

# DYNAMIC CAUSAL RELATIONSHIP BETWEEN GOLD PRICES AND INDIAN STOCK MARKET INDICES

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## ABSTRACT

This study aims to investigate whether changes in one market systematically affect changes in the other by examining the causal relationship between gold prices and Indian stock market indexes. The study examines the relationship between gold and stock indices in India, using stock indices as indicators of the BSE SENSEX, turnover at the BSE, Market capitalization at the BSE, Nifty 50, turnover at the NSE, and Market capitalization at the NSE, with monthly data from 1995 to 2024. To address potential issues of heteroskedasticity and improve model reliability, all variables were transformed into their natural logarithms. The results indicate a strong and statistically significant long-term relationship between the BSE Sensex, Nifty 50, and market capitalization at the BSE and NSE in India, highlighting the crucial role of the stock market in determining stock prices. The study also indicates that the unidirectional causality from BSE Sensex and Nifty 50 underscores the demand for greater investments in gold prices within the Indian economy. The study suggests that the stock market plays a critical role in India's economic development, driven by the demands of a growing economy. Future studies could explore sector-specific stock markets to provide more granular insights into how people's spending impacts various dimensions of stock market indices and gold prices in India.

**Keywords:** Gold Price, BSE, NSE, and Stock Market Indices.

## I. Introduction

The correlation between gold prices and stock market indices has long been of interest to investors, regulators, and economists due to its implications for market behaviour, economic stability, and portfolio diversification. Although gold has traditionally been seen as a safe-haven asset, it often acts contrary to the stock market, especially when there is financial instability or economic uncertainty. In India, gold prices stayed strong even after stock markets crashed. India continues to hold a lot of gold despite recent rises in the number of people participating in the retail stock market. In addition to jewellery, Indians now view gold as a feasible financial option, along with stocks and bonds. Understanding the relationship between stock market indices and investor confidence is crucial for designing effective investment strategies and policy interventions. In India, where both gold and equities play significant roles in household savings and institutional portfolios, this dynamic is especially relevant.

In the Indian context, where gold and stocks play important roles in institutional portfolios and household savings, it is even more relevant to examine this relationship. The fact that gold serves as both a financial hedge and a cultural store of value complicates its relationship with equity markets. Furthermore, India has one of the world's biggest gold consumptions and one of the fastest-growing capital markets, so changes in both areas might have a significant impact on the financial system as a whole.

This study aims to investigate whether changes in one market systematically affect changes in the other by examining the causal relationship between gold prices and Indian stock market indexes. Both investors seeking to hedge risks and regulators seeking to preserve financial stability are significantly impacted by the direction of causality, whether it is unidirectional or bidirectional. If gold is a safe-haven asset during times of stock market volatility, for example, knowing this causal relationship can aid in creating more reliable investing plans.

In order to do this, the study uses econometric methods like the Granger causality test in the context of time series analysis, as well as supporting models like the Autoregressive Distributed Lag (ARDL) bounds test or Vector Error Correction Models (VECM), depending on the data's stationarity characteristics. The study intends to offer greater insights into the interdependence of asset prices in India's changing financial landscape by detecting both short-term and long-term causality patterns.

## II. Review Of Literature

The relationship between gold price and stock market indices has been extensively studied, but findings remain mixed, especially in the Indian context. In the analysis, Karamjeet Kaur (2018) comes to the conclusion that changes in the value of gold and the returns on the Sensex do not occur at the same time, enabling investors to spread their money across both sectors. According to Naliniprava Tripathy and Amit Tripathy (2016), the CUSUM test also supports the presence of a long-term link between gold and stock market prices. The study recommends that foreign investors follow a portfolio stock selection strategy to boost the value of their investments in India, as gold and stock market values are closely integrated. Bunny Singh Bhatia and Anjali Arora (2017), gold prices and the Sensex do not correlate, and they are included in the portfolio for diversity. Mohd Musavvir Ali (2016) discussed gold as a valuable investment alternative, comparable to stocks and bonds, as well as jewellery. The study could provide insight into how gold and stock prices were related both during and after the global financial crisis. In the study, Patel (2013) discovered that the Granger causality only holds true between the Nifty and the price of gold. Therefore, crucial information for forecasting the Nifty can be found in the price of gold. In their investigation, Samuel Anbu Selvam and Ram Raj (2020) came to the conclusion that both variables are moving in tandem and have a long-term equilibrium relationship. Therefore, by understanding more, investors can benefit from diversifying their portfolios. Bhabani Mallia, Satyanath Mohapatra, and Pragyan Parimita Sarangi (2025) discovered a slight inverse association between the two, with the Nifty exhibiting higher volatility and gold offering stability in erratic economic times. The study's conclusion includes significant new facts regarding portfolio diversification, risk management, and the possible anti-equity market hedge of gold. Valarmathi, Umamaheswari, and Raja Lakshmi (2023) discovered a significant discrepancy between the returns of gold and the BSE sectoral indices. The study also shows that gold is a good hedge against the information technology stock index and a powerful tool for diversifying a portfolio. Yashpradha Soni and Dhaval Maheta (2021) found a link between gold prices and stock prices. The study revealed that although the price of gold has no effect on the stock price as a whole, it has a significant influence on it; as a result, the relationship between the two is unidirectional. According to Zankhana Atodaria and Karan Karnawat (2024), the correlation tends to wane in a stable economy, and stock market indices may become more volatile in response to changes in the price of gold. The study highlighted the intricate relationship between equity markets and precious metals, emphasizing how crucial it is to incorporate gold price trends into financial analyses and investment plans. Pradhan and Lakshmi S. Narasimhan (2002) investigated the key problems that the Indian stock market faces, including return volatility, including its time-varying pattern, market tests, efficiency, the effect of foreign capital

inflows on index volatility, and the correlation between Indian indices and those of some developed and Asian markets.

In the Indian context, this study explores the complex relationship between gold prices, stock market indices, and total market expansion. In particular, it looks into whether the rise in stock indexes and gold prices over time is proportionate to more general market and economic trends. The study attempts to capture both the short-run dynamics and long-run equilibrium linkages among the variables by using error correction models (ECM) in conjunction with the Autoregressive Distributed Lag (ARDL) bounds testing approach. It is anticipated that the knowledge gained from this study will improve our comprehension of how assets react to changes in the market. Finally, the study adds to the expanding corpus of research on asset price interactions and provides a fundamental resource for developing well-informed fiscal policies and promoting India's sustainable economic growth.

### III. Material And Methods

This study aims to examine the relationship between gold and stock indices in India, using stock indices as an indicator of BSE SENSEX, turnover at BSE, Market capitalization at BSE, Nifty 50, turnover at NSE, and Market capitalization at NSE. The study based on secondary monthly data from 1995 to 2024, gold price data measured in monthly average price of rupees in 10 grams, BSE Sensex measured monthly averages of BSE SENSEX (Base year 1978-79 = 100), BSE turnover and Market capitalization are measured rupees in crores, Nifty 50 measured averages of Nifty 50 (Base year 1995 = 1000), NSE turnover and Market capitalization are measured rupees in crores. The data were sourced from credible and authoritative publications, including the Bombay Stock Exchange and Handbook of Statistics on Indian States, as well as various reports from the Reserve Bank of India. To address potential issues of heteroskedasticity and improve model reliability, all variables were transformed into their natural logarithms.

The study used a log-linear model to estimate the causal relationship between the Stock Market:

$$\ln GP = \beta_0 + \beta_1 \ln BSE\_SEN + \beta_2 \ln T\_BSE + \beta_3 \ln MC\_BSE + \beta_4 \ln Nifty\_50 + \beta_5 \ln T\_NSE + \beta_6 \ln MC\_NSE + u_t$$

Where,

$\ln GP$  = log of Gold Price

$\ln BSE\_SEN$  = log of BSE Sensex

$\ln T\_BSE$  = log of Turnover at BSE

$\ln MC\_BSE$  = log of BSE at Market Capitalization

$\ln Nifty\_50$  = log of Nifty 50

$\ln T\_NSE$  = log of Turnover at NSE

$\ln MC\_NSE$  = log of NSE at Market Capitalization

$\beta_0$  = Intercept,  $\beta_1$  = Slope

$U_t$  = Error term

#### 3.1 Model Specification

The time series analysis starts with the identification of order of integration of the series. The study uses ADF test to test the unit root. This test helps determine whether differencing is needed to make the series stationary or non-stationary. However, the order of integration for the public expenditure is I(1) and net state domestic product is I(0). It is observed that the variables are mixed in terms of order of integration. Therefore, the equilibrium/long-run relationship between the study variables is confirmed with the ARDL Bounds test. ARDL represent an error correction model (ECM) if the bounds test confirms the co-integrating relationship. The bound test provides lower and upper bounds on the critical values. If the computed t-value is less than the lower bound then no co-integration and t-value is greater than the upper bound then co-integration is inferred. The co-integration is inferred, the long-

run equilibrium relationship between the variables are calculated using the ARDL model, which can be written as follows:

$$\ln GP_t = \alpha_0 + \alpha_1 \ln GP_{t-i}^p + \alpha_2 \ln BSE\_SEN_{t-i}^q + \alpha_3 \ln T\_BSE_{t-i}^q + \alpha_4 \ln MC\_BSE_{t-i}^q + \alpha_5 \ln Nifty\_50_{t-i}^q + \alpha_6 \ln T\_NSE_{t-i}^q + \alpha_7 \ln MC\_NSE_{t-i}^q + u_t$$

Where,  $\alpha_0$  is the intercept;  $\alpha_1$  and  $\alpha_2$  are the long-run coefficients;  $p$  and  $q$  are the lags of dependent and independent variable, respectively; and  $u_t$  is the error term. Furthermore, the error correction representation of the estimated long-run equations is as follows:

$$\Delta \ln GP_t = \beta_0 + \beta_1 \Delta \ln GP_{t-i}^p + \beta_2 \ln BSE\_SEN_{t-i}^q + \beta_3 \ln T\_BSE_{t-i}^q + \beta_4 \ln MC\_BSE_{t-i}^q + \beta_5 \ln Nifty\_50_{t-i}^q + \beta_6 \ln T\_NSE_{t-i}^q + \beta_7 \ln MC\_NSE_{t-i}^q + \phi ECM_{t-1} + \omega_t$$

Where,  $\Delta$  is the first difference;  $\beta_1$  and  $\beta_2$  are the short-run coefficients;  $ECM_{t-1}$  is the error correction term;  $\phi$  is the speed of adjustment; and  $\omega_t$  is the error term.

The ARDL approach determines whether or not two variables are co-integrated, but not their causality direction. The Granger causality test helps in determining the strength of causation between variables. The Granger Causality approach involves estimating the following pairs of regressions to determine the direction of causality among the specified variables:

$$\ln GP_t = \alpha_1 \ln BSE\_SEN_{t-i}^p + \alpha_2 \ln T\_BSE_{t-i}^p + \alpha_3 \ln MC\_BSE_{t-i}^p + \alpha_4 \ln Nifty\_50_{t-i}^p + \alpha_5 \ln T\_NSE_{t-i}^p + \alpha_6 \ln MC\_NSE_{t-i}^p + \beta_j \ln GP_{t-j}^q + u_{1t}$$

$$\ln BSE\_SEN + \ln T\_BSE + \ln MC\_BSE + \ln Nifty\_50 + \ln T\_NSE + \ln MC\_NSE = \gamma_1 \ln GP_{t-i}^p + \rho_1 \ln BSE\_SEN_{t-j}^q + \rho_2 \ln T\_BSE_{t-j}^q + \rho_3 \ln MC\_BSE_{t-j}^q + \rho_4 \ln Nifty\_50_{t-j}^q + \rho_5 \ln T\_NSE_{t-j}^q + \rho_6 \ln MC\_NSE_{t-j}^q + u_{2t}$$

#### IV. RESULTS AND DISCUSSION

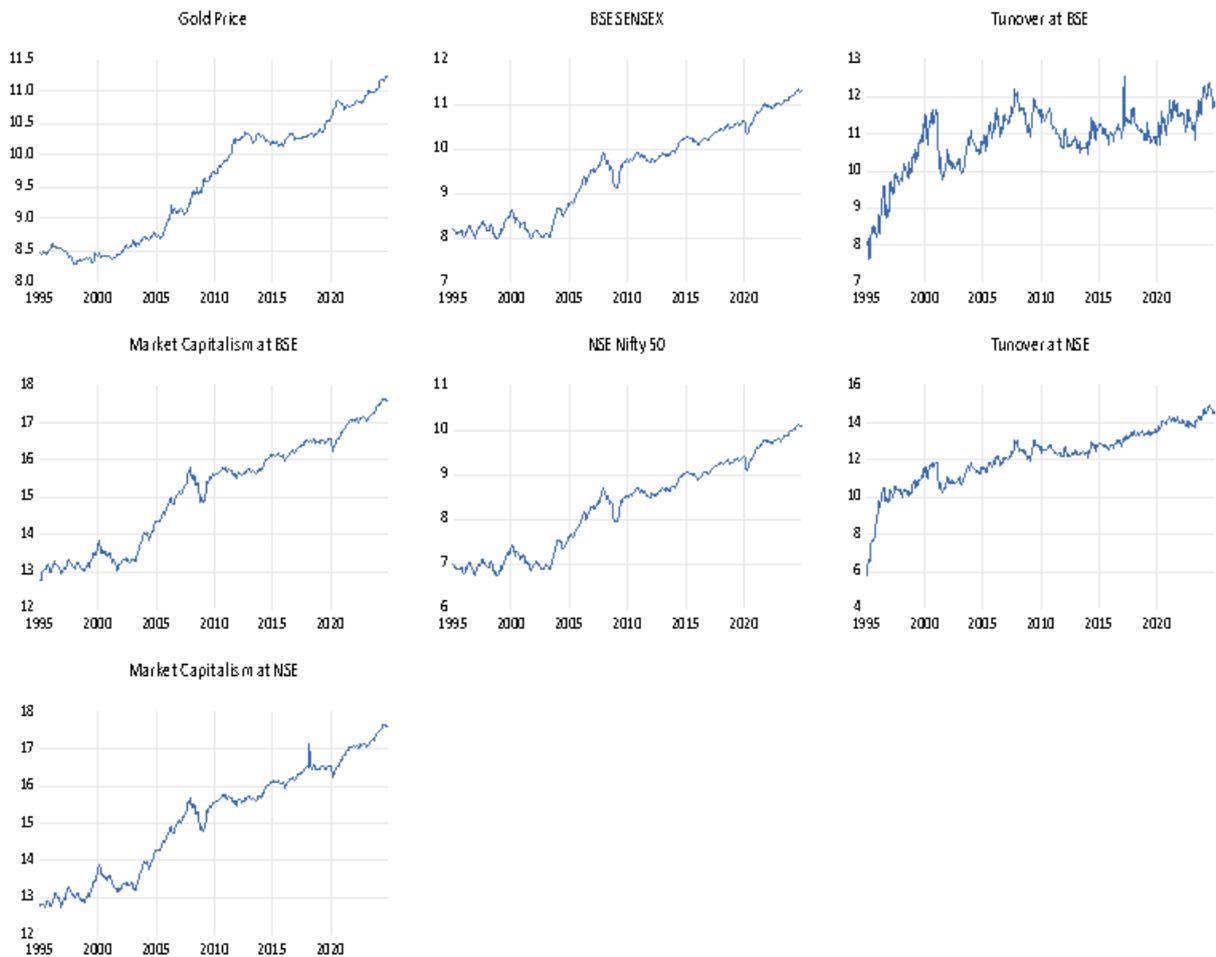
##### 4.1 Relationship between Gold Price and Stock Market Indices in India

The descriptive statistics of the gold and stock market indexes are shown in Table 1, which also includes eight variables, such as mean, median, standard deviation, skewness, and kurtosis are included. The table also shows the Jarque-Bera (JB) values and associated p-values for each time series data set at the 1 percent significance level. During the study period, the standard deviations for the variables under examination are largely different from one another. Each variable's skewness is shown by statistics that are less than one and can be either positive or negative. Additionally, kurtosis is less than 2 in every instance, and more importantly, because the JB test's p-values are statistically significant, we reject the null hypothesis and assume that the data is normally distributed. The findings showed that when the market is at its riskiest, the mean price of gold is higher than the stock market indices.

**Table 1: Descriptive Statistics for Gold Price and Stock Market Indices in India**

Descriptive Statistics	Gold Price	BSE Sensex	Turnover at BSE	Market Capitalisation at BSE	Nifty 50	Turnover at NSE	Market Capitalisation at NSE
Mean	9.588630	9.505991	10.85642	15.14884	8.307119	12.15237	15.11380
Median	9.720369	9.730577	11.02739	15.59306	8.525321	12.37188	15.55789
Std. Dev.	0.941852	1.033498	0.856720	1.446399	1.029426	1.545503	1.469229
Skewness	0.013844	-0.063292	-1.325635	-0.170947	-0.063637	-0.982233	-0.172819
Kurtosis	1.487162	1.675806	5.138435	1.678591	1.684209	4.889795	1.700339
Jarque-Bera	34.34167	26.54270	174.0320	27.94521	26.21256	111.4568	27.12876
Probability	0.000000	0.000002	0.000000	0.000001	0.000002	0.000000	0.000001

**Figure 1: Gold Price and Stock Market Indices in India**



**Unit Root Test:**

The study tests the stationarity of the variables using the unit root test. In order to assess the stationarity of the variables, the Augmented Dickey-Fuller (ADF) test is used. It is also used to determine the order of integration.

**Table 2: Results of ADF Test for Gold Price and Stock Market Indices in India**

Variables	Level			First difference			Order of Integration
	None	Intercept	Intercept with Trend	None	Intercept	Intercept with Trend	
Gold Price	4.554821	0.914137	-2.106181	- 15.92438***	- 16.68340***	- 16.74376***	<b>I(1)</b>
BSE SENSEX	2.279206	-0.184314	-3.086069	- 14.65928***	- 14.92858***	- 14.92254***	<b>I(1)</b>
BSE at Turnover	0.749067	-3.411427**	-3.871602**	- 24.55130***	- 24.57291***	- 24.58010***	<b>I(0)</b>
BSE at Market Capitalization	3.514077	-0.370188	-2.240309	- 16.70250***	- 17.21784***	- 17.19370***	<b>I(1)</b>
Nifty 50	2.301954	-0.205968	-3.336930	- 14.64761***	- 14.92510***	- 14.91709***	<b>I(1)</b>
NSE at Turnover	1.697298	- 4.339391***	- 6.843001***	- 21.35549***	- 21.64873***	- 21.80900***	<b>I(0)</b>
NSE at Market Capitalization	2.917139	-0.403825	-2.852827	- 20.27777***	- 20.78177***	- 20.75524***	<b>I(1)</b>

\*\*\* Significant at 1 per cent level

\*\* Significant at 5 per cent level

Table 2 presents the results of unit root tests for gold prices and stock market indices in India. The order of integration for the gold price, BSE SENSEX, BSE at Market Capitalisation, Nifty 50 and NSE at Market Capitalisation is I(1) and for BSE turnover and NSE turnover is I(0). It is observed that the study variables are mixed in terms of order of integration. Therefore, the equilibrium/long-run relationship between the study variables is confirmed with the ARDL Bounds test.

**ARDL Specification**

The ARDL model demonstrates the long-run relationship between gold price and stock market indices, are given in Table 3.

**Table 3: Results of ARDL Model for Gold Price and Stock Market Indices in India**

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
GoldPrice(-1)	1.072905	0.052595	20.39923	0.0000
GoldPrice(-2)	-0.100929	0.052075	-1.938130	0.0534
BSE Sensex	-0.028222	0.064018	-0.440848	0.6596
Turnover atBSE	-0.036014	0.011968	-3.009096	0.0028
Turnover atBSE (-1)	0.028730	0.011923	2.409706	0.0165
MarketCapitalisation atBSE	-0.002657	0.036821	-0.072151	0.9425

MarketCapitalisation atBSE (-1)	0.071047	0.026095	2.722634	0.0068
Nifty50	-0.016058	0.076980	-0.208600	0.8349
Turnover atNSE	0.054271	0.015195	3.571677	0.0004
Turnover atNSE (-1)	-0.047883	0.014354	-3.335815	0.0009
MarketCapitalisation atNSE	-0.019690	0.032003	-0.615277	0.5388
C	-0.059949	0.113727	-0.527133	0.5984
<b>R<sup>2</sup></b>	<b>0.9989</b>	<b>R<sup>2</sup> Adjusted</b>	<b>0.9988</b>	
<b>F-statistic</b>	<b>28525.72</b>	<b>Durbin-Watson stat</b>	<b>1.9950</b>	

The explanatory power of the estimated model, represented by R<sup>2</sup> is 0.99. The value explains that the independent variables included in the estimated model explain 99 per cent of the changes that occur in the dependent variable. The model is significant since the p-value of the F statistic is greater than 5 percent. The bounds tests assess the existence of co-integration or the existence of a long-term equilibrium relationship.

**Table 4: Result of Bound Test for Gold Price and Stock Market Indices in India**

Number of Regressors	Value of Statistic (K = 6)
Computed F statistic	4.084886
5 per cent critical value	
Lower bound value	2.27
Upper bound value	3.28

The study obtained in Table 4 shows that the limits tested as the calculated F value reached 4.08, which is greater than the maximum tabular value of 3.28 at a level of significance of 3 percent. After ascertaining the co-integration, the error correction model and the long-term relationship are estimated.

#### 4.2 Long Run Relationship between Public Expenditure and NSDP in Tamil Nadu

The relationship among the economic variables included in the estimated model. The results are shown in Table 5.

**Table 5: Error Correction Model for Gold Price and Stock Market Indices in India**

Variable	Coefficient	Std. Error	t-Statistic	Prob*
D(Gold Price (-1))	0.100929	0.050623	1.993734	0.0470
D(Turnover at BSE)	-0.036014	0.010946	-3.290055	0.0011
D(Market Capitalisation at BSE)	-0.002657	0.024626	-0.107878	0.9142
D(Turnover at NSE)	0.054271	0.013578	3.997099	0.0001
CointEq (-1)*	-0.028024	0.004853	-5.774099	0.0000

The coefficient of the error correction term is found to be negative and significant at the 5 per cent level (-0.0280, p<.0). The equilibrium is restored in the long run, and therefore the long-run relationship between the Gold Price and Stock Market Indices is confirmed.

**TABLE 6: Long-Term Relationship between Gold Price and Stock Market Indices in India**

<b>Levels Equation</b>				
<b>Variable</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>t-Statistic</b>	<b>Prob*</b>
C	1.209772	0.308058	3.927087	0.0001
BSE Sensex(-1)	0.337157	0.180584	1.867041	0.0627
Turnover at BSE(-1)	-0.341642	0.012997	-26.28523	0.0000
Market Capitalisation at BSE(-1)	0.424177	0.080775	5.251345	0.0000
Nifty 50(-1)	-0.466262	0.215484	-2.163785	0.0312
Turnover at NSE(-1)	0.151040	0.012539	12.04557	0.0000
Market Capitalisation at NSE(-1)	0.297810	0.085269	3.492596	0.0005
ECM (-1)	0.834800	0.029722	28.08653	0.0000

Table 6 shows the long-term relationship among the economic variables included in the estimated model. This model explains the relationship between the Gold Price and all the Stock Market Indices is statistically significant at 1 per cent level and except for the BSE Sensex. The results indicate that the Gold Price and Stock Market Indices are found to have a long-run relationship in Tamil Nadu.

**Granger Causality Test**

Table 7 represents the results of pair-wise Granger causality among Gold Price and Stock Market Indices.

**Table 7: Granger Causality Test for Gold Price and Stock Market Indices**

<b>Null Hypothesis</b>	<b>Obs</b>	<b>F-Statistic</b>	<b>Prob.</b>	<b>Remarks</b>
BSE_SEN does not Granger Cause GP	358	3.09381	0.0466	<b>Unidirectional</b>
GP does not Granger Cause BSE_SEN		3.40149	0.0344	
T_BSE does not Granger Cause GP		2.00190	0.1366	<b>Not Identified</b>
GP does not Granger Cause T_BSE		1.26506	0.2835	
MC_BSE does not Granger Cause GP		5.26878	0.0056	<b>Bidirectional</b>
GP does not Granger Cause MC_BSE		1.18069	0.3083	
NIFTY_50 does not Granger Cause GP		3.34912	0.0362	<b>Unidirectional</b>
GP does not Granger Cause NIFTY_50		3.27592	0.0389	
T_NSE does not Granger Cause GP		1.11927	0.3277	<b>Not Identified</b>
GP does not Granger Cause T_NSE		10.6552	3.E-05	
MC_NSE does not Granger Cause GOLD_PRICE		4.92884	0.0077	<b>Bidirectional</b>
GP does not Granger Cause MC_NSE		0.95495	0.3858	

The results show that the null hypothesis that BSE Sensex and Nifty 50 does not Granger-cause Gold prices is rejected at 5 per cent level of significance. Whereas, the null hypothesis that the gold price does not Granger-cause BSE Sensex and Nifty 50 is not rejected at 5 per cent level of significance. Therefore, there is unidirectional causality running from the BSE Sensex and Nifty 50 to gold prices, thus supporting the stock market in India. Market Capitalisation at BSE and Market Capitalisation at NSE does not Granger-cause Gold prices is rejected at 5 per cent level of significance. Whereas, the null hypothesis that the gold price does not Granger-cause Market Capitalisation at BSE and Market Capitalisation at NSE is insignificant. Therefore, there is bidirectional causality running from Market Capitalisation at BSE and Market Capitalisation at NSE to gold prices, thus supporting the stock market in

India. Turnover at BSE and NSE does Granger Granger-cause gold prices is statistically insignificant, implying that there is does not causal relationship between gold prices in India. The results indicate a strong and statistically significant long-term relationship between BSE Sensex, Nifty 50, and Market capitalisation at BSE and NSE in India, highlighting the crucial role of the stock market in determining stock prices.

The unidirectional causality from BSE Sensex and Nifty 50 underscores that gold prices in the Indian economy demand greater investments in the Bombay Stock Exchange and National Stock Exchange. This aligns with the rise in domestic stock markets is also associated with a fall in gold prices. Gold prices usually move in tandem with global economic policy uncertainty, underscoring their safe haven feature. However, the results suggest that changes in gold prices and the BSE Sensex and Nifty 50 do not co-vary, and hence investors can allocate their funds in both sectors. The gradual adjustment indicated by the error correction model suggests the importance of a long-term trading strategy to minimize risk in the market.

### CUSUM Test for Gold Price and Stock Market Indices in India

The CUSUM test is used to test the stability of the coefficients, for which the null hypothesis (H0) states that the parameters are stable, while the alternative hypothesis (H1) states that the parameters are unstable.

Figure 2: Results of CUSUM and CUSUM Square Test for Gold Price and Stock Market Indices in India

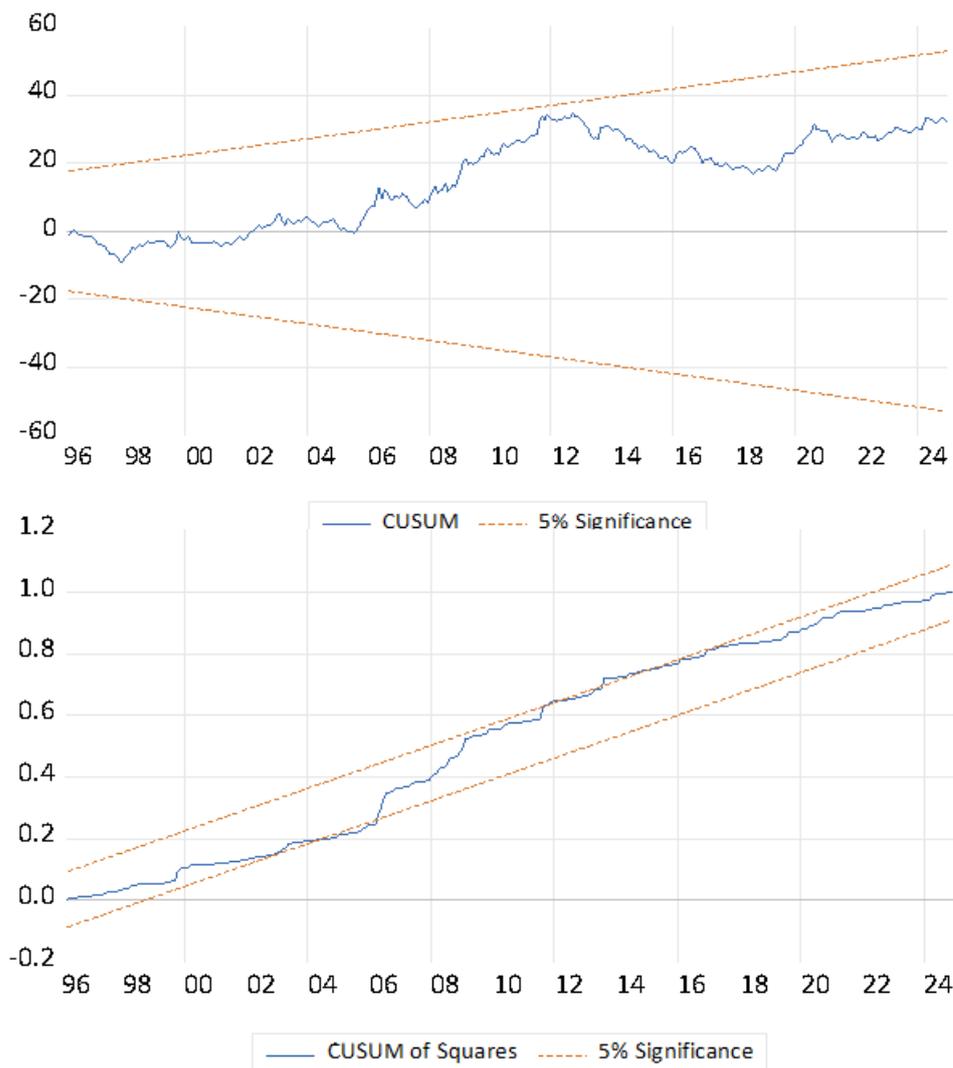


Figure 2 CUSUM test shows that the cumulative sum of the residuals is within the limits of critical values at a significant level of 5 per cent, indicating that the estimated parameters are stable in the long term. The CUSUM of squares test shows the movement and fluctuation around the mean zero value within the limits of critical values at a significant level, and it indicates that the estimated parameters are stable in the short-term 5 percent. The two experiments show that the model is stable and consistent across long-term findings when it comes to the actual Gold Price and Stock Market Indices.

## V. Conclusion

This study provides robust empirical evidence of the long-term relationship between the Gold Price and Stock Market Indices in India. The study empirically investigates how much gold prices and stock market indices rise in tandem with the wider growth of financial markets. Since gold and stocks are important financial instruments that frequently represent investor mood and macroeconomic developments, the study attempts to ascertain if their fluctuations correspond with the general course of market expansion. By doing this, the research adds to the larger conversation on how financial instruments influence macroeconomic factors and guide policy choices meant to promote sustainable economic growth.

The study indicates that to satisfy the needs of an expanding economy, the price of gold requires larger stock market indexes. The BSE Sensex and Nifty 50's unidirectional causal relationship highlights how higher gold prices in the Indian economy necessitate higher investments in the National Stock Exchange and the Bombay Stock Exchange. A decline in gold prices is also linked to the expansion of domestic stock markets. Gold's status as a safe haven is highlighted by the fact that its prices typically fluctuate in accordance with the uncertainties surrounding global economic policies. The findings underscore the critical role that the stock market plays in setting stock prices by showing a strong and statistically significant long-term association between the BSE Sensex, Nifty 50, and market capitalization at the BSE and NSE in India. To increase the impact of gold, policymakers should concentrate on enhancing market efficiency, maximizing resource allocation, and guaranteeing the sustainability of the stock market. In conclusion, the demands of an expanding economy fuel the stock market's crucial role in India's economic development. Future studies could examine sector-specific stock markets to offer more detailed insights into the ways in which consumer spending affects different aspects of Indian gold prices and stock market indices.

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