

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1198**

ANSWERED ON TUESDAY, 10 FEBRUARY, 2026/ 21 MAGHA, 1947 (SAKA)

**RISE IN GOLD LOANS AND ECONOMIC DISTRESS AMONG BORROWERS**

1198 SHRI NARAIN DASS GUPTA:

Will the Minister of FINANCE be pleased to state:

- (a) the reasons for the 71.3 per cent rise in Gold loans in Financial Year 2025 and whether Government has studied the economic distress behind it;
- (b) the details of the Gold loan portfolio of banks and NBFCs over the past five years, categorized by borrower demographics and loan size;
- (c) why Gold loans make up 40 per cent of credit issued to women and steps to provide alternative credit options; and
- (d) the impact of rising Gold prices on household financial stability and whether Government has assessed its effect on rural and middle- class households?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) to (d): As per the data from Reserve Bank of India (RBI) on 'Deployment of Gross Bank Credit by Major Sectors', the 'Loans against Gold Jewellery' under 'personal loan segment' has grown by 71.3% during December, 2024 over December, 2023. However, the absolute increase of said loan was Rs.71,858 crore during December, 2023 to December, 2024, against overall increase in Non-Food credit of Rs.17,67,929 crore, thereby constituting only 4.06% of the overall incremental Non-Food credit during the same period.

The "loans against gold" have been instrumental in promoting financial inclusion and providing access to credit, particularly to the rural, micro, small and medium enterprises (MSMEs) and underserved segments of the population by bringing the new-to-bank or new-to-credit customers amongst that segment under the ambit of formal lending channels, including banks and Non-Banking Financial Corporations (NBFCs), and by protecting such borrowers who could otherwise have moved to unorganized channels and been susceptible to usurious rates and prejudiced loan covenants.

Further, adequate guardrails, necessary supervisions and suitable controls are put in place by the regulator to ensure that credit growth in all segments of loans including Gold Loans are within the envisaged risk tolerance levels.

RBI has informed that it does not have the data of gold loan portfolio by borrower demography and loan-size. However, details of the overall gold loan portfolio of Scheduled Commercial Banks (SCBs) and Non-Banking Financial Corporations (NBFCs) are as under —

SCBs excluding Regional Rural banks and Payment Banks	
Period*	Loan outstanding (Rs. crore)
Mar-23	6,15,341
Mar-24	7,73,248
Mar-25	9,83,716

*\*RBI has submitted that Gold Loan data of SCBs is available from March 2023 onwards only.*

*Source: RBI*

NBFCs (Upper and Middle layer)	
Period	Loan outstanding (Rs. crore)
Mar-21	1,12,428
Mar-22	1,18,971
Mar-23	1,29,787
Mar-24	1,54,315
Mar-25	2,08,481

*Source: RBI*

The relatively higher share of Gold Loan in overall loans taken by Women Borrowers may primarily be attributed to increased awareness among Women Borrowers and their view that the Gold, held by them can be monetized at the time of need. It also underscores women's growing economic participation and financial inclusion, particularly in rural areas, increasing diversity in women's credit needs, from entrepreneurial ventures to personal financial management. Further, to promote and provide viable and alternate sources of funding to women borrowers, multiple schemes have been launched by the Government of India, including, *inter-alia*, Mahila Samridhi Yojana, Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women, and Stand-Up India.

Prices of precious metals, including, *inter alia*, Gold are primarily driven by the position of demand and supply and other macroeconomics factors, and are determined in the global market. Perception of gold being a stable and loss-averse investment, in addition to being primary preference for jewelleries and ornaments in India due to cultural factor, plays a major role in its demand in Indian household. Since, gold can be pledged to raise debt easily, specially at the time of emergencies and personal needs, increase in its value increases the ability of households possessing gold to raise resources. However, rising gold prices may also limit the capability of households, including rural and middle-class households, to purchase gold, leading to households exploring alternate investment options.

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