



BANKING AND FINANCE

Digital Transformation of Bank Guarantees: NeSL's Integration of Electronic Bank Guarantees with Entity Locker

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Introduction

The landscape of financial documentation and corporate guarantee mechanisms in India has witnessed a significant digital evolution with the issuance of **Circular No. NeSL/DDE/2026/235** dated 5th May 2026 by National e-Governance Services Limited (NeSL). This circular introduces a major shift in the accessibility and management of Electronic Bank Guarantees (e-BGs) through the integration of NeSL's established e-BG platform with the Entity Locker infrastructure, developed under the aegis of the National e-Governance Division (NeGD) and the Ministry of Electronics and Information Technology (MeitY).

The initiative represents a critical advancement in India's digital public infrastructure, aligning with the broader objectives of the Digital India programme, enhancing the ease of doing business, and promoting paperless governance.

Since its inception in 2022, the NeSL e-BG platform has enabled the issuance of electronic bank guarantees by *thirty-eight participating banks*, catering to a diverse spectrum of beneficiaries encompassing large corporate entities and various government departments. The present circular builds upon this foundation by establishing Entity Locker as an additional, secure channel for post-issuance retrieval and visibility of e-BG documents, thereby augmenting the existing mechanisms without disturbing the core issuance framework.

Background and Rationale

The traditional physical process of issuing bank guarantees has long been fraught with logistical challenges, including delays in document transmission, risks of forgery, storage difficulties, and inefficiencies in verification. **NeSL's e-BG platform** was conceived to address these systemic inefficiencies by digitizing the guarantee issuance process.

Prior to the current initiative, beneficiaries and applicants could access their e-BGs either through the NeSL portal directly or via the NeSL Enterprise Access Solution (NeAS), which enabled integration with the internal information technology systems of large corporates.

The circular now introduces a third, equally strong access channel through **Entity Locker**, which functions as a customized variant of NeAS primarily using the Document Pull API. This integration is carefully designed to enable post-issuance secure digital retrieval and visibility of e-BG documents for authorized entities, ensuring that the existing e-BG issuance process remains entirely undisturbed while significantly enhancing accessibility and convenience.

Objectives of the Initiative

The initiative is driven by **four principal objectives** that collectively advance the digital transformation of financial documentation:

1. Enable secure, authenticated, and entirely paperless access to e-BG documents and their associated metadata directly from NeSL for both applicants and beneficiaries through the Entity Locker platform.
2. Establish Entity Locker as a trusted and recognized access channel for all e-BGs issued on the NeSL platform, thereby diversifying the points of access while maintaining centralized control.
3. Further the national policy goals enshrined in the Digital India programme, the ease of doing business framework, and the broader agenda of paperless governance.
4. Ensure the security of sensitive financial data by implementing access controls based on **Permanent Account Number (PAN) authorization**, thereby creating a strong verification mechanism that aligns with contemporary data protection standards.

Key Benefits and Advantages

The integration of e-BG access through Entity Locker confers substantial benefits upon all stakeholders in the guarantee ecosystem:

- **Single sign-on access** to all e-BG documents available within the Entity Locker, encompassing both currently issued documents and those that will be issued in the future, thereby eliminating the need to navigate multiple platforms.
- **No separate registration** on the NeSL portal is required for accessing e-BG documents through Entity Locker, which reduces administrative burden and simplifies the user experience.

- **Inclusive access** extending availability to both applicants and beneficiaries based on their authorized PAN-linked credentials, thereby ensuring that all legitimate parties to a guarantee transaction can retrieve relevant documentation.
- **Comprehensive lifecycle coverage**, including issuance, amendment, renewal, partial or full invocation, cancellation, closure, and court injunctions where applicable, ensuring that users have visibility into all stages and modifications of their guarantees.

NeSL Enterprise Access Solution and API Infrastructure

The technical architecture underpinning this initiative is the **NeSL Enterprise Access Solution (NeAS)**, a secure, application programming interface-based platform specifically designed to enable large corporates to access and manage NeSL e-BGs efficiently. NeAS empowers beneficiaries and applicants to receive real-time notifications and to fetch authenticated e-BGs, complete with e-Stamp and e-Signed documents, directly into their internal enterprise resource planning systems.

NeSL offers **three standard APIs** for post-issuance e-BG activities that form the backbone of this integration:

Notification API

Provides real-time updates regarding e-BG status, request delivery, and bank responses, ensuring that stakeholders remain informed of all material developments.

Document Pull API

Enables the download of e-BG metadata, e-Stamp, and e-Signed documents. This is the *primary mechanism* used for the Entity Locker integration.

Event Request API

Allows beneficiaries to raise post-issuance requests directly from their systems.

These APIs are designed to integrate seamlessly with beneficiary and applicant ERPs and are already deployed across major procurement portals, with proven interoperability and reliability:

- Government e-Marketplace (GeM)
- GePNIC
- Various State Government portals

Obligations of Issuing Banks and Compliance Framework

The circular imposes specific and stringent obligations upon issuing banks to ensure regulatory compliance and data protection:

- **Explicit consent from the applicant** must be obtained at the time of issuance of every e-BG, in strict compliance with the Digital Personal Data Protection Act, 2023, wherever applicable. This consent must be free, informed, specific, unconditional, and unambiguous, and must explicitly permit the sharing of e-BG documents with the concerned applicants and beneficiaries through their registered Entity Locker accounts.
- **Secure consent management:** Banks are required to ensure that such consent is securely recorded, stored, and maintained in a verifiable and auditable manner, with the capability for withdrawal by the Data Principal in accordance with applicable law.
- **One-time institutional declaration:** Banks must submit a one-time institutional declaration, in the prescribed format annexed to the circular, to both NeSL and NeGD, authorizing access to e-BGs issued by them through Entity Locker.
- **Data Fiduciary responsibility:** The circular unequivocally establishes that the bank shall remain solely responsible as the *Data Fiduciary* for consent management, data accuracy, grievance redressal, regulatory compliance, and all associated liabilities, thereby ensuring clear accountability in the data governance framework.

Summary of Annexures

The circular is supplemented by **four comprehensive annexures** that provide detailed operational and legal guidance.

Annexure One: Process Flow and Scope of e-BG Access

Delineates the detailed process flow along with the scope of e-BG access through Entity Locker, presenting an end-to-end procedural framework from user login and request submission through PAN validation, API invocation, NeSL validation, and document response, accompanied by a process flow diagram. It clarifies that Entity Locker functions solely as an *access and display channel* and does not modify, create, or store e-BG records.

Annexure Two: Bank Actions and Consent Requirements

Elaborates upon bank actions and consent requirements, detailing the consent obligations under the Digital Personal Data Protection Act, 2023, the requirements for access enablement, and the necessity of the one-time institutional declaration.

Annexure Three: Overview of DigiLocker and Entity Locker

Provides an informative overview of DigiLocker and Entity Locker. DigiLocker is a Digital Public Infrastructure initiative under the Digital India Programme by MeitY, offering secure cloud-based storage and verification of authentic digital documents.

Entity Locker extends this functionality specifically to non-individual entities such as companies, limited liability partnerships, micro, small and medium enterprises, trusts, and government organizations, enabling authorized representatives to digitally manage verified organizational documents.

Annexure Four: Standardized Declaration Letter Format

Contains the standardized declaration letter format to be executed on the bank's letterhead, addressing the following areas:

- Consent collection and authorization
- Scope and applicability
- Facilitation of document access
- Data fiduciary responsibilities
- Absolute liability
- Grievance redressal
- Indemnification of NeSL, NeGD, and MeitY
- Clarification regarding the absence of agency or shared responsibility
- Notification of changes
- Good faith declaration

Conclusion

The enablement of e-BG access through Entity Locker, as articulated in **NeSL Circular No. NeSL/DDE/2026/235**, represents a material advancement in India's digital trust infrastructure for bank guarantees and substantially enhances customer convenience by placing e-BG access at the fingertips of users on an on-the-go basis.

The initiative delivers enhanced transparency, operational efficiency, and regulatory certainty while carefully preserving the existing issuance framework and reinforcing data protection principles. By mandating explicit consent under the Digital Personal Data Protection Act, 2023, establishing clear data fiduciary responsibilities upon issuing banks, and using proven API infrastructure, the circular strikes a judicious balance between innovation and accountability.

As the ecosystem of electronic bank guarantees continues to expand, this integration positions Entity Locker as a cornerstone of secure, authenticated, and paperless financial documentation, furthering India's trajectory toward comprehensive digital governance and simplified commercial transactions.

For further details write to contact@indialaw.in

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