

## ABSTRACT

This paper attempts to study the impact of crude oil and gold prices on the financial stability of India for the time period of 2006 to 2015. Here volatility of Sensex returns has been chosen as a proxy for the indicator of financial stability of the Indian market and we try to assess whether the Sensex returns volatility is influenced by the volatility of gold and crude oil prices. We also include volatility of WPI inflation as a variable to assist in building the model. The empirical results conclude that the variables are stationary and integrated of order 1 and that there are no long run relationships between the variables; however there is causality between inflation rate volatility and Sensex return volatility. On the volatility of Sensex returns, we find that the volatility of gold price and inflation are significant but oil price is not.