



**THE PRATAP CO-OPERATIVE BANK LTD.**

**REVIEW OF GOLD LOAN POLICY**

**2025-2026**

**TO BE READ AS A PART OF LOAN POLICY**

## **REVIEW OF GOLD LOAN POLICY (2025-26)**

**( To be read as a part of Loan policy)**

**Review Date – \_\_\_\_/\_\_\_\_/2025**

Since the original gold loan policy was introduced in August 2023 as part of the new product launched by us in the form of Gold Loan, aiming to facilitate our customers in availing loans against gold ornaments/jewelry on a need basis. The policy has been reviewed in compliance with RBI Circular no. RBI/2025-26/47 DOR.CRE.REC.26/21.01.023/2025-26 dated June 6, 2025, regarding Gold Loan – Bullet Repayment – Primary (Urban) Co-operative Banks (UCBs).

### **Eligibility**

1. Individuals, Proprietors, Partnership firms, Companies (upon becoming member/nominal member of the bank).
2. Loan shall not be extended if the ownership of the gold is doubtful. A declaration of ownership must be obtained in all cases.
3. Individuals, corporate firms and private firms can avail this facility once they become member/nominal member of the bank

### **Purpose**

This loan is available for personal exigencies/Agriculture but not for speculations. Gold loan is not available for purchasing gold in any form including gold bullion, gold jewellery, gold coins, units of gold exchange traded funds, units of gold mutual funds.

### **Amount/Margin**

Maximum up to 75% of the assessed value by the Bank's approved valuer/jeweler on the basis of weight, fineness and at prevailing market rate of that date.

Maximum of Rs 4 Lacs for Bullet Payment

Maximum of 2 Lacs for monthly installment payments

**Note:** For bullet loans, LTV should be calculated on the total repayable amount at maturity, not the principal alone.

### **Valuation**

- Done by the Bank's empanelled valuer in the borrower's presence.

- Based on lower of:
  - Average closing price for 22-carat gold for the last 30 days (IBJA or SEBI-regulated commodity exchange).
  - Previous day's closing rate.
- Lower purity ornaments will be proportionally adjusted.
- Only gold content value is considered. Precious stones are excluded.

### **Interest Rate**

As may be decided by the Board/RBI from time to time with monthly rests. Interest needs to be serviced monthly for both bullet/monthly installment loans.

### **Disbursement**

- To borrower's account only.
- No cash disbursements allowed above ₹20,000.
- Loan proceeds shall not be credited to third-party accounts.

### **Security**

Pledge of gold ornaments/Jewellery . Hallmarked jewellery is preferred . No loan should be advanced against Gold coins/ bars

### **Repayment**

Monthly equated installments with maximum period of 2 years. Bullet payment of outstanding principle and remaining interest maximum of one year.

### **Renewal**

- Can be renewed only after full interest is paid for further 1 year.
- Renewals/top-ups allowed only for standard loans within LTV cap

### **Receipt**

A receipt should be issued by valuer in their letter head in three copies to be signed by the borrower , bank official and the valuer.

### **Part release**

Part release of gold ornaments/ jewellery is not allowed.

## **Default**

A demand notice shall be sent through registered post with acknowledgement demanding payment within a week of loan due after a month, failure of which a reminder should be sent that the ornaments/jewellery would be auctioned adjusting sale proceeds against outstanding dues and the balance if any would be paid to the borrower against his receipt.

## **Auction Process in Case of Default**

- **Auction initiated only:**
  - After two formal notices (registered post)
  - Minimum 30 days post public notice if borrower is untraceable
- **Auction must be advertised:**
  - In 2 newspapers (regional & national)
- **Reserve Price:**
  - Not less than 90% of current value
  - If auction fails twice, minimum 85% allowed
- **Surplus** (if any) must be refunded within **7 working days** post auction.
- Bank or its related parties **cannot participate** in auctions.

## **Delivery to third party**

The pledged gold ornaments may be delivered to third party against authority letter from the borrower and subsequent confirmation of the borrower with indemnity to absolve bank from liability needs to be obtained. A receipt from the third party should be obtained on the letter of authority as well on Gold Loan Register. An undertaking absolving the bank of any responsibility in the event of dispute or loss arising from the delivery of the ornaments to third party should be obtained from the borrower. In case of death of the borrower the claim should be settled as per procedure laid down for settlement of other death claim.

## **Insurance**

It is advisable to take insurance against all risks with regard to pledged ornaments/jewellery.

## **Others**

Valuations to be strictly done by Bank's approved Jeweler .The approved Jeweler shall give adequate security deposits and indemnity bond duly notarized by the notary. He shall value ornaments in the presence of two responsible bank officials along with borrower. A receipt signed by the valuer should be obtained in his letter head in three sets duly signed by all three namely borrower, Valuer and Bank official in three copies. One to be given to borrower and second copy to be given to Valuer. The third copy should be kept along with Jewellery in presence of borrower, Valuer in locker duly acknowledged by the borrower and valuer,

The Bank should satisfy about the ownership of the gold ornaments against which it is going to lend. A declaration to the effect to be obtained from the borrower.

The ornaments belonging to each borrower should be kept separately listing the description of ornaments, gold loan account number and name of party in small container attached with the receipt issued by the valuer which is signed by both valuer ,borrower and the bank official. Such bags/container should be kept in dedicated two keys lockers assigned for gold loans. Such lockers should not be rented out to other clients and keys of dedicated locker should be with bank safe custody.

Loan should be extended only on pledging of gold ornaments and jewellery. No loan should be extended to gold bullion, Gold biscuits, precious stones or silver.

Unclaimed gold post 2 years from full repayment must be reported to Board/Customer Service Committee.

## **Loan amount**

Since our bank has met priority targets and sub targets as of 31<sup>st</sup> March 2023 The Pratap co-operative bank has extended its Gold loan limit from Rs. 2 lakhs to Rs. 4 lakhs for bullet repayment and Rs 2 Lacs for repayment on installments preferably a separate surety to be taken . Loan will be extended maximum term of 24 months only for monthly installments and 12 month for bullet repayment loans.. Interest rates as per market within guidelines of RBI and sanctioned by Board of Directors.

All sanction needs to be ratified in the board meeting post sanction.

**CHAIRMAN**

**CEO**