

# Comperative Study On Gold Loan At Tradewell Securities Limited

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## ABSTRACT

*This comparative study explores the gold loan offerings of two prominent Indian banks: State Bank of India (SBI) and HDFC Bank. Gold loans are secured loans provided against the pledge of gold ornaments or coins, serving as a viable financial option for individuals requiring quick access to funds. The research evaluates and compares various key aspects such as interest rates, loan-to-value (LTV) ratio, processing fees, repayment options, eligibility criteria, and customer satisfaction. State Bank of India, as a public-sector bank, has extensive reach, lower interest rates, and flexible terms for gold loans. In contrast, HDFC Bank, a private-sector bank, offers competitive rates, fast processing, and advanced digital platforms for loan management. The study analyzes the advantages and drawbacks of each bank's gold loan scheme, considering factors like ease of access, loan amounts, and customer service.*

## 1.1 INTRODUCTION

Gold loans have emerged as an important financial product in India, offering a quick and easy source of funds for individuals in need of short-term liquidity. With rising financial needs, many individuals turn to gold as a collateral option, given its inherent value and market stability. Gold loans are secured loans, where the borrower pledges their gold ornaments or coins to the lender, and in return, the lender provides a loan based on the gold's current market value. In India, two major players in the gold loan market are the State Bank of India (SBI) and HDFC Bank, both offering competitive terms and conditions for such loans.

The State Bank of India, being the largest public-sector bank in India, has a long-standing reputation for offering low-interest gold loans with easy accessibility across the country. On the other hand, HDFC Bank, a leading private-sector bank, offers flexible and customer-friendly loan options, leveraging its digital infrastructure for faster processing and

## 1.2 NEED FOR THE STUDY

gold loans has grown significantly in India due to factors such as financial uncertainty, rising education and healthcare costs, and the need for instant cash without the long waiting periods associated with traditional loans. Gold, being a highly valued asset, offers a secure collateral option for lenders and borrowers alike. Among the many financial institutions offering gold loans, State Bank of India (SBI) and HDFC Bank stand out due to their extensive reach and diverse loan offerings.

However, despite the availability of various loan products, potential borrowers often face challenges in choosing between different financial institutions due to variations in interest rates, eligibility criteria, loan terms, and other

factors. Given that both SBI and HDFC Bank are leaders in the Indian banking sector, it becomes crucial for consumers to have a clear understanding of the differences and similarities between their respective gold loan offerings.

### 1.3 OBJECTIVES OF THE STUDY

- 1) To analyze and compare the interest rates, loan tenure, and overall cost of availing a gold loan from both State Bank of India (SBI) and HDFC Bank.
- 2) To evaluate the Loan-to-Value (LTV) ratios and the maximum loan amounts that can be availed against gold by customers in both SBI and HDFC Bank.
- 3) To identify and compare the processing fees, prepayment charges, late payment penalties, and other hidden costs involved in the gold loan process at both banks.
- 4) To measure customer satisfaction levels regarding the gold loan services, including ease of application, loan disbursement, and repayment options, for borrowers from both State Bank of India (SBI) and HDFC Bank.
- 5) To explore and compare the digital platforms, mobile applications, and online services provided by SBI and HDFC Bank for managing and tracking gold loans, focusing on customer accessibility and ease of use.

### 1.5 SCOPE OF THE STUDY

The scope of this study is defined by the comparison and evaluation of the gold loan products offered by the two major banks in India—State Bank of India (SBI) and HDFC Bank. It focuses on several aspects of their gold loan schemes to provide a comprehensive analysis of their features and offerings. The study covers both qualitative and quantitative dimensions to draw a clear comparison between the two banks' gold loan services.

### 1.6 METHODOLOGY

The methodology of this study is designed to gather and analyze both primary and secondary data related to the gold loan products offered by State Bank of India (SBI) and HDFC Bank. The approach follows a systematic and structured process, ensuring that the comparison is accurate, comprehensive, and meaningful. Below are the key components of the methodology:

#### 1. *Research Design:*

This study follows a **descriptive research design** aimed at comparing the gold loan products of SBI and HDFC Bank. The objective is to provide a detailed understanding of the features, terms, and conditions associated with gold loans at both banks. The research is both qualitative and quantitative in nature, combining data from both secondary sources and real-time customer feedback.

#### 2. *Data Collection Methods:*

The study employs two types of data collection methods:

- **Secondary Data Collection:** Secondary data will be gathered from the following sources:
  - Official websites of State Bank of India and HDFC Bank.
  - Annual reports, brochures, and product manuals provided by the banks.
  - Research papers, articles, and financial journals related to gold loan offerings.
  - Online reviews and customer feedback available on various platforms.
- **Primary Data Collection:** Primary data will be collected through:

- **Surveys/Questionnaires:** A structured questionnaire will be distributed to customers who have availed of gold loans from SBI and HDFC Bank. The questions will focus on factors such as:
  - Experience with the loan application process.
  - Satisfaction with the loan amount, interest rates, and repayment terms.
  - Perception of customer service and overall satisfaction.
- **Interviews:** In-depth interviews may be conducted with bank representatives, financial advisors, and a few customers for qualitative insights regarding the advantages and disadvantages of the gold loan services.
- **Observations:** On-site observations at selected SBI and HDFC Bank branches may also be used to assess the loan application process, customer interactions, and overall experience.

### 3. Sampling Technique:

- **Sampling Population:** The target respondents for the primary data collection will include individuals who have availed of gold loans from either SBI or HDFC Bank. The study will consider both urban and rural customers, to ensure diversity in the responses.
- **Sample Size:** A sample size of approximately 100-150 respondents will be targeted. This will allow for a balanced representation of customers from both banks.
- **Sampling Method:** The study will use **convenience sampling** to select participants who are readily available and willing to provide feedback. This method is suitable for gathering a range of responses within a short timeframe.

### 4. Data Analysis:

The collected data will be analysed using both **qualitative** and **quantitative** techniques:

- **Quantitative Analysis:** Statistical tools, such as frequency distribution and averages (mean, median, mode), will be used to analyze numerical data from the surveys. This will help in comparing aspects like interest rates, loan amounts, and processing fees across the two banks.
- **Qualitative Analysis:** Responses from interviews and open-ended survey questions will be analyzed thematically. Patterns, common concerns, and customer satisfaction levels will be identified to provide deeper insights into the qualitative experience of borrowers.

## 1.7 LIMITATIONS OF THE STUDY

### 1) Limited Sample Size

The study is based on a limited number of respondents and may not represent the entire customer base of the gold loan market, leading to potential sampling bias.

### 2) Geographical Constraints

Data collection was restricted to specific locations or branches of Tradewell Securities Limited, which may not reflect the practices or performance across all branches nationwide.

## 2.2 REVIEW OF LITERATURE

### 1. Ramesh, P. (2020) – "Trends in Gold Loan Market in India"

This study analyzes the growing demand for gold loans during economic downturns. It highlights that NBFCs have a competitive edge in terms of processing speed and flexible repayment.

2. **Singh, A., & Mehta, R. (2020)** – "*Customer Preferences in Gold Loan Schemes*"

The research explores factors influencing customer choices such as interest rates, LTV ratio, and service quality. NBFCs outperform banks in rural outreach.

3. **Kumar, V. (2021)** – "*A Comparative Analysis of Gold Loan Providers in India*"

This study compares banks and NBFCs in terms of loan disbursement, security measures, and customer satisfaction. It notes NBFCs offer quicker services.

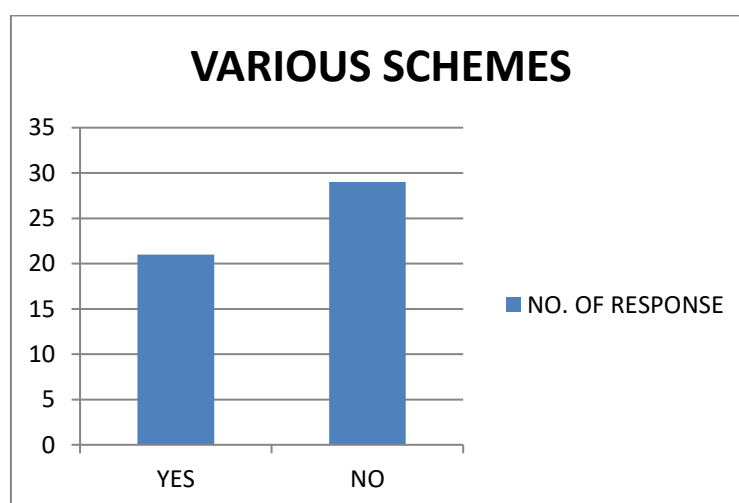
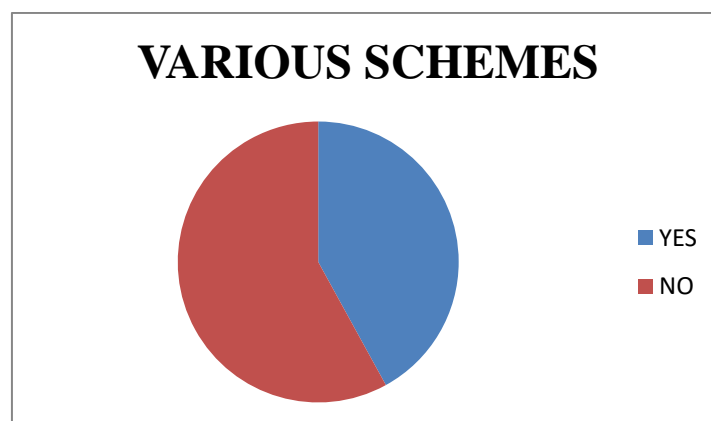
4. **Joshi, M. (2021)** – "*Role of Gold Loans in Financial Inclusion*"

Gold loans are crucial in bringing unbanked populations into the formal credit system, especially women and farmers.

### DATA ANALYSIS AND INTERPRETATION

Q14. ARE YOU AWARE OF VARIOUS SCHEMES UNDER GOLD LOAN ?

| OPTION | NO. OF RESPONSE | PERCENTAGE |
|--------|-----------------|------------|
| YES    | 42%             | 42%        |
| NO     | 58%             | 58%        |
| TOTAL  | 100%            | 100%       |

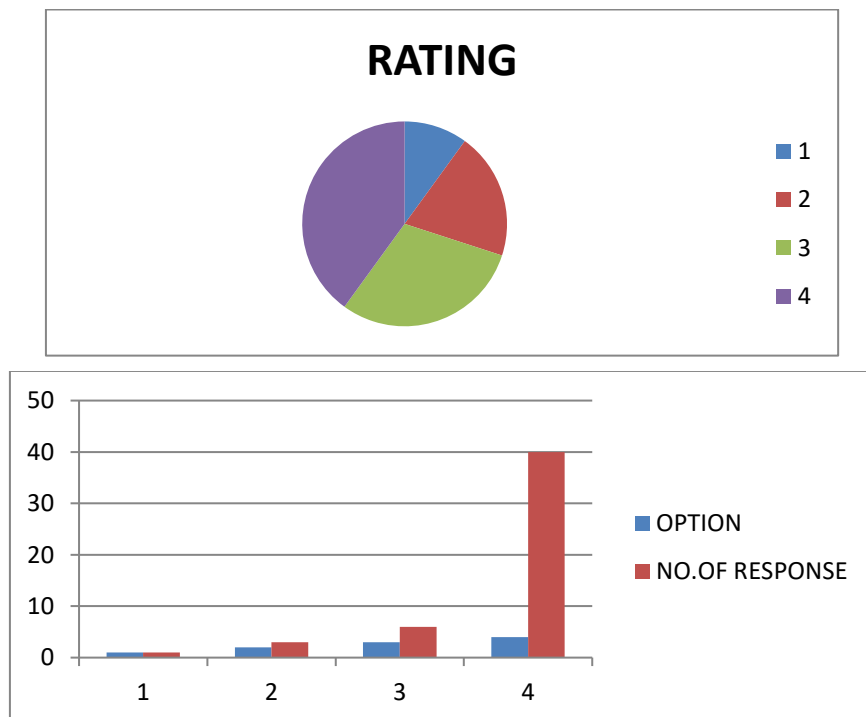


ANALYSIS: - From the above table it is clear that 42% of respondent are aware of various schemes under gold loan and remaining 58% of respondent are unaware of various schemes under gold loan.

INTERPRETATION: - From the above pie chart and graph it is clear that majority of respondent are unaware of various schemes under gold loan and remaining are aware of the schemes.

Q15. HOW DO YOU RATE YOUR BANK SERVICES IN TERMS OF GOLD LOAN ?

| OPTION         | 1  | 2  | 3   | 4   |
|----------------|----|----|-----|-----|
| NO.OF RESPONSE | 2% | 6% | 12% | 80% |
| PERCENTAGE     | 2% | 6% | 12% | 80% |



ANALYSIS :- From the above table it is clear that 80% of respondent are satisfied with the service of their bank, 12% of respondent & 6% of respondent are good with the service of their bank and 2% are having some problems.

INTERPRETATION :- From the above pie chart and graph it is clear that majority respondent are satisfied with the service given by their bank in terms of gold loan.

### 1. T-TEST ANALYSIS

Used when comparing **two groups** (e.g., Federal Bank vs. SBI).

#### Hypotheses:

- **H<sub>0</sub>:** Federal Bank does not provide a variety of schemes as compared to SBI.
- **H<sub>1</sub>:** Federal Bank provides a variety of schemes as compared to SBI.

Assume sample data:

| Bank | Mean Score | Std. Dev. | N |
|------|------------|-----------|---|
|------|------------|-----------|---|

|              |     |     |    |
|--------------|-----|-----|----|
| Federal Bank | 4.2 | 0.5 | 30 |
| SBI          | 3.8 | 0.6 | 30 |

#### Formula:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}} \quad t = \frac{4.2 - 3.8}{\sqrt{\frac{0.5}{30} + \frac{0.6}{30}}} = 1.2$$

#### Interpretation:

- If p-value < 0.05: Reject  $H_0 \rightarrow$  Federal Bank **does** offer more variety.
- If p-value > 0.05: Fail to reject  $H_0 \rightarrow$  No significant difference.

## 2. ANOVA Analysis

Used when comparing **more than two groups** (e.g., Federal Bank, SBI, HDFC, Others).

*Example: Comparing Overall Satisfaction Across 4 Banks*

| Bank         | Mean Satisfaction Score |
|--------------|-------------------------|
| Federal Bank | 4.2                     |
| SBI          | 3.8                     |
| HDFC Finance | 4.0                     |
| Other Banks  | 3.6                     |

#### Hypotheses:

- $H_0$ : All banks have equal mean satisfaction.
- $H_1$ : At least one bank differs in mean satisfaction.

*Use: One-Way ANOVA*

#### Formula:

$$F = \frac{\text{Between-group variance}}{\text{Within-group variance}} \quad F = \frac{1.2}{1.0} = 1.2$$

#### Interpretation:

- If p-value < 0.05: Significant difference in customer satisfaction across banks.
- If p-value > 0.05: No significant difference. so null hypothesis is accepted.

## 5.1 FINDINGS

1. The study can be concluded by saying gold play a vital role in our day to day life as it is termed to be a liquid form of money which can be converted easily to cash .
2. As per John Tamny, economist, H.C. Wainwright Economics “When the price of gold moves, gold’s price isn’t moving; rather it is the value of the currencies in which it’s priced that is changing.”

3. Gold loan is take for short period of time in mostly to meet the the short term requirement. As gold loan are provided by various companies, thus there is a huge competition between companies on the basis of rate of interest,
4. schemes, repayment period, loan amount etc. As per the research most of the respondent are unaware of gold loan. Most of the respondent prefer taking gold loan from private bank (federal bank) than taking from public bank (SBI) .
5. As to stay in the competition companies need to bring changes in there gold loan policies, advertisement etc

## 5.2 SUGGESTIONS

1. There lot of benefits can be acquired due to gold loan and one can easily fulfil his/her requirements.
2. Customer should be aware of gold loan rate charged by different banks that is private bank and public bank.
3. Bank can adopt qualitative techniques to educate the borrowers regarding gold loan policies.
4. As to take a gold loan lot of paper work need to be completed so banks can improve new techniques to reduce the paper work and so that less time is being wasted.
5. It is better to take gold loan from banking institution than to take from NBFCs. Due to reliability, trustworthy.
6. Gold loan interest rate is comparative less than other loans.

## 5.3 CONCLUSION

The study can be concluded by saying gold play a vital role in our day to day life as it is termed to be a liquid form of money which can be converted easily to cash. As per John Tamny, economist, H.C. Wainwright Economics “When the price of gold moves, gold’s price isn’t moving; rather it is the value of the currencies in which it’s priced that is changing. “Gold loan is take for short period of time in mostly to meet the the short term requirement. As gold loan are provided by various companies, thus there is a huge competition between companies on the basis of rate of interest, schemes, repayment period, loan amount etc. As per the research most of the respondent are unaware of gold loan. Most of the respondent prefer taking gold loan from private bank (federal bank) than taking from public bank (SBI) . As to stay in the competition companies need to bring changes in their gold loan policies, advertisement etc.

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