NSE SILVER DERIVATIVES

Performance Review

2025-26

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Performance Review of Commodity Derivatives - FY 2025-26

Silver Futures, Silver Options (On Goods), Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures

1. Background

a. Brief about the commodity such as sample picture, lifecycle and various varieties/grade of the commodity found in India.

Silver (Ag) has been used for thousands of years for ornaments and utensils, trade, and as the basis for many monetary systems. Its value as a precious metal is considered second only to gold. Silver is a brilliant grey-white metal that is soft and malleable. Its unique properties include its strength, malleability, ductility, electrical and thermal conductivity, sensitivity, high reflectance of light, and reactivity. The main source of silver is lead ore, although it can also be found associated with copper, zinc and gold and produced as a by-product of base metal mining activities. Secondary silver sources include coin melt, scrap recovery, and dis-hoarding from countries where export is restricted. India imports Silver (unwrought or semi-manufactured) from countries such as China, the United Kingdom, the Russian Federation, Germany, and Rep of Korea, while it exports silver jewellery to countries such as US, Hong Kong, and UAE. For silver, India is a very special place as no other country has tried to explore the versatility of silver for day-to-day use as much as India.

b. Commodity fundamentals and balance sheet as per the following format (to be prepared based on publicly available information on best effort basis):

Table – Fundamentals & Balance Sheet

Global Silver supply (Million Ounces)

Supply	**2024**	**2025**
Mine Production	824	847
Recycling	195	211
Net Hedging Supply	-	45
Net Official Sector Sales	2	2
Total Supply	1019.6	1104.1

Source: Metals Focus & World Silver Survey 2026

Global Silver Demand (Million Ounces)

Demand	**2024**	**2025**
Industrial	679	639.6
Electrical and Electronics	460.9	449.5
Photography	25.5	24.2

Jewellery	205.1	189.3
Silverware	53.5	42.1
Coin & net bar demand	190.9	217.7
Net Hedging Demand	3.5	0.0
Total Demand	1157.4	1130.6

Source: Metals Focus & World Silver Survey 2026

India Silver supply and demand (Million Ounces)

Particulars	**2024**	**2025**
Supply		
Net Bullion Import	247.4	232.2
Mine Production	22.5	20.2
Recycling	17.1	18.2
Physical Investment	59.8	79.2
Demand		
Jewellery Fabrication	87.9	70.3
Silverware Fabrication	36.8	27.6
Coins & Medal Fabrication	14.8	18.4
Industrial Demand	42.4	38.1
Electrical and Electronics Demand	18.6	17.6
Brazing Alloys and Solder Demand	3.3	3

Source: Metals Focus & World Silver Survey 2025

Major producing countries (Million Ounces): Silver mine production

Mine Production	**2024**	**2025**
Mexico	181.1	173
Peru	121.6	131
China	109.7	113
Russia	45.5	56
Bolivia	47.8	50
Chile	39.4	43

Poland	42.5	43
United States	34	36
Australia	34	33
Argentina	23.4	22
India	22.5	20

Source: Metals Focus & World Silver Survey 2025

Major consuming countries (Million Ounces): Silver Industrial Demand

Industrial Demand	2024	2025
China	275.4	282.9
United States	126.9	125.5
Japan	94.8	68.8
India	42.4	38.1
Germany	31.6	31
United Kingdom	20.5	21.6
South Korea	20.1	20.9
France	11.1	11.5
Taiwan	10	10.4
Italy	9.7	9.6

Source: Metals Focus & World Silver Survey 2025

Major exporting countries (in US $ million)

Country	2024	2025
CHINA	3,803	NA
UNITED KINGDOM	3,599	8,105
USA	1,349	7,972
CHINA, HONG KONG SAR	4,421	6,454
MEXICO	2,594	3,847
SWITZERLAND	1,909	3,642
GERMANY	2,238	3,492
REP. OF KOREA	1,968	2,576

CANADA	1,443	1,769
JAPAN	1,497	1,321

Source: UN Comtrade database, HS Code: 7106

Major importing countries (in US $ million)

Country	2024	2025
China	1,481	NA
United Kingdom	4,330	11,622
India	6,420	9,204
USA	5,091	8,452
China, Hong Kong SAR	4,076	6,864
Germany	998	1,804
Canada	1,281	1,697
Switzerland	1,060	1,632
Türkiye	469	1,256
Japan	1,450	1,210

Source: UN Comtrade database, HS Code: 7106

Top producing states in India

State	Silver Production (in Tonnes)	% of India's Total Production
Rajasthan	43	56.6%
Andhra Pradesh	9.2-11.5	12-15%
Telangana	5-6	6-7.5%
Haryana	4-5	5-6.5%
Jharkhand	3-4	4-5%
Karnataka	2-3	2.5-4%
Madhya Pradesh	2-3	2.5-4%
Gujarat	1-2	1-2.5%

Source: textbook.com

c. Major changes in the polices governing trade in the spot markets of the commodity

The Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry, revised the import policy for unwrought (raw or semi-processed) silver with 99.9% or higher purity in May 2025, changing its status from "Free" to "Restricted". Under the revised framework, such imports are permitted only through RBI-nominated agencies or qualified jewellers operating via the India International Bullion Exchange (IIBX). The changes were introduced to align India's import regulations with the revised tariff classifications under the Finance Act 2025, which introduced new Harmonized System codes for high-purity silver to enable better tracking and prevent misuse of preferential duty routes, particularly under the India-UAE Comprehensive Economic Partnership Agreement (CEPA).

In September 2025, the DGFT imposed import restrictions on unstudded plain silver jewellery, which was previously in the "Free" category, following the Commerce Ministry's observation of a near-tenfold surge in silver jewellery imports from Thailand, with volumes rising from ~4 metric tonnes to 40 metric tonnes in a short period. Importers in the restricted category were required to obtain a government-issued license, with exemptions granted for 100% Export Oriented Units (EOUs), Special Economic Zone (SEZ) units, and imports under export-linked schemes. These measures were further extended in March–April 2026, when the DGFT broadened the restrictions to cover all gold, silver, and platinum jewellery under Chapter 71 of the ITC (HS) classification, citing continued misuse of the India-ASEAN Free Trade Agreement.

The most significant policy development came in May 2026, when the Finance Ministry raised the basic customs duty on silver from 5% to 10%, resulting in the total effective import duty increasing from 6% to 15%, reversing the duty reduction that had been announced in the Union Budget 2024-25. Furthermore, the DGFT also shifted silver bars from the "Free" to the "Restricted" import category, requiring importers to secure formal government authorisation prior to any inward shipment. There has been a sharp increase in India's silver import bill, which had surged approximately 150% to USD 12 billion during FY 2025-26, and these measures are aimed at containing the trade deficit and managing pressure on the rupee. While these measures are expected to moderate the pace of silver inflows and support the currency, they have simultaneously introduced supply uncertainties and short-term price volatility in the domestic market.

d. Geopolitical issues in the commodity and its impact on Indian scenario

China's Ministry of Commerce (MOFCOM) announced in October 2025 a new export licensing framework for silver, effective January 1, 2026, replacing the earlier quota-based system. Under the revised rules, only 44 state-approved companies are permitted to export silver, with stringent eligibility requirements effectively excluding hundreds of smaller exporters. As China’s silver production accounts for ~13% of global production and an estimated 60-70% of globally refined silver, this shift has tightened global physical supply considerably.

For India, this has intensified the need to diversify sourcing, added upward pressure on domestic prices, and reinforced the urgency of strengthening supply ties with alternative producing nations. Silver prices in FY26 were driven by a combination of safe-haven demand,

tight physical supply and strong industrial fundamentals. Geopolitical uncertainty, US policy concerns and expectations of Fed rate cuts supported investor appetite for precious metals, while silver also benefited from its industrial role in solar panels, electric vehicles, electronics and semiconductors.

The US Geological Survey (USGS) formally designated silver as a critical mineral in November 2025, reflecting its growing strategic importance in solar energy, semiconductors, and defence applications. On the domestic front, India's Ministry of New and Renewable Energy (MNRE) released the Approved List of Models and Manufacturers (ALMM) List-II in July 2025, covering solar cell manufacturers, which is expected to further accelerate domestic silver consumption in the photovoltaic sector. These developments continue to reinforce silver's dual role as a precious and strategically critical industrial metal, making its supply and price dynamics increasingly sensitive to global policy shifts.

2. Trading related parameter

NSE had the following Silver derivatives available for trading on its Commodity Derivatives Segment in FY 2025-26.

- Silver Futures
- Silver Options (on Goods)
- Silver Mini Futures
- Silver Mini Options on Futures
- Silver Micro Futures

a. Monthly and Annual traded volume (quantity in appropriate units)

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Month	**30 Kgs** **Silver Futures**	**30 Kgs** **Silver Options on Goods**
April 2025	13	9524
May 2025	15	3559
June 2025	26	4910
July 2025	34	2401
Aug 2025	30	24768
Sep 2025	32	6605
Oct 2025	12	326
Nov 2025	24	20439
Dec 2025	38	15193
Jan 2026	58	44379
Feb 2026	52	15427
Mar 2026	4	14743
FY 2025-26	282	132104

b. Annual traded volume as proportion of total deliverable supply (quantity in appropriate units)

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Contract	Annual Traded Volume (MT)	Deliverable Supply (MT)	Annual traded volume as proportion of total deliverable supply (%)
Silver Futures	8.46	9916.66	0.08%
Silver Options on Goods	3963.12	9916.66	39.96%

c. Annual traded volume as proportion of total annual production (quantity in appropriate units)

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Contract	Annual Traded Volume (MT)	Annual Production (MT)	Annual traded volume as proportion of total annual Production (%)
Silver Futures	8.46	572.66	1.47%
Silver Options on Goods	3963.12	572.66	692.05%

d. Annual average Open interest as proportion of total production

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Contract	Annual Average OI (MT)	Annual Production (MT)	Annual traded volume as proportion of total annual Production (%)
Silver Futures	0.003	572.66	0.000
Silver Options on Goods	0.154	572.66	0.026

e. Annual average Open interest as proportion of total deliverable supply

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Contract	Annual Average OI (MT)	Deliverable Supply (MT)	Annual traded volume as proportion of total deliverable supply (%)
Silver Futures	0.003	9916.66	0.000
Silver Options on Goods	0.154	9916.66	0.001

f. Monthly and Annual value of trade (in Rs. Crores)

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Month	Rs Crores Silver Futures	Rs Crores Silver Options on Goods
Apr-25	3.70	2775.75
May-25	4.31	1055.21
Jun-25	8.30	1568.80
Jul-25	11.18	806.41
Aug-25	10.37	9100.63
Sep-25	12.62	2141.49
Oct-25	5.29	146.43
Nov-25	11.37	9263.81
Dec-25	23.56	6283.43
Jan-26	46.83	9604.74
Feb-26	3.27	10808.19
Mar-26	1.44	16316.98
FY 2025-26	142.24	69871.87

g. Monthly and Annual quantity of delivery (in appropriate units)

There were no deliveries in any of the Silver contracts in FY 25-26.

h. Monthly and Annual value of delivery (in Rs. Crores)

There were no deliveries in any of the Silver contracts in FY 25-26.

i. Monthly and Annual Average Open Interest (OI) (in appropriate units)

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Month	30 Kgs Silver Futures	30 Kgs Silver Options on Goods

Apr-25	0.57	9.33
May-25	0.32	26.73
Jun-25	0.29	10.90
Jul-25	0.00	3.43
Aug-25	0.00	2.60
Sep-25	0.00	0.00
Oct-25	0.00	2.95
Nov-25	0.00	1.60
Dec-25	0.00	3.59
Jan-26	0.00	0.00
Feb-26	0.00	0.00
Mar-26	0.00	0.00
FY 2025-26	0.10	5.10

j. Annual average volume to open interest ratio

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Contract	**Unit**	**Annual Average Traded Volume**	**Annual Average Open Interest**	**Annual average OI as a proportion of Annual average volume (%)**
Silver Futures	30 Kgs	1.09	0.09	8.25
Silver Options on Goods	30 Kgs	514.02	5.13	0.99

k. Total number of unique members and clients who have traded during the financial year

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

Contract	**Unique Member Count**	**Unique Client Count**
Silver Futures	7	7
Silver Options on Goods	55	87

l. Ratio of open interest by FPOs/farmers/Hedge/VCP positions to total open interest (Annual average as well as maximum daily value)

The traded volume by FPOs/farmers/Hedge/VCP for Silver derivatives in FY 25-26 was NIL/Negligible.

m. Number of unique FPOs / farmers and VCPs/hedgers who traded in the financial year.

The traded volume by FPOs/farmers/Hedge/VCP for Silver derivatives in FY 25-26 was NIL/Negligible.

n. Algorithmic trading as percentage of total trading

The traded volume for Silver Mini Futures, Silver Mini Options on Futures & Silver Micro Futures in FY 25-26 was NIL/Negligible.

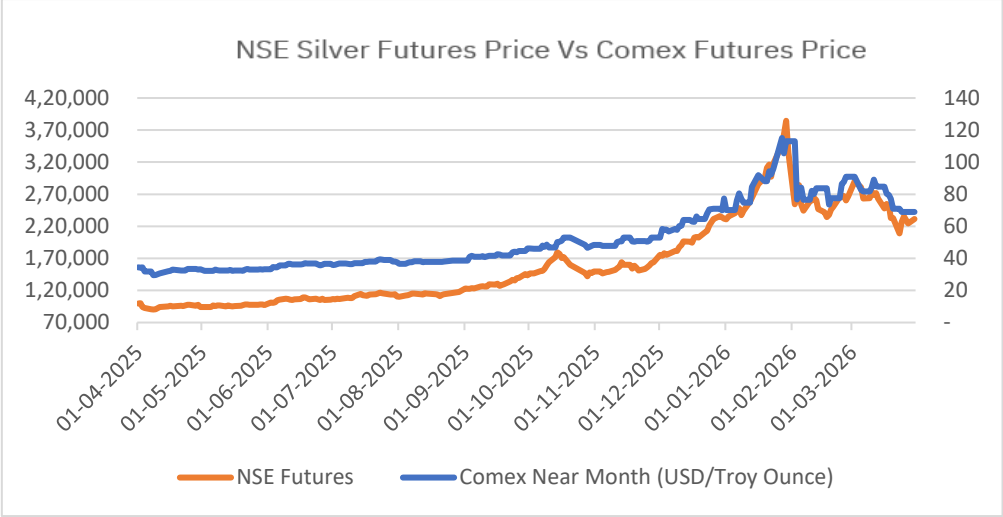
Contract	**Algorithmic trading as percentage of total trading (%)**
Silver Futures	42.56
Silver Options on Goods	48.13

o. Delivery defaults
i. Number of instances
ii. Quantity involved
iii. Value involved

There were no delivery defaults in any of the Silver contracts in FY 25-26.

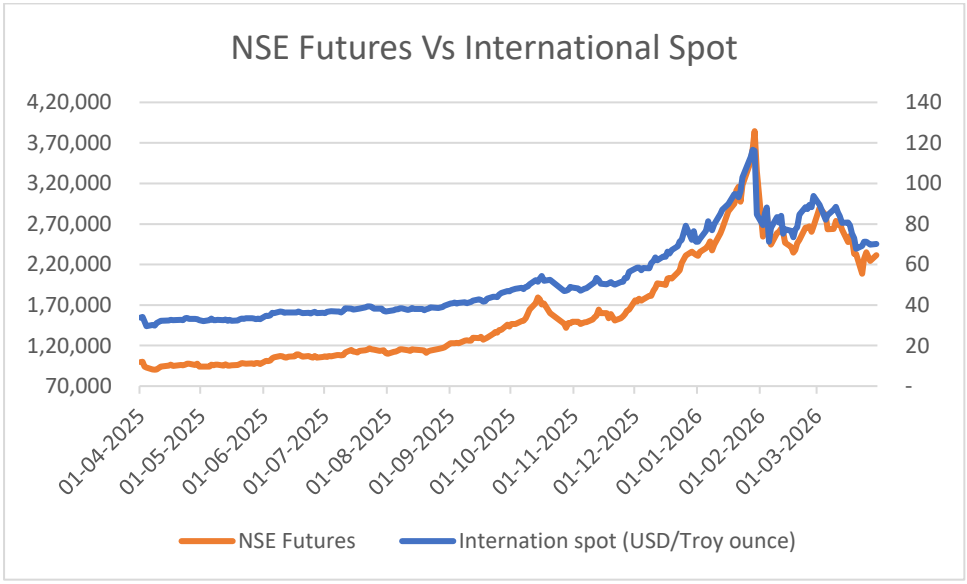
3. Price movements

a. Comparison, correlation and ratio of standard deviation of Exchange futures price vis-à-vis international futures price (wherever relevant comparable are available)



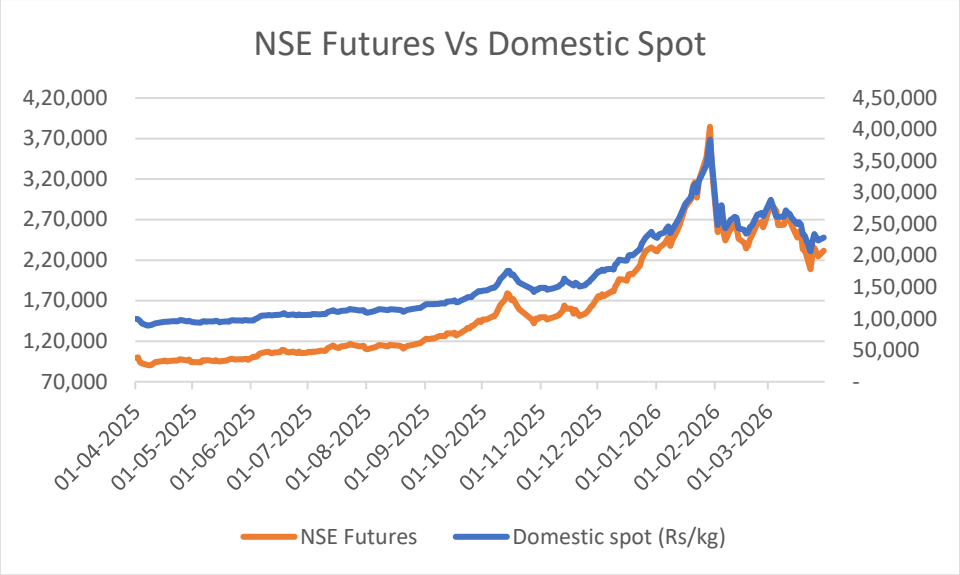
Correlation: 98.62% | Ratio of Std Deviation: 0.0003

b. Comparison, correlation and ratio of standard deviation of Exchange futures price vis-à-vis international spot price (wherever relevant comparable are available) and domestic spot price (exchange polled price).



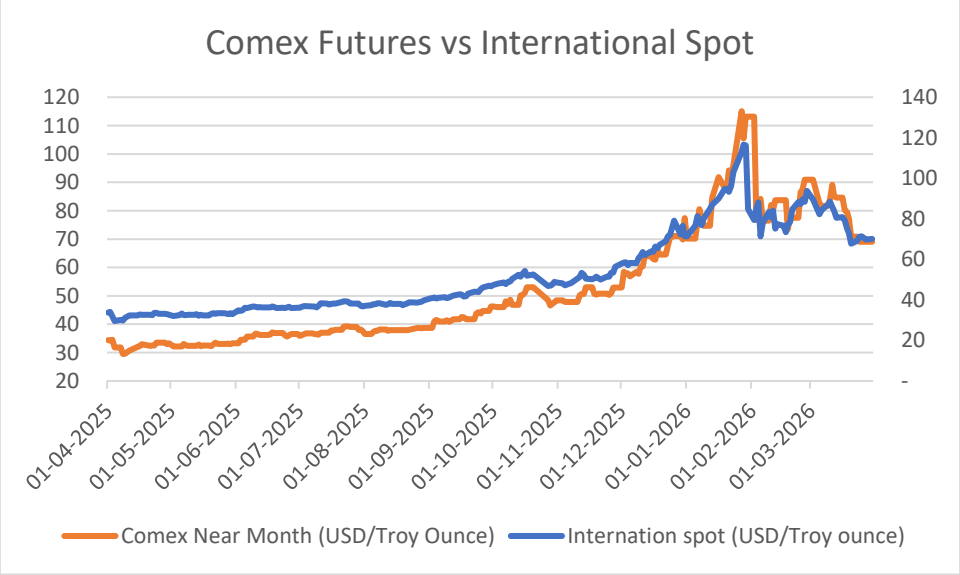
Correlation: 99.30% | Ratio of Std Deviation: 0.0003

c. Correlation between exchange futures & domestic spot prices along with ratio of standard deviation.



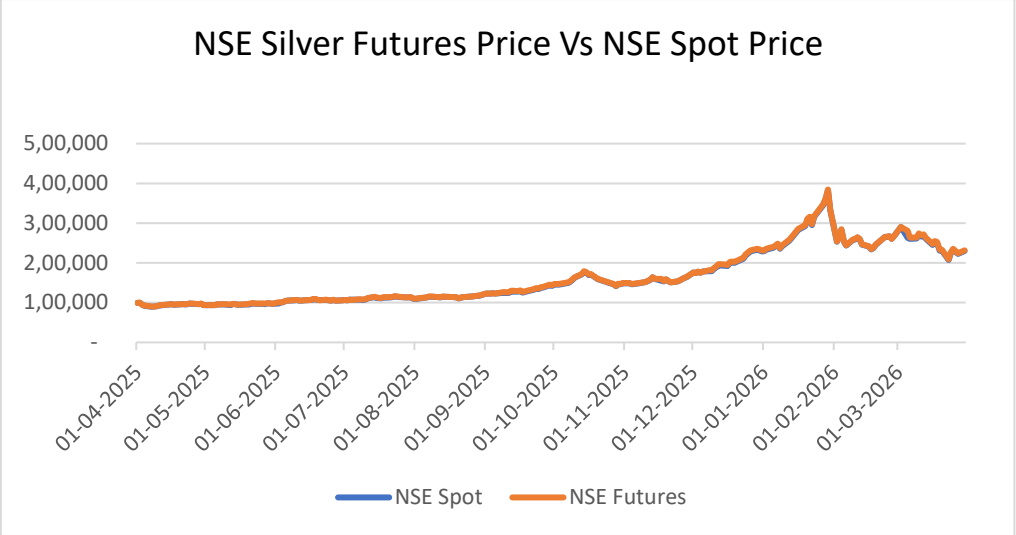
Correlation: 99.95% | Ratio of Std Deviation: 0.993

d. Correlation between international futures & international spot prices along with ratio of standard deviation (wherever relevant comparable are available).



Correlation: 98.05%% | Ratio of standard deviation: 0.996

e. Comparison of Exchange polled price and mandi price (in case of agricultural commodities) / other relevant price (in case non-agricultural commodities) at basis centre.



Correlation: 99.98% | Ratio of Std Deviation: 0.99

f. Maximum & Minimum value of daily futures price volatility and spot price volatility along with disclosure of methodology adopted for computing the volatility.

Contract	Max Volatility in Futures Prices (%)	Min Volatility in Futures Prices (%)	Max Volatility in Spot Prices (%)	Min Volatility in Spot Prices (%)
All Silver Derivatives contract	24.03	0.01	23.99	0

Volatility calculation: (Day – Previous day's price)/Previous day's price

g. Number of times the futures contract was in backwardation/contango by more than 4% for the near month contract in the period under review.

No instance has been observed where the backwardation or contango exceed 4% for the near month contract.

Sources for this section: Trading view and NSE

4. Other parameters

a. Qualitative and quantitative measure for Hedge effectiveness ratio and basis Risk (Volatility of Basis) along with disclosure of methodology adopted for such calculations.

Date	Price		Price Change		Hedge Effectiveness
	NSE Silver Spot price	NSE Silver Futures	NSE Silver Spot price	NSE Silver Futures	
17-04-25	94,753	95,024	-1727	-1356	1.2736

07-05-25	95,573	95,702	-75	-930	0.0806
13-06-25	1,05,860	1,06,225	955	941	1.0149
11-07-25	1,10,352	1,11,370	3110	3123	0.9958
19-08-25	1,13,431	1,13,748	-567	-588	0.9643
19-09-25	1,28,054	1,29,710	1133	1123	1.0089
08-10-25	1,52,363	1,53,806	3200	3206	0.9981
11-11-25	1,54,203	1,54,783	2770	2735	1.0128
04-12-25	1,75,493	1,75,522	-2419	-2448	0.9882
29-01-26	3,82,345	3,84,541	21433	21497	0.9970
17-02-26	2,33,888	2,34,503	-7156	-7214	0.9920
25-03-26	2,33,306	2,35,190	8153	8182	0.9965
				Overall Average	0.9436

The Dollar Offset Method of determining Hedge Effectiveness is one of the quantitative methods used extensively. It involves comparing the ratio of the change in fair value or present value of future expected cash flows of the hedging instrument (NSE Futures) with the change in the fair value or present value of future cash flows of the hedged item (Spot Price) attributable to the hedged risk.

Methodology

To examine the hedge effectiveness twelve random dates were chosen with minimum gap between the period as 15 days and maximum being 3 months period (matching various operating cycles of the bullion value chain participants). For each of these chosen dates, Spot Price and Futures closing rates were recorded. The change in value of Spot rates as well as Futures closing rates for two consecutive periods was recorded. Hedge effectiveness is the ratio of change in the value of Spot prices to the change in Futures value.

Values between 80% to 125% indicate the hedge effectiveness is good. Values below 80% indicate that the hedge effective is not good. Based on the observations, it can be noticed that overall hedge effectiveness is over 94.36%.

Longer period hedge tends to be less effective. It could be due to roll-over and related contango issues or liquidity issues. Second aspect is when there is a disruptive change in the underlying market, hedge effectiveness declines.

Basis risk:

Basis is the difference between the spot price and the futures price at a particular point in time. Basis is usually very small and tends to decrease as futures contract moves towards expiry.

The basis risk arises due to price, location, product or timing difference. When it comes to prices, after the GST introduction, location-based premiums and discounts have been more or less resolved. However, the most important source of basis risk is price. Seasonality in demand, high customs duty and consequently, high parallel trade result in markets going into discounts more often in the last few years breaking the parity. This could result in non-convergence of futures price and spot price upon delivery.

b. Details about major physical markets of the commodity vis-à-vis market reach in terms of availability of delivery centres (information to be provided state-wise and UT-wise).

The major import and physical trade areas for Silver and NSE's market reach in terms of availability of delivery centres is provided below:

Sr. No.	Major cities based on Silver import and consumption	NSE's delivery centre
1	Chennai	No
2	Kandla	No
3	Delhi	No
4	Ahmedabad	Primary Delivery Centre
5	Mumbai	No

c. Details about major physical markets of the commodity and average Open Interest for each month generated from those regions.

Major physical markets data provided in the point 4b. The region wise OI data is not available.

d. Details, such as number and target audience, of stakeholders' awareness programs carried out by the exchange.

A total of 62 Commodity IAPs were conducted reaching out to 1987 participants. These participants included General public, faculties of educational institutes corporate employees, FPOs, Police officers and Women.

e. Steps taken / to be undertaken to improve hedging effectiveness of the contracts as well as to improve the performance of illiquid contracts.

NSE is constantly striving to encourage hedgers to participate in the Silver contracts. We have value chain participants and associations such as IBJA, All India Gem & Jewellery Domestic Council, WGC, Metals Focus, etc. as part of our Bullion PAC, who guide us on how to get more participation from physical market participants.

5. Any other information to be disclosed as deemed important by the exchange or as suggested by the PAC.