

# Transforming Indian Gold and Silver Market in World Geopolitical Tension: An Analytical Study

OPEN ACCESS

Manuscript ID:  
ECO-2026-140310944

Volume: 14

Issue: 3

Month: June

Year: 2026

P-ISSN: 2319-961X

E-ISSN: 2582-0192

Received: 22.03.2026

Accepted: 15.05.2026

Published Online: 01.06.2026

Citation:

Vedapathak Macchindra Damaji, "Transforming Indian Gold and Silver Market in World Geopolitical Tension: An Analytical Study." *Shanlax International Journal of Economics*, vol. 14, no. 3, 2026, pp. 20–29.

DOI:


<https://doi.org/10.34293/economics.v14i3.10944>



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

**Macchindra Damaji Vedapathak**

Head and Assistant Professor, Department of Economics  
Sangola Mahavidyalaya, Sangola, Maharashtra, India

 <https://orcid.org/0009-0000-6548-7807>

**Abstract**

Over the past half-decade, gold and silver prices have experienced a super bull run. Geopolitical tensions, trade wars, the Middle East crisis, the continuously increasing demand for gold from central banks worldwide, and the increasing demand for silver from the industrial sector are the reasons for increasing gold and silver prices. In addition, during the past decade, many investors have diversified their investments in physical gold and silver to Exchange Traded Funds-ETFs. All these factors have led to unprecedented price levels. The present study analyzes the rising trends of gold and silver prices using secondary data collected from reliable financial sources such as the RBI, Economic Survey of India, World Gold Council, and Silver Institute from 2000 to February 4, 2026. Statistical analysis was conducted using Excel and SPSS, applying Mean, Standard Deviation, CAGR, percentage of change, and Spearman's rho correlation methods. The results indicate a strong positive and statistically significant relationship between the exchange rate, gold, and silver prices from 2000 to February 4, 2026. The Pearson correlation coefficient between gold and silver is 0.954 at significance (p-value) 0.000 level, which indicates a very strong positive correlation between gold and silver prices. In addition, from 2020 to February 4, 2026, the CAGR of gold prices has grown 26.32 percent and silver prices has grown 15.38 percent. During the period, the exchange rate between the U.S. The Dollar and Indian Rupee have reached 74.22 rupees to 90.44 rupees per Dollar. As well as the study explains that some positive and adverse impact on gold and silver market, industry, consumers and investors in India. The study concludes that during the study period gold and silver prices are increased but silver prices are more fluctuate compare to gold prices. However, both precious metals remain important investment assets during periods of economic uncertainty and inflation.

**Keywords:** World Geopolitical Tension, India, Exchange Rate, Gold and Silver Market, Transforming, Inflation, Safe Haven Asset, Exchange Traded Funds

**Introduction**

Since ancient times, gold and silver have played crucial roles in the Indian economy. India is the world's largest gold consumer and a major importer of silver. Both are precious metals and are used for religious purposes, jewelry, as a medium of exchange, and as a store of value. Gold plays a key role in the nation's culture, as it is considered a store of value as well as a symbol of wealth and status. Gold is a tangible commodity against securities and bonds. It is a highly secure and liquid, high-return commodity at the international level and is universally recognized as valuable, irrespective of economic and political conditions. The role of gold stocks in forex reserves is very important in every economy. Hence, not only India but also many countries central banks are continuously purchasing gold. In recent years, gold prices have rapidly increased. Silver is a precious industrial metal. During the last decade, the demand for silver has continuously increased from industry and high technology, including smartphones, automobiles, and solar panel cells. Recently, the U.S.A. and Israel have attacked Iran.

Consequently, there will be a disruption in the oil supply chain. Therefore, inflation will increase. If this situation continues to worsen, crude oil prices will exceed 100 dollars per barrel, the per 10-gram prices of gold will go beyond 2 lakhs, and silver prices will go beyond 3 lakhs per kg. Hence, central banks and investors turn to gold as a safe-haven asset. Then, once again, prices will increase. However, the rapid straight-line rise in gold and silver prices will not last forever. This has had an immediate impact on geopolitical conflicts. Prices will decrease after the warlike subsidies. However, these are just 'what ifs', because the whole world is being held captive by America's stubborn trade policy.

America's protective trade policy, negotiated reciprocal deals like with India, and reducing imbalance in trade activities are negatively impacting the entire world economy. Trade policies and structures are changing, which is not sustainable. In all these situations, investors increased their investments in gold and silver as safe-haven assets. The increase in gold and silver prices has adversely affected customers, the jewelry market, and workers. Customers purchasing power has declined, the entire jewelry and silver industry is facing a recession, and unemployment has increased in this market. Higher prices increase pressure on the value of the rupee. Hence, the declining value of the Indian currency adversely impacts the current account deficit.

### Research Gap and Justification of the Study

Previous studies on raising gold and silver prices have mainly focused on price trends, investment behavior, inflation, and safe-haven assets. Many researchers have studied raising gold and silver prices separately and limited studies have specifically explained the statistical relationship among the exchange rate, gold and silver prices using correlation technique. Furthermore, previous studies have often concentrated on the international market, while comparatively less attention has been given to recent price trends and their interrelationships during changing economic situations. Therefore, there remains a gap in understanding the strength and significance of relationship among the exchange rate, gold and silver prices using the recent secondary data and statistical analysis. The present study attempts

to fill this gap by analyzing the relationship between exchange rates, gold, and silver prices using recent secondary data and statistical analysis. This study is significant for researchers, investors, industrialists, and policymakers as it provides insights into precious metal price movements during changing economic situations. This study examines why gold and silver prices are rising simultaneously but with different proportionate ratios. This study focuses on a relevant economic issue related to rising gold and silver prices in India, such as the influence of geopolitical tensions, exchange rate fluctuations, and inflation on precious metal markets. This study also focused on both the positive and negative economic impacts of rising precious metal prices and discussed the broader economic implications for investors, industries, and the Indian economy.

### Review of Literature

Dr. J. Francis Mary and Ms. K. Radha (2025) has studied on cause and effect of rising gold prices in India. They concluded that gold prices affect not only individuals' economic status but also broader macroeconomic factors. They also focused on the current account deficit due to rising gold import costs. According to Dr. S. Srinivasan and Dr. Suresh Esakki (2025) the multifaceted impacts of gold price movements on various sectors of the Indian economy. They focused on the qualitative impacts on households, the external sector, and government policy, and also analyzed the qualitative effect on India's external sector, especially in relation to gold-backed loans and financial instruments. Dr. C. Sangeetha and N. K. Kaarthiga (2025) has studied on risk and volatility in Indian commodity market with special reference to gold and silver. They explain that the price movements of gold and silver are in the same direction and that prices are volatile. They also focused on how gold price dynamics influence government policy formulation, revenue generation, and the efficacy of gold-related schemes.

Mishra Bibhuti Ranjan, Pradhan Ashis Kumar, Tiwari Aviral Kumar, Shahbaz Muhammad (2019) studied on the relationship between the returns of gold and silver in India using three important methods to obtain robust results and draw solid implications. These findings suggest that silver prices are more

volatile than gold prices. Nair Deepu and Dr. Ravichandran N. (2018) studied on volatility of gold and silver bullion commodity traded in India. They focused on volatility as the key role of determinants of gold and silver prices. They used correlation and regression tools to examine the factors affecting gold and silver prices. Dileep and Rao G. V. Keshav (2018) conducted an empirical study on the impact of gold and silver prices on the Indian stock market. They found an association and impact between the stock market and precious metals in India. The results indicate that there is no correlation or association between the stock market and gold and silver prices. Baur Dirk G. Thomas K.J., McDermott (2016) have identified unique features of gold that explain why investors under stress buy the riskier alternative gold and they show how gold was a particularly strong safe haven. They argue that the decision to buy gold is rooted in behavioral biases associated with gold as a currency, a store of value, and a safe haven. Juan C. Reboredo (2013) focused on the role of gold as a safe-haven asset or hedge against the US Dollar. They found evidence of average dependence between gold and US Dollar depreciation, so gold is a safe haven asset.

**Research Gap:** Many studies explain gold and silver separately, but very few studies examine gold and silver metals together in a unified framework. No comprehensive research explains why gold and silver prices rise simultaneously but at different rates. Most research papers focus on emerging economies. Although several studies have explained gold and silver prices, limited research has focused on their statistical relationship. The present study attempts to fill gap by analysing the relationship among the exchange rate, gold and silver prices using the recent secondary data and statistical analysis. This study focused on gold and silver metals together in a unified framework and on why gold and silver prices rise simultaneously but at different rates.

### Objectives of Study

The main objectives are as follows

1. To study the recent trends of gold and silver prices.
2. To study causes of raising gold and silver prices.

3. To study impact of raising prices on whole economy.

### Research Methodology

#### Data Source

This study is mainly based on secondary data. The data were collected from reliable and authentic sources, such as various economic surveys of India, the Reserve Bank of India, the World Gold Council, the Silver Institute, and various journals. To ensure the reliability and accuracy of the data, the collected information was cross-checked and verified from multiple sources. The data were carefully collected, classified, and screened for consistency before analysis. The study period was from 2000 to February 2026. Only three variables, namely the value of the rupee, gold, and silver prices, are considered. The gold and silver prices are taken from the Indian market.

#### Use of Statistical Techniques and Data Validation

In this research paper some statistical techniques are used for data analysis. Statistical analysis was conducted by using Excel and SPSS. Statistical indicators such as CAGR and percentage change are used to present price trends of gold and silver prices. Descriptive statistics, such as the Mean and Standard Deviation, were used to describe and summarize the main features of the dataset. The correlation technique was used to identify the relationship among the value of the rupee, gold, and silver prices. The validity and reliability of the statistical results were tested using significance values (p-values). Since the obtained significance level was less than 0.001, the relationship among the value of the rupee, gold, and silver prices was found to be statistically significant and reliable.

**Limitations of the study:** This study is based only on secondary data, including a small sample size (e.g., N=12). The study period was from 2000 to February 2026. The analysis mainly focuses on three variables: the value of the rupee, gold, and silver prices. Inflation rate, interest rate, crude oil prices, etc., are not included, which may affect the accuracy of the research conclusion. This study does not separately analyze silver, which has dual demands

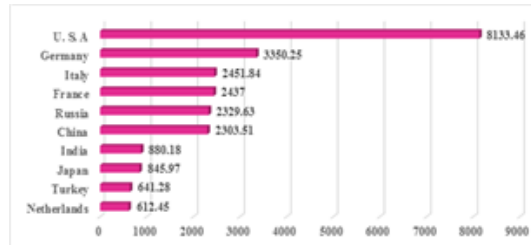
for investment and industry. This research is limited to the Indian market.

**Result and Analysis**

**Table 1 Profile of Indian Gold Market**

S No.	Key Indicators	Current Status
1	Largest market	Mumbai (Zaveri Bazaar), Jalgaon (Gold City of Maharashtra), Kerala (Thrissur-Gold Capital of In-dia)
2	Importer	Second largest importer(consumer) in world, High dependency
3	Gold Stock	880 Tones (2025)
4	Major Gold Mines	Karnataka, Andra Pradesh, Jharkhand
5	Determination of gold Price	Factors: International prices, Value of rupee, Geo-political situations, Inflation, Economic Uncertainty etc.
6	Importance	Cultural, Store of value, as a Forex reserve, risk di-varication
7	Contribution in GDP	7 % (gems and jewelry)
8	Regulations, reforms Policies and scheme	Hallmarking (HUID), Banning of Unregulated Deposit Schemes (BUDS) Act.,2019, Sovereign Gold Bond (SGB), Gold Monetization Scheme (GMS), Digital Gold 100 % Foreign Direct Investment is permitted
9	Imposing Tax	3 % GST + making charges
10	Regulatory Body	Reserve Bank of India (RBI), Bureau of Indian Standards (BIS)

**Source:** This table is designed by researcher from various reports, articles and websites.



**Source:** World Gold Council Q4 2025  
**Figure 1 Top Countries Holding the Gold Reserves- 2025 (in tons)**

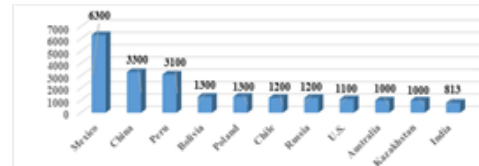
Figure 2 reveals the top countries holding gold reserves in 2025. U.S.A. has the largest stock of gold in the world. In 2025, U.S.A. had a stock of 8133.46 tons of gold. India ranks 7th in the world in terms of holding gold reserves, which was 880.18 tons in 2025. Many central banks worldwide are increasing the demand for gold to compete with the U.S.A.. Dollar. Hence, gold prices are continuously increasing. The central banks of China, Poland, India, and Turkey are the highest demanders of gold.

**Table 2 Profile of Indian Silver Market**

S No.	Key Indicators	Current Status
1	Largest market	Zawar (Rajasthan), Manufacturing Hub
2	Importer	largest importer (16 % of global demand) in world, High dependency (80 % of needs)
3	Silver Stock	Negligible (436 tons annually)
4	Major silver Mines	Zawar, Sindesar, Rampura Rajpura Dariba, Kayad (Raja-sthan)
5	Determination of silver Prices	Industrial demand, international prices, Value of rupee, Geopolitical situations, Inflation, Economic Uncertainty etc.

6	Importance	Industrial Consumption (Electronic, Solar Energy, and electric vehicles) safe haven asset, Cultural
7	Regulations, reforms Policies and scheme	Hallmarking (HUID),
8	Imposing Tax	Digital Silver
9	Regulatory Body	3% Of GST+ Making charges 18% GST
10	Domestic production	RBI, SEBI
		Negligible (436 tons annually)

**Source:** This table is designed by researcher from various reports, articles and websites



**Source:** ceicdata (<https://www.ceicdata.com/en/indicator/india/silver-production>)

**Figure 2 Silver Production-2024-25 (Metric tons)**

Figure 2 is revealing that silver production of top countries in 2024. Mexico is world largest silver production which was 6300 metrics tons in 2024. A significant gap is existing between Mexico and other silver producer countries. In 2024-25 India produced 813 metric tons of silver which ranked 11th in world, means India's production is relatively small as compared to Mexico. India's silver production is low but demand for silver is very high, especially industrial demand is continuously growing. Due to imbalance between demand and supply of silver, prices are rapidly growing.

**Table 3 Gold and silver Prices (Average Prices- in rupees)**

Year	Gold Prices (24 K. Per 10gram.)	Percentage of change (%) Silver Prices (Per Kg)	Silver Prices (Per Kg)	Percentage of change (%)	Value of Rupee (1 \$ to 1 ₹)
2000	4474	--	7868	--	45.68
2005	6901	35.17	11829	33.49	44.27
2010	19227	64.11	37290	68.28	45.56
2015	26534	27.54	36318	-2.68	65.46
2020	48723	45.54	59283	38.74	74.22
2021	48000	-1.51	65426	9.39	74.5
2022	52731	8.97	61991	-5.54	80.36
2023	60624	13.02	72243	14.19	82.79
2024	75842	20.07	89131	18.95	84.57
16 OCT. 2025(MCX)	126815	40.19	169095	47.29	88.4
12 Jan.2026	139967	9.40	155625	-8.66	90.1
4 feb.2026	156709	10.68	280991	44.62	90.44
CAGR 2000 to 4 Feb.2026	15.29	--	15.38	--	2.8
CAGR 2020 to 4 Feb.2026	26.32	--	36.5	--	4.0

**Source:** Indiagraphs, (silver data is RBI annual averages with MCX Spot Prices), Handbook of statistics on Indian Economy (1983-2025), Economic survey of India 2025

Table 3 reveals that gold and silver prices during the period of 2000 to 4 Feb. 2026. In the year of 2000, gold prices were 4,474 rupees of 10 gram. By 4 Feb. 2026, it had increased to 1,56,709 rupees per 10 grams. During this period CAGR of gold prices was 15.29 percent and CAGR of Silver prices was 15.38 percent. In the year of 2020 to 4 Feb. 2026 CAGR Of Gold prices were 26.32 percent. It means that prices have risen tremendously in recent years. During this period, it also observed that silver prices increased more than the gold prices. In the year of 2000, silver prices were 7,868 rupees of per kg. By 4 Feb. 2026, it had increased to 2,80,991 rupees per kg. In the year of 2020 to 4 Feb. 2026 CAGR Of silver prices were 36.5 percent. However, it is observed that per Dollar values of rupees is declined which is pressor on gold and silver prices. The exchange rate between Dollar and rupees is 45.68 rupees per Dollar in the year 2000.and it was 90.44 rupees in 4 Feb.2026.

Gold Prices (24 K. Per 10gram.)	63878.9167	51602.90923	12
Silver Prices (Per Kg)	87257.5000	78690.66238	12

**Source:** Calculation based on data of Indiagraphs, (silver data is RBI annual averages with recent MCX Spot Prices), Handbook of statistics on Indian Economy (1983-2025), Economic survey of India 2025

Table 4 is revealing that Descriptive Statistics of Value of Rupee, Gold and Silver Prices during 2000 to 4 Feb. 2026. During study period mean value of rupees (1 \$ to 1 ₹) is ₹72.1958 per US Dollar. Std. Deviation of rupees value is 17.82537, means rupee fluctuated significantly during the study period. The average gold prices during the study period are 63878.9167. Std. The deviation of gold price is 51602.90923 which indicating large fluctuations in gold prices. During the study period due to inflation, global uncertainty, increasing demand for gold as a safe haven asset gold price have shown a strong upward trend with high volatility. Mean value of silver prices is 87257.5000 and Std. Deviation is 78690.66238, indicating that silver prices are more fluctuating and highly volatile more sharply than gold prices.

**Table 4 Descriptive Statistics of Value of Rupee, Gold and Silver Prices**

	Mean	Std. Deviation	N
Value of Rupee (1 \$ to 1 ₹)	72.1958	17.82537	12

**Table 5 Correlations among the value of rupee, gold and silver prices**

		Value of Rupee (1 \$ to 1 ₹)	Gold Prices (24 K. Per 10gram.)	Silver Prices (Per Kg)
Value of Rupee (1 \$ to 1 ₹)	Pearson Corre-lation	1	.854***	.747**
	Sig. (2-tailed)		0.000	0.005
	Sum of Squares and Cross-products	3495.181	8638215.676	11521114.825
	Covariance	317.744	785292.334	1047374.075
	N	12	12	12
Gold Prices (24 K. Per 10gram.)	Pearson Corre-lation	.854***	1	.954***
	Sig. (2-tailed)	0.000		0.000
	Sum of Squares and Cross-products	8638215.676	29291462652.917	42607734533.500
	Covariance	785292.334	2662860241.174	3873430412.136
	N	12	12	12

Silver Prices (Per Kg)	Pearson Corre-lation	.747**	.954***	1
	Sig. (2-tailed)	0.005	0.000	
	Sum of Squares and Cross-products	11521114.825	42607734533.500	68114423801.000
	Covariance	1047374.075	3873430412.136	6192220345.545
	N	12	12	12

**Source:** Calculation based on data of Indiagraphs, (silver data is RBI annual averages with recent MCX Spot Prices), Handbook of statistics on the Indian Economy (1983-2025), Economic survey of India 2025

Table 4 reveals that Pearson correlation among the variables of value of rupee, gold and silver prices during 2000 to 4 Feb. 2026. The results indicate a strong positive and statistically significant relationship between the rupee value and gold prices at the 0.001(p-value) level. It means if the rupee value ((1 \$ to 1 ₹) increase (depreciates of rupee), gold prices raise significantly. The Pearson correlation coefficient between rupee value ((1 \$ to 1 ₹) and gold prices is 0.854, indicating a strong positive relationship and statistically significant at the 0.001(p-value) level. The Pearson correlation coefficient between rupee value ((1 \$ to 1 ₹) and silver prices is 0.747 which indicating a moderately strong positive correlation and statistically significant at the 0.01 level(p-value). Prices of silver increase with depreciation of rupee value but it is slightly weaker than gold prices. However, silver is influenced by both investment and industrial demand. The correlation coefficient between gold and silver is 0.954 at significance (p-value)0.000 level. It is indicating very strong positive correlation and highly significant prices move almost together over time. This reflects similar market drivers like global uncertainty, inflation, rupees depreciation, industrial demand, investment trend etc.

### Causes of Raising Gold and Silver Prices

Causes of raising gold and silver prices are as follows.

1. **Economic Uncertainty Worldwide:** Due to economic slowdown, many investors turn to gold as a seven-haven asset. This increases the demand for gold.
2. **Geopolitical Tension:** The Russia-Ukraine war, Iran-Israel-USA conflict, tariff war, or political instability around the globe create fear

in the financial market. In this political presser, investors prefer gold for its stability.

3. **Hedging Against Inflation:** During the inflation period, the value of currency decreases. At this time, gold retains its value; therefore, people move their financial sources into gold to preserve purchasing power, driving prices higher.
4. **Fall in the Currency Value of the Rupee:** If rupee's value falls and the rate of inflation increases, gold and silver prices also increase. For security reason,s people prefer to purchase gold.
5. **Demand from Central Banks:** The central banks of India, China, Turkey, Poland, and other countries are continuously increasing their gold holdings as they diversify from U.S. dollar-dominated assets. During the period 2022–2025, central banks purchased over 1000 tons of gold, the highest level since 1967. This is not only diversification of the portfolio but also going concerns flat currency stability.
6. **Macro-Economic Crises in the American Economy:** In recent years, America has faced macroeconomic crises. Inflation and unemployment are increasing in America. America has imposed tariffs on many countries worldwide; hence, other countries have set retaliatory tariffs on U.S. goods. Therefore, many essential products exports and imports are declining in America; as a result, America is facing inflation in its economy. If inflation increases, gold prices also increase. The inflation rate in America is 2.7 percent, and it remains slightly above the Federal Reserve's 2 percent target. Currently, America is facing a recession in the real estate sector, and the stock market and employment index have fallen significantly.

7. **Inverse Relationship between the Rate of Interest and Gold and Silver Prices:** If the interest rate falls or is expected to fall in the future, the value of the US Dollar will fall, and bonds and saving accounts will become less attractive. At this time, investors and speculators are attracted to silver and gold from the perspective of profit, safety, and liquidity because they are worldwide forex reserves. Speculators or gamblers buy large quantities of gold and silver to take advantage of fluctuations in interest rates. At present, the USA is facing inflation on one side and recession on the other due to a very tight tariff policy with its trading partners. Therefore, Investors and speculators are buying gold and silver on the assumption that the Federal Bank of the USA will decline the rate of interest in the upcoming year.
8. **Raising Demand via Exchange-Traded Funds (ETFs):** In recent years, investment trends have changed. Many investors are diversifying their purchases of physical silver and gold to silver and gold exchange-traded funds. Therefore, investors and speculators hedge the market.
9. **The Demand for Silver is Continuously Increasing:** Silver is not only a precious metal but is also becoming an important metal in the industrial sector. The use of silver in solar panels, electric vehicles, electronics, and data centers is increasing. The demand for silver is increasing in the industrial sector, but the output has not kept up. This imbalance between silver demand and supply pushes the prices higher.

### Impact of Raising Prices

Some positive and negative impact on various sectors. which are as fallows.

#### Positive Impact

1. Gold and silver are act against an inflation means it helps maintain real wealth stability.
2. Increased the country's forex reserve.
3. Higher silver prices are increasing profit margin in silver industry.
4. Increase government fiscal revenue.

5. Increase the value of Exchange Traded Fund (ETFs) and Sovereign Gold Bonds (SGBs).
6. Boost to gold loan and NBFC sector in India.

#### Adverse Impact

1. Declined purchasing power parity of consumer.
2. Investors investment diversifying stock market to gold and silver market.
3. Silver industry's cost raising due to increase silver prices.
4. Current account deficit is increasing due to raising import bills of gold and silver.
5. Depreciation of Indian rupee which is adversely impact on current account deficit.
6. Unemployment is increased in gold and silver market.

#### Future Prospects of Gold and Silver Prices

The rapid straight-line rise in gold and silver prices will not last forever. This has had an immediate impact. Many world central banks increased their gold reserves to counter the U.S.A. trade policies, the end of the Dollar's monopoly, and as a safe haven from geopolitical conflicts. Due to the Russia-Ukraine war, Russia was avoiding transition in Dollar. However, Russia is now ready to transact in dollars. If the war between Russia and Ukraine stops with the mediation of the USA, Russia will sell its gold stock and increase transactions through dollars. At present, the USA is doing its best to implement this strategy. Given this situation, even the BRICS countries, especially India and China, which are the largest buyers of gold, are likely to reduce their gold demand. Then, gold prices gradually decrease. Due to the imbalance between demand and supply, the unexpected increase in silver prices is also likely to subside because the industrial sector is looking for alternatives to this precious metal. Therefore, silver demand will decline, and prices will fall.

However, prices depend on the overall warlike situation and economic conditions worldwide. Recently, the U.S.A. and Israel have attacked Iran. As a result, there will be a disruption in the oil supply chain. So, inflation will be increase. If this situation continues to worsen, crude oil prices will exceed 100 dollars per barrel. The per 10-gram price of gold will

go beyond 2 lakhs and silver prices will go beyond 3 lakhs per kg.

### Major Findings of the Study

Major findings of the study are as follows

1. Economic uncertainty, inflation, continuously increasing demand for gold from central banks in the world, increasing demand for silver from industrial sector etc. are the reason for increasing gold and silver prices.
2. In the year of 2020 to 4 Feb. 2026 CAGR of gold prices has grown 26.32 percent and silver prices has grown 15.38 percent.
3. The Pearson correlation coefficient between rupee value ((1 \$ to 1 ₹) and gold prices is 0.854 which indicating a strong positive relationship and statistically significant at the 0.001(p-value) level.
4. The Pearson correlation coefficient between rupee value ((1 \$ to 1 ₹) and silver prices is 0.747 which indicating a moderately strong positive correlation and statistically significant at the 0.01 level(p-value).
5. The correlation coefficient between gold and silver is 0.954 at significance (p-value)0.000 level, means strong positive correlation between gold and silver prices.
6. During the study period gold and silver prices are increased but silver prices are more fluctuate compare to gold prices. However, both metals are remaining important investment assets during economic uncertainty and inflationary periods.
7. Raising prices are impact on investors, gold and silver market, silver industry as well as whole Indian economy.

### Suggestions of the Study

Based on the above findings, the present study suggests that investors, researchers, industrialists, and policymakers should closely monitor macroeconomic indicators that affect gold and silver prices. Both metals are safe-haven assets that provide security during economic uncertainty and inflation. So, Investors can include both metals their portfolio. Silver should consider as an investment asset and industrial metal. Given the increasing

demand for silver in the industrial sector, industries should look for alternative metals to help keep silver prices stable. Future research should include more macroeconomic variables and advanced statistical techniques to obtain deeper insights into precious metal price movements.

### Conclusions of the Study

Due to geopolitical tensions, tariff wars, and increasing gold purchases from various central banks worldwide, gold prices are continuously rising. If this situation continues to worsen, not only will crude oil prices increase, but the inflation rate will also increase. The demand for silver is increasing in the industrial sector; therefore, silver prices are increasing. During the study period, silver prices increased with the depreciation of the rupee value, but they were slightly weaker than gold prices. Silver prices are also more fluctuating and highly volatile than gold prices. However, all these geopolitical and economic activities directly impact the Indian economy. The rupee value has declined, and its pressure on the current account deficit (CAD) has increased because of the high import cost of gold and silver. Therefore, the Government of India has recently appealed to the people of the country to reduce gold purchases.

The study concludes that during the study period, gold and silver prices increased, but silver prices fluctuated more than gold prices. There is a strong positive correlation between raising gold and silver prices. However, both precious metals remain important investment assets during economic uncertainty and inflationary periods. It also had some positive and adverse impacts on the gold and silver markets in India. Raising prices impacts customers, investors, the gold and silver markets, and the entire Indian economy. Many investors are diversifying their investments in physical gold and silver to exchange-traded funds (Funds-ETFs). Not only has customers purchasing power declined, but the entire jewelry and silver industry is also facing a recession, and unemployment has increased in this market.

Future Scope of study:

Further studies can include additional macroeconomic variables, such as the inflation rate, interest rate, and crude oil prices. Researchers

can use advanced econometric techniques, such as regression, time series models, and causality tests. Future research can explore the role of the silver industry to better understand its price volatility. High-frequency data analysis can also be used to gain insights into short-term price movements and volatility.

### Reference

- Adrangi, Bahram, et al. "Price Discovery in Strategically-Linked Markets: The Case of the Gold-Silver Spread." *Applied Financial Economics*, vol. 10, no. 3, 2000, pp. 227–234
- Bagrecha, Chaya, et al. "Forecasting Silver Prices: A Univariate ARIMA Approach and a Proposed Model for Future Direction." *Mineral Economics*, vol. 38, 2025, pp. 131–141.
- Baur, Dirk G., and Thomas K. J. McDermott. "Why Is Gold a Safe Haven?" *Journal of Behavioral and Experimental Finance*, vol. 10, 2016, pp. 63–71.
- Bhattacharya, Hemant, and Rohit Roy. "Silver Price Trends and Its Impact on the Indian Economy Before and After COVID-19." *Science Set Journal of Economics Research*, vol. 4, no. 1, 2025, pp. 1–11.
- Fernandez-Perez, Adrian, Bart Frijns, and Alireza Tourani-Rad. "Precious Metals, Oil and the Exchange Rate: Contemporaneous Spillovers." *Applied Economics*, vol. 49, no. 38, 2017, pp. 3863–3879.
- Hoque, Mohammad Enamul, et al. "Volatility Interconnectedness among Financial and Geopolitical Markets: Evidence from COVID-19 and Ukraine-Russia Crises." *Economic Analysis and Policy*, vol. 82, 2024, pp. 303–320.
- Mishra, Bibhuti Ranjan, et al. "The Dynamic Causality between Gold and Silver Prices in India: Evidence Using Time-Varying and Non-Linear Approaches." *Resources Policy*, vol. 62, 2019, pp. 66–76.
- Nair, Deepu, and N. Ravichandran. "A Study on Volatility of Gold and Silver Bullion Commodity Traded in India." *IJSART*, vol. 4, no. 3, 2018, pp. 1566–1570.
- Nisarga, M., and Marisetty Nagendra. "A Study on Various Factors Impact on the Gold Price in India." *Asian Journal of Economics, Business and Accounting*, vol. 23, no. 20, 2023, pp. 254–265.
- Reboredo, Juan C. "Is Gold a Safe Haven or a Hedge for the US Dollar? Implications for Risk Management." *Journal of Banking and Finance*, vol. 37, no. 8, 2013, pp. 2665–2676.
- Sangeetha, C., and N. K. Kaarthiga. "A Study on Risk and Volatility in Indian Commodity Market with Special Reference to Gold and Silver." *International Journal of Research and Analytical Reviews (IJRAR)*, vol. 12, no. 1, 2025, pp. 320–329.
- Silver Institute. Factors That Determine the Silver Price. *Precious Metals Insights*, 2024.
- Tully, Edel, and Brian M. Lucey. "Seasonality, Risk and Return in Daily COMEX Gold and Silver Data, 1982–2002." *Applied Financial Economics*, vol. 16, 2006, pp. 319–333.
- Worthington, Andrew C., and Mosayeb Pahlavani. "Gold Investment as an Inflationary Hedge: Cointegration Evidence with Allowance for Endogenous Structural Breaks." *Applied Financial Economics Letters*, vol. 3, no. 4, 2007, pp. 259–262.

### Author Details

**Macchindra Damaji Vedapathak**, Head and Assistant Professor, Department of Economics, Sangola Mahavidyalaya, Sangola, Maharashtra, India, Email ID: Vedmd87@gmail.com