

Gold Loan vs Bank Loan Comparison – 2026

Quick working capital guide for exporters & businesses

Designed for Exporters, MSMEs, Students & Trade Finance Professionals

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Note: Rates indicative as of January 2026 (RBI, SBI, HDFC, Muthoot data). /n Gold loans: 8.5%–12% p.a. /n Bank business loans: 10.5%–16%+ p.a.
From April 2026: RBI tiered LTV up to 85% for loans ≤₹2.5 lakh.
Always check latest offers with lenders.

Quick Comparison at a Glance

Parameter	Gold Loan	Bank Loan (Business/Overdraft)
Interest Rate (Jan 2026)	8.5% – 12% p.a.	10.5% – 16%+ p.a.
Processing Time	Same day / 1–2 hours	7–30 days
Loan Amount	75–85% of gold value (tiered from Apr 2026) on turnover/credit score	
Collateral	Gold jewellery/coins (18–22K)	Property or unsecured (higher rate)
Documentation	Minimal (KYC + valuation)	Extensive (ITR, financials)
Tenure	3–36 months (bullet option)	1–7 years
Prepayment Charges	Usually nil	1–4% in early years
Best For Exporters	Urgent orders, LC margins	Large expansion projects

Top Gold Loan Lenders (Jan 2026 Rates)

Lender	Starting Rate	Max LTV	Notes
SBI	8.25%	75–85%	Lowest bank rate
HDFC Bank	9.30%	75–85%	Quick digital
Muthoot Finance	11–12%	Up to 85%	Wide branches
Manappuram	10–12%	Up to 85%	Bullet option
Bajaj Finance	9.50%	Up to 85%	Online process

Why Gold Loan is Often Best for Exporters

- **Speed Saves Deals:** Funds in hours — perfect for urgent buyer advances or LC margins
- **Lower Cost:** Secured by gold → 2–4% cheaper than unsecured bank loans
- **No Income Proof Hassle:** Based on gold value, not turnover/ITR
- **Cashflow Friendly:** Pay interest monthly, principal at end (bullet repayment)
- **No End-Use Rules:** Flexible for raw materials, freight, or working capital
- **RBI protects:** Auction only after 30-day notice (2026 rules)

Risks & Tips

- Gold price fall → Margin call possible
- Prepay freely (most lenders)
- Choose RBI-regulated lenders only
- Use for business? No end-use check in gold loans

When Traditional Bank Loan Makes Sense

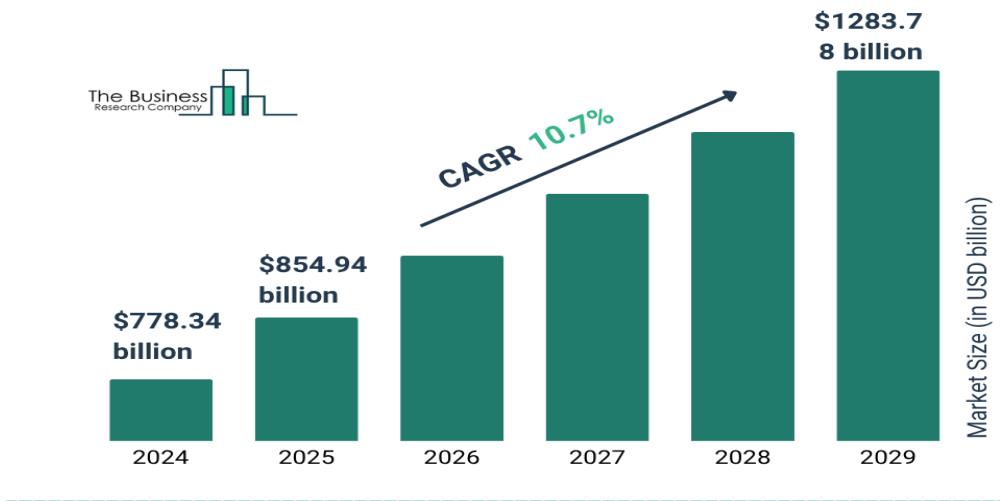
- Need ₹50 lakh+ for machinery/factory
- Longer tenure (5–7 years) required
- Building strong credit history for future large loans
- Eligible for government schemes (ECLGS, Mudra, PMEGP subsidies)

2026 Recommendation for Exporters

Scenario	Recommended	Why It Wins
Urgent export order / LC margin	Gold Loan	Speed & low stress
Short-cycle raw material purchase	Gold Loan	Cheaper + bullet repayment
Factory expansion / heavy machinery	Bank Loan	Higher amount + long tenure
Building long-term banking relationship	Bank Loan	Improves future credit access

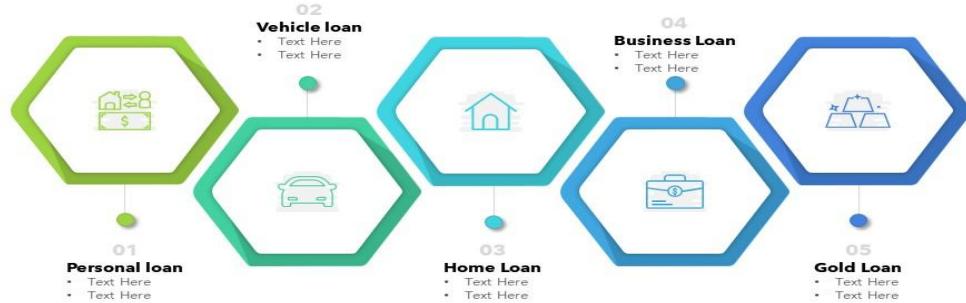


Personal Loans Global Market Report 2025



5 Types of Bank Loan Services

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GLOBAL GOLD LOAN MARKET

Segmentation Analysis



BY LOAN TYPE

- Bullet Repayment Loans
- Overdraft Facility
- Installment Repayment Loans

BY GEOGRAPHY

- North America
- Europe
- Asia-Pacific
- Rest Of The World

BY LOAN TENURE

- Short-Term Loans
- Medium-Term Loans
- Long-Term Loans

KEY PLAYERS

- Axis Bank Ltd.
- ICICI Bank Ltd.
- HDFC Bank Ltd.
- Federal Bank Ltd.