

As banks cut in, gold loan firms ease rates & terms

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FACED with stiff competition from banks and fewer people coming in for loans against gold, non-banking financial companies (NBFCs) in the business have cut interest rates. The way penal rates are charged has also been eased.

Muthoot Finance has capped interest rate at 24 per cent; the cap was at 28 per cent earlier. Manappuram, too, has capped rates at 24 per cent, down from 27 per cent. The top rate at Muthoot Fincorp has already been 24 per cent for a while.

Muthoot Finance has changed the differential interest rate customers are charged for not servicing their loans in time.

Bloomberg



Earlier, the charge would have been a particular interest rate in the first three months, but if the loan was not serviced, the rate would go up in the next three months, and the additional rate was

applied to the entire six-month period.

Now the additional rate would apply only to the period the loan is not serviced, K P Padmakumar, executive director of Muthoot Finance, said.

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