



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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December 4, 2025

Reserve Bank of India (Small Finance Banks - Credit Facilities) Amendment Directions, 2025

Please refer to [Reserve Bank of India \(Small Finance Banks – Credit Facilities\) Directions, 2025](#) (hereinafter referred to as ‘the **Directions**’).

2. On a review, in exercise of the powers conferred by the sections 21 and 35A of the Banking Regulation Act, 1949 and all other provisions / laws enabling the Reserve Bank (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. Modifications in Chapter I

Following definitions shall be inserted after sub-para 4(1)(xv) in Section C of Chapter 1 of the Directions –

(xv)(A) ‘Gold Metal Loans’ (GML) mean loans extended by eligible banks to specified borrowers in the form of gold metal.

(a) ‘GMS-linked GML’ means GML extended by designated banks under the Gold Monetization Scheme, 2015 (GMS), utilising – (i) the gold deposit accepted by them as Short Term Bank Deposit under the GMS, or (ii) gold borrowed from other designated banks under GMS, and where the repayment can be either in gold or in cash or in a combination of both.

(b) ‘Import-linked GML’ means GML extended by nominated banks authorized to import gold, where the source of gold metal lent is gold imported by them, and where repayment has to be necessarily in cash.

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हिंदी आसान हैं, इसका प्रयोग बड़ाइए

4. Repeal and substitution of Chapter V

Chapter V - Gold Metal Loans (GML) of the Directions shall be deleted, and substituted with a new chapter as under:

Chapter V(A) Gold Metal Loans (GML)

A. Introduction

51A. The Gold Metal Loan (GML) scheme was launched in 1998 as per Export Import Policy 1997-2002 and the Handbook of Procedures of the Exim Policy to address the need of working capital finance of the jewellery industry. Over time, the scope of the GML scheme has been broadened to cater to the changing business requirement of the jewellery industry. This Chapter prescribes GML related prudential guidelines to address and manage the risks inherent in extending GML to borrowers.

B. Eligible Banks

52A. Nominated banks importing gold as per the provisions of the Master Direction – Import of Goods and Services, as updated from time to time, may extend import-linked GML to entities who either manufacture and / or sell jewellery in domestic and / or export markets (collectively hereinafter referred to as ‘jewellers’).

Provided that, *jewellers who are not manufacturers themselves, may borrow under GML only for outsourcing their manufacturing of jewellery on job basis to any manufacturing firms / artisans / goldsmiths.*

52B. Designated banks implementing the GMS may extend GMS-linked GML to following categories of borrowers:

- (i) Jewellers for the purposes as specified in paragraph 52A above, and*
- (ii) MMTC Limited for minting India Gold Coins (IGC).*

C. General Instructions

53A. A bank shall lay down a lending and risk management policy for GML which shall, inter alia, prescribe the categories of GML which the bank desires to undertake, a limit on the quantity of gold that may be lent per borrower as well as total quantity of such loans that may be outstanding at any point of time.

The policy shall also lay down the detailed due-diligence requirements for deciding the eligibility of GML borrowers and their credit requirements.

53B. GML shall be subject to capital adequacy and other prudential requirements applicable to a lender, similar to any other loan exposure. For all prudential and accounting purposes, GML shall be valued daily at an amount arrived at by converting the gold quantity lent into Indian Rupees by crossing LBMA (London Bullion Market Association) Gold AM price fixing for Gold / US Dollar rate with the Indian Rupee-US Dollar reference rate.

53C. GML shall not involve any direct or indirect liability of the borrowers towards the lenders' source of the gold, i.e., the overseas supplier of gold (consignor) or the GMS gold deposit account holder.

53D. A bank shall put in place mechanism to monitor on an ongoing basis the exposure level and the end-use of the gold being lent to borrowers under GML scheme and ensure that the gold borrowed under GML scheme is neither sold nor exported by borrowers in the form of primary gold.

53E. A bank may extend GML to jewellers who are not their regular customers by accepting stand-by letter of credit (SBLC) or bank guarantee (BG) denominated in INR, issued by other scheduled commercial banks that maintain business accounts of the jewellers, notwithstanding any provisions of Chapter XVI of these Directions. Such arrangements shall be subject to independent credit assessments by both the GML providing bank and the SBLC / BG issuing bank. Further, the SBLC / BG issuing bank shall maintain adequate margin, during the tenor of the loan, consistent with the volatility of the gold prices.

53F. A bank may decide interest rates on GML based on costs of procuring and holding gold, and relevant spreads as per their interest rate policies.

D. Repayment of GML

54A. In case of lending to jewellery exporters, the repayment tenor of GML shall be fixed by a bank subject to the terms and conditions of the extant Foreign Trade Policy (FTP) and the Handbook of Procedures of the FTP.

54B. For all GML other than lending to jewellery exporters, a bank may fix a repayment tenor as per its policy, in alignment with working capital cycle of the jeweller, subject to a ceiling of 270 days.

54C. Repayment of GML (both principal and interest amounts) shall be made in INR, calculated on the basis of prevailing value of the gold lent.

Provided that, in respect of GMS-linked GML, a bank shall also provide an option to the borrower to repay a part or full of the 'principal amount' in physical gold, provided:

- (i) repayment is made using locally sourced IGDS (India Good Delivery Standard) / LGDS (LBMA's Good Delivery Standards) gold;*
- (ii) gold is delivered on behalf of the borrower to the bank directly by the refiner or a central agency, acceptable to the bank, without the borrower's involvement;*
- (iii) the loan agreement contains details of the option to be exercised by the borrower, acceptable standards and manner of delivery of gold for repayment;*
- (iv) the borrower is apprised upfront, in a transparent manner, of the implications of exercising the option.*

E. Disclosures

55A. A bank shall report the GML data to the Reserve Bank on a quarterly basis by seventh day of the following month as per the format given in Annex - V.

5. Insertion of Annex V - Supervisory Return on Gold Metal Loans (GML):

'Annex V' as placed in [Annexure](#) to this Amendment Directions shall be inserted in the Directions.

6. The above amendments shall come into force from April 1, 2026. Banks may however decide to implement the amendments in entirety from an earlier date.

(Vaibhav Chaturvedi)
Chief General Manager

Supervisory Return on Gold Metal Loans (GML)

GML Category →		Import-linked GML			GMS-linked GML [#]		
Borrower Type ↓	Details of Loans						
		Quantity in grams	Value in ₹ crore	Weighted average rate of interest	Quantity in grams	Value in ₹ crore	Weighted average rate of interest
Jewellery exporters	Loans disbursed during the quarter						
	Loans outstanding at the end of the quarter						
Other jewellers	Loans disbursed during the quarter						
	Loans outstanding at the end of the quarter						
MMTC Limited	Loans disbursed during the quarter						
	Loans outstanding at the end of the quarter						

#Include GML sourced out of: (i) gold deposit accepted by designated banks as Short Term Bank Deposit under the GMS; and (ii) gold borrowed from other designated banks under GMS.