Abstract

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

Business Requirement Document

Loan Guarantee Scheme for the Covid affected Tourism Service Sector (LGSCATSS) – Interim Claim

**Document Version History**

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| Version No. | Remarks | Date | Author |
| 1.0 | LGSCATSS Claim | 02-08-2022 | Supriya Shinde-Dhuri |

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**Table of Content:**

[**1.** **Introduction-Claim Process** 4](#_Toc110939847)

[**2. Invoking Interim Claims** 4](#_Toc110939848)

[**2.1. Interim Claim- MLI Creator Login** 4](#_Toc110939849)

[**2.2. Interim Claim: MLI Approver Login** 5](#_Toc110939850)

[**2.3. Interim Claim Form: NCGTC Creator** 6](#_Toc110939851)

[**2.4. Interim Claim Form: NCGTC Approver** 8](#_Toc110939852)

[**2.5. Outward Payment Management** 9](#_Toc110939853)

[**3.** **Rejecting the Claims** 9](#_Toc110939854)

[**4. Claim Calculation Illustration** 11](#_Toc110939855)

[**5. Reports** 12](#_Toc110939856)

[**6. Marking the CG as Claimed** 12](#_Toc110939857)

[**6.1. Marking the CG as Claimed in CG Table** 12](#_Toc110939858)

**Glossary**

Glossary of Important Terms user across different Version of BRD for this scheme

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| --- | --- | --- |
| S. No. | Term | Description |
| 1 | LGSCATSS | Loan Guarantee Scheme for the Covid affected Tourism Service Sector |
| 2 | A/c | Account or Account No. – a common written abbreviation for account in context of Banking/Financials |
| 3 | CG | Credit Guarantee |
| 4 | CGPAN | Credit Guarantee Permanent Account Number – a Unique Credit Guarantee Number generated by NCGTC processing system while issuing the Credit Guarantee. |
| 5 | GC | Guarantee Charge |
| 6 | AID | Amount In Default |
| 7 | MLI | Member Leading Institute. These will be Banks, Factors, and Para- Banks etc. Institutes predominantly in business of Money Lending’s. |
| 8 | NCGTC | National Credit Guarantee Trustee Company Ltd |
| 9 | NPA | Non-Performing Asset |
| 10 | SURGE | Software System Developed and Commissioned by NCGTC for Managing Credit Guarantee Business Process. SURGE – System for Underwriting, Reassurance & Guarantee Endorsement |

### **Introduction-Claim Process**

Claim module to be developed for MLI to update claim file on SURGE portal. Claims under this guarantee scheme for each CG will be handled in two steps: As a ‘Interim Claim’ to obtain 75% of AID and ‘Final Claim’ for remaining 25%. This documents explaining the process of Interim claim.

1. Invoking Claims – Enables MLI’s to lodge ‘Interim Claim’ for issued CG’s.

### **Invoking Interim Claims**

Once MLI has marked the CGPAN as NPA and needs to claim the guarantee cover from NCGTC.MLI to use claim module to lodge the claims for such CGPAN. This section elaborates the requirements and broad level flows for this envisaged process.

## **Interim Claim- MLI Creator Login**

For invoking claim by MLI, form to be developed with below fields

1. **CGPAN:** User Entry – Alphanumeric. Mandatory

MLI to enter the CGPAN for invoking claim

CGPAN should be in NPA state

CGPAN should not be already in claim process or settled

CGPAN should not be in closed state

1. **Borrower Name:** Auto-fetch

Borrower Name to be displayed as per the CGPAN entered

1. **NPA date**: Auto-fetch

NPA date to be displayed as per the CGPAN entered

1. **Asset created:** Auto-fetch

Asset created to be displayed as per the CGPAN entered

1. **Charge Created:** Auto-fetch

Charge Created to be displayed as per the CGPAN entered

1. **Charge Created date:** Auto-fetch

Charge Created date to be displayed as per the CGPAN entered

1. **Total Outstanding as on the date of NPA (Principle and Interest):** User Entry – Numeric. Mandatory

MLI to enter the Total Outstanding as on the date of NPA (Principle and Interest)

The Total Dues amount as on date of NPA for a CGPAN should be more than zero

1. **Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries):** User Entry – Numeric. Mandatory

MLI to enter Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries)

The Total Dues amount as on Date of Claim Lodgment for a CGPAN more than zero

The Total Due amount as on date of NPA should not be less than Total Due amount as on date of claim

1. **Upload Borrower Outstanding:** User Entry – Document upload. Mandatory

MLI to upload the Borrower Outstanding document in PDF format (Max 1 Mb)

1. **Upload Recall Notice:** User Entry – Document upload. Mandatory

MLI to upload the recall notice document in PDF format (Max 500 kb)

1. **Upload Proof of Legal Proceeding:** User Entry – Document upload. Mandatory

MLI to upload the legal proceeding document in PDF format (Max 500 kb)

1. **Upload security created:** User Entry – Document upload. Optional

MLI to upload the security created document in PDF format (Max 500 kb)

1. **Declaration obtained from borrower name in defaulter list:** User Entry – Document upload. Mandatory

MLI to upload the security created document in PDF format (Max 500 kb)

MLI creator will submit the interim claim form to MLI approver and unique Application reference number would be generated.

Status will be updated as ‘Approval awaited’

## **Interim Claim: MLI Approver Login**

Interim claim sent by MLI creator can be viewed in the MLI approver login.

1. **CGPAN:** Auto-fetch
2. **Borrower Name:** Auto-fetch
3. **NPA date: Auto**-Fetch
4. **Asset created:** Auto-fetch
5. **Charge Created:** Auto-fetch
6. **Charge Created date:** Auto-fetch
7. **Total Outstanding as on the date of NPA (Principle and Interest):** Auto-fetch
8. **Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries):** Auto-fetch
9. **Date of Interim Claim Lodgment:** Auto-fetch
10. **Upload Borrower Outstanding:** Auto-fetch-Document. View Only Mode
11. **Upload Recall Notice:** Auto-fetch-Document. View Only Mode
12. **Upload Proof of Legal Proceeding:** Auto-fetch-Document. View Only Mode
13. **Upload security created:** Auto-fetch-Document. View Only Mode
14. **Declaration obtained from borrower name in defaulter list:** Auto-fetch-Document. View Only Mode
15. **Action:** Drop-Down with values “Approve”,” Reject”. Mandatory

MLI approver to Approve or reject the file

1. **Remarks:** User entry – Alphanumeric. Mandatory

MLI approver to enter the remarks

1. **Generate Management certificate**: User entry – checkbox. Mandatory

MLI approver to click on the link to generate Management certificate

1. **We (the MLI) certify and provide Management certificate**: User entry – checkbox. Mandatory

Management certificate

I, the authorized officer of the member Lending institution indicated below, hereby certify that:

1. The information provided in Claim Form are true & correct.
2. In case any of the information provided by us is found to be incorrect, the guarantee cover provided by Trust/Trustee under LGSCATSS shall become Null & Void and the Trust/Trustee or its constituents shall be free to take such action as deemed necessary.

MLI Name: <name of the mli>

User Name: <user id of checker as per login>

First Name: < first name of checker as per login >

Last Name: < last name of checker as per login >

MLI have to select the check box to enable the approve button

MLI approver to submit the form after generation of Management certificate and Status is updated as ‘NCGTC Approval awaited’

If the form is by rejected MLI approver, MLI creator can submit new form for Interim claim

## **Interim Claim Form: NCGTC Creator**

Interim claim sent by MLI Approver can be viewed in the NCGTC creator login and they can change required fields also.

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1. **CGPAN:** Auto-fetch
2. **Borrower Name:** Auto-fetch
3. **NPA date: Auto**-Fetch

Date update by MLI during NPA marking

1. **Asset created:** Auto-fetch
2. **Charge Created:** Auto-fetch
3. **Charge Created date:** Auto-fetch

Date of Charge Creation updated by MLI during charge Creation

1. **Total Outstanding as on the date of NPA (Principle and Interest):** Auto-fetch
2. **Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries):** Auto-fetch
3. **Corrected value of total dues as on date of NPA:** User entry – Numeric. Optional

NCGTC creator to enter the total dues if there is difference in ledger

Corrected value of total dues as on date of NPA is considered for calculation if the values is updated by NCGTC

1. **Corrected value of total dues as on date of claim:** User entry – Numeric. Optional

NCGTC creator to enter the total dues if there is difference in ledger

Corrected value of total dues as on date of claim is considered for calculation if the values is updated by NCGTC

1. **Borrower Outstanding:** Auto-fetch- Document
2. **Recall Notice:** Auto-fetch- Document
3. **Proof of Legal Proceeding:** Auto-fetch- Document
4. **Security created:** Auto-fetch- Document
5. **Declaration obtained from borrower name in defaulter list:** Auto-fetch-Document. View Only Mode
6. **Amount in Default:** Auto-fetch (Minimum of Total Outstanding as on the date of NPA (Principle and Interest, Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries), Corrected value of total dues as on date of NPA, Corrected value of total dues as on date of claim).

System to calculate and display the Amount in default.

1. **Eligible Claim Amount:** Auto-fetch (75% of Eligible Claim Amount).

System to calculate and display the eligible claim.

1. **Action:** Drop-Down with values “Approve”, “Reject”. Mandatory

NCGTC creator to Approve or reject the claim

1. **Remarks:** User entry – Alphanumeric. Mandatory

NCGTC creator to enter the remarks

1. **View Management certificate**: Auto-fetch

NCGTC can click and view Management certificate

NCGTC creator to submit the form. Status is updated as ‘NCGTC final Approval awaited’

If the form is by rejected NCGTC creator, MLI creator can submit new form for Interim claim.

Note: Provide link to view details of other CGPANs and their NPA/Claim Status based on ITPAN (template for view to be provided by NCGTC later)

## **Interim Claim Form: NCGTC Approver**

Interim Claim file with approved records are sent to NCGTC Approver will be displayed in Approve Input file under NCGTC Approver login.

Following fields are displayed and details will be Auto populated as details submitted by ML.

1. **CGPAN:** Auto-fetch
2. **Borrower Name:** Auto-fetch
3. **NPA date: Auto**-Fetch
4. **Asset created:** Auto-fetch
5. **Charge Created:** Auto-fetch
6. **Charge Created date:** Auto-fetch
7. **Total Outstanding as on the date of NPA (Principle and Interest):** Auto-fetch
8. **Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries):** Auto-fetch
9. **Corrected value of total dues as on date of NPA**:Auto-fetch
10. **Corrected value of total dues as on date of claim:** Auto-fetch
11. **Borrower Outstanding:** Auto-fetch-Document
12. **Recall Notice:** Auto-fetch-Document
13. **Proof of Legal Proceeding:** Auto-fetch-Document
14. **Security created:** Auto-fetch-Document
15. **Declaration obtained from borrower name in defaulter list:** Auto-fetch-Document. View Only Mode
16. **Amount in Default:** Auto-fetch (Minimum of Total Outstanding as on the date of NPA (Principle and Interest, Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries), Corrected value of total dues as on date of NPA, Corrected value of total dues as on date of claim).

System to calculate and display the Amount in default

1. **Eligible Claim:** Auto-fetch (75% of Eligible Claim Amount).

System to calculate and display the eligible claim

1. **NCGTC Creator Remarks-** Auto-fetch

Remarks enter by MLI creator to be displayed

1. **Action:** Drop-Down with values “Approve”,” Reject”. Mandatory

NCGTC approver to Approve or reject the claim

1. **Remarks:** User entry – Alphanumeric. Mandatory

NCGTC approver to enter the remarks

1. **View Management certificate**: Auto-fetch

MLI approver to click on the link to generate Management certificate

NCGTC approver can view the documents/Management certificate and approve/Reject/Return the form

Status is updated as Approved

In case of return the form should go to NCGTC creator, to resubmit the form

Once the file is approved it is displayed in NCGTC accountant login for claim settlement.

Note: Provide link to view details of other CGPANs and their NPA/Claim Status based on ITPAN (template for view to be provided by NCGTC later)

## **Outward Payment Management**

To be integrated with existing payment management system.

## **Rejecting the Claims**

NCGTC Creator/Approver may reject the interim claim. Along with the reason/remarks for rejections.

Rejecting claims records will bring the affected CGPAN in state before to claim state (i.e. NPA Guarantee in Force).Rejection will allow MLI to submit the claim again.

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

**4. Flow for Processing Claims**

Processing of the claims will entail following events:

* Calculation of claims as per scheme notification
* 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 Creator -Submit the Claim

MLI approver -Approves the Claim

(NCGTC Creator)

Investigate/Due Diligence

Send to Approve

(By NCGTC Creator)

N

Y

Claim Approval

Reject/Return Claim

(By NCGTC Approver)

Approve Claim

(By NCGTC Approver)

Claim Settlement

Rejects the Claim

(By NCGTC Creator)

The Claim form is rejected.

MLI will need to upload a fresh claim

Return by NCGTC approver

Accountant- Reconciliation the Claim payment

N Y

Main Accountant- Approve/Reject the Reconciliation

## **Claim Calculation Illustration**

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

Claim Calculation is based on the outstanding amount reported at the time of claim lodgment.

**Case 1**

|  |  |  |
| --- | --- | --- |
| **Interim Claim** | | |
| **ID#** | **Description** | **Value** |
| **A** | **Total Outstanding as on the date of NPA (Principle and Interest)** | 10,00,00,000 |
| **B** | **Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries)** | 20,00,000 |
| **C** | **Correct Value of Total dues as on date NPA (NCGTC creator)** | 9,80,00,000 |
| **D** | **Correct Value of Total dues as on date Claim (NCGTC creator)** | 7,35,00,000 |
| **E** | **Amount in Default: (Min(A,B,C,D)** | 20,00,000 |
| **F** | **Eligible Interim Claim -  Considered for Claim Settlement** | 15,00,000 |
| **75% of E** |
| **G** | **Interim Claim Settled** | **15,00,000** |

**Case 2:**

|  |  |  |
| --- | --- | --- |
|  | **Interim Claim** | |
| **ID#** | **Description** | Value |
| **A** | **Total Outstanding as on the date of NPA (Principle and Interest)** | 10,00,00,000 |
| **B** | **Total Outstanding as on the date of interim Claim Lodgment (Net of Recoveries)** | 30,00,000 |
| **C** | **Correct Value of Total dues as on date NPA (NCGTC creator)** | Not Updated |
| **D** | **Correct Value of Total dues as on date Claim (NCGTC creator)** | Not Updated |
| **E** | **Amount in Default: (Min(A,B,C,D))** | 30,00,000 |
| **F** | **Eligible Interim Claim -  Considered for Claim Settlement** | 22,50,000 |
|  | **75% of E** |
| **G** | **Interim Claim Settled** | **22,50,000** |

## **Reports**

Following report to be generated for MLI and NCGTC,

* Interim Claim



## **Marking the CG as Claimed**

Once the eligibility checks for claim (Interim Claim) 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 CGPAN is initiated and processed.

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 6.1 below for more details.
* An entry with relevant details is created in separate Claim tables. Refer section 6.2 below for more details.

### **Making entry in Claims 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:

* MLI ID - Same as the Original Master Record
* Schemes Id - Same as the Original Master Record
* Claim Type, From File type master.
* CGPAN - Same as the Original Master Record
* 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
* MLI approver date- Date Time of MLI approver
* NCGTC Creator- NCGTC user id
* NCGTC Creator date- Date Time of NCGTC creator
* NCGTC Approver - NCGTC Approver user id
* NCGTC approver date- - Date Time of NCGTC Approver