

## PRESS RELEASE

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### Organised gold loans to reach Rs.15-trillion mark by March 2026

- Banks maintain their dominant position and have increased their share
- NBFC assets in gold loan segment envisioned to expand by 30-35% in FY2026

ICRA projects the organised gold loan (GL) market to reach the Rs. 15 trillion mark in the current financial year, a year earlier than previously expected. The steady uptrend in gold prices, scaling new highs, is the key reason behind the sharper than envisaged expansion. Subsequently, ICRA now estimates the GL size to rise to Rs. 18 trillion in FY2027.

*“ICRA foresees the NBFC GL AUM to expand by 30-35% in FY2026, considering elevated gold prices and lower growth in the unsecured loan products, which are also generally targeted at the same borrower segments. Further, diversification by players into this space and a sizeable estimated free gold-hold in the country provide visibility for achieving this,” said A M Karthik, Senior Vice President and Co-Group Head Financial Sector Ratings, ICRA Limited.*

GLs had expanded at a compounded annual growth rate (CAGR) of about 26% during FY2024-FY2025 and stood at Rs. 11.8 trillion as of March 2025, with banks showing a slightly higher expansion rate vis-à-vis non-banking financial companies (NBFCs). Over the longer term too, i.e., during FY2020–FY2025 (six years), the bank GL asset under management (AUM) grew faster at around 26% relative to the 20% increase recorded by NBFCs, leading to a decline in the share of the latter in the overall organised GL AUM.

Growth in overall GLs was primarily fuelled by agriculture and other loans secured by gold jewellery, which were extended by banks. The same accounted for more than 70% of the overall GL as of March 2024. However, this segmental growth slowed significantly in FY2025 as banks imposed stricter eligibility criteria and reclassified some of these loans under the retail/personal category. Consequently, the share of retail/personal gold loans by banks increased to 18% (of the overall GLs) in March 2025 from 11% in March 2024 and the share of agriculture and other loans secured by gold jewellery declined to 63%. Banks remain the dominant player with 82% market share in overall GLs with NBFCs contributing to the rest. The share of NBFCs has declined from 22% in March 2021, indicating bank’ established position in this space.

The overall NBFC GL AUM stood at about Rs. 2.4 trillion as of June 2025, growing by ~41% on a YoY basis. NBFC GLs are concentrated among a few players; and their share has been steadily declining. The top four players accounted for 81% of NBFC GLs as of March 2025, lower than 90% as of March 2022.

Based on the data of the large players in the space, it was observed that the NBFC GL AUM expansion in the recent past was largely driven by the uptrend in gold prices, while the gold holding (tonnage), held as security by the players, reported a modest growth. The tonnage expanded at a mild 1.7% CAGR during FY2020-FY2025 vis-à-vis a 20% increase in the GL AUM during this period. Some entities even witnessed a decline in their gold holdings, even as their AUM expanded at a healthy rate. The number of branches, which are the key source for the GL business model, also rose at a modest 3.3% CAGR during the above-mentioned period. The average loan ticket size, however, more than doubled during this period.

*“NBFCs focused on GLs maintain their robust lending spread, supported by improving operational efficiencies and moderate credit losses, which sustain their net earnings. Nevertheless, competitive intensity is steadily increasing from new entrants and the ongoing expansion of banks in this segment, resulting in potential yield pressures for market participants. Consequently, continuous enhancement of operating efficiencies will be crucial for these players to build adequate buffers against such yield pressures,” Karthik added.*

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