

**India Gold Loan Assessment, By Provider Type [Banks, Non-Banking Financial Institutions, Fintech Gold Loan Platforms, Unorganized Sector], By Loan Type [Term Loan, Line of Credit, Bullet Repayment Loans, EMI-based Loans], By Mode of Disbursement [Online, Offline], By Region, Opportunities and Forecast, FY2019-FY2033F**

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**Report description:**

India gold loan market is projected to register a CAGR of 4.02% in the forecast period FY2026-FY2033, increasing from USD 5.41 billion in FY2025 to USD 7.42 billion in FY2033F. A variety of structural and socioeconomic factors contribute to this momentum, notably the "demand for instant liquidity" among underserved populations, the growing movement toward digital finance, and changing consumer preferences regarding the tenure and type of collateral used in credit products, increasingly prefer short-term collateralized credit and gold loans. Traditional banking models do not often offer what the informal sector requires, so gold loans became a readily available solution, with little documentation and disbursed quickly. Financial institutions, especially NBFCs, have started to revise their gold loan products and services out of necessity and are deploying tech enabled lending platforms, AI-based risk profiling, and GPS-targeted consumer engagement platforms to enhance compliance and fraud tools within the climate of new compliance framework, while also delivering hyper-personalized services at very high scales.

The gold loan market in India is seeing robust growth driven by the cultural importance of gold and its user-friendliness as a preferred short-term collateral option. Demand is primarily coming from small businesses, rural households, and individuals seeking to raise cash instantly with minimal documentation and no credit history. Various lending sources in the gold loan space, including banks, NBFCs, and fintech platforms, are utilizing digital technology to enhance transparency and efficiency. Digital tools, including eKYC, AI-based price valuations, and mobile disbursement, are being adopted. The recent regulatory updates, aimed at promoting financial inclusion and innovation in financial services, have enabled lenders to offer affordable interest rates, faster turnaround times, and expand their reach to previously unexplored geographies. The formalization of this loan market is

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replacing informal borrowing while offering greater consumer protection.

In June 2025, the Reserve Bank of India (RBI) implemented a regulation about Loan-to-Value (LTV) pricing on gold loans for loans below USD 2,900 at an LTV of 85%. This regulation provides access for more low-income borrowers and incentives for formal lenders to provide gold collateralized credit to a wider group of consumers.

**Growing Branch Expansion by NBFCs is a Driving Force for India Gold Loan Market**

Non-banking financial companies, or NBFCs, are responsible for roughly 80% of the gold loan market in India. NBFCs have an extensive network of urban, rural, and semi-urban branches and can design products that are suitable for rural and semi-urban borrowers. For first-time borrowers and small business enterprises, NBFCs benefit from easier barriers to entry and a faster approach to appraisal. As a form of personal loan product, they further leverage gold loans by offering flexible repayment options, EMIs, and reward loyalty programs that encourage repeat gold loans and assist in retaining customers. Unlike commercial banks, NBFCs tend to have speedier timelines to respond to regulatory changes and position themselves to scale quite rapidly in micro-markets.

Recently, in April 2025, Poonawalla Fincorp excitedly launched a gold loan vertical to put into action an aggressive vision to build up to 400 new branches. This speaks to the ability for NBFCs to aggressively build new branches in parts of the country where demand is high due to their commitment to dominance. Approvals for loans are available in "less than 30 minutes", and "minimal documents" are required, along with multiple payment flexibility options, to unlock the maximum potential of each potential borrower's gold holdings.

**Digital Innovation in Gold Loan Processes Drives India Gold Loan Market Demand**

The Indian gold loan market is being revamped in a big way due to the high pace of digital innovation and transformation in the lending value chain. The lending system today is deploying platforms such as mobile loan origination apps, AI modules for gold purity testing, eKYC, integrated repayment tracking modules, etc., for a seamless, transparent, and real-time experience for customers. All these digital touches minimize manual errors, avoid delays in documentation, and enable secure services irrespective of branches in most situations. This is a huge advantage in a rural/semi-urban area where physical infrastructure is not available. As a result, the onboarding period for customers shrinks from days to minutes, giving customers a quick and satisfactory experience and lenders operational efficiencies.

Additionally, collaborations between fintech and banks are enabling 'purchase-to-loan' ecosystems where users can now pledge either physical or digital gold as collateral from their mobile, receive pre-approved loan offers, and repay completely digitally. This enhances inclusion while giving individuals not accustomed to mainstream banking systems flexible access to credit, thereby reshaping the competitive landscape of gold lending in India.

**NBFCs Dominate the Gold Loan Market Share in India**

In the Indian gold loan ecosystem, NBFCs are the dominant provider type. Their vast distribution, customer familiarity, flexibility of loan terms (term loans, EMI-based options, etc), and risk-based pricing have allowed them to seize a large share of the market, especially in rural or semi-urban India where banks are unavailable. NBFCs also have hybrid digital-offline models that assist them in quickly onboarding customers with their mobile app models.

In June 2025, L&T Finance acquired Paul Merchants Finance's gold loan business. This highlights the consolidation of NBFCs to operationalize large geographies and borrower bases. The gold loan vertical is expected to strengthen LTF's position as a diversified retail-focused lender under its Lakshya 2026 roadmap.

**Key Players Landscape and Outlook**

India's gold loan market is a highly competitive landscape with key players. The institutions can compete against the historical dominance of non-banking financial companies (NBFCs), e.g., Muthoot and Manappuram, by utilizing branch networks to physically engage with customers through digital platforms that offer scale. NBFCs were able to establish themselves as leaders as they marketed and offered products only secured by gold, with a significant rural presence. Now, commercial bankers are cross-selling their gold loan products to existing customers alongside their numerous other banking services, including credit cards, auto loans, and so on, meaning they can now utilize customer data and have an existing trust amongst customers that NBFCs solely have with a customer base that specializes in gold loans.

Global private equity firms are viewing the Indian gold loan market as evidence of a potentially resilient and lucrative investment opportunity on which they will also capitalize. For instance, in March 2025, Bain Capital invested in Manappuram Finance Limited

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by acquiring joint control in Manappuram Finance. Therefore, demonstrating ongoing investor confidence in the long-term growth fundamentals for India's gold loan ecosystem and playing out as a best-case scenario as Bain investors not only provide capital to the Indian gold loan economies, but also provide great learnings with their global acumen in scaling fast digital lending operations and improving governance of financial institutions.

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\*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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