



ESTD: 1949
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THE GUNTUR CO-OPERATIVE URBAN BANK LTD.
(Regd. Under A.P. Mutually Aided Co-op. Societies Act. 1995)
Administrative Office ,3/2 BRODIPET,GUNTUR

Cir.No:18/2022-23

Date : 16.07.2022

CIRCULAR TO ALL BRANCHES

NEW PRODUCT : 6006

OVERDRAFT AGAINST GOLD ORNAMENTS
BUSINESS PURPOSE (SME)

We have been sanctioning overdraft against gold ornaments. We have modified the scheme and now branches can sanction overdraft against gold ornaments for business purpose. Modifications of the existing overdraft scheme are furnished below:

OVERDRAFT- GOLD ORNAMENTS (SME)

	PRODUCT CODE :	6006
1	Eligibility	The Applicant should be an Indian National, preferably residing in the area of operation of the branch, where he intends to avail the facility
2	Primary Security	Gold deposited by the applicant for pledge, should be only in the form of ornaments. Other forms of gold like Gold Bars, gold biscuits, gold coins shall not be accepted by the Bank. Name of the persons if inscribed on the gold ornaments, should be that of the applicants or a no objection letter is to be submitted from the concerned person along with his proof of identity.
3	Advance value of the gold per gram	Rs. 3400/- per gram (22 carat gold)(present rate) Subject to change at periodical intervals.
4	Nature of loan	Overdraft for business purpose. Drawings will be allowed in the loan account up to the amount of limit sanctioned. Credits also can be allowed in the account.



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5	Amount of Loan	Amount of loan depends on the quantity and quality of gold Minimum – Rs. 50000/- per individual Maximum – Rs. 10 lacs per individual
6	Utilisation of Limit sanctioned	Minimum 50% of the sanctioned limit should be utilised by the borrower. 2% p.a. penal interest on unutilised portion of the limit for the period of non-utilisation.
7	Purpose	Business (SME)
8	Priority Sector	YES
9	Priority Sub-Type	Select the related Business purpose
10	Documents to be obtained	1. Trade License 2. GST Certificate 3. Udhya Aadhar certificate 4. Any other proof of doing business
11	Margin	The margin varies as per the guidelines of RBI from time to time and the current margin is 25% of the appraised value of the gold. (Loan to Value – LTV)
12	Rate of Interest	9% p.a
13	Tenure of Loan	12 months (Renewal after 12 months)
14	Repayment	Interest to be serviced at monthly intervals as and when debited
15	Contribution to Share Capital	Same as present circular (Share Capital on Gold Loans)
16	Processing Charges	Nil
17	Other Charges	Gold Appraisal charges – Rs. 2/- per thousand Maximum Rs.600/- per applicant payable to the appraiser directly
18	Other conditions	The applicant should have a Savings or Current account with the bank.
19	Documents	1. Demand Promissory Note 2. DP Note Take delivery letter 3. Application form (proforma attached) 4. Gold loan application form (printed form)



[Signature]
CHIEF EXECUTIVE OFFICER