

Analysis of Gold Prices in India Hiking from 1950 to Present

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Abstract: *This exploration paper investigates the rise in gold prices in the Indian request from 1950 to the present, examining both global and domestic factors impacting this trend. The study employs primary data collected through interviews and checks of Indian gold dealers, investors, and jewelers, alongside secondary data from literal price indicators, affectation data, and other applicable profitable pointers. The paper identifies crucial motorists similar as affectation, geopolitical events, domestic demand for gold in India, currency oscillations, and the part of gold as a barricade against profitable query. This study provides perceptivity into the relationship between these factors and gold price trends over the decades, fastening on the unique dynamics of the Indian request.*

Keywords: gold prices

I. INTRODUCTION

Gold holds a special place in Indian culture and frugality. It isn't only a symbol of wealth and status but also a critical element of savings for millions of Indian homes. Gold prices have seen significant hikes since the 1950s, driven by both domestic and global factors. As a major importer of gold, India is largely sensitive to changes in transnational prices, currency oscillations, and domestic demand. This paper seeks to dissect the long-term trends of gold price increases in India, with a focus on primary data attained from interviews with gold dealers, investors, and experts in the Indian request. also, secondary data from literal records, affectation indicators, and other macroeconomic variables are used to understand the motorists of gold price hikes.

Objective of the Study

- To dissect the literal trends of gold prices in India from 1950 to 2023.
- To identify crucial factors — both global and domestic — that have driven the rise in gold prices in India.
- To assess the impact of affectation, currency depreciation, and domestic demand on gold prices in the Indian environment.
- To present primary data from checks and interviews with Indian dealers and investors, gauging their perspectives on price movements and unborn prospects.

II. LITERATURE REVIEW

Global Trends and Their Impact on Indian Gold Prices

Encyclopedically, gold prices are affected by factors similar as affectation, geopolitical insecurity, and central bank programs. still, India's domestic gold request has fresh complications. Studies by Agarwal (2009) and D'Souza (2017) indicate that India's heavy reliance on gold significances means that transnational prices, as well as domestic affectation and the Indian rupee's value, have a significant influence on original gold prices.

Indian Gold Demand and Artistic Significance

India is the alternate- largest consumer of gold in the world, with demand driven by jewelry, carnivals, and investments. exploration by the World Gold Council (2019) shows that Indian consumers view gold as a secure investment, frequently used as a barricade against affectation and profitable downturns. likewise, gold plays a critical part during marriages and religious carnivals, creating sustained demand anyhow of price oscillations.

Affectation, Currency Depreciation, and Gold Prices in India

India's patient affectation and the devaluation of the Indian rupee have also contributed to the rise in domestic gold prices. Studies by Verma and Kumar(2020) suggest that Indian investors turn to gold during ages of high affectation and rupee depreciation, as gold acts as a store of value and a safeguard against profitable query.

Policy Changes and Their Impact on Indian Gold Prices

Government programs related to gold import duties, levies, and regulations have a direct impact on the domestic gold request. The preface of the Goods and Services Tax(GST) in 2017, changes in import duties, and restrictions on gold purchases have all told the price of gold in India.

III. RESEARCH DESIGN

Data Collection

1. Secondary Data

Secondary data was sourced from government reports, the Reserve Bank of India (RBI), the World Gold Council, and other relevant financial databases. Historical gold prices in India were gathered for the period 1950 to 2023, adjusted for inflation and currency depreciation.

Key Aspects of Secondary Data for Gold Price Analysis

Historical Gold Prices

Historical price data provides a record of gold price movements over time. Various financial institutions, such as the Reserve Bank of India (RBI) and international financial databases, track these prices. For the Indian market, sources such as the World Gold Council, India Bullion and Jewellers Association (IBJA), and commodity market databases (like MCX—Multi Commodity Exchange) provide historical price data.

Data on gold prices is often adjusted for inflation to make accurate comparisons across decades. This data is crucial for identifying periods of significant price hikes and understanding their correlation with economic events.

Inflation Rates

Inflation is one of the primary factors that influence gold prices. Secondary data on inflation rates, both globally and in India, can be obtained from the Reserve Bank of India (RBI), International Monetary Fund (IMF), and World Bank. Higher inflation rates often lead to increased gold demand, as gold is traditionally seen as a hedge against inflation.

By analyzing historical inflation data, researchers can establish a correlation between inflationary periods and rising gold prices in India.

Currency Exchange Rates (USD/INR)

The price of gold in India is highly dependent on the value of the Indian rupee against the U.S. dollar. Since India imports most of its gold, fluctuations in the INR/USD exchange rate directly affect domestic gold prices.

Secondary data on historical exchange rates can be sourced from financial databases such as OANDA, XE, or official data provided by the RBI and Forex platforms. This data helps to explain how rupee depreciation increases the cost of imported gold, thereby pushing up domestic prices.

Global Gold Prices

Since gold is a globally traded commodity, understanding international gold price trends is crucial for analyzing the Indian market. Global gold prices are affected by factors such as geopolitical events, interest rates set by central banks, and global inflation trends.

London Bullion Market Association (LBMA), Kitco, and international financial platforms like Bloomberg or Reuters provide detailed historical data on global gold prices. This data allows researchers to compare global price movements with domestic prices in India and assess the influence of global factors on the Indian gold market.

Gold Import Data

India is one of the largest importers of gold, and data on gold imports is critical for understanding the demand-supply dynamics that influence domestic prices. Import data can be obtained from the Ministry of Commerce & Industry (Government of India) and the Directorate General of Foreign Trade (DGFT).

By analyzing import volumes and trends, researchers can identify how changes in import policies (such as tariffs or restrictions) and market demand affect the domestic price of gold.

Government Policies and Regulations

Changes in government policies, such as the imposition of import duties, taxes like the Goods and Services Tax (GST), and other regulatory measures, significantly impact gold prices. Data on these policies can be accessed through reports and publications from government bodies like the Ministry of Finance and the RBI.

For example, in 2013, the Indian government raised import duties on gold to reduce the current account deficit, which directly led to a surge in domestic gold prices. Understanding these regulatory changes and their timing is key to analyzing price movements.

Geopolitical Events

Gold prices are highly sensitive to geopolitical events such as wars, trade disputes, and global financial crises. Secondary data on these events and their impact on gold prices can be sourced from economic think tanks, financial news outlets, and research reports by organizations such as IMF, World Bank, and leading financial journals.

Events like the 1971 collapse of the Bretton Woods system, the 2008 Global Financial Crisis, and the COVID-19 pandemic caused significant fluctuations in gold prices globally and in India.

Demand and Consumption Patterns

Understanding demand for gold, particularly in India, is crucial for analyzing price movements. Reports from the World Gold Council and market research firms provide data on the demand for gold in India across different sectors, including jewelry, investment, and industrial uses.

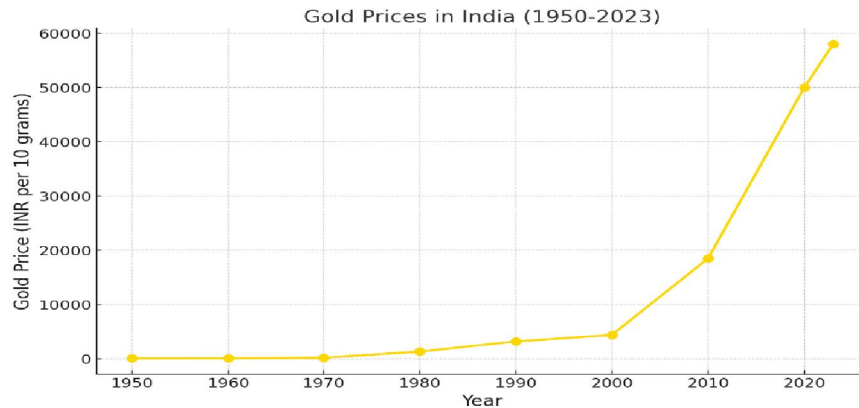
Secondary data on seasonal demand trends, such as increased purchases during festivals (e.g., Diwali) or wedding seasons, provides insight into domestic factors that contribute to price hikes.

Additionally, data on India's inflation rates, currency exchange rates, and gold demand were collected to analyze correlations with gold prices.

Analytical Framework

The study uses both qualitative and quantitative methods. Primary data from interviews were analyzed using thematic analysis to identify common factors that traders and investors perceive as driving gold prices. Secondary data were analyzed using statistical methods, such as correlation analysis and regression models, to determine the relationship between gold prices and macroeconomic indicators such as inflation and currency fluctuations.

The graph below illustrates the trend of gold prices in India from 1950 to 2023. As shown, there has been a significant increase in the price of gold over the decades, with particularly sharp rises during ages of profitable heads similar as the 1980s, 2000s, and more lately, following the COVID-19 epidemic. The graph provides a clear visual representation of the long-term appreciation of gold prices in the Indian request.



IV. DISCUSSION

Literal Gold Price Trends in India

Since 1950, the price of gold in India has seen significant increases, rising from INR 99 per 10 grams in 1950 to over INR 50,000 per 10 grams by 2023. crucial ages of price hikes include 1970s(Oil Crisis and Affection) The global oil painting extremity and posterior affection saw gold prices in India rise dramatically.

By 1980, gold prices had increased to INR 1,330 per 10 grams. The collapse of the Bretton Woods system also contributed to the swell in transnational gold prices, which was reflected in the Indian request.

1991 Economic Crisis India faced a balance of payments extremity in 1991, which led to significant depreciation of the Indian rupee. Gold prices surged as the government was forced to pledge gold reserves to secure an IMF loan.

The price of gold rose from INR 3,200 per 10 grams in 1991 to INR 4,400 by 1994. 2008 Global Financial Crisis The global fiscal extremity of 2008 led to a sharp increase in gold prices as investors sought safe- haven means. In India, the price of gold rose from INR 12,500 per 10 grams in 2007 to over INR 31,000 by 2012.

COVID- 19 Epidemic The epidemic- convinced profitable query saw a sharp rise in gold prices in India, peaking at INR 56,200 per 10 grams in August 2020. Investors crowded to gold due to enterprises over profitable recovery and inflationary pressures.

Affection and Gold Prices in India

A strong correlation was set up between affection rates and gold prices in India. During ages of high affection, similar as the 1970s and early 2000s, gold prices surged as investors sought protection from the depreciating value of the Indian rupee. Primary data from checks indicated that 78 of repliers viewed gold as a dependable barricade against affection, with numerous citing gold's literal performance during high inflationary ages.

Currency depreciation and Gold Prices

The depreciation of the Indian rupee against the U.S. bonehas been a major factor in the rise of gold prices in India. As India significances nearly all of its gold, oscillations in the exchange rate directly impact domestic gold prices. For illustration, the decaying of the rupee in the early 1990s and again during the 2013 currency extremity contributed to sharp price hikes. Survey repliers constantly cited currency depreciation as a crucial reason for rising gold prices, particularly in the environment of India's import dependence.

Cultural Demand for Gold in India

India's strong artistic affinity for gold continues to drive demand, anyhow of price situations. Carnivals similar as Diwali and Akshaya Tritiya, as well as marriages, produce patient demand for gold, which in turn supports advanced prices. Primary data revealed that 65 of repliers bought gold primarily for artistic or religious reasons, indeed when prices were high, indicating that domestic demand remains robust anyhow of transnational price trends.

Policy Impacts on Gold Prices

Changes in government policy, particularly regarding import duties and levies, have had a significant impact on gold prices in India. In 2013, the Indian government raised the import duty on gold to reduce the current account deficiency, which led to a reduction in sanctioned significances and increased prices in the domestic request. Survey repliers mentioned that they were apprehensive of policy changes and acclimated their buying strategies consequently.

V. CONCLUSION

The analysis of gold prices in India from 1950 to 2023 reveals that price hikes have been driven by a combination of global and domestic factors. Affection, currency depreciation, and domestic demand, particularly driven by artistic factors, have played crucial places in impacting gold prices. Primary data from dealers, investors, and judges punctuate the significance of these factors, with utmost repliers viewing gold as a safe- haven asset during times of profitable query. As India continues to be a major player in the global gold request, unborn price movements will probably depend on a complex interplay of global profitable trends, government programs, and domestic demand. still, gold is anticipated to remain a critical part of Indian investments and culture, icing sustained demand and price increases over time.

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