

CONSUMER ATTITUDE AND PERCEPTION: A STUDY FOR GOLD LOAN IN RAJASTHAN

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Received: 16 Feb 2020

Accepted: 24 Feb 2020

Published: 29 Feb 2020

ABSTRACT

This paper is an empirical presentation of a research attempt to seek the consumer temper and awareness towards gold loan with reference to Pali city. Currently, in India, Gold loans can be availed from public and private sector banks, co-operative banks, and other private lenders. However, some banks offer it only in definite areas, while private lenders take the course of action regarding providing of loan in fewer hours, some co-operative banks and public sector banks may issue the loan within a day. Some companies fall in the category of Non-Banking Financial Company (NBFCs) of the RBI guidelines. This present paper recognizes a variety of factors which are reflected by borrowers while taking the gold loan. This study also reveals about the various demographic concerns like gender, age, educational background of the borrowers, income level etc. which have an impact in choosing financial institutions and NBFC's for availing gold loan. The gold loans have appeared as mostly used as quick & short-term capital. Gold loans were chosen more than traditional personal loans due to less procedures, fast disbursement and easy EMI (Equated Monthly Installment). The study depicts that the most of the respondents availed gold loans from the banks, NBFCs and many respondents use this fund for their usual consumption. Finally, this paper warns that a person should go for the gold loans only if he is positive enough to repay his money otherwise it is not your cup of tea.

KEYWORDS: *Gold Loan, Consumer Attitude, Consumer Perception, Financial Institutions, NBFC's, Public Sector Bank*

INTRODUCTION

In India, maximum population relies on agriculture and the crop production is done either once or twice and this is the earning for whole year, so they secure excess money by investing them in gold and silver. While private lenders take the course of action regarding providing of loan is in fewer hours, some co-operative banks and public sector banks may issue the loan within a day.

The transaction of interest that gold lenders charged is higher than that levied by commercial banks. The nation's largest lender, State Bank of India, charges 13.5% per annum on gold loans. At Manappuram and Muthoot, depending upon the loan value of the gold, the rates vary between 12 per cent and 24 per cent. Local money lenders charge more than 30 per cent on average for gold loans. The scenario revolutionized with the entrance of organized sector in the finance market such as private banks and Non-Banking Finance Companies (NBFCs).

Gold loans now become a base for formation of new financial products as loans for purchase of gold wherein gold is purchased on the date of acquiring the loan and held as a pledge until the EMI are paid. The present paper simply tries to add identification with the Indian gold loan market and also tries to identify the outlook of the customers towards the

gold loans. The paper consumes both primary and secondary sources for collecting the data. To know the mindset of the customers, data has been collected from 80 respondents. In today's world, India is the largest marketplaces for gold and gold loan. Indian peoples have an emotional affection for the use the gold they own, which is usually in the form of ornaments or bars.

As per the World Gold Council, India is having 10 percent of world's total gold stock, of which rural India accounts for 60 per cent of the total stock of gold. Gold ornaments provide enormous consumer pleasure and also serves as an appreciating asset, rarely, it provides socially worthwhile arrangement. There is usually a high demand for gold in India, irrespective of prices. During 2001-19, the annual demand of gold remained relatively stable at around 700 to 1000 tones despite the prices of gold are continuously raising during the last ten years. Though gold is a highly liquid asset, consumers leveraged it effectively to meet their liquidity needs. In comparison with the remaining world, in India, the gold loan market is a biggest business market. Based on the elaborate conceptual discussion, this study aims to analyze the Consumer mind-set and sensitivity towards gold loan offered by scheduled commercial banks in India, the study is focused on one of the city in Rajasthan i.e. Pali.

Gold loan is an easy alteration of the practice used in older age by the money lenders and it has been institutionalized now by the banking institutes. In this type of loan, one is to deposit his household gold in the form of jewelry with the bank or any financing agency and get a loan up to 80 per cent of the deposited gold.

The gold loan companies in India have emerged as important contributors for the growth in Indian economic by complementing the endeavors taken by the banks and other financial institution. Gold loan companies are extensively scattered across the country and their management shows wide-range of professionalism in their attitude.

Gold Loan Companies

The gold companies give loan against gold. Many nationalized banks, private banks and other financial institutes propose this loan at variety of attractive rates. Loan against gold can be the best choice as gold ornament and jewellery can't earn any income when they are putting idle at our house or in lockers. The gold loan companies in India show up as an instance of the strides made by the country in its march towards economic self dependence. The gold loan companies are spreading to and fro throughout the country as it provides timely credit to the consumer's uniqueness of gold loan.

- It doesn't require any pay certificate.
- Any unemployed and nonworking person can go for gold loan.
- Low rate of interest 14% onwards.
- In the rural areas, agricultural loan against gold is obtainable at very nominal rate of interest of 7% to 8%.

It is very easy and suitable because here, we pledge gold and get up to 80% of market value of gold as loan. It takes very few minutes for dispensation of gold loan. For immediate help some charges are associated.

- Processing fees
- Valuation charges
- Late and pre payment penalty

Participants in Gold Loan Market

In India, the major participants in organized gold loan market are Commercial Co-operative banks and NBFC's. In addition there is large unorganized gold loan market. There is no authorized estimation of the size of gold loan market which is spotted by the pressure of pawnbroker, money lender and landlords working at local level.

The demand for financial assistance can arise for anyone; simply, the reasons might differ from person to person. The process of borrowing and lending is intricate; the individual who is borrowing wants the money without any hassle, and the individual or institution lending it wants guarantees the about repayment. Here, borrowing directly relates to the Loans taken. The term Loan is defined a debt confirmation by a note which indicates, among other things, the principal amount, interest rate and the date of repayment. There are different types of Loans available in the market..But at the time of financial need, a person looks for immediate and hassle-free liquidity or monetary assistance from near and dear ones or for any financial Loan lenders in the market for borrowing. For those borrowers, the immediate Loan form can be a Personal Loan or a Gold Loan..Traditionally, both the Loans were available and dominated by unorganized Loan Lenders. A Personal Loan is given by Pawn broker and moneylender and Gold Loan from jewelers as well as pawn brokers. Since 1991, owing to the entry of various Banks and Non-Banking, Financial Companies (NBFCs) in the Personal Loan segment has changed the Personal Loan provision scenario..The professional employed person prefers to take a Personal Loan from Public or Private Banks and avoid borrowings from the local Pawn broker. Today the borrowers are influenced by buying decision for Personal Loan as well as Gold Loan..The decision-making is determined by profiles depends upon buyers- characteristics which include social, culture, lifestyle, roles and status. It also depends upon the personal factors like Income, Age, Education Loan Borrowers, as lenders have started offering a comprehensive range of Personal Loans. At the same time, post 2008, Gold Loans has emerged as organized financial solutions that can be adapted to suit the changing needs and circumstances.

In this context, the researcher had made an attempt to do comparative study of Consumer Behavior toward Personal Loan and Gold Loan whether by Organized or Unorganized Loan Lenders.

RESEARCH METHODOLOGY

Research Objectives

This study of this research is descriptive in nature and aims to get deeper perceptive of the Indian gold loan market. The research also makes an effort to differentiate between the traditional personal loans system and gold loans system. An attempt is made to know, through this study, the different reasons for which a person obtains gold loans. Thus, this study is going through with the following objectives-

- To collect information regarding Indian gold loan market.
- To find out consumer attitude towards choosing gold loans.
- To identify the objectives for obtaining gold loans by the respondents.

Sampling Design

An sample design is a specific plan for getting a sample from a given population. The present study refers to the sample size, which is limited to 50 due to the cost and the time limitation. The area of the study is Pali city and the methods of data collection are primary as well as secondary method.

LIMITATIONS OF THE STUDY

- The study does not cover the whole population of people who are obtaining Gold Loan in Pali city, due to restraint of time & resources.
- The results should be generalized before applying it to whole population; otherwise it may not be valid.
- The data collected were totally depending on the respondents' view, which could be bias in nature.
- Respondents are not interested in filling the questionnaire.

DATA ANALYSIS

Demographic Profile

- In this proportion of 4555 is the highest age of respondents that is 58 %. And less than 29 age respondents are 14 %. 3044 age respondents are 14 %. Over 55 age respondent are also 14 %.
- The gender of the respondents is 28 females that is 56 % and 22 Respondents are male that is 44 %.
- The marital status of the respondents is 48 respondents are married that is 96 % and 2 respondents are unmarried that is 4 %.
- The occupations of the respondents 25 of the respondents are government employees that are 50 %. 9 of the respondents are private employees that are 18 %. 9 of the respondents are farmer / household that is 18%. 6 respondents are self employed that is 12 % and 1 is professional that is 2 %.
- The education qualification of the respondents is 20 respondents are graduate that is 41 %. 11 respondents are secondary that is 23 %. 10 respondents are senior secondary that is 20% and 8 respondents are post graduate that is 16 %.

Interpretations through Tabular Representations

Table 1 Shows It is observed that among the total respondent's majority of the respondents that 21 (which 47 %) has been taken as a loan for personal reason. 13 respondents (29 %) have taken loan against property and 10 respondents have taken gold loan that is 22 % and 1 respondent have taken loan against insurance policy, that is 2 %. This will help the lender to analyze the basic requirement of the respondents as well as additional requirements for the loan taken in the region.

Table 2 shows as per the study, it is observed that 50 respondents, that is, 100 % of the respondents are aware about the gold loan in the Pali city. This shows that according to the study most of the resident in Pali city is aware about the gold loan.

Table 3 Shows It is observed that 31 respondents get information about the gold loan through advertisement that is 43 %. 20 of the respondents get information about the gold loan through friends and colleagues, that is, 28 %. 11 respondents get information through family and friends, that is, 15 % while 10 respondents get information through internet that is 14 %.

Table 4 Shows As per the study, 34 respondents has not taken gold loan recently, that is, 68 % of respondents are not taking gold loan recently in this region. 16 respondents have taken gold loan recently in Pali city that is 32 %.

Table 5 Shows As per the study, 25 respondents wants to take gold loan in future that is 50 % who will be interested to

take gold loan in future also. 25 respondents don't want to take gold loan in future that is 50 % in this region, according to the study.

Table 6 Shows According to the study, 25 respondents, that is 50% who has taken gold loan in which 14 respondents has taken gold loan from Mahout fincorp, which is 54 %. 10 respondents have taken gold loan form banking sectors, which is 38 %. 2 respondents have taken gold loan form IIFL gold loan, which is 8 %.

Table 7 shows as per the study, 8 respondents have taken gold loan for the purpose of education, which is 36 %. 7 respondents have taken the gold loan for the purpose of business, which is 32 %. 3 respondents have taken gold loan for the purpose of medical that is 14 %. 2 respondents has taken gold loan for the purpose of agriculture that is 9 % and in other 1 respondent has taken gold loan for the purpose of daughter's marriage and the other 1 has taken gold loan for the purpose of house construction.

Table 8 shows as per the study, 3 respondents have faced the problem of high rate of interest that is 60 %. 1 respondent face the problem of delay in sanctioning of loan that is 20 %.1 respondents has faced the problem of insufficient loan that is 20 %.

Table 9 Shows As per the study, 12 respondents have not faced any problem while taking gold loan that is 71 % and 5 respondents have faced problem while taking gold loan that is 29 % in the pali city.

Table 10 Shows As per the study, 11 respondent's repayment modes is cash payment that is 65 %. The mode of repayment of gold loan 4 respondents is Easy installments that are 23 % and the 2 respondent's repayment mode is lump sum that is 12 %.

Table 11 Shows As per the study, 13 respondents are satisfied with the transparency in operations of institution that is 76 %. 4 respondents are not satisfied with the transparency in the operations of institution that is 24 %.

Q1. Have You Ever Used Any One of the below given Source of Finance?

Table 1: Tabular Representation

Personal Loan	Loan Against Property	Loan Against Security	Loan Against Insurance Policy	Loan Against Fixed Deposit	Gold Loan	Others
21	1	0	1	0	10	0

Q2. Are You Aware About Gold Loan?

Table 2: Tabular Representation

Yes	No
50	0

Q3. How Did You Get the Information about Gold Loan?

Table 3: Tabular Representation

Advertisements	Friends and Colleagues	Internet	Family and Relatives	Others
31	20	10	11	0

Q4. Have You Taken Any Gold Loan Recently from any Institution?

Table 4: Tabular Representation

Yes	No
16	34

Q5. Do You Want to Take Gold Loan in Future?

Table 5: Tabular Representation

Yes	No
25	25

Q6. If Yes, From Which Institution?

Table 6: Tabular Representation

Muthoot Fincorp	IIFL Gold Loan	Banking Sector	Others
14	2	10	0

Q7. What is the Purpose of Gold Loan?

Table 7: Tabular Representation

Agriculture	Business	Medical	Education	Others
2	7	3	8	2

Q8. Have You Faced Any Problem While Taking Gold Loan?

Table 8: Tabular Representation

Yes	No
5	12

Q9. If Yes, Please Mention the Problem While Taking Gold Loan?

Table 9: Tabular Representation

Delay in Sanctioning of Loan	Delay in Disbursement of Loan	Insufficient Loan	High Rate of Interest	Others
1	0	1	3	0

Q10. If You Have Availed Gold Loan, What is Your Repayment Mode?

Table 10: Tabular Representation

Lump Sum	Easy Installment	Cash Payment
2	4	11

Q11. Are You Satisfied By Transparency in Operations Maintained by Institution?

Table 11: Tabular Representation

Satisfied	Not Satisfied
13	4

CONCLUSIONS

For borrowers, gold loans have emerged as one of the best means of raising quick, short-term capital. Gold loans were preferred over conventional personal loans due to less procedures, fast disbursement and easy installments. The study shows that the respondents preferred gold loans from the banks, and most of the respondents use the fund for their consumption smoothing. To the end, it's a friendly warning to all, please go for the gold loans only if you are confident enough to repay in future, otherwise it is not your cup of tea.

This study identifies that Muthoot Finance Ltd. has a very strong position in the gold loan market when compared with other loan providers in the same segment. The study also identifies the various demographic factors like gender, age, income level, educational background of the borrowers which have an impact in opting Muthoot Finance for availing gold loan.

SUGGESTIONS AND RECOMMENDATIONS

For borrowers, gold loans have emerged as one of the best means of raising quick, short-term capital. Gold loans have preferred over conventional personal loans due to less procedures, fast disbursement and easy installments. The study shows that the respondents preferred gold loans from the banks, and most of the respondents use the fund for their consumption smoothing. According to the study, so many people of the Pali city cannot avail gold loan, so target those people to expand their business.

SCOPE FOR FURTHER RESEARCH

- The analysis was not done on a big population. The scope of it can be that an individual can research on a big population and find the analysis out of it.
- The study was confined in the limitation of Pali city. It can be done in the overall geographical area.

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