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Gold Loan or Sell Your Gold? A Research Report on Indian Prices

If you need cash but want to keep your gold, a 12-month gold loan at the median lowest published rate (9.35%) cost less than selling the gold and buying it back in 74% of start months between October 2016 and July 2026, BankCreds Research found. At the median highest rate (15%), borrowing still won in 58%.

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October 2016 – July 2026

Datasets
RBI v1.0 · 118 months + lender sites v1.0 · 16 lenders

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Executive summary

There are two ways to raise cash from gold you want to keep: pledge it for a gold loan and pay interest, or sell it now and buy it back later. BankCreds Research compared both for every month from October 2016 to July 2026 using RBI's monthly gold price, over 6, 12 and 24 months. The loan costs interest plus a small fee. Selling costs whatever gold rose by in the meantime, plus 3% GST when you buy back. Over most

of this period gold rose faster than gold-loan interest, so borrowing usually came out cheaper — but not always.

Key findings

Each finding is self-contained and may be quoted with attribution to BankCreds Research. Link a single finding with its anchor ([#finding-1](#), [#finding-2](#) ...).

- 1** A 12-month gold loan at the median lowest published rate (9.35%) cost less than selling the gold and buying it back in 74% of 106 start months between October 2016 and July 2026.
- 2** At the median highest published rate (15%), borrowing was cheaper in 58% of those months.
- 3** The median cost of selling and buying back after 12 months — the price rise plus 3% GST — was 19.4% of the cash raised, against about a year's interest at 9.35% plus a 0.45% fee for the loan.
- 4** Over 6 months borrowing at 9.35% won in 71% of start months; over 24 months it won in 80%.
- 5** In the median month, borrowing ₹1 lakh for 12 months instead of selling saved about ₹9,645 at 9.35%.
- 6** Selling came out cheaper when gold fell or stalled: over 12 months that happened in 28 start months, most recently July 2021; over 6 months, most recently January 2026.

- 7 Selling is shown at its cheapest here — without jewellery making charges or a jeweller's buy-back deduction — so for jewellery, the real cost of selling and buying back is higher than these figures.

Key statistics

12-MONTH GOLD LOAN CHEAPER THAN
SELLING

74%

of start months, at 9.35%

MEDIAN COST OF SELLING AND BUYING
BACK

19.4%

over 12 months, incl. 3% GST

MEDIAN SAVING PER ₹1 LAKH

₹9,645

12 months, borrowing vs selling

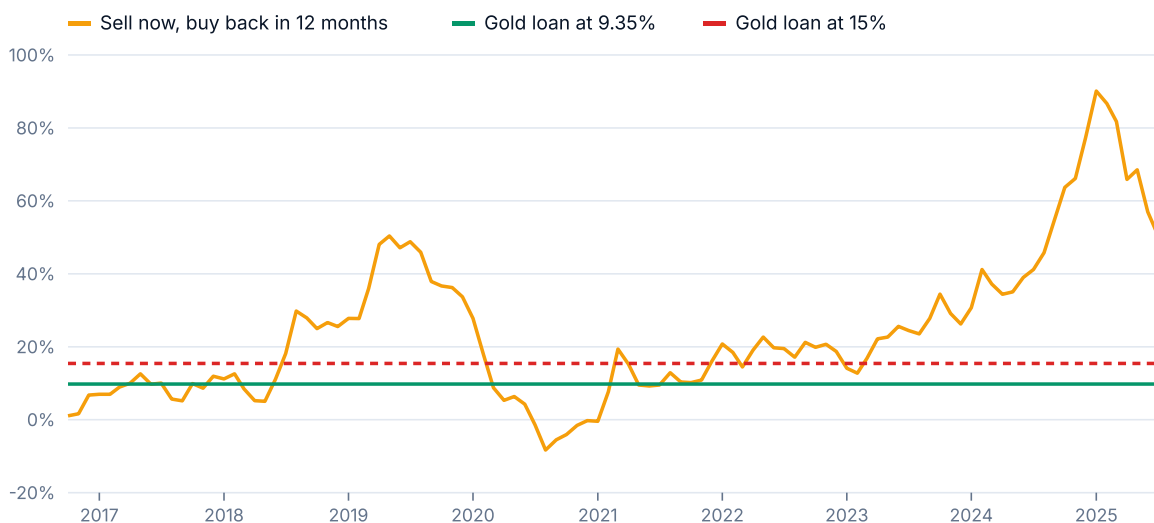
START MONTHS COMPARED

106

12-month periods since October 2016

Borrow against gold or sell it: 12-month cost

Cost of selling gold and buying it back 12 months later (price change + 3% GST) against the cost of a 12-month gold loan at the median lowest (9.35%) and highest (15%) published rates, both as a share of the cash raised.



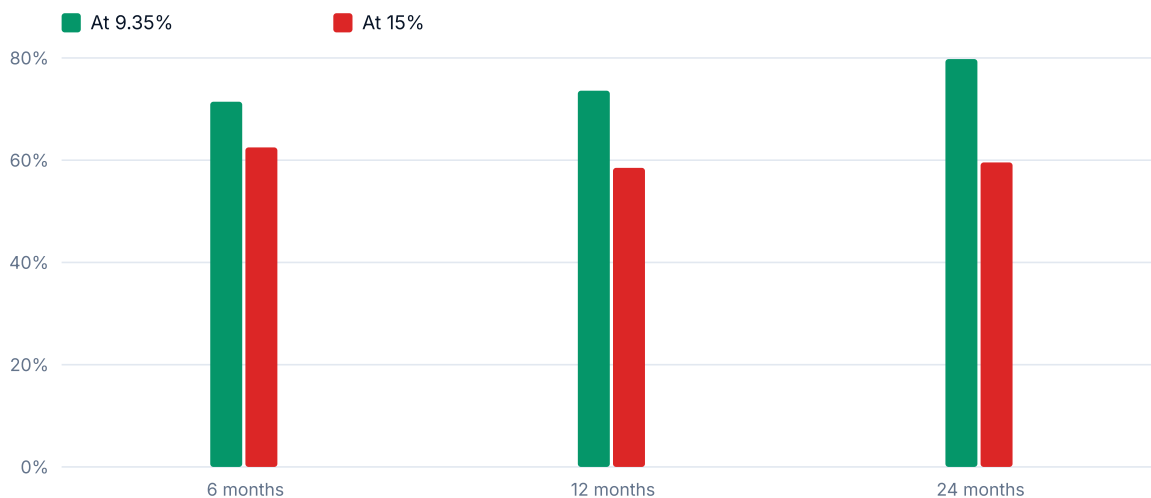
Source: BankCreds analysis of RBI and lender data · bankcreds.com/research

How we compared the two choices

Say you need ₹1 lakh. With a gold loan, you pledge gold, get the cash and pay interest plus a processing fee; at the end you repay and get the same gold back. If you sell instead, you get ₹1 lakh now, and to end up with the same gold you buy it back later at that day's price, paying 3% GST on the purchase. Borrowing is cheaper whenever the loan's interest and fee are less than the rise in the gold price plus the GST.

How often borrowing beat selling

Share of start months in which a gold loan cost less than selling the gold and buying it back at the end of the period.



Source: BankCreds analysis of RBI and lender data · bankcreds.com/research

When selling makes more sense

If you do not plan to buy the gold back, selling avoids interest altogether. Selling also came out ahead in periods when gold fell or went nowhere for a while — the most recent 12-month case started in July 2021. And a gold loan has its own risk: if prices fall during the loan, the lender can ask you to repay part of it or add more gold.

What this does not tell you

Past gold prices do not predict future ones. These results come from a decade in which gold mostly rose, which favours borrowing. Treat them as a guide to the trade-off — interest you know in advance against a price change you do not — not as a forecast.

Data tables

Borrow against gold or sell and buy back: results by period

Period	Start months	Loan cheaper at 9.35%	Loan cheaper at 15%	Median cost of selling	Median saving per ₹1 lakh	Last start month when selling was cheaper
6 months	112	71%	63%	9.2%	₹4,092	January 2026
12 months	106	74%	58%	19.4%	₹9,645	July 2021
24 months	94	80%	60%	37.2%	₹18,026	January 2021

Cost of selling = the gold price change over the period plus 3% GST when buying back (GST applies from July 2017; earlier purchases carried lower taxes), as a share of the cash raised. Making charges and jewellers' buy-back deductions are left out, so selling is shown at its cheapest. Cost of the loan = simple interest for the period plus the median published processing fee (0.45%).

Methodology

Data. RBI's monthly average price of standard gold in Mumbai, October 2016 to July 2026 (dataset version 1.0), and the median lowest (9.35%) and highest (15%) published gold-loan rates and median published processing fee (0.45%) across the lenders BankCreds Research checked on 8 October 2026. **Method.** For every start month and a 6, 12 or 24-month period: loan cost = simple interest for the period plus the fee; selling cost = end price ÷ start price × (1 + 3% GST) – 1. Both are a share of the cash raised. Only complete periods are used; no month is filled in.

Full standards: BankCreds research methodology.

Data sources

- Reserve Bank of India — monthly average price of standard gold (Mumbai), Handbook of Statistics on the Indian Economy and RBI Bulletin.
- Lenders' own websites — published gold-loan interest rates and processing fees, read on 8 October 2026.

Limitations

- Today's rates are applied to the whole decade; gold-loan rates were different in earlier years.
- GST of 3% applies to purchases from July 2017; buy-backs in earlier months carried lower taxes.
- Jewellery making charges and buy-back deductions are left out, which makes selling look cheaper than it is.
- Monthly average prices; the price on your actual buy and sell dates will differ.

Frequently asked questions

Is it better to take a gold loan or sell gold?

If you want the gold back, a gold loan usually cost less: at 9.35%, a 12-month loan beat selling and buying back in 74% of months since October 2016. If you do not need the gold back, selling avoids interest.

When does selling gold work out cheaper than a gold loan?

When gold falls or stalls during the period. Over 12 months that happened in 28 start months since October 2016, most recently July 2021.

How much does selling and buying back gold cost?

Over 12 months the median cost was 19.4% of the cash raised — the price rise plus 3% GST — before any jewellery making charges.

How much can I save with a gold loan instead of selling?

In the median month, borrowing ₹1 lakh for 12 months at 9.35% instead of selling saved about ₹9,645.

Cite this research

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REFERENCE (APA STYLE)

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SOURCE LINE

Source: BankCreds analysis of RBI gold prices and lenders' published gold-loan rates – "Gold Loan or Sell Gold in India: Research Report" (updated 25 October 2026), <https://bankcreds.com/research/gold-loan/gold-loan-or-sell-gold-india/>

HTML LINK

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<a href="https://bankcreds.com/research/gold-loan/gold-loan-or-sell-gold-india/">Gold Loan or Sell Gold in India: Research Report – BankCreds Research</a>
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Version history. Report v1.0 (2026-10-09): First publication: RBI monthly gold prices October 2016 – July 2026. · RBI dataset v1.0 (2026-10-08): First release: 118 months, 2016-10 to 2026-07. · lender sites dataset v1.0 (2026-10-08): First release: 17 lenders (16 with rates), as of 2026-10-08.

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