



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

RBI/2016-17/229

DBR.RRB.BC.No. 53/31.01.001/2016-17

February 16, 2017

All Regional Rural Banks

Dear Sir / Madam,

**Repayment of Gold Loan**

Please refer to [circular RPCD.CO.RRB.BC.No.22/03.05.34/2010-11 dated September 22, 2010](#) wherein Regional Rural Banks (RRBs) were permitted to grant gold loans up to Rs.1.00 lakh with bullet repayment option.

2. On a review, it has been decided to increase the quantum of loan that could be granted under the scheme, from Rs.1.00 lakh to Rs.2.00 lakh subject to the following conditions:

- (i) The period of the loan shall not exceed 12 months from the date of sanction.
- (ii) Interest will be charged to the account at monthly rests but will become due for payment along with principal only at the end of 12 months from the date of sanction.
- (iii) RRBs should maintain a Loan to Value (LTV) ratio of 75% on the outstanding amount of loan including the interest on an ongoing basis, failing which the loan will be treated as a Non Performing Asset (NPA).
- (iv) The valuation of gold would be as per instructions contained in [para 3](#) of the [circular RPCD.RRB.RCB.BC.No.08/03.05.33/2014-15 dated July 1, 2014](#).

3. It is clarified that crop loans sanctioned against the collateral security of gold/gold ornaments shall continue to be governed by the extant income recognition, asset classification and provisioning norms for such loans.

Yours faithfully,

(Saurav Sinha)  
Chief General Manager

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