

**A COMPARATIVE STUDY ON GOLD LOAN WITH SPECIAL
REFERENCE TO IIFL**

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ABSTRACT

Gold has long been a valuable commodity, especially in India where it is considered a good commodity and has been in use for century's jewelry, coins and other goods. Or its gold it's a very liquid substance, it wasn't until now consumers have successfully recorded their encounters liquidity requirements.

Lenders provide loans by acquiring gold assets such as solidarity. Compared to the rest of the world, India the gold loan market is big business. Until a decade back, most loans were in the informal sector through plumbing and finance operator's creditors. However, this situation changed of the entry of players into such a formal sector such as banks and non-bank financial companies (NBFCs) now account for over 25% of the total the market

Keywords: Assets, Commodity, Gold.

INTRODUCTION

Gold has long been a valuable commodity, especially in India where it is considered a good commodity and has been in use for century's jewelry, coins and other goods. Or its gold it's a very liquid substance, it wasn't until now consumers have successfully recorded their encounters liquidity requirements.

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The formal gold loan market has grown at 40% CAGR from 2002 to 2010. The NBFCs were in attendance greater driving force behind this given growth broad network, close turnaround

time, high-interest-rate loan and ability work for non-bank customers. Of late, banks developed their own brand of gold loan products and services. Combined with low contrast loan rates and fees, the banks are trying to gain market share in the dissolution of NBFCs soon the future.

With rapid growth, regulatory considerations have become his rise in gold lending practices. NBFCs they are less concentrated because they are higher interest rates and costs, as well as non-adherence to your customer (KYC) rules this is possible it also affects the dominance of NBFCs in the gold loan loans.

Only 1.2% of the gold stocks in the country currently, gold lending is growing significantly power. However, firms need to develop a distribution network; product and risk mitigation strategies for it get a pie share in a profitable and sustainable way.

SCOPE OF THE STUDY

This current study focused solely on the gold loans offered by Different Financial Groups and Non-Financial Institutions. The study is limited to Hyderabad City only.

OBJECTIVES OF THE STUDY

- To study gold loan lending practices followed by India Infoline.
- To identify factors influencing lenders to obtain gold loans
- To analyze the problems that lenders encounter while receiving a gold loan
- To study Creditors' preferences in relation to NBFCs in the use of Gold Loan.
- To rate the satisfaction of the borrowers in obtaining a gold loan

LIMITATIONS OF THE STUDY

- Time limit is the major constraint
- As the manager are busy in their duty schedule it is not possible for us to spend more time in interaction and discussion with them
- some difficulty getting the people answer the survey questions because of their workload and the responsibility they have busy his work
- As per company rules many information was not disclosed

- The response given by the respondents may not be 100% accurate and may be biased

RESEARCH METHODOLOGY

Research design:

The study is confined to comparative study on gold

This current study is based on secondary data.

The required research data has been collected from books, magazines, newspapers and RBI guidelines.

REVIEW OF LITERATURE

Churiwal and Shreni(2012)

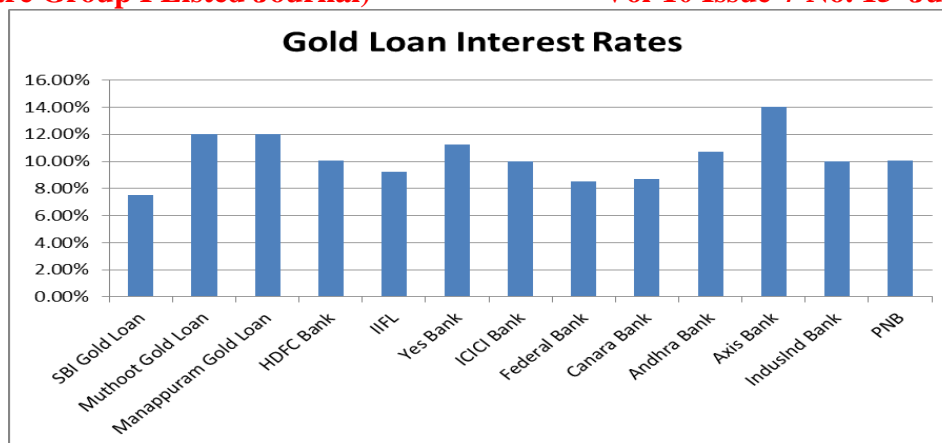
Give them a complete overview of the growing demand for gold. They show various aspects of Gold Loan from the traditional pawn seller to the transition from Gold Loan to NBFC. They also explained the relative importance of Gold Loan to borrowers and to their borrowers due to their move from traditional lenders to formal lenders. loans as a result of the deregulation of the agricultural sector. NBFCs are growing with Gold Loan to compare banks planning. It is an effective way to meet the need for Micro-finance in India.

kejriwalarun (2012) in his article "Wealth - Money matters in the gold lending industry" on the "business standard" noted that "the reason people go to the GLCS for a next loan is. Generally, the GLCS borrows up to 80% of the total However, last month, the INDIA (RBI) - based bank reduced its loan amount to the GLCS to 60% of gold content.

Bureau (2012) in his report "Gold loan firms establish SRO as RBI tightening screw" in economic times "ending" under the lens of the Reserve Bank, leading gold finance companies have decided to form a self-regulatory organization (SRO). that will create a code of business validity for the industry

DATA ANALYSIS AND INTERPRETATION

- **Comparison of gold loan interest rate of IIFL with other banks**



INTERPRETATION:

Gold loans can provide you with loan amounts as high as 80% of the value of the gold. However, if you wish to find out how much you're gold loan may cost you, a gold loan EMI calculator can help you in this regard. With this tool, you can easily get the amount you will be required to pay each month towards your gold loan. This way you can compare gold loans being offered by various banks and lenders before arriving at a decision. A gold loan EMI calculator is fairly simple to use. a standard gold loan EMI calculator will ask you to input details like the amount of loan you wish to take, the rate of interest applicable on the loan, the duration for which you wish to take the loan and the number of EMIs you wish to pay off the loan in. Once all this information has been input, the calculator will automatically display the amount of EMI which you will have to pay for the duration of the loan, in order to repay it fully.

➤ Gold loan at Muthoot Finance Ltd

With Muthoot Finance Ltd. gold loan services, it takes no more than a few minutes for your gold to generate cash. The simple procedure that Muthoot Finance allows:

Quick Loan disbursement

Loan limit stretches from Rs. 1500 to Rs. 1crore

Pre-payment option-without any penalty

Minimal documentation

In-house gold evaluation

Improves customer service in a shorter response time

Strong rooms for providing safe custody for gold ornaments.

➤ **Gold loan at Manappuram Finance Ltd.**

Gold Loan / Loan Against Gold

Welcome to India's First Listed and Highest Credit Rated Gold Loan Company, registered under Reserve Bank of India, founded in 1949.

Loans up to One Crore rupees.

Draw instant Cash by pledging your Gold Ornaments and Jewellery.

Higher loan amounts, depending on purity, net weight of the gold.

Choose from a range of schemes; there's one just right for your needs.

Highlights of Gold Loans

Minimum Requirements: Only one recent ID—Voter ID/ Ration Card/ Driving License/ Passport. No time-consuming formalities involved.

Pay interest only for the exact period of loan, and to the exact number of days.

Different schemes for different needs, to suit all income groups.

➤ **Gold loan at India Infoline Finance Limited (IIFL).**

Features of Gold loan

- Loan amount ranges from min Rs 5,000 to max Rs 10,00,000
- Tenor of loan is 24 months
- Loan can be paid back on a monthly or quarterly basis
- Interest / Loan Amount due can be paid at any of our Gold Loan branchespan-India
- Minimal amount of paperwork and documentation is required
- Variety of schemes are available to choose from

- Your Gold is insured and secured safely with us in fire and burglary proof vaults
- Same day disbursal
- No gold valuation charges

The advantages of taking gold loan from IIFL include -

- Minimal paper work and documentation
- Zero processing fee
- Low Interest Rate
- Instant disbursal of loan
- Security and Insurance of Gold Pledged.

IIFL GOLD LOAN SCHEMES

| Scheme Name | Value (per gram) | Interest (% p.a.) |
|--------------------|-------------------------|--------------------------|
| JALDI LOAN | RS. 1320/- | 12% |
| READY MONEY | RS.1670/- | 20% |
| LOAN LAKSHMI | RS.1900/- | 25% |
| FAST TRACK | RS.2010/- | 28% |

FINDINGS

- It is also clear most of people prefer MANAPPURAM and MUTOOT Finance to take the gold loan as compare to other companies.
- There are no charges for entry and exit loans.

- India info line finances ltd understand the dreams, needs, aspirations, concerns and resources are unique and this is reflected in every move they do for the sake of individual customer.
- They are treating the customer as their family member and guiding them properly.
- It is clear from analysis that most of population is aware about SBI in term of gold loan.
- In Occupation group most of the Investors were Private employees, the second most Investors were Govt. employees and the least were associated with Agriculture.

SUGGESTIONS

- The company has provided proper training to new employees so that they can attract customers easily.
- The company can conduct seminars and workshops so that they can provide information to the people and give answers to queries.
- The company should increases the advertisement regarding the gold loan in national TV.
- The company should adopt some strategies to increase the business through existing customers.
- The company should create the awareness about the gold loan among the general public. They should visit the jewellers. Businessman and other work places so that they can guide them.
- IIFL should use traditional ways of promotion in rural location. Latest communication are lacking in Ludhiana city

CONCLUSION

Most of the companies which are offering gold loan in India are still at growth stage and hence there are ample of opportunities for all the companies which are offering gold loan to tap customer. The perception of customer is yet to be changed because still they don't feel comfortable in taking gold loan because of traditional approach hence there is a lot of education has to be provided to make people aware of gold loan. To achieve sustainable growth in this sector India info line finance limited needs to endeavour with maximum efforts

the company can achieve several milestones in future while maintaining the existing customer relationship.

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