 25-Apr-19 | 0 | 0 | - | - | 7,500.00 | 7,500.00 |
| L2 | - | 5-Feb-18 | 5,000.00 | 25-Apr-19 | 0 | 0 | - | - | - | 5,000.00 |
| L3 | - | 10-Feb-18 | 20,000.00 | 25-Apr-19 | 0 | 0 | - | - | - | 20,000.00 |
| L4 | Y | 10-Feb-18 | 18,750.00 | 25-Apr-19 | 0 | 0 | - | - | 18,750.00 | 18,750.00 |
| L5 | - | 12-Feb-18 | 4,500.00 | 25-Apr-19 | 0 | 0 | - | - | - | 4,500.00 |
| L6 | - | 12-Feb-18 | 6,000.00 | 25-Apr-19 | 0 | 0 | - | - | - | 6,000.00 |
| L7 | - | 28-Jan-18 | 7,950.50 | 25-Apr-19 | 0 | 0 | - | - | - | 7,950.50 |
| L8 | Y | 27-Jan-18 | 11,253.75 | 25-Apr-19 | 0 | 0 | - | - | 11,253.75 | 11,253.75 |
| L9 | Y | 27-Jan-18 | 17,587.50 | 25-Apr-19 | 0 | 0 | - | - | 17,587.50 | 17,587.50 |
| L10 | - | 27-Jan-18 | 24,578.00 | 25-Apr-19 | 0 | 0 | - | - | - | 24,578.00 |
|  |  |  | **123,119.75** |  |  |  |  |  | **55,091.25** | **123,119.75** |

**Note:**

1. Amount of INR 68,028.50/- is adjusted in Final claim settlement.
2. Amount of INR 55,091.25/- is recovered from MLI
3. In this case since there is no penalty, there is no need for any additional recoveries from MLI
4. Scenario 2: Penalty Situation (File uploaded before cutoff date & Full payment done after cutoff date)

|  |  |
| --- | --- |
| Month when recovery file is uploaded by MLI | Apr-18 |
| Rate of Penalty | 10% |
| DATE when the last tranch for full recovery payment is received | 25-Jul-18 |
| Recovery Cutoff Date as define by NCGTC in schemes | 30-Apr-18 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **D3** | **A** | **D2** |  | **D1** | **B** | **C** |  |  |
| **A/c No.** | **Final Claim Settled** | **Date of Recovery (Provided by MLI in Claim file)** | **Recovery Amount (Only NCGTC Share/Entire amount)** | **DATE when the last tranch for full recovery payment is received** | **Days Elapsed ( D2-D1 )** | **Eligible Days For Penalty** | **Penalty Calculated** | **Tax on Penalty  (@18% on B)** | **Recovery amount for Cases - Post Final Claim (A+B+C) along with Penalty/Taxes** | **Adjust at The Time of Final Claim  (A+B+C) along with Penalty/Taxes** |
| L1 | Y | 4-Feb-18 | 7,500.00 | 25-Jul-18 | 86 | 86 | 176.71 | 31.81 | 7,708.52 | - |
| L2 | - | 5-Feb-18 | 5,000.00 | 25-Jul-18 | 86 | 86 | 117.81 | 21.21 | - | 5,139.01 |
| L3 | - | 10-Feb-18 | 20,000.00 | 25-Jul-18 | 86 | 86 | 471.23 | 84.82 | - | 20,556.05 |
| L4 | Y | 10-Feb-18 | 18,750.00 | 25-Jul-18 | 86 | 86 | 441.78 | 79.52 | 19,271.30 | - |
| L5 | - | 12-Feb-18 | 4,500.00 | 25-Jul-18 | 86 | 86 | 106.03 | 19.08 | - | 4,625.11 |
| L6 | - | 12-Feb-18 | 6,000.00 | 25-Jul-18 | 86 | 86 | 141.37 | 25.45 | - | 6,166.82 |
| L7 | - | 28-Jan-18 | 6,925.00 | 25-Jul-18 | 86 | 86 | 163.16 | 29.37 | - | 7,117.53 |
| L8 | Y | 27-Jan-18 | 11,474.25 | 25-Jul-18 | 86 | 86 | 270.35 | 48.66 | 11,793.27 | - |
| L9 | Y | 27-Jan-18 | 17,572.50 | 25-Jul-18 | 86 | 86 | 414.04 | 74.53 | 18,061.06 | - |
| L10 | - | 27-Jan-18 | 24,578.00 | 25-Jul-18 | 86 | 86 | 579.10 | 104.24 | - | 25,261.34 |
|  |  |  | **122,299.75** |  |  |  |  |  | **56,834.15** | **68,865.87** |

**Note:**

1. Amount of INR 68,028.50/- is adjusted in Final claim settlement.
2. Amount of INR 55,091.25/- is recovered from MLI
3. In this case since there is penalty, and hence a need for additional recoveries from MLI which is about INR 3400.27/-
4. For any penalty generated post first claim recovery, MLI will have an option to settle the penalty amount before lodging the Final claim. If penalty not settled before Final claim lodgment, then to be adjusted in the Final claim payout.
5. Scenario 2: Penalty Situation (File uploaded & Full payment done after cutoff date)

|  |  |
| --- | --- |
| Month when recovery file is uploaded by MLI | Jun-18 |
| Rate of Penalty | 10% |
| DATE when the last tranch for full recovery payment is received | 25-Oct-18 |
| Recovery Cutoff Date as define by NCGTC in schemes | 30-Apr-18 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **D3** | **A** | **D2** |  | **D1** | **B** | **C** |  |  |
| **A/c No.** | **Final Claim Settled** | **Date of Recovery (Provided by MLI in Claim file)** | **Recovery Amount (Only NCGTC Share/Entire amount)** | **DATE when the last tranch for full recovery payment is received** | **Days Elapsed ( D2-D1 )** | **Eligible Days For Penalty** | **Penalty Calculated** | **Tax on Penalty  (@18% on E)** | **Recovery amount for Cases - Post Final Claim (A+B+C) along with Penalty/Taxes** | **Adjust at The Time of Final Claim  (A+B+C) along with Penalty/Taxes** |
| L1 | Y | 4-Feb-18 | 7,500.00 | 25-Oct-18 | 178 | 178 | 365.75 | 65.84 | 7,931.59 | - |
| L2 | - | 5-Feb-18 | 5,000.00 | 25-Oct-18 | 178 | 178 | 243.84 | 43.89 | - | 5,287.73 |
| L3 | - | 10-Feb-18 | 20,000.00 | 25-Oct-18 | 178 | 178 | 975.34 | 175.56 | - | 21,150.90 |
| L4 | Y | 10-Feb-18 | 18,750.00 | 25-Oct-18 | 178 | 178 | 914.38 | 164.59 | 19,828.97 | - |
| L5 | - | 12-Feb-18 | 4,500.00 | 25-Oct-18 | 178 | 178 | 219.45 | 39.50 | - | 4,758.95 |
| L6 | - | 12-Feb-18 | 6,000.00 | 25-Oct-18 | 178 | 178 | 292.60 | 52.67 | - | 6,345.27 |
| L7 | - | 28-Jan-18 | 6,925.00 | 25-Oct-18 | 178 | 178 | 337.71 | 60.79 | - | 7,323.50 |
| L8 | Y | 27-Jan-18 | 11,474.25 | 25-Oct-18 | 178 | 178 | 559.57 | 100.72 | 12,134.54 | - |
| L9 | Y | 27-Jan-18 | 17,572.50 | 25-Oct-18 | 178 | 178 | 856.96 | 154.25 | 18,583.71 | - |
| L10 | - | 27-Jan-18 | 24,578.00 | 25-Oct-18 | 178 | 178 | 1,198.60 | 215.75 | - | 25,992.35 |
|  |  |  | **122,299.75** |  |  |  |  |  | **58,478.81** | **70,858.70** |

**Note:**

1. Amount of INR 70,858.70/- is adjusted in Final claim settlement.
2. Amount of INR 58,478.81/- is recovered from MLI
3. In this case since there is penalty, and hence a need for additional recoveries from MLI which is about INR 7037.76/-
4. For any penalty generated post first claim recovery, MLI will have an option to settle the penalty amount before lodging the Final claim. If penalty not settled before Final claim lodgment, then to be adjusted in the Final claim payout.

### **Payment from MLI for System Generated Recoveries**

MLI will need to make the payment of the recoveries against the system-generated recovery.

This system-generated recovery, if any, after First claim will be adjusted in Final claim payout and system-generated recovery, if any, after Final claim settlement will be visible to MLI on recovery payment screen.

Note that MLI will need to make the payment of the recoveries using RTGS/NEFT facility and provide the UTR/reference number in SURGE.

Refer the BRD – Payment Mechanism for further reference.

## **Full & Final Claim Settlement**

MLI’s can proceed for full and final claim settlement only for those CG’s whose claims has been invoked. There may or may not be any recoveries in the interim for the respective CG whose claim is being settled in Full. This section elaborates the requirements and broad level flows for this envisaged process.

### **Invoking Final Claims**

Once MLI is sure of that, no further recoveries are possible and all the means to recover the outstanding dues has been exhausted, they need to invoke the final claim from NCGTC for such CG’s. This section elaborates the requirements and broad level flows for this envisaged process.

### **The Envisaged Work Flow**

MLI’s would have exhausted all the recovery procedures and will like to proceed to acquire full and final claim settlement from NCGTC. They also would have consumed the first interim claim amount.

As a part of this scheme and claim requisition process, MLI’s are advised to send the requisite information of their loan accounts (for whom the guarantees has been provided) to NCGTC in following steps:

1. MLI needs to extract the loan information for all such loan accounts which have turned NPA’s and are eligible for claims AND also whose first claim has been initiated and settled by NCGTC.
2. Note that the data needs to be send to SURGE only for those loan accounts which qualifies for claims as per scheme notification and point no. 1 above.
3. Navigate to the ‘Final Claim Initiation’ Menu and the online claim form.
4. This form duly filled with required details and ‘Saved’ (Non-Approved/Draft State).
5. Till the specified period (communicated by NCGTC) MLI is permitted to fill and/or re-fill the claim form multiple times. Thus, allowing MLI’s to append, edit and delete the information for claim of the issued CG’s multiple times and in *‘Non Approved’* state.
6. Final submission of the ‘Approved’ form will be effective once MLI accepts to the ‘Management certificate - Terms & Conditions’. Post the approved state – the form is sent for approval by NCGTC user.
7. After final verification of the input form by MLI approver user account (created by their own MLI Administrator), and NCGTC user the state of the input form is changed as *‘Approved’* state.
8. Approved state of input form also means that the claims has been considered in SURGE.

Note: MLI’s are expected to perform these steps in stipulated time communicated by NCGTC to MLI’s.

The input form content provided by MLI will be transited to a staging area database. While transiting these records, SURGE will append the records with Date-Time stamp in order for effective traceability of input records.

### **Search & View CG – Eligible to Invoke Final Claim (MLI Creator)**

MLI Creator will first need to search and identify those CG’s which are eligible for ‘Final’ Claim. User is able to search a particular Customer in SURGE system based on following search parameters:

1. MLI (Mandatory)
2. Scheme (Mandatory)
3. Customer Id (Optional)
4. CGPAN (Optional)

The usage of the above criteria will be as below:

* Parameter 1 and 2 will be Auto filled by system
* Either of parameter 3 or 4 is mandatory

### **Eligibility Criteria Checks**

From the above criteria, the eligible CG is NOT fetched by the system, which fulfills below criteria:

1. For the selected CG, its associated loan a/c has either of these ‘CG Current Status’ codes:
   1. 30013
   2. 30038
   3. 30039
2. The claim of the selected CG is in WIP/Settled state for final claim.
3. There are Pending payment of Recoveries (this condition is being checked at MLI level).

### **Search Result and Details for Claim Lodgment**

### **Search Result**

For the search results, system will fetch the CGPAN which qualifies the criteria with following details:

|  |  |  |
| --- | --- | --- |
| S. No. | Field Name | Description |
| Details of the Customer for the Search Criteria | | |
| 1 | CGPAN | CGPAN for the qualified criteria |
| 2 | Customer Id | Associated Customer Id |
| 3 | Date of NPA Classification | Date of NPA Classification which is used to determine the ‘Lock-In Period Date’ in validation step  System Generated |
| 4 | Lock-In Period Date | System Generated |
| 5 | Claim End Date | System Generated |
| 6 | Total Sanction Amount | System Generated – Summation of all the sanction amounts for the associated customer Id – whose current status is 30020 |
| 7 | CG Cover | Cover issued to the associated customer Id. Refer the calculations in section – 1.2.8  System Generated |
| 8 | Date of Conclusion of Recovery Proceedings | Date on which the judgement on recovery is available |
| 9 | Upload Conclusion of Recovery | Only file in Acrobat© Reader format (.pdf) |
| Details of the Claim Settled (associated with the Customer for the Search Criteria) | | |
| 10 | Total Dues | Principal O/s and Interest O/s as on the date of NPA  (The details provided by MLI in Input Details – NPA Outstanding and Recovery’s in section 1.2.4.4)  System Generated |
| 11 | Recoveries during First Claim Lodgment (if any) | The details provided by MLI in Input Details – NPA Outstanding and Recovery’s in section 1.2.4.4  System Generated |
| 12 | MLI has taken over the assets of the borrowers and the amount realized, if any, from the sale of such assets or otherwise HAS BEEN ALREADY credited in full by the lending institutions to the Trust  PERSONAL GUARANTEE OF BORROWER WAS INVOKED | ‘Y’ or ‘N’. |
| 13 | Total Amount of Recovery Deposited with NCGTC. | Total Recovery amount deposited by MLI to NCGTC |
| 14 | Conclusion of all Recovery proceedings by the lending institution | ‘Y’ or ‘N’ |
| 15 | Total Penalty (if any) | Penalty calculated by System for the delayed Recovery submission |
| 16 | Taxes on Penalty (if any) | Taxes on Penalty calculated by System for the delayed Recovery submission |
| 17 | First Claim Settled | First claim settled by NCGTC  System Generated |

### **Calculating Cover and Claim**

MLI Creator needs to select the CG for final claim and submit it further for processing it.

On ‘Calculate’ claim, system will calculate claim (for Final claim) as mentioned in section 1.4.8.

Once the claim has been calculated, MLI Creator will need to submit the claim for approval to MLI Approver. On further approval of MLI Approver, the claim is submitted to NCGTC for settlement.

### **Flow for Processing Claims**

The process flow for final claim is same as specified in section 1.2.6.

### **Marking the CG as Claimed**

Once the above eligibility checks are complete and NCGTC users approved the claim requisition file, system makes an entry with relevant details is created in separate Claim tables. Refer section 1.4.7.1 below for more details.

Note: No entry is persisted in CG Table

### **Making entry in Claims Table**

After making an entry in CG table (if required), system will make an entry in claims table for:

* Claim Type
* Customer Id
* Loan Account No.

The above details are stored with respect to Batch Identification of the claims file.

### **Claim Calculation – Final Claim**

To understand the final claim calculations, refer to the scenarios mentioned here.

Claim Calculation specified here is for each CG:

**Scenario 1:** when Total dues as on date of NPA is greater than Total dues as on date of Claims and penalty paid before Final claim.

|  |  |  |
| --- | --- | --- |
| **Final Claim** | | |
|  | During Claim Lodgment |  |
|  | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,300,000.00 |
|  | Total dues (Principal O/s and Interest O/s) as on the date of Claims | 1,200,000.00 |
|  | Post First Claim Lodgment |  |
|  | Total Recovery Provided | 70,000.00 |
|  | Total Penalty | - |
|  | Tax on Penalty @18% | - |
|  |  |  |
| **ID#** | **Description** | **Value** |
| **A1** | Customer Id | ACCT1 |
| **A2** | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,300,000.00 |
| (The details provided by MLI in online form for claim requisition) |
| **A3** | Total dues (Principal O/s and Interest O/s) as on the date of claims | 1,200,000.00 |
| (The details provided by MLI in online form for claim requisition) |
| **A4** | Total Loss (Amount in Default) as on date of First Claim | 1,130,000.00 |
| (AID = A2 or A3 whichever is lower – Recovery provided Post First claim) |
| **B5** | If AID (A4) DOES NOT Exceeds 50Lacs: 80% of A4 If AID (A4) Exceeds 50Lacs BUT up to 1Cr: (80% of A4) + (50% of AID which Exceeds 50Lacs but up to 1CR) If AID (A4) Exceeds 1Cr: Capping at 65Lacs | 904,000.00 |
| **B6** | Eligible Claim -  Considered for Claim Settlement (1st Claim) | 904,000.00 |
|  |
|  | First claim settled (as per section 1.2.9 scenario 1) | 720,000.00 |
| **B7** | Amount Less First Claim Settled | 184,000.00 |
| (Amount deducted with First claim which has been paid)  (Refer Scenario 1.2.9 scenario 1) |
| **B8** | Final Claim for settlement Less Penalty and Taxes on Penalty | 254,000.00 |
| (Considering Recoveries) |
|  |  |  |
|  | Final Claim Settled | **254,000.00** |

**Scenario 2:** when Total dues as on date of claims is greater than Total dues as on date of NPA and Penalty not paid before final claim.

|  |  |  |
| --- | --- | --- |
| **Final Claim** | | |
|  | During Claim Lodgment |  |
|  | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,200,000.00 |
|  | Total dues (Principal O/s and Interest O/s) as on the date of Claims | 1,300,000.00 |
|  | Post First Claim Lodgment |  |
|  | Total Recovery Provided | 70,000.00 |
|  | Total Penalty | 5000.00 |
|  | Tax on Penalty @18% | 900.00 |
|  |  |  |
| **ID#** | **Description** | **Value** |
| **A1** | Customer ID | ACCT1 |
| **A2** | Total dues (Principal O/s and Interest O/s) as on the date of NPA | 1,200,000.00 |
| (The details provided by MLI in online form for claim requisition) |
| **A3** | Total dues (Principal O/s and Interest O/s) as on the date of claims | 1,300,000.00 |
| (The details provided by MLI in online form for claim requisition) |
| **A4** | Total Loss (Amount in Default) as on date of First Claim | 1,130,000.00 |
| (AID = A2 or A3 whichever is lower – Recovery provided Post First claim) |
| **B5** | If AID (A4) DOES NOT Exceeds 50Lacs: 80% of A4 If AID (A4) Exceeds 50Lacs BUT up to 1Cr: (80% of A4) + (50% of AID which Exceeds 50Lacs but up to 1CR) If AID (A4) Exceeds 1Cr: Capping at 65Lacs | 904,000.00 |
| **B6** | Eligible Claim -  Considered for Claim Settlement (1st Claim) | 904,000.00 |
|  |
|  | First claim settled (as per section 1.2.9 scenario 2) | 720,000.00 |
| **B7** | Amount Less First Claim Settled | 184,000.00 |
| (Amount deducted with First claim which has been paid)  (Refer Scenario 1.2.9 scenario 2) |
| **B8** | Final Claim for settlement Less Penalty and Taxes on Penalty | 254,000.00 |
| (Considering Recoveries) |
|  |  |  |
|  | Final Claim Settled | **248,100.00** |

*Note: if the Eligible First claim works out as less than zeroes, then, it is considered and settled as zeroes.*

**Important Note:**

1. System will calculate claims – after the claim input is processed (i.e. approved by NCGTC user)
2. Once the claim has been calculated, the same will be available for ‘View’ to NCGTC and MLI users

## **Points Pending for Further Clarification**

Following points will need clarification from NCGTC:

|  |  |  |
| --- | --- | --- |
| S. No. | Point for Further Clarification | Contemplations |
| - | - | - |

On receipt of further clarification from NCGTC team, the current document will undergo revision.

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1. Post Claim Recoveries will be available after claim final settlement also. Thus No Rejection for such situation. [↑](#footnote-ref-1)