

FTP Process Flow Document

A. *Why to share information with NeSL Information Utility?*

- To comply with Insolvency and Bankruptcy Code, 2016 (IBC) and RBI letter dated 19 December 2017.
 - As per Section 215(2) of IBC: financial creditors shall upload debt information to Information utility.
 - NeSL is India's first and only Information Utility registered with IBBI
- RBI letter to MDs / Chairperson dated 26 December 2019 to upload information of all debt records to NeSL IU
- Bank/NBFC need to be executed agreement with NeSL to avail their Information Utility services.

B. *What information needs to upload?*

- Bank/NBFC is required to submit debt information in NeSL's prescribed format of Form C.
 - As per Section 215(2) of IBC: financial creditors shall upload debt information to Information utility.
 - NeSL is India's first and only Information Utility registered with IBBI
- Currently for Business accounts, NeSL has issued Form C (Version 2.3) and for Individual/ proprietorship loans (retail loans) Form C (Version 2.3Ind)
 - **Ver2.3:** where debtor's constitution type is other than Individual and proprietorship firm
 - **Ver2.3 Ind:** where debtor's constitution type is Individual and proprietorship firm.
- Form C consist of following sections:
 - **Submitter information** (Bank/NBFC's detail as Creditor)
 - **Debt information** (e.g. loan no, Sanction amount, Outstanding amount, Rate of Interest, Amount Overdue etc)
 - **Other Parties information** (Name, PAN, Contact details etc of Debtor, Co- obligant, Guarantor, security provider, assignee (portfolio sale))
 - **Security details** like Type of security, Asset type, description of security. Not applicable for unsecured loans
 - **Default details** like default amount, default date, last payment date etc. not applicable for standard loans
- Definition of Default:
 - As per IBC, 1-day default is default however for IU submission, Financial creditor can decide when to declare debtor as defaulter.
 - Many Bank/NBFCs are uploading Default section in Form C when defaulter is declared NPA (usually DPD cross 90 days).
 - However, in some cases, default section may be uploaded before 90 days DPD (e.g. SMA 0 or SMA 1, case to case base).
- As per IBC, even loan supporting documents should uploaded to Information Utility. However, for legacy data's supporting documents, It would be difficult for Bank/NBFC to do the scanning activities of lacs of records and upload to NeSL. Hence, it is decided that for certain cases supporting document(s) can be uploaded where Bank/NBFC may think is necessary.

C. *What type of loans will be uploaded?*

- The mandatory requirement of submission to IU covers all active debts in the Bank/NBFC's books, whether standard, irregular (SMA 0, 1 or 2) or NPA. Even the written-off debts are also required to be reported since the Bank/NBFC still has claims on the debtor for such debts.

- In Phase 1- All commercial loans (in ver 2.3 template) including Companies, Limited Liability Partnerships (LLPs), Partnerships, Societies, Trusts, Self Help Groups etc. (except individuals)
 - All types of loans (Funded, Non-Funded, Secured, Unsecured, Overdrafts, Loan against FDs etc)
 - Non-funded loans like BG, LC should preferably be merged customer/product wise/currencywise, and uploaded consolidated basis.
 - E.g. if customer has 3 Bank Guarantees (BGs) issued, then one debt record should be submitted instead of 3 separate loan (in this case, CustomerID_BG may be used as debt reference number). Similarly, for LCs, consolidated reporting can be done with CustomerID_LC as debt ref number
 - If BGs are in multiple currencies, currency wise consolidated reporting may be done e.g. CustomerID_BG_USD
 - Funded loans will be uploaded loan account wise
- In Phase 2 - All retail (individual and Proprietorship Firms) loans (in ver 2.3IND)- immediately after completions of Phase 1.