

Investors pile into silver ETFs as it emerges from gold's shadow

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MUMBAI

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 for 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 ETF launches—one from Zerodha Fund House and another from 360 ONE Asset—



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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

Getting bigger

In just a year, silver ETFs grew in number, with AUM more than tripling.

Average AUM of silver ETF schemes at the end of Feb 2025

	(in ₹ crore)	Year-on-year growth (in times)
Nippon India	5,921	3.9
ICICI Prudential	4,485	2.8
Kotak	919	4.1
SBI*	605	NA
Aditya Birla Sun Life	539	2
HDFC	518	3.6
DSP	329	3.6
UTI	170	3.1
Axis	169	3.8
Tata	144	4.1
Edelweiss	129	2.5
Mirae Asset	89	7

*Launched in July 2024

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Source: Prime Database

Investors pile into silver ETFs betting rally will continue

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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.

Supply constraints are adding to its allure. The global silver market is projected to run a deficit for the fourth straight year in 2024 as demand outstrips supply, according to ICICI Direct Research. Such deficits have been a strong driver for its price.

Silver's rally is well underway. It has climbed 13% on the Multi Commodity Exchange (MCX) year-to-date and has surged 32% over the past year. On 22 March 2024, silver traded at ₹73,890 per kg—by 24 March 2025, 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.

Despite silver's strong outlook, caution is warranted.

Silver will likely outperform

gold in percentage terms, but investors should be mindful of its volatility, said Manav Modi, senior analyst, commodity research at Motilal Oswal Financial Services.

Modi forecasts silver could climb to ₹1,11,111–₹1,25,000 in the domestic market over the next 12–15 months. Assuming a dollar/rupee exchange rate of 87, he expects global silver prices on Comex to reach \$37.5–\$42.2 in the same period.

Unlike gold, primarily a monetary asset, silver has a dual identity as both a precious metal and an industrial commodity. That means its price is influenced not just by macroeconomic factors such as inflation and interest rates, but also by shifts in base metal markets.

Silver tends to be more volatile due to its industrial demand, Modi said, adding that while exposure to silver makes sense, replacing gold entirely would be a riskier move.

With inflation risks, falling global interest rates, and rising geopolitical tensions, both gold and silver remain key hedges. But silver's strong industrial demand could give it an edge.

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