

# ● Gold loan market dynamics

**THE ORGANISED GOLD** loan market, comprising banks and NBFCs, is expected to cross ₹10 lakh crore in FY26 and could touch ₹15 lakh crore by March 2027, as per credit ratings agency ICRA. However, 70-75% of India's gold loan market still operates in the unorganised sector. Unlike banks and NBFCs, which offer gold loans at interest rate of 10-18%, the unorganised market offer gold loans at 24-25% interest. Gold loans are closely linked to gold prices and are sensitive to market fluctuations. The surge in gold prices in the last few years has also led to the increased popularity of gold loans, one of the reasons which has prompted the central bank to tighten the rules. With the number of gold loans going up, non-performing assets (NPAs) have gone up too. Commercial banks reported gold loan NPAs of ₹2,040 crore as of December 2024 from ₹1,404 crore a year ago. NPAs of finance companies involved in gold loans surged to ₹4,784 crore NPAs as of December 2024 against ₹3,904 crore the previous year.