

Purity Adjustment Method

When gold purity is below 22 carats, the net weight shall be adjusted using the following formula:

$$\text{Adjusted Weight} = \text{Actual Purity}/22 \times \text{Net Weight}$$

Example:

1. Purity: 21 carats
2. Net Weight: 100 grams
3. Adjusted Weight: $21/22 \times 100 = 95.45$ grams

This adjusted weight is multiplied by the applicable gold price to determine the collateral value, which is then used to calculate the eligible loan amount as per prescribed LTV norms.

Gold is valued based on the reference price corresponding to its actual purity (cartage). For this purpose, the lower of (a) the average closing price for gold, as the case may be, of that specific purity over the preceding **30 days**, or (b) the closing price for gold, as the case may be, of that specific purity on the preceding day, as published by the India Bullion and Jewelers Association Ltd. (IBJA) is used for LTV calculation.