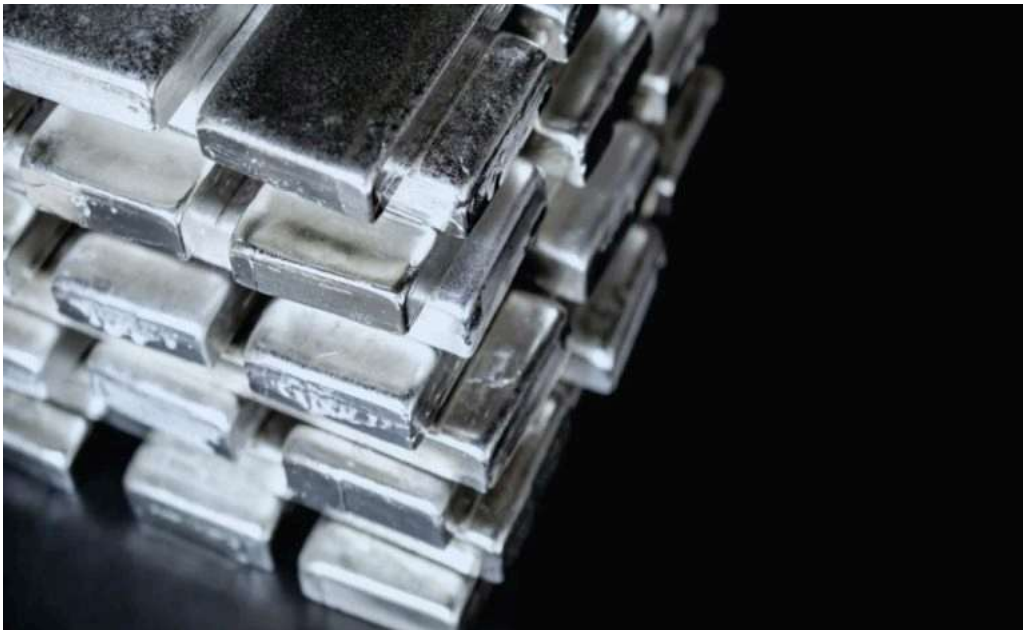




Trending

Silver's strategic shift: India emerges at the centre of a global reset



By **Prem Nath**
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The global silver market is undergoing a structural shift, with India increasingly central to this transition. Historically, silver has been viewed through a narrow lens, largely in relation to gold and its traditional role as a precious metal. That framing is now evolving. What is unfolding in 2026 is not just a movement in prices, but a fundamental shift in how the silver market itself is structured, valued, and utilized.

At first glance, the narrative appears familiar. Demand linked to the energy transition, electronics, and electrification continues to support the metal. But a closer look suggests something more nuanced. The silver market is no longer being shaped by industrial demand alone. It is increasingly being influenced by growing investor participation and a strategic re-evaluation of the metal as a critical industrial asset.

Silver's indispensable electrical and thermal properties have led some to categorize it similarly to rare earth elements, critical for national energy goals. Governments now treat silver with caution due to its importance in supply chains; the United States added it to its critical minerals list in 2025. Silver acts as a hedge against inflation (like gold) but also behaves as a growth asset during industrial expansion.

The silver market today is being shaped as much by capital flows as by industrial demand.

The structural deficit and market recalibration

Industry datasets such as the World Silver Survey published by the The Silver Institute show that the market has been running a multi-year structural deficit, with demand repeatedly outpacing supply. This persistent tightness is one of the defining features of the current decade and a key reason silver is being re-priced by both industrial users and investors.

Industrial consumption remains substantial, supported by decarbonization goals and the growth of solar and electronics supply chains. At the same time, investment demand has also strengthened, reflecting renewed interest in silver as a diversifier and a hedge in a supply-constrained, technology-driven economy.

This shift is visible in market behaviour. After a strong rally, prices have moved through phases of consolidation, often a sign that the market is absorbing new information about supply, demand, and positioning. In India, domestic prices have recently been in the broad range of ₹2.3 to ₹2.6 lakh per kg, reinforcing how quickly global trends are transmitted into local markets.

The by-product paradox

A defining feature of silver is how it is mined. Much of global supply comes as a by-product of lead, zinc, copper, and gold operations. Public datasets, including those from the U.S. Geological Survey, highlight that primary silver mines are the exception rather than the rule. This structure links supply to broader mining cycles rather than short-term price movements.

Because output is tied to these cycles, supply does not adjust quickly when silver prices rise. Producers typically expand silver output alongside broader capacity decisions, rather than in response to standalone price signals. This helps explain why deficits can persist over extended periods and why efficiently operated silver assets can gain importance over time.

India: A consumption giant and a production anchor

India's role in this evolving landscape is more significant than often acknowledged. The country is among the world's largest consumers of silver and, in several recent years, has been the leading market for physical demand, spanning jewellery, silverware, and investment. The investment demand for silver in India has been growing with emergence of ETFs in India. In fact the investment of Silver is considered as the best friend of farmers in India which supports farmers during period of natural calamities like drought and floods.

At the same time, India sits at an intersection where domestic demand is rising alongside participation in global supply.

As renewable energy, advanced manufacturing, and telecom infrastructure scale up, supported by initiatives such as Production Linked Incentive programs, the relevance of silver becomes more pronounced. With one of the world's most ambitious solar build-outs, India is increasingly a key destination for industrial silver.

At the same time, India is one of the few major consuming markets with a meaningful domestic production footprint. Hindustan Zinc Limited is widely regarded as a key contributor to India's silver output, and its operations including high-grade underground mines such as Sindesar Khurd connect India more directly to global supply dynamics than is often appreciated. The company has outlined plans to expand silver output over time, underscoring the increasing strategic importance of the metal within integrated mining operations.

The strategic re-rating of mining assets

Another quiet shift is taking place within integrated mining companies. Silver that was once treated as an accounting by-product is increasingly emerging as a meaningful contributor to margins. In a market with diversified demand and stronger investor attention, that shift matters, influencing capital allocation, exploration priorities, and how producers define core value.

Producers are responding by improving recovery rates, enhancing process efficiency, and planning measured capacity additions. These are moves that unfold over years rather than quarters. At the same time, policy discussions around critical minerals and supply security are expanding, placing metals like silver more firmly within strategic frameworks.

As technology evolves, including ongoing efforts to reduce silver loadings per solar cell, the ecosystem around silver is becoming more efficient and more sophisticated. Even so, the scale of deployment across applications continues to support overall demand.

A different kind of relevance

For decades, silver largely moved in the shadow of gold. That hierarchy is changing. When demand is driven by both industrial expansion and investor participation, and when supply responds gradually, silver begins to take on a different role. It starts to look less like a secondary metal and more like an enabler of the energy transition and the digital economy.

Markets adjust in phases, and silver's re-rating appears to be underway. For India, where cultural affinity meets expanding industrial use alongside a credible production base, this is not just a global story to observe. It is a strategic space in which the country is increasingly well-positioned to play a defining role.

Key takeaways: What the silver market is signalling

- Silver is moving from a precious metal to a strategic industrial input
- Supply is structurally linked to mining cycles rather than short-term price movements
- Demand is becoming more diversified, with stronger investor participation
- India is emerging as both a major consumer and a relevant supply participant
- The pace of the energy transition will increasingly shape silver's trajectory

(The article has been authored by Prem Nath, Director -FinMet, Precious Metals Business Consultants)

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