

Your locker covers ₹3 lakh. *Your gold is worth ₹25 lakh.*

The full numbers from my locker video, how a Gold OD works, and how to set one up.

You commented "PDF", so here it is. Gold prices have gone up so much that a lot of us are moving jewellery from home to a bank locker. In the video I showed why a locker pays back far less than the gold inside, and why a Gold OD (overdraft) can be the better home for it. This guide has the rules behind both, what a Gold OD really costs, and the step-by-step to open one.

- 1 A locker payout is capped at 100 times the yearly rent.** It doesn't matter what's inside. A ₹3,000 rent locker means ₹3 lakh at most.
- 2 Pledged gold is treated differently.** The bank weighs it, certifies it and has to compensate you for loss under RBI's 2025 gold lending rules.
- 3 A Gold OD is a ready credit line.** You get a limit against your gold and pay interest only on what you actually use.

LOCKER PAYOUT CAP	OD LIMIT, OVER ₹5L	INTEREST ON	GOLD RETURNED IN
100x rent	up to 75%	Used amt	7 days

What a locker *actually* pays back

Since 1 January 2022, RBI's locker rules cap a bank's payout at 100 times the yearly locker rent. Here's what that looks like against ₹25 lakh of jewellery.

1 Payout cap by locker rent

YEARLY LOCKER RENT	MAX PAYOUT (100X)	SHARE OF ₹25 LAKH
₹2,000 (small)	₹2,00,000	8%
₹3,000 (the video's example)	₹3,00,000	12%
₹4,000 (medium)	₹4,00,000	16%
₹8,000 (large)	₹8,00,000	32%
₹12,000 (extra large)	₹12,00,000	48%

Rents before 18% GST. SBI rents are about ₹2,000 to ₹12,000 a year in metro and urban branches and ₹1,500 to ₹9,000 in rural and semi-urban ones, by size. Private banks charge more (HDFC Bank metro medium is ₹10,000 from April 2026). Your branch's rent decides your cap.

THE ONE THING TO NOTICE

The cap is set by the rent you pay, not by what's in the locker. Even the biggest locker at most banks covers less than half of ₹25 lakh.

ABOUT THE ₹3 LAKH IN THE VIDEO

That number is right for a locker with ₹3,000 yearly rent. A bigger locker gives a bigger cap, so check your own rent receipt and multiply by 100. That's your number.

WHAT I MISSED THE FIRST TIME

The 100x payout is for fire, theft, burglary, dacoity, robbery, building collapse or fraud by bank staff, when it happens because of a lapse on the bank's side. For floods, earthquakes, lightning and storms, the bank isn't liable at all; RBI only asks banks to take proper care of the vault. The bank keeps no record of what's inside and isn't allowed to sell you insurance for locker contents, so you'd also need to prove what you lost.

Same bank, same vault, *different rules*

This took me a while to understand. Both sit in the same strong room, but the law looks at them in two different ways.

QUESTION	BANK LOCKER	GOLD PLEDGED FOR AN OD
Does the bank know what's inside?	No. You hold the key; the bank never sees the contents.	Yes. It weighs every piece, tests purity and gives you a signed certificate.
If it's stolen or lost	Up to 100x yearly rent, for listed events only.	The bank takes full responsibility for the value of your gold and must compensate you (RBI Directions 2025, para 45). No 100x cap.
If it's damaged	Not covered unless it falls under the listed events.	If the lender damages it, the lender pays for the repair (para 44).
Proof you have	Only your own bills and photos.	The bank's own valuation certificate with gross and net weight.
In law, it's a	Rented space	Bailment: the bank has accepted your specific goods and must take care of them

Courts have held that simply hiring a locker isn't a bailment, since the bank doesn't have exclusive possession of the contents (Atul Mehra vs Bank of Maharashtra, Punjab and Haryana HC, 2002). A pledge is a bailment under the Indian Contract Act, 1872 (section 172).

WHAT FINALLY SETTLED IT FOR ME

The moment the bank weighs your gold and signs a certificate for it, it's responsible for that exact gold. That certificate is the most valuable paper you'll hold.

ABOUT "BANK FULL INSURANCE COVER PANNUVANGA" IN THE VIDEO

The real protection is RBI's rule that the lender must compensate you for loss, plus bailment law. Many lenders also insure pledged gold under their own policy (ICICI Bank says so in its gold loan FAQ), but RBI doesn't require it, the policy is in the bank's name, not yours, and terms vary. So the safety comes from the bank's liability, not a policy you hold. In practice a claim still needs your pledge certificate and, if it comes to it, a complaint to the RBI Ombudsman or a consumer forum.

A credit line *you don't have to touch*

OD means overdraft. Instead of getting a lump-sum loan, you get a limit you can draw from whenever you need to.

2 The flow



3 What you pay, in rupees

SITUATION (LIMIT ABOUT ₹16 LAKH, RATE 10.10%)	INTEREST
You never draw anything	₹0
You draw ₹2,00,000, monthly interest	₹1,683 a month
You draw ₹2,00,000 and repay in 3 months	₹5,050 in total
You draw ₹5,00,000 and repay in 6 months	₹25,250 in total

Rate is SBI's Gold Loan Overdraft rate as on 16 June 2026 (10.10%). Interest is worked out on the balance you use, for the days you use it. One-time processing and valuation fees are separate (Part 5).

4 The basics

- **Tenure:** usually up to 36 months at banks like SBI, then you can renew.
- **Monthly interest:** when you've drawn money, pay the interest every month. Principal can be paid back whenever you like.
- **Minimum size:** SBI's OD starts at ₹5 lakh. Other banks and NBFCs have their own minimums.
- **Use:** no restriction on what you use the money for.

THE ONE THING TO NOTICE

An unused limit costs no interest. Your gold sits safe in the bank's custody, and the cash is ready the day you need it.

75% of *which* value?

The bank values only the gold metal, at the market rate. Making charges, stones and GST you paid at the shop aren't counted.

5 How the bank values your gold

- Net weight only.** Stones, wax, strings and fastenings are removed from the weight.
- Market price, the lower of two.** The 30-day average or the previous day's closing price for that purity (IBJA or a commodity exchange). Whichever is lower is used.
- Then the LTV limit.** LTV (loan to value) is how much of that value the bank can lend.

YOUR TOTAL GOLD BORROWING WITH THAT LENDER	MAX LTV
Up to ₹2.5 lakh	85%
₹2.5 lakh to ₹5 lakh	80%
Above ₹5 lakh	75%

RBI (Lending Against Gold and Silver Collateral) Directions, 2025, para 19, for consumption loans. Banks can keep a bigger margin; SBI's OD margin is 26%, which works out to about 74%.

6 The video's ₹25 lakh, worked through

STEP	AMOUNT
Paid at the shop (22K, 12% making, 3% GST)	₹25,00,000
Gold metal value (about 156 g at ₹13,880/g)	₹21,67,129
OD limit at 75%	₹16,25,347
OD limit at SBI's 74%	₹16,03,675

22K Chennai rate ₹13,880/g on 10 October 2026. Assumes no stones. Real limit depends on the lender's rate on the day of valuation.

ABOUT THE 75% IN THE VIDEO

It's 75% of the metal value, not of the shop bill. For ₹25 lakh of jewellery, expect a limit of around ₹16 lakh, which is about 65% of what you paid. Still a big ready reserve.

Locker vs Gold OD, *over three years*

Same ₹25 lakh of jewellery. I've put the one-time and yearly costs side by side so you can see the full picture.

COST ITEM	LOCKER (₹4,000 RENT)	LOCKER + JEWELLERY INSURANCE	GOLD OD (UNUSED)
Rent / fee, with 18% GST	₹14,160	₹14,160	₹9,462
Insurance on ₹25 lakh	₹0	₹22,500 to ₹75,000	Bank's liability
Valuation / appraiser fee	₹0	₹0	Small, one-time
Interest if unused	₹0	₹0	₹0
Protection if stolen	Up to ₹4 lakh	Insured value	Bank pays full gold value

Gold OD: the bank is responsible for the full value of the gold recorded on your pledge certificate, so keep that certificate safe. Locker: ₹4,000 × 1.18 × 3 years. Jewellery insurance about 0.3% to 1% of value a year. OD processing fee per SBI's OD FAQ: 0.50% of a ₹16 lakh limit (max ₹10,000) plus GST, charged when sanctioned. Fees vary by bank; ask for the exact schedule.

GOLD OD FITS WELL WHEN

- The jewellery is for long-term keeping, not weekly use
- You want an emergency reserve without selling gold
- You'd pay the monthly interest on time if you draw
- Your total is above the OD minimum (₹5 lakh at SBI)

A LOCKER FITS WELL WHEN

- You take pieces out often for functions
- You also store documents and other valuables
- Amounts are small and within the cap
- You add jewellery insurance for the full value

A SHORTCUT I USE NOW

Split it. Everyday and function jewellery in a locker within its cap. Heavy pieces you rarely wear go into a Gold OD.

Step by step, *at the branch*

Most banks and gold loan companies offer it. Public sector banks are usually the cheapest on interest.

7 What to carry

ITEM	DETAILS
The jewellery	22K, 20K or 18K ornaments. Banks generally don't take bars or biscuits; coins are capped at 50 g per person.
KYC	Aadhaar, PAN, and one of passport, voter ID or driving licence. Two photos.
Income proof	Above ₹2.5 lakh, RBI rules need the lender to check your repayment capacity. SBI's page asks for income documents in one place and says they aren't needed for the OD in another, so carry them anyway.
Bank account	The OD is usually linked to, or opened as, an account at that bank.

8 At the branch

- 1 **Ask specifically for the "Gold Loan Overdraft" variant**, not the EMI or bullet gold loan.
- 2 **Sit in on the valuation.** RBI rules require the lender to test the gold in your presence. Check the gross weight, net weight and purity on the certificate before you sign.
- 3 **Read the sanction letter.** Look for the limit, rate, processing fee, tenure, renewal terms and what happens if gold prices fall.
- 4 **Keep the pledge certificate safe.** Photo it and keep a copy at home. It's your proof of exactly what the bank holds.
- 5 **Use it only when needed**, and set a reminder to pay the monthly interest whenever there's a balance.

QUESTIONS TO ASK BEFORE YOU SIGN

What's the rate and is it linked to a benchmark? What's the processing fee with GST? When does the limit need renewal, and is there a fee? If gold prices fall, will you cut my limit or ask for more gold?

Keeping your gold *100% yours*

RBI's 2025 gold lending rules (in force by 1 April 2026) give borrowers clear protections. Good to know before you pledge.

9 Your rights under the RBI Directions

SITUATION	WHAT THE RULES SAY
You close the OD	Gold must be returned the same day, and no later than 7 working days.
The lender delays	₹5,000 for every day of delay caused by the lender.
Gold is lost or swapped	Lender must compensate you. Damage caused by the lender is repaired at its cost.
At release	Gold is checked against your certificate in front of you.
Weight cap	Up to 1 kg of ornaments and 50 g of coins per borrower, across lenders.

10 Plan for these

- 1 Monthly interest when you draw.** Pay it on time. If dues stay unpaid, the lender can auction the gold after notice, at no less than 90% of its value, and must refund any surplus within 7 working days.
- 2 Wearing it for a function.** Pledged jewellery is usually kept sealed until you repay and close. Ask your branch whether it allows taking out a piece midway. Plan ahead for weddings.
- 3 Gold price movements.** The limit is linked to the gold value. If prices fall a lot, the bank may lower the limit or ask you to bring down the balance.
- 4 Credit report.** Like any loan, the OD shows on your credit report. Paying interest on time keeps your score healthy.

THE ONE THING TO NOTICE

With an unused limit, there are no dues, so there's nothing to auction. The gold stays in the bank's custody, on the bank's responsibility, until you take it back.

The glossary, *in plain words*

Every term from the video and this guide, with a one-line Thanglish version.

Locker

SAFE DEPOSIT LOCKER

A box you rent in the bank's vault. The bank doesn't know what you keep in it.

"Bank-la rent-ku edukkura petti."

100x rent cap

LOCKER LIABILITY LIMIT

The most a bank pays for locker loss: 100 times the yearly rent.

"Rent ₹3,000 na, max ₹3 latcham thaana."

Act of God

NATURAL CALAMITY

Flood, earthquake, lightning, storm. Not covered for locker contents.

"Iyarkai saetham-ku bank poruppu illa."

Pledge

GOLD AS SECURITY

Handing gold to a lender as security for a loan or OD.

"Nagaiya adagu vaikkuradhu."

Bailment

GOODS IN SOMEONE'S CARE

When you hand specific goods to someone who must take care of them and return them.

"Unga porul, avanga poruppu."

OD

OVERDRAFT

A credit limit you can draw from any time, paying interest only on what you use.

"Thevai-ku mattum edunga, adhukku mattum vaddi."

Sanctioned limit

YOUR MAXIMUM

The most you can draw in your Gold OD.

"Indha alavu varaikkum edukkalaam."

LTV

LOAN TO VALUE

How much of the gold's value the lender can give. 75% above ₹5 lakh.

"₹100 gold-ku ₹75 varaikkum."

Margin

THE PART HELD BACK

100% minus LTV. SBI's OD margin is 26%.

"Bank safety-ku vachukkura gap."

Net weight

METAL ONLY

Weight of the gold after removing stones, wax and fastenings.

"Kal, thiruga ellam kazhichu, verum thangam."

Making charges

JEWELLER'S LABOUR

What the shop charges to make the piece. Not counted by the lender.

"Seikooli bank kanakku-la varaadhu."

IBJA

INDIA BULLION AND JEWELLERS ASSN

Publishes daily gold prices used by lenders to value your gold.

"Bank paakkura official gold rate."

Processing fee

ONE-TIME CHARGE

What the bank charges to set up the OD, plus 18% GST.

"Start pannumbodhu oru thadavai fee."

Auction

SALE OF PLEDGED GOLD

The lender sells the gold only if dues stay unpaid after notice.

"Vaddi kattalanna thaana idhu nadakkum."

Ombudsman

RBI COMPLAINT CHANNEL

Free RBI forum to escalate if the bank doesn't fix your complaint.

"Bank kekkalanna RBI-kitta complaint."

How the *numbers* were worked out

Every rule and rate here was checked against RBI, bank and news sources in October 2026.

- Locker liability (100x yearly rent, listed events due to the bank's lapse, no liability for natural calamities, no record or insurance of contents):** RBI circular DOR.LEG.REC/40/09.07.005/2021-22, 18 August 2021, effective 1 January 2022, paras 7.1, 7.2 and 8.2.
- Locker rents:** SBI metro/urban rents of about ₹2,000 to ₹12,000 by size and HDFC Bank's revised rents from 1 April 2026, as reported by Angel One, BankBazaar and Business Standard (2026).
- Pledged gold rules (LTV 85/80/75%, valuation, compensation for loss and damage, 7-day return, ₹5,000/day, auction at 90% reserve, 1 kg / 50 g caps):** RBI (Lending Against Gold and Silver Collateral) Directions, 2025, dated 6 June 2025, in force no later than 1 April 2026.
- Locker vs pledge in law:** Indian Contract Act, 1872, sections 151, 152 and 172; Atul Mehra vs Bank of Maharashtra (P&H HC, 22 March 2002); Supreme Court in Amitabha Dasgupta vs United Bank of India (19 February 2021), cited in RBI's locker circular.
- Insurance of pledged gold:** not required by the RBI Directions; lender practice as described in ICICI Bank's gold loan FAQ and IIFL Finance. Not a policy in the borrower's name.
- Gold OD terms (36 months, 26% margin, 10.10% as on 16 June 2026, ₹5 lakh minimum, monthly interest, 0.50% processing fee capped at ₹10,000):** SBI Personal Gold Loans page and its OD FAQ. The page shows different fee slabs and rate spreads in different sections, so confirm at the branch.
- Gold price:** 22K Chennai ₹1,38,800 per 10 g on 10 October 2026 (The Hans India).
- Jewellery insurance:** typical premiums of about 0.3% to 1% of insured value a year (Basunivesh); quotes vary by insurer.
- Method:** metal value = ₹25,00,000 ÷ 1.12 ÷ 1.03. OD limit = metal value × 75% (or 74%). Interest = amount × 10.10% × months ÷ 12. All figures computed in a script and rounded to the rupee.

DISCLAIMER

This guide is for education only. It is not investment, tax or legal advice, and it does not recommend any specific bank, lender or insurer. I am not a SEBI-registered investment adviser. A Gold OD is a loan: unpaid dues can lead to the sale of pledged gold. Rates, fees and rents differ by lender and branch and can change. Figures are examples as of October 2026. Read your sanction letter and locker agreement, and check with your bank before acting.

Locker or Gold OD? *Tell me which you picked* in the comments.

Free to share. Made by Abinash at @buildwithabinash. Send this to a friend or family member who still keeps all their jewellery in a locker.