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INDUSTRY OUTLOOK

SILVER INDUSTRY OUTLOOK 2025-26: BALANCING DEMAND-SUPPLY EQUILIBRIUM

29 September 2025

Introduction

Silver, once dismissed as gold's "*poor cousin*," is now firmly in the spotlight as global markets navigate economic turbulence, currency shifts, and the energy transition. No longer seen only as a precious metal, silver has carved out a dual identity both an industrial workhorse and a financial asset. It also plays an important part in cultural/ritual programmes. The rally in silver prices and the increasing participation through Exchange-Traded Funds (ETFs) have amplified its distinctive appeal.

India is at the heart of this surge, with silver occupying a unique place among commodities simultaneously, an input for electronics and solar panels, a hedge and investment asset for households, and a culturally important metal for festivals and weddings. Industrial demand grew 4% in 2024, pushing India to second place globally, just behind China. This uptick is closely tied to the rapid expansion of renewable energy and electric vehicles, where silver is critical for solar panels, batteries, and electronics.

Investor appetite has also been strong: demand for silver coins and bars jumped 21%, bucking the global trend, as Indian investors turned to silver to hedge against inflation and a weakening rupee. Jewellery fabrication continues to grow, particularly in high-purity silver, but silverware and gifting demand have softened under the weight of elevated prices.

In 2025, silver has dramatically outperformed Indian equities, soaring 59% compared to gold's 47% and Nifty50's mere 4% rise, driven by strong industrial demand, recurring global supply deficits, central bank diversification, and investor interest. But, with valuations in equities now attractive, foreign outflows reversing, and earnings showing signs of recovery, experts suggest a potential reversal where Indian stocks could regain momentum while silver may enter a consolidation phase. Thus, while silver remains supported by structural demand and constrained supply, caution is advised at elevated levels, as the comparative risk-reward equation could tilt back toward equities.

Global Silver Supply Landscape

Global silver mine production is geographically concentrated but still diverse. Traditionally, Mexico, China and Peru have been the largest producers; significant output also comes from Australia, Bolivia, Chile, Russia, the United States and Kazakhstan.

Much of the world's silver is produced as a by-product of base-metal (lead, zinc, copper) and gold mining, which links silver supply to the mining economics and cycles of those primary metals. Recent industry surveys and government mineral summaries show modest year-on-year changes driven mainly by operational disruptions, mine restarts and changes in primary-metal production that carry silver as a by-product.

Since a large share of silver is a by-product, silver supply is relatively inelastic to its own price in the short run. In other words, silver prices can move sharply when demand shocks occur in ores that are mined primarily for copper, lead, or zinc.

Globally, about two-thirds of silver comes as a by-product of mining other metals, with just 28% sourced from primary silver mines. Recycling from electronics, photographic film, coins, and jewellery also contributes meaningfully to supply. Mexico leads world production, followed by China and Peru. The USA is also a notable silver producer, with major mines in states like Nevada, Alaska, and Idaho. India ranks 11th, producing 22.5 million ounces (Moz) in 2024. Companies like First Majestic Silver Corp, Pan American Silver Corp, and Endeavour Silver Corp are prominent players in the global silver industry.

Top 20 Countries in Silver Production

Country	2023 (Moz)	2024 (Moz)	YoY %
Mexico	181.9	185.7	2%
China	111.6	110.1	-1%
Peru	108.9	108	-1%
Bolivia	43.2	47.8	11%
Chile	52	43.2	-17%
Poland	42.5	42.5	0%
Russia	38.3	41	7%
Australia	32.7	38.8	19%
United States	33.1	36.2	10%
Argentina	26	24.9	-4%
India	**23.8**	**22.5**	**-5%**
Kazakhstan	16.4	16.1	-2%
Sweden	12.6	11.6	-8%
Indonesia	10.9	11.5	5%
Canada	7.1	9.5	33%
Morocco	8.9	8.6	-4%
Uzbekistan	7.1	7.8	9%
Papua New Guinea	4.3	4.2	-3%
Spain	3.7	3.5	-5%
Portugal	3.4	3.5	3%
Others	44.4	42.8	-4%
Source: Silver Institute's World Silver Survey 2025 | Metal Focus			

Mine Silver Production in India

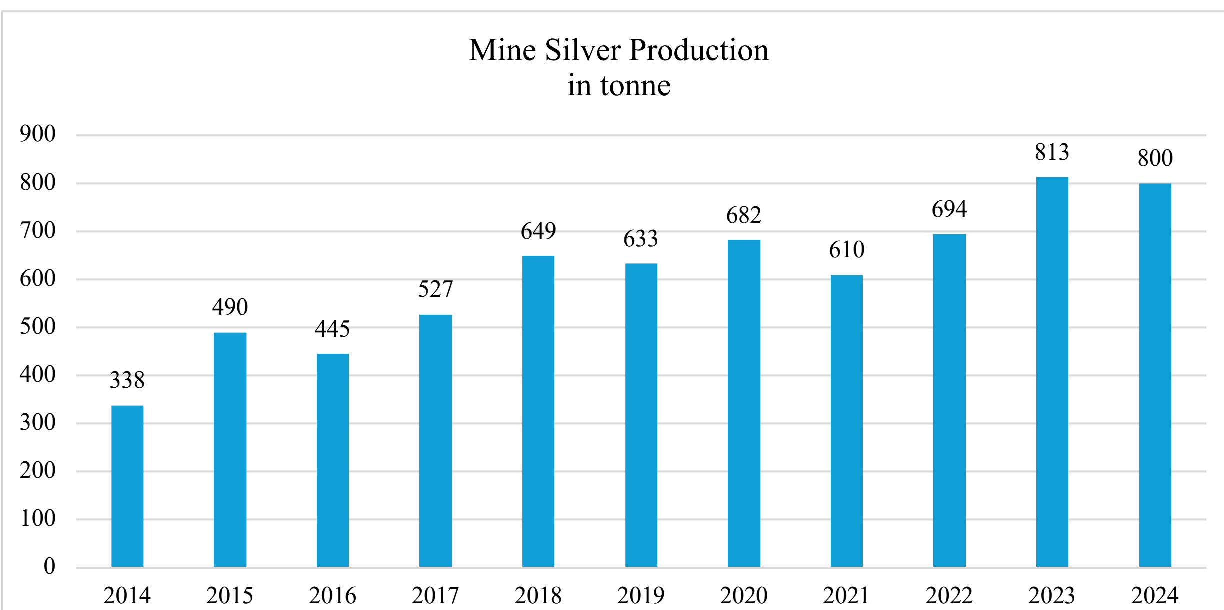
India is not among the top global silver producers; the country's silver demand is largely met through imports. Domestic production is modest and mainly arises as a by-product of lead-zinc and copper mining. Rajasthan (notably from combined polymetallic operations), where operations are dominated by Vedanta Resources and its subsidiary, Hindustan Zinc Limited (HZL), has historically contributed to India's silver output. The structural dependence on polymetallic ores highlights the byproduct nature of Indian silver production, distinguishing it from countries where silver mining is undertaken as a primary activity.

Other States are Jharkhand, Karnataka and some eastern states, where base-metal mining occurs. Official Indian mineral documents and the Indian Minerals Yearbook record that most Indian silver comes indirectly from other metal beneficiation processes rather than dedicated primary silver mines, making it difficult to quickly raise the domestic supply response should local demand rise sharply. India's limited primary silver mines mean the country relies heavily on imports to meet industrial, investment and ceremonial demand.

Over the last decade, India's silver production trajectory has reflected both corporate strategy and technological upgradation at HZL. Capacity expansion projects, improvements in ore processing, and operational efficiency measures have collectively contributed to a steady increase in silver recovery. These developments have enabled HZL to consolidate its position among the major silver producers globally, thereby reinforcing India's standing within the international silver supply chain.

In comparative terms, the global silver mining sector recorded a decline in 2024, with estimated production levels of 25,000 tonnes, down from 25,500 tonnes in 2023. India's production trend mirrored this marginal contraction, with output decreasing from 813 tonnes in 2023 to approximately 800 tonnes in 2024. While this reduction appears modest, it underscores India's vulnerability to fluctuations in lead-zinc mining output, given its byproduct-driven silver production structure. The broader implication is that India's role in the global silver market, though significant, remains contingent upon the dynamics of its base metal industry rather than autonomous silver mining activities.

Yearly trend of Mine Silver Production in India



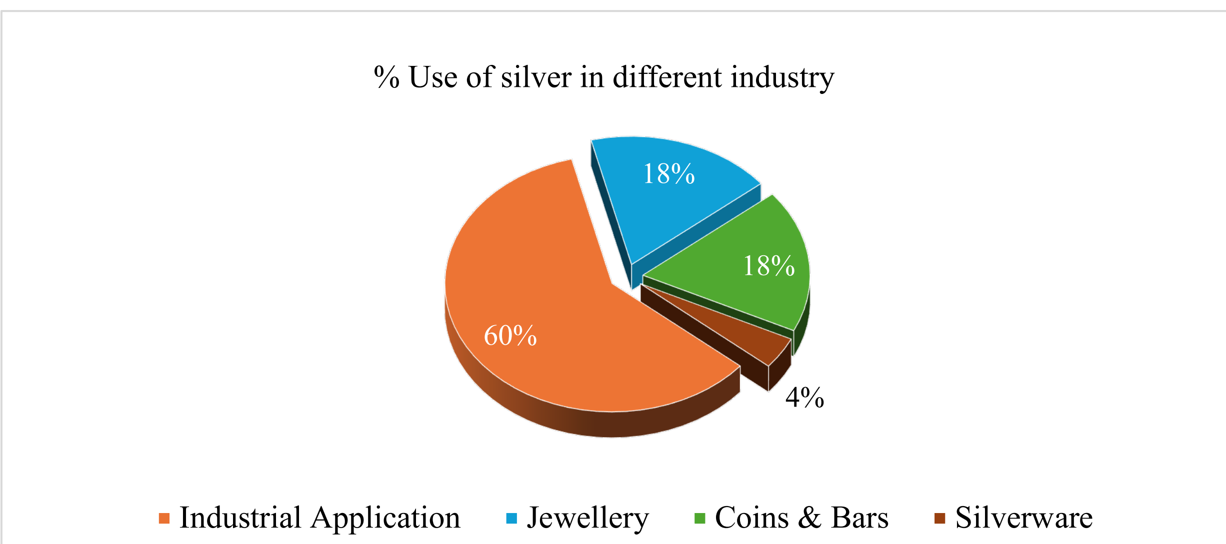
Note: The mine production figure is lesser than the actual production figures of silver because there are no other sources has been considered for the production data. Sources: U.S. Geological Survey, Mineral Commodity Summaries, January 2025

Silver Industry: Global Demand and Supply

The global silver market is driven by demand and supply factors. Global silver demand is split across three main categories: industrial (photovoltaics, electronics, medical uses, brazing/alloys), jewellery and silverware, and investment/coins/bars. In recent years, industrial demand, notably from solar photovoltaic panel manufacturing and electronics, has been a rising share of total consumption, while investment demand fluctuates with macroeconomic uncertainty and real interest rate dynamics. Supply comprises mine production, recycling (scrap), and supply from government or institutional stocks. Leading industry bodies track an annual supply-demand balance showing relatively tight markets during production disruptions and large deficits or surpluses when investment flows into or out of the metal. Industrial demand growth (especially for green technologies) is a secular positive for silver's fundamental demand, but price responsiveness still depends on investment flows and mine-byproduct dynamics.

Silver has undergone a marked transformation from being perceived primarily as a traditional store of value to emerging as a strategically significant industrial metal. At present, approximately 60% of global silver demand is accounted for by industrial applications. Its unparalleled electrical and thermal conductivity, combined with its adaptability, renders it indispensable across a wide spectrum of industries, including renewable energy, electric mobility, electronics, and healthcare.

Use of Silver in various industries globally



The photovoltaic sector has emerged as a major driver of demand, with silver consumption in solar panels rising by 15% in 2023 and projected to expand by a further 28% in 2024 more than tripling the levels recorded in 2015. The global transition toward electric vehicles has further reinforced silver's criticality, particularly in EV batteries, electrical contacts, and switching systems. Parallel growth in the use of silver in semiconductors, smartphones, and consumer electronics underscores its centrality in the digital economy.

Also, the healthcare-related applications ranging from antimicrobial coatings and water purification technologies to advanced medical devices are generating steady increases in consumption. Collectively, these dynamics highlight the dual nature of silver as both an investment asset and an essential industrial commodity, with global supply chains increasingly shaped by its expanding applications.

Global silver demand contracted by 3% in 2024, falling to 1.16 billion ounces (Boz), primarily due to weaker physical investment and marginal declines in the silverware and photographic segments. These contractions were partially offset by sustained momentum in industrial demand, which recorded yet another all-time high.

As in 2023, the expansion was underpinned by record consumption in the electronics and electrical industries, reflecting structural gains associated with the global energy transition. Photovoltaics (PV), the automotive sector, and the ongoing expansion of grid infrastructure continued to serve as major demand drivers, further reinforced by emerging applications linked to artificial intelligence (AI). Although substitution and thrifting remained limited in most industrial segments, the PV sector experienced notable reductions in silver loadings, attributable to technological innovations.

Global Supply and Demand Trend of Silver Metal

Silver Supply and Demand

Million ounces	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F	Year on Year 2024	Year on Year 2025F
Supply												
Mine Production	900.1	863.9	850.8	837.4	783.8	830.8	839.4	812.7	819.7	835.0	1%	2%
Recycling	156.3	160.2	162.3	163.8	180.5	190.7	193.5	183.5	193.9	193.2	6%	0%
Net Physical DisInvestment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	na	na
Net Hedging Supply	0.0	0.0	0.0	13.9	8.5	0.0	0.0	0.0	0.0	0.9	na	na
Net Official Sector Sales	1.1	1.0	1.2	1.0	1.2	1.5	1.7	1.6	1.5	1.5	-9%	4%
Total Supply	**1,057.4**	**1,025.1**	**1,014.3**	**1,016.2**	**974.0**	**1,023.1**	**1,034.6**	**997.8**	**1,015.1**	**1,030.6**	**2%**	**2%**
Demand												
Industrial (total)	491.0	528.0	525.8	525.4	511.9	564.1	592.3	657.1	680.5	677.4	4%	0%
Electrical & Electronics	309.0	339.1	330.4	326.6	321.4	350.7	370.7	444.4	460.5	465.6	4%	1%
...of which photovoltaics	*81.6*	*99.3*	*87.0*	*74.9*	*82.8*	*88.9*	*118.1*	*192.7*	*197.6*	*195.7*	3%	-1%
Brazing Alloys & Solders	49.1	50.9	52.0	52.4	47.5	50.5	49.2	50.2	51.6	52.9	3%	3%
Other Industrial	132.9	138.0	143.5	146.4	142.9	162.9	172.4	162.6	168.4	158.9	4%	-6%
Photography	34.7	32.4	31.4	30.7	26.9	27.7	27.7	27.3	25.5	24.2	-7%	-5%
Jewelry	189.1	196.2	203.2	201.6	150.9	182.0	234.5	203.1	208.7	196.2	3%	-6%
Silverware	53.5	59.4	67.1	61.3	31.2	40.7	73.5	55.1	54.2	46.0	-2%	-15%
Net Physical Investment	212.9	155.8	165.9	187.4	208.1	284.3	338.3	244.3	190.9	204.4	-22%	7%
Net Hedging Demand	12.0	1.1	7.4	0.0	0.0	3.5	17.9	11.5	4.3	0.0	-62%	na
Total Demand	**993.3**	**972.9**	**1,000.8**	**1,006.4**	**929.0**	**1,102.4**	**1,284.2**	**1,198.5**	**1,164.1**	**1,148.3**	**-3%**	**-1%**
Market Balance	64.1	52.2	13.5	9.8	45.1	-79.3	-249.6	-200.6	-148.9	-117.6	-26%	-21%
Net Investment in ETPs	53.9	7.2	-21.4	83.3	331.1	64.9	-117.4	-37.6	61.6	70.0	na	14%
Market Balance less ETPs	**10.2**	**45.1**	**34.9**	**-73.5**	**-286.1**	**-144.3**	**-132.2**	**-163.0**	**-210.5**	**-187.6**	**29%**	**-11%**
Nominal Silver Price (US $/oz, London price)	17.14	17.05	15.71	16.21	20.55	25.14	21.73	23.35	28.27	-	21%	na
Source: Metals Focus												

Source: Silver Institute's *World Silver Survey* 2025 | Metal Focus

In the silverware segment, demand fell sharply by 25% year-on-year to 55.2 Moz (million ounces) in 2023, following an exceptional base in 2022 when fabrication volumes had reached a record high. Similar to jewellery, the contraction was concentrated in India, where elevated domestic silver prices curtailed consumer demand.

The global demand for silver in industries is expected to touch 700 Moz by end of the year 2025. The soaring demand can be attributed to more use of silver in green technologies, electronics, and medicine. As we move towards cleaner energy and better tech, silver demand will likely keep climbing.

Domestic Demand Driver for Silver

Silver demand continues to be shaped by both traditional and emerging drivers. While jewellery, silverware, and coins remain important, particularly in India, one of the world's largest silver consumers, the metal's growing role in advanced technologies has significantly enhanced its long-term growth potential. Applications in 5G networks, advanced batteries, catalysts, and clean energy systems are expanding rapidly. According to the Silver Institute, global silver demand has risen by 38% since 2020, even as mine production has struggled to keep pace, resulting in a persistent supply deficit that has supported higher prices. With industrial expansion in clean energy and mobility combining with cultural and investment-related demand, silver is well-positioned for sustained growth in both Indian and global markets.

In India, silver consumption is rising steadily, driven by the rapid expansion of solar energy, electronics manufacturing, and healthcare applications. The scaling up of solar power capacity is expected to substantially boost demand for silver in photovoltaic cells, while the government's Production Linked Incentive (PLI) scheme is accelerating electronics production, thereby increasing the need for silver in conductors, switches, and semiconductors. At the same time, silver's antimicrobial properties are gaining prominence in healthcare, with hospitals and medical device manufacturers adopting silver-based products such as wound dressings, infection-control systems, and microbial-resistant equipment. Overall, silver's unique properties; high conductivity, ductility, and antimicrobial effectiveness that ensure its critical role across industries. Demand is currently very high in solar energy, strong in electronics, and moderate in healthcare, yet persistent global supply constraints underscore the importance of monitoring consumption patterns and production dynamics to assess India's future silver market trajectory.

Silver Trade: Imports and Exports

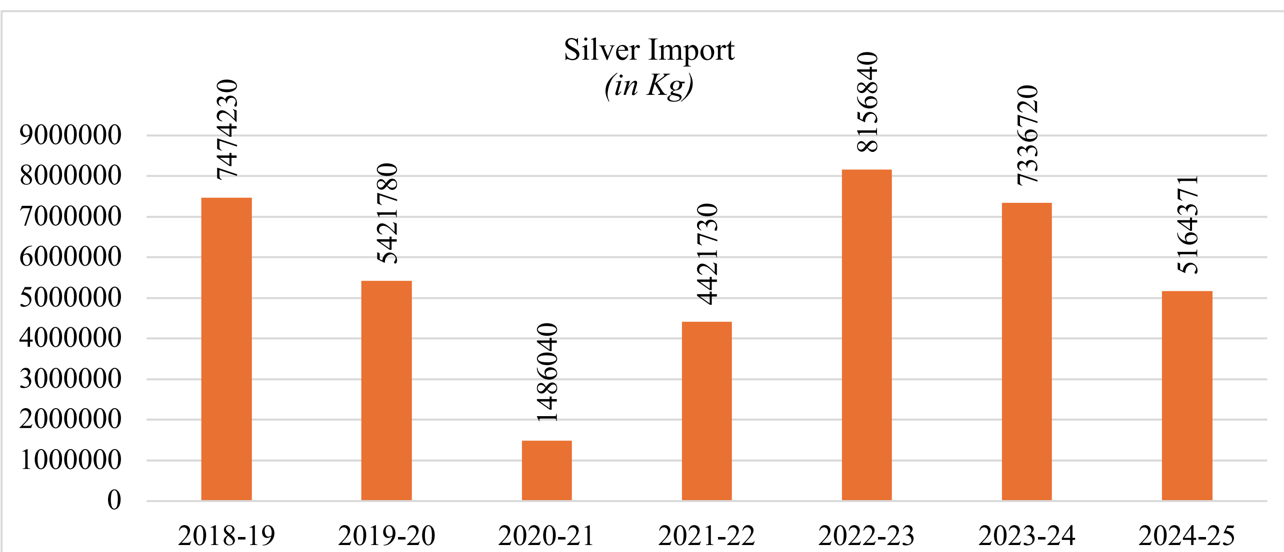
Given limited domestic mine output, India is an importer of refined silver and semi-manufactured forms (jewellery components, coins, industrial silver). Trade data show significant year-to-year volatility in silver import volumes as domestic demand and investor sentiment swing. In calendar years with strong investment demand and depleted inventories, imports jump; when inventory buffers are ample or prices dissuade buying, import volumes contract.

Recent provisional trade reports for 2025 indicate swings in year-to-date imports (noting intra-year seasonality), underlining India's dependence on external supply to meet both industrial and investment requirements. Government trade statistics platforms provide commodity-wise import/export figures that industry watchers use to track the evolving balance.

Imports

India remains a leading importer of silver, sourcing mainly from the UAE, the UK, and China. Despite elevated prices, India's silver imports in 2025 are projected at 5,500 - 6,000 tonnes, reflecting continued reliance on external supply.

Silver Import Trend in India



Sources: CMIE | Infomerics Economic Research

Drivers of Rising Silver Imports (2022-23 and 2023-24)

The surge in silver imports during 2022-23 and 2023–24 was driven by a combination of industrial, financial, and policy-related factors:

- *First,* rising consumption from sectors such as solar panels, electric vehicles, and electronics, supported by government subsidies and policy incentives for green and smart technologies, significantly boosted silver inflows.
- *Second,* strong investor interest, especially after price corrections and the expectation of superior returns compared to gold, further accelerated imports.
- *Third,* import duty concessions under the India-UAE Comprehensive Economic Partnership Agreement (CEPA) created arbitrage opportunities, leading to a sharp rise in silver and gold imports. Imports from the UAE under this free trade agreement surged by 210% to $10.7 billion in 2023-24, prompting discussions on revising concessional duty structures to address the surge.

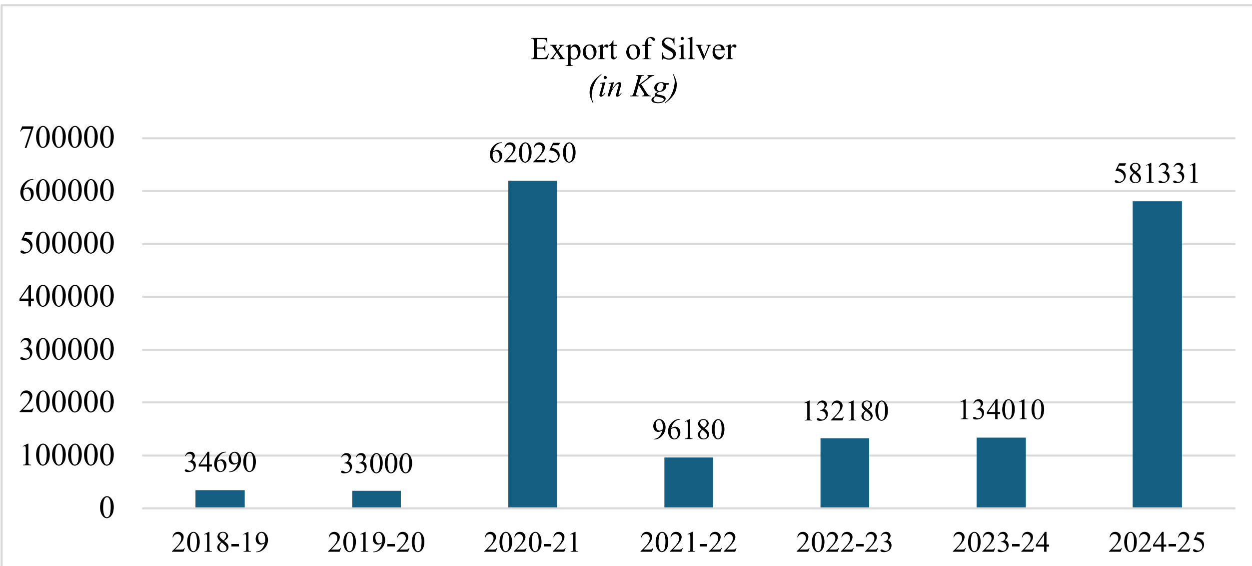
In the current year 2025-26, the silver imports are projected to regain momentum driven by resilient industrial demand and sustained investor interest. Although imports in the first eight months of 2025 declined to 2,580 tonnes from 5,695 tonnes during the same period of 2024, a reduction of more than 50%, the persistence of underlying demand is likely to absorb the excess supply from previous years. This normalisation suggests a market adjustment rather than a structural decline in import dependency.

Exports

India does export silver items, primarily jewellery and silverware; however, the scale of these exports remains relatively modest compared to its substantial imports. Despite this, India's silver exports exhibit notable geographic diversification and market stability, with the United States, the United Arab Emirates, and Canada emerging as the major destinations for Indian silver articles. Between November 2023 and October 2024, the country exported 2,808 consignments of silver articles, facilitated by 272 domestic exporters to 690 global buyers. Despite the breadth of export destinations, overall export growth remained essentially flat compared to the previous twelve months.

In October 2024 alone, India recorded 568 export consignments, showing no year-on-year variation relative to October 2023 and no sequential change from September 2024. This stability indicates that while India maintains a strong presence in global silver markets, export volumes are currently constrained by domestic industrial absorption and global price dynamics.

Export Trend of Silver from India



Sources: CMIE Industry Outlook | Infomerics Research

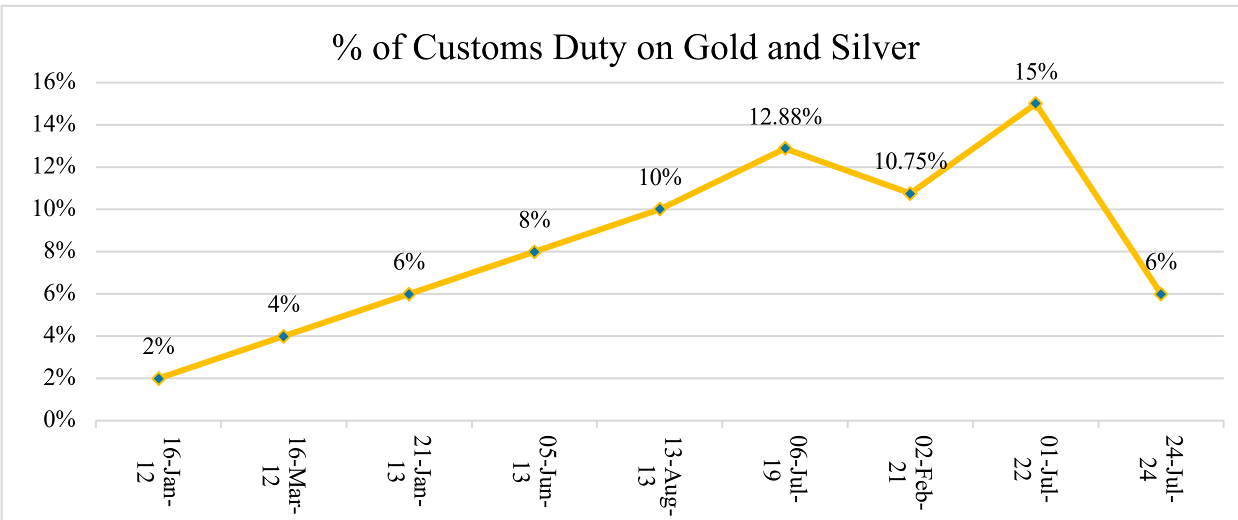
On the global front, India remains the leading exporter of silver articles, accounting for 8,469 shipments, ahead of China with 286 shipments and Myanmar with 173 shipments.

Duty on Precious Metal Imports

Imports remain the main source of supply of silver in India, but they have faced fluctuations in 2025 due to changes in duty structures. Private traders importing through the India International Bullion Exchange (IIBX) enjoy lower duties, while banks and traditional importers face higher costs, leading to distortions in trade flows. The Union Budget 2024 reduced the customs duty on silver imports from 15% to 6%, a move aimed at making the metal more affordable and boosting domestic demand.

The policy move was to encourage domestic value-addition in jewellery and curb smuggling incentives, the Indian government reduced customs duties on gold and silver to a combined 6% (5% basic customs duty + 1% Agriculture Infrastructure & Development Cess) from much higher levels earlier. This change, first implemented in the 2024 budget measures, materially lowered the import tax burden for bullion and was intended to shift some processing and valuation activity onshore. The duty revision also affects trade flows and the economics of holding inventory by banks and dealers.

Changes in Custom Duty on Gold and Silver Imports in India



Source: Ministry of Finance, GoI. | Infomerics Economic Research

Lower import duties can temporarily raise import volumes (as arbitragers & dealers replenish stocks), narrow the domestic-international price gap, and reduce illegal smuggling incentives, but they also reduce government tariff revenue per unit of metal imported.

Despite the reduction in customs duty on silver from 15% to 6%, domestic silver prices continued to rise rather than decline. This trend can be attributed to multiple global and domestic factors that outweigh the impact of lower import duties. International silver prices have been on an upward trajectory, driven by strong industrial demand from sectors such as renewable energy, electric vehicles, and electronics, along with heightened safe-haven investment amid global economic uncertainty. Also, the depreciation of the Indian rupee against the US dollar has made imports more expensive, offsetting the benefits of the duty cut.

Increased investor interest in silver as a hedge against inflation and speculative movements in global commodity markets has also added to price pressures. Consequently, while the duty cut was expected to ease prices, prevailing market dynamics have kept silver on a rising trend in India.

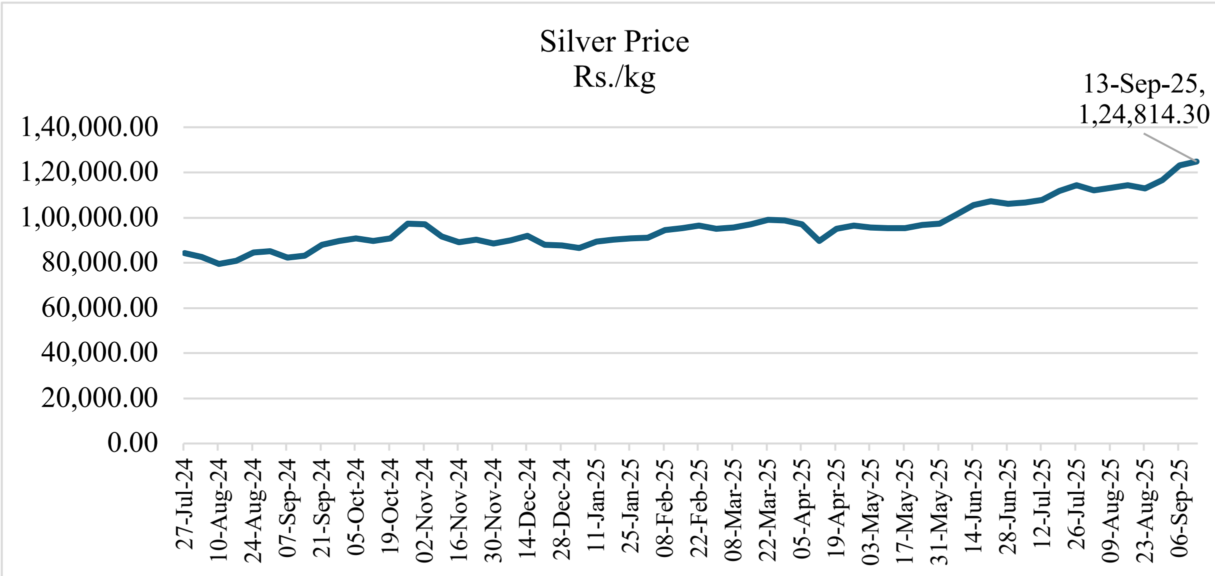
Silver Price Dynamics – Recent moves and drivers

Silver's price is shaped by a complex interplay of factors, including global demand and supply dynamics, industrial consumption trends, investment flows (ETF inflows/outflows, futures and speculative positioning), inventory levels on exchanges and dealer stocks, and macroeconomic variables such as the U.S. dollar and real interest rates. Central bank policies, particularly those concerning interest rates and quantitative easing, also exert significant influence, alongside market sentiment, speculative activity, and broader investor behaviour.

In 2024–2025, silver experienced pronounced rallies as investors sought safe-haven assets amid elevated geopolitical risks and mixed monetary policy signals. Spot price charts highlight silver's higher volatility compared to gold, with percentage swings amplified by its relatively smaller market size and thinner investment vehicles. Strengthening physical demand, particularly in India further supported the metal's price momentum.

As a dual-purpose metal, silver has benefited both from its role as a safe haven and from growing industrial applications in solar panels, electric vehicles, and electronics. In 2025, it outperformed other precious metals, surging to over $39 per troy ounce globally, levels not seen in 14 years and rising 37% year-to-date on the MCX. Domestically, silver futures on the MCX reached a record high of ₹1,29,752 per kg (₹1,24,814 as on 13 September 2025), with projections suggesting a potential rise to ₹1,50,000 per kg within the next year.

Weekly Trend of Silver Prices in India



Sources: CMIE Industry Outlook | Infomerics Economic Research

The bullish outlook is supported by expectations of U.S. Federal Reserve rate cuts, persistent supply deficits, and silver's safe-haven appeal during geopolitical uncertainty. But the global growth concerns, speculative positioning, and profit-booking remain sources of volatility. Silver typically outperforms gold during risk-on phases due to its higher beta to industrial demand and sensitivity to speculative flows, but it also tends to decline more steeply during episodes of deleveraging when industrial demand contracts and leverage unwind.

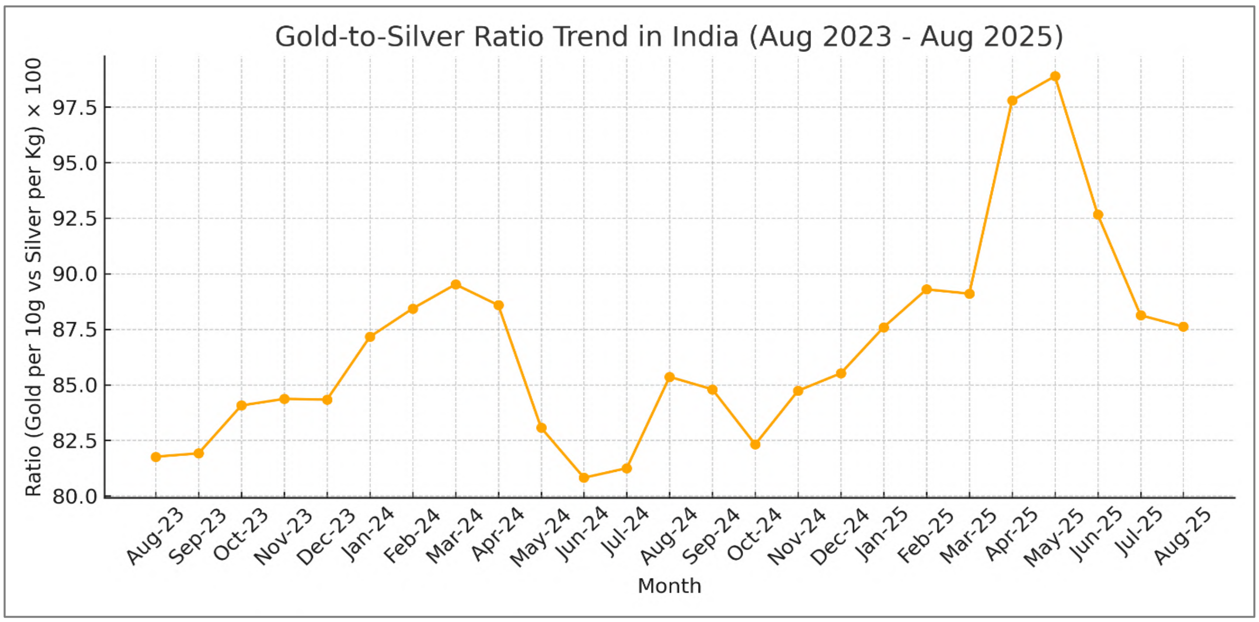
Gold vs. Silver: Comparative Price Dynamics

Gold and silver prices often move in tandem, but silver prices can be more volatile due to their industrial uses and smaller market size. While gold and silver share common drivers (monetary policy, dollar, risk aversion), they differ in supply/demand structure and volatility. For Indian investors, silver sometimes offers higher percentage gains in bullish cycles but carries greater downside risk during deflationary or de-risking episodes.

The gold-silver ratio measures the number of ounces of silver required to buy one ounce of gold. This ratio can influence investor demand for silver. The gold-to-silver ratio in India between August 2023 and August 2025 shows a dynamic trend reflecting relative price movements of the two metals.

The ratio remained largely stable in the 81-89 range through late 2023 and 2024, indicating a balanced relationship between gold and silver prices. Though early 2025, gold prices rose more sharply than silver, causing the ratio to surge, peaking at nearly 99 in April 2025, a level historically considered elevated, suggesting silver was undervalued relative to gold. Following this peak, the ratio moderated, settling back to around 87-88 by August 2025, aligning closer to long-term averages.

Gold-to-Silver Ratio Trend



Source: Infomerics Economic Research

This pattern highlights how gold's safe-haven demand, particularly amid global uncertainties, can outpace silver, whose valuation is more heavily influenced by industrial demand. The ratio thus provides useful insights for investors tracking relative value opportunities between the two metals.

Influence of Monetary Policy and Market Dynamics on Precious Metals

Monetary policy and market dynamics can significantly impact precious metal prices, including silver. Such dynamics are transmitted through interest rates: changes in interest rates can influence investor demand for precious metals. In case of quantitative easing, the central bank asset purchases can increase liquidity and drive-up precious metal prices. During times of market stress, investors often turn to safe-haven assets like gold and silver.

Changes in policy rates, liquidity tools, and money supply conditions influence capital flows, prompting investors to allocate funds toward precious metals as a hedge against inflation, currency depreciation, or financial instability.

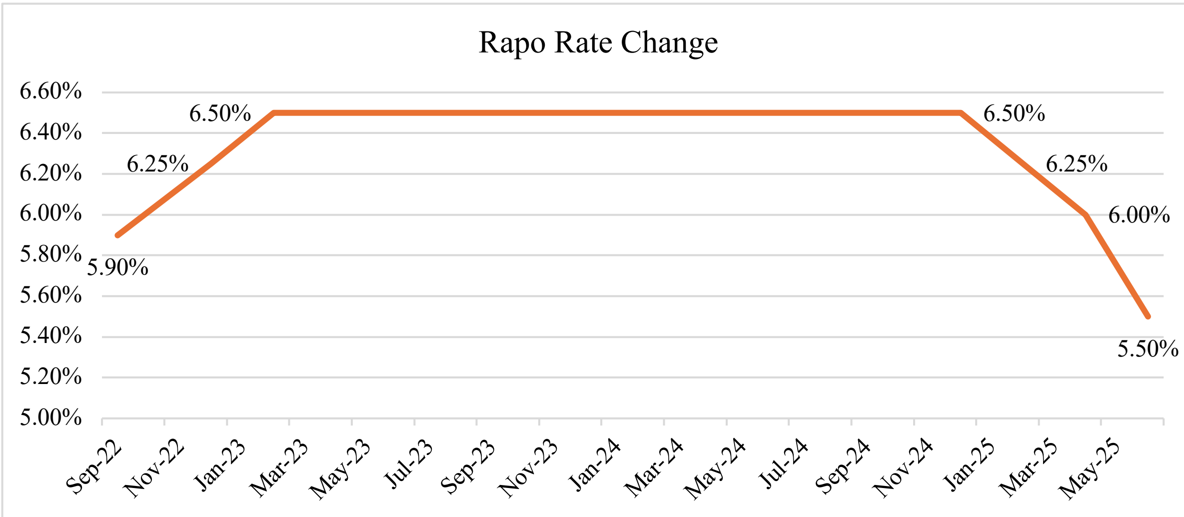
Major price triggers are:

- Interest rates and real yields: Lower nominal rates and especially lower real yields (nominal rates minus expected inflation) reduce the opportunity cost of holding non-yielding assets like gold and silver, often lifting their prices.
- Liquidity and quantitative easing/tightening: Periods of central bank easing inject liquidity into markets and can spur commodity and precious-metal rallies; tightening or rate hikes have the opposite effect.
- Dollar strength: Silver is priced in US dollars globally. A weaker dollar makes dollar-priced commodities cheaper in non-USD currencies and supports demand; a stronger dollar depresses dollar-denominated commodity prices.
- Risk sentiment: Flight-to-quality episodes (geopolitical stress, equity-market shocks) boost safe-haven demand for bullion.

India-specific effects also matter domestic interest rate changes, rupee moves, and local festival seasons can amplify or dampen global price signals. During 2024-2025, investor anticipation about U.S. Fed policy adjustments was repeatedly cited as a driver for both gold and silver rallies.

In India, the RBI's monetary policy decisions, such as adjustments to the repo rate, reverse repo rate, and liquidity instruments, including the Cash Reserve Ratio (CRR), directly affect systemic liquidity and interest rate conditions. These shifts in liquidity and borrowing costs, in turn, shape investor sentiment and demand for precious metals.

RBI's Repo Rate Action



Source: RBI

Beyond monetary policy, the intrinsic link between gold and silver is captured through the silver-to-gold ratio, which reflects their relative valuation. A higher ratio typically suggests that silver is undervalued compared to gold, potentially encouraging investors to diversify into silver. However, this ratio is indicative rather than definitive, as other supply-demand factors also play an important role.

Gold, in particular, has historically served as a safe-haven asset, with its demand rising during periods of geopolitical tension or financial uncertainty. Institutional investors often increase allocations to gold in such periods as a form of portfolio insurance, driving its price upward. Silver, while benefiting partially from safe-haven flows, is more influenced by industrial demand, especially from sectors such as renewable energy and electronics.

The Way Ahead

Silver's role in India is multifaceted, deeply rooted in cultural traditions, increasingly vital as an industrial commodity linked to green technologies, and significant as an investable asset influenced by macroeconomic forces. With limited primary silver mining, India remains import-dependent, making trade policy, customs duty, and inventory management critical. On the supply side, domestic mine output fell by 5% in 2024, reinforcing this reliance on imports, while on the demand side, structural drivers such as renewable energy expansion, electric vehicles, 5G-enabled electronics, and healthcare applications are expected to accelerate silver consumption in the coming years.

Government initiatives like the Production Linked Incentive (PLI) scheme and sustained investments in solar and renewable energy further support this trajectory. In the near term, macro variables such as real interest rates, the U.S. dollar, liquidity, and global risk sentiment will continue to shape price movements, but over the longer horizon, India's silver industry stands at a critical juncture, poised for growth amid rising industrial demand and constrained domestic supply.

At the same time, India's reliance on imports will remain high, exposing the market to global price fluctuations, currency volatility, and trade policy changes. Although the reduction in customs duty has sought to ease supply bottlenecks, elevated global prices and rupee depreciation continue to keep domestic silver costlier, posing challenges for jewellery, silverware, and investment products. This underscores the need for a more balanced strategy, enhancing domestic production capacity, encouraging recycling, and improving transparency in trade flows through platforms such as the India International Bullion Exchange (IIBX).

Growing demand from various industries, together with the sustained supply deficit is expected to drive silver consumption in India. Fluctuations in global prices can impact the domestic silver market, making it essential for investors and consumers to monitor market trends closely. For India, this creates both opportunities and risks: exporters of silver articles may benefit from strong external demand, but domestic users, particularly in price-sensitive segments, may face margin pressures. Over the medium term, greater integration of India's silver market with global supply chains, along with strategic partnerships in technology-intensive applications, will be essential for maintaining competitiveness.

The future of silver in India seems promising, driven by growing demand from industries like electronics and solar energy. India's silver market exemplifies the intersection of structural supply constraints, policy-driven trade flows, and evolving industrial demand. The combination of persistent import dependency, selective export growth, and dynamic investor behaviour positions silver as both a strategic industrial input and a financial asset of considerable importance.

Policy measures that balance trade incentives, industrial demand, and market stability will be critical in shaping the trajectory of silver imports and price movements in the medium term. However, the country's reliance on imports and fluctuations in global prices can impact the domestic silver market, and heightened vulnerabilities persist. Proactive policy support, diversification of supply sources, and long-term investments in domestic mining and recycling will be critical to ensuring that India not only sustains but also strengthens its position in the global silver value chain.