

इंडियन बैंक



Indian Bank

इलाहाबाद

ALLAHABAD

e-Book

Jewel Loan



Indian Bank Management Academy for Growth & Excellence
इंडियन बैंक मैनेजमेंट एकेडमी फॉर ग्रोथ एंड एक्सीलेंस

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Gold Jewel Loan

Jewels are the traditional and inherited form of savings especially among the people in India. Being one of the most liquid and precious asset, it serves as a dependable and acceptable form of security to raise loans for meeting their immediate financial requirements.

Our Bank is providing Jewel loans to the customers under two sectors i.e. both Priority and Non Priority. Tailor-made schemes have been formulated by our Bank to meet the requirements of various types of customers against pledge of jewellery, in the form of Ornament and Article.

- ❖ **Ornament** means an object, in a finished form meant for personal adornment or for the adornment of any idol or deity or any other object of religious worship, made or manufactured from gold whether or not set with stone or gems (real or artificial), or pearls (real, culture or imitation) or with all or any of them and includes parts of pendant or broken pieces of ornament.
- ❖ **Article** means anything, (other than ornament in a finished form), made or manufactured from or containing gold and includes any gold coin and broken pieces of an article but does not include primary gold.
- ❖ Primary gold means gold in any unfinished or semi-finished form and includes ingots, bar blocks. Slabs, billets, shots, pellets, rods, sheets, foils and wires
- ✓ Jewel loans can be sanctioned by all the branches against gold ornaments and articles. All the gold coins of 24 carat fineness with 99.999 % purity sold by our Bank and other banks can be accepted as collateral.
- ✓ Gold Coins marketed by other agencies are not eligible for loan purposes.
- ✓ Advance against pledge of gold coins should be disbursed only against the coins which are already purchased and possessed by the intending borrowers and in no case, loan should be sanctioned for purchase of new coins and subsequent/simultaneous pledging of the same
- ✓ The facility of advances against the security of gold coins per customer is restricted to gold coins weighing up to 50 grams.
- ✓ Jewel Loans can be sanctioned either as Short Term Loans or Term Loans for various

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sectors / purposes.

1. Short term loans – for crop cultivation expenses, Repairs to Farm Assets, Agro processing
2. Term Loans – for investment credit under Agri and Allied
3. Working Capital for Allied Activities like Dairy, Poultry, Fisheries etc.
4. Repayment of debt taken from Non Institutional Lenders.
5. Jewel Loans for Traders, MSME etc.,
6. Non priority Jewel Loan.
7. Jewel Loan to Senior citizens.
8. Jewel Loan to staff.

Pre- requisites for extending Jewel loans:

Jewel loan should be marketed (introduced) by all the branches, (excluding specified Branches), in view of safety and minimum risk of the assets and for enhancing interest income of the bank

- ✓ The branch should arrange for jewel safe, weighing balance/machine and other such tools/materials as may be required for carrying out jewel loan transaction
- ✓ As and when the need arises, the branch should get necessary sanction from the Zonal Manager for additional aggregate advance limit as well as other physical requisites like jewel safe etc., well in time.
- ✓ The branch should follow the instructions/guidelines given by the Corporate Office, from time to time in regard to various matters pertaining to safe keeping of vital records and valuables
- ✓ The custody of jewels and also of their movement to ensure availability of insurance cover under the Bank's indemnity policy.

Selection of Jewel Appraisers:

- ✓ The appraisal of gold ornaments received as security for jewel loans should be done by a person experienced in this field.
- ✓ He should preferably be from the nearby places and from a family of goldsmith with experience for about 5-10 years in assessing the weight, value and the fineness of gold in the ornaments either with stones studded or without stones.
- ✓ The Branch Manager must ascertain, through local enquiries, the family background, character and conduct of the person to be engaged as an appraiser.
- ✓ The Branch Manager must make sure that he has a clean record, with no case registered against him by the police or without any suspicion of having defrauded his customers.
- ✓ He must have some basic education, (studied at least up to 8th standard) and also be conversant with the local language.
- ✓ His age may be above 30 years but should not exceed 60 years.
- ✓ If no suitable appraisers in the specified age group are available for empanelling, relaxation

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in age up to 65 years may be considered by the Zonal Manager.

- ✓ If the branches find it difficult to empanel appraisers with stipulated experience, qualification and minimum age requirement (i.e. 30 years) they may take up with the concerned Zonal Manager for relaxation, after satisfying with the suitability of the candidate.
- ✓ However, in no case, persons with less than five years of experience in the line should be empanelled.
- ✓ The applicant with a certificate on training of Jewel Appraisers for a few days or months alone should not be entertained; they should have at least 10 years experience in the Jewellery business; without experience, we may not consider the application.

Empanelment of jewel appraisers:

The procedure for empanelment of appraisers is as follows:

- i. Branches desiring to introduce jewel loan facilities should have a panel of valuers/appraisers for that purpose.
- ii. The branches may receive applications with bio data and photo with all KYC documents from qualified/reputed goldsmiths conforming to the selection criteria as per guidelines
- iii. The applicants should be asked to mention the fee they will be willing to accept for appraisal/valuation from intending borrowers in that application.
- iv. Before recommending for empanelment of an Appraiser, the Branch Manager must ascertain, through local enquiries, the family background, character and conduct of the person to be engaged as an appraiser.
- v. Branch Manager should make due diligence study / confidential enquiries during the empanelment of jewel appraisers and make sure that the Appraiser has a clean record, with no case registered against him by the police or without any suspicion of having defrauded his customers. (Police Verification Report is to be obtained in this regard.)
- vi. On approval of the panel of names by the Zonal Manager, the branches should exhibit the names of the appraisers in the notice board for information of intending borrowers.
- vii. The form of notice to be put up in the notice board should be as prescribed by the Bank (Annexure 2).
- viii. No contract deed/agreement needs to be signed by the jewel appraiser.
- ix. No security/caution deposit is payable by the persons who are empanelled under the new system. No written correspondence/communication is permissible with the jewel appraisers.
- x. Branches should ensure that the panel has not less than two appraisers and the services of all the appraisers in the panel are made available for appraisal of jewels on all the working days.
- xi. The appraisers on the panel are to be utilized only for the limited purpose of appraising the jewels and under no circumstances; they should be asked to attend to any other work either incidental and connected to the sanction of jewel loans.
- xii. No leave application should be entertained from the appraisers and leave granted.

Precautions to be followed at Branch level

- ✓ The prescribed procedure should be strictly followed at branches.



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- ✓ Zonal offices should educate/instruct the Branch Managers on precautionary measures to be followed on the utilization of services of the panel appraisers and also during appraisal of jewels to be pledged.
- ✓ Zonal Manager / 2nd in command during their visit to branches should look for deviation if any and take corrective measures then and there.
- ✓ Violation of the guidelines will be viewed seriously and suitable action will be initiated against the Branch Managers and Officers concerned at Branches and at Zonal Offices.

Lending Rate:

Reserve Bank of India vide their circular DBOD.BP.BC.No.86/21.01.023/2013-14 dated 20th January 2014 directed the Banks that gold jewellery accepted as security/ collateral should be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd.

Accordingly, lending rate will be informed by CO: RBD from time to time.

- a. For **Agri Bumper Jewel Loan- FIXD** where the lending rate is 85% of the average of the market price of 22 carat ornamental gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd.
- b. For **all other Jewel loan categories the lending rate is 70%** of the average of the market price of 22 carat ornamental gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd.

Hall marking Scheme:

- ✓ Hallmarks are thus official marks used in many countries as guarantee of purity or fineness of gold jewellery.
- ✓ Hallmarking scheme for gold jewellery was launched by Bureau of Indian Standards (BIS) in the year 2000
- ✓ Since gold coins are of 24 carat fineness and 99.999% purity, the rate per gram applicable for "Hall marked jewellery" will be applicable for loan against gold coins also.
- ✓ The per gram rate for Hallmarked Gold is updated and informed periodically by Corporate Office to the Zones / Branches.

Eligible loan amount:

The eligible loan amount will be

(i) Maximum eligible limit thus arrived or

(ii) 70%- 85% of the market value of the jewels, whichever is less. Subject to Scale of finance of crops raised/working capital requirements for Animal Husbandry/Fisheries as approved by DLTC

Jewel appraisal:

- ✓ The appraiser should make the appraisal within the bank's premises in the presence of the borrower, Manager/Officer designated as in-charge of the jewel advance.
- ✓ A description of the individual ornaments offered for pledge with their gross weight, wastage, allowance, net weight and market value should be certified by the appraiser as

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per the format given in Annexure 3 in duplicate.

- ✓ In arriving at the net weight of the jewels, deductions may have to be made for the thread, wax and stones set in the articles of jewellery and the value of gold content should alone be taken into account.
- ✓ At least 5% to 10% of gross weight should be deducted for impurities/dust etc. Ornaments studded with stones are to be appraised with extra caution.
- ✓ The Jewel appraiser shall appraise the jewels in the presence of the borrower and Manager/ Officer-in-charge and give his certificate of appraisal in duplicate.
- ✓ Then the BM / Officer in charge of jewel loan section should place the jewels together with a copy of appraiser certificate detailing the description of the jewels pledged, in a cloth bag, with each package firmly tied / packed.
- ✓ An identification slip bearing loan details such as account number, name, date of loan etc., will be pasted on the Jewel packet.
- ✓ The Branch should ensure coverage by CCTV Camera of the place where the jewel appraiser is appraising the jewels as well as seating of the appraisers in such a way that he is under the supervision of the Officer in-charge of Jewel loan portfolio.
- ✓ Advance value may be correctly arrived. As both under financing and over financing should be avoided.
- ✓ For hallmarked jewels, deduction towards stone, wax, thread etc., is sufficient and further deduction towards impurities need not be made.
- ✓ The Weighing balance, touch stone and other necessary items required should be provided by the bank and after appraisal the same must be retained in the bank.

Modifications in Collateral Creation Screen for Loan Against Gold Ornament

To enhance transparency in valuation of Gold ornaments, the following modification / additions are made available in Collateral Creation Screen for Loan against Gold Ornament in CBS.

Sl.	Additional Fields created in collateral creation screen for Gold Ornament	Purpose
1	Market Rate of Gold Ornament	Display purpose only <i>(Will be updated centrally)</i>
2	CARAT of Gold	This value has to be entered by the teller. <i>(Data validation is between 18** to 24)</i>
3	Gross Weight of Non-Gold items (GWNG) of Gold Ornaments like Stones, Wax, Thread, etc.	This value has to be entered by the teller <i>(decimals up to 3 digits will be accepted)</i>
4	Deduction towards Impurities / Dust, etc.	This value has to be entered by the teller <i>(decimals up to 3 digits will be accepted)</i>
5	Net Wt. of Gold considered for lending (NWCL)	Will be calculated automatically by system
6	New category: "Gold Coin" is added as drop down menu	Value can be entered by the teller <i>(Maximum Up to 50 Grams with 3 decimals)</i>

****As per present policy guidelines, Jewels below 20 Carat fineness should not be accepted as security**

An illustrative CBS Screenshot of the proposed Collateral Creation screen for Gold Ornament is furnished below.

Customer Number : [REDACTED]
 Customer Name : [REDACTED]
 Collateral Number : [REDACTED] Type Desc : GOLD ORNAMENTS
 Short Desc : JL
 Action : [Dropdown]

Rate of Gold per Gram: Normal 3180
 Rate of Gold per Gram: Hallmark 3230

70% of Market Rate
 Market Rate for Information only
 Market Rate of 22 CARAT Gold 04547
 Hallmark Rate

Description of Gold Ornaments :	Units :	Gross wt in gms :	CARAT of Gold :	GWNG:	DEDUCTION :	NWCL :	Total Value :	Status :	Category :
GOLD CHAIN - NORMAL	2	40	22	2	2	36.000	114480.00	00:A	02:N
GOLD CHAIN - NORMAL	2	40	20	2	2	32.727	104071.86	00:A	02:N
GOLD BANGLE - HALLMARK	1	20	22	0	0.900	19.100	61693.00	00:A	01:H
24 CARAT GOLD COIN	1	10	24	0	0	10.000	32300.00	00:A	03:C
		0		0	0	0.000	0.00		
		0		0	0	0.000	0.00		
		0		0	0	0.000	0.00		
		0		0	0	0.000	0.00		

Note: Branches while entering value under DEDUCTION field should ensure that, the deduction value entered is towards impurities such as dust, etc.

Validations built in CBS

- 1) Weight of Gold entered will be allowed for up to 3 decimals only.
- 2) Gross weight of 24 carat Gold coins – Maximum value of 50 gms only
- 3) In case if gold purity entered in “CARAT of Gold” field is less than 22C then NWCL will be converted for 22c [i.e. 36 gms net wt. of gold with purity @ 20 carat will be converted to 22c i.e. 32.727 gms (36 x 20 / 22)]
- 4) NWCL = Gross wt. (-) GWNG (-) Deduction
- 5) Loan value: Will be calculated by the system based on NWCL, Category of Gold selected as “Normal” / “Hallmark” / “Gold Coin” and the product wise lending rate issued from time to time.

Note- Advance rate will vary from time to time and will be informed by Corporate Office time to time.

Appraiser Fee:

Location of the Branch	Fees structure
Metro and Class I cities	Rs.5/- per thousand subject to a maximum of Rs.500/- per loan.
All other Centre	Rs.3.00 per Rs.1000 of loan amount with a maximum ceiling of Rs. 300/- per borrower

- The fees for the appraisers should be borne by the intending borrower and paid by him/her directly and under no circumstances, the fees to the appraiser should be debited to the loan account.
- It should not also be passed through any other books of the Bank.

Identification- SB Account opening for JL:

- Branches should insist on opening of SB account by the jewel loan applicants with photo



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and KYC documents for enabling them to identify the borrowers correctly and the loan proceeds are to be routed through the savings bank/ current account only.

Procedure and Precautions:

- ✓ The applicant for the loan should approach the Branch Manager/Officer-in- Charge of the jewel loan with his jewels, who will hand over the jewels to the appraiser for weighing, appraisal and certification in the manner laid down earlier.
- ✓ The relevant modified loan application (F-120D) must be filled in by the borrowers. The loan clerk or officer-in-charge may assist the borrower in filling up the application form.
- ✓ The borrower should furnish in the application form, full particulars of the jewels as well as description of the individual ornaments, purity of the gold and details of activity such as extent of crop in respect of JL agri loans and the business turnover details in respect of JL Traders.
- ✓ The application forms should be signed in full by the borrower at the places required therein.
- ✓ The jewels should normally be of not less than 22-carat fineness.
- ✓ If the fineness is less than 22 carat, the same should be translated to 22 carat by deducting for copper/ silver and other impurities.
- ✓ **Jewels below 18 Carat fineness should not be accepted as security.**
- ✓ Ornaments that contain some portions of wax, copper, or other metals and also a large number of stones need not be accepted as security.
- ✓ Ornaments carrying names and initials of persons other than the borrower should not be taken as security without enquiry and without being assured about the bonafides of the owner.
- ✓ It is essential that the Manager should satisfy himself that the applicant is the owner of the ornaments.
- ✓ The Manager should not also accept as security, jewels belonging to temples or shrines.
- ✓ The Manager may make discreet enquiries about the occupation and other particulars of the applicant so as to satisfy himself about his bonafides.
- ✓ The Manager should be able to distinguish the jewels of different communities.
- ✓ Jewel loan may be granted only to Bank's customers, properly introduced to the Branch Manager.
- ✓ No jewel loan should be granted to the Bank's appraiser or to his relatives or persons introduced by him.
- ✓ It should be ensured that, a customer can only avail only five Jewel Loan accounts at any point of time irrespective of the sector i.e. Agri, Non Agri Priority and Non Priority
- ✓ Although the jewels are appraised by the appraiser, the Manager also should satisfy himself about the genuineness, purity and weight of the ornaments and not depend entirely on the



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appraiser for the valuation.

- ✓ This can be accomplished by asking the appraiser to verify the jewels in his presence and examining the scrap on the touchstone.
- ✓ Corrections if any, in the application form should be authenticated under full signature of the borrower
- ✓ Similarly, the appraiser and the Manager should authenticate if any corrections are made in the appraiser's certificate.
- ✓ Extreme caution should be exercised while appraising the jewels/ornaments offered as security to avoid any fraudulent attempt to cheat the bank by any mischievous customers.
- ✓ Branches may ensure to finance the Short Term Crop Loan accounts, strictly lending the same to scale of finance. Branches should ensure end use of loan released and the same should be recorded in the appropriate column of the application form without fail.
- ✓ As soon as the jewel loan is sanctioned, the Branch Manager/Officer should record the sanction details on the reverse of the application form and affix his signature duly authorizing the sanction.
- ✓ After execution of documents (F-120 D) by the borrower, the loan amount will be disbursed in full, routed through borrower's account.
- ✓ The appraised jewels along with Appraiser's Certificate should be taken to safe custody by the BM/ Officer immediately after the appraisal of jewels and before the release of loan.
- ✓ Receiving the appraised Jewel Packets in bunches at the end of the day should be avoided.

- ✓ While sanctioning loans against the pledge of jewels, branches have to strictly adhere to the systems and procedure as laid down by the corporate office time to time.

Identification Card:

- Identification cards (Annexure 4) should be made in duplicate, of which, one should be tagged on to the outside of the packet and the second handed over to the borrower.
- They should be prepared neatly and correctly.
- The officer must release the completed and signed identification cards after verifying the particulars in the application.
- The borrower should bring his copy of the identification card when he calls at the Bank to remit amount in the jewel loan account or for redemption.
- The blank identification cards should be under the custody of an officer and made available at the time when the jewel is appraised and advanced.
- Whenever the jewels are taken out for verification, the Officer/Inspector who verifies them should note the date in the identification card tagged on to the outside of the packet under his initial.

Safe keeping of the jewels pledged:

- ✓ The jewels pledged must be placed in the cloth bags designed for the purpose and firmly tied/ packed and duly initialled by the Branch Manager/Asst. Branch Manager / the officer-in-charge on the identification card tagged/ kept inside the packet.
- ✓ The firmly tied packets with jewels and the tag must be placed in the jewel safe, then and there, which should be under the dual control of two officers of whom one may be the Branch Manager/ ABM.
- ✓ Lodgement/withdrawal of jewel packets should be noted in Control Register (Annexure 5).
- ✓ The packets must be arranged in serial order.
- ✓ Jewel Loan documents must be kept separately where documents for other advances are held.
- ✓ Jewel loan documents will contain appropriate jewel loan application, appraiser certificate and documents / credentials collected from the borrower.
- ✓ In branches, where there is only one officer, the second key of the Jewel safe should be with the shroff and in offices where there are more than one officer; the second key should be with the other officer.
- ✓ If any one of the joint custodians of the safe goes on leave, the relieving officer/shroff, taking charge will have to verify jewel packets by counting them and verifying them with the Control Register maintained in the safe.
- ✓ Movements of keys should be recorded in the key movement register without fail.
- ✓ At the time when the packets are lodged, checked or released, the control register should be signed by both the custodians of the jewel safe. Both of them should be present at the time of lodgement and taking out the jewel packets for delivery to the customers.
- ✓ The jewel safe should not be opened by one of the custodians of keys, without the other custodian of keys being present.
- ✓ The total number of packets in safe should be verified and tallied with the control register and loan balance file in the CBS reports, once in a month by the custodians and a suitable note recorded in the control register.
- ✓ ZO: Audit department should obtain a Compliance Certificate every month from the Branches.
- ✓ **Jewel packets should be kept only in the jewel safe.**
- ✓ In the case of Satellite Offices where the cash and jewels pledged, may be kept in the same safe but in different compartments. Wherever Locker Cabinet/Almirah are used for safe keeping of jewels, Branches have to purchase Jewel safe from reputed companies immediately.



ONLINE LOAN APPLICATION FOR KCC AND AGRI JEWEL LOAN THROUGH OUR BANK WEBSITE

Our bank has now introduced a provision for applying for Kisan Credit Card (Fresh/Renewal) and Agri Jewel Loan through our Bank Website for existing and new customers.

The navigation is as follows. Indian Bank Website - >Useful links -> Online Services -> Apply Online for loans - > Type of Loan >KCC Loan Fresh > KCC Loan Renewal >Agri Jewel Loan Fresh

After successful submission of application by the applicant, a message will be sent to the applicant along with reference number to contact the Branch for further processing the application. After successful submission of application by the applicant, the Lead generated will be automatically populated in Loan Automation Processing System (**LAPS**) for processing the proposal.

A message will also be sent to the Branch for processing the loan application. **NAVIGATION FOR LOAN AUTOMATION PROCESSING SYSTEM (LAPS)**

Help Desk - >> In House Application ->>Loan Others->> LAPS

Users can login into LAPS with their in house application User Id and Password. After login, the below navigation should be followed.

Non MSME (New) - > ML/VL/SL/PL/KCC LOAN LEADS > ACCEPT / REJECT LEADS FROM OTHER CHANNELS > START PROCESSING >REJECT APPLICATIONS FORWARDED BY MARKETING OFFICER >STATUS OF LEADS

Monitoring the End Use of Agricultural Loans:

In order to ensure monitoring of End Use of Funds (EUF) on loans sanctioned to Agriculture sector, a field to capture end-use verification done by BM/ABM/Loan Officer/RDO has been created in CBS. All the loans sanctioned under Agriculture sector from 15.07.2020 should carry EUF details in CBS.

Navigation for End-Use of Funds (EUF) verification is Common Processing>>CISLA>> CISLA Additional Details>> Verification of End Use of Funds (EUF).

The officer who verifies the end-use of funds has to provide the following details:

1. EUF Verified by – BM / ABM / Loan Officer / RDO (select from drop down menu)
2. Date of verification of end-use of funds
3. Details of end-use verification (Max. up to 50 characters – alphanumeric & symbols)

The effective monitoring of the end use of funds lent is of critical importance in safeguarding a bank's interest. Further, this would also act as a deterrent for borrowers to misuse the credit facilities sanctioned, and in the process, help build a healthy credit culture in the Banking system.

Release of jewels:

- ✓ Part release of jewels/ornaments pledged in any account should not be permitted, though part payments towards the loan can be accepted.
- ✓ Immediate steps have to be taken to recover all the overdue jewel loan accounts, outstanding beyond due date of loan, in view of the highly fluctuating gold prices prevailing in the market.
- ✓ Once the loan is adjusted, the borrower must be asked to produce identification card



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(Annexure 4) before redemption, and sign jewel loan delivery register and also on the jewel loan application Form.

- ✓ If there is a difference between the two signatures, the branch must insist upon the attestation of a respectable person known to the bank and only after the Manager satisfies himself fully regarding identity of the borrower, the jewel should be handed over.
- ✓ As far as possible, the borrower should come in person to take delivery of the jewel/s when the jewel/s is /are redeemed. If however, the borrower is unable to come in person on account of illness or any other reason; he may authorize by a letter any other person to take delivery of the jewels, with a specimen of the signature of this person duly authenticated by the borrower.
- ✓ The Branch Manager should carefully scrutinize the letter of authority by verifying with the signature made in the application form by the borrower at the time of grant of the advance and satisfy himself about its genuineness, the description of the jewels with the identity card and also of the person authorized to receive the jewel/s for and on behalf of the borrower after paying the loan and interest.
- ✓ The jewels may be handed over to the person authorized to receive them after getting his/her signature in the jewel delivery register and in the loan application form in token of his having received the jewel/s and on executing a Letter of Indemnity, after satisfactory verification.
- ✓ No letter of authority is valid after the death of the borrower, the Branch Manager should satisfy himself that the borrower is alive and in a fit condition to give the letter of authority.
- ✓ The particulars of jewels mentioned in the jewel loan application form should be verified with the jewel/s held in the packet/bag by the Branch Manager/Officer-in-Charge and the borrower at the time of their release at the branch itself to avoid any dispute later.
- ✓ Before opening the bag, it should be ensured that the packet is intact, untampered.
- ✓ The release of jewels/ornaments should be recorded in the control register, duly signed by both the custodians of keys.

Redemption by legal heirs/representatives:

- If the Branch Manager learns about the death of the borrower, it should be marked in the CIF of the account and also on the tag attached to the jewel packet.
- The Branch Manager should advise the legal heir/s to lodge the claim in the prescribed format along with relevant particulars like death certificate, vouching letters etc.
- The same after scrutiny will be processed by the Branch and /or forwarded to Zonal office concerned. Depending upon the market value of jewels, the death claim will be recognized by appropriate authorities, as per the power delegated to them for sanction of death claim.
- If the claim is recognized by the concerned authority, the Branch Manager will follow the

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procedure as prescribed for delivery of jewels against proper receipt/s by the claimant/s, after closure of the loan account including charges, if any.

- Sometimes the jewels pledged may be left with the bank even after closure of the loan, as in the case of deceased borrowers, where the release of jewels may have to be deferred till the claim preferred by the legal heir/s is settled.
- A separate register should be maintained for such accounts and the respective jewel packets should be kept separately (Undelivered Jewel Register) – **Annexure 6**.

Guidelines for Disposal of Undelivered Jewels:

- Uniform procedure in regard to disposal of Undelivered Jewels has been evolved and the following procedure should be followed by the branches for safe custody/ disposal of undelivered jewels.

Existing undelivered/unclaimed jewel packets:

- In respect of existing undelivered jewel packets, which are free from all encumbrances, branches have to maintain proper record of all such packets and should enter the details such as full address of the loanee as per our records, details of jewels pledged, description, gross weight, net weight, details of notices issued etc., in a separate register of undelivered jewels (Annexure 7), and the register should be duly signed by two officers authenticating the details furnished therein.
- The register should be part of branch documents and kept along with other branch documents in the strong room/safe. Besides, loan application along with Appraisers' certificate, notices issued etc., are to be kept intact till the jewels pledged in the account are disposed off.
- Every year as of March, a statement should be sent to Zonal office on the unclaimed jewel loan packets lying with the branches. Release of jewel should be done after due verification of the genuineness of the claim and only with the written permission of Zonal Manager/ authority concerned.
- All Zonal offices should also maintain a register with the above details branch-wise and update it annually.

Powers/Authority to auction such unclaimed jewels:

In accounts where there is balance outstanding, which are overdue, Bank has every right to auction the jewels after issuing a notice to the pledgers.

- ✓ Only in cases where notice is not served, branches have to publish the auction notice in the local newspapers.
- ✓ In accounts where there is no liability due to the Bank, Bank is burdened with the custody of such valuables without any remuneration.
- ✓ Legal counsellors have pointed out that in the absence of clear notice to the pledger, jewels

cannot be auctioned even where no amount is due to the Bank against the jewel as there is a risk of pledgers demanding the jewels in the form in which they pledged it to the Bank.

Therefore, **the following clauses are included in the jewel loan application F 120D itself.**

The jewels shall be got released (physically got back) immediately on adjustment of jewel loan. If the jewels are not got released (physically got back) within the due date applicable for the loan category, Bank shall be at liberty to auction the jewels after issuing notice to the last known address demanding payment of the amount due under the jewel loan including custodial charges or custodial charges alone, as the case may be and thereafter auction the jewels without any further notice and while auctioning the jewels, Bank shall be at liberty to auction all pieces in cases where more than one piece are pledged. After appropriating the proceeds towards the amount due under the jewel loan account and /or the custodial charges, Bank shall be at liberty to keep the balance in Sundry Deposit or in any other account as deemed fit and proper.

- This will empower the Bank to proceed with the auction in future, if the jewels are kept unredeemed.

Levy of custodial charges:

- (I) Custodial charges shall be collected by the branches @ Rs 500/- plus GST per packet of undelivered jewels per annum in all the jewel loan accounts, where the loan is fully repaid or even where a small balance of less than Rs.1000/- in the account is retained, as per details given hereunder:
 - a. 19th month of availment in the case of Short Term Loans and
 - b. 42nd month of availment in the case of Medium Term loans (or)
 - c. One year from the date of adjustment of the jewel loan "whichever is earlier"
- (II) However, in cases where loan has been fully repaid but jewels are retained without delivery, because of Branch exercising Banker's right to set off against direct / indirect liabilities of the loanee, no Custodial charges need to be collected, since the Bank is retaining the jewels by exercising Banker's Lien.
- (III) Until the jewels are physically released from the Bank, even if amount due under the jewel loan is paid, Bank shall be entitled to retain the jewels till the custodial charges are paid in full.

Guideline / Procedure for Handing Over Alleged / Stolen Jewels To Police Authorities

When a necessity arises for handing over alleged / stolen jewels to police authorities the following procedures / guidelines laid down by our CO: Legal Department are to be followed.

The Officer in charge of a police station may initiate investigation/inquiry. The Officer in charge of the police station is empowered under Section 91 of Code of Criminal Procedure to summon any



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person to produce any document or thing for the purpose of investigation, inquiry, trial or other proceeding.

As the alleged / stolen jewel is the subject matter and / or material of the Complaint, the Officer in charge of the police station may require the Branch to produce the alleged / stolen jewels for the purpose of investigation under the above provision.

The Branch on receipt of summons under the above provision is liable to handover the alleged / stolen jewel to the Officer in charge of police station in compliance with the above provision. However, the Branch shall impress upon the officer of the police station to allow the Branch to keep the spurious jewels in their custody until trial and may undertake to produce the same any time before the Court for evidence.

In case, the Officer in charge of police station insists the Branch to comply with their summons required and to produce the alleged / stolen jewels, the Branch shall immediately hand over the alleged / stolen jewels to the officer in charge of the police station against acknowledgement after obtaining approval of the Zonal Manager.

In the acknowledgement, the description, quantity, the weight, purity of the alleged / stolen jewels handed over shall be clearly enumerated to facilitate identification of the same. The acknowledgement and / or mahayar (to be witnessed by two persons) shall be kept with the Branch, as part of its records to enable them to give a report to borrowers seeking the status of the jewels.

The spurious jewels detected shall be retained in the Branch premises until such time and in no circumstances the alleged / stolen jewels shall be released to the Borrowers/Customers even when the entire outstanding of the loan availed against such jewels is adjusted.

In certain cases, the Officer in charge of the police station may issue summons under section 91 of Code of Criminal Procedure in respect of criminal proceedings initiated at the instance of complaint by third parties requiring non spurious jewels for the purpose of investigation or production of the same as evidence before the Courts. In such cases also, on receipt of summons, the procedure enumerated above shall be followed under intimation to the Borrower.

Procedure for Auction:

- ✓ Jewel loans should not generally be kept unadjusted beyond due date. Renewal of documents should not arise in the case of jewel loans.
- ✓ keeping in view, the volatile gold prices and to ensure market value of jewels pledged is sufficient to cover the balance outstanding of the loan accounts, Zonal Managers may permit branches for auctioning of jewels, any time after due date for repayment on a case to case basis.
- ✓ Auction should be done before the account becomes NPA, preferably before **18 months from the date of disbursement of the advances in case of Agri. Jewel Loan** and before **15 months in case of Non-Agri. Jewel Loan.**
- ✓ The branch should also ensure that at any point of time, the over dues under jewel loan does not exceed 1-3% of outstanding Jewel loans.
- ✓ The Branch Manager should review each case especially with regard to advances for

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agricultural purposes. If default/non-redemption is wilful and not due to circumstances beyond the control of the borrower i.e. failure of crops due to drought and other natural calamities, he may recommend and seek permission of the Zonal office for auction of jewels/ornaments pledged.

- ✓ After getting the permission, Branch Manager should proceed with issuing registered notices with acknowledgement due to the individual borrowers, in case the borrower is deceased notice is to be issued to the legal heirs, others interested in the estate of the borrower, stipulating therein a reasonable period, say 15 days, within which the jewels should be redeemed, failing which the jewels will be auctioned by public auction at bank's sole discretion.
- ✓ If there is no response to the notice, branch should take steps for the auction of the jewels.
- ✓ Branches are not permitted to sell the jewels privately.
- ✓ The items proposed to be auctioned should be examined by a reputed local goldsmith or the bank's appraiser in the presence of the Manager and their present value ascertained.
- ✓ The auction should be conducted at the branch premises after giving due publicity in the newspapers with required information with regard to jewel pledged by the borrower if the notices issued to the borrower have returned undelivered.
- ✓ In cases where the notices have been acknowledged by the borrowers, normally it is enough, if the branch distributes auction notices to the public and display a copy in the Branch notice board. (Annexure 8)
- ✓ Zonal Managers are also empowered to permit auctioning of Jewels in a centralized location preferably when conducted combined, for a number of branches in their Zones, to fetch higher value for the Jewels.
- ✓ Only after satisfying adequate safety and security measures in conduct of such auctioning like transport of jewels/availability of security personnel like armed guards/ police etc., based on volume/value of Jewels.

The auction notice should include the following particulars:

1. Name/ s and address of the borrower/ s, amount due, brief description of the jewels etc.
 2. The auction is conducted on 'as is what is' basis and the Bank does not undertake any responsibility with regard to the quality and specification of the jewels being auctioned. It is at the risk of the successful bidder/purchaser.
 3. The bank reserves its right to reject any bid without assigning any reasons whatsoever.
 4. A minimum price should be indicated for every jewel, taking into consideration their present market value/price.
- In respect of accounts where the registered notices issued to the borrowers regarding auction of the jewels have not been acknowledged or returned undelivered, the particulars of the auction may be advertised at least in two local newspapers with fairly wide

circulation, one of which is in the local language, at least 10 days in advance.

- Every effort should be made to realize the market value of the jewels at the auction.
- A minimum price should be fixed for each item of jewel proposed to be auctioned and the bids should commence at the minimum price.
- If offers at or above the minimum are not forthcoming, the item should be withdrawn from the auction and such cases should be reported to Zonal office for further instructions
- Each item should be auctioned separately and when the auction proceeds cover the outstanding loan balance in that particular account, auction of further jewels in the same account should be stopped and the remaining items should be kept in safe custody of the bank and held in firmly tied packet/s bearing the branch name and the initials of the Manager along with appraiser's report for the remaining jewels.
- If there is any surplus after adjustment of the outstanding, it should be held in branch's Sundry Deposit Account and paid to the borrower or his legal representative. If the legal heirs of the deceased borrower make a claim for the remaining jewels and the surplus amount, the procedure applicable for settlement of deceased claim should be followed.
- The remaining jewels/ surplus amount should be released, after obtaining sanction from the appropriate authority.
- A record of proceedings of the auction signed by the Manager, appraiser and other officers at the auction should be maintained by the branch and a copy thereof forwarded to Zonal office soon after the auction is completed.

- A brief summary of the circumstances which resulted in the items being auctioned, the particulars of the borrowers and the jewels pledged, the details of auction with amount of bid by all participating bidders, name of the highest bidder, amount realized and disposal of proceeds should be entered in the jewel auction register or in the form of a separate document.
- Staff members and their relatives, jewel appraisers and their relatives should not be permitted to participate in the auction of jewels pledged as security to the Bank.

Re-appraisal of Jewels:

- As per the inspection department manual, overdue loans of two years and above and 15% of other loans selected at random should be reappraised, once in a year, by an appraiser other than the regular appraiser.
- If any spurious jewel is found during such reappraisal, all the jewel packets should be reappraised. 100% verification of jewels should be done at the time of resignation/termination of jewel appraiser also.
- As part of precautionary measures for confirming the quality of security pledged to the



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Bank, a system of 100% verification of the jewels pledged to the Bank has been introduced in branches vide our **circular No Adv 49/2018-19 dated 21.08.2018**. Thereafter verification will be done on quarterly basis for all loans sanctioned during every quarter to be completed by the end of the first month of next quarter.

The procedure for 100% verification of Jewels is as follows:

- ✓ The content of all the jewel packets pledged to the bank as security are to be verified for weight and quality.
- ✓ Appraisers from different branches are to be engaged for verification and the appraiser should not have been engaged by the Branch on pervious occasion(s).
- ✓ One Officer designated by the Branch Manager shall oversee the verification
- ✓ In respect of the single officer branches, Zonal Office to depute an Official during the verification period so as to ensure smooth functioning of the branch.
- ✓ Remuneration payable to the Appraiser for verification shall be at the rate of Re 1/- per packet.
- ✓ The verification will be on quarterly basis for all the loans sanctioned during every quarter, to be completed by the end of the first month of the next quarter.
- ✓ Zonal office shall obtain compliance certificate from all branches and the consolidated certificate to be submitted to CO: Inspection Department within 15 days
- ✓ In case any irregularity/inadequacy is detected at the time of verification, the same shall be reported immediately to the concerned Zonal Office, under a copy to the respective Inspection Centre and CO: Inspection Department.

Re-appraisal charges and reimbursement of actual bus fare and lunch expenses may be paid to the appraisers as per the rate fixed by the Corporate Office from time to time.

The Bank is introducing a new system of engaging Retired Bank officers as “Jewel Loan Auditors” for auditing the Jewel loan business of the branches every quarter. The details of the policy are annexed. Zonal office will maintain a pool of Jewel Loan Auditors at Zonal office; will be deputed to branches on rotation for auditing the jewel loan business. The Zones may engage retired Officers of our Bank as Jewel Loan Auditors for re verification of Jewels depending on quantum of jewel loan portfolio of their respective Zone.

Insurance for Jewels held in custody:

- CO: Banking Operations Department (BOD) takes a blanket insurance policy, whereby cash, jewels and certain specified securities are insured up to a specified limit per branch and this is communicated to all branches by means of an all branch circular from time to time.
- It should be ensured that insurance cover is always available for the market value of the jewels held.

Important guidelines to avoid occurrence of untoward incidents at the branches:



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- The role of a Branch Manager/ABM/Officer relating to processing of jewel loan cannot be entrusted to the appraisers except for the purpose of assessing the purity, weight and value of the jewels.
- The Branch Manager/ABM/Officer should verify the purity on a random basis to the extent possible, before sanction of loan.
- If some borrower approaches again and again for more than one jewel loan, branch official should be alert and should satisfy himself about the purpose of the loan. Branches to ensure that the jewel loan facility is not misused by financing the unscrupulous Pawn Brokers. Branches may restrict the number of jewel loans up to maximum of FIVE per customer at any point of time.
- After the jewels are appraised in the presence of BM / Officer- in- charge by the appraiser, the same should be taken into custody of BM / Officer and on no account, they should be allowed to remain with the appraiser
- The re-appraisal should be entrusted to 3 or 4 appraisers on rotation basis.
- Re-appraisal of entire jewel loan packets is to be conducted at the time of any fraud committed by the appraiser of the branch or disengagement of his service due to various reasons. If, he has done re-appraisal work at any other branches, there also, the same exercise is to be done. Therefore, the Zonal Office/Branches should have the record of the movement of the Jewel Appraisers
- Basically it is the prime responsibility of the Branch Manager/ABM/Officer-in charge of JL section to have a dialogue with the applicant and satisfy himself about the need and end use of finance, source of cash flow for repayment and about the ownership of jewels pledged.
- All staff related accounts other than non- priority jewel loans are to be referred to the concerned Zonal Office for sanction / confirmation to be obtained from the concerned Zonal Office.

Appraisal - Check List

General

- ✓ Whether the branch is authorized to grant jewel loan and appropriate limit obtained from Zonal Manager?
- ✓ Whether the applicant is an agriculturist or a person belonging to other categories of priority sector or to non-priority category?
- ✓ Is the applicant a relative of Bank's jewel appraiser? Whether the manager is satisfied about the true ownership of the ornaments which are sought to be pledged?

Financial

- ✓ Whether the jewels to be pledged are of 22 carat fineness? If not, it should be translated to



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22 carat fineness by deducting towards impurities.

- ✓ Whether the value of jewels to be pledged is of a reasonable proportion to the amount of loan sought for?
- ✓ For agricultural jewel loans, whether the loan amount is worked out based on the crop / applicable scale of finance and extent to be cultivated subject to a maximum of advance value of the jewel?
- ✓ In respect of jewel loan to traders, the amount eligible to be worked out as per Bank's norms and the limit will be fixed upto the amount thus arrived or advance value of jewel whichever is less. Whether the limit falls within the discretionary powers of the sanctioning authority?
- ✓ Is the loan sanctioned within the ceiling prescribed for each category?
- ✓ What is the repayment programme?

Banking

- Is the branch using weights duly certified by the Inspector of Weights and Measures for weighing the jewels pledged?
- Whether jewel appraisers have been engaged in strict conformity with the guidelines issued by the Corporate Office?
- Is the loan sanctioned against ornaments or articles or against gold coins sold by our Bank / other Banks up to 50 gram?
- Whether the jewel appraiser's certificate obtained in the manner prescribed by Corporate Office?
- Are the appraisal charges collected in the manner prescribed by Corporate Office?
- Whether the procedure given for safe keeping the jewels is strictly adhered to?
- Whether adequate insurance cover arranged in case the market value of jewels exceeds the cover provided in the blanket policy of the bank?
- Details like name of the empanelled appraiser/s and applicable fees should be prominently displayed in the Banking hall.

Branch Manager/ABM

- Whether the Jewel Appraiser is charging appropriate fee for appraising as prescribed by the Corporate Office.
- Whether the seating of the Jewel Appraiser is under the surveillance of CCTV.
- First assess the jewel and enquire the need of loan amount to the borrower after ascertain the quality of jewel and quantity of loan amount, and then direct the borrower to the Appraiser.
- To take custody of the appraised Jewel from the Appraiser immediately and authenticate for sanctioning/opening the account by the staff.



Jewel Appraiser

- Once the Branch Manager authorise the Jewel Appraiser for appraising the Jewels, He should scrutinise the purity and weight of the jewel which is to be pledged in presence of the Branch Manager/ABM/Authorised officer and the borrower, certify the same.
- The jewel should be handed over to the BM/Officer in charge for safe custody immediately.
- After the closing of business hour, the Appraiser should keep the weighing machine, Testing acid and touchstone safely in Branch premises.

Staff:

- the staff should open the loan account after loan applications duly authenticated by the Branch Manager for sanction,

Zonal Office

- Zonal Office on receiving the Application for empanelment of Jewel Appraisers from the Branch Manager, if otherwise in order the Zone may empanel Jewel Appraisers for the Zone as a whole as per new jewel Loan policy and direct them to Branches where their service is required.
- It should be ensured that the panel has not less than two persons and that the appraisers in the panel are utilised alternatively,

List of Annexures

(As per circular No Adv 201/2019-20 dt 21.3.2020)

Annexure-1 - Application by the Branch seeking sanction of limit for granting Jewel Loans

Annexure 2 - Jewel Loan Notice

Annexure 3 - Appraiser's Certificate

Annexure 4 - Identification Card

Annexure 5 - Proforma Control Register in respect of Jewels pledged

Annexure 6 -Register of Jewel packets still in custody after adjustment of the loan

Annexure 7- Register of undelivered jewel packets

Annexure 8 - Auctioning of Jewels pledged

Annexure 9 - Empanelment of Jewel Appraisers

Annexure 10 - Appraisal Report for Jewel Appraisers in the Panel

Salient features of New Agri JL products linked to REPO rate

Sl.	Name of Product	Product Codes	
		IB	e-ALB
1.	AGRI JEWEL LOAN - REPO	8501-0002	6034-4107
2.	BUMPER AGRI JL - REPO	8502-0002	6034-4109

Purpose	To meet Working Capital requirements (including crop cultivation expenses) for Agriculture, Allied Activities viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture and Agro Processing, Repayment of debt taken from Non-Institutional Lenders for Agriculture.
Target Group	Owner cultivator, Tenant farmer, Share Cropper, Oral Lessees, Agri Entrepreneur engaged in Agro Processing, farmers engaged in Agriculture Allied Activities, Distressed farmers indebted to Non-Institutional lenders.
Documents to be produced	F 120 D - Application for Agricultural loan against pledge of Gold Ornaments. <ul style="list-style-type: none"> ✓ Proof for land holding/ cultivation/ pursuing agri activity/ indebtedness. ✓ In case of Allied Agriculture
LTV	For Agri Jewel Loan- REPO: Upto 80% of the market value of the gold For Bumper Agri JL - REPO: Upto 85% of the market value of the gold
Maximum Limit	For Agri Jewel Loan- REPO: Rs. 35.00 Lakhs For Bumper Agri JL - REPO: Rs. 10.00 Lakhs
Term	For Agri Jewel Loan- REPO: Maximum of 12 Months For Bumper Agri JL - REPO: Maximum of 6 Months - Bullet Repayment for both products.
Interest Rate:	Rate of Interest is linked to REPO Rate. Repo :4% Prime spread : 2.80% Risk premium : 0.10% Business strategy : 0.10% Total spread : 3% Effective ROI: 7.00%
Processing Fee	For Agri Jewel Loan- REPO: @ 0.10% + applicable GST For Bumper Agri JL - REPO: @ 0.25% + applicable GST
Appraiser Fee	Branches in Metro and Class I cities: @ Rs.5 per Thousand subject to a maximum of Rs.500/- per Borrower in a day. Branches located in other centres: @ Rs.3 per Thousand subject to a maximum of Rs.300/- per Borrower in a day Additionally, for Bumper Agri Jewel Loan: <ul style="list-style-type: none"> ✓ No Appraiser fee will be collected for the first renewal within 6 months. i.e. Appraiser fee is waived for one time if the loan is closed promptly within 6 months and availed again subject to the following: <ul style="list-style-type: none"> I. Old loan is fully closed before availing the new loan. II. New application has to be obtained and old application is also to be retained. III. There is no change in the content of the jewels (Same jewels are re-pledged). IV. The security pledged has not moved out of Bank's custody.

	V. Appraiser's certificate issued (for the loan closed) is retained and Fresh Appraiser's certificate is not obtained.
Standard Asset End Date	12 months from the due date
Acknowledgement to the customer	Acknowledgement to the customer as per Annexure III is to be given immediately after disbursement of loan.
End Use of Funds	End Use of Funds (EUF) verification details are to be entered in CISLA field. Navigation is as follows. Common Processing >> CISLA >> Option - CISLA Additional details >> Verification of EUF. (Ref. Circular ADV-80/ 2020-21 Dt. 13.07.2020).
Others	New Application Format Form 120-D as per Annexure is to be used for all new loan accounts to be opened with floating rate of interest linked to REPO rate and acknowledgement is to be issued to borrower.

NEW RETAIL PRODUCT - OD AGAINST GOLD JEWELS

Target group	General Public, Women Applicants, COVID Warriors proposed to include Healthcare professionals across the discipline, Sanitation Staff (State Govt employee and employee engaged by various municipal bodies), Police staff including Home Guard, Anganwadi and ASHA, Dak Sewak, Fire staff, Ex-servicemen, NSS volunteer
Experience and Minimum Entry Age	Not applicable 21 yrs
Purpose	Any purpose other than speculative
Quantum of Limit	Minimum – Rs.25000/- Maximum – Rs. 10 lakhs
Advance Value / LTV	The assessment of limit is subject to: ✓ Per gram advance value of Jewels communicated by CO RBD from time to time or ✓ 75% of market value of the Jewels pledged (LTV) of 22 carat fineness /gold coins of 24 carat fineness - Whichever is less.
Security	Pledge of Gold Jewels

Processing Fee	0.50 % of the limit with applicable GST.		
Interest Rate	As issued from time to time		
Add On Benefits	Issuance of Rupay Card & Personalized Cheque Books		
Other Terms and Conditions	<p>Branches are advised to refer RURAL BANKING MANUAL 2008 Part 6 of Chapter 4, Master Circular on Gold Loan, Master Circular on Jewel Loan Non-Priority and meticulously follow the guidelines spelt out there on regarding</p> <ul style="list-style-type: none"> ✓ Appraisal of Jewels pledged. ✓ KYC documents for identification of prospective applicant for Jewel loan. ✓ Procedure and precautions for identification ✓ Safe Keeping of Jewels pledged. ✓ Release of jewels. ✓ Redeeming of jewels by legal heirs/representatives. ✓ Guidelines for disposal of undelivered jewels. ✓ Guidelines for auction of jewels etc. ✓ Branches to review the jewels pledged on periodical intervals to ensure LTV of jewels as spelt out above especially when there are heavy fluctuations in market value and initiate immediate recovery measures to safeguard the interest of the Bank. ✓ No Exchange/replacement of Jewel /Article is permitted during the currency of the loan. ✓ Branch to strictly follow the Policy on Jewel loan. 		
Pre-closure charges	Pre-closure charges @ Rs.500/- to be collected If the facility is closed within 3 months		
Documents to be obtained	Sl No	Form / Document No.	Name of
	1	F-120C	Application cum agreement for non-agricultural overdraft against pledged of gold ornaments
	2	D-69	Letter of indemnity for release of jewels to third parties
	3	F-124	Auctioning of jewels pledged

Product codes

For	Category	Account type	Interest category
IB	General public	4301	1101
	Women warrior	4301	1101

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	Covid warrior	4301	1103
e-ALB	General public	6012	2057
	Women warrior	6012	2058
	Covid warrior	6012	2059

Jewel Loan (Non-Priority)

India is one of the largest consumers of gold in the world. The precious metal other than being used for industrial, commercial and investment purposes can also be used to get a loan at the time of a financial emergency. In fact, the gold loan is one of the easiest and fastest ways to access funds when it matters the most.

Even if you have a low credit score but ample amounts of idle gold in your locker, the gold loan can be the monetary solution for you. With the growing popularity of gold loan every year, it is important to know not only what gold loan is but also gold loan interest rates, and other related details.

Though the assets pledged as security are easily realizable in nature, adequate precautions as stipulated in the manual / various circulars/ guidelines issued by Corporate Office from time to time, need to be strictly adhered to by the implementing branches to avoid any possible loss to the Bank.

Key Features

SL No	Particulars	Guidelines		
1	Purpose of Loan	Domestic needs, consumption, family function, medical expenses and any such bankable activity, other than speculative.		
2	Age	Entry Age - Minimum 21 years Exit Age - Maximum 70 years		
3	Type of facility, Quantum of Loan and Tenor	Type of facility	Quantum of Loan	Repayment period
		Non Priority (Bullet Repayment)	Maximum Rs.10 lakhs	Maximum - 12 months Entire amount is repayable at the end of 12th month along with interest (Bullet payment)
		Jewel Loan with Monthly Repayment (including senior	No cap on maximum Loan amount	Maximum 35 months – Repayable in 35 monthly instalments with interest

		citizens)								
		Staff Jewel Loan	Sub staff –Max of Rs.100000/- Clerks – Max of Rs.200000/- Officers – Max of Rs.300000/ upto Scale III Max of Rs 500000/- Scale IV and above	Maximum 35 months – Repayable in 35 monthly instalments with interest						
4	Advance value	Limit should be assessed based on the activity /purpose of loan/turnover etc. as per Bank’s extant guidelines. The assessment of limit is subject to <ul style="list-style-type: none"> ✓ Per gram advance value of Jewels communicated by CO time to time Or ✓ 70% of market value of the Jewels pledged (LTV) of 22 carat fineness /gold coins of 24 carat fineness Whichever is less.								
5	Loan to Value (LTV)	For JL Under Bullet Repayment: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Amount</td> <td style="width: 35%;">Upto Rs.5.00 Lakhs</td> <td style="width: 35%;">Above Rs.5.00 Lakhs upto Rs.10.00 Lakhs</td> </tr> <tr> <td>LTV</td> <td>75%</td> <td>65%</td> </tr> </table> <ul style="list-style-type: none"> ▪ LTV of 70 % to all Non–Agri JL except JL Bullet payment. 			Amount	Upto Rs.5.00 Lakhs	Above Rs.5.00 Lakhs upto Rs.10.00 Lakhs	LTV	75%	65%
Amount	Upto Rs.5.00 Lakhs	Above Rs.5.00 Lakhs upto Rs.10.00 Lakhs								
LTV	75%	65%								
6	Rate of interest	Fixed Rate of Interest as communicated by CO from time to time								
7	Limitations	<ul style="list-style-type: none"> ➤ As per the Banks Policy, a customer can maintain only 5 Jewel Loan accounts at any point of time irrespective of the sector i.e., Agri, Non-Agri, Priority & Non-Priority ➤ In respect of JL – Bullet Repayment – per CIF total loan amount should not exceed Rs.10 lakhs. 								
8	Security	Pledge of jewels.								
9	Processing charge	Processing charges as communicated by Corporate Office from time to time will be applicable. Processing charges are waived for Staff Members.								
10	Other Terms and	Branches are advised to refer RURAL BANKING MANUAL 2008								

	<p>Conditions /precautions to be followed</p>	<p>Part 6 of Chapter 4 and meticulously follow the guidelines spelt out there on regarding</p> <ul style="list-style-type: none"> ✓ Appraisal of Jewels pledged. ✓ Identification of prospective applicant for Jewel loan ✓ Procedure and precautions for identification ✓ Safe Keeping of Jewels pledged. ✓ Release of jewels. ✓ Redeeming of jewels by legal heirs/representatives. ✓ Guidelines for disposal of undelivered jewels. ✓ Guidelines for auction of jewels etc. <p>➤ Branches to review the jewels pledged on periodical intervals to ensure LTV of jewels as spelt out above especially when there are heavy fluctuations in market value and initiate immediate recovery measures to safeguard the interest of the Bank.</p>
11	Monitoring	<p>The following measures are suggested to ensure maintenance of LTV @ 70% in individual jewel loan accounts.</p> <ul style="list-style-type: none"> ❖ Bank has BBMIS template 681 which shall port branch-wise list of individual JL accounts, where 70% LTV (security value) is not maintained. <p>The navigation to template 681 in BBMIS is :</p> <p>➔ MIS → Daily → RBD → 681 JL- LTV</p> <ul style="list-style-type: none"> ✓ Branches shall take steps for immediate recovery of excess over 70% of LTV in such accounts and report compliance to their Zonal Office. ✓ Branches can also view the list of jewel loan accounts where the security value is 0 in BBMIS site and the navigation to this site is: <p>➔ MIS → A/c Validations → 14 –JL with security value 0</p> <ul style="list-style-type: none"> ▪ Branches shall take steps for entering the security value for such accounts. ▪ Zonal Offices to monitor the performance of their Branches and take necessary corrective action in this regard. <p>Since our Top Management / RBI monitor performance of the Bank, we reiterate that the performance of the branches may be monitored closely, to ensure that Loan to Value (LTV) @ 70% of</p>

	the value of jewels pledged as security is maintained throughout the tenure of jewel loan under Non-agri category. Similarly for Bullet Payment with LTV of 65% will be displayed.
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Jewel Loan to MSMEs / Traders

Product Codes: 8118-0024 (Limits upto Rs. 5 Lakhs) / 8118-0025 (Limits above Rs. 5 Lakhs)

Parameter	Norms		
1. Target Group	Traders, Businessmen, Professional, Self employed and Entrepreneurs		
2. Purpose	To meet short term production/working capital needs.		
3. Nature of facility	Term loan only		
4. Eligibility/	Existing and New Customers		
5. Assessment	Limits should be assessed based on the activity of the applicant, purpose of loan etc. subject to loan to value of jewels (as per the existing guidelines for loan against Gold Ornaments and Jewellery)		
6. Quantum of Limit	<ul style="list-style-type: none"> ✓ Minimum Loan Amount: No Limits ✓ Maximum Loan Amount: No Ceiling 		
7. Margin	For Sanctions till 31.03.2021 Limits up to 5 lakhs: 15% (LTV 85%)* Limits above 5 lakhs: 30% (LTV 70%)	For Sanctions after 01.04.2021 30% (LTV 70%) – For all limits	
8. Tenor / Repayment Period	For Limits up to 5 lakhs:	For Sanctions till 31.03.2021 6 months (repayable at the end of the tenor)	For Sanctions on or after 01.04.2021 12 months (repayable at the end of the tenor)
	For Limits above 5 lakhs:	Maximum 35 months (repayable in EMIs commencing from subsequent month of disbursement of loan)	Maximum 35 months (repayable in EMIs commencing from subsequent month of disbursement of loan)

9. Security	PRIMARY SECURITY: ✓ Pledge of Jewels. COLLATERAL SECURITY: ✓ NIL PERSONAL GUARANTEE: ✓ Not Applicable OTHERS ✓ CGTMSE coverage – Not Applicable
10. Rate of Interest	Repo + Prime Spread (2.80%) + 0.70% (spread) (Floating) Presently 7.50% p.a. floating
11. Sanctioning Authority	As per Discretionary Power Booklet
12. Processing charges	Upto Rs. 25000/- : NIL Above Rs. 25000/- : Rs 100 per lakh or part thereof.
13. Take Over	Not Permitted
14. Others	<ul style="list-style-type: none"> • For Short Term Loans with tenor up to 12 months, interest will be charged to the account on monthly rests and will be recognized on accrual basis, provided the account is classified as “Standard” account. • For Term Loans with tenor above 12 months up to 35 months, interest will be charged to the account at monthly rests and repayable in Equated Monthly Installments. • (As per prevailing prudential norms, if 3 EMIs are defaulted, account to be classified as NPA) • Along with Jewel Loan application form and Appraiser’s Certificate, following documents to be obtained:- • Latest KYC Documents. • Udyog Aadhar Number Copy / Udyam Registration Certificate or Trader/Business License or SSI Registration Certificate or any other proof of business/activity of the applicant. • For existing MSME Customers, the above documents need not be insisted. • Applicable Loan to Value (LTV) of the jewels pledged to be maintained throughout the tenor of the loan. • All other conditions applicable for loan against gold ornaments and jewellery.
15. Application form	Application for Loan to MSMEs / Traders against Pledge of Gold Ornaments (F-120E)

“KCC GOLD PLUS”

GOI has been giving thrust for issuance of KCC to farmers for agriculture and allied activities. At present we have separate KCC products for crop cultivation, Animal Husbandry and Fisheries. However, many farmers are pursuing both crop and animal husbandry and practice Integrated Farming System. Hence, a need was felt to have comprehensive KCC product for Integrated farming system (IFS).



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Further Ministry of Agriculture & Farmers Welfare has advised that Short Term Crop Loans eligible for Interest Subvention Scheme (ISS) and Prompt Repayment Incentive (PRI) should be extended only through KCC thus making KCC a prerequisite for claiming Interest Subvention (IS) and Prompt Repayment Incentive (PRI) by farmers. In view of this, RBI has advised banks to ensure that all Short Term Crop Loans eligible for Interest Subvention (IS) and Prompt Repayment Incentive (PRI) benefits are extended only through KCC.

In order to retain our existing customers in our fold and to cater to their needs for meeting short term credit requirements for all Crop and Animal Husbandry & Fishery, the following product is launched w.e.f. 24.12.2021.

Product Name	Product code	ROI	Maximum Loan
RBD-KCC GOLD PLUS-MCLR	5805 - 0020	UPTO LIMIT EXPIRY: 7% p.a. AFTER EXPIRY: MCLR 1Y + 2.50% p.a.	Rs.3,00,000/-

Salient features of the Product:

- ✓ Limit for combined purpose of crop cultivation and other allied activities.
- ✓ Limit to be arrived for 5 years. The existing and proposed 5th year limit should be minimum Rs.1.60 lakh and maximum Rs.3.00 lakh for opening of accounts under the product.
- ✓ Documentation to be taken for 5th year clearly specifying limit for each year. Loan amount should be released based on the respective years' Limit arrived as per Scale of Finance (SOF).
- ✓ Interest Subvention (IS) @ 2% p.a. and Prompt Repayment Incentive @ 3% p.a. shall be available as per scheme guidelines
- ✓ Pledge of gold ornaments to be taken as collateral security. It should be ensured that LTV should not be more than 90% at the time of renewal.

KCC Gold PLUS	
Name	KCC Gold PLUS
Type of Loan	Cash Credit
Target Group	All Farmers- Individual who is owner cultivator/ engaged in the activities of Animal Husbandry/ Fisheries
Purpose	The purpose is to meet the short term credit requirements for farmer's Integrated Farming System as detailed below. <ul style="list-style-type: none">• To meet out the short term credit requirements for cultivation of crops including plantation crops.• To meet the short term credit requirement of rearing of animals (including Milch Animals, Sheep/Goat rearing, Rabbit rearing), Poultry Birds, etc. (Feeding, veterinary aid, labour, water and

	<p>electricity supply)</p> <ul style="list-style-type: none"> • To meet the short term credit requirement of rearing of Fish, Shrimp, other aquatic organisms, capture of fish. Etc. (seed, feed, organic and inorganic fertilizers, lime/other soil conditioners, harvesting and marketing charges, fuel/electricity charges, labour, lease rent (if leased water area) etc. For Capture fisheries, working capital may include the cost of fuel, ice, labour charges, mooring/ landing charges etc.) • To meet the short term credit requirement of other allied activities like Sericulture, Bee Keeping etc.
Quantum of Loan	<ul style="list-style-type: none"> ✓ Total of 5th year limit of existing KCC loan amount and proposed/ additional KCC loan amount should be more than Rs.1.60 lakh to consider the application under this product. ✓ Maximum loan limit is Rs.3.00 lakh. ✓ Limit to be arrived as per existing KCC procedure. ✓ Eligible limit for respective year will be the lowest of Maximum Permissible limit for respective year (including Crop and AH/ Fisheries component) or Loan to Value (LTV) of Gold Ornaments or Loan applied by the applicant. <p>The Short Term Limit to be arrived for the First year:</p> <ul style="list-style-type: none"> ✓ Scale of finance for the crop (as decided by District Level Technical Committee/ SLBC) x Extent of area cultivated + 10% of limit towards post-harvest / household / consumption requirements + 20% of limit towards repairs and maintenance expenses of farm assets + crop insurance. <p>Limit for second & subsequent year:</p> <ul style="list-style-type: none"> ✓ First year limit for crop cultivation purpose arrived at as above plus 10% of the limit towards cost escalation / increase in scale of finance for every successive year (2nd, 3rd, 4th and 5th year). It is assumed that the farmer adopts the same cropping pattern for the succeeding four years. In case the cropping pattern adopted by the farmer is changed in the subsequent year, the limit may be reworked and fresh documentation to be obtained. ✓ In respect of working capital for Animal Husbandry and Fisheries the quantum of credit is to be arrived based on scale

	<p>of finance fixed by the District Level Technical Committee (DLTC) / State level Bankers Committee (SLBC).</p> <ul style="list-style-type: none"> ✓ For KCC Gold PLUS product the minimum loan limit (5th year Limit) will be Rs.1,60,001/- and the maximum Loan limit will be Rs.3.00 lakhs and subject to ensuring the maximum limit for AH/Fisheries component of Rs. 2.00 lakhs complying with RBI guidelines on KCC Interest Subvention Scheme. ✓ Even though the KCC limit has two different components viz., crop and AH/Fisheries, a single composite limit is proposed to keep the product simple and user friendly. However, it should be ensured that the loan component for Animal Husbandry/ Fisheries should not exceed Rs 2.00 lakhs under any of the subvention products of the Bank. ✓ KCC limit will be fixed as detailed above. However, actual disbursement will be as per the limit arrived for the particular year or the value of collateral security less margin, whichever is lower.
Security (Primary)	<ul style="list-style-type: none"> ✓ Hypothecation of crops ✓ Hypothecation of stocks, fodders, feeds, etc.
Security (Collateral)	<p>Gold Ornaments</p> <ul style="list-style-type: none"> ✓ Value of Jewels will be arrived at based on the net weight of gold as per Jewel Appraiser's certificate. The value of Jewels should be at least 112% of limit sanctioned, i.e. LTV of 90% should be ensured. ✓ Further, it is to be ensured that margin requirement (as detailed above) is strictly complied with at the time of renewal & disbursement during the subsequent years also.
Rate of Interest	<ul style="list-style-type: none"> ✓ 7% p.a. up to Subvention End Date/ Limit Expiry Date (whichever is earlier). ✓ Card Rate + 2.00% (penal interest) in case account becomes overdue. ✓ At present, Card Rate is 1Yr MCLR + 2.50%
Limit validity	<p>1 Year from the date of opening of the account.</p> <p>However, the KCC limit is valid for 5 years subject to annual renewal.</p>
Processing Fee	NIL
Appraiser Fee	Jewel Appraiser's Fee is to be recovered from the borrower. Existing fee structure as enumerated in ADV-201/2019-20 dated 21.03.2020 to

	<p>be followed.</p> <p>No Appraiser fee will be collected for the first renewal within 12 months i.e. Appraiser fee is waived for one time if the loan is renewed promptly within 12 months and availed again subject to the following:</p> <p>There is no change in the content of the jewels</p> <ul style="list-style-type: none"> • The security pledged has not moved out of Bank's custody. • Appraiser's certificate issued (for the loan renewed) is retained and Fresh Appraiser's certificate is not obtained. <ul style="list-style-type: none"> • It is advisable to engage a different appraiser (from the one who has appraised previously) at the time of renewal (whenever applicable) to assess the gold value
Interest Subvention	<p>For KCC Gold PLUS Interest subvention (IS) of 2% will be available to the Bank as ROI shall be charged @ 7% p.a. upfront. Prompt Repayment incentive (PRI) @ 3% p.a. will be passed on to the customer only on prompt repayment of the entire dues including interest within the Due Date fixed by the Bank or within 1 year from the Date of Disbursement, whichever is earlier.</p>
IRAC	As per KCC Module
Crop Insurance	<ul style="list-style-type: none"> • PMFBY / RWBCIS is optional. • The farmers can exercise opt –in and opt - out of the scheme by submitting a simple declaration (Annexure- IV and V) anytime during the year but at least 7 days prior to cut off date for enrolment for the respective season. • Branches to maintain proper records of farmers' declarations.
Documentation	<p>Documentation to be taken for 5th year clearly specifying limit for each year. The Following documents are to be obtained from customer.</p> <ul style="list-style-type: none"> • KYC documents for Address and Identify proof including Aadhaar Number. • Loan Application Form (F-120F) as per Annexure-II. • D 68 - Agreement of Hypothecation for Agricultural Loans (MCLR) • Appraiser's certificate on valuation of Jewels offered as collateral security. • Copy of land records • Renewal application form as applicable to KCC.
Other features / guidelines	<ul style="list-style-type: none"> ✓ E-KYC verification / Aadhaar authentication is mandatory for opening the account.

- ✓ The KCC account can be treated as KCC cum SB account and will earn interest @SB ROI for the credit balance maintained in the account.
- ✓ RuPay KCC card to be issued to the farmer to operate the account
- ✓ The borrower has to route all his transactions through the KCC account.
- ✓ While renewing the account it should be ensured that the Debit Turnover (including interest & other charges) during the previous 12 months or since the date of last renewal (whichever is earlier) should be less than or equal to the total of Credit Turnover during the previous 12 months & up to the renewal date of the existing month.
- ✓ Branch has to enter end use verification details in CISLA field.
- ✓ CIC Reports/ Scores are waived for loans under the Scheme.
- ✓ DeVA approval shall be mandatorily obtained within 7 days of disbursement wherever applicable.
- ✓ Branch has to ensure that no borrower avails the benefit of Interest Subvention on KCC for amounts above Rs.3.00 lakh owing to maintenance of KCC accounts under various product codes
- ✓ LTV (w.r.t. gold jewellery) should not be more than 90% at the time of renewal
- ✓ Since LTV is 90%, prompt notice / messages to be sent to the borrower for renewal of the limit within one year.
- ✓ Loan for stand-alone animal husbandry/ fisheries activities may not be sanctioned under the product. However, loan may be sanctioned for animal husbandry/ fisheries activities along with crop cultivation
- ✓ Borrower should be clearly communicated about release of enhanced limits in the subsequent years is subject to fulfilment of collateral norms by way of gold jewellery worth not less than 112% of the enhanced limit so as to maintain 90% LTV at the time of renewal besides compliance of other guidelines for renewal/ enhancements.

The following systems and procedures to be followed while empanelling the jewel appraisers and lending against pledge of jewels to overcome the major frauds occurred in jewel loan.

Empanelment of Jewel Appraisers:

- ✓ The branches may receive applications with bio-data and photo with all KYC documents from qualified/reputed goldsmiths conforming to the selection criteria
- ✓ Before recommending for empanelment of an Appraiser, the Branch Manager must ascertain, through local enquiries, the family background, character and conduct of the person to be engaged as an appraiser. Branch Manager should make due diligence study / confidential enquiries during the empanelment of jewel appraisers and make sure that the Appraiser has a clean record, with no case registered against him by the police or without any suspicion of having defrauded his customers. (Police Verification Report is to be obtained in this regard.)
- ✓ On approval of the panel of names by the Zonal Manager, the branches should exhibit the names of the appraisers in the notice board for information of intending borrowers. The form of notice to be put up in the notice board should be as prescribed by the Bank.
- ✓ Branches should ensure that the panel has not less than two appraisers and the services of all the appraisers in the panel are made available for appraisal of jewels on all the working days.
- ✓ The appraisers on the panel are to be utilized only for the limited purpose of appraising the jewels and under no circumstances they should be asked to attend to any other work either incidental and connected to the sanction of jewel loans.

With regard to Agri jewel loan the following should be ensured.

- ✓ Branches should insist for photo and KYC documents of the applicants to identify the borrowers correctly and the loan proceeds are to be routed through the savings bank/ current account only.
- ✓ The borrower should be an agriculturist.
- ✓ Branch official should discuss with jewel loan applicants especially with high value jewel loans and new jewel loans.
- ✓ The amount of loan must be fixed according to the prescribed scale of finance of crops raised/working capital requirements for Animal Husbandry/Fisheries, etc as approved by DLTC.
- ✓ Branches should ensure the end use in respect of all agri jewel loan irrespective of the limit and enter the details of end use verification properly in the relevant space in the application for agriculture loan against pledge of gold ornaments (F 120 D) and also update in CBS-CISLA additional details.
- ✓ Documentation of the loan including recording of Borrower/land details should be carried



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out in all the accounts irrespective of the limit. All the necessary columns in the application must be filled and signed by the Jewel loan officer/ Branch Manager.

- ✓ Branches are advised to obtain proof of land ownership / cultivation like chitta and adangal for agri Jewel loans above Rs.1.00 Lakh and in case of joint patta, “No objection certificate” from the Co-owner of the land.
- ✓ It should be ensured that closure of earlier loan happens before disbursement of fresh loan against the pledge of same jewels.
- ✓ Regular reappraisal of jewels pledged to be conducted as per extant guidelines
- ✓ Zonal Managers / Deputy Zonal Managers during their visit to branches should look into deviation if any and take corrective measures then and there.

Reference Circulars:

1. Master Circular on Gold Jewel Loan 2020 (Adv-201/2019-20 Dt. 21.03.2020)
2. Master Circular on Jewel Loan (Non-Priority)/ Adv- 197/2019-20/Dt 18/03/2020
3. Modifications in Jewel Loan Under Bullet Repayment Scheme/Adv- 175/2019-20/Dt05.03.2020
4. Introduction of New Agri Jewel Loan Product “Bumper Agri Jewel Loan-Fixd”/ Adv- 141 /2019-20/21 - 01 -2020
5. Online Loan Application for KCC And Agri Jewel Loan through Our Bank Website(Adv-33/2021-22 Dt.26.05.2021
6. Jewel Loan: Adherence to Systems And Procedure (Adv-126/2021-22 Dt.27.09.2021)
7. Jewel Loan To MSMEs / Traders ; Product Codes: 8118-0024 (Limits Upto Rs. 5 Lakhs) / 8118-0025 (Limits Above Rs. 5 Lakhs) (Adv-252/2020-21 Dt. 17.02.2021)
8. NEW RETAIL PRODUCT “OD AGAINST GOLD JEWELS” (ADV-103/2020-21 Dt. 19.08.2020)
9. Introduction of New Agri Jewel Loan Products linked to “REPO RATE” (ADV-124/2020-21 Dt.11.09.2020)
10. Reduction of ROI in Non-priority JL –Adv 70/2020-21 dt 06.7.2020-For Staff jewel loan limits
11. Introduction of New KCC Product- KCC Gold Plus-ADV- 261/ 2021-22 dt 23.12.2021
