

C.G.(1)13337/2015

Registrar of Co-operative Societies
Thiruvananthapuram, dated 3.11.2015

Circular No 45 /2015

Sub:- Co-operative Department-Issue of gold loan by Co-operative Societies/Banks- Instructions issued-regarding

Ref:- 1 Letter No. DNBS(T) 2014/02.13.002/2014-15 dated 20.4.2015 of Reserve Bank of India
2 Decision of the 31st SLCC meeting held on 29.9.2015 chaired by the Chief Secretary

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As per the instructions issued by Reserve Bank of India Non Banking Financial Institutions are required to maintain Loan-to-Value Ratio (LTV) not exceeding 75% for loans granted against the collateral of gold jewellery and the gold will have to be valued at the price quoted by The Bombay Bullion Association Ltd. Reserve Bank of India vide reference cited Ist informed that Primary Credit Co-operative Societies including Service Co-operative Societies / Service Co-operative Banks/Urban Co-operative Societies in Kerala are freely giving gold loan violating Loan to Value Ratio (LTV) and no such LTV has been prescribed for the Co-operative Societies/Banking and requested Registrar to look in to the matter. The matter has also been discussed in the 31st State level Co-ordination Committee (SLCC) held on 29.9.2015 and decided to examine the feasibility and need for fixing LTV ratio stipulation to the Co-operative Societies having regard to the need for following good banking practices and affording protection to entities from the concern associated with the adverse price movement of the assets offered as collateral by the borrowers.

In the circumstances Co-operative Societies/Banks in the State-coming under the administrative control of this department are instructed to maintain Loan-to-Value Ratio(LTV) not exceeding 75% for loan granted against the collateral of gold jewellery and the gold will have to be valued at the price quoted by The Bombay Bullion Association. Departmental Officers including Statutory Auditors should ensure compliance of the instructions by the Societies/Banks.

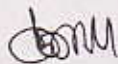
Sd/-

Registrar of Co-operative Societies

Copy to:-

1. All Primary Credit Co-operative Societies
(Through Joint Registrar(General))
2. All Joint Registrar (General)
3. All Joint Director(Audit)
4. All Assistant Registrar (General
(Through Joint Registrar (General))
5. All Assistant Director(Audit)
(Through Joint Director(Audit))
6. Website
7. Stockfile
8. Spare
9. Sahakarna Veedhi

//Approved for Issue//



Deputy Registrar (Credit)

