

Methodology for Determination of Net Weight and Valuation of Gold Collateral

1. Net Weight Determination

- Gross weight of the gold article is measured using a calibrated electronic balance.
- Weight of stones, beads, lac, threads, or any other non-metallic components is excluded to arrive at the net metal weight.

2. Purity Assessment

- Purity of gold is assessed using the touchstone and acid test method, an industry-accepted practice.
- In case of hallmarked jewellery, purity as per the hallmark will be considered, subject to verification.

3. Valuation of Metal Content

- The net weight, adjusted for purity, is multiplied by the prevailing market price of gold.
- For this purpose, the India Bullion and Jewellers Association (IBJA) daily rate is used as the reference price.
- The reference rate is updated in line with the frequency of publication of the benchmark.

4. Loan-to-Value (LTV) Ratio

- The eligible value of collateral is computed by applying the LTV ratio prescribed under applicable regulatory norms.
- At all times, the LTV ratio remains within the ceiling stipulated by the Reserve Bank of India.