

Dhanteras gold or a down payment? Jhunjhunwala knew which comes first

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Maxim: *Buy the house first; jewellery is the last thing you buy.* — Rakesh Jhunjhunwala

Ten years ago, India's best-known investor told a film star to buy a home before jewellery. With gold swinging and home loans costing more this festive season, his order of priorities is worth another look.

Jewellery is a purchase that likes to dress up as a savings plan.

Dhanteras falls on 6 November this year, and the jewellery counters are ready. Indian households are already paying far more for gold while taking home less of it. In April to June 2026 they bought 75.1 tonnes of jewellery, 15% less by weight than a year earlier, yet spent about ₹1,13,210 crore on it, 34% more, the [World Gold Council](#) reported.

The price has been anything but steady. Gold hit fresh all-time highs in late January, around ₹17,900 a gram in Delhi for 24 carat, according to [5paisa](#). On 16 October it was about ₹1,47,440 per 10 grams, after four straight days of falls, [Goodreturns](#) noted.

The other side of the household ledger moved too. On 7 October the Reserve Bank raised the repo rate to 5.50%, and from 15 October SBI's home loans start at 7.50%. On a ₹50 lakh loan, a quarter-point rise adds about ₹781 to the monthly EMI, [Business Today](#) calculated. Picture a young couple this month with ₹8 lakh saved, choosing between a wedding set and the down payment on a flat. Rakesh Jhunjhunwala answered that question a decade ago.

Advice given just before Dhanteras

In October 2016, days before that year's Dhanteras, Jhunjhunwala sat with the actor Katrina Kaif for an ET Now interview on money. His first piece of advice for young Indians was blunt: "the first thing that you should do is try and buy a house." Then, though he was himself a shareholder in a jewellery business, he added that "jewellery should be the last thing you buy," as [YourStory reported](#). He was not preaching austerity. In the same conversation he told viewers not to be a spendthrift, and not to be a kanjoos either, and to "strike a balance between the present and the future."

The maxim is about order, not prohibition. A home is shelter and security, and it ends the rent cheque. Jewellery is a pleasure, and often a family tradition worth honouring. The mistake is reversing the sequence: buying the pleasure with the money meant for the security, and calling it an investment.

Indian households have long leaned this way in what they own. The Reserve Bank's [Household Finance Committee](#) found in 2017 that the average household held 77% of its assets in real estate and 11% in gold, with only 5% in financial assets. The question is not whether to own gold. It is which form, and when.

Why jewellery makes a poor investment

The numbers start against you on the day of purchase. Making charges typically add 10% to 25% to the price of a piece, and buyers who sell jewellery back typically recover only 60% to 75% of its notional value once those charges, deductions and GST are counted, [Angel One estimates](#). Coins and bars, by contrast, usually come with full buyback. The metal may rise; the necklace has to climb out of a hole first.

Jewellery also has a habit of returning to the household ledger as debt. Banks' gold loans stood at about ₹5.52 lakh crore at the end of July 2026, up 88% in a year, [Whalesbook reported](#). Much of that is sensible short-term borrowing, but it is a reminder that family jewellery often doubles as collateral. The Reserve Bank's gold-lending rules, fully in force from April 2026, let lenders advance at most 85% of the gold's value on loans up to ₹2.5 lakh and require that ratio to hold for the life of the loan, [IndiaLaw explains](#). If prices fall, borrowers may have to top up, or face an auction.

The honest counterpoint is that gold has recently beaten housing by a mile. The domestic gold price in April to June averaged about 59% more than a year earlier, per the World Gold Council, while the RBI's [house price index](#) rose just 3.6%. Jhunjhunwala's rule was never a forecast of returns. A house is first because it is where you live, and because a family that owns its roof can ride out the years when gold, shares or jobs go the wrong way.

The order that protects a family

Stretch Jhunjhunwala's two-step advice into a full household sequence and it looks something like this. First, an emergency fund and adequate insurance, so a bad month does not reach the gold drawer. Then the home, bought at a price and EMI the family can carry when rates rise, as they did this month. Then long-term investments in shares, funds and, if you want gold, its cheaper forms: coins, bars or gold funds without making charges. Jewellery comes last, bought from surplus, for joy and tradition, with no pretence that it is a retirement plan.

"House first" is not "house at any price". A home loan that eats half the family's income is its own kind of insecurity, and Jhunjhunwala's line about balancing the present and the future applies to the EMI too. Nor does it forbid jewellery. It asks only that the bangles wait until the roof is paid for, or at least well in hand.

If you do one thing: Before this Dhanteras, write down what the gold you plan to buy is for. If it is for wearing, buy it from money left over after your savings and EMIs. If it is for investing, skip the making charges and buy coins, bars or a gold fund instead.

A roof before the shine

Back to the couple with ₹8 lakh. The wedding set will look beautiful, and in good years the gold inside it may even gain value. But the moment it is bought, a large slice of the money is gone in making charges and tax, and the rest is tied to a price that fell for four straight days this month and is well below January's peak. The down payment buys something duller and more durable: no rent cheque, a fixed address, and a base from which every later risk is easier to take.

Jhunjhunwala made his fortune taking big risks in the stock market. His advice to a young saver was strikingly conservative, and that is the point. Take your risks from a secure base. Buy the house first, and let the jewellery be the reward, not the plan.

Sources

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