Silver ETFs in India

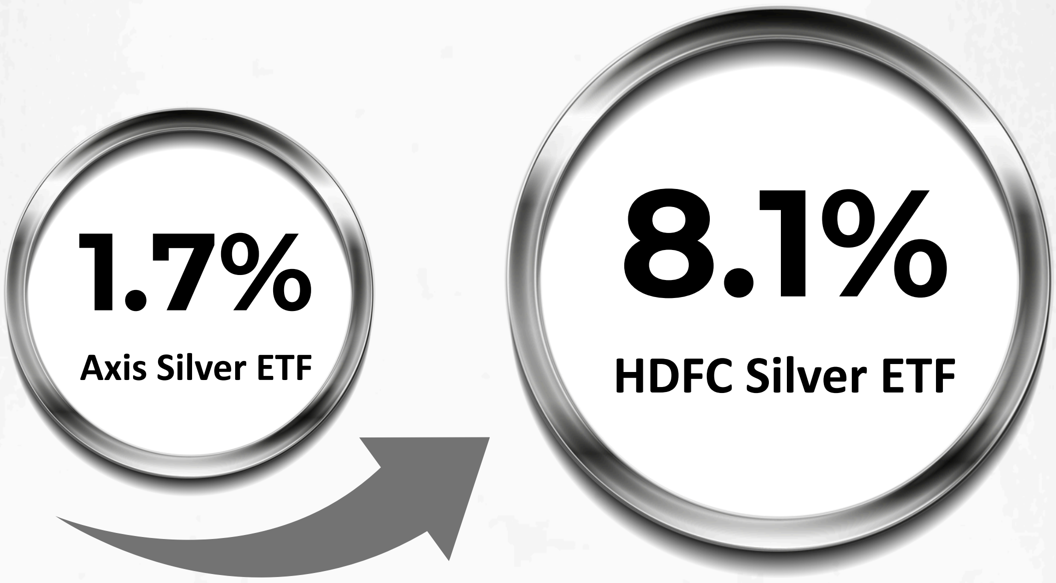
Navigating a premium-driven market

Silver Exchange Traded Funds (ETFs) have picked up significant momentum among Indian investors in recent times, spurred by the growing popularity of precious metals as diversifiers for portfolios. Each unit of the ETF corresponds to a defined amount of silver that the fund has stored safely in vaults, and its value generally mirrors the metal's spot price.

But recent market trends have inserted an interesting asymmetry between the Net Asset Value (NAV) of these ETFs and their closing market prices, marking a significant change in investor behaviour.

An anomaly in the making

As of **9th October 2025**, Silver ETFs in India posted a consistent **NAV return of 3.4%**, yet market price returns fluctuated widely, from **1.7% in Axis Silver ETF** to as high as **8.1% in HDFC Silver ETF**.



Why the anomaly?

This gap reflects a growing premium above the true silver value, which has arisen as a result of a confluence of robust investor demand and constrained physical availability of silver.

Fund houses and custodians are now struggling to find physical silver. Given that every unit of the ETF has to be supported by physical silver, the failure to obtain enough quantities has limited the production of new ETF units. Consequently, demand for the available units has increased, pushing their market prices higher than the underlying NAV. In real life, investors are paying a premium not due to the value of silver having altered, but because of shortage in ETF supply.

Exhibit 1 - Silver ETF returns

Returns of 9th Oct 2025	Based on		AUM (INR Cr.)
	NAV	Closing Price	
Nippon India Silver ETF	3.4%	3.5%	15,284
ICICI Pru Silver ETF	3.4%	3.3%	9,481
HDFC Silver ETF	3.4%	8.1%	2,426
Kotak Silver ETF	3.4%	3.2%	2,018
SBI Silver ETF	3.4%	3.9%	1,982
Aditya Birla SL Silver ETF	3.4%	3.9%	1,580
DSP Silver ETF	3.4%	4.3%	1,450
Axis Silver ETF	3.4%	1.7%	638
Zerodha Silver ETF	3.4%	8.0%	212

Decoding the data

The deviation visible in the table reflects liquidity and sentiment in the market. Larger ETFs tend to show minimal divergence from their NAVs, supported by steadier flows and greater capacity to absorb trading demand. Smaller and newer funds, however, often experience sharper price swings when supply is tight or speculative activity intensifies.

What this means for investors

Though the recent surge in ETF prices mirrors growing faith in silver as an investment class, investors need to navigate the ongoing rally with caution. The premium above NAV, at times over 10%, implies that customers are paying more than what the underlying silver is worth. Such misalignments will self-correct as soon as supply pressures abate or demand weakens, which can trigger temporary price corrections.

Thus, for new investors, it might be wise to hold back until ETF prices are closer to their NAVs. Existing investors can consider reviewing exposure and taking advantage of the opportunity to rebalance portfolios if valuations look extended.

The broader picture

The high inflows into Silver ETFs reflect a broader trend towards diversified asset allocation in India. As global pressure builds renewable energy and industrial use, especially solar panels and electronics, silver's long-term prospects look good. But investment needs to be data-driven, valuation-focused, and cognisant of transitory market distortions. Investors must look at premiums, watch fund liquidity, and remain rooted in fundamentals, so as not to have long-term success clouded by short-term frenzy.

Statutory Details

Multi-Act Trade and Investments Private Limited ("MATI") (SEBI Registered Investment Adviser – Registration No. INA000008589 and BSE Enlistment No. 1398).

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