

## **An Analysis of the Marketing Scope of Gold Loan of India Infoline Finance Limited**

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### **Abstract**

*Gold loans have become popular recently. The present study aim to find out opinion and awareness level regarding gold loan with special reference to IIFL. Maximum respondents are aware about gold loans though many do not avail the service of gold loan. It is suggested that to increase awareness about Gold Loan Services and Other Financial Product and the name India Info line itself, the company should organize campaign. The campaign can be weekly, monthly, yearly, it will give a good result to the company to capture market in the competitive position.*

**Keywords:** Gold Loan, Marketing, IIFL

### **Introduction**

IIFL was incorporated in 1995 as an independent equity research and consulting firm with clients comprising leading FIIs, banks, consulting firms and corporates. In 1999, the company restructured the business model to embrace the Internet and launched a website and mobilized capital from private equity investors. In 2000, the company commenced distribution of personal financial products, launched online equity trading and entered into life insurance distribution as a corporate agent. In 2004, it acquired a commodities broking license and also launched portfolio management services. In 2006, the company acquired membership of Dubai Gold and Commodities Exchange (DGCX) and also launched investment banking services. Through its subsidiaries, IIFL ventured into the consumer finance business in FY08, providing home loans and personal loans. It also launched wealth management services under the "IIFL Wealth" brand and received an insurance broking license from IRDA during the year. In 2010, IIFL Securities Pvt. Ltd (Singapore), received in- principle approval from the Singapore Stock Exchange, while IIFL Securities Ceylon (Pvt.) Ltd (Sri Lanka), received in- principle approval for membership of the Colombo Stock Exchange for stock broking.

IIFL is a registered member of the BSE and the NSE for securities trading, and of MCX, NCDEX and DGCX for commodities trading. The company is also a depository participant of Central Depository Services Ltd and National Securities Depository Ltd. It offers broking services through both branches and franchises. Its subsidiaries include India Info line Investment Services (IIISL) and Money line Credit Ltd and are registered with the RBI as non- deposit taking, non- banking finance companies. IIFL has a home finance arm, India Info line Housing Finance Ltd, registered with the National Housing Bank.

### **Financial Products & Services of IIFL**

- Mortgage Loans, which includes Housing Loans and Loans against Property.
- Gold Loans, which includes finance against security of mainly used gold ornaments.
- Healthcare Finance, which includes finance for medical equipment's and project funding

in the healthcare sector

- IIFL Gold Loan

Gold loan or loan against gold is the easiest and quickest way for servicing your financial needs.

To avail a gold loan, all you need to do is pledge your gold ornaments with us and we would provide you with a loan amount as per the market value of your gold. Unlike other loans, gold loan does not require you to provide any income or salary proof. Moreover, it has comparatively lower interest rates; requires lesser documentation, and hence is processed in lesser time.

We at IIFL provide maximum loan against your gold at lowest interest rates. We have a strong presence Pan-India and have serviced a large number of customers in a very short span. We offer different types of schemes as per your requirement and convenience. Following are the main features of our loans:

- Loan amount ranges from min Rs 5,000 to max Rs 10,00,000
- Tenor for loans ranges from 3 months to 12 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 branches pan-India
- Minimal amount of paperwork and documentation is required
- Loan gets processed in as low as 5 minutes
- Variety of schemes are available to choose from

**Main Features of IIFL Gold Loan:**

- Loan amount ranges from min Rs 3,000 to max No limit
- Tenor for loans ranges from 3 months to 12 months
- Loan can be paid back on a monthly or quarterly basis
- Interest / Loan Amount due can be paid at any of IIFL Gold Loan branches pan-India
- Minimal amount of paperwork and documentation is required
- Loan gets processed in as low as 5 minutes
- Variety of schemes are available to choose from

**Review of Literature**

**Nandakumar V.P.(2015)** .This study relates to indian gold loan market and its impact in Indian market. In India, it is estimated that most of the gold is held by people in rural areas where, often, it is the only asset people have in their possession though in limited quantities. A rural Indian knows that if his crop fails or his family is sick, he can raise cash at short notice from the goldsmith or pawnbrokers and moneylenders. Gold has a formidable part in showcasing Indian customs and traditions. Women richly clad in gold jewellery are a familiar sight in Indian

tradition and is a sign of prosperity and well -being in a society. Also, in a rich social heritage filled with celebrations and gaiety, gold jewellery was always esteemed and in demand. Gifting of gold on auspicious occasions is also a common tradition in the country. The study is conducted to understand the gold loan market in India and its impact and gold loan and financial inclusion. The study aims at collecting information regarding the nature, character and composition of gold loan

business in India, its socioeconomic impact and problems associated with the sector on the basis of the research conducted among the clientele of Manappuram Finance Ltd. and other Institutions.

**Venkateswaran, N. (2015)** This study relates to the concept of Indian Consumers towards gold loan. This paper covers the Gold Loan Market among consumers in India. It covers Gold Loan as a product, elucidates its features, looks at the industry trends, market size, market players and their revenues and explains the opportunities and challenges existing in the sector. Loans against Gold are traditionally considered taboo especially in Indian households. Even when gold is pledged, it is still done as the last resort. Gold jewellery at home is considered on par with "Goddess Lakshmi" and hence hedging gold for a loan is considered inappropriate. India with its estimated gold stock of 20,000 tonnes constituted around 11.7% of the global stock in 2011 and continues to be the largest consumer market for gold despite strong rise in gold prices. Further, several new lenders have made an entry into the segment over the last two years, demonstrating a varying level of commitment to the segment with varied levels of investments in building a branch network and capabilities required to be successful in the gold loans business. This perception towards Gold loan has gradually undergone a change and individuals have started seeing the value of loan against gold as against availing a personal loan. The Gold loan market that was highly fragmented and dominated by local jewelers has gradually seen the entry and growth of NBFCs and banks; a clear indication of the viability of gold loans as an important loan product.

**Geetha G. Nair & Jancy Davy(2014)** Gold loans have become a basis for creation of new financial products such as loans for purchase of gold wherein gold is purchased on the date of loan and held as a pledge until the equated monthly instalments are paid. India is one of the biggest markets for gold and gold loan. Indian households typically have an emotional attachment and sense of personal belonging to the gold they own, which is usually in the form of jewellery, coins or bars. A gold loan is settled either by repayment or, in case of default, by sale of the pledged. The formalities in availing gold loans are minimal and procedures are simple. Unlike other secured loans, the underlying asset in a gold loan is not subject to depreciation. At the same time, unlike land, it is a liquid asset and the transaction costs involved when enforcing the security are minimal. Gold loans are ideal for those employed in the informal or unorganised sector and do not have documents to prove their income. This is a segment conventional banks generally avoid because their appraisal and credit scoring is based on formal documentation. Incidentally, more than 90 per cent of India's workforce is in unorganised sector. In practice, the entire process should hardly take 15 to 20 minutes. This makes gold loans ideal for the micro-finance segment where the loan amounts are small and where there is no point in testing the borrower's patience with an elaborate procedure. 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 instalments. The study shows that the respondents preferred gold loans from the banks, and most of the respondents use the fund for their consumption smoothing.

### **Objectives of the Study**

- To know the customer's opinion and awareness about gold loans with special reference to IIFL Gold loan
- To suggest measures in order to increase awareness level about gold loans

### **Research Methodology**

The study is based on survey technique. The study consists of analysis and Market Scoping of Financial product of IIFL. For the purpose of the study, 100 customers are picked using convenience sampling in Chandigarh and their views solicited on different parameters. The primary data is collected through structured questionnaire. Personal interviews and informal discussions were held with customers to ascertain the awareness level. Simple percentages were calculated

### **Analysis of Data & Interpretation**

**Table 1: Distribution of Respondents on basis of Occupation**

Occupation	Percentage (%)
Household	6
Businessman	35
Government Employee	14
Private Employee	45

Source: Primary Survey, 2015

Table 1 shows that maximum percent of clients i.e., 45 clients are private employee 35 clients are business man 14 clients are government employee and 06 clients are house hold which respond.

Table 2 shows that maximum number of clients i.e., 35%. Respondents have two time emergency requirement of money, 25% Respondents have 3 times requirement of money and 5% Respondents don't have the requirement of money.

**Table 2: Distribution of respondents on basis of Frequency of Requirement of Money**

Frequency of Requirement of Money	Percentage (%)
0	05%
1	15%
2	35%
3	25%
4	12%
5	5%
6	3%

Source: Primary Survey, 2015

**Table 3: Distribution of Respondents on basis of awareness about concept of money**

Awareness about concept of Money	Percentage (%)
Yes	100
No	0

Source: Primary Survey, 2015

Table 3 indicates that maximum number of clients i.e., 100% clients are aware about the concept of gold loan while in the other hand only 0% clients are not aware about the concept of gold loan.

**Table 4: Distribution of Respondents on basis of gold loan service usage**

Gold Loan Service Usage	Percentage (%)
Yes	40
No	60

Source: Primary Survey, 2015

Table 4 indicates that maximum number of clients i.e., 40% clients never used gold loan services, while in the other hand only 60% of Respondents used the gold loan services.

**Table 5: Distribution of Respondents on basis of source of information about IIFL Gold Loan**

Source of Information about IIFL Gold Loan	Percentage (%)
Family relatives	54%
Friends and colleagues	23%
Internet	17%
Advertisement	6%

Source: Primary Survey, 2015

Table 5 shows that maximum number of clients i.e., 54% clients got the information from family relatives , 23% clients got the information from friends and colleagues , 17% clients got the information from internet and 6% clients got the information from advertisement.

**Table 6: Distribution of Respondents on basis of opinion on Interest charged by IIFL**

Opinion on Interest Charged by IIFL	Percentage (%)
Very High	14%
High	10%
Reasonable	64%
Low	12%

Source: Primary Survey, 2015

Table 6 indicates that maximum number of clients i.e., 64% clients said that interest charged by IIFL is reasonable, 12% clients said its low, 14 clients said its very high , and 10 clients said its high

**Table 7: Distribution of Respondents on basis of opinion of urge to buy gold loan looking at the recent downfall in Gold prices last month**

Urge to buy Gold Loan	Percentage (%)
Yes	78
No	22

Source: Primary Survey, 2015

Table 7 indicates that maximum number of clients i.e., 78% clients feel the urge to buy gold , while in the other hand only 22% clients don't feel the urge to buy gold.

**Table 8: Distribution of Respondents on basis of source of help when money is required**

Source of help when money is required	Percentage (%)
Relatives	52
Friends	10
Loan	30
Saving	8

Table 8 shows the maximum number no. of people is 52% responded have emergency require of money borrowed from relatives, 10% responded have requirement of money from borrowed from friends, 30% and 8% responded have emergency requirement of money borrowed from bank loan or saving.

**Table 9: Distribution of Respondents on basis of awareness about concept of gold loans**

Awareness about concept of Gold Loans	Percentage (%)
Yes	100
No	0

Source: Primary Survey, 2015

Table 9 indicates that the maximum no. of client of client i.e. 95% clients are aware about the concept of gold loan while in other hand only 5% clients are not aware about the concept of gold loan.

**Table 10: Distribution of Respondents on basis of usage of gold loans**

Usage of Gold Loans	Percentage (%)
Yes	90
No	10

Table 10 shows that maximum no. of people i.e. 10% people never used gold loan service, while in other hand 90% of responded used gold loan service.

### **Findings**

According to the survey most of the customers of “Infoline Ltd.” says that rate of interest charged by IIFL is satisfactory. Coming to faith 59% say India Info line Ltd is better than others NBFC’s due to customer’s satisfaction IIFL gold loan is less preferred by the general people might because of less awareness about IIFL goal loan services. People want to invest their money in the bank saving accounts rather than insurance, fixed deposit, stocks and shares. Most of respondents have their annual income between 2lac to 4lac and from them most of the people prefer LIC for insurance. Many people know the concepts of gold loan in spite of that they don’t take Gold loan.

### **Conclusions**

On the basis of the study it is found that India Info line Ltd is better services provider than the other NBFC's because of their good service and personalized advice on gold loan and financial investment product. IIFL provides the faster services as well as relationship manager facility for encouragement and protects the interest of the investors. It also provides the information through the internet and mobile alerts. Study also concludes that people are not much aware of IIFL gold loan services. The company should also organize seminars and similar activities to enhance the knowledge of prospective and existing customers, so that they feel more comfortable while investing in the financial products.

### **Suggestions**

Most of the people are not much aware of IIFL gold loan services and its benefit. So India Infoline Financial Limited can take general awareness of Gold Loan Services plan to the customers. INDIA INFOLINE should maintain the customer satisfaction.

There is lack of new customer addition in the branches of Indian Info line Financial Limited, only existing customer comes to respective branches for gold loan so it is important to increase the awareness about the financial products of Indian Info line Financial Limited in respective area. Some promotional activities are required for the awareness of the customer.

The Company should increase Exposure. It is the good tool to capture the market. To increase awareness about Gold Loan Services and Other Financial Product and the name India Info line itself, the company should organize campaign. The campaign can be weekly, monthly, yearly, it will give a good result to the company to capture market in the competitive position.

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