

NBFCs, banks focus on shorter tenure gold loans to boost margins

A research report by India Infoline adds that the shift to shorter tenure products will help in ensuring a robust asset quality as the interest loss arising is limited

Nupur Anand | Mumbai May 23, 2016 Last Updated at 00:22 IST



Shutterstock

Banks and non-banking financial companies (NBFCs) are now looking at gold loans of shorter tenure (three to six months) unlike earlier when the duration used to be one year or more. V P Nandakumar, managing director and CEO of Kerala-based Manappuram Finance explained the company's decision to focus on shorter-term loans helped improve profitability. "This is because by focusing on short-term loans, our auction (of gold deposited by defaulting customers) could come down. And, this has been a great help as the losses arising out of lower auction has helped in protecting ...

