



**“A STUDY ON EFFECTIVENESS OF GOLD MORTGAGE LOAN REFERENECE TO IIFL,
CHINTAMANI”**

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ABSTRACT

The demand for gold and its import have been on the rise in India, despite rising gold prices in the last few years. Currently the gold prices are increasing at the global level. The RBI has responded by introducing various measures to curb the demand for gold and gold loans. This paper discusses about gold loan demand in the market, various other sources of credit in comparison to gold loan and also discusses about the defaults in gold loan repayment and some important aspects to be considered before availing gold loan.

KEY WORDS: Gold Loan, Loan-to-Value (LTV), NBFC's, RBI

INTRODUCTION

IIFL normally takes in estimate small professionals retailers sellers ranchers than salaried individuals, who, for motives concerning remedy openness or want promise theirs wealth Gold Loan offers redid retail credit score objects established on the borrowers 'prerequisites It dispenses up in imitation of 75 percentage over the gold laurels who offers a enough calm and offers centered charges on redid plans including adaptable occasion choices. As an element of the affirmation process it officers try recommended checks then conduct borrower examinations Qualities have been validated yet prepared within aid characteristic practices than hold an phenomenon over at least some year. Each branch has high-quality safety arrangements so endorsed through RBI.

Gold has a unique value and charm. Gold can save the people in a crucial situation when they need money urgently. In an urgent requirement taking gold loan is better than personal loan and loan against property. The process is so fast that the needy of money will get the loan in one working day if he has proper identity proof and residence proof. Some lenders give it within an hour.

1. Prominent features of gold loan

1. Rate of interest is low

Being a secured loan, gold loans are generally subject to lower rates of interest as compared to other financing options such as personal loan, home loans and other loans.

2. Enjoy anytime liquidity

Gold loans are also called as 'ATL' which means Any Time Liquidity. This means that you can avail a loan in less than 30 minutes without need for excessive documents and paper formalities, unlike other financing options.

3. Option to pay interest only

Gold loans have an unique features where the borrower has the option to pay only the interest part during the loan tenure and the principal amount at the time of closing the loan.

4. Nil processing fee

One of the best features of gold loan is that there are no processing charges involved. This feature helps to makes such loans most preferable one.

5. Safety of gold

The financial institution offers triple-layered security for gold ornaments that you submit as collateral. Gold will be kept secured in their vault throughout the tip you will get your gold jewelry back when you repay loan amount in full.

6. No restriction on the end-use of the funds

Since there is no monitoring of the end-use of the funds availed through this loan, it gives you the flexibility to use the loan to meet any type of expense such as home repairs, higher education, marriage expenses or any medical emergency.

LITERATURE REVIEW:

K. RANI & S. TEENA (2018) The main objective of the study is that to study the demographic and socio-economic status of the gold loan borrowers in the study region and to measures the loan borrowers level of satisfaction towards jewel loans offered by Scheduled Commercial Banks in India.

I SHAIKH, P VALLABH (2023) India is one of the largest consumers of gold but remains largely unexplored and requires proper attention from regulators, investors and policymakers. The aim is to uncover the relationship between uncertainty of policy and gold prices in India, considering a timeline from 2004-2023. Our statistical investigation signals that policy uncertainty and gold prices in India are positively associated. This implies a higher degree of policy uncertainty and a higher gold price.

According to an estimation of the ICRA Management Consulting Services (IMACS), the organized gold loan-market in India stands at \$8 billion and is growing at a compound annual

growth rate (CAGR) of 40% since 2002. There is still ample potential in this segment and with more banks /NBFCs coming into this business, there could be considerable growth in terms of volume.

RESEARCH METHODOLOGY:

Research design: descriptive research was used in this analysis. Multiple cross-sectional studies are used in descriptive research.

Sample size: 141people

Sources of data collection: this study employs the questionnaire approach to gather primary data.

Research techniques: the frequency was used to analyzing the data. Mean, Standard Deviation, and T-test have been used for research analysis.

Statement of problem

A present scenario there is urgency and requirements of huge capital for business survival as well as individual livelihood at the same time by consideration and criteria of study starts with necessity of the gold loans and advances and capital proportion to be granted.

Research objectives:

Primary objective:

Primary objective of my study is to understand the perception of consumers about gold loan as a short term source of finance.

Secondary objectives:

- To understand consumers awareness about different short term sources of finance.
- To analyze the thinking of consumers about gold loan as an option of short term source of finance.
- To find the impact of culture and education on preference of gold loan as a short term source of finance.

ANALYSIS:

Government battle towards gold loan demand looking at Indian consumer's appetite for the yellow metal, the government has introduced various measures in the past one year to control the demand for gold. Some of the prominent ones are as follows:

- Hiking import duty on gold imports to 15%
- Ruling out provision of credit for gold imports, unless the purpose is to make jeweler for export
- Restricting regional rural banks to provide gold loans
- Loan to value ratio not to exceed 60% of the total value of gold
- Restricting lending against gold coins to 50 grams per customer
- Restricting the amount of gold that is imported by banks in a single consignment/ order, such that only genuine needs of exporters of gold jewelers are met

Benefits of gold loan

- Immediate capital
- No external collateral
- No End-Use Restrictions
- Lower interest rates
- Security of physical gold
- No credit score
- Online process

Defaults of gold loan:

- Gold jewelers will be auctioned
- Legal action and penalties
- Future borrowing challenges

Findings :

- To change our perception through education.
- It is all about human perception.
- Taking gold loan is bad in our society that will be change.

Conclusion:

While the interest rates of gold loans are typically higher than other types of loans, the risk is also generally lower. This makes gold loans an attractive option for those with the financial means to repay them. Upper income households may also use gold loans to access funds in times of need.

I have completed my report as a researcher. I conclude that IIFL is good bank ever. It always tries encouraging their customer for the taking good loan.

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