

‘Gold loan segment to hit ₹10L cr this fiscal’

ENS ECONOMIC BUREAU
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ORGANISED GOLD loans by banks and non-banking financial companies (NBFCs) are set to exceed Rs 10,00,000 crore in the current financial year (FY25) and hit the Rs 15,00,000 crore mark by March 2027, according to a report.

While banks remain dominant driven by their gold jewellery-backed agriculture loans, at the same time, NBFCs hold the pole position in retail gold loans and are expected to expand at 17-19 per cent in FY25, rating firm ICRA said.

It said overall, organised gold



loan business expanded at a compounded annual growth rate (CAGR) of 25 per cent over the period FY20-FY24, driven by banks, which expanded these loans at a higher CAGR of 26 per cent, while the NBFCs expanded theirs at 18 per cent during the same period.

Banks' gold loan growth was

driven by agriculture loans backed by gold jewellery, which grew at a CAGR of 26 per cent during FY20-FY24, while their retail gold loans grew by 32 per cent on a lower base. "Consequently, the share of the NBFCs reduced during this period, which were largely focussed on retail GLs for consumption or business purposes," ICRA said.

Public sector banks (PSBs) accounted for about 63 per cent of the overall gold loans in March 2024, up from 54 per cent in March 2019, while the NBFC and private banks' shares moderated by equal measure during this period.

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