

How much can you borrow against your assets for festival expenses? Find out

By Khyati Dharamsi, Published on Sept 03, 2025



Festivals bring their cheer to Indian households. But in sprucing up the home and wardrobe for festivities, the family budget goes askew.

If you are looking for support through loans to avoid dimming the festival lights, then loans against assets – fixed deposits, gold, shares, insurance, mutual funds, or property are often available at a lower interest rate compared to collateral-free personal loans.

The interest rate applicable to loans against securities or assets would be 10-12% per annum; however, unsecured personal loans would be available at an interest rate of 14-18% per annum.

“Loans against assets are available at a lower rate of interest than unsecured personal loans and are therefore preferred. Also, loans against assets are available in an overdraft form rather than a term loan, where interest is charged only on the amount outstanding, reducing the effective cost of funds,” says Vishal Dhawan, co-founder of investment advisory Plan Ahead Wealth Advisors.

The entire value of the asset cannot be borrowed, as banks and financial institutions leave room for changes in the valuation of these assets to safeguard themselves.

If you are considering borrowing against the assets, it helps to know how much one can borrow against the value of these assets. The percentage of the asset's value available for borrowing is called loan-to-value.

While the regulators for all financial and non-financial assets are different, the values set for borrowing against them is usually dictated by the Reserve Bank of India.

Asset	Interest (%)	Remarks	Loan to value (%)
Property	9-10.75		40-80
Gold	9-9.5	Banks offer loans above ₹2 lakh only	90 including interest
Mutual funds	8.9-11.25	Equity - upto ₹20 Lakhs Debt – no limit	50 (Equity) - 80 (Debt) of NAV
Shares	9-10.5	Maximum 20 lakh	50
Life insurance	10.5-11.25	Assignment offered to the bank/ financial institution	80 of surrender value
Loan against security - Sovereign Gold Bonds (SGB)	10.75	₹0.25 lakhs upto Rs. 1 Crores	60-75

Asset	Interest (%)	Remarks	Loan to value (%)
Kisan Vikas Patra/ National Savings Certificate	11.25		70 of present value
Fixed deposits	+1 of the deposit rate	Tenure available until FD maturity (upto to 1 Crore)	90 of principle

Financial assets

With tariff discussions affecting stock markets globally, it is not the right time to sell shares and equity mutual fund units. But you can consider borrowing against these assets.

Selling assets also means additional outgo in terms of taxes. "There could be capital gains - long-term or short-term payable in case of an exit, which could be higher than acquiring a short-term overdraft facility. One may need to evaluate the better option among selling, taking a loan, versus tax payable for exit, exit load (if any), rate of interest for the tenor," says Dhawan.

But since these are volatile assets, the loan is available only upto half of the current value of the stocks or equity fund units.

Apart from shares and mutual funds, one can source a loan against fixed deposit, life insurance policies, even small savings like National Savings Certificate and Kisan Vikas Patra.

But the amount one can borrow against these differs (refer table 1). About 80-90% of the debt mutual funds and fixed deposits are available for borrowing.

Non-financial assets

Apart from financial assets, physical assets such as property or gold are also available to borrow against.

Loan against property is for larger needs, and one can seek upto 75-80% of the property as a loan.

Earlier, the loan-to-value ratio for gold was about 70%, but the Reserve Bank of India has expanded it to 90% now. So, if you owned ₹4 lakh worth of gold, one could earlier borrow only upto Rs

However, banks are including the interest and the asset value to consider the LTV on gold loans. Hence, the entire asset value in the totem isn't available for borrowers.

"Banks offer a loan only above ₹2 lakh, and if we look at the quantum of gold loans, then they are smaller ticket loans. Hence, the tendency to head to a non-banking financial company or an unorganised player such as a pawn shop for gold loans is higher after the new regulations," says Shard Ingle, founder of erstwhile Gold Uno.

With high demand for sovereign gold bonds (SGB), if you own these units, financial institutions offer loans against SGB, too. However, the loan against physical gold would be cheaper than a loan against SGBs.

Caution

But loans taken for just consumption purposes should be limited to a very small percentage of overall debt. "Do not overstretch just because loans are available, as poor credit behaviour could impact your credit score," warns Dhawan.