



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2012-13/296

DBOD.No.Dir.BC.57 / 13.03.00/ 2012-13

November 19, 2012

All Scheduled Commercial Banks  
(excluding RRBs)

Dear Sir / Madam

**Bank finance for purchase of gold**

Please refer to paragraphs 102 and 103 (extract enclosed) of the Second Quarter Review of Monetary Policy 2012-13 announced on October 30, 2012, proposing that other than working capital finance, banks are not permitted to finance purchase of gold in any form.

2. In terms of extant guidelines issued vide circular DBOD.No.Leg.BC.74/C.124(P)-78 dated June 1, 1978, no advances should be granted by banks against gold bullion to dealers/traders in gold if, in their assessment, such advances are likely to be utilised for purposes of financing gold purchase at auctions and/or speculative holding of stocks and bullion. In this context, the significant rise in imports of gold in recent years is a cause for concern as direct bank financing for purchase of gold in any form *viz.*, bullion/primary gold/jewellery/gold coin etc. could lead to fuelling of demand for gold. Accordingly, it is advised that no advances should be granted by banks for purchase of gold in any form, including primary gold, gold bullion, gold jewellery, gold coins, units of gold Exchange Traded Funds (ETF) and units of gold Mutual Funds. However, banks can provide finance for genuine working capital requirements of jewellers. The scheme of Gold (Metal) Loan detailed vide our [circular DBOD.No.IBS.BC/1519/23.67.001/1998-99 dated December 31,1998](#), as amended from time to time, will continue to be in force.

Yours faithfully,

(Sudha Damodar)  
Chief General Manager

Encl: As above

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

## **Extract of Second Quarter Review of Monetary Policy 2012-13**

### **Bank Finance for the Purchase of Gold and Advances against Gold**

102. In terms of extant guidelines, no advances should be granted by banks against gold bullion to dealers/traders in gold if, in their assessment, such advances are likely to be utilised for purposes of financing gold purchase at auctions and/or speculative holding of stocks and bullion. In this context, the significant rise in imports of gold in recent years is a cause for concern as direct bank financing for purchase of gold in any form *viz.*, bullion/primary gold/jewellery/gold coin could lead to fuelling of demand for gold for speculative purposes. The Monetary Policy Statement of April 2012 announced the constitution of a Working Group (Convenor: Shri K.U.B. Rao) to study issues relating to gold imports and gold loans by Non-Banking Financial Companies (NBFCs) in India. The Working Group submitted its draft report in August 2012. Pending a decision on its recommendations, it is proposed to advise banks that:

- other than working capital finance, banks are not permitted to finance purchase of gold in any form.

103. Detailed guidelines in this regard are being issued separately.