



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2021-22/58

DOR.CRE(DIR).REC.24/23.67.001/2021-22

June 23, 2021

All Scheduled Commercial Banks  
(excluding Regional Rural Banks)

Madam / Dear Sir,

**Gold (Metal) Loans – Repayment**

Please refer to instructions issued vide [circulars DBOD.No.IBS.1519/23.67.001/98-99 dated December 31, 1998](#), [DBOD.No.IBS.3161/23.67.001/98-99 dated June 25, 1999](#), [DBOD.No.IBD.BC.33/23.67.001/2005-06 dated September 5, 2005](#), [DBOD.No.IBD.BC.71/23.67.001/2006-07 dated April 3, 2007](#) and [DBOD.No.IBD.BC.104/23.67.001/2013-14 April 2, 2014](#) on the captioned subject.

2. As per the extant instructions, nominated banks authorized to import gold and designated banks participating in [Gold Monetization Scheme, 2015 \(GMS\)](#) can extend Gold (Metal) Loans (GML) to jewellery exporters or domestic manufacturers of gold jewellery. These loans are repaid in INR, equivalent to the value of gold borrowed, on the relevant date/s.

3. On a review, it has been decided as under:

- i) Banks shall provide an option to the borrower to repay a part of the GML in physical gold in lots of one kg or more, provided:
  - a. the GML has been extended out of locally sourced / GMS-linked gold;
  - b. repayment is made using locally sourced IGDS (India Good Delivery Standard)/ LGDS (LBMA's Good Delivery Standards) gold;
  - c. 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;
  - d. the loan agreement contains details of the option to be exercised by the borrower, acceptable standards and manner of delivery of gold for repayment;
  - e. the borrower is apprised upfront, in a transparent manner, of the implications of exercising the option.

- ii) Banks shall suitably incorporate the above aspects into the board-approved policy governing GML along with concomitant risk management measures. Banks shall continue to monitor the end-use of funds lent under GML.
4. All other instructions issued on GML shall remain unchanged.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager