

Beyond gold's glow: Silver ETFs are catching the shine

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NEW DELHI: For years, gold has been the go-to hedge in times of economic uncertainty. But now, another precious metal is stealing some of its lustre.

Silver is emerging as a sought-after asset, with investors pouring money into exchange-traded funds (ETFs) tracking the metal as they seek diversification in a volatile market.

Silver exchange-traded funds (ETFs) in India have seen explosive growth. By the end of February 2025, the number of silver ETFs had risen to 12, with the monthly average assets under management (AUM) surging to ₹14,017.53 crore—more than triple the ₹4,069.90 crore held by 11 ETFs a year earlier, according to Prime Database.

The momentum hasn't slowed. March saw two more



The global silver market is projected to run a deficit for the fourth consecutive year in 2024.

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ETF launches—one from Zerodha Fund House and another from 360 ONE Asset—underscoring the rising investor interest in silver as both a safe-haven asset and an industrial powerhouse.

India's capital markets regulator, the Securities and Exchange Board of India (Sebi), first allowed asset managers to launch silver ETFs in 2021. Since

then, demand has steadily climbed, and analysts say the rally is far from over.

Long valued as a safe-haven asset, silver is also a crucial material for high-growth industries.

Silver is not just a precious metal—it is the best conductor, even better than aluminum, making it a key player in next-generation industries, notes

Raghav Iyengar, chief executive, 360 ONE Asset. The metal is critical to solar panels, electric vehicle (EV) batteries, medical equipment, and water purification technologies.

Beyond its industrial uses, silver is gaining traction as a reserve asset. Last year, Russia's central bank announced plans to add silver to its reserves for the first time, expanding beyond gold, platinum, and palladium. Analysts believe other central banks could follow suit as they seek diversification beyond gold.

The gold-to-silver ratio—a measure of how many ounces of silver it takes to buy one ounce of gold—currently stands at 90:1, suggesting that gold may be slightly overvalued relative to silver, Iyengar noted.

At a time when central banks are looking beyond gold to diversify their reserves, silver may emerge as a promising store of value, he said.

Meanwhile, supply constraints are adding to silver's allure. The global silver market is projected to run a deficit for the fourth consecutive year in 2024, meaning demand continues to outstrip supply, according to ICICI Direct Research. Such deficits have historically been a strong driver of price gains.

Silver's rally is already well underway.

The metal has climbed 13% on the Multi Commodity Exchange (MCX) year-to-date and has surged 32% over the past year. On 22 March, silver traded at ₹73,890 per kg—by March 24, it had jumped to ₹97,209.

ICICI Direct expects the rally to continue, forecasting silver prices to reach ₹1,10,000 per kg in 2025. In the global markets, silver is hovering around \$34 per ounce—still far from its all-time high of \$50 per ounce, reached in 2011.