



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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June 06, 2013

The CEOs of all State and Central Co-operative Banks

Dear Sir,

Lending against gold

Please refer to paragraph 98 of the Monetary Policy Statement 2013-14 announced on May 3, 2013 (extract enclosed) on lending against gold, proposing to restrict the facility of advances against the security of gold coins per customer to gold coins weighing up to 50 grams.

2. State/Central co-operative banks are currently permitted to grant advances against gold ornaments and jewellery. Under gold loans, some banks may have granted advances against specially minted gold coins sold by banks. As pointed out in the monetary policy statement, while granting advance against the security of specially minted gold coins sold by banks, state/central co-operative banks should ensure that the weight of the coin(s) does not exceed 50 grams per customer and the amount of loan to any customer against gold ornaments, gold jewellery and gold coins (weighing up to 50 grams) should be within the Board approved limit.

Yours faithfully,

(A. Udgata)
Principal Chief General Manager

Encl. as above

Extract of Monetary Policy Statement 2013-14

98. As per extant instructions, banks are currently permitted to grant advances against gold ornaments and other jewellery and against specially minted gold coins sold by banks. However, no advances can 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 and units of gold mutual funds. While there may not be any objection to grant of advances against specially minted gold coins sold by banks, there is a risk that some of these coins would be weighing much more, thereby circumventing the Reserve Bank's guidelines regarding restrictions on grant of advance against gold bullion. Accordingly, it is proposed to:

- restrict the facility of advances against the security of gold coins per customer to gold coins weighing up to 50 gms.