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## ANALYSIS OF GOLD PRICES IN INDIA DURING COVID- 19 PANDEMIC

**Silpa M A**

Guest Lecturer ,  
St. Joseph's College (Autonomous),  
Irinjalakuda, Thrissur Dist, (Kerala)

**Andrea Varghese**

Guest Lecturer ,  
St. Joseph's College (Autonomous),  
Irinjalakuda, Thrissur Dist, (Kerala)

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### **ABSTRACT:**

*Gold can be considered as a yellow precious metal that can attract people with its magnificent charm and beauty. Over the years, the significance of gold has increased/ grown as it symbolizes growth and prosperity due to which Indians are attracted to it. In India, gold is not only a metal that helps people enhance their beauty, it is considered as an emotional asset also, having sentimental values associated with it. India has become one of the largest consumers of gold. Gold could provide multiple solutions and act as a knight in shining armour as it can be easily sold in case of a financial crunch. Gold has not only attracted women but also the investors who are dictated by the daily fluctuating gold rates. An Analysis of Gold prices in India during Covid 19 pandemic is done in this study.*

**Keywords:** Covid -19 Pandemic, Gold rate

### **INTRODUCTION:**

Gold has been considered as one of the most precious metals, and its value has been used as the standard for many currencies (known as the gold standard) in history. There was a sharp acceleration in gold consumption during the 1990s amidst liberalization of gold import policy, strong economic growth and favourable movements in gold prices. Gold has been used in jewellery since ancient time and it was a safe investment option in India. But now, its role has been increased much, because it constantly provide plenty of yield to the investors. Presently, India is the world's second largest gold consumer after China. But price of gold is ever on increase over the last few years. There

is a drastic increase in its price during this COVID-19 Pandemic. Various factors are there which leads to such price increase.

### STATEMENT OF THE PROBLEM:

The current study is an effort to analyze the gold prices of India during Covid- 19 pandemic. This study also attempt to identify various factors affecting gold price changes during this covid-19 pandemic.

### OBJECTIVES OF THE STUDY:

1. To analyse the trend of gold prices in India during Covid- 19 pandemic.
2. To identify various factors affecting the gold price changes in India during this Covid-19 pandemic.
3. To identify the future trend of gold prices as a result of Covid- 19 pandemic.

### RESEARCH METHODOLOGY:

Secondary data have been used for the study. Secondary data was collected from various reports, journals, etc. available on internet. Percentage analysis method has been used for the data analysis. Tables and charts have been used for presenting the data.

### LIMITATIONS OF THE STUDY:

1. Period of the study is limited from December 2019 to July 2020
2. Accuracy of the study depends upon the secondary sources from which data has been collected.

### DATA ANALYSIS:

#### Gold Prices per Gram in India from 15/12/2019 to 23/07/2020

Date	Gold Prices per Gram (INR)	Increase/ Decrease in Gold Prices per Gram (INR)	Percentage of Increase/ Decrease in Gold Prices per Gram (%)
15/12/2019	3354	--	--
31/ 12 2019	3476	+122	+3.64
15/01/2020	3526	+50	+1.44
31/01/2020	3639	+113	+3.20

15/02/2020	3637	-2	-0.05
29/02/2020	3767	+130	+3.57
15/03/2020	3717	-50	-1.33
31/03/2020	3896	+179	+4.82

15/04/2020	4240	+344	+8.83
30/ 04 2020	4118	-122	-2.88
15/05/2020	4248	+130	+3.16
31/05/2020	4217	-31	-0.73
15/06/2020	4196	-21	0.50
30/06/2020	4325	+129	+3.07
15/07/2020	4368	+43	+0.99
23/07/2020	4536	+168	+3.85

**Trend of Gold Prices per Gram in India for 6 months  
(February 2020 to July 2020)**



**FINDINGS:**

1. There is an increasing trend in gold prices during Covid- 19 pandemic in India.
2. Important factors that could affect the increasing of gold prices in India includes safe-heaven appeal for gold, US- China trade tensions, Massive Stimulus measures from Central Bank, Mining production, Exchange rates, etc.
3. The disruption that occurred in the economic activities, geopolitical uncertainties, and the global slump in economic growth led investors to move away from risky assets, thus increasing the safe-haven appeal for gold.
4. Covid-19 led to the shutdown of major economies across the world, added momentum to the rising gold prices as a major global recession now looks certain.
5. Trade tensions between the US and China put an impact on global economy which affected gold prices.
6. On March 27, the Reserve Bank of India cut its key policy rate by 75 basis points and announced liquidity injection of Rs 3.74 lakh crores in the financial markets. Any expansion in the paper currency tends to push up gold prices.
7. The corona virus-led lockdowns across the world have impacted gold mining activities. Thus, the supply of gold was severely impacted resulting in a rise in prices.
8. India is a major importer of gold. Any change in the exchange rate affects gold prices. In the domestic market, the rupee has fallen sharply. It led to increase in gold prices.
9. As per the opinion of experts, gold prices could go up to Rs 65,000 per 10 grams in the next 18-24 months. That is, there will be an increasing trend in gold prices in future also.

**CONCLUSION:**

Gold is considered as one among the most important investment option for the investors. From this study it is clear that, there is an increasing trend in gold prices during Covid- 19 pandemic. This study focuses on Indian gold markets only. Safe- heaven appeal for gold, US- China trade tensions, Massive Stimulus measures from Central Bank, Mining production, Exchange rates, etc. are the important factors that affect the increasing of gold prices in India. As per the opinion of experts, the gold prices will be ever on increase in future.

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