Abstract

This document summarizes functional needs of credit guarantee business for new guarantee issuance for Member Lending Institutions extending loans to Micro Finance Institutions.  
Intention is to collate & track functional specifications of underlying business processes for guarantee business for Micro Finance Institutions and provide a firm base for further interpretations of software requirements & specifications.

Business Requirement Document

Credit Guarantee Scheme for Micro Finance Institutions (CGSMFI) –Update of Credit Guarantee

**Document Version History**

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| --- | --- | --- | --- |
| Version No. | Remarks | Date | Author |
| 1.0 | MFI Update CG | 05-01-2022 | Vishal.S |

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| **Name** | : |  |  | **Name** | : |  |
| **Designation** | : | National Credit Guarantee Trustee Company Ltd |  | **Designation** | : |  |

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**Glossary**

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

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| S. No. | Term | Description |
| 1 | CGSMFI | Credit Guarantee Scheme for Micro Finance Institutions |
| 2 | CG | Credit Guarantee |
| 3 | CGPAN | Credit Guarantee Permanent Account Number – a Unique Credit Guarantee Number generated by NCGTC processing system while issuing the Credit Guarantee. |
| 4 | FY | Financial Year |
| 5 | MLI | Member Leading Institute. These will be Banks, Factors, and Para- Banks etc. Institutes predominantly in business of Money Lending’s. |
| 6 | MFI | Micro Finance Institution |
| 7 | NPA | Non-Performing Asset |
| 8 | NCGTC | National Credit Guarantee Trustee Company Ltd |
| 9 | SURGE | Software System Developed and Commissioned by NCGTC for Managing Credit Guarantee Business Process.  *SURGE – System for Underwriting, Reassurance & Guarantee Endorsement* |

## **Introduction-Update Credit Guarantee**

Update CG form to be developed for MLI to update CG related information on the portal. MLI may update following information under Update CG form:

1. Close CG – MLI may mark the account as closed in case of repayment of total outstanding amount by the borrower MFI. In this case MLI need to enter loan closure date.
2. NPA Marking – MLI to mark NPA with NPA date on portal if accounts turns NPA.
3. Mark Standard – If any account becomes standard then MLI to mark it as Standard with date of account becoming standard. By default, all accounts are standard.

**Module Path:** CGSMFI >> Update CG form

**User Roles:**

1. MLI Creator: Data entry of update CG
2. MLI Approver: Approval / Rejection of update CG

**Actions on Page (MLI Maker):**

1. Update CG - data entry form
2. Send for Approval
3. Generate Report

**Actions on Page (MLI Checker)**

1. View Update CG form
2. Update CG – Approval / Rejection
3. Generate Report

## **Process Flow for Update CG**

The above is a schematic representation of various processes which will execute in SURGE system.

* 1. **Update CG - Field and Business Validations**
     1. **Update CG (MLI Creator Entry)**

The update CG data entry form to be provided to MLI maker for marking particular CGPAN as “Closed” or “NPA” or “Standard” (If already it is NPA, then only).

Following are the field and business validations of Update CG field:

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

* MLI to enter the CGPAN for which update is to be marked.
* The CGPAN should be either standard or NPA to be available in this page.
* If CGPAN is already closed, then system to display message as “CGPAN <CGPAN> status is Closed”
* Only CGPAN’s of MLI to be available in this page (based on user login).

1. **Name of MFI:** Auto-fetch - Read only.

Name of MFI will be displayed based on the CGPAN entered.

1. **Loan Closed:** User Entry **–** Drop-down with values “Yes” and “No”. Mandatory.

MLI maker to select the value as “Yes”, if loan account to be marked as “Closed”, else select the value as “No”.

1. **Date of Loan Closure:** User Entry **-** Calendar control. Conditionally mandatory.

The “Date of Loan Closure” is mandatory in case “Loan Closed” is marked as “Yes”.

Date of Loan closure cannot be greater than system date and less than or equal to First Disbursement date (or loan sanction date).

1. **Loan Account NPA:** User Entry **–** Drop-down with values “Yes” and “No”. Conditionally optional.

If the loan account is NPA then MLI to select “Yes” from drop-down.

1. **Date of NPA:**

The “Date of NPA” is mandatory if the MLI has marked the “Loan Account NPA” field as “Yes”

Date of NPA cannot be greater than system date and less than or equal to Latest Disbursement date + 90 days.

If the account is marked as NPA more than once then Date of NPA cannot be greater than system date and less than or equal previous standard date or Previous NPA date

1. **Loan Account Standard:** User Entry **–** Drop-down with values “Yes” and “No”. Conditionally Optional.

If loan account is already marked as NPA and now MLI want to mark this account at Standard the MLI to select “Yes” under this option.

1. **Standard Date:** User Entry **-** Calendar control. Conditionally Mandatory.

MLI to enter the loan account standard date.

“Standard Date” field is mandatory if the “Loan Account Standard” field is marked as “Y”.

Standard date cannot be greater than system date and less than or equal to latest NPA date.

1. **Management Certificate** – User entry – Checkbox. Mandatory

Management certificate text provided as follows:

Management certificate

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

1. The information provided in guarantee 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 CGSMFI 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 >

## **Update CG (MLI Approver Entry)**

The form sent by MLI creator will be displayed in Approve Update CG under MLI approver Login. MLI approver can view the form and Approve/Reject the accordingly

Following are the field of Update CG which will can be viewed by MLI approver

1. **CGPAN:** Display – Read only.
2. **Name of MFI:** Display - Read only.
3. **Loan Closed:** Display - Read only
4. **Date of Loan Closure:** Display - Read only
5. **Loan Account NPA:** Display - Read only
6. **Date of NPA:** Display - Read only
7. **Loan Account Standard:** Display - Read only
8. **Standard Date:** Display - Read only
9. **Management Certificate**: User entry – Checkbox. Mandatory

Management certificate text to be displayed as provided by NCGTC

After generating Management certificate MLI approver can approve/Reject the form with remarks

**Note**:

* The MLI Maker may either mark the account as “Closed” or “NPA” or “Standard”.
* For account to be marked as “Standard”, its current status should be marked as “NPA”.
* By default, all the loan accounts are in status “Standard”. The loan account can be marked “NPA” or “Standard”, ‘n’ number of times (If NPA then Standard and vice versa).
* Management Certificate to be provided for MLI Maker as “I, <MLI Maker>, <Designation>, <MLI Name>, declare that the information submitted above is as per our bank records and ……. ”
* On “Send for Approval” button click the unique reference number to be generated by system and will be made available for MLI checker for approval.
* Success message to be displayed as Account updated successfully.

### **Update CG Information**

It is important to note that, all the loan information value provided by MLI is saved in the table along with Credit Guarantee status (as explained in above section) and along with below mentioned specific field values:

* File Type – 3 (which indicates that this is a transaction for Update CG)
* Created By – MLI creator User Id
* Created Date – Date & Time of Record insertion
* Update by- MLI Approver User Id
* Updated Date- MLI Approval date
* CGPAN – CGPAN issued at the time of issuing Credit Guarantee

Reports:

1. Enhancements in existing report (Sanction Details – Sheet 1)

Add fields Account Closed, Account Closed Date, Account NPA, Account NPA Date

1. Develop Update CG Status Report

Input Parameters: MLI Name (All or select MLI), CGPAN (Optional), From Date, To Date – dates based checker approval date.

Output Fields:

Name of MLI

CGPAN

Name of MFI

Loan Closed

Date of Loan Closure

Loan Account NPA

Date of NPA

Loan Account Standard

Standard Date

Maker Id

Maker Created Date

Checker Id

Checker Approved Date

## **Points Pending for Further Clarification**

Following points will need clarification from NCGTC:

|  |  |  |
| --- | --- | --- |
| S. No. | Point for Further Clarification | Contemplations |
| 1 | - | - |

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