

HAND BOOK ON GOLD LOAN



**STATE BANK OF INDIA OFFICERS' ASSOCIATION
(BENGAL CIRCLE)**



State Bank of India Officers' Association (BENGAL CIRCLE)

(Registered under Trade Unions Act 1926-Regd. No. 6908)
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FOREWORD

Dear Colleague,

I am elated to present before you the handbook on GOLD LOAN, an excellent knowledge sharpening tool created by SBI Officers association, Bengal Circle.

Our economy, recently has faced the biggest contraction in GDP growth on record due to the worldwide spread of COVID-19 pandemic, resulting in an increase in liquidity crunch. In this scenario, Gold Loan is the best product what we can offer the customer to meet their short term requirements. Not only it requires minimal documentation, but also its TAT is extremely fast. On the bank's front also it is beneficial as it's a high yielding and secured advance. So, this product creates a win-win situation for both customers and the bank.

Technological integration in Gold Loan is also a path breaking initiative that our bank has come forward with. Therefore, I believe Gold Loan through YONO will be a game changing experience for our customers.

This handbook encompasses all the important areas in a streamlined and lucid manner making it a top notch ready to reference for the operating functionaries dealing in Gold Loan at the branches. Let us popularize "GOLD LOAN" on YONO platform for a differentiated customer experience which our competitors do not provide.

I once again would like to thank the entire SBIOA fraternity for coming up with this excellent initiative.

Stay safe & stay healthy

With regards,



(Ranjan Kumar Mishra)

Chief General Manager



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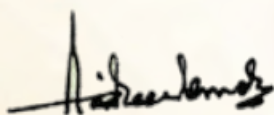
PREFACE

Gold is a widely acceptable precious metal throughout the world. Individuals use it in the form of jewelry, nations use it in the form of mode of exchange. Our country has a vast potential for growth of gold loan business since large number of populace keep stock of gold as a liquid asset. The rural India is the major stake holder of gold comparing with urban and metro.

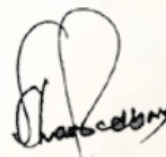
Our Bank has now given a thrust to increase its market share in the remunerative gold loan portfolio, which is at present broadly captured by the private players like Muthoot, Mallapuram etc. Bank has also launched various products of Gold Loan to cater the borrowers of different segments. We have observed that many of our members have a knowledge gap pertaining to advances against pledge of gold in the absence of any readily available guidance and solution. In this backdrop, it was a felt need to bring out a handbook on Gold Loan. With the publication of this Handbook, we feel that this issue can suitably be addressed. The Handbook has portrayed various nitty-gritty of gold loan. It is an earnest attempt to take care of all the dimensions of credit process in gold loan.

This booklet is a humble endeavour of the State Bank of India Officers' Association (Bengal Circle) to keep the membership updated of all the changes that have taken place meanwhile in our work environment. We are confident that our members will find the book handy and useful being a compendium on gold loan and will remain as a ready reckoner.

We sincerely appreciate the role of all who have been innately connected with collating and compilation of all useful information. All efforts are being made to make this publication error free. However, we invite suggestions from the members for improving and updating the contents of this compilation.



Asitava Kundu
(President)



Shubhajyoti Chattopadhyay
(General Secretary)

The Indian Gold Loan Market

Gold has been a valued commodity since long, particularly in India, where it is considered auspicious, and has been in use for centuries in the form of jewellery, coins and other assets. Though gold is a highly liquid asset, it wasn't until recently that consumers leveraged it effectively to meet their liquidity needs. Lenders provide loans by securing gold assets as collateral. Compared with the rest of the world, in India the gold loan market is a big business sector. Until a decade back, most of the lending was in the unorganized sector through pawnbrokers and money lenders. However, this scenario has been changed with the entrance of organized sector players like banks and non-banking finance companies (NBFCs). NBFCs have been a major driving force behind this growth having their extensive network, faster turnaround time, higher loan-to-value ratios and the ability to serve non-bankable customers. Of late, banks have improved their gold loan product features and services. Coupled with comparatively lower interest rates and charges, banks stand to gain market share steadily. With rapid growth and regulatory scrutiny Bank has increased on gold loan lending practices.

Background: Gold and the Indian Society

As mentioned above, gold has traditionally been among the most liquid assets and is an accepted universal currency. Gold is presumed to be a safe haven in times of economic uncertainty, a fact exemplified by a 60% increase in the value of gold over the past year. India is one of the largest markets for gold. Rural India accounts for 65% of this gold stock. The demand for gold has followed a regional trend with southern India accounting for 40% of annual demand, followed by the west (25%), north (20-25%) and east (10-15%). Indian households typically have an emotional attachment and sense of personal belonging to the gold they own, which is usually in the form of jewellery, coins or bars. Thus, gold owned by Indian families is rarely liquidated unless in extreme financial need — consequently, monetary value of a gold

investment is rarely realized. But, pledging gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in the Indian society for many decades, particularly in rural areas. However, over the past decade, the organized sector – banks and NBFCs – have taken the lead. The urban populace is also beginning to realize the potential value that can be derived through gold loans, which has led to rapid growth of the gold loan market in India.

Risks to Borrowers and Lenders

Since lenders take possession of the gold assets in a loan transaction, in case of a theft, they may not have sufficient fund to compensate all the borrowers for their loss in its entirety. This is more important for loans placed in the unorganized sector; Banks/NBFCs usually have better security and insurance coverage. Furthermore, financial packages cannot compensate for the personal attachment a borrower has with the gold assets. Moreover, a sharp decline in gold prices increases the original LTV. A lender may require an immediate recovery of any amount that exceeds the original LTV ratio, but the borrower may be unable to pay this amount. Restructuring of the loan may be required in these cases. Additionally, if the value of the pledged asset declines, a borrower may be more willing to default on the loan. This poses a serious concentration risk to the lender, especially to the NBFCs that have a high exposure to gold loans and lend at high LTV ratios. The increase in gold prices over the last few years, coupled with the surge in gold loan borrowings during this period, could create a gold bubble which could burst in the event of a significant correction in gold prices. Banks/NBFCs with significant exposure to gold loans could face widespread defaults, which could adversely impact on the economy. The organized sector today manages these risks through various methods such as enhanced security, insurance coverage, buying gold futures, etc.

Regulatory Environment

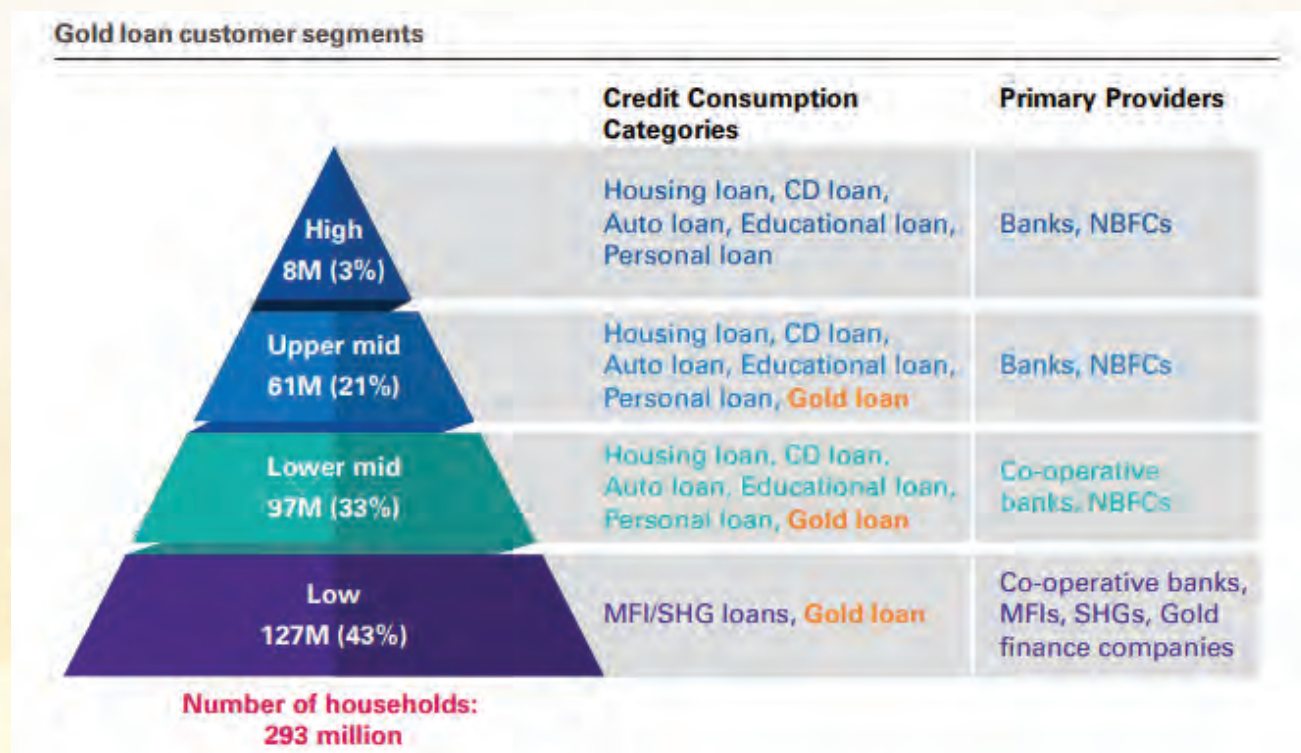
While there is no means of controlling the unorganized sector, the organized sector i.e. banks and NBFCs come under the purview of the Reserve Bank of India (RBI) which devise norms to regulate the gold loan market. NBFCs had been traditionally disbursing gold loans through funds received from banks under priority sector lending for the agriculture segment. The loans under this category enjoy an interest rate discount over the normal interest rates charged by banks. But to reduce the risk in the system, in February, 2011, the RBI ruled that bank credit to NBFCs for lending against gold jewellery will not be treated as exposure to the agricultural sector. With the continued rapid growth of the gold loan market in India, RBI has started examining lenders, especially NBFCs, for possible concentration risks (i.e., risks due to a sharp decline in the prices of gold for a lender with a large exposure to gold assets pledged against the loans). All lenders are required to adhere to the KYC norms. NBFCs allegedly have not strictly followed this regulation and hence have been under the RBI's scanner for some time now. Currently, NBFCs' gold loans are regulated by RBI. However, some state governments require compliance

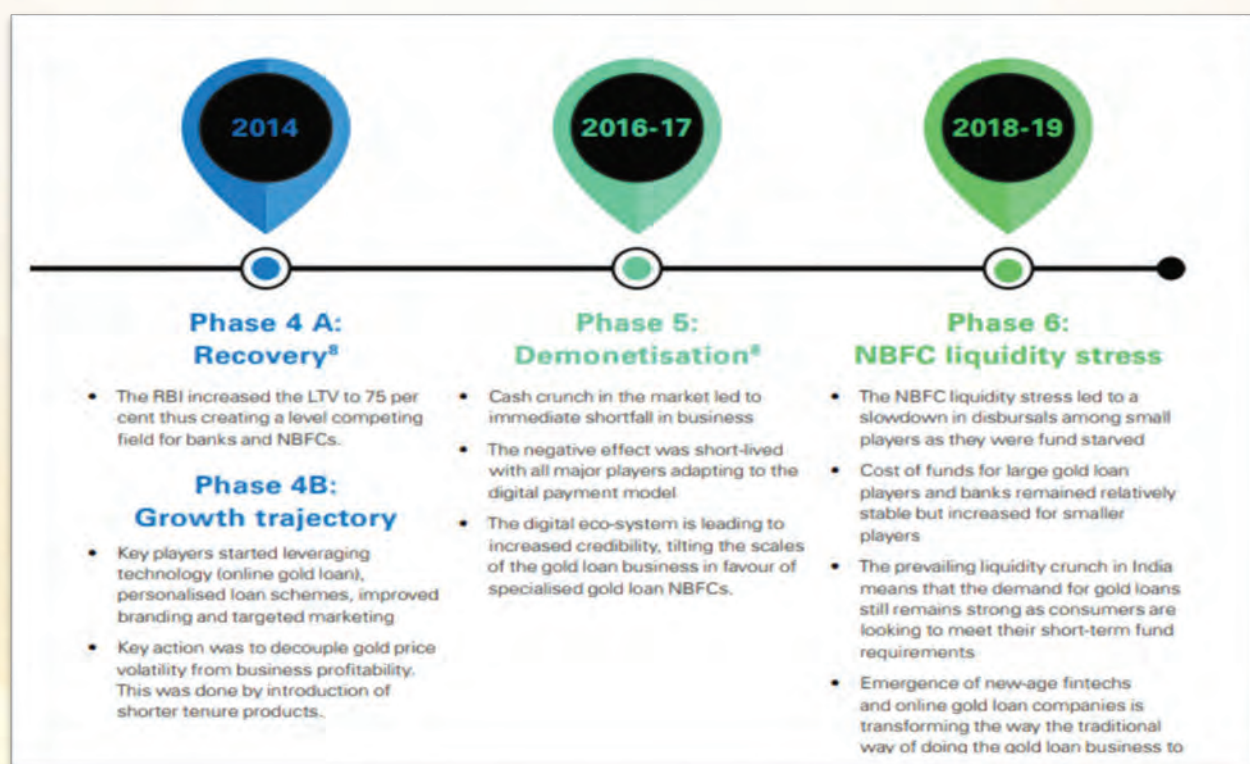
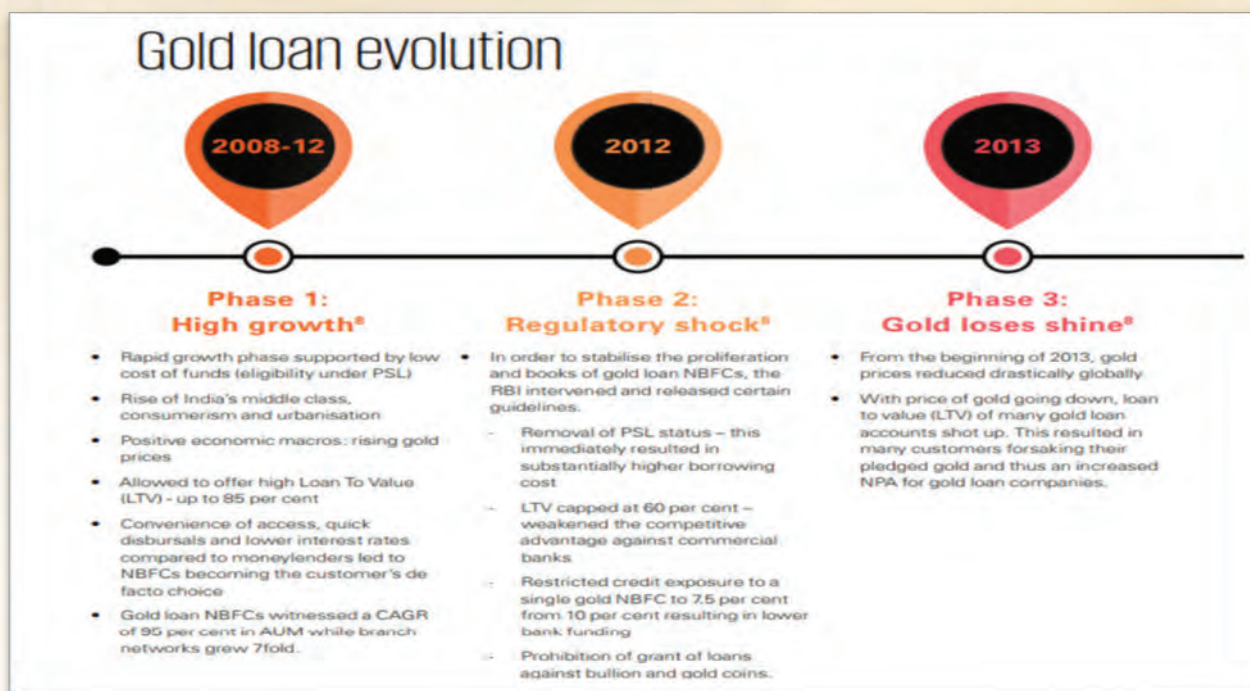
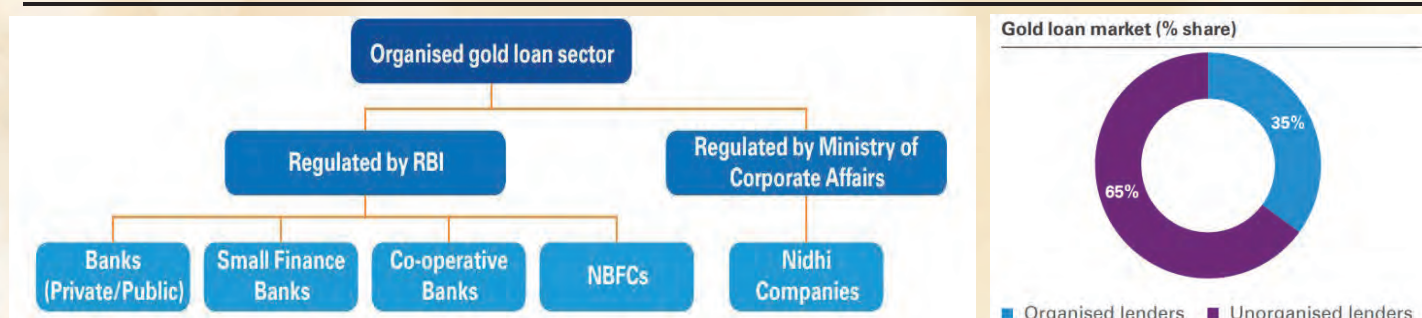
with relevant state money lending statutes. There have been recent complaints regarding high interest rates and penal rates charged by NBFCs.

Role of Technology

Information technology has played an increasingly important role in the rapid growth of the gold loan market.

- Technology provides scalability to gold loan businesses, enabling quick roll-out of branches and efficient penetration of the underserved markets.
- Provision of accurate real-time information has led to faster decision making and reduced turnaround time for loan disbursals.
- Technology has significantly reduced human intervention and thereby, the approval, disbursal and repayment processes have become much faster, simpler and more robust. Better adherence to lending regulations (KYC, priority lending, etc.), consonance in firm-wide lending activities, efficient tracking of borrower accounts, process transparency and minimization of operational costs are some of the major benefits realized through the use of technology.

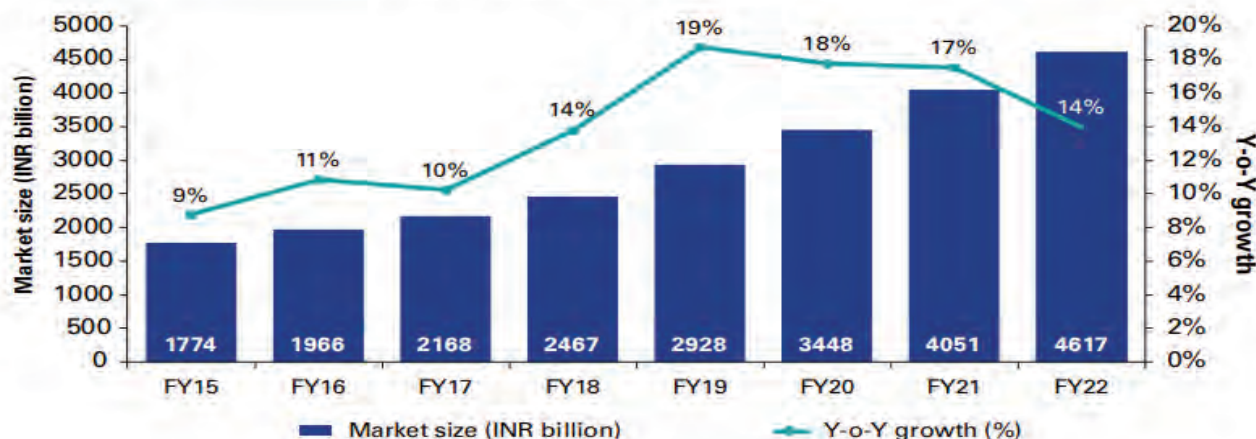




Industry Outlook

The gold loan market is expected to reach INR4617 billion by 2022 at a five-year compounded annual growth rate (FY18 to FY22) of 13.4 per cent³⁰.

Indian gold loan market size projection (INR billion)



State Bank of India targets 3x growth in retail, MSME gold loans

Our Institution is adopting an aggressive approach in the retail and MSME gold businesses, targeting 3x growth in this portfolio to tune of Rs 20,000 crore by March 2021. It will leverage YONO, the digital banking platform, to cut down on response time and scale up activity. Cheap Deposit Money, which helps offer low lending rates, gives banks the edge over gold loan companies.

Yet, we have lost out because of a longer turnaround time — time taken to sanction loans — while the private financiers like Muthoot and Manappuram act quickly, being close to the customers.

Our offered products are cheaper by 200-300 bps (compared to gold loan companies). Using the digital lending platform, the turnaround time now is 30 minutes, compared to two hours earlier.

The lending rate for personal gold loan is 7.5 per cent p.a. For SME gold loans, the rate is 7.25 per cent p.a. on YONO.

The pandemic has changed customer preference. It is a big opportunity as there is greater acceptability of digital channels for doing banking transactions now. SBI will scale up YONO and further

strengthen the platform through new product offerings like personal gold loans, says the FY20 annual report.

SBI is already processing 4,400 applications for personal gold loans on YONO, plus manual operations each day. Besides personal loans, SBI has begun gold loans for SMEs on YONO. The gold loan portfolio in retail and SME is Rs 6,000 crore now, which bank expect to ramp up to Rs 20,000 crore by March 2021.

Further, about 15,000 applications for agricultural gold loan are being executed on YONO. The Agri-loan portfolio is of Rs 57,000 crore. These are short-term loans of 3-6 months' tenure. Therefore, the outstanding loan book in agriculture gold credit does not show a sharp rise. The volume of loans per month is an important indicator for gold advances to farm sector. With gold prices ruling at dizzy heights, lenders have been exposed to price volatility. In this regard, SBI has put in place a system of dynamic monitoring of gold prices (on a daily basis) to enable prompt decision making.

Recently, the RBI has raised the cap on loan-to-value ratio (LTV) to 90 per cent from 75 per cent for gold loans by banks.

GOLD LOANS AT SBI

A general purpose Loan scheme to individuals against collateral security of gold ornaments & specially minted gold coins sold by Banks. As of now, loans are not granted against the security of Primary Gold i.e., 24 carats gold bars and biscuits. Individuals who are minimum 18 years of age with steady income including Bank's employees and pensioners are eligible. Submission of proof of income by borrower, is not necessary. Proper KYC compliance of the borrower and minimum capacity to service the interest will be sufficient to

determine eligibility subject to score of 31 and above in RSM.

As advances against gold ornaments are granted on the basis of the borrower's declaration of bonafide ownership of the ornaments offered for pledge, the onus of determining the respectability and identity of the individual borrowers rest with the branches. So, it is absolutely necessary that the intending borrowers have a KYC compliant CIF in SBI.

GOLD LOAN VARIANTS AT A GLANCE

	P-SEGMENT GOLD LOAN (REGULAR VARIANT) Applicable for All Branches			P-SEGMENT GOLD LOAN (SBI REALTY GOLD LOAN) All Gold Loan Point Branches (GLPB)			AGRI GOLD LOAN
	SBI PERSONAL LIQUID GOLD LOAN SCHEME (Overdraft)	SBI GOLD LOAN- BULLET REPAYMENT	SBI PERSONAL GOLD LOAN (EMI BASED)	SBI Realty Liquid Gold Loan	SBI Realty Bullet Repayment Gold Loan	SBI Realty EMI Gold Loan	Multi-Purpose Agri gold loan
Purpose	A general purpose Loan scheme to individuals against collateral security of gold ornaments & specially minted gold coins sold by Banks. As of now loans are not granted against the security of Primary Gold i.e., 24 carats gold bars and biscuits.	A general purpose Loan scheme to individuals against collateral security of gold ornaments & specially minted gold coins sold by Banks. As of now loans are not granted against the security of Primary Gold i.e., 24 carats gold bars and biscuits.	A general-purpose Loan scheme to individuals against collateral security of gold ornaments & specially minted gold coins sold by Banks. As of now loans are not granted against the security of Primary Gold i.e., 24 carats gold bars and biscuits.	i) Margin money requirement in housing loan. ii) Registration charges of house property. iii) Project price escalation	i) Margin money requirement in housing loan. ii) Registration charges of house property. iii) Project price escalation	i) Margin money requirement in housing loan. ii) Registration charges of house property. iii) Project price escalation	To meet the short-term production / investment credit needs
Facility	Overdraft with Cheque Book and INB Access	Demand Loan	Demand Loan	Overdraft with Cheque Book and INB Access	Demand Loan	Demand Loan	Demand Loan
Min Loan Amt	Rs 20,000	Rs 20,000	Rs 20,000	Rs 50,000	Rs 50,000	Rs 50,000	No Minimum
Max Loan Amt	Rs. 20 lakh	Rs. 20 lakh	Rs. 20 lakh	Rs. 20 lakh	Rs. 20 lakh	Rs. 20 lakh	Rs 25 lakh
ROI	7.50% p.a.	7.50% p.a.	7.50% p.a.	7.50% p.a.	7.50% p.a.	7.50% p.a.	7.25% p.a. through YONO Krishi
Margin	25%	35%	25%	25%	35%	25%	25%
Repayment Period	Max: 36 months	Max: 12 months	Max: 36 months	Max: 36 months	Max: 12 months	Max: 36 months	Max: 12 months

	SBI PERSONAL LIQUID GOLD LOAN SCHEME (Overdraft)	SBI GOLD LOAN- BULLET REPAYMENT	SBI PERSONAL GOLD LOAN (EMI BASED)	SBI Realty Liquid Gold Loan	SBI Realty Bullet Repayment Gold Loan	SBI Realty EMI Gold Loan	Multi-Purpose Agri gold loan
Repayment Mode	The principal will be repayable as a bullet repayment as at the end of the Loan Term. While reviewing the account, the operating units should ensure that the monthly interest debited is serviced as per stipulations and outstanding is well within the Limit / Drawing Power. The borrower can avail a fresh OD after the first one is liquidated on or before 36 months	Bullet Repayment of Interest and Principal at the end of the term. Interest will be charged to the account at monthly rests but will become due for payment along with principal only on maturity.	The repayment of EMI should commence from the month following the month of disbursement	The Outstanding will be repayable at the end of the Loan Term. While reviewing the account, the operating units should ensure that the monthly interest debited is serviced as per stipulations and outstanding is well within the Limit / Drawing Power.	Bullet Repayment of Interest and Principal at the time of closure/end of the term. Interest will be charged in the account at monthly rests but will become due for payment along with principal only on maturity.	EMI from the next month of the disbursement of the loan.	Interest and Principal at the end of the term
Tax Benefits	NIL	NIL	NIL	Section 24(b) - Interest Section 80C - Principal Section 80EEA - Interest Subject to fulfilment of the other conditions prescribed under the respective sections of Income Tax Act 1960	Section 24(b) - Interest Section 80C - Principal Section 80EEA - Interest Subject to fulfilment of the other conditions prescribed under the respective sections of Income Tax Act 1960	Section 24(b) - Interest Section 80C - Principal Section 80EEA - Interest Subject to fulfilment of the other conditions prescribed under the respective sections of Income Tax Act 1960	NIL

	SBI PERSONAL LIQUID GOLD LOAN SCHEME (Overdraft)	SBI GOLD LOAN-BULLETS REPAYMENT	SBI PERSONAL GOLD LOAN (EMI BASED)	SBI Realty Liquid Gold Loan	SBI Realty Bullet Repayment Gold Loan	SBI Realty EMI Gold Loan	Multi-Purpose Agri gold loan
Processing Fees	0.50% of the Loan amount + applicable Tax or Rs 500 + applicable Tax, whichever is higher	0.50% of the Loan amount + applicable Tax or Rs 500 + applicable Tax, whichever is higher	0.50% of the Loan amount + applicable Tax or Rs 500 + applicable Tax, whichever is higher	0.50% of loan amount subject to minimum Rs. 500 + GST	0.50% of loan amount subject to minimum Rs. 500 + GST	0.50% of loan amount subject to minimum Rs. 500 + GST	a. Up to Rs.50,000: NIL b. Above Rs.50,000 to up to Rs.1.25 lakh: Rs.500 + GST c. Above Rs.2.00 lakh: 0.30% of loan limit + GST
E- Circular Reference	NBG/PBU/OPS-GOLD LOAN/2/2019 – 20 dated 16 Apr 2019	NBG/PBU/OPS-GOLD LOAN/2/2019 – 20 dated 16 Apr 2019	NBG/PBU/OPS-GOLD LOAN/2/2019 – 20 dated 16 Apr 2019	NBG/PBU/OPS-GOLD LOAN/9/2019 – 20 dated 3 Dec 2019	NBG/PBU/OPS-GOLD LOAN/9/2019 – 20 dated 3 Dec 2019	NBG/PBU/OPS-GOLD LOAN/9/2019 – 20 dated 3 Dec 2019	NBG-AB-IC&GL/ABU-ICGL-GOLDLOAN/7/2020 – 21 13 May 2020

Note: ‘While granting advance against the security of specially minted gold coins sold by Bank, the operating units should ensure that the weight of coin(s) does not exceed 50 grams per customer.’

Keeping in view the market potential available, hike in Gold prices during the period of last two years and to compete with other Banks/NBFCs, the Competent Authority has approved enhancement in cap from Rs. 20 Lac to Rs. 50 Lac per **customer, under P Gold Loan.**

SME GOLD LOAN

Target Group & Eligibility

Existing MSME Units (Proprietorship Firm only), both borrowing & non-borrowing units of our Bank, who want to avail loan against Gold Ornaments/ Jewellery.

- Unit/ Shop shall be with running activity
- Account should not be in NPA status

Purpose: To provide hassle free financial assistance to existing MSME units (Proprietorship Firm only) against Gold Ornaments/ Jewellery held in the name of Proprietor, for fund based requirements for general business purpose & augment working capital, acquiring machinery/ equipment/ tools for repairs, renovations etc.

Brief features of SME Gold Loan product:

- Finance to existing MSME Units (only proprietorship firm) against Gold ornaments/ jewellery belonging to

Proprietor for meeting general business purpose

- Limit > Rs.1 lac to Rs. 20 lacs
- No requirement of Balance Sheet and other financial documents
- Simple assessment based on advance value of gold and estimated sales
- Treatment of Gold ornaments as Primary Security; Nil Collateral security
- Competitive rate of interest linked to EBLR
- Easy to create security and easy to liquidate in case of default with timely auction
- Simple documentation, easily marketable by all Branches
- Priority Sector classification for eligible units

Quantum of loan & Assessment

- 25% of the Projected Turnover of the unit,
- 100% of value of asset proposed to be purchased for business purpose, subject to not exceeding 100% of the Advance Value of Gold as per existing guidelines (as stipulated by PMD/ABU from time to time)

Loan Amount:

- Minimum: Rs. 1 lac
- Maximum: Rs. 50 lakhs

(No financial document needs to be obtained from customer for arriving at projected turnover; the same may be obtained as per customer's self-declaration only. For existing borrowers, such data will be available with the Branch)

- **CRA/ CUE :** Not applicable

- **Margin:** Not applicable, since it is already in-built in Advance Value of Gold
- **Stock Statement:** Not required
- **End Use of Funds:** Funds to be utilized for any business purpose and not for speculative purpose. (Self-declaration to be obtained from customer)
- **CIC report:** Needs to be scrutinized and appropriately commented upon
- **LTV** of 75%, as advised by Precious Metal Dept (PMD) every month, shall be maintained throughout tenure of loan
- **Personal Guarantee:** Not Applicable
- **Repayment Period:**
- **Overdraft:** Max. 12 months. Repayable on demand. Interest to be serviced on monthly intervals as and when applied.
- **Demand Loan:** Max. 12 months. Repayable in part payment or bullet repayment any time before maturity. Interest is to be serviced at monthly intervals. No Renewal under Demand Loan. Fresh Sanction to be done after repayment of Loan.

Market value and advance value of Gold: *The Market Value and Advance Value for per gram of Gold of different Carats purity being updated by Precious Metal Department beginning of every month in SBI Times -> Department2 -> Precious Metals -> Daily Reports.*

The IBA closing Gold rates will be monitored on a daily basis and in the event of increase/decrease in the rates vis-à-vis the above-mentioned Market Value by 5% or more, the Market and Advance Value will be revised accordingly.

Documentation:

(As generated through RLMS, a tentative list is provided below for information)

(a) To Apply Loan: In addition to gold ornaments to be pledged

- i) Application for Gold Loan with passport size photograph.
- ii) Proof of identity with proof of Address (OVD)

(b) Time of Disbursement (All the documents generated from RLMS)

- i) Gold Ornaments Take Delivery Letter
- ii) Witness Letter in case of illiterate borrowers
- iii) Arrangement Letter, to be obtained in duplicate, original being handed over to the borrower. Wherever necessary, it may be given in the local language (outside RLMS), for the better understanding of the borrowers. The duplicate copy, duly acknowledged by the borrower, should be kept along with other documents.
- iv) D P Note and D P Note Take Delivery Letters
- v) Opinion Reports to be compiled for loans above Rs.3.00lacs

*** For detail circular instructions for Gold Loan & Demand Loan against Bank Deposits please refer to e-Manual on Loans & Advances, Part - 8 and related Circulars ***

Advances to staff against Gold ornaments:

The minimum and maximum ceilings would not apply to staff members. For Gold Loan to staff members, the existing restrictions of aggregate monthly repayment obligations not exceeding **60%** of the gross monthly emoluments will be ensured at the time of sanction of the Gold Loan.

Purpose: Demand loans granted to members of staff (all categories) for any bonafide purposes,

Repayment: 36 months (60 months in case of medical expenses, purchase of land/building, educational expenses).

Margins: 25% (The reduction in margin will be permissible). Monthly calculations of advance

value of gold will not be applicable to members of staff where the repayments are regular.

Type of loan: Demand loan only.

Since the OD facility has been withdrawn for staff members, the existing OD accounts, if any, should be converted to Demand Loan at the time of annual review/renewal of the account.

Discretionary powers:

As per the Delegation of Financial Powers vested with Sanctioning Authority by the respective Circles. The Sanction to be controlled online and retained along with the documents.

Position	Gold Loan to Public
Chief Manager	20
Manager	15
Deputy Manager	10
Assistant Manager	5

At the time of sanction of Gold Loan to the existing borrowers having three or more outstanding gold loan accounts, prior approval is required from the authority, who is one step higher to the sanctioning authority.

The CBS Product Codes are as under:

Scheme	Product Code	Product Description
SBI Personal Liquid Gold Loan (OD)	65512056	MC-OD SBI PER GOLD LOAN JAN17
SBI Gold Loan (Bullet Repayment)	64514020	MC-GOLDLN-BLET REPAY J17
SBI Personal Gold Loan (DL)	64514019	MC-SBI GOLD LOAN-JAN 2017
SME Gold Loan	6501-4017 6401-4009	EB-OD-SME GOLD LOAN EB-DL-SME GOLD LOAN

Procedure for accepting Gold Ornaments:

Branch Cash Officer/Award Staff (Senior Special Assistant / Special Assistant / SeniorAssistant assigned the job of Gold Loan processing) is responsible for ensuring genuineness and purity of gold ornaments by using the following methods:

a) Touch stone Method

Under this method, the gold ornaments are rubbed against the touchstone and the impression is compared with the impression of the standard gold.

b) Nitric Acid Test

When Nitric Acid is applied on pure gold, it makes no impression. Few drops of nitric acid are to be dropped on the ornaments and reaction is to be observed. Simultaneously, few drops of the acid should be dropped on the impression of gold on touchstone and reaction is observed. If the extent of fumes followed by foam is more, it indicates that the metal is spurious and if the nature of the smear remains unaltered, the ornament is said to be made of pure gold. Nitric acid turns inferior gold into coppery color. The degree of discoloration varies as per the metal used for the alloy.

c) Specific gravity test

This method is applied to ornaments purportedly made from SOLID GOLD with no extraneous matter, such as precious or semi-precious stones, etc. Following steps should be followed:

- Weigh the ornament in air (say weight is X),
- Weigh the ornaments in water (say weight is Y)
- Apply the following formulae: (*Specific gravity of 24 carat gold is 19.3*)

$$19.3 = X / (X - Y)$$

$$Y = X (19.3 - 1) / (19.3)$$

If the weight in water (Y) is less than the result indicated above, it proves that the ornaments are not made of solid gold but contain silver or some base metal.

If necessary, Branch Cash Officer/Award Staff (Senior Special Assistant / Special Assistant / Senior Assistant assigned the job of Gold Loan processing) should utilize the services of empaneled Gold appraiser(s) to verify the genuineness of the gold ornaments in his presence at the cost of the borrower. In case the services of empaneled Gold appraiser(s) are utilized, the certificate of purity and mass of gold should be obtained. For loans above Rs 50,000, ornaments are to be assessed by empaneled Gold appraiser, specially identified for this purpose for its quality and value.

d)Gold Assaying Machines (Karatometers):

Circular instructions issued under reference No: NBG/PBU/PL-GL/87/2016 - 17 dated 27.02.2017.

The machine is not a substitute of the existing methods of assessing the purity of the gold ornaments as mentioned in para above, but it will supplement it. The usage of machines will act as a deterrent to the people pledging low quality /spurious gold ornaments.

Custody of gold ornaments pledged:

Particulars (including the details/descriptions of the gold ornaments) of every loan granted, by way of a Demand Loan should be entered in the standard Gold Loan Ledger and the particulars of the gold ornaments should be initialed by the two authorized joint custodians.

a) The gold ornaments must be placed in the strong room under the joint custody of the Branch Manager/Manager of 'P' division/ Accountant and the Branch Cash Officer/Award Staff (Senior Special Assistant/ Special Assistant / Senior Assistant assigned the job of Gold Loan processing), after entering in the Gold Loan Ledger.

b) Branches to keep the ornament bags and documents in serialim, the Serial Number of which should be as "LOS ID(Now RLMS)/BR.CODE/Branch Serial Number/FY" eg : 1234567/01234/001/2019-20 along with loan account number. This will ensure that the Application Id will remain unique forever as the Branch Code and Serial Number of document in the respective financial year get repeated vide Circular No: NBG/PBU/PL-GL/87/2016 - 17 dated 27.02.2017.

c) A slip showing the above particulars should also be placed inside the bag. At the branches where loans are numerous, it would be advisable to hang the bags in numerical order of accounts on 'S' shaped hooks suspended from horizontal bars fitted inside the cupboards/ safes stored in the strong room. In all cases, adequate arrangements must be made to protect the bags against surreptitious removal when the strong room is open.

d) The borrowers will be furnished with an acknowledgement, vide Annexure PL- 61, in respect of the gold ornaments pledged against the loans.

Deceased Borrower:

Interest on the account of the deceased borrower should be charged as per the contracted rate in the usual manner.If the legal heir / near relatives wish to liquidate the outstanding in the gold loan account,they can be permitted to do so by giving them clear understanding that the ornaments would be delivered only to the legal heirs on production of legal representation in the proper way only and that the amount so deposited would not be refunded to them in case they fail to obtain legal representation in their favour. A letter of undertaking to this effect must be obtained and kept on record.

The ornaments will be delivered to the legal heirs on production of the legal representation or on completing the Bank's formalities with regard to delivery of the ornaments in lieu of proper legal representation. In the latter case,

the person(s) liquidating the loan account should be made to sign the letter of Indemnity as one of the sureties. Pending completion of the formalities/production of the legal representation and delivery, the gold ornaments should be held as safe deposit articles under joint custody. This stamped letter of indemnity should be executed by the claimants with two sureties (persons other than those swearing to the affidavits) who are considered individually good for the amount involved including the person(s) who repaid the advance. RBI has advised the Bank that they may not insist on legal representation from the legal heirs for release of gold / silver ornaments pledged for loans of deceased customers, irrespective of the value such assets, except in the following cases,

- (i) When there are disputes amongst the legal heirs and all of them do not join in indemnifying the bank, and
- (ii) Where bank has reasonable doubt about genuineness of the claimant(s) being the only legal heir(s) of the deceased customer.

Calling up of advance:

A letter should be served to the borrower as per Annexure-PL-57 advising him/ her to deposit the amount/regularize the account within 15 days, immediately after the accounts become irregular.

Irregularity: To facilitate the operating units and controllers in their effort to monitor and regularize the overdue Gold Loan accounts, GITC, Belapur has started uploading the list of overdue Gold Loan accounts based on the circular issued by Precious Metals on every CCDP run i.e., 10th, 20th and month end. Users can see this report in SBI Times Core Banking Portal ([url::http://10.4.243.170/Home.aspx](http://10.4.243.170/Home.aspx)). The Gold Loan having security value less than 110% of outstanding amount or NIL security is also available under the above-mentioned link. In addition to this one Report namely "GOLDLOAN_BAL_MORE_PV_OF_COLL.PRT" is

being sent to Branch Report at every month end for follow up of irregular accounts.

DISCRETION TO BRANCH MANAGERS FOR AUCTION OF GOLD ORNAMENTS WITHOUT PRIOR APPROVAL OF THE CONTROLLER

It has been decided to do away with the prior approval of controller for the auction of gold by the operating units. However, the prior approval of Branch Manager will be required before auction of gold ornaments. A proper record of the approval of the Branch Manager should be obtained and held on record.

Sale of gold ornaments:

The procedure for auction of gold loans is as under:

a) When an advance has been called up and repayment is still not forthcoming, the Bank has the right to sell the gold ornaments pledged, after giving reasonable notice to the borrowers (Section 176 of the Indian Contract Act).

b) If the account is not put in order within the time stated in the notice vide Annexure-PL-57, the ornaments should be put up for auction with the prior approval of Branch Manager in accordance with the procedure described below:

c) A final notice as per Annexure-PL-58 must be sent by 'Registered Post' with acknowledgement due to the borrower or if he is dead, 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 reference if the loan account is not closed within 30 days from the date of the notice. The date, time and place of the proposed auction should be stated in the notice.

d) In the event of the registered letter being refused, it must be kept unopened preferably on a separate file after making appropriate remark in the Gold Loan ledger account.

e) The branch should satisfy itself before advising the borrower or his legal claimants, if he/ she is dead, that in the event of a forced sale, it is possible to realign the amount outstanding in the loan account plus interest.

f) The gold ornaments to be auctioned should be examined by an empaneled Gold appraiser other than the original appraiser and his valuation of each ornaments be ascertained in writing.

g) The proposed auction and auction dates should be publicized by 'tom-tom' in the local bazaar on three consecutive days prior to the date of auction. All charges to be equally debited to all the defaulting borrowers account. However, while doing so the borrower's name should not be divulged. Branch Cash Officer/Award Staff (Senior Special Assistant/Special Assistant / Senior Assistant assigned the job of Gold Loan processing) may arrange for some of the local merchants to witness the proceedings and, if they choose, take part in the bidding.

h) The auction should be held at the Bank's premises.

i) Every effort should be made to realize the full market value of the security pledged. 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.

j) While conducting the auction, each item of the ornaments must be auctioned separately. When the total amount realized is sufficient to liquidate the outstanding plus interest in full, the auction shall be stopped. A Banker's cheque in the name of the borrower should be issued for the amount, if any, remaining, surplus after liquidating the loan account. The cheque should be held in Safe Custody, pending disposal of the claim from the borrower or his accredited legal representatives.

k) The unsold items of the gold ornaments, if any, must be held as Safe Deposit article in the name of the borrower and held in the joint custody of the Branch Manager / Accountant and Cash Officer/ Cash in Charge.

l) A summary of the circumstances leading to the sale, details of the auction proceedings, the name of the highest bidder, the amount realized and the way it has been disposed of, should be recorded in duplicate and witnessed by the disinterested persons present at the auction as many as possible. A Copy of the recorded note should be forwarded to the Controlling Authority for information.

m) A receipt for the ornaments sold should be obtained from the successful bidder in the Gold Loan Ledger as also on a separate sheet of paper and preserved along with other documents / papers of the account.

n) Ornaments may also be sold through private treaty inviting offers from the local jewelers, members of public for each item or for smaller lots, enough to discharge the borrower's obligations.

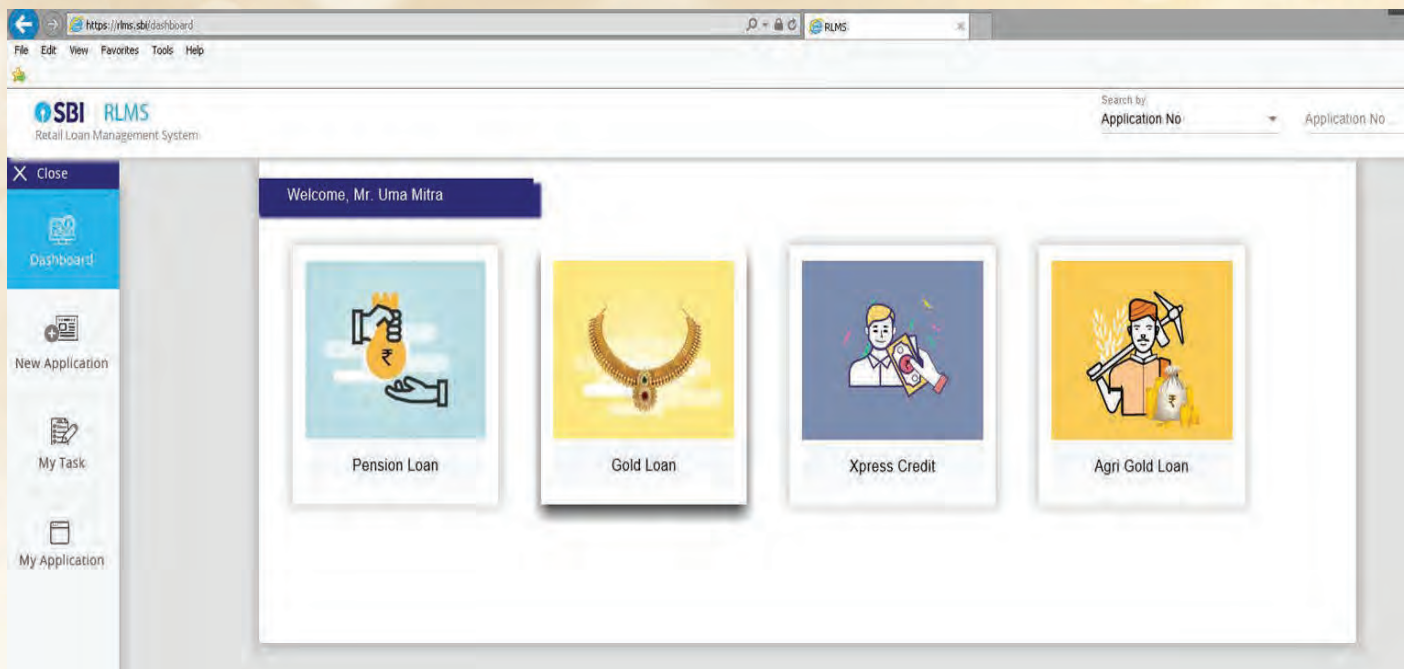
List of Circular Instructions:

e-Circular No.	Date of Circular	Subject
NBG/PBU/PL-GOLD/23/2014 - 15	01.08.2014	Personal banking advances- gold loans - loans against pledge of gold ornaments modifications
NBG/PBU/PL-GL/26/2014-15	14.08.2014	Auction of gold ornaments
NBG/PBU/PL- GOLD/32/2014-15	01.09.2014	Calling up of advances, disposal of gold ornaments pledged as security and treatment of the loan account when the borrower is dead
NBG/PBU/PL-GL/21/2015 - 16	17.07.2015	Modification in existing gold loan scheme: SBI Gold Loan - introduction of a new variant of Gold Loan : od against gold – liquid gold scheme
NBG/PBU/PL-GOLD/33/2015 - 16	05.09.2015	Personal banking advances loan against pledge of gold ornaments discretion to branch managers for auction of gold ornaments without prior approval of the controller
NBG/PBU/PL-PERLOANS/46/2015 - 16	17.11.2015	Personal banking advances od against gold – liquid gold scheme facility to issue cheque book in the loan account
NBG/PBU/PL-GL/21/2016 - 17	25.05.2016	Introduction of a new variant of gold loan gold loan-bullet repayment
NBG/PBU/PL-GL/27/2016 - 17	09.06.2015	Personal banking advances od against gold – liquid gold scheme processing of loan and opening of account in CBS through LOS
NBG/PBU/PL-GL/76/2016 - 17	10.01.2017	Personal gold loans: modifications
NBG/PBU/PL-GL/87/2016 - 17	27.02.2017	Personal Banking Advances-Gold Loans Risk & Control Self Assessment(RCSA) observations of operational risk management
NBG/PBU/PL-GL/29/2017 - 18	28.09.2017	Personal Banking Advances Gold Loan scheme (all variants) rationalization of rate of interest
NBG/PBU/PL-GL/53/2017 - 18	11.01.2018	Personal Banking Advances: Gold Loans gold appraiser charges
NBG/PBU/OPS/1/2017 - 18	08.02.2018	Revised gold appraiser charges
NBG/PBU/OPS-GOLD LOAN/2/2019-20	16.04.2019	Master circular – P Gold Loan
NBG/SMEBU-SME ADVANC/26/2020 - 21	30.06.2020	SME Gold Loan

GOLD LOAN PROCESS THROUGH RLMS

Recommendation (Processing): For initiating the Gold Loan Application Journey, please select the icon for Gold Loan on the landing page.

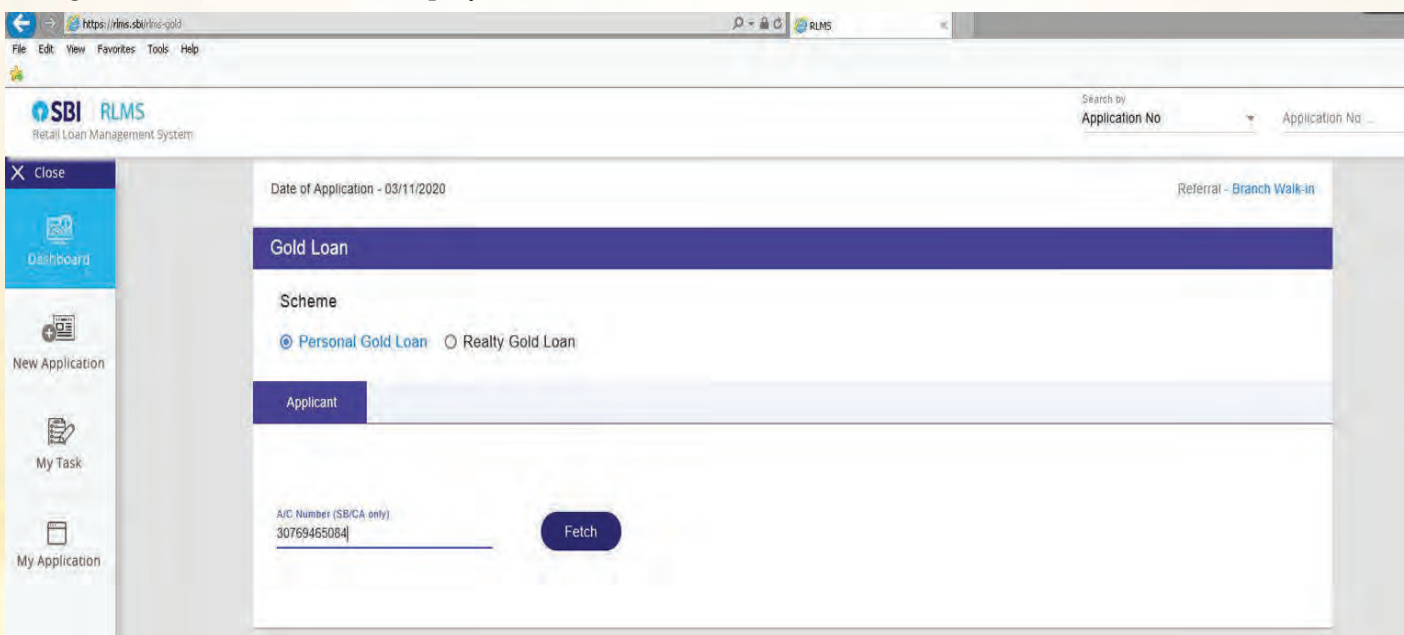
Please enter active deposit account (Savings or Current Account) number of the customer and click on Fetch button.



The system shall internally validate basic checks required for considering the loan proposal. If system identifies any shortcoming in customer's CIF, it will not allow the user to proceed further. The appropriate reason or corrective action, if any, will be shown to the user through appropriate message. Please rectify that in CBS, come back to the application & give account number, click on 'Fetch'.

If all the basis checks are fulfilled, the user is shown below screen:

The grid in the above screen displays the list of CIF associated with the account number entered in earlier



screen. Along with the CIF, the grid also displays the name of the customer, which the user can check manually.

Additionally, the grid also gives information about the current exposure that the customer is having for existing Gold Loans and remaining eligibility, even if the quantity of gold proposed to be pledged is higher than that.

The screenshot shows the 'Underwriting' screen in the SBI RLMS. At the top, there's a search bar for 'Application No.'. Below it, a table displays loan details:

Applied Loan Amount	Product Variant	Loan Amount (₹)	Tenure	ROI	Processing Fee (₹)	EMI (₹)	Facility Type
	Gold Loan	₹ 1,02,500.00	36 Months	7.5 %	₹ 302	₹ 3,188.00	DL

Below the table, there's a 'Recommender's Remarks' section with a checkbox for 'I hereby confirm that Existing EMI(s) of the Applicant as appearing in the Credit Report(CIC) has been considered to arrive at loan eligibility.' and a 'Decision' section with radio buttons for 'Sanctioned' (selected) and 'Return to Maker'. There's also a 'Special Stipulations by Underwriter, if any' text area with 'OK' entered. At the bottom, there's a 'Select Scrutinizing Officer' dropdown showing '5056268 - Indranil Datta' and a 'Sanction' button.

On selecting the appropriate CIF number, the user can view if there are any other loan application(s) of the customer and the status of the same. Also, the user can continue to proceed with the same customer being primary applicant for the concerned gold loan application.

The screenshot shows the 'Gold Loan' screen in the SBI RLMS. At the top, there's a search bar for 'Application No.'. Below it, the 'Date of Application' is '03/11/2020' and the 'Referral' is 'Branch Walk-in'. The 'Scheme' section has radio buttons for 'Personal Gold Loan' (selected) and 'Realty Gold Loan'. The 'Applicant' section shows 'Customer Details (A/C No. 30769465084)' with a 'Re-Enter A/C No' button. Below this, a table displays customer details:

Select	CIF No.	Name	Existing Gold Loan Outstanding	Remaining Eligible Amount
<input type="radio"/>	00000085821051267	SURUPA .	₹ 0.0	₹ 50,00,000.00
<input checked="" type="radio"/>	00000086938191228	SUJIT SOME	₹ 0.0	₹ 50,00,000.00

Below the table, there's a red message: 'We found below anomalies, Please correct in CBS to proceed. 1. Social Attributes is not maintain in CBS. Kindly update in CBS'. At the bottom right, there's a 'Continue' button.

On continuation the user will see navigation to 'Add Gold Particulars'.

As a basic requirement, the user should have the report of Gold Appraiser readily available with him, otherwise the journey will not move ahead. In case two appraisal certificates are available, please feed the data of the lowest value.

The screenshot shows the SBI RLMS interface. A 'Sanction Loan' dialog box is open, asking 'Do you want to submit this application?'. The background shows the 'Recommender's Remarks' section with a 'Decision' dropdown set to 'Sanctioned'. The 'Applied Loan Amount' section displays the following details:

Applied Loan Amount	Product Variant	Loan Amount (₹)	Tenure	ROI	Processing Fee (₹)	EMI (₹)	Facility Type
	Gold Loan	₹ 1,02,500.00	36 Months	7.5 %	₹ 302	₹ 3,188.00	DL

The user will see a screen where the user must enter the details of gold ornaments or the minted coins. The details will have to be entered based on report received from Gold Appraiser.

(Please don't use any space or special character while filling information in 'Ornament Description').

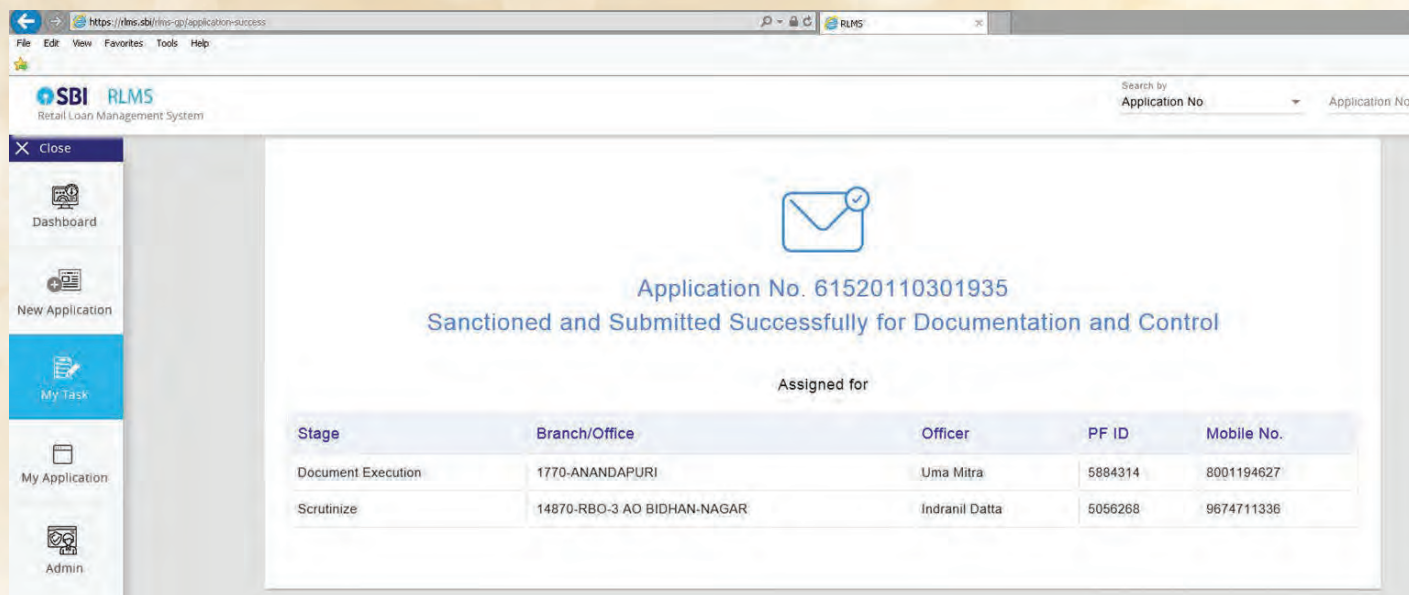
Once the data for gold particulars are properly entered and saved, the user will be able to see maximum eligible loan amount based on different types of repayment methods and the user can select appropriate repayment method after discussing with the customer.

The screenshot shows the SBI RLMS interface for a 'Gold Loan' application. The 'Date of Application' is 03/11/2020. The 'Scheme' is 'Personal Gold Loan'. The applicant's name is 'SUJIT SOME'. The 'Customer Details' section shows the following information:

Customer Details	CIF No.	Name	Existing Gold Loan Outstanding	Remaining Eligible Amount	Other Loan Application(s) Status
A/c No. - 30769465084	00000086938191228	SUJIT SOME	₹ 0.0	₹ 50,00,000.00	

An 'Add Gold Particulars' button is visible at the bottom right.

The user will be able to modify the loan required and view current address as maintained in CBS. During inquiry, if the user discovers that the current address of applicant is not correct, the user has to first update the address in CBS and re-initiate the loan journey.

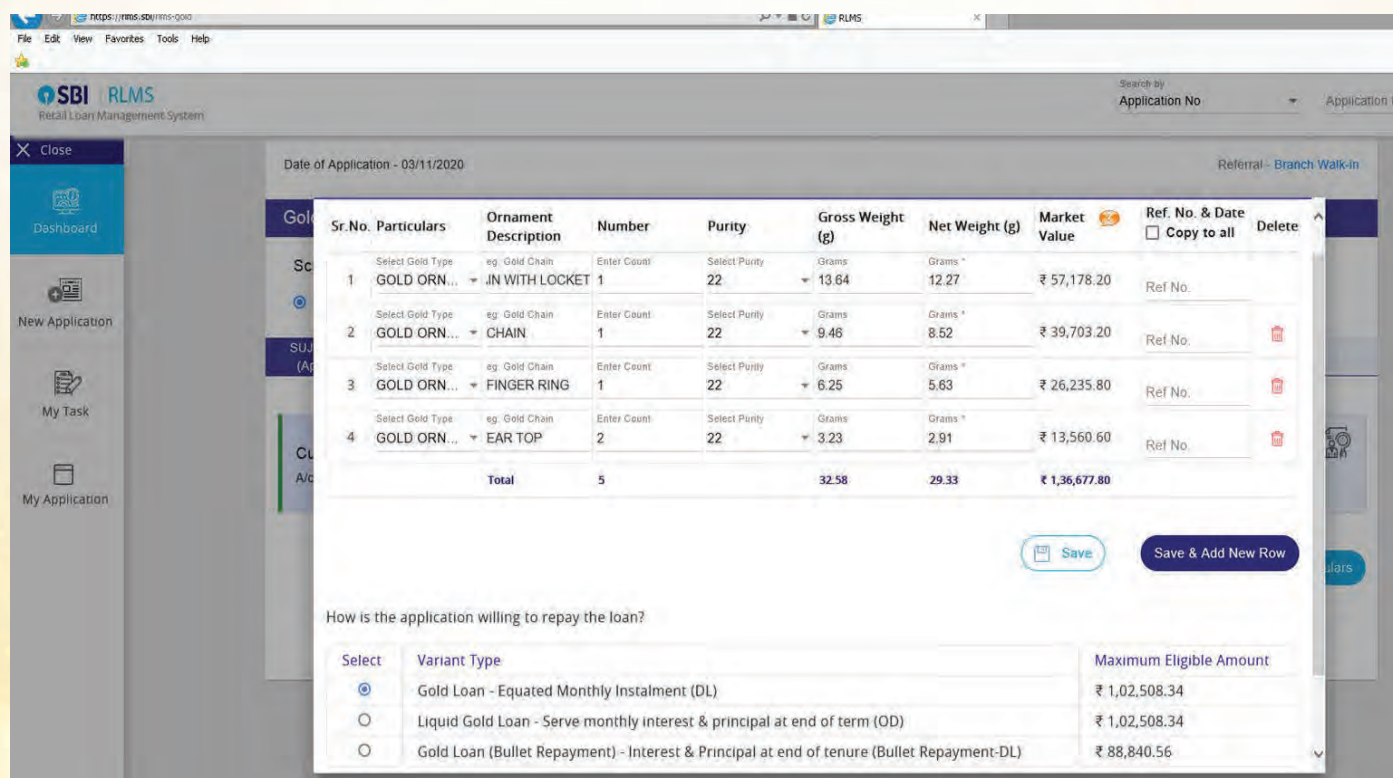


The screenshot shows the SBI RLMS (Retail Loan Management System) interface. The top navigation bar includes 'File', 'Edit', 'View', 'Favorites', 'Tools', and 'Help'. The main header displays the SBI logo and 'RLMS Retail Loan Management System'. A search bar on the right allows searching by 'Application No.'. The left sidebar contains a 'Close' button and several menu items: 'Dashboard', 'New Application', 'My Task' (highlighted in blue), 'My Application', and 'Admin'. The main content area features a large envelope icon and the text 'Application No. 61520110301935 Sanctioned and Submitted Successfully for Documentation and Control'. Below this, a table lists the assigned officers for different stages.

Stage	Branch/Office	Officer	PF ID	Mobile No.
Document Execution	1770-ANANDAPURI	Uma Mitra	5884314	8001194627
Scrutinize	14870-RBO-3 AO BIDHAN-NAGAR	Indranil Datta	5056268	9674711336

In order to proceed further, please take written consent from the customer. The consent form is available on the screen for download. Please tick the box below to confirm that the consent is obtained in physical format. The user may also wish to upload the scanned copy of consent form with customer's signature; however, this is optional step.

The next step that the user must perform is to get the credit information report. The button is only enabled once the user confirms that the consent is obtained.



The screenshot shows the SBI RLMS interface with a modal window open for application details. The modal header includes 'Date of Application - 03/11/2020' and 'Referral - Branch Walk-in'. The main table lists four gold ornaments with their respective details. Below the table are 'Save' and 'Save & Add New Row' buttons. At the bottom, a section titled 'How is the application willing to repay the loan?' provides a table of repayment options.

Sr.No.	Particulars	Ornament Description	Number	Purity	Gross Weight (g)	Net Weight (g)	Market Value	Ref. No. & Date	Delete
1	GOLD ORN...	IN WITH LOCKET	1	22	13.64	12.27	₹ 57,178.20	Ref No.	
2	GOLD ORN...	CHAIN	1	22	9.46	8.52	₹ 39,703.20	Ref No.	
3	GOLD ORN...	FINGER RING	1	22	6.25	5.63	₹ 26,235.80	Ref No.	
4	GOLD ORN...	EAR TOP	2	22	3.23	2.91	₹ 13,560.60	Ref No.	
Total			5		32.58	29.33	₹ 1,36,677.80		

Select	Variant Type	Maximum Eligible Amount
<input checked="" type="radio"/>	Gold Loan - Equated Monthly Instalment (DL)	₹ 1,02,508.34
<input type="radio"/>	Liquid Gold Loan - Serve monthly interest & principal at end of term (OD)	₹ 1,02,508.34
<input type="radio"/>	Gold Loan (Bullet Repayment) - Interest & Principal at end of tenure (Bullet Repayment-DL)	₹ 88,840.56

It may take some time, generally few minutes, to get the credit information report. However, please hit 'Retry' button, if it asks so. Please click on 'View Details' and uncheck the box if you don't want to consider it. However, please select the reason for not considering in order to proceed in this case.

Gold Loan

Scheme: ☒ Personal Gold Loan ☐ Realty/Gold Loan

SUJIT SOME (Applicant)

Customer Details	CIF No.	Name	Existing Gold Loan Outstanding	Remaining Eligible Amount	Other Loan Application(s) Status
A/c No. - 30769465084	00000086938191228	SUJIT SOME	₹ 0.0	₹ 50,00,000.00	

Variant Details

Variant Type: Gold Loan - Equated Monthly Instalment (DL)

Maximum Eligible Amount: ₹ 1,02,508.34

Loan Required

₹ 1,02,500.00

Credit Information Report View Details (SUJIT SOME)

Download CIC Report

Select House ownership: Own House

Occupation Type: ☒ Salaried - CSP ☐ Businessman/Professional ☐ Housewife/Retired/Others ☐ Salaried - Non CSP

Net Monthly Income: ₹ 30,000.00

[Add Co-Borrower](#) [Check Eligibility](#)

Further, the user has to fill in few other details related to customer which are not fetched from CBS but these are required for eligibility calculation.

These details include:

- House Ownership, ii. Occupation Type, iii. Net Monthly Income

Once these details are entered, the user can proceed to check eligibility. At this moment, the user may also add co-borrower and then again come back to this stage to check eligibility.

On click of check eligibility button, if the customer is eligible then the user will see maximum eligible loan amount and its associated loan parameters like tenure, rate of interest, processing fee, facility type and EMI (in case of EMI-based variant).

Other Details

House ownership: Own House

Occupation Type: Salaried - CSP

Net Monthly Income: ₹ 30,000.00

[Add Co-Borrower](#) [Check Eligibility](#)

Loan Amount

Maximum Eligible Loan Amount

Product Variant	Loan Amount	Tenure	ROI	Processing Fee	EMI	Facility Type
Gold Loan	₹ 1,02,500.00	36 Months	7.5	₹ 302.0	₹ 3,188.00	DL

Applied Loan Amount

Select	Product Variant	Loan Amount	Tenure	ROI	Processing Fee	EMI	Facility Type
<input checked="" type="radio"/>	Gold Loan	₹ 1,02,500.00	36 Months	7.5	₹ 302.0	₹ 3,188.00	DL

Customize the Quote

₹ Loan amount

Loan tenure (Months)

[Recalculate](#)

[Reset To Default Eligible Loan Amount](#)

[Continue](#)

Along with this, the user will also be able to see the loan parameters for the applied loan amount. The user can further customize the Loan Amount, Loan Tenure, within the permissible limits and recalculate the loan parameters. If the customer is not eligible for the loan, the reason for ineligibility will be shown to the user through proper message. Once the Loan parameters are finalised, the user has to continue and enter repayment start date (in case of EMI-based variant).

The Recommending Officer must provide confirmation regarding the loan application and can also provide remarks, if any, for the Sanctioning Authority. Please print the Application Form and take customer's signature on the form which needs to be sent to Sanctioning Officer along with other documents. Based on the loan amount, the list of Sanctioning Officer will appear in the dropdown, from which please select the available Sanctioning Officer and submit the application for sanction.

On successful submission of the application to Sanctioning Officer, the user shall see below confirmation

Sanction (Underwriting): On login in RLMS, the Sanctioning Official will login into RLMS & go to 'My

Task', select the application assigned to him/her. On clicking the selected application, all basic details of the selected Application will be displayed to user.

The screenshot shows the SBI RLMS application form. The top section displays the applicant's name, 'Vikram Kumar Singh', and various loan details: Loan Amount (₹ 10,00,000.00), Tenure (36 Months), Processing Fee (₹ 1,00,000.00), and Facility Type (Cash). Below this, there is a section for 'Recommended's Remarks' and 'Disqualifiers'. The 'Disqualifiers' section has two options: 'Sanctioned as Recommended' (selected) and 'Return to Recommender'. A 'Sanction' button is located at the bottom right of the form.

The Sanctioning Officer has options, either to Sanction the Application or to 'Return to Recommender'.

In both the situations, he/she can place his comments. The user must select the available controlling officer from the drop-down value and submit the application by clicking on Sanction button.

On successful submission of the application, the user shall see below confirmation screen

The screenshot shows the SBI RLMS application success confirmation screen. The page displays the application number '61520110301935' and the message 'Submitted Successfully for Sanction.' Below this, there is a table showing the application details:

Stage	Branch/Office	Officer	PF ID	Mobile No.
Underwriting	1770-ANANDAPURI	Debjani Chatterjee	5053919	9674713477

Post-Sanction (Document Execution, Account Opening & Disbursement):

All Sanctioned Applications will move to the 'My Task' of the Recommending Officer from where individual record can be clicked. On clicking, the page will open as under. The user can download the required documents for execution.

Application / Lead Ref No.	Applicant's Name	Contact No.	Scheme	Loan Amount	Stage	Update Status
61520110301935	SUJIT SOME	9062302504	Personal Gold Loan	₹ 1,02,500.00	Underwriting	[Icon]
6152010210561520	KARANVEER SINGH	9780604188	Personal Gold Loan	₹ 2,87,000.00	Account Creation & Disbursement	[Icon]
6152010210552167	DIBYENDU DAS	9230626415	Personal Gold Loan	₹ 45,600.00	Account Creation & Disbursement	[Icon]
6152010210548532	SHYAMAL SENGUPTA	9051551212	Personal Gold Loan	₹ 60,000.00	Account Creation & Disbursement	[Icon]
1012010200542884	SOUMENDU BISWAS	9434124633	Xpress Credit	₹ 2,00,000.00	Account Creation & Disbursement	[Icon]

Once the documents are executed, the user can proceed for Account opening and disbursement by clicking on the 'Proceed' button.

Download Documents

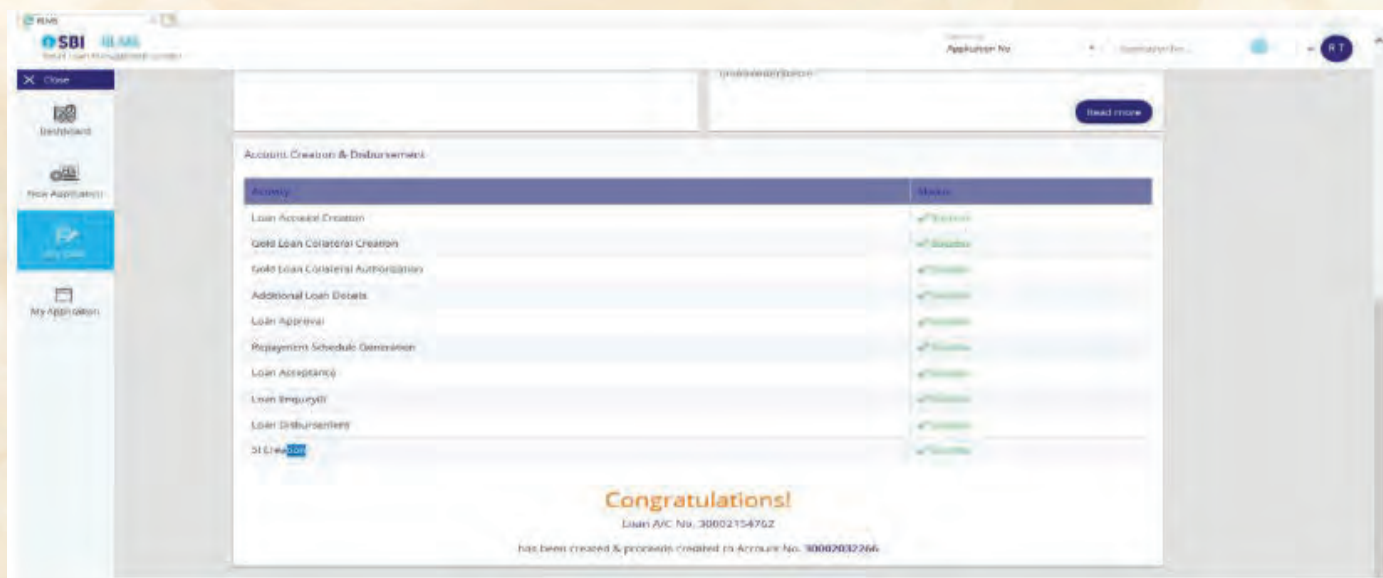
GL Gold Sanctions Memorandum	[Download]	GL Sanction Letter	[Download]
GL Sanction Letter (OD)	[Download]	GL Sanction Letter (Xpress Credit)	[Download]
GL Sanction Letter (Xpress Credit)	[Download]	GL Sanction Letter (Xpress Credit)	[Download]

Stipulations

All the stipulations and terms & conditions of sanction have been complied with

[Proceed]

If all the stages of Account Creation and disbursement are completed successfully, the loan account will be opened, and the loan amount will be disbursed instantly in one go. In case of OD facility, the account and limit creation will be completed successfully. Further, the user will be able to disburse the fund from the OD account as per the requirement of the borrower.



In case any of the process related to Loan/OD Account creation is failed, the system will display the appropriate error message so that the user can correct the same in CBS, if required so. In this case, the user will see a button to 'Re-trigger' the failed service and subsequently rest of the services will be automatically triggered to take the process to completion.

Please note to check the details such as account no, limit, DP, disbursed amount, SI details (if applicable) in CBS.

Few important aspects of the products which need to be kept in mind while sourcing and processing Gold loans.

- Quality of Gold to be certified from Bank's empanelled Goldsmith only. Sanction of Gold loans to Goldsmith or his family preferably to be processed with extra care / caution.
- Cash Officer is purely responsible for the purity of the gold pledged. Testing of gold by Touch Stone method; Nitric Acid and Specific Gravity method etc. should be meticulously carried out for ascertaining and confirming the purity of gold.
- Ornaments with alphabetic initials / names preferably to be taken after satisfying about the ownership through discreet enquiry with related invoices/ bills and other documents.
- The gross weight of the pledged ornaments to be arrived at by excluding all extraneous matters such as wax, string, fastening etc. as well as precious stones on a liberal scale.
- Ornaments made of brass or other base metal with a coating of gold should not be accepted and caution must be observed that such

ornaments are not passed off as made of solid gold. Extra caution to be adopted for ornaments like thick bangles.

- Balance the No. of Gold loan A/c s with the Loan Balance File and also Gold Loan In/Out Register at Monthly intervals.
- Reputed Jewel Appraisers' services along with his KYC and valid Trade License for testing of gold ornaments for purity should be carried out for loans exceeding Rs.50000/-and his certificate should be obtained and kept on record at borrower's cost. The appraiser fee must be paid by Gold loan borrower from his savings a/c to Gold Appraiser's SB/CA.
- Ensure that no loan is granted against gold bar / bullion.

Apropos the above, the following have been suggested:

1. Systems and Procedures laid down in regard to KYC Norms, appraisal, sanction, Joint custody of gold ornaments and follow-up of Gold Loans should be complied with meticulously.

2. Every effort in follow-up of gold loan advances should be made and record the efforts made.

3. In high value gold loans the help of gold assaying machine may be taken at nearby identified Branch to recheck the quality of gold. The machine is not a substitute of the existing methods of assessing the purity of the gold ornaments as mentioned as above, but it will supplement it.

4. The quantity and value of Gold in custody may be re-verified each time when the change of permanent incumbency (Cash Officer & Service/ Branch Manager) takes place.

5. There should be at least two (2) reputed jewel Assaying Appraisers at each branch so that Branch has the option to call any of them at irregular interval without knowledge of the proposed borrower(s).

6. Each branch should ensure that Gold is kept within approved Gold Retention Limit which needs to be reviewed annually.

7. Branches to keep the ornament bags and documents in seriatim, the Serial Number of which should be as “LOS ID/BR.CODE/Branch Serial Number/FY” e.g.: 1234567/01234/001/2019-20 along with loan account number. This will ensure that the Application Id will remain unique forever as the Branch Code and Serial Number of document in the respective financial year get repeated.

8. On repayment of a loan, the ornaments held as security for it together with the demand promissory note duly discharged should be returned to the borrower(s) and his/their acknowledgement for receipt of the ornaments obtained in the Gold Loan Ledger. The acknowledgement should state that the ornaments received by him/them are ‘complete and in order’. Keep contact of Gold Appraiser with the Borrower to the minimal possible and Gold appraiser should not have access to any data like loan amount, borrower personal data, etc.

PREVENTION OF FRAUDS- SURPRISE VERIFICATION

In view of the observations made by IAD that surprise verification of gold loans is an area in which the control measures have not been effective, bank reiterate the following instructions:

Surprise Verification:

- i. Controllers should ensure surprise verification of quality and number of gold ornaments pledged under Agri gold loan scheme at all branches by an officer other than the Joint Custodians quarterly.
- ii. The identified official should ensure that the number of gold loan bags tally with the number of accounts reported in Loan Balance file / CCOD file generated during the EoD process of the previous working day; and
- iii. On a random basis check (check the ornaments for purity in respect of 30% or maximum of 100 gold loan accounts whichever is less) to safeguard against frauds.

SBI STAFF GOLD LOAN

Advances to staff against Gold ornaments: The minimum and maximum ceilings would not apply to staff members. For Gold Loan to staff members, the existing restrictions of aggregate monthly repayment obligations not exceeding **60%** of the gross monthly emoluments will be ensured at the time of sanction of the Gold Loan.

Purpose: Demand loans granted to members of staff (all categories) for any bonafide purposes,

Repayment: 36 months (60 months in case of medical expenses, purchase of land/building, educational expenses).

Margins: 25% (The reduction in margin will be permissible). Monthly calculations of advance value of gold will not be applicable to members of staff where the repayments are regular.

Type of loan: Demand loan only.

Since the OD facility has been withdrawn for staff members, the existing OD accounts, if any, should be converted to Demand Loan at the time of annual review/renewal of the account.

PART DELIVERY OF ORNAMENTS : On written request of the borrower, part delivery of ornaments may be given against part repayment of the loan, provided the advance value of the ornaments still in the Bank's possession fully cover the outstanding in the account including required margin. The borrower's acknowledgement for receipt of ornaments delivered to him should be obtained in the Gold Loan Ledger.

DELIVERY OF ORNAMENTS TO A THIRD PARTY : In normal circumstances, delivery of Gold shall be made to the borrowers only. In very exceptional circumstances and based on the undoubted/specific authority of the borrower, delivery of ornaments to a third party, who must be properly identified, may be made on repayment of loan. The letter of authority, vide Annexure-PL-54 , contains an undertaking by the borrower absolving the Bank from responsibility in the event of dispute or loss arising from the delivery of ornaments to the party named therein. If necessary, the undertaking may be taken in the form of indemnity bond as per Annexure- PL-55. The receipt of the third party will be taken on the letter of authority as well as in the Gold Loan Ledger. They should be advised separately of the delivery of the ornaments to the third party and requested to send to the Bank an acknowledgement on form COS 49, which should be sent to him along with the request letter. On receipt of the COS 49 necessary remarks should be made in the Gold Loan Ledger.

The letter of authority/Indemnity Bond and the acknowledgment on COS 49, when received, should be filed in a separate file and retained in the strong room.

SECURITY ARRANGEMENTS : Security arrangement instructions issued by Security Department from time to time should be meticulously followed. Executive Synopsis of Report of the Committee Constituted to Review Authorisation of Security Guards and Other Security Related Issues is available in the committee report. Security Department has devised a risk matrix format for calculation of Risk Matrix for individual branches, based on different parameters. This along with guidelines for filling up Risk Assessment Matrix is annexed to the policy document for calculation of risk matrix for cash retention limits.

The risk classification and norms for posting of guards as per marks obtained in risk matrix are as under:-

- a) 70 or more marks High Risk 2 Guards
- b) 50 to 69 marks Normal Risk 1 Guard
- c) Below 50 marks Low Risk No Guard

ANNUAL REVIEW OF GOLD RETENTION LIMIT

A. Controllers will review simultaneously Cash Retention Limit and Gold Retention Limit of branches annually in the month of March so that the required data are made available to the Banking Operation Department, Corporate Centre, Mumbai for obtaining insurance on centralized basis w.e.f 1st July every year. The review will indicate any upward revision/ downward revision/ retaining the same limit.

B. If a controller feels that any particular location is too vulnerable for safe custody of the pledged gold or the present infrastructure does not allow its proper upkeep, or it is economically unviable to have sufficient security arrangement at the branch, then a decision has to be taken to restrict such a branch from financing gold loans.

YONO GOLD LOAN JOURNEY THROUGH RLMS

Pre-requisites: Customer will login to YONO App with his/her INB credential to apply for Gold Loan.

Process flow for P Segment gold loan:

- Customer logs on to YONO and clicks on Gold Loan under loan section.
- If the prelim checks are cleared, then pre-populated personal details are shown.
- The customer fills residential type, occupation type and net monthly income and confirms the correctness of personal details.
- The customer fills gold details such as total weight and carat.
- Based on gold value fetched from CBS, Advance value is calculated by the system and customer is displayed the maximum permissible loan amount.
- Customer selects the variant of the scheme, loan amount and tenure and correspondingly EMI and interest rate are displayed.
- Customer fills additional details such as EMIs of loans availed from other banks
- Customer also select the SB/CA account for credit of loan amount.
- Customer selects the branch from the drop down where he/she wants to avail the gold loan. He/ She is guided to nearest YONO gold loan point Branch with the option to visit the nearest branch.
- Loan summary page is shown to the customer post which he/she submits the application. The customer can download/mail the application to his/her registered email id.
- SMS/email with application reference number is sent to the customer and the selected branch.
- Lead details flow to the CRM of the selected branch.

- Customer visits the selected branch with gold ornaments and application reference number.
- Application reference number is valid for 15 days only.
- No modification is allowed once the reference number is generated in YONO. The Customer can delete the current application and generate a new one.
- Concession in Pricing will be available in case of loan processed through YONO

Process Flow for RLMS (Branch User)

- Branch user to arrange/check the purity of the Gold Ornaments along with other details like Gross weight, Net weight, etc.
- Maker enters the reference number into RLMS and application details provided in YONO are auto-populated. Go-No Go is done by the Branch user to correct the details in CBS, if required. Corrections, if any, in the ornament details, loan amount is done while processing the loan in RLMS.
- In order to proceed further, a written consent will be taken from the customer. The consent form is available on the screen for download.
- In the next step, the user must perform action to get the credit information report. The button is only enabled once the user confirms that the consent is obtained. It may take some time, generally few minutes, to get the credit information report. However, 'Retry' button should be hit, if required. Please click on 'View Details' and uncheck the box if you don't want to consider it to calculate the eligibility and select proper reason for the same from the dropdown.
- The Processing staff/official must provide confirmation regarding the loan application and can also provide remarks, if any, for the Sanctioning Authority. Please print the Application Form and take customer's signature on the form which needs to be sent to Sanctioning Officer along with other documents. Based on the loan amount, the list of Sanctioning Officer will appear in the dropdown, select the available Sanctioning Officer and submit the application for sanction.

Sanction (Underwriting)

- The Sanctioning Official will login into RLMS & go to 'My Task', select the application assigned to him/her. On clicking the selected application, all basic details of the selected Application will be displayed to user.
- The Sanctioning Officer has options, either to Sanction the Application or to 'Return to Recommender'. In both the situations, he/she can place the comments.
- In case of Sanction, the user must select the available controlling officer from the drop-down value and submit the application by clicking on Sanction button.
- While Sanctioning the loan, Sanctioning official has to mandatorily choose the name of Scrutinizing official/Controlling official from the dropdown available.
- On successful submission of the application as sanctioned, user shall get following details on the screen.

Post-Sanction (Document Execution, Account Opening & Disbursement)

- All Sanctioned Applications will move to the 'My Task' of the Processing staff/official from where individual record can be clicked. On clicking, the page will open. The user can download the required documents for execution.
- Arrangement letter signed by the Official is to be provided in duplicate and the customer is to submit the acknowledged copy of arrangement letter after agreeing the terms of sanction.
- Once the documents are executed, the borrower is to be provided with the copy of the Arrangement Letter/ document furnishing loan details including the description of pledged ornaments (PL-61).
- The user can proceed for Account opening and disbursement by clicking on the 'Proceed' button. To open the loan account and undertake disbursement, user capability should to be 6 and

above in CBS. In case user is having CBS capability less than 6, then the application is required to be re-assigned to the user who is having capability 6 and above. This can be done by the user who is having role as 'Branch Manager' or 'Manager of Division', such user can re-assign the application to himself/herself.

- **If all the stages of Account Creation and disbursement are completed successfully, the loan account will be opened, and the loan amount will be disbursed instantly in one go. In case of OD facility, the account and limit creation will be completed successfully. Further, the user will be able to disburse the fund from the OD account as per the requirement of the customer.**
- **In case** any of the process related to Loan/OD Account creation is failed, the system will display the appropriate error message so that the user can correct the same in CBS, if required so. In this case the user will see a button to 'Re-trigger' the failed service and subsequently rest of the services will be automatically triggered to take the process to completion.
- **Checking** of the details such as account no, limit, DP, disbursed amount, SI details (if applicable) in CBS, be ensured.

Online Control

- Once the loan is sanctioned the application is available in 'My Task' of Scrutinizing Official/Controlling Official. In case it is lying with Scrutinizing official, he/she has to view the details and submit the same to Controlling official with remarks, if required. While submitting the same to Controlling official, Scrutinizing official has to mandatorily select the name of controlling official from the dropdown available.
- Once the loan is scrutinized, the controlling official is required to go to 'My Task', view the details and control the same.
- The Controlling official shall get following screen after doing control for the loan.

State Bank of India Officers' Association

(BENGAL CIRCLE)

(Registered under Trade Unions Act 1926-Regd. No. 6908)
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ALL LETTERS TO BE ADDRESSED
 TO THE GENERAL SECRETARY



Phone: (033) 2213-0154
 (after 5.30 P.M.),
 Fax: (033) 2210-1684

EX-OFFICIO MEMBERS (2021-2023)

Sl.	Name	Post Held	Contact No
01	Com Saroj Kumar Das	Zonal President, Bidhannagar	(M) 9674711613
02	Com Chandan Mukherjee	Chief Regional Secretary, Bidhannagar	(M) 9674711609
03	Com Pramod Kumar	Zonal President, Burdwan	(M) 8001193551
04	Com Prabir Sorkhel	Chief Regional Secretary, Burdwan	(M) 8001195920
05	Com Partha Ghosh	Zonal President, Howrah	(M) 9674714182
06	Com Indranil Pyne	Chief Regional Secretary, Howrah	(M) 9674719505
07	Com Somnath Mukherjee	Zonal President, Kolkata	(M) 9903558443
08	Com Ranga Nath Sanyal	Chief Regional Secretary, Kolkata	(M) 9674710405
09	Com Dibakar Majumder	Zonal President, Corporate	(M) 9674719322
10	Com Barun Kumar Das	Chief Regional Secretary, Corporate	(M) 9674712037
11	Com Debanta Goswami	Zonal President, Siliguri	(M) 8001196584
12	Com Aritra Saha	Chief Regional Secretary, Siliguri	(M) 8001196911
13	Com Durgasish Basu	Zonal President, South 24 Parganas	(M) 9674719749
14	Com Dipten Dinda	Chief Regional Secretary, South 24 Parganas	(M) 9830844699

List of Guest Houses Maintained By SBIOA (Bengal Circle) and SBIOA Multi State Co-Operative Credit Society Ltd.

Sl.	PLACE	ADDRESS
1	Darjeeling	Shrestha Lodge, Ladenla Road (Opp. GPO), Phone: 09832093913
2	Gangtok	Hotel Mountain, Retreat, Tibet Road Phone : 09832005536 / (0359) 2205670
3	Lolegaon	Hotel Pride, Lolegaon, Phone : 09733052224
4	Puri	Hotel Sitara (Near Puri Hotel) , Gopal Ballav Road, Sea Beach, Orissa, Puri – 752001. Phone : 09937121128 / 09938496626
5	Port Blair	Sriradha Nivas, 30, A. K. Street, Anarkali, Haddo (PO), Port Blair – 744102, Phone: 03192-234437, Mr. Joy Patra : 9434272586, 9434285558
6	Haridwar	Hotel City View, Ganga Talkies, Upper Road, Near Har ki Pauri, Haridwar, (Uttarakhand) Phone : 07895302397 / 09719259729
7	Kolkata	Shree Krishna Garden, Flat No DF- 4D & DF-5D (4 th Floor) , 1/1, Raja Rajendra Lal Mitra Road Beliaghata, Beside Alochaya Cinema Hall, Kolkata – 700085. Phone : 09831086436 / (033) 22485557
8	Siliguri	Sudhi Laxmi Aptt. (Near : SNT Bus Stand) Opp. Petrol Pump, Siliguri Lodge Campus, Hill Cart Road, Siliguri – 734001. Phone: 08001196966

Contact : Shri Sudhansu Mukherjee, Secretary (Mobile No. 9874969100 / 9432272051)

1, Strand Road, E-Block, 6th Floor, Kolkata – 700001, Ph. No.: (033) 2248-5557, FAX: (033)2262-1257, Time: 11 AM to 5 PM (Weekdays)



**STATE BANK OF INDIA OFFICERS' ASSOCIATION
MULTI-STATE CO-OPERATIVE CREDIT SOCIETY LTD.**