



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2014-15/111

RPCD.RRB.RCB.BC.No.08 /03.05.33/2014-15

July 01, 2014

The Chairmen / CEOs  
All Regional Rural Banks (RRBs) and  
State/Central Cooperative Banks (StCBs/CCBs)

Dear Sir/ Madam,

**Lending against Gold Jewellery**

Please refer to our [circulars RPCD.CO.No.RRB.BC.64/03.05.34/2005-06 dated February 27, 2006](#) and [RPCD.CO.RF.BC.No.67/07.40.06/2005-06 dated March 9, 2006](#) on 'Advances against Gold Ornaments and Jewellery.'

2. As a prudential measure, it has been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for banks' lending against Gold jewellery (including bullet repayment loans against pledge of gold jewellery) for the purpose of medical expenses and meeting unforeseen liabilities. Therefore, henceforth loans sanctioned by RRBs and StCBs/CCBs should not exceed 75 per cent of the value of gold ornaments and jewellery.

3. In order to standardize the valuation and make it more transparent to the borrower, it has been decided that gold jewellery accepted as security / collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. [formerly known as the Bombay Bullion Association Ltd. (BBA)]. If the gold is of purity less than 22 carats, the bank should translate the collateral into 22 carat and value the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately.

ग्रामीण आयोजना और ऋण विभाग, केंद्रीय कार्यालय, 10वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, पो.बा.सं.10014, मुंबई 400 001  
टेलीफोन: Tel: 022-22601000 फैक्स Fax: 91-22-22621011/22610948 ईमेल E-mail: cgmicrpcd@rbi.org.in

Rural Planning & Credit Department, Central Office, 10th Floor, Central Office Building, S. B. S. Marg, P. Box No.10014, Mumbai 400001

चेतावनी: रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।

Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.



4. It is reiterated that RRBs and StCBs/CCBs should continue to observe necessary and usual safeguards and also have a suitable policy for lending against gold jewellery with the approval of their Boards of Directors.

Yours faithfully,

(A. Udgata)  
Principal Chief General Manager