

# A STUDY ON CUSTOMER SATISFACTION TOWARDS GOLD LOANS OFFERED BY NBFCs WITH SPECIAL REFERENCE TO MANAPPURAM FINANCE LIMITED IN KANNIYAKUMARI DISTRICT

By

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## Abstract

*Manappuram Finance Ltd. is one of India's leading gold loan NBFCs which was founded in the year 1949 in the coastal village of Valapad (Thrissur District). The firm was involved in pawn broking and money lending carried out on a modest scale. The NBFC has 4637 branches across 28 states/UTs with assets under management (AUM) of Rs. 272.24 billion and a workforce of more than 30,000. Gold loans were for long sold as a "one-size-fits-all" product. The company was a pioneer in introducing variety to it, for instance, by offering progressively higher loan amounts at higher price points. It was also the first to come up with "one-day interest" where borrowers have the option to settle a gold loan at their earliest convenience, even within a day, at a time when the norm was to recover a minimum interest of seven days, or even a month. Gold loans are secured loans where the customer pledges the gold ornaments they hold as a collateral deposit against the money they are going to receive. They are usually taken for short term financial obligations. The main objective of this paper is to analyze the customer satisfaction towards gold loans offered by the Manappuram finance limited in Kanniyakumari district.*

**Keywords:** NBFCs, manappuram finance, gold loans and customer satisfaction.

## Introduction

Gold loans are secured loans where the customer pledges the gold ornaments they hold as a collateral deposit against the money that they are going to receive. They are usually taken for short term financial obligations. They are secured loans whereas personal loans are unsecured. The gold loan requires a collateral deposit, where the gold itself is pledged against the money the customer receives, while in personal loans collateral deposits are not required. Gold loans allow greater disbursal amount; through the gold loan, the borrower can draw up to 5 crores while personal loan allows disbursal up to just 40 lakhs. The

lower interest rate of the gold loan is another feature that has convinced people to avail gold loan facilities widely for their financial requirements. The procedures included in the application for a gold loan are very simple. The customer has to first approach a lender, the lender will value the gold and calculate the maximum amount the customer can borrow. The customer will be required to fill a loan application for this and submit necessary documents such as copies of ID proofs and valid address proof. Once the value is calculated, the money is instantly disbursed and the customers can use it for their intended purpose immediately. Anybody over the age of 18 can apply for a gold loan provided he or she is

the actual owner of the ornaments they present. The banks are not required to consider factors such as income, age, credit score, banking history, etc.

### Objective

The important objective of this study is to analyze the customer satisfaction towards gold loans offered by Manappuram Finance Ltd. in Kanniyakumari district.

### Methodology Area of study

The area chosen for the study is Kanniyakumari district.

### Sources of data

The study is confined with both primary and secondary data.

### Primary Data

The primary data are collected through a well structured interview schedule. Direct interview was also conducted among 30 gold loan borrowers of Manappuram Finance in Kanniyakumari district.

### Secondary Data

The secondary data have been mainly collected from the books, journals, magazines, and also from the internet.

### Sampling Design

In order to study the customer satisfaction towards gold loans, 30 borrowers are selected as samples using convenient sampling method.

### Statistical Tools Used

The collected data were analyzed with the help of various statistical measures such as *Percentage and Chi-Square Test*.

The formula for Chi – square is

$$x^2 = \sum \frac{(O-E)^2}{E}$$

### Hypothesis

On the basis of the objective of the study, the following null hypothesis was developed for the purpose of the present study.

Ho. There is no relationship between the personal factors and the level of satisfaction towards gold loans offered by Manappuram Finance.

### Analysis of Data

The data collected to study the objectives of the study are analyzed using suitable statistical tools and presented in the tables given below:

### Personal profile of the borrowers

The personal profile of the respondents is considered for the study to know about the status of the people in the society and presented in the table given below.

**Table 1. Personal Profile of the respondents**

Variable	Category	No. of Respondents	Percentage
GENDER	Male	11	37
	Female	19	63

	Total	30	100
AGE	Up to 35	08	27
	35 – 55	16	53
	Above 55	06	20
	Total	30	100
MARITAL STATUS	Married	23	77
	Unmarried	07	23
	Total	30	100
EDUCATIONAL QUALIFICATION	Up to UG	21	70
	PG	04	13
	Others	05	17
	Total	30	100
OCCUPATION	Private Employee	17	56
	Government Employee	02	07
	Others	11	37
	Total	30	100
MONTHLY INCOME	Up to 25,000	23	37
	Rs 25,001 – Rs 50,000	04	06
	Above 50000	03	07
	Total	30	100
MONTHLY EXPENSES	Up to 5,000	08	27
	Rs 5,001 – Rs 10,000	12	40
	Above 10000	10	33
	Total	30	100

Sources : Primary Data

**Gender :** The above table depicts that, 11(37 Percent) of the borrowers are male and the remaining 19(63 percent) of the respondents are female.

**Age :** Regarding the age of the respondents 8(27 Percent) of the respondents come under the age group of up to 35 years, 16(53 Percent) of them belong to the age group of 35 – 55 years and the remaining, 6(20 Percent) of the respondents come under the age group of above 55 years.

**Marital Status:** From the above table it is found that 23(77 Percent) of the respondents are married and 7(23 Percent) of the respondents are unmarried.

**Education qualification :** It is revealed from the above table that out of 30 respondents 21(70 Percent) of the respondents are under graduates, 4(13 Percent) of the respondents are Post Graduates and the remaining 4(17 Percent) of the respondents are having other qualifications such as high school, higher secondary education diploma, technical education etc.

**Occupation:** From the above table it is clear that, 17(56 Percent) of the respondents are private employees, 2(7 Percent) of them are Government employees

and the remaining 11(37 Percent) of the respondents are house wives, students etc.

**Monthly Income:** It is inferred from the above table that, 23(37 Percent) of the respondents are earning Up to Rs.25000 per month, 4(6 Percent) of the respondents are earning Rs.25,001 – 50000, and 3(7 Percent) of the respondents are earning above Rs 50,000 per month.

**Monthly Expenses:** Regarding the monthly expenses of the borrowers it is found that, 8(27 Percent) of the respondents are spending up to Rs.5000 per month, 12(40 Percent) of the respondents are spending Rs.5,001 – 10000, and the remaining 10(33 Percent) of the respondents are spending above Rs 10,000 per month.

#### **Opinion about Level of Satisfaction towards Gold loans**

The respondents are also classified on the basis of their opinion about the level of satisfaction towards gold loans offered by Manappuram finance and presented in the following table.

**Table 2. Level of Satisfaction towards Gold loans**

Sl. No.	Level of satisfaction	No. of Respondents	Percentage
1	High	08	27
2	Medium	19	63
3	Low	03	10
	Total	30	100

Source: Primary Data

It is noted that 8(27 percent) of the borrowers are highly satisfied with the gold loans, 19(63 percent) of the respondents are satisfied medium level and the remaining 3(10 percent) respondents opined that their satisfaction level towards the gold loan is low.

### Chi – square analysis

An attempt has been made to analyze the personal factors and the level of satisfaction using chi – square test.

**Table 3. Personal factors and the level of satisfaction using chi – square test.**

Sl. No.	Factors	$\chi^2$ value	Table value	Inference
1	Gender	13.81	5.99	Rejected
2	Age	8.36	9.488	Accepted
3	Marital status	16.22	5.99	Rejected
4	Monthly income	18.06	9.488	Rejected
5	Monthly expenses	10.43	9.488	Rejected

It is inferred that the personal factors such as gender, marital status, monthly income and monthly expenses are dependent on the level of satisfaction and the factor age is independent on the satisfaction level of the borrowers towards the gold loans.

### Findings of the Study

The major findings of the study are:

- The researcher found that the majority 19(63 percent) of the respondents are female.
- Most 16(53 Percent) of the customers belong to the age group of 35 – 55 years.
- It is found that the majority 23(77 Percent) of the respondents are married.
- From the total 30 respondents 21(70 Percent) of the respondents are under graduates.
- The majority 17(56 Percent) of the respondents are private employees.
- Regarding the monthly income of the respondents it is found that 23(37 Percent) of the respondents are earning up to Rs.25000 per month.
- Regarding the monthly expenses of the borrowers it is found that, the majority 12(40 Percent) of the respondents are spending Rs. 5,001 – 10000 per month.
- The personal factors such as gender, marital status, monthly income and monthly expenses are dependent on the level of satisfaction and the factor age is independent on the satisfaction

level of the borrowers towards the gold loans.

### Conclusion

It is concluded from the above study that the majority of the borrowers are satisfied towards the gold loans offered by the Manappuram Finance Limited in the study

area. The customer service rendered by the NBFC is a key factor that leads to the satisfaction of the customers and the respondents prefer the gold loans than any other loans. It is also found that there is a significant association between the personal factors of the customers and their level of satisfaction towards gold loans.

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