

Final Project Report

**“A Study of Gold Loan in Muthoot Finance with
Reference to Gondia Branch”**

Submitted to:

DMSR

G.S. College of Commerce and Economics, Nagpur

(An Autonomous Institution)

Affiliated to:

**Rashtrasant Tukadoji Maharaj Nagpur University,
Nagpur**

In partial fulfilment for the award of the degree of

Master of Business Administration

Submitted by:

Ms. Nidhi R. Jaiswal

Under the Guidance of:

Prof. Leena Kapse

**Department of Management Sciences and Research,
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NAAC Accredited “A” Grade Institution**



Academic Year 2022-23

**Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Accredited "A" Grade Institution**



Academic Year 2022-23

CERTIFICATE

This is to certify that **Ms. Nidhi R. Jaiswal** has submitted the project report titled, "**A Study on Concept of Gold Loan in Muthoot Finance with Reference to Gondia Branch**", towards the partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that she has ingeniously completed her project as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Reaccredited "A" Grade Autonomous Institution)** affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

Prof. Leena Kapse
(Project Guide)

Dr. Sonali Gadekar
(Co-ordinator)

Place: Nagpur

Date:

**Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Accredited "A" Grade Institution**



Academic Year 2022-23

DECLARATION

I here-by declare that the project with title “**A Study on Concept of Gold Loan in Muthoot Finance with Reference to Gondia Branch**” has been completed by me in partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Reaccredited "A" Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course under taken by me.

Ms. Nidhi R. Jaiswal

Place: Nagpur

Date:

**Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Accredited “A” Grade Institution**



Academic Year 2022-23

ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to **Dr.S.S. Kathaley**, Principal, G. S. College of Commerce & Economics, Nagpur.

I am extremely thankful to my Project Guide **Prof. Leena Kapse** for his guidance throughout the project. I tender my sincere regards to the Coordinator, **Dr. Sonali Gadekar** for giving me guidance, suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Ms. Nidhi R. Jaiswal

Place: Nagpur

Date:

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INTRODUCTION



Gold loan (also called loan against gold) is a secured loan taken by the borrower from a lender by pledging their gold articles (within a range of 18-24 carats) as collateral. The loan amount provided is a certain percentage of the gold, typically up to 80%, based on the current market value and quality of gold.

The gold loan, also referred to as a loan against gold, is a secured loan that a borrower takes from a lender in lieu of gold ornaments such as gold jewelry. The loan amount sanctioned to you by lenders is generally a certain percentage of the gold's value. You can repay it through monthly installments after which you get your gold articles back. Unlike other secured loans such as a home loan or car loan, there are no restrictions on the end use of gold loans. So whether you need to fund a wedding, family vacation or your child's education, it is a great way to meet your sudden money requirement. Moreover, a lot of private and nationalised banks along with NBFCs offer gold loans at affordable interest rates.

Benefits:-

Gold loan is similar to personal loan in meeting your immediate financial requirements, be it an international education, marriage expenses, covering medical emergencies or any other personal use.

- **Quick Disbursal-** Minimum documentation leads to faster processing of gold loan due to its secured nature.
- **Flexibility of Use-** Since there is no monitoring of the end use, it gives you the flexibility to use the loan for any type of expense.
- **Secured Loan Type:** You are not required to submit any other security/collateral to the lender other than the pledged gold ornaments.
- **Lower Interest Rate:** Interest rates on gold loans are on the lower side when compared to personal loan, since gold serves as collateral.
- **Liquidate your idle asset:** An idle asset, gold is seldom used for generating money. Hence gold loan is the perfect solution to raise capital and use the fund when you require money to meet your financial needs. It is also more secure in the confines of a bank's or a financial institution's locker than your home

Interest rates and processing fees :-

Interest rates for gold loan varies from lender to lender and ranges from 9.24% to 17%. A nominal processing fee ranging from 1-3% of the loan amount is also charged by some lenders. It is always advisable to check and compare interest rate, processing fee, late payment charges and pre-payment charges with the lender before going for the loan.

Documents required to process loan application :-

Documents that are required to seek a gold loan vary from lender to lender. However, the common list of documents includes: Passport Size Photographs, Identity proof (PAN Card, Voter's ID, Aadhar Card etc.) and Address proof (Passport, Driver's License, Electricity Bill etc.).

Any foreclosure charges :-

Yes, you can always foreclose the loan at any point of time. Most lenders do not levy foreclosure charges for gold loans, but a few lenders charge between 2- 4% of the outstanding principal amount. You can always get in touch with the lender to know the procedure they follow to foreclose.

What are the tenures for which I can avail the loan :-

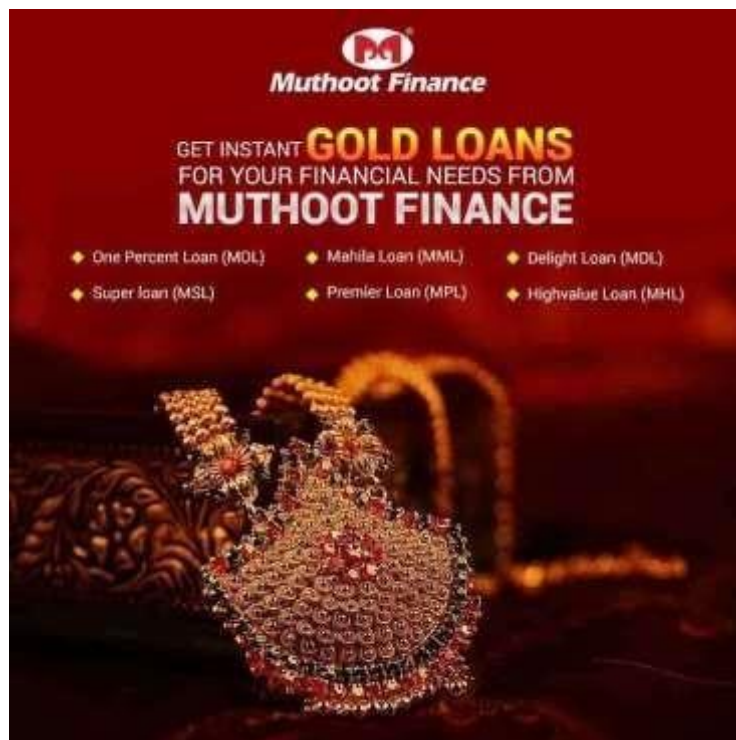
Gold loans are short-term loans and have a flexible tenure ranging from a minimum of 1 month to 5 years or more depending on the lender.

What should you look out for :-

Since gold loans are secured against your gold, you should be careful about loan repayment and should take loan amount that you actually need and can repay comfortably. Defaulting on loan can adversely affect your credit score and report including cancellation of any future loan application.

What happens if I am unable to clear my dues by the due date:-

Action taken on customers who default varies from lender to lender. Some lenders charge interest for the time overdue, which is usually higher than the rate a customer pays for the loan. Further default on loan payment will result in a notice sent to you, informing you of the time within which you will have to clear your obligations. Non-payment of loan by the final notice date can also lead to lenders auctioning your gold articles to recover their outstanding loan amount.





MUTHOOT FINANCE



The Muthoot Group was founded in 1887 as a modest trading business in the remote village of Kozhencherry in Kerala, which was geographically disadvantaged and devoid of basic business expansion needs of mobility, land, resources, industry and favourable market conditions. Over the decades, the Group has evolved to become a flourishing business conglomerate spanning India's small and large towns; and is currently home to 20 diversified divisions and 4,480+ branches. The Group recently celebrated 132 years of lending services to millions of underserved Indians, leading to financial inclusion, even in the most remote and rural areas of the country.

Muthoot Finance Ltd is an Indian financial corporation and the largest gold loan [NBFC](#) in the country.^[3] In addition to financing gold loans, the company offers other forms of loans, insurance and [money transfer](#) services, and sells [gold coins](#). The company is headquartered in [Kochi, Kerala](#) and operates over 4,400 branches throughout the country. Outside India, Muthoot Finance is established in the UK, the US, and the [United Arab Emirates](#).

The company falls under the brand umbrella of the [Muthoot Group](#). Its stocks are listed on the [BSE](#) and [NSE](#) since its [initial public offering](#) in 2011.^{[4][5]} The target market of Muthoot Finance includes small businesses, vendors, farmers, traders, SME business owners, and salaried individuals.

Corporate background

- Muthoot-Finance.branch in. [Swargate,Pune](#)
- The company was incorporated as a private limited company on 14 March 1997 with the name "The Muthoot Finance Private Limited" under the Companies.Act.^[6]
- On 18 November 2008, the company was converted into a public limited company with the name "Muthoot Finance Limited".^[7] During the year 2009–10, the company added 620 new branches.^[8]
- In July 2016, Muthoot Finance acquired 46.83% of the capital of BelstarInvestment.and.Finance.Private.Limited(BIFPL).^[9]
- In May 2018, Muthoot Finance acquired Muthoot Money, a Non Deposittaking-Non-Banking-Financial-Company.^[10]

Muthoot Finance Ltd is a non-deposit-taking, non-banking financial company with thousands of branches in India. The company's main business is providing personal and business loans primarily to individuals who do not have access to formal credit. The loans are typically secured by gold jewelry. Muthoot also offers some microfinance loans and housing loans to customer segments and areas that are underserved by banks. Interest income accounts for nearly all the company's revenue. Muthoot has operations in Sri Lanka and India, with India providing almost all the company's revenue.



FINANCIAL STATEMENT AND DIRECTOR OF COMPANY :-



M.G. George Muthoot

Education • Graduate in Mechanical

Engineering from Manipal

University • Attended various Executive Management Courses at the Harvard Business School

Experience • Over four decades of experience in managing businesses operations in the field of financial services



George Thomas Muthoot

Profession • Businessman by profession

Experience • Over three decades of experience in managing businesses operations in the field of financial services.

Shareholding pattern

Our shareholding pattern as on March 31, 2019 was as below:



Entity	Percentage holding (%)
● Promoters and relatives	73.66
● Foreign Institutional Investors (FIIs), Financial Corporations (FCs), Mutual Funds (MFs) and Others	23.31
● Public	3.03

Diversified funding profile



Entity	Percentage holding (%)
● Borrowings from banks/Fls	49
● Secured NCDs	30
● Commercial paper	18
● Other loans	2
● Subordinated debt	1

10-Year Performance Review

Particulars	(₹ in Millions unless otherwise specified)									
	2018-19*	2017-18*	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Total revenue	68,806	63,331	57,467	48,750	43,246	49,474	53,781	45,490	23,159	10,894
Profit before tax	30,768	28,447	19,210	13,168	10,279	11,936	15,114	13,312	7,612	3,456
Provision for tax	11,047	10,671	7,411	5,072	3,573	4,135	5,072	4,392	2,670	1,180
Profit after tax	19,721	17,776	11,798	8,096	6,705	7,801	10,042	8,920	4,942	2,276
Equity share capital	4,007	4000	3,994	3,990	3,980	3,717	3,717	3,717	3,202	3,010
Reserves and surplus	93,921	74,120	61,170	52,202	46,855	88,929	33,639	25,540	10,142	2,835
Net worth	97,928	78,120	65,164	56,192	50,835	42,646	37,356	29,257	13,344	5,845
Loan assets	342,461	291,420	272,785	243,789	234,085	218,615	263,868	246,796	158,685	74,381
Branches (total number)	4,480	4,325	4,307	4,275	4,245	4,270	4,082	3,678	2,733	1,605
Employees (total number)	24,224	23,455	24,205	22,781	22,882	25,012	24,881	25,351	16,688	9,745

*Under IND-AS

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OBJECTIVES

- To Study about Gold Loan in detail with reference to muthoot Finance.
- To analyse customer satisfaction toward Gold Loan with reference to muthoot finance.
- To analysis the Gold loan eligibility criteria with reference to muthoot finance.
- To Know the purposes of a gold loan taken by a customer.
- To know about the preference of the customer.
- To study the lending practice of Gold loan by muthoot finance.
- To determine repayment method of gold loan in muthoot finance.



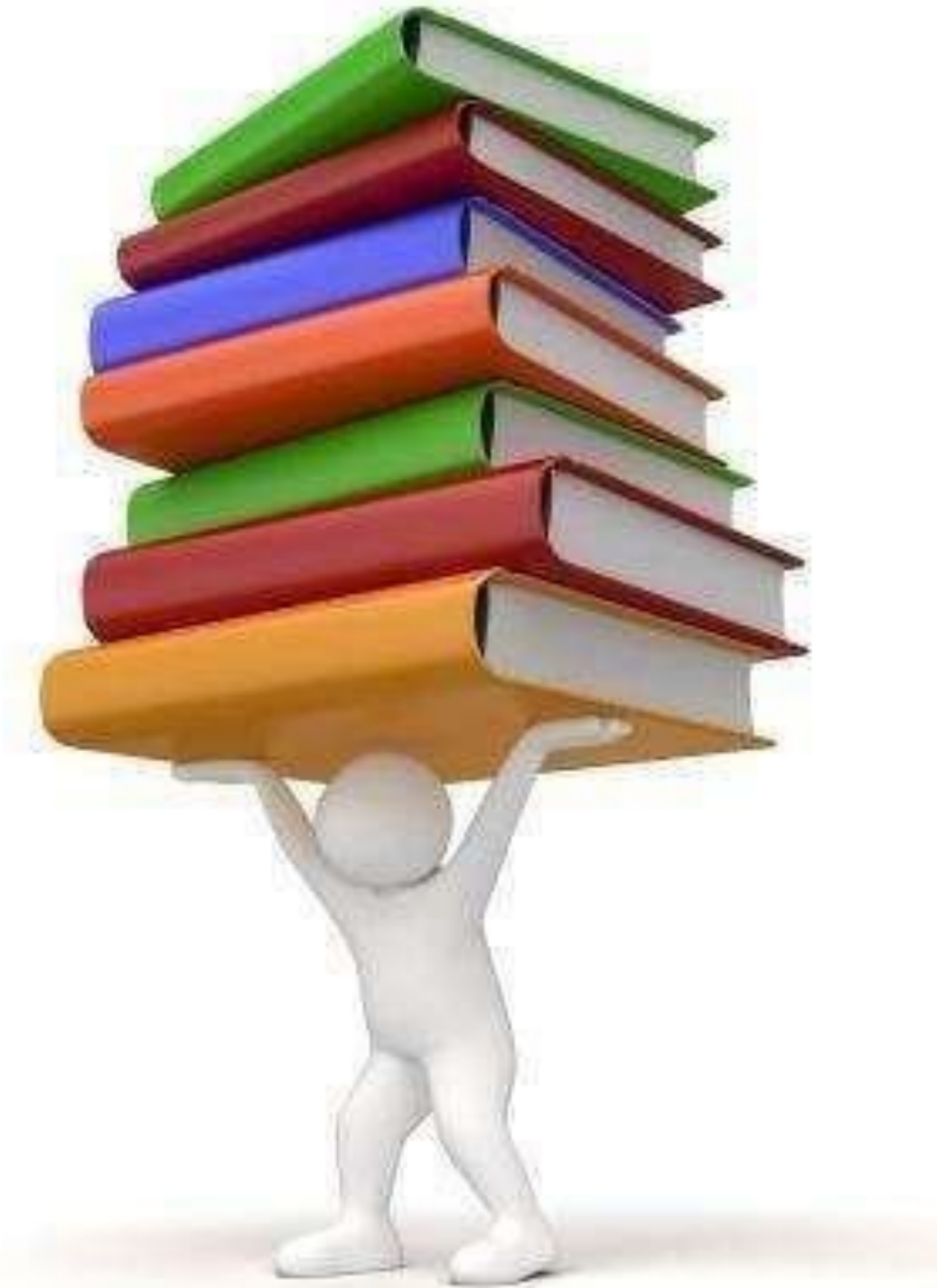
shutterstock.com • 532510951

HYPOTHESIS

On the basis of the objective of the study, the following null hypothesis was developed for the purpose of the present study.

There is no relationship between security for gold ornaments pledged and the rate of interest charged with the level of satisfaction towards gold loan offer by Muthoot Finance.

RESEARCH METHODOLOGY



Research Methodology

Research Methodology – is a way to systematically solve the research problems. The Research methodology includes the various methods and techniques for conducting a research Marketing Research is the systemic design, collection, analysis and reporting of data and finding relevant solution to a specific marketing situation or problem. Research is, thus, an original contribution.

The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. Though each research study has its own specific purpose, we may think of research objectives as falling into a number of following broad groupings:

Research design :-

Research in common parlance refers to a search for knowledge. In fact research is an act of scientific investigation.

Descriptive Research Design

1. Evaluating secondary data
2. Survey
3. Case study
4. Observation

Sampling Design

- Target population :- Gondia district
- Sample frame :- Muthoot finance branch
- Sample unit :- bank employees , customer
- Sample design :- Random – Non random sampling design
- Sample size :- 25 person
- Sample select :- 20 person

Sample Design Method use :-

1. Random Sampling

- a. Simple Random sampling design
- b. Stratified Random Sampling

2. Non Random Sampling

- a. Convenience Non Random sampling design
- b. Jugdemental

Data Collection

The task of data collection begins after the research problem has been defined and research design chalked out. While deciding the method of data collection to be used for the study, the researcher should keep in mind two types of data viz. Primary and secondary data.

The data collection can be grouped under two types

- ❖ Primary data

- ❖ Secondary data

PRIMARY DATA:-

Primary data are those which are the first time. They are original in character. They are collected by the research for the first time for his own use.

Primary data are first hand information and are collected from various sources like:

- ❖ Direct Personal Investigation
- ❖ Interview Method
- ❖ Questionnaire Method
- ❖ Observation Method

SECONDARY DATA:-

Secondary data are those which have already been collected by others. When it is not possible to collect data in primary form, the researcher may take the help of Secondary data; they are those which have already been collected with some other view in mind. They are collected for serving the objects other than what the researcher might have in his mind.

The source of secondary data includes:

- Books
- Websites
- Journals

Eligibility and document required for availing golden loan from muthoot finance

1. Age of the loan applicant should be between 18 and 70 years.
2. Gold form acceptable is bank-purchased coins and self-owned jewellery.
3. Loan amount eligible will be calculated on the content of the gold and not any other precious metal, stone, or material in the pledged ornaments.
4. Interest rates applicable on this scheme change from time to time; however discounted rates are generally applicable as the purpose of the loan is to fulfil farming needs.
- 5 Maximum of Rs.20.00 Lakh for priority sector loans including Agriculture purposes.
Maximum of Rs.25.00 Lakh for non priority sector loans
6. Interest against hallmarked jewellery and gold coins (max 50 gms):7.55%
7. Bank charges on loans limit upto Rs. 1L :NIL and over Rs.1L is maximum Rs. 250 on Principal loan amount.
8. Loan tenure is maximum 48 months.
9. Facility for paying the loan in EMI are available for customers.
10. A borrower has to submit a PAN card and basic KYC documents and 2 photo
11. Any of the government recognized identity and address proof will do.

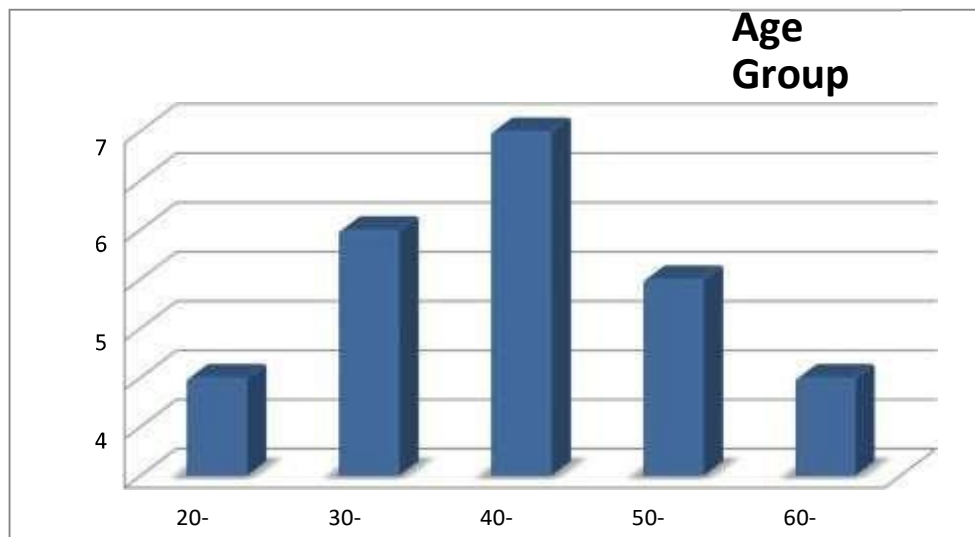
DATA ANALYSIS AND INTERPRETATION



DATA ANALYSIS AND INTERPRETATION

a) **Age Group:**

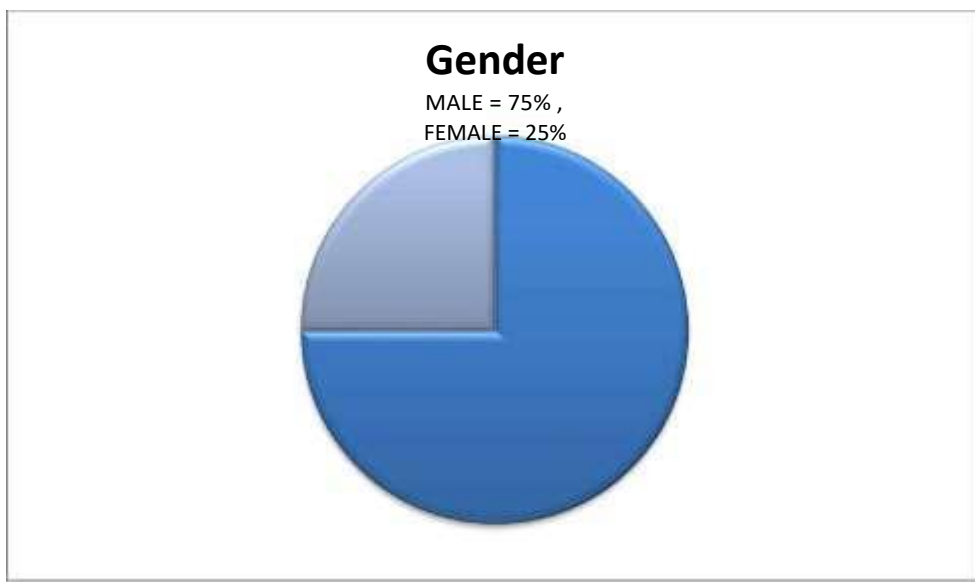
Sr. No	Age Group	No. of Customer	Percentage
1	20-30	7	10%
2	30-40	6	25%
3	40-50	8	35%
4	50-60	9	20%
5	60-70	10	10%
Total		40	100%



The above graph indicates classification of number of farmer in term of age group. Maximum number of customers belongs to the age group 40-50 i.e. 7 in number 35% Minimum number of customer in the age group 20-30- and 60-70-i.e. 2 in number 10

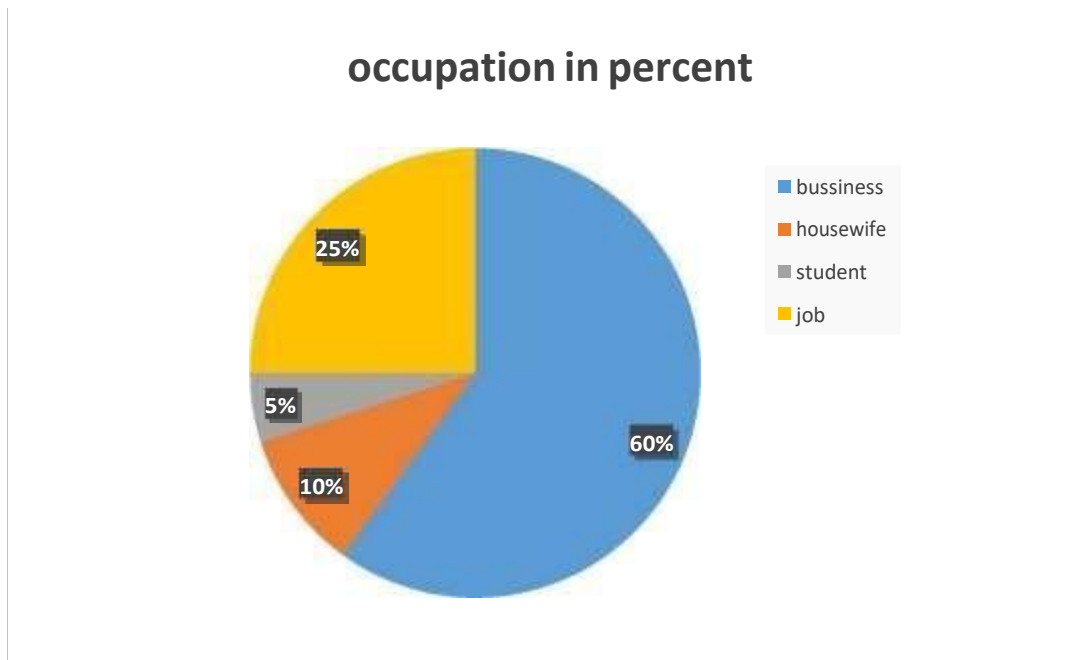
b) Gender Of Customer

Sr. No.	Gender	No. of Customer	Percentages
1	Male	27	75%
2	Female	13	25%
	Total	40	100%



c) Occupation of the Customer

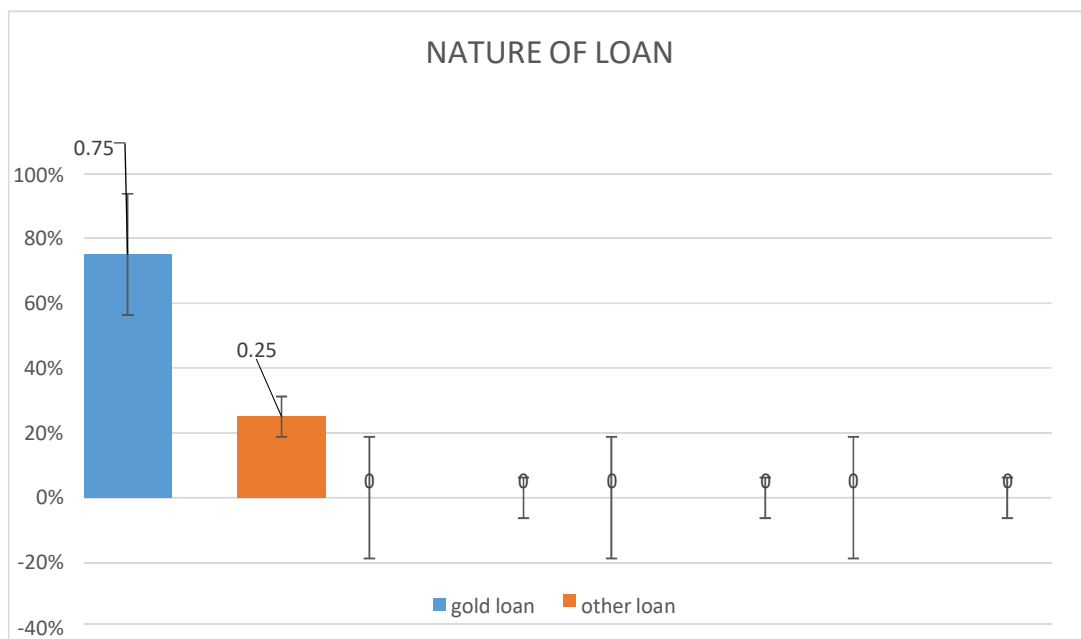
Occupation	Number of respondent	In percent
Bussiness man	15	60%
House wife	10	10%
Job	7	25%
Student	8	5%
Total	40	100%



IN TABLE NO-3 MOST OF THE RESPONDENT ARE FROM SERVICE SECTOR (JOB-5)AND REMAINING ARE FROM BUSINESS (12) ,STUDENT (1),AND HOUSEWIFE(2)

d) CHOICES AND PREFERENCES OF CUSTOMER

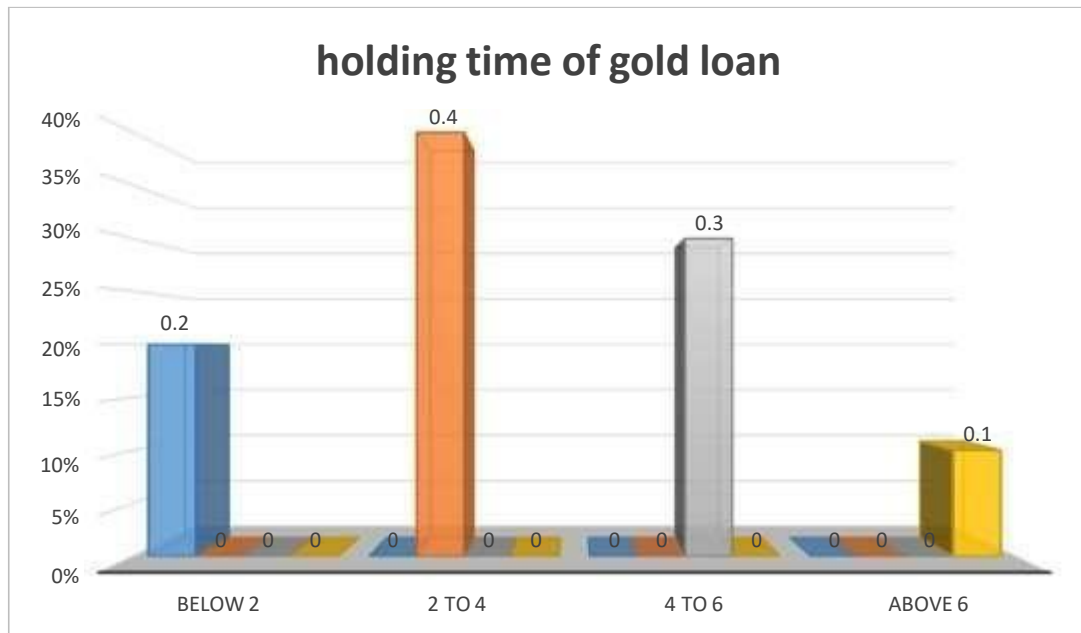
Nature of loan	No of Respondents	%
Gold Loan	30	75%
Other Loan	10	25%
Total	40	100%



The table-1 shows that 15 of the respondents choose a gold loan and 5 of the respondents are other loan holders

e) **DURATION OF HOLDING GOLD LOAN**

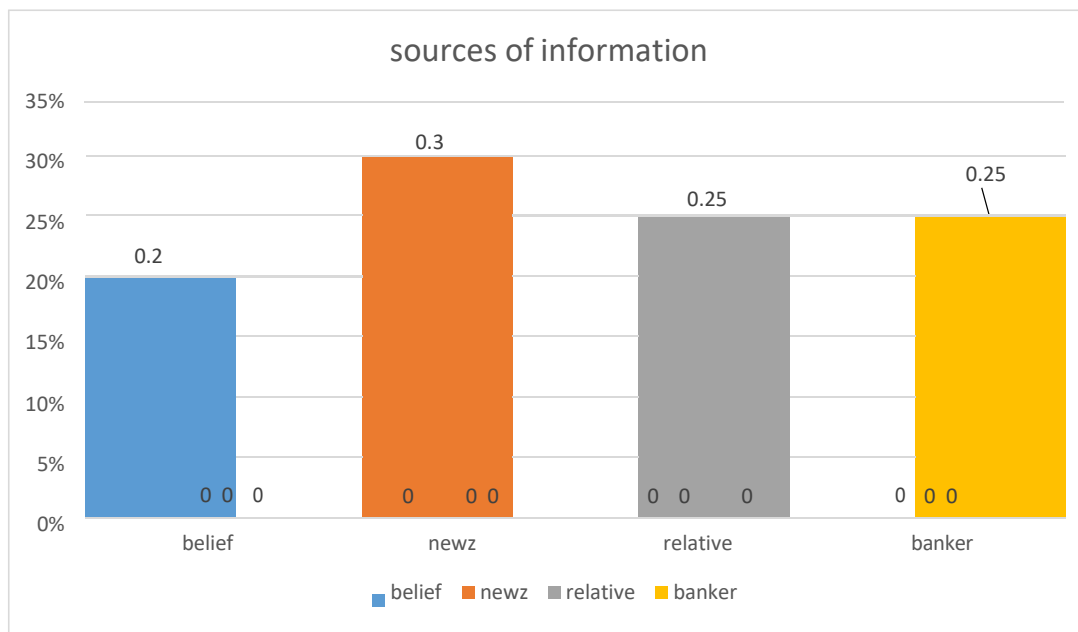
Years	No of respondent	In percent
Below 2 year	4	20%
2 - 4	8	40%
4 - 6	6	30%
Above 6	2	10%
Total	20	100%



The table-reveals that 4 of the respondents are taking out loans for the period of less than 2 years. 8 of the respondents are taken for the period of 2-4 years, 6 of the respondents are taken for the period of 4-6 years and 2 of the respondents are taken for the period of more than 6 years

f) **SOURCES OF INFORMATION**

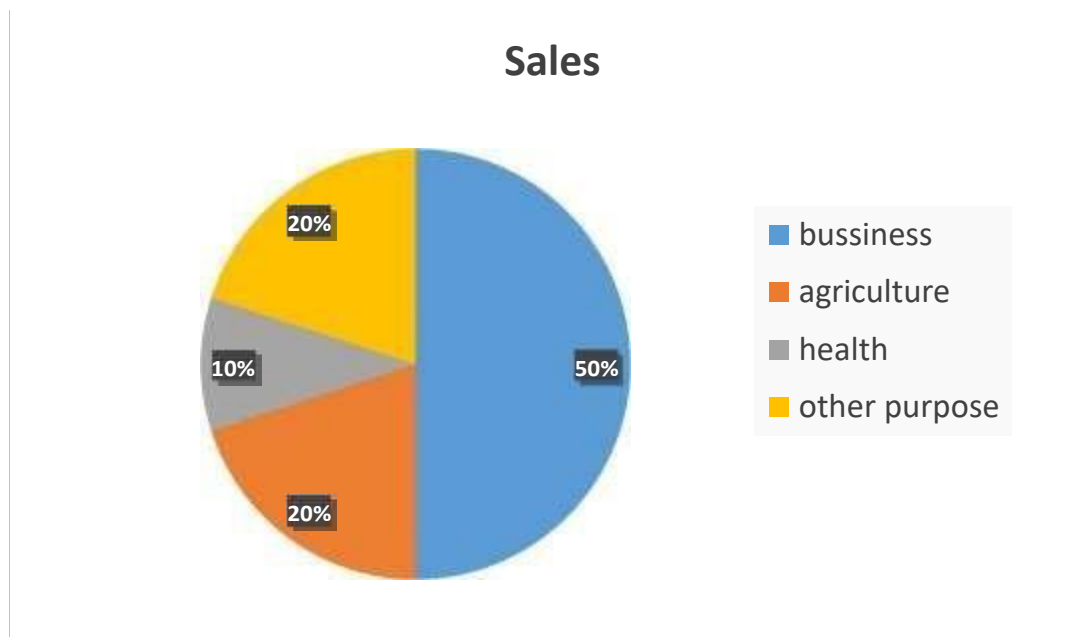
Sources	No of Respondents	percent %
Perception/ Belief	4	20%
T.V/ Newspaper/ Magazines	6	30%
Family members/ Relatives	5	25%
Banker/ Representatives	5	25%
Total	20	100%



The table-5 shows that the majority 4 of the respondents came to know about the gold loan through their own experience and belief, 6 of the respondents through Television, Newspapers and Magazines, 5 of the respondents through family members and relatives and 5 of the respondents through bankers and representatives.

g) PURPOSES FOR AVAILING LOANS

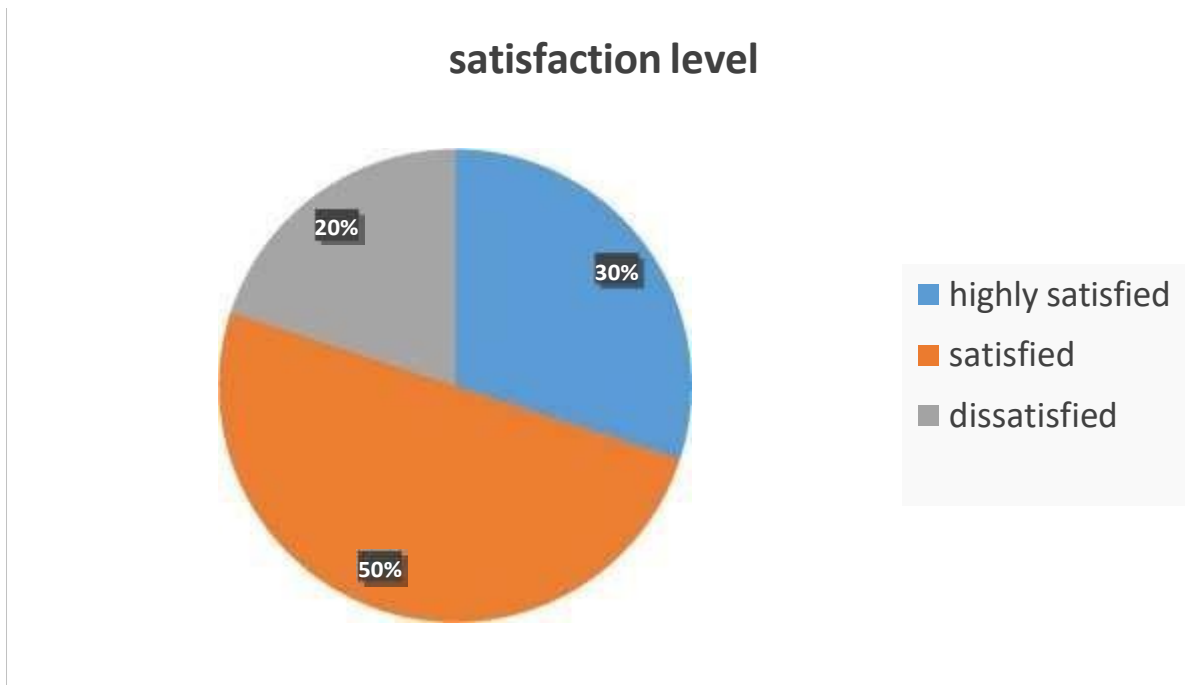
Purpose	No of respondent	PERCENT %
Bussiness	12	50%
agriculture	7	20%
health	8	10%
Other purpose	13	20%
total	40	100%



The table-6 shows that 20% of people took loans for Agriculture purposes.50% taken for business purposes.

h) CUSTOMERS' SATISFACTION TOWARDS GOLD LOAN

Satisfaction level	No of respondent	Percent
Highly satisfied	22	30%
Satisfied	12	50%
Dissatisfied	6	20%
total	40	100%



the customers satisfaction of 30% customers Highly Satisfied and only 20% customers Dissatisfied and 50% satisfied.

i) MONTHLY INCOME

MONTHLY INCOME	No of respondent	Percent %
Below 10000	7	20%
10000 to 30000	10	15%
30000 to 1 lakh	12	15%
Above 1 lakh	11	50%
Total	40	100%

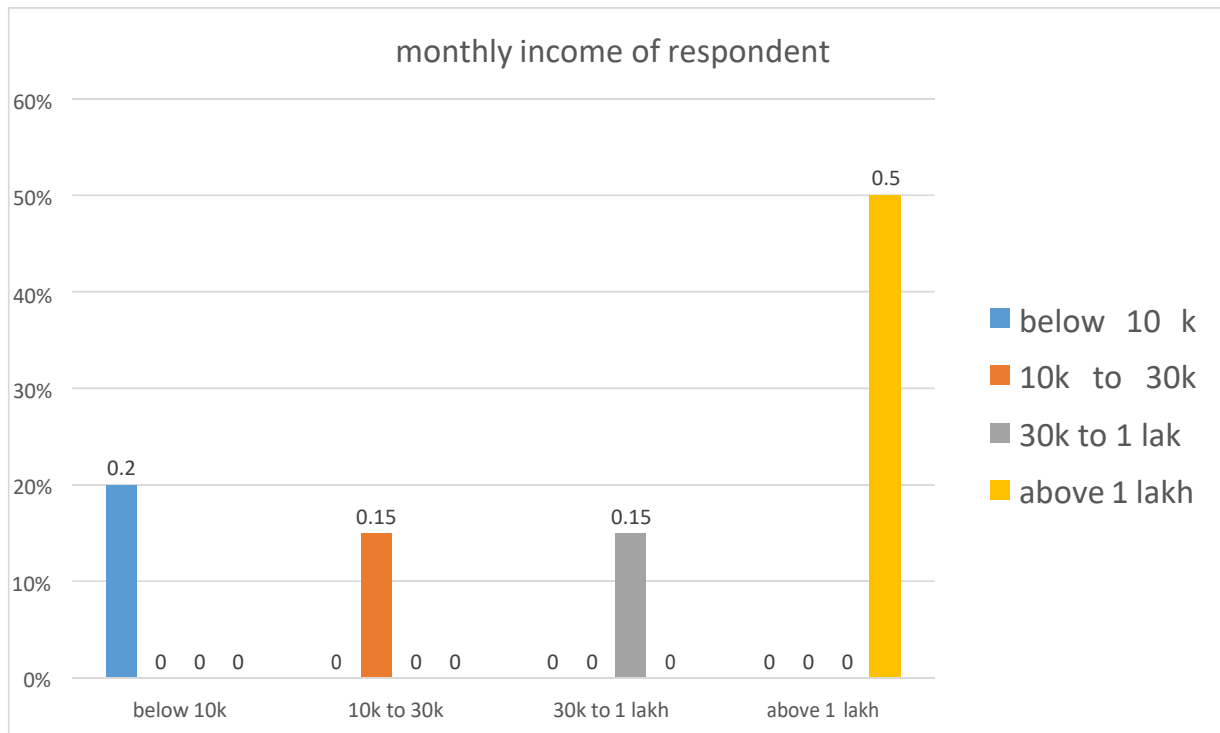
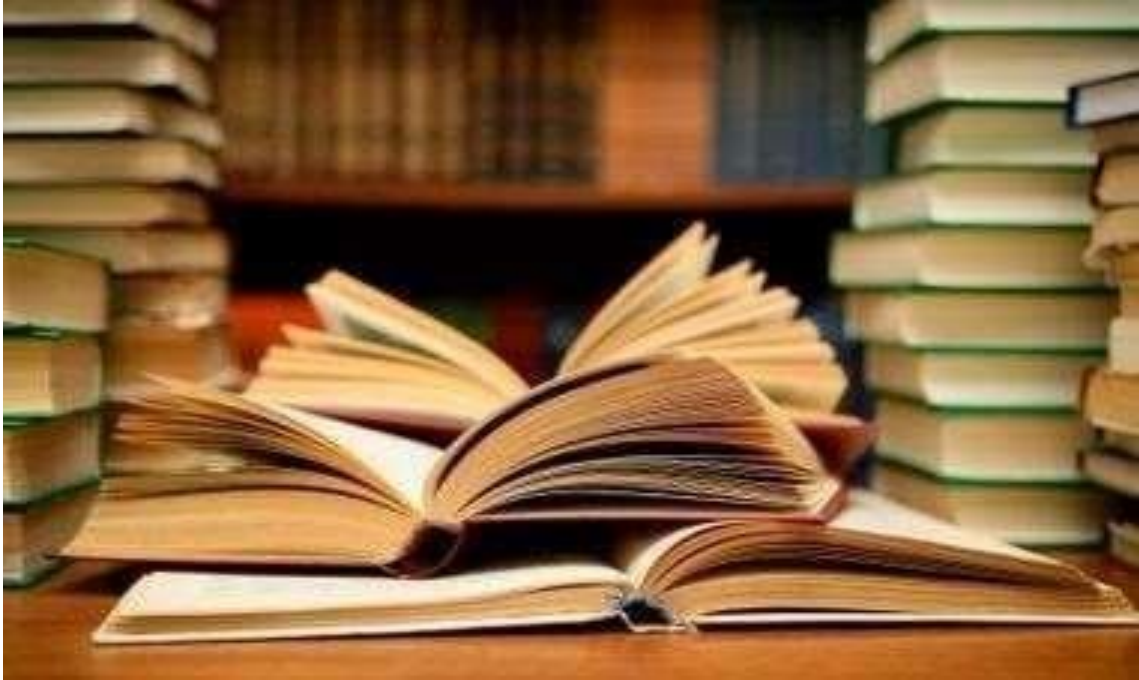


TABLE NO-9 Show that 20% of the Respondents have income below 10,000.no of respondents whose monthly income is between 10000-30000 are 15%. 15% respondents have an income of 30000-100000 and the rest 50%repondent have an income of above 1 lakh .

FINDINGS OF THE STUDY



FINDINGS OF THE STUDY



1. The study show that Out of 20 respondents, 78% preferred muthooth finance and 22% of respondents preferred other financial institutions to avail a gold loan.
2. More than 85%respondents preferred to avail a gold loan when compared to other loans.
3. The primary factor which influenced to avail gold loan from muthoot finance Were high security for the jewels pledged.
4. The Borrowers of muth0oth finance Were highly satisfied with the safety for the security pledged, and they are dissatisfied with the quality of services provided.

Testing A Hypothesis

HYPOTHESIS TESTING

H1 . It is easy to avail gold loans at muthoot finance. Hence proof according to the employer respondent its easily available **ACCEPTED HYPOTHESIS.**

H2 . Table 6 show that all the respondent are satisfied of their gold loan security hence hypothesis accepted.

H3 . level of satisfaction of customers is not based on relationship between security for gold ornaments pledged and the rate of interest towards gold loan offer by muthoth finance.

Conclusion

A close-up photograph showing a hand holding a silver pen, writing the word "Conclusion" in a cursive script on a white surface. The pen is positioned at the end of the word, and the hand is visible on the right side of the frame.

Conclusion

Thus it can be concluded that gold loan has become one of India's fastest growing businesses. It was obvious that the majority of people prefer muthoot finance when compared to other institutions irrespective of the attractive features followed by other institutions . This is because the muthoot finance ensures security for the gold ornaments pledged, and the rate of interest charged is also less. But the preference towards other institutions in availing gold loan also is increasing nowadays as they provide an adequate amount for the gold jewels pledged and the time taken to disburse the gold loan is even less. Therefore the borrowers meet their expenses at the time of emergency. Thus gold loans offered by muthoot finance and other institutions help the marginal sections of society in meeting their necessary fund requirements whenever required.



SUGGESTION

1. *The muthoot finance should provide an adequate amount of gold loan, similar to other financial banks and Companies. Therefore the preference of borrowers towards Bank of India increases in availing a gold loan. Even though the rate of interest charged is same as Other financial banks and companies , the borrowers prefer to avail gold loans from other institutions as the time is taken to disburse the gold The loan is less.*

2. *The muthoot finance should try to disburse the gold loan within a short duration and also improve the quality of services while giving gold loan to the borrowers.*

3. *There is great scope for expanding financial inclusion in extending gold jewellery loans. If banks continue to increase .*



LIMITATION

There are many respondents who are not giving answers in a proper way. Sometimes they feel like this is fraud or their data will be used at any other site! They feel insecure when sharing their income details, qualification details, occupation and how many times they suffer from an emergency need of money. Some respondents are filling this form in urgency so the information should be not accurate. Many are refused questionnaires because of lack of knowledge about google form and lack of trust issues to give their details on the internet



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BIBLIOGRAPHY

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- a. M. G. George Muthoot - Remembering a Prodigy of Leadership, Entrepreneurship & Humanity.
- b. Financial Institutions Management: A Risk Management Approach, 8th Edition
· Anthony Saunders

2. Website :-

- a. <https://www.muthootfinance.com/>
- b. <https://www.muthootgroup.com/>
- c. https://en.wikipedia.org/wiki/Muthoot_Finance

ANNEXURE

(QUESTION FOR RESPONDENT)

NAME :------

Contract :------

Age :------

1) CHOICES AND PREFERENCES OF CUSTOMER

- GOLD LOAN
- OTHER LOAN

2) GENDER

- MALE
- FEMALE

3) OCCUPATION

- BUSSINESS
- HOUSEWIFE
- JOB
- STUDENT

4) DURATION OF HOLDING GOLD LOAN

- BELOW 2 YEAR
 - 2 TO 4 YEARS
 - 4 TO 6 YEARS
 - ABOVE 6 YEARS
-

5) SOURCES OF INFORMATION

PERCEPTION

NEWSPAPERS

RELATIVES

BANKER

6) PURPOSE OF AVAILINF LOANS

BUSSINESS

AGRICULTURE

HEALTH

OTHER PURPOSE

7) CUSTOMER SATISFACTION TOWARD GOLD LOAN

HIGHLY SATISFIED

SATISFIED

DISSATISFIED

8) MONTHLY INCOME

BELOW 10000

10K TO 30K

30K TO 1 LAKH

ABOVE 1 LAKH