



A STUDY ON AWARENESS OF GOLD LOAN IN BHOPAL

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Abstract

Indian have a very different mind set for gold as compared to others. In Indian gold is considered as security over money, shares etc. India has a festive economy. Almost in very month there are some festivals celebrations. Some of the important festivals in India are Deepawali, Holi, Rakshabandhan etc. Most of the Indians buy new things in these festive seasons. The common thing to buy among all Indians is gold in the form of jewellery. In present times there are many banks and Non-Banking Financial Institution (NBFC's) who offer gold loan for its customers. Some of the major players are SBI, HDFC, Muthoot Finance etc. They all offer a range of schemas having different combinations of interest, amount and time as per the requirement of the customers.

Keywords- Gold Loan, Banking, NBFC

Introduction

In the ancient times gold is considered as the strongest currency in India. Most of the Indian families buy gold jewellery and preserve it for very long. Ancient India was also known as "Sone ki Chideya" due to high presence and use of gold in India.

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Gold in the present times is one of the strongest currencies. Countries with high gold reserve are considered the strongest economies of the world. As per the report of the World Gold Council in the first quarter of 2024 USA has the highest gold reserve which is 8,133.46 tons and India is on the 9th rank with 822.09 tons of gold reserve.

In present times there are many banks and Non-Banking Financial Institution (NBFC's) who offer gold loan for its customers. Some of the major players are SBI, HDFC, Muthoot Finance etc. They all offer a range of schemas having different combinations of interest, amount and time as per the requirement of the customers.

Gold loans have gained prominence as a convenient and accessible form of credit. In this study, we delve into the awareness levels among individuals in Bhopal regarding gold loans. We explore. By examining the local context, we aim to contribute valuable insights to the financial landscape.

Literature Review

- **S.Shankarii and Dr.E.Muthukumar** ; in their paper highlighted gold loans are a popular financial instrument in India, allowing borrowers to use their gold assets for quick and hassle-free access to funds.
- **K.Rani and S.Teena** ; in their paper discussed about the gold loan market in India is thriving, and understanding borrower demographics and satisfaction levels is crucial for banks.
- **P.Vanitha Malarvizhi and A.Angel**, in their paper discussed about the gold loan market in India is thriving due to cultural affinity, accessibility, and technological advancements. Both public sector banks and NBFCs play crucial roles in meeting borrowers' financial needs through gold loans
- **Richard Heaney, Nicholas Wai & Julie K.** in his study explores the relationship between hedging, gold loans, and leverage in the context of gold producers. The findings suggest that gold loans play a role in shaping leverage levels.
- **Harini Subramani** in his article "Gold loan: A more precious debt option" highlights that gold jewellery can serve as collateral for a personal loan. Gold jewellery can serve as collateral for a personal loan. Leveraging your gold jewellery as collateral for a personal loan can simplify the loan application process.
- **Davy ct .al(2010)** has stated that in the market survey Gold Loans allow you to use your gold as collateral for obtaining a loan through the process of depositing household gold (in the form of jewellery) with a bank or financing agency.

All above already works for different aspects of gold loan but we have another aspect of study of comparative analysis of gold loan between two offered.

Research Objective

- To analyses the awareness of target group about the gold lone market.
- To analyses the knowledge of people about gold lone schemes of SBI and Matuth Finance

Research Methodology

➤ **Research Design:**

Since in this research paper we are studying about the awareness of the gold loan therefor we are using descriptive & analytical research design.

➤ **Sampling Technique:**

In this paper Random Sampling method is used for collection of primary data.

➤ **Sources of data:**

In this study both Primary and Secondary data is used. For the collection of secondary data previously published journals, articles etc on the similar topic and some of the thesis which are related to the topic has been taken into consideration. Primary data is collected through closed ended questioner.

➤ **Analysing Tools:**

For analysing the data univariant analysis and bivariant analysis on excel is used and with the help of graphs and charts it has been described in the paper. Also google tools are being used to study the data in brief.

Limitation of the study

- This study is done specifically in Bhopal reason for SBI and Muthoot gold loan, outside the boundaries of Bhopal there may be a different scenario as shown in the study.
- Population size may be point as a limitation due to the study conducted only in Bhopal. Outside Bhopal there may be some other scenario which may or may not support the study.

Scope of the study

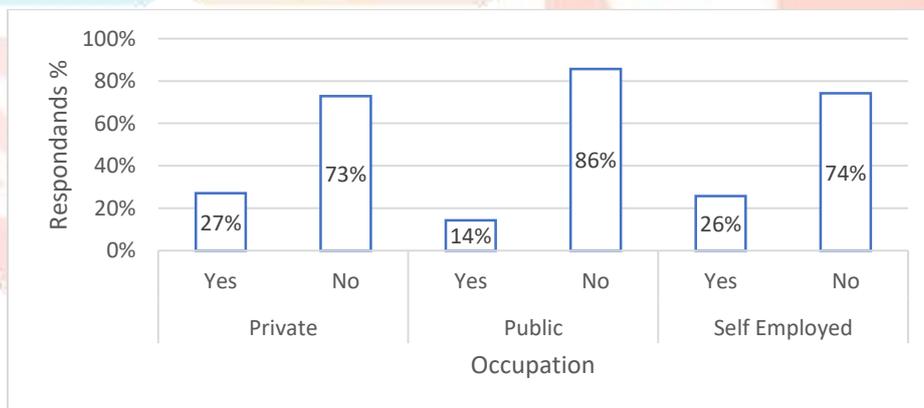
- Understanding the market of gold loan
- Understanding gold as a financial instrument
- Understanding the demographic factors affecting gold loan

Analysis

1. Gold Loan availed by different sectors

Occupation					
Private		Public		Self Employed	
Yes	No	Yes	No	Yes	No
27%	73%	14%	86%	26%	74%

(Table 1)



(Fig. 1)

In this study occupation is divided into 3 parts

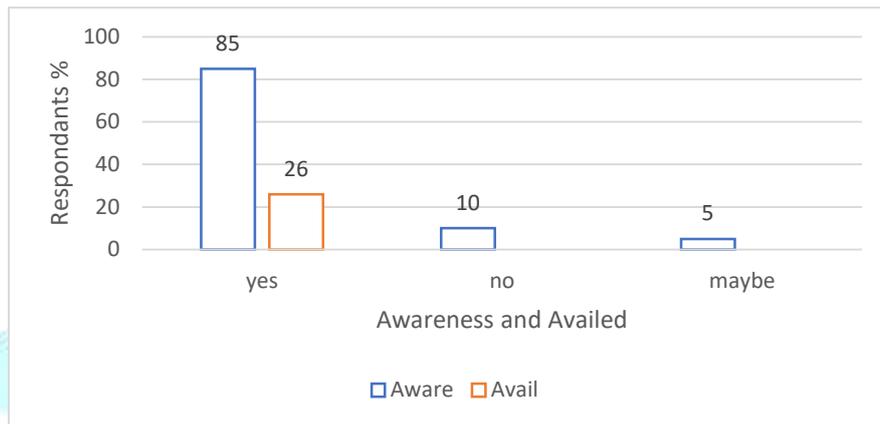
- Private,
- Public,
- Self Employed.

As per the graph (Fig. 1) population in private sector is availing the highest percentage of gold loan facility i.e. 27%. On the second position comes self-employed. Out of the total self-employed responses 26% of the population is availing gold loan. Least gold facility is availed by people working in public sector which is only 14%.

2. Awareness of gold loan with availing facility

	Aware	Avail
yes	85%	26%
no	10%	0%
maybe	5%	0%

(Table 2)



(Fig. 2)

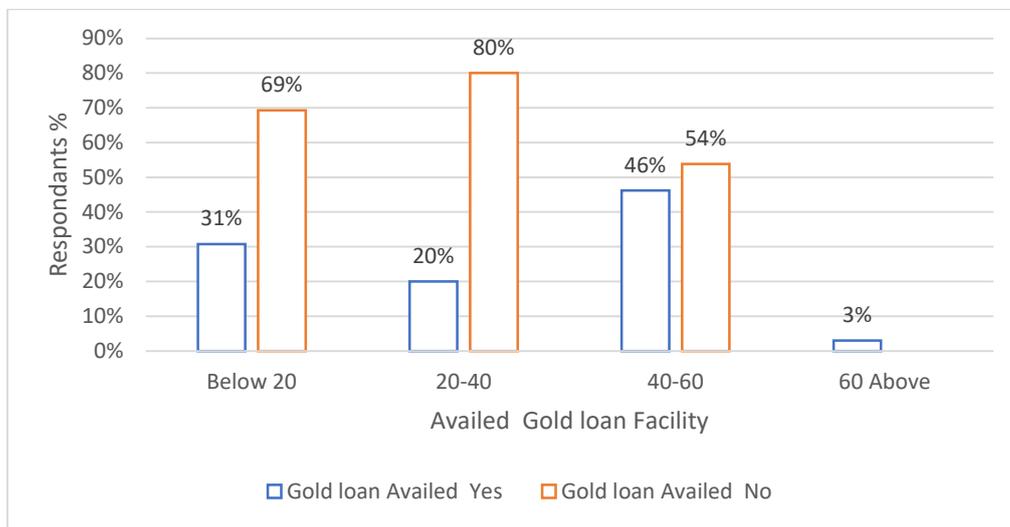
Out of the total sample size as per the study (Fig. 2) 85% of the population is aware of the gold loan facility available in the market. From this 85% only 26% of the population has availed the gold loan facility. Rest of the 16% don't know about the facility.

This shows that most of the population know about gold loan but most of them do not avail the facility due to some or other reason and avail some other facilities available in the market for meeting their financial needs.

3. Gold loan facility availed by different age groups

Gold loan Availed		
Age	Yes	No
Below 20	31%	69%
20-40	20%	80%
40-60	46%	54%
60 Above	3%	

(Table 3)

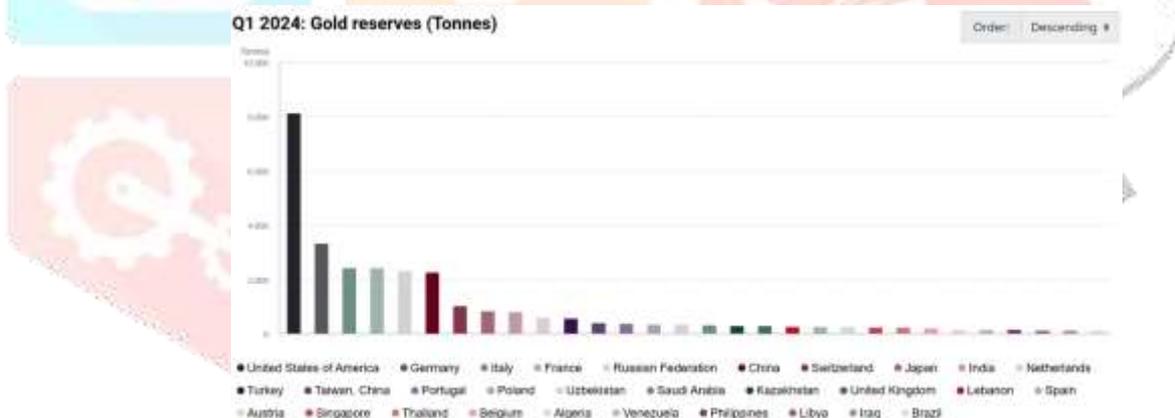


(Fig. 3)

As per the data (Fig. 3) 46% of the population who availed the gold loan facility lies under the age 40-60 years. 31% of the population belongs to age group of below 20%. Only 3% of the population availing gold facility is 60 above.

This shows that popularity of gold loan is more in the age group of 20 to 40. We can also say that youngsters are more aware and use the gold as a financial instrument.

4. Gold Reserve with different countries



(Fig. 4)

As per the report of World Gold Council (Fig. 4) in the first quarter (Q1) of 2024 USA is the country having the highest gold reserve amounted to 8,133.46 tonnes and India is on the 9th rank in the world having a gold reserve of 822.09 tonnes. In the last quarter (Q4) of 2023 USA was having the same amount of gold reserve but India was having 803.6 tones of gold reserve. This shows that India is continuously concentrating on increasing the gold reserve.

Findings

In this study we found that

- Awareness of the gold loan is not very much in the market. Most of the people prefer other loan facilities for meeting the financial needs.
- New age group between 20 to 40 people are more towards the facility of gold as a financial instrument.

- Population working in private sector or self employed are availing more gold loan facility as compared to the population working in the public sector or are self-employed.
- Out of the target population of the study awareness of gold loan is very less due to which facility of gold loan is not availed by few of the target customers.

Conclusion

Concluding to the topic awareness of gold as a financial instrument is not very common. Most of the population are availing other investment options and loan facility. In present days new generation is more aware of gold as a financial instrument.

When it comes to link between occupation and gold loan then mostly population working in private sector or self-employed avails the gold loan facility. Population working in the public sector don't use the facility of gold loan to a large extent. They mostly prefer other facility of investment available in the market.

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