Methodology for Determination of Net Weight of Gold, LTV ratio and price used to value of gold.

In terms of RBI Circular No. RBI/2025-26/47 DOR.CRE.REC.26/21.01.023/2025-26 dated 06/06/2025, The Loan rules and policy were framed and approved in the Board Meeting 10/10/2025.

Procedure for weighing the gold, LTV ratio calculation and determination of price of gold is as under:

Valuation of Gold is done in Two phases one by the gold appraiser appointed by the Bank and other by the trained Manager/Officer of the Bank.

Step: 1
To check the purity of gold Acid test, salt-water test and Touch stone test is used.

Step: 2
The Net Weight of the gold is determined by discarding stones, wax, thread and other accessories etc., on the ornament. Only the gold weight counts for the purpose of valuation and stones/pearls have zero collateral value for loans.

Step: 3
The Gold is valued on 22-carat basis.

Step: 4
Daily gold price will be obtained from India bullion & Jewelers Association (IBJA) for 916 purity (22 carat) and the average closing price of said 22-carat gold for preceding 30 days is calculated for the purpose of valuation of Gold.

Step: 5
A Maximum of 75% of rate on the value from step (4) is considered for Gold loan eligibility, so that the loan amount is equal to 0.75 of the value of the gold and LTV is within the limit prescribed by RBI.

In case of Bullet repayment loans, the loan amount will be calculated on the total amount payable at the time of maturity including accrued interest.