

SCHEME FOR ISSUE OF LOAN TO INDIVIDUALS AGAINST THE SECURITY OF GOLD ORNAMENTS.

1. Purpose

Loans under this scheme may be availed for any legitimate purpose, including but not limited to:

- a) Business needs
- b) Agricultural activities
- c) Education expenses
- d) Medical emergencies
- e) Personal financial requirements

2. Eligibility

The Gold Loan facility is available to:

- Existing customers with a Current or Savings Bank account.
- New customers upon successful completion of Know Your Customer (KYC) formalities.
- Applicant must be individuals aged 21 years or up to 70 years with a CIBIL of 650+ .
- Applicant must be the rightful owner of the pledged gold ornaments/jewelry.

3. Application

Applicants must submit a duly filled loan application form, as prescribed by the bank clearly specifying the purpose for the loan as well as details of the pledged ornaments (weight, purity, value).

4. Type of Loan

The loan will be sanctioned as a Term Loan with a duration of one year.

5. Repayment Period

- The loan must be repaid within one year. Repayment can be made either in lump sum or in three installments before the due date.
- If the loan is repaid within 15 days, a minimum of 15 days' interest is charged.
- The loan principal and any remaining interest must be cleared by the end of the term.

Release of Ornaments:

Pledged gold ornaments will be released only upon full repayment of the loan.

6. Quantum

- Minimum Loan Amount: Rs 20,000
- Maximum Loan Amount: Rs 25 lakh or 75% of the current market value of the pledged gold, whichever is lower.

7. Purity and assessment

Loans are sanctioned against gold ornaments/jewelry with a purity of 18-22 carats.

Valuation:

- Calculated based on the average gold rate for the past week as fixed by the bank.
- Impurities such as wax, thread, and stones are deducted by the appraiser.
- Hallmarked jewelry is valued at full purity without additional deductions.

Example for Calculating value of gold Jewellery/ornaments:

For 21-carat jewelry:

Weight (in 22-carat equivalent) = (Net weight × Purity in carat) ÷ 22.

The detailed procedure to determine the value of loan to be sanctioned on the gold/jewellery is annexed at -A

8. Valuation

- Valuation is conducted by a bank-approved appraiser in the presence of the Branch Manager, Cashier and the borrower.
- A detailed inventory of ornaments/valuation report is prepared in triplicate by the appraiser.
- Jewelry is sealed in a secure box and signed by all parties.

The procedure to appraise Gold/jewellery is annexed at- B

9. Appraiser Security and Fees

- Appraisers must deposit ₹50,000 with the bank in shape of term deposit as security lien marked with the bank.
- Appraiser commission is capped at 0.5% of the loan amount or ₹1,000 per case (whichever is lower) to be borne by the borrower.

10. Safe custody of ornaments

- Jewelry is stored in dedicated bank lockers under dual custody:
- One key is held by the Branch Manager and the other key is with the Cashier/Accountant.
- Details of jewelry are recorded in the Safe Custody Register.
- Borrowers to sign the register for confirming the details of the jewellery

Jewelry Movement:

Branches with jewelry exceeding ₹25 lakh in value must transfer excess to the HO branch. All such transfers must be recorded at both ends in the designated registers i.e. at branch's end in the "out-going" register and at Ho in "In-coming" register.

The stepwise procedure is enumerated in detail in AnnexureC .

11. Photograph of the jewellery: -

The following points, pertaining to photographic documentation of the gold/jewellery, must be considered: -

- Photographs should essentially be clear, identifiable, and taken in color.

- Following details must be documented on the back of the photographs:
 - i) Borrower's name
 - ii) Account number
 - iii) Loan amount
 - iv) Weight and purity
 - v) Date of sanction
- Two copies of the photograph are made:
 - i) One for the customer.
 - ii) One for bank records.

12. Interest

ROI would be affixed by the Bank from time to time in conjugation with on-going banking conditions, RBI rules & regulations etc.

The applicant shall serve interest in the form of EMI on monthly basis. Penal Interest: 2% p.a. over the normal rate in case of overdue payments.

13 Processing Fee: 0.60% of the loan amount (no upper cap)

14. Documents required

The Borrowers must submit the following:

- Loan application form.
- ONE ID proof and ONE residential proof for the applicant (can include PAN, AADHAAR, VOTER ID, PASSPORT, DRIVING LICENCE, or RENT/LEASE AGREEMENT). At least TWO KYC documents are mandatory.
- Demand promissory note.
- Proof of income (wherever applicable).
- Legal heir certificate (if applicable).

CIBIL Report to be generated and should be tallied with the will full defaulter list issued by the RBI. Further, borrowers having NPA status and reflecting in the list of will full defaulters at the time of processing of Loan will not be eligible under the captioned scheme

15. Sanctioning Authority

- i. Loans up to ₹5 lakh: Branch Manager.
- ii. Loans above ₹5 lakh: Manager (Banking)

16. Auction process

- A notice for 15 days is to be sent to the borrower immediately after classification of the account as NPA
- A final notice must be sent by 'Registered Post' with acknowledgement due to the borrower or if he is deceased then to all the likely claimants at the last known address

calling up the loan and stating, inter alia, that the relative ornaments will be sold by public auction without further notice.

- Jewelry is appraised again by an independent appraiser.
- Auctions are conducted on bank premises and publicly advertised.

The other detailed general guidelines and conditions are enumerated in Annexure D and auction process is elaborated in Annexure E

17. Re-appraisal of jewellery kept as security during annual/periodic inspection

- Loan renewal is at the bank's discretion and treated as a fresh case.
- Jewelry pledged as security is reappraised during periodic inspections.
- Top-up loan facility is not available in this scheme. In case of any enhancements, prior loan to be closed and fresh loan account to be opened.
- Independent appraisers conduct the reappraisal in the presence of branch officials.

The detailed procedure for re-appraisal of loan is also elaborated in [Annexure F](#)

18. Renewal

The loan can be renewed upon sole discretion of the bank after the completion of the term and upon request of the applicant. The applicant can also avail top up facility wherever he/she is applicable. Each instance of renewal and top up loan shall be treated as a fresh or new case. That means the existing loan is to be closed and new application to be processed as per the policy guidelines and processing fee and appraisal charges shall be paid by the borrower thereafter.

ANNEXURE A

PURITY AND ASSESMENT

The loan shall be sanctioned only on the pledge of gold ornaments or jewellery of 18 carat to 22 carat purity wholly belonging to the borrower at rate fixed by the Bank from time to time taking into account the market value. Rates for 22 carat gold for the purpose of financing must be considered. In case of gold with purity less than 22 carat is accepted as security, the value be converted proportionately into 22 carats for financing under the scheme. Appraiser must account for deduction towards wax, thread, and stone as assessed by him. The following table illustrates this point: -

Other than Hallmarked Jewellery	Out of the gross weight of gold ornament, weight towards stone, wax, thread, impurities etc. will be deducted as per finding of the valuer/Shroff on case to case basis. One such example is reproduced below: -		
	I	Gross Weight	50 Gram
	II	Less Deduction towards Was, thread and stone etc. (Actual to be assessed by appraiser)	04 Gram (indicative)
	II I	Net weight (I-II)	46 gm
	I V	Purity of Gold	21 carats (say)
	V	Net weight (as per 22 carat purity)	(46/22) *21=43 gm (decimal part if any to be ignored)
	V I	Assessed Value {Net weight (22 carat) X Rate advised by HO}	Net weight X Advance Rate i.e. 43-gram X Rate as prescribed by the Division on weekly basis.
	Assessed value be correctly arrived at as indicted above, to avoid over financing.		
Hallmarked Jewels	Deduction towards stone, wax thread etc, is sufficient and further deduction towards impurities need not be made.		

ANNEXURE B:

VALUATION OF GOLD / JEWELLERY

- The gold ornaments/ jewellery shall be appraised/valued by and appraiser/valuer approved by the bank. The valuer must be existing valuer empaneled with at least two scheduled commercial banks. The valuation will be done in the presence of the Branch Manager and cashier in the presence of customer and a detail of ornaments/ jewellery containing weight, design and other particulars shall be prepared in triplicate. While appraising / valuing the ornaments/ jewellery, the wax, stones etc. wedded in the ornaments/ jewellery shall not be accounted for. The box in which the ornaments are kept shall be properly covered with cloth and sealed and signed in the presence of all three i.e customer/Branch Manager/valuer. One copy each of this detail shall be retained by the beneficiary and the bank and third will be kept in the packet(s)/ Box(s) along with ornaments/ jewellery.
- The Gold Price will be fixed on the basis of the average rate of gold of last one week. The above-mentioned rate shall be provided by banking section on every Monday or last working day of the week. If in case new rate not communicated to the branches, the last prevailing rate shall be applicable at the time of processing the application.

ANNEXURE: C

SAFE CUSTODY AND MOVEMENT OF GOLD / JEWELLERY

- The Branches shall keep the sealed jewellery boxes in the lockers dedicated in their respective branches and must be kept in dual custody for which one of the keys should be with the Branch Manager and the other should be with the Cashier/Accountant appointed.
- The details of items of jewellery should be recorded in the safe custody register. The borrower should sign in the appropriate column of the register to ascertain the details of the items.
- Each gold jewellery box will bear a unique serial number and the same will be recorded in the safe custody register.
- The jewellery retention limit is set to be 25 Lacs per branch for the purpose of safe custody and security of the ornaments. The jewellery above and all the retention limits shall be moved to the HO branch. The movement of the jewellery packets/boxes must be recorded in the safe custody register maintained in the branches and same movement shall also be recorded in the register maintained in the HO branch as soon as the packets/boxes are received.
- There shall be separate lockers allotted to different branches in the HO branch. The master key of the said locker will be with the HO branch and other key will be allotted to the concerned branch manager. All the movement shall be recorded and to be done in the presence of Manager Banking.

ANNEXURE: D

OTHER GENERAL GUIDELINES AND CONDITIONS

- i) In the event of loss of the article(s) representing gold ornaments pledged, the borrower shall be entitled to claim only their value as estimated and shown in the books of the branch.
- ii) Where the value of pledged gold ornaments depreciates so as to impair the security for loan, the Branch Manager shall take steps to recall the loan and realize the dues to the Bank immediately.
- iii) When the loan is not repaid by the borrower in time, notice as per the guidelines prescribed by the Bank shall be issued demanding payment. Where the borrower fails to repay the loan on the due date or even after demand made by the Bank, the Branch Manager shall have the right to arrange for the sale of the articles pledged to the bank in public auction under the guidance/ supervision of the General Manager/ D.G.M (Banking) after observing the procedure prescribed by the bank for the same.
- iv) The Branch Manager should ensure that the auction sale is conducted, after completion of all the required formalities, within a period of six months from the date on which the gold loans became overdue.
- v) The auction sale shall be conducted by the Branch Manager under the guidance/ supervision of the General Manager/ DGM (Bkg.) at the notified time and place. The jewel may be auctioned either individually or in lots. The ornaments put to sale shall be knocked down to the highest bidder. The bidder shall be required to pay the price, with sales tax, if applicable, in full immediately. The proceeds of the sale shall be adjusted against the dues payable by the borrower to the Bank which will include the principal amount due, interest due as also the other charges like advertisement, notice etc. and the balance if any shall be kept in sundry deposit to be refunded to the borrower at his request. Immediately after the auction sale, notice will be given to the borrower informing him about the particulars of auction including details of excess amount if any received from auction or deficit in the amount received from auction sale towards the dues to the Bank as the case may be. In case the amount realized by auction sale is not enough to clear the dues to the Bank, the borrower shall make good the deficiency immediately on receipt of notice.
- vi) If the borrower or his agent/ authorized person tenders for payment of the full loan amount with interest thereon and other charges immediately before the

auction takes place the sale shall not be affected and the articles representing gold ornaments pledged shall be released.

- vii) Periodical verification of the articles pledged to the Bank shall be done as often as necessary and at least once in three months by an officer of the Bank not below the rank of Manager.
- viii) Gold ornaments with the Bank shall be got insured by the Bank against fire and burglary for their market value as appraised.
- ix) The borrower shall agree to be bound by the provisions regarding arbitration contained in the Co-operative Societies Act and Rules.

ANNEXURE: E

PROCEDURE FOR AUCTION OF SECURITY

1. If loan is due and repayment has not been made by the borrower, the Bank has the right to sell the gold ornaments pledged, after giving reasonable notice to borrowers.
2. A notice for 15 days is to be sent to the borrower immediately after classification of the account as NPA.
3. A final notice must be sent by 'Registered Post' with acknowledgement due to the borrower or if he is deceased then to all the likely claimants at the last known address calling up the loan and stating, inter alia, that the relative ornaments will be sold by public auction without further notice
4. Reference if the loan account is not closed within 15 days from the date of the notice. The date of the proposed auction should be stated in the notice.
5. If the registered letter being refused, it must be kept unopened preferably on a separate file after making appropriate remark in the Jewellery register
6. The branch should advise the borrower or his legal claimants, if he is deceased, that in the event of a forced sale, if it is not possible to recover the amount outstanding in the loan account plus interest plus other charges incurred for auctioning of gold, then Bank will initiate legal recourse against them for recovery of remaining amount.
7. Before putting gold ornaments on auction, gold appraiser other than original appraiser will examine the gold ornaments and valuation of each ornament will be recorded.
8. The proposed auction and auction dates should be publicized in print media/digital media/local publicity prior to the date of auction. (All charges to be equally debited to all the defaulting borrower's account.)
9. The auction should be held at the Bank's premises.
10. A reasonable minimum price must be fixed for each ornament depending on the valuer's report and the current market price and the bidding must start from this amount. Every effort should be made to realize the full market value of the security pledged.
11. Each item of the ornaments must be auctioned separately during auction, the auction shall be stopped when the total amount realized is sufficient to cover the outstanding plus interest in full.
12. After closing the loan account with the auction proceedings, surplus amount, if any left, will be credited to saving/current account of customer maintained with us/DD in name of borrower should be prepared and handed over. If case arises that borrower is not alive, DD should be held in safe custody and disposal of claim in favor of legal representatives will be made as per Bank's extant claim disposal guidelines. The unsold items of the gold ornaments, if any, must be held as Safe Deposit article in the joint custody of the Branch Manager / Accountant and Loan Officer/ Loan in Charge and must be handed over to the borrower or legal representative if borrower is not alive, by following Bank's extant claim disposal guidelines.
13. Bank is required to pay GST on sale of auctioned gold. Minutes of the conduct of the sale (noting presence/absence of borrower) should be prepared in duplicate providing details

of sale of gold ornaments through Auction, highest bidder name, realized amount and way of disposal and to be witnessed by as many as independent persons present at auction. A copy of same should be forwarded to Circle Office for information. A certificate of sale to be issued to the highest bidder.

14. A receipt from highest bidder of gold ornaments sold at auction shall be obtained on Jewellery Register along with a separate sheet of paper and preserved along with other documents of account.

ANNEXURE:F

REAPPRAISAL PROCEDURE

Gold Loan Accounts are to be re-appraised during annual/periodic inspection of the branch. Such reappraisal to be done by an appraiser other than the appraiser who has appraised the Jewellery/Ornaments at the time of sanction. Further the standard gold loan accounts should be selected in such a way that no single standard gold loan account should appear again in the sample selected for subsequent year. If any spurious gold is found in any packet the entire security of gold loan portfolio will be subject to re appraisal. It is further added that the reappraisal shall be done in presence of branch official (Incumbent/ Officer In charge) and an independent person (preferably a person of TME cell/Audit and inspection or DGM/GM Banking).

THE HARYANA STATE COOPERATIVE APEX BANK LTD; CHANDIGARH

APPLICATION FOR LOAN ON PLEDGE OF JEWELS

The Managing Director,
The Haryana State Cooperative Apex Bank Ltd;
Chandigarh.

Jewel Loan No. _____

Name of Branch :

Application's Name :

Address :

Office :

Telephone No. :

Residence :

Telephone No. :

Occupation :

Account No. :

(S.B./ Current A/c

Fixed Deposit) :

Name of Father/ Husband :

Monthly Income :

Amount of Loan required :

Purpose of Loan :

Period of repayment :

Existing Jewel Loan No. & Amt.

Name & Address of Nominee:

With relationship :

I/We request you to grant me/us financial assistance by way of loan for Rs. _____ (Rupees _____ only) against the security of gold ornaments. As security for the due repayment of my/ our Promissory Note of _____ for Rs. _____ and interest as specified therein with incidental charges as may be decided upon by you from time to time, please receive Gold Jewellery belonging to me/ us with the weight in grams as mentioned in the Schedule herein (which has been valued by you at Rs. _____ (Rupees _____ only).

I/ We undertake to repay the amount outstanding in my/our loan account on demand at any time and in case of failure on my/ our part to repay the loan and/ or interest and other charges, the Bank is authorized to dispose of the securities and from the proceeds reimburse the Bank and I/We also bind myself/ ourselves to make good any deficiency in connection therewith.

The Notice of Demand will be sufficient if posted to my/ our last registered address and event if not received by me/us. I/We undertake not to take any objection to the regularity of the sale of the pledged gold jewellery by the Bank and will not be entitled to any damage against the Bank on the ground of irregularity of the sale.

The Bank is entitled to hold jewellery as security for any other liability/ies payable by me in respect of any advance/ financial assistance granted/ to be granted hereafter and owing and that may be owing hereafter to the Bank at any office of the Bank on any account whatsoever whether solely or jointly with others and whether as principal debtor or surety.

I/We confirm that jewellery lodged by me/us is of the genuine gold and belongs to me/us and no prior lien of charge has been created over it.

The Bank shall not be responsible or liable for the loss, destruction, deterioration of depreciation on account of market fluctuation of the securities deposited by me/us from time to time, caused by fire theft, robbery or any other reason or caused whatsoever not due to the default of the Bank nor shall the Bank be responsible for any damage caused to the said securities by unforeseen events but my/our liability/ies for the debt due to the Bank shall continue remain enforceable notwithstanding such loss or damage to the securities deposited.

I/We hereby admit that the scheme relating to the loan have been read over and explained to me/us.

Schedule of Jewels Pledged

Description	Weight		Rate per gram Rs.	Appraised Value Rs.	Market value
	Gross	Net			

Place :

Date:

Signature of Borrower/s

APPRAISER CERTIFICATE

The Branch Manager,

The Haryana State Cooperative Apex Bank Ltd;

Branch_____.

Ac. No. _____

Dear Sir,

I hereby certify that Sh./Smt. _____ S/W/D of _____ Resident

of _____ who has sought gold loan from the Bank is not my relative and the gold against which the loan is sought is not purchased from me. The ornaments/ coins have been weighted and appraised by me on _____ in the presence of Sh./Smt. _____ (Cash in charge) and the exact weight, purity of the metal and marked value of each item as on date are indicated below:

Sr No.	Description of the article	Gross weight	Approx. weight of the precious stones in the ornaments (Grams)	Purity (Carat)	Net weight (Grams)	Market Value (Rs.)
	Total					

Method(s) used for purity testing:

I solemnly declare that weight, purity of the gold ornaments/ precious stones indicated above are correct and I undertake to indemnify the Bank against any loss it may sustain on account of any, inaccuracy in the above appraisal.

Place:

Yours Faithfully

Name & Signature of the Appraiser

Name & Signature of the Borrower

Rs. _____

Place:

Date:

PROMISSORY NOTE

On Demand we

(1) _____

(2) _____

_____ (3)

Jointly and severally promise to pay the Haryana State Cooperative Apex Bank Ltd; or order the sum of Rupees _____ only with interest thereon at _____ percent per annum for value received.

PRESENTMENT WAIVED

1.

2.

3.

THE HARYANA STATE COOPERATIVE APEX BANK LTD;

BRANCH SECTOR _____.

Dated : _____

DEBT JEWEL LOAN A/c _____ Rupees
_____ on account of amount disbursed
under Loan No. _____ To Shri/Smt. _____
repayable in one year with interest at _____ p.a.

Received the above Rs. _____
(Rupees _____).

Signature of the Party

Scroll No.

Prepared by

Checked by

Passing Officer

The Haryana State Cooperative Apex Bank Ltd; _____ Branch Jewel Loan Identification Card		
Loan No.	Amount	Date
Name :		
Address:		
Particulars of Jewels		
Weight (gram)		
Due Date		
MANAGER		

The Haryana State Cooperative Apex Bank Ltd; _____ Branch Jewel Loan Identification Card	
Loan No.	Date:
Amount:	
Name:	
Address:	