



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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RBI/2013-14/587

UBD. CO. BPD. PCB. Cir. No.60/13.05.001/2013-14

May 9, 2014

The Chief Executive Officers of  
All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

**Advance against Pledge of Gold/ Silver Ornaments**

Please refer to [circular UBD.PCB.Cir.No.24/13.05.001/ 08-09 dated November 10, 2008](#), wherein Urban Cooperative Banks (UCBs) were advised to observe safeguards in order to mitigate the inherent risks attached to sanction of loans and advances against Gold / Silver ornaments.

2. As a prudential measure, it has now been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for UCBs' lending against gold jewellery (including bullet repayment loans against pledge of gold jewellery). Therefore, henceforth loans sanctioned by UCBs 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.

शहरी बैंक विभाग, केंद्रीय कार्यालय, गारमेट हाऊस, पहली मंज़िल, डॉ. एनी बेसेंट मार्ग, वरली, मुंबई - 400018 भारत  
फोन: 022 - 2493 9930 - 49; फैक्स: 022 - 2497 4030 / 2492 0231; ई-मेल: cgmincubd@rbi.org.in

Urban Banks Department, Central Office, Garment House, 1<sup>st</sup> Floor, Dr. Annie Besant Road, Worli, Mumbai  
- 400018, India

Phone: 022 - 2493 9930 - 49; Fax: 022 - 2497 4030 / 2492 0231; E-mail: cgmincubd@rbi.org.in

**हिंदी आसान है, इसका प्रयोग बढ़ाइए—**

चेतावनी: भारतीय रिजर्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्ति की 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।  
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4. It is reiterated that UCBs 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,

(P. K. Arora)  
General Manager

शहरी बैंक विभाग, केंद्रीय कार्यालय, गारमेंट हाऊस, पहली मंज़िल, डॉ. एनी बेसेंट मार्ग, वरली, मुंबई - 400018 भारत  
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