

METALS TO MEGATRENDS: INDIA'S CHANGING APPETITE FOR GOLD AND SILVER INVESTMENTS

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Abstract

Over the last two years, Indian investors have shown a renewed and significant fascination with precious metals most notably gold and silver as part of their diversified investment strategies. This shift reflects not only cultural affinity and traditional asset preference but an evolving perception of precious metals as stable, high-utility investment vehicles. The present study examines the inflows and Assets under Management (AUM) for gold and silver investment products, particularly between October 2023 and September 2025, capturing a period of economic volatility, geopolitical uncertainty, and fluctuating interest rates. By analysing the historical trajectory of bullion markets and comparing them with contemporary data, the study aims to uncover the factors contributing to increased investor engagement in gold ETFs, sovereign gold bonds (SGBs), silver ETFs, digital bullion, and physical metal accumulation. Gold continues to hold its position as a safe haven asset preferred during inflationary pressure, fiscal uncertainty, currency depreciation, and stock market instability. Its role as a wealth preservation tool remains deeply rooted in Indian households. Simultaneously, silver has gained remarkable traction with rising demand from industrial sectors such as renewable energy, electric vehicles, 5G infrastructure, and electronics manufacturing. This industrial investment duality has widened silver's acceptance not only as a hedge but as a growth-driven asset. The emerging trend is further supported by the rise of digital investment platforms, increased financial awareness, and expanding accessibility to small-ticket investment options. The findings are expected to reveal how shifting consumption, technological adoption, and economic cycles have transformed bullion from a traditional savings medium into a modern portfolio asset class. Ultimately, the paper highlights how gold and silver are transitioning from heritage metals to megatrend investments in India, redefining long-term wealth planning and financial asset diversification.

Keywords: Gold Investment, Silver Investment, Bullion Market, Assets Under Management (AUM), Precious Metals, Investor Behaviour, Gold ETFs, Silver ETFs, India Investment Trends, Wealth Preservation, Safe-Haven Asset.

INTRODUCTION

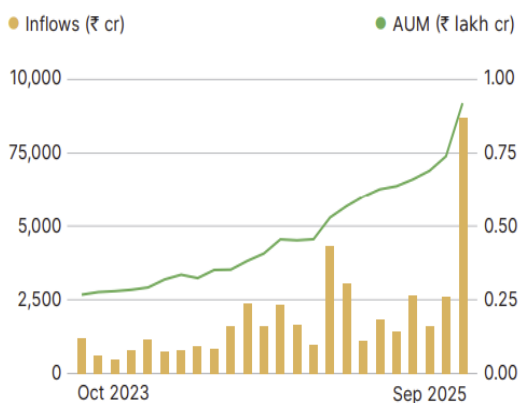
Precious metals have long played an integral role in shaping the saving and investment behaviour of Indian households. Among these metals, gold has historically been the cornerstone of wealth preservation, valued for its stability, liquidity, and cultural significance. Silver, though traditionally secondary to gold, has begun to attract increasing attention in recent years, driven by both investment appeal and industrial relevance. The

period stretching from late 2023 through early 2025 represents a particularly transformative phase in India's bullion market. During this time, both gold and silver experienced heightened trading activity, marking a shift in investor sentiment and signalling an evolution in portfolio construction strategies. Several macroeconomic and structural elements converged to accelerate this transition. Persistent inflationary pressures enhanced the perception of gold as a hedge, while fluctuations in global currency markets and heightened geopolitical instability encouraged investors to seek refuge in tangible assets. Meanwhile, silver benefitted from expanding industrial applications including in renewable energy systems, electric vehicles, semiconductors, and the broader electronics sector—creating a dual identity for the metal as both a store of value and a growth-linked commodity. These dynamics collectively influenced investment behaviour, triggering a wider adoption of precious metals across retail and institutional channels.

In recent decades, precious metals have also emerged as prominent instruments for portfolio diversification, particularly among investors aiming to balance risk exposure in volatile economic environments. With the availability of exchange-traded funds, digital gold, sovereign bonds, and silver ETFs, access to bullion-based investments has broadened considerably. The latest available data from October 2023 to September 2025 reflects a substantial increase in investment flows and Assets Under Management (AUM) in both gold and silver-related products, suggesting a deliberate reallocation of portfolios toward safe-haven and industrial-growth assets. This study aims to analyse these flows comprehensively, evaluating gold and silver not merely as traditional savings instruments but as evolving components of modern financial portfolios. By examining market trends, AUM growth, and investor participation patterns, the research provides insights into how precious metals are reshaping India's investment landscape and redefining long-term wealth strategies.

Gold's glittering streak

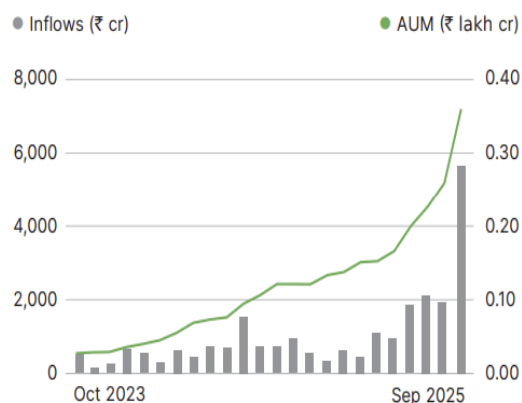
Rising inflows show investors' faith in the yellow metal



Source: AMFI.

Silver shines brighter

Silver shines on industrial and diversification appeal



Source: AMFI.

EXHIBIT 1: METALS TO MEGATRENDS

Gold's Growing Appeal

Gold continues to stand out as a preferred investment choice during times of market instability and economic unpredictability. Historically viewed as a safe store of wealth, gold has demonstrated strong resilience and investor confidence, particularly in periods marked by inflation pressure and financial uncertainty. Although initial investment inflows into gold were relatively modest at the beginning of the observed period, monthly participation gradually strengthened, signaling a steady rise in demand. This upward progression highlights how investors increasingly turned to gold as a protective asset as global and domestic market conditions fluctuated. Notably, by September 2025, gold-linked investment instruments recorded one of the highest monthly inflows of the entire study period, reflecting widespread investor belief in gold's ability to safeguard wealth and generate stable returns. The surge in investment was also supported by the availability of diverse products such as Gold ETFs, Sovereign Gold Bonds, digital gold, and gold mutual funds, which enhanced accessibility and encouraged more structured portfolio allocation toward bullion.

Gold's Glittering Streak

Gold's role as a safe-haven asset continues to strengthen, especially in times of inflation, currency depreciation, and geopolitical tension. Its attractiveness lies in its capacity to preserve value when other asset classes—particularly equity and currency markets—experience turbulence. Over the last two years, investment data clearly indicates a consistent upward trend in both inflows and Assets under Management (AUM) related to gold investment products. This sustained momentum suggests that investors are not merely reacting to economic distress, but are also viewing gold strategically—as a long-term hedge, an asset for risk-diversification, and a stable component of wealth planning. The growing preference for gold also reflects evolving investor awareness and financial sophistication. The transition from purely physical gold purchases to market-linked instruments demonstrates how gold has moved beyond cultural symbolism to become a structured financial asset. As inflation expectations and global monetary shifts continue to influence investment decisions, gold's sparkling performance in terms of return stability, liquidity, and security reinforces its position as a powerful and dependable investment avenue in the Indian financial ecosystem.

Objectives of the Study

1. To analyze the growth of investment inflows and Assets under Management (AUM) in gold and silver between October 2023 and September 2025.
2. To identify the macroeconomic and industrial drivers influencing investor interest in precious metals
3. To compare investor sentiment and behavioral patterns toward gold as a safe-haven asset and silver as an industrial growth commodity
4. To interpret the strategic role of gold and silver in Indian portfolios, highlighting diversification and future investment trends.

ANALYSIS AND INFERENCES

Table 1: Gold Investment Trends from October 2023 to September 2025

Month	Inflows (₹ Cr)	AUM (₹ lakh Cr)
October 2023	2,500	0.25
March 2024	~5,000	~0.40
September 2025	>10,000	~0.75

Source: Author Compilation

Table 1 presents the monthly trend of gold investment inflows and Assets under Management (AUM) between October 2023 and September 2025, highlighting a clear growth trajectory over the selected period. The data reflects how investor confidence in gold has strengthened progressively, particularly in response to macroeconomic conditions and heightened financial uncertainty. By tracking both inflow volumes and AUM expansion, the table helps understand the speed and scale with which gold gained relevance as a portfolio asset.

Table 2: Overview of Gold Investment Patterns from October 2023 to September 2025

Period	Indicator	Key Observation
Oct 2023 – Mar 2024	Inflows	Slow but consistent entry into gold funds
Apr 2024 – Mar 2025	AUM	Continuous rise supported by market sentiment
Apr 2025 – Sep 2025	Inflows	Notable spike, nearing ₹10,000 crore
Overall	Sentiment	Preference for stability and long-term holding

Source: Author Compilation

The trend indicates a steady and substantial rise in gold investments over the span of two years. Inflows increased fourfold, from ₹2,500 crore in October 2023 to over ₹10,000 crore by September 2025, while AUM expanded from ₹0.25 lakh crore to approximately ₹0.75 lakh crore during the same timeline. This consistent momentum suggests growing investor sentiment towards gold as a reliable hedge against inflation, volatility, and currency fluctuations. The sharp rise by late 2025 signals that gold transitioned from a traditional form of wealth storage to a more actively sought financial asset, driven by market uncertainty and increased accessibility through investment products such as ETFs and sovereign bonds. This is a sign of high investor confidence after inflows had increased four times. The AUM was three times higher, which is approximately indicative of the raised price and the perpetual inflows. Gold is also a good hedge against currency volatility and fluctuations.

The path of silver was even more distinguished. The momentum of silver, unlike gold, was gathered through industrial processes as opposed to financial uncertainty. The demand was stimulated by growth in local manufacturing, solar systems, and other electronics. Being a precious and an industrial commodity, its duality has assisted in the fast growth in popularity of silver because of these reasons. Also, it utilizes it in the production of electronics, solar panels and green technologies, which further contributes to its diversification factor.

Table 3: Silver Investment Trends from October 2023 to September 2025

Month	Inflows (₹ cr)	AUM (₹ lakh cr)
Oct 2023	<1,000	0.05
Mar 2024	~3,000	~0.20
Sep 2025	~6,000	~0.40

Source: Author Compilation

Based on the Table 3, silver investments have shown a strong upward trajectory between October 2023 and September 2025, indicating a growing preference for the metal among investors. Inflows increased significantly from less than ₹1,000 crore in October 2023 to approximately ₹3,000 crore by March 2024 and further doubled to nearly ₹6,000 crore by September 2025.

This steep rise points to steadily increasing demand for silver as an investment option. Alongside this, the Assets under Management (AUM) also expanded from ₹0.05 lakh crore to around ₹0.20 lakh crore within the first six months, eventually reaching about ₹0.40 lakh crore by 2025.

The consistent rise in AUM suggests that investors are not only entering the market but are also holding onto their silver assets, reflecting long-term confidence rather than short-term trading. Overall, the trend highlights silver's growing relevance as an investment avenue, potentially driven by market diversification, industrial demand, and increased interest in precious metals during economic uncertainty.

Table 4: Overview of Silver Investment Patterns from October 2023 to September 2025

Period	Indicator	Key Observation
Early 2024	Inflows	Low but gradually improving
FY 2025	AUM	Clear upward movement due to industrial optimism
Q2–Q3 2025	Inflows	Sharp escalation, nearing ₹8,000 crore
Overall	Drivers	Technology, manufacturing, diversification

Source: Author Compilation

The investment pattern in silver shows a steady build-up of market participation over the observed period, beginning with early 2024 where inflows remained relatively low but indicated signs of a gradual rise, suggesting early accumulation and cautious investor entry. By Financial year 2025, the AUM displayed a clear upward trajectory, likely supported by growing industrial confidence, particularly due to silver's extensive use in sectors such as electronics, solar energy, and electric mobility.

The momentum strengthened further in Q2–Q3 2025, where inflows surged sharply and approached ₹8,000 crore, demonstrating heightened investor conviction and accelerated allocation to silver as an asset class. Overall, the trend appears to be strongly driven by broader growth catalysts including technological innovation, manufacturing expansion, and portfolio diversification strategies, positioning silver as both an industrial commodity and a strategic investment choice during this phase.

Comparison between the Gold and Silver Metals

The comparison between gold and silver from October 2023 to September 2025 highlights two distinct investment profiles, reflecting differing roles, investor expectations, and market behavior. While gold continues to dominate as a traditional safe-haven asset with strong AUM and higher peak inflows, silver emerges as a more accessible, industrial-driven option with higher volatility but stronger growth orientation. Although there has been a booming growth of both these metals, they attract people due to varying factors. Gold continues to represent financial security, and silver has gained importance as a resource which is applicable in the industrialization sector.

Table 5: Comparison between Gold and Silver from October 2023 to September 2025

Attribute	Gold	Silver
Main Appeal	Security & hedge	Industrial & affordable
Peak AUM	Approx. ₹1 lakh crore	Approx. ₹0.40 lakh crore
Highest Monthly Inflows	Around ₹10,000 crore	Around ₹8,000 crore
Typical Investor	Conservative saver	Growth-seeking investor
Volatility	Lower	Higher with growth potential

Source: Author Compilation

The comparison indicates that while gold remains the preferred asset for stability and wealth preservation, silver is increasingly attracting growth-oriented investors due to its affordability and industrial relevance. Gold continues to command a larger market size with higher peak AUM and inflows, reaffirming its role as a security and hedge asset, whereas silver's comparatively lower AUM but strong inflow surges reflect rising interest driven by technology, manufacturing demand, and the potential for higher returns despite greater volatility.

Table 6: Comparative Analysis of Gold and Silver

Metric	Gold (Sep 2025)	Silver (Sep 2025)
Total Inflows	>₹10,000 cr	~₹6,000 cr
Total AUM	~₹0.75 lakh cr	~₹0.40 lakh cr
Growth (Oct 2023–Sep 2025)	4x inflows, 3x AUM	6x inflows, 8x AUM

Source: Author Compilation

The comparative analysis of gold and silver as of September 2025 shows that while gold continues to lead in total inflows and AUM, silver has demonstrated significantly higher growth momentum during the period from October 2023 to September 2025. Gold recorded inflows exceeding ₹10,000 crore and maintained a sizeable AUM of around ₹0.75 lakh crore, reinforcing its role as a dominant and stable investment asset. Silver, though lower in absolute numbers with inflows of approximately ₹6,000 crore and AUM of about ₹0.40 lakh crore, exhibited faster expansion, with inflows increasing sixfold and AUM eightfold over the two-year period. This indicates that silver is gaining traction at a rapid pace, suggesting growing investor interest driven by its industrial applications and return potential, while gold remains the primary choice for wealth security and stability.

DISCUSSION POINTS

- Steady rise in silver inflows and AUM reflects increasing investor confidence and long-term holding behavior.
- Early 2024 marked gradual improvement, while FY 2025 showed strong upward momentum driven by industrial sentiment.
- Inflows surged sharply in Q2–Q3 2025, approaching ₹8,000 crore, highlighting accelerated market participation.
- Key growth drivers include technology expansion, manufacturing demand, and diversification beyond traditional assets.
- Gold remains dominant in size and security appeal, with higher AUM and inflows compared to silver.
- Silver, though smaller in absolute value, shows faster growth, indicating shifting investor preference toward industrial-based metals.
- Gold attracts conservative investors seeking stability; silver appeals more to growth-focused investors seeking value and potential upside.
- Higher volatility in silver suggests greater risk but also higher return possibilities relative to gold.
- Overall, the trend signals a broadened investment landscape with gold as a wealth protector and silver emerging as a strong growth-driven asset.

CONCLUSION

The analysis of the period from October 2023 to September 2025 clearly shows that gold and silver have regained strong importance in Indian investment portfolios. Gold continues to be a reliable store of value, providing stability during uncertain economic phases. Silver, on the other hand, is rising rapidly as an industrially driven asset, benefiting from advancements in technology and manufacturing.

Together, they complement each other—gold offering protection and silver offering growth potential.

The data reflects that while gold maintains dominance in terms of overall market size, silver is catching up faster due to higher inflow and AUM growth rates. Investors increasingly recognize the role of silver in future-oriented sectors like renewable energy and electronics.

This shift indicates a broader diversification mindset among investors. The dual appeal of security and innovation is enhancing the credibility of precious metals.

As a result, portfolios balancing both metals are better positioned for long-term resilience and returns. Overall, gold and silver together form a strategic blend of tradition and progress for Indian investors.

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