

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 73

Answered on Monday, July 21, 2025/ Ashadha 30, 1947 (Saka)

Loans against Gold Security

73. THIRU THANGA TAMILSELVAN:
DR. GANAPATHY RAJKUMAR P:

Will the Minister of Finance be pleased to state:

- (a) whether the Government has received any letter from the Chief Minister of Tamil Nadu seeking a review of the Reserve Bank of India's (RBI) draft guidelines which imposed strict restrictions on the norms for granting loans by banks against gold security/ collateral/ jewellery;
- (b) if so, the details thereof and the response of the Government thereto;
- (c) whether the Government has advised the RBI to reconsider the Lending against Gold Security Guidelines, 2025 and ease restrictions on the norms for granting loans against gold by continuing accepting gold as collateral for agricultural and agriculture- related loans upto 2 lakhs;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (e): Yes. Government has received the letter from the Chief Minister of Tamil Nadu regarding draft Directions on Lending Against Gold Collateral issued by Reserve Bank of India (RBI) on 9.4.2025 for public comments.

RBI was requested to consider, *inter alia*, exclusion of small ticket borrowers, including farmers, from the then proposed linkage of sanction amount with repayment capacity of borrower along with necessity of proof of ownership/ relevant document.

RBI has since issued comprehensive Directions on Lending against Gold and Silver Collateral on 6.6.2025, taking into consideration comments/ feedback received from various stakeholders, to create a principle-based harmonized regulatory framework and to address prudential and conduct-related gaps across all regulated entities (REs) for loans against gold and silver collateral.

Further, these directions apply to all loans offered by RE for the purpose of consumption or income generation (including farm credit) where eligible gold or silver collateral is accepted as a collateral security.

The salient features of the Directions, *inter alia*, include:

- (i) Detailed credit assessment, including assessment of borrower's repayment capacity to be undertaken in case the total loan amount is above ₹2.5 lakh to a borrower;
- (ii) Maximum permissible Loan to value ratio not to exceed 85 per cent for maximum total consumption loan amount of ₹2.5 lakh;
- (iii) All communication with the borrower to be in the language of the region or in a language chosen by the borrower; and
- (iv) Renewal of bullet repayment loans on payment of accrued interest, if any.