

Silver Price Trends and its Impact on the Indian Economy Before and After Covid-19

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Abstract

This study examines the relationship between the Indian economy and silver price trends before and after the COVID-19 pandemic. Pre-pandemic silver prices were influenced by domestic and international factors, including investment sentiment, industrial demand, and economic growth. However, the pandemic disrupted the Indian economy and global markets, causing a temporary decline in silver prices due to reduced industrial demand and investor uncertainty.

Silver prices rebounded as industrial activity resumed and economies reopened, supported by stimulus measures. Economic recovery initiatives and eased restrictions in India further boosted silver demand. The study highlights the complex interplay between silver prices and the Indian economy, shaped by factors such as government policies, cultural preferences, and economic growth. Understanding these dynamics is vital for forecasting future trends and developing effective strategies for both the silver market and the broader Indian economy.

Keywords: Silver, Indian Economy, Covid-19, Silver Price Dynamics, Precious Metals

Background of the Study

Introduction

Historically silver has been an important element in our Indian Economy, it was used both as a currency and commodity. Silver ornaments and jewelry are highly sought-after exports. In recent times silver has continued to play a large role in India's development due to its many uses in different Industries, But the pandemic has been a main driving factor relating to silver prices in a few years which in turn has affected the Indian Economy.

Theoretical framework

Silver is a precious metal commonly used in jewelry, coins, electronics, and photography. It is a highly conductive metal and is, therefore, a highly sought after metal. Silver is used in many cultures and religions. Silver is held in physical form by many investors as its price is not as volatile as the Stock Market. Silver is clubbed with other precious metals as it tends to maintain its worth better than conventional currencies, just like gold. Silver is a liquid asset i.e. it can easily be converted into cash through online and retail channels, instant loans against silver can be procured which further increases silver's liquidity.

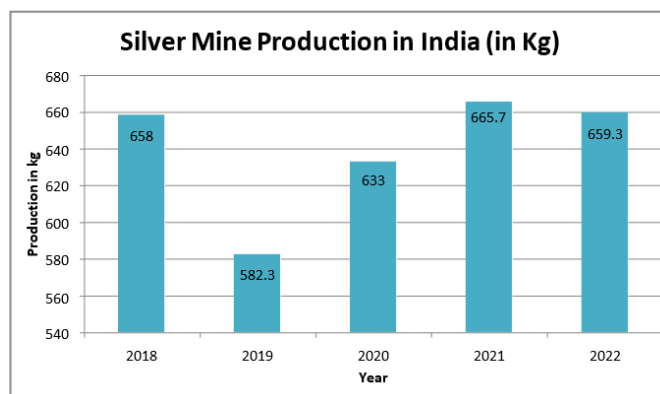
For the last 20 years, India's GDP is growing annually by 6-7%. The Indian economy is Expected to be a \$4 trillion USD economy by 2026 according to the International Monetary fund (IMF). The Indian Economy has high demand of Iron ore, Steel, Silver, Chromite, Copper, Gold, Zinc, Manganese, etc. Indian Silver market is valued at \$7 Billion making it a big contributor to the GDP of our country. In 2022 India exported approximately \$46.6 Million worth of silver mainly to United Kingdom, United states, United Arab Emirates, and Italy as compared to \$346 Million in Year-2021 and \$160 Million in Year-2020 due to shortage in the International Markets Triggered by the Pandemic which also affected the pricing of silver in domestic and International Markets.

India accounts for about 3% of global production. India has 5 Major Silver Mines, namely :-

- Rajpura Dariba Mines
- Rampura Agucha Mine
- Sindesar Khurd Mine
- Zawar Mines
- Hutti Mines

Zawar mines in Udaipur, is the largest silver producing mine in India which is operated by The Hindustan Zinc Ltd. In total 659.32 Kg of silver was produced from silver mines in 2022 as compared to 665.7 Kg in Year-2021, 633 kg in Year-2020, 582.3 Kg in Year-2019 and 658 kg in Year-2018, showing a consistent

production of silver despite the onset of Covid-19 Pandemic and the subsequent Lockdown and Quarantine mandate. Consistent production may be motivated due to silver reaching an all-time high price during the pandemic combined with a global shortage in the international markets.



Review of Literature

1. Vedika Gupta (School of Management, Sri Krishna Institute of Engineering and Technology, Coimbatore, India) Business in India analyzes the impact of COVID-19. Through meticulous analysis, he offers negative insights into how the pandemic has changed money in Turkey. Elements of the Indian language"
2. KC Santosh (Quality Research Institute, University Technology PETRONAS, 32610, Bandar Seri Iskandar, Perak, Malaysia): "Silver is often called 'poor man's gold' and in India where the economic environment is very important has a special role. This review examines historical trends in exchange rates and their impact on key economic indicators before and after the COVID-19 pandemic. By combining different perspectives, it sheds light on the different roles of money in the development of the Indian economy.
3. Rameshwar Arora (School of Information Technology and Engineering, Indian Institute of Technology, Vellore): "Starting from a critical case against the impact of globalization, the analysis of this article explores the relationship between exchange rates and the change in exchange rates during the COVID-19 crisis between the Indian economy relationship. By comparing the pre-pandemic model with the post-pandemic reality, it provides important insights into the recovery and transformation of the Indian financial market in the face of unprecedented challenges."
4. Tiziana Ciano (Faculty of Business and Law, University of Portsmouth, Richmond House, Portland Street, Portsmouth, UK): "As a matter of uncertainty, this review examines the interaction between exchange rates and Indian economic indicators from a distance. The impact of contagion." Through a comprehensive analysis of supply and demand trends, investor sentiment and policy responses, it presents the fundamentals of creating sustainable Indian currency for the post-pandemic era.
5. Khairul Shafee Kalid (Jindal Global Business School, O. P. Jindal Global University, India): "In the wake of the COVID-19 pandemic, money has emerged as an economic reference point and uncertainty. Exploring the background of exchange rates in India and their relationship is broader with economy. By analyzing pre- and post-pandemic data, it reveals the positive status of money as both a commodity and an economic indicator.
6. Senthilkumar Mohan (Pattern Analysis and Machine Intelligence (PAMI) Research Laboratory, USDA School of Computer Science, University of South Dakota): "As the world grapples with the impact of COVID-19, financial markets are also experiencing something. Through detailed data analysis, this study provides good information for policy makers and investors by revealing the mechanisms affecting exchange rates and their impact on the Indian economy. "
7. Imlak Shaikh (Management Development Institute, Gurgaon, Mehrauli Road, Sukhrali, Gurugram 122007, Haryana, India): "Money is often influenced by finer things, namely gold, but its role in the Indian economy plays an important role in explaining it. This review provides a comprehensive analysis of exchange rates before and after the COVID-19 pandemic and its relationship with the Indian economy. By developing empirical evidence and theoretical framework, it reveals the fundamental changes shaping the Indian financial ecosystem.
8. Kiran Mehta (Department of Computer Science and Engineering, Bharati Vidyapeeth College of Engineering, Delhi, India): "The COVID-19 pandemic has had a negative impact on the global financial market and created financial impact as well. Assets are safe. This literature review examines historical trends in exchange rates and their relationship with key economic indicators in India. By presenting the post-pandemic situation, it offers stakeholders the opportunity to draw attention to the financial transformation in the economy".
9. Renuka Sharma (Chitkara School of Economics, Chitkara University, Punjab, India): "During the COVID-19 pandemic, money has emerged as a safe beacon of light for India's financial stability. Through a careful review of academic literature, this study reveals the relationship between exchange rates and the Indian economy. It provides a better understanding of the role of money as the key to financial markets by analyzing patterns and anomalies.

10. Vishal Vyas (Atal Bihari Vajpayee-Indian Institute of Information Technology and Management, Gwalior, Madhya Pradesh, India): "This literature review offers many lessons for examining post-COVID-19 costs but is also powerful. Through the integration of empirical evidence and theoretical framework, it shows the basis of working processes of the financial market and their impact on the course of the Indian economy. , businesspeople and stakeholders"

Research Gap

Public's knowledge is limited relating to National Scenario of Silver and its impact on Indian Economy as a whole. Not much literature is available online regarding the topic to review and many which are present are incomplete. The availability and quality of data related to "Silver Price Trends" may pose limitations. Due to the sensitive nature of the topic, some information may not be publicly accessible, leading to potential gaps in the data collected. Additionally, the accuracy and completeness of the available data sources could vary, which might impact the reliability of the findings and analysis.

The interpretation and analysis of data in this study may be subject to individual bias and subjectivity. Despite efforts to maintain objectivity, researchers' perspectives and preconceived notions can inadvertently influence the selection and interpretation of data, potentially impacting the study's outcomes.

Research Problem

The topic is heavily reliant on data from secondary sources which don't always have a 100% accuracy rate. Moreover, the data for the recent months is not completely reported and thus no data related to the year 2024 is available for imports, exports and mines. There is a high risk of data manipulation from different agencies which further increases the errors in the secondary data used in the project. The findings and recommendations of this study may have limited generalizability. "Silver Price Trends" is a complex and dynamic phenomenon influenced by various factors such as geographical location, regulatory frameworks, and public opinion. The study's findings may be more applicable to certain regions or specific background of people, and caution should be exercised when extrapolating the results to broader contexts.

The breadth and depth of the study may be constrained due to limitations in time, resources, and access to information. The complex nature of "Silver Price Trends" may require a more extensive and in-depth investigation than what is feasible within the scope of this study. Consequently, certain aspects of "Silver Price Trends" may not receive exhaustive coverage, and some relevant subtopics may be excluded.

Analysis and Findings

Price of silver from FY.2019-20 to FY.2023-24

Table 1: Silver price per gram at the end of each quarter for the last 5 years

	FY.2019-20	FY.2020-21	FY.2021-22	FY.2022-23	FY.2023-24
1st April	33.597	34.446	58.841	60.121	63.333
30th June	33.688	44.218	62.386	51.489	60.103

Objectives of the Study

- To understand the trends of silver prices in relation with Indian economy before and after COVID -19 through online End of Quarter Price for the last 5 Years.
- To analyses the present trend of silver price in Indian economy in Relation to Imports, Exports and Price of silver metal during the Pre-COVID, COVID and Post-COVID years as a sample.
- To examine the barriers of silver prices, change in relation with Indian economy
- To predict future of silver prices with relation with Indian economy using the public's opinion through Primary Data.

Research Methodology

For the research project, a questionnaire was prepared which had certain questions that aim at fulfilling the objectives of the project and getting appropriate answers.

Type of Research

- The data collected was Primary Data through the use of Google Form where 105 respondents participated in all age groups.
- The links for the same were sent through social media, particularly through Emails, Instagram and Instant Messaging App (WhatsApp).

Research Hypothesis

To disprove that Indian Economy is not influenced by changes in silver prices and to ascertain that covid-19 has impacted the price in various methods.

Type of Data

Both Primary Data(in the form of Google Form as well as Secondary Data(in the form of historic Price, Import, Export and Mining Data) has been used in the project to confirm the Hypothesis.

Period of the Study

The secondary data pertains to last 5 Financial years regarding the Price of silver in India, Quantity of Silver imported and exported by India and the quantity of silver mined in India the primary data was collected in the month of March'2024.

Data Collection Methods

- The secondary data has been collected from various government and business websites which are tasked with monitoring the Indian Silver Industry.
- The primary data was prepared on the online platform, Google Forms.
- The links for the same were sent through social media, particularly through Emails, Instagram and Instant Messaging App (WhatsApp). The data collected through the survey is further analyzed with the help of pie charts and Microsoft Excel Software.

30th September	38.701	55.227	52.757	49.953	59.317
31st December	40.936	61.974	55.858	63.758	63.661
31st March	33.818	57.503	60.530	63.688	66.168

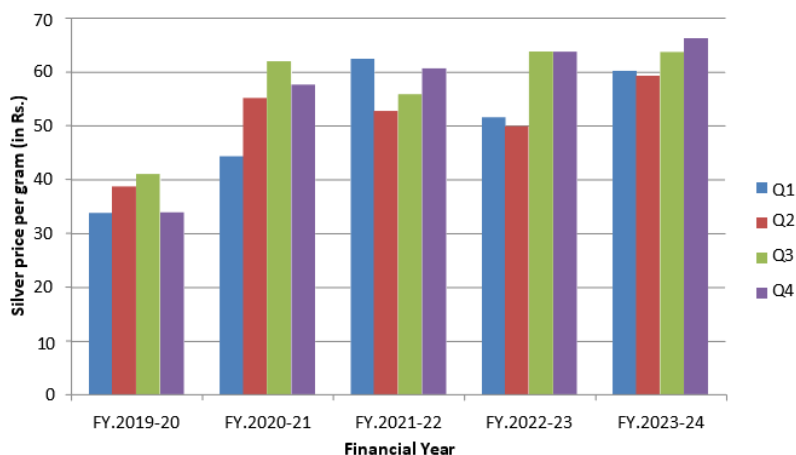


Figure 1: Sliver price per gram at the end of each quarter for last 5 years

The figure above shows the price trend of Silver per gram for the last 5 financial years i.e. FY.2019-20 to FY.2023-24, it is noted that the price in Quarter just before the Pandemic i.e. December'2019 was Rs.40.936 but in the quarter in which the virus spread i.e. March'2020 the price fell to Rs.33.818, the lowest in years.

But after the immediate drop in the price of silver the silver prices bounce back to their highest at Rs.61.974 in the Third Quarter of FY.2020-21 and maintained it in a similar range. Therefore, it is concluded that the silver price is affected by the Pandemic as it hit its 5 years low in the Quarter in which Covid-19 Starter and then it reached its all-time high price in the Indian Markets. Quantity of Silver Exported in the last 5 Years

Table 2: Quantity of silver Exported by India (in million US Dollars)

YEAR	Export Value (in Million US Dollars)
2019	11.72
2020	10
2021	464.04
2022	49
2023	70

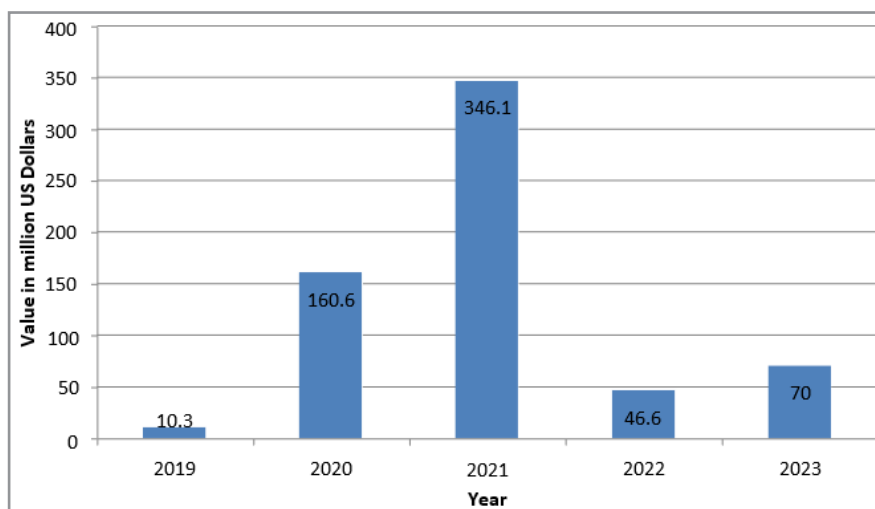


Figure 2: Quantity of silver Exported by India (in million US Dollars)

From the above figure it is observed that in the year Covid-19 Pandemic hit the silver exports jumped from \$10.3 Million to \$160.6 Million in the year 2020. The trend continued in the Year-2021 in which India having Exported silver Worth \$346.1 Million but in year-2022 silver exports normalized but still hovered

over pre-Covid era. Thus, pandemic has increased the quantity of silver exported by India clubbed with the fact that silver was at its all-time high Indian Economy was greatly benefitted with the inflow of Foreign Exchange. Quantity of silver Imported in the last 5 Years.

Table 2: Quantity of silver Imported by India (in million US Dollars)

YEAR	Import Value (in billion Indian Rupees)
2019	261.89
2020	191.62
2021	59.6
2022	244.54
2023	422

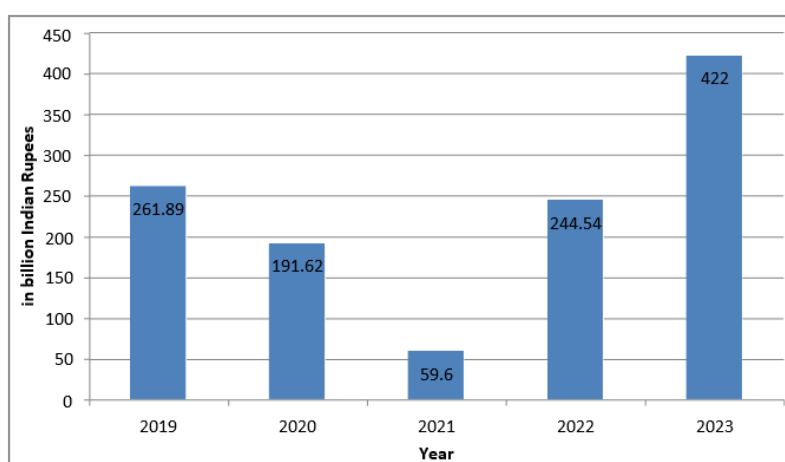
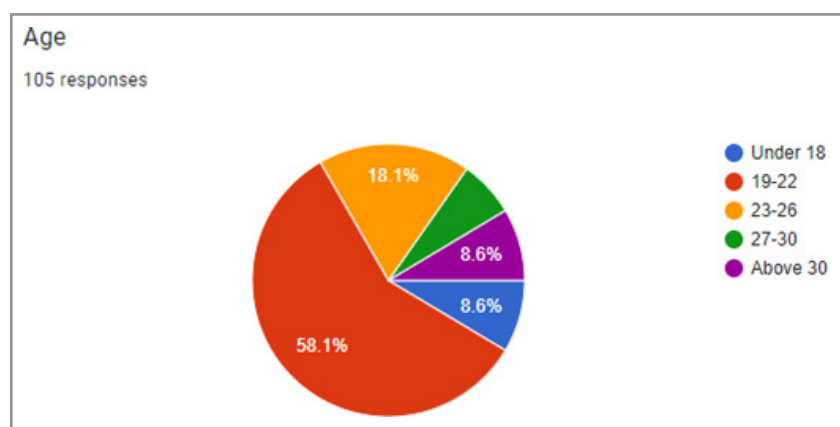


Figure 3: Quantity of silver Imported by India (in billion Indian Rupees)

From the above figure it is observed that India's Silver Import value hit all-time low in the Year-2021 at just Rs.59.6 billion as compared to Rs.191.62 billion in Year-2020 and Rs.244.54 billion in Year- 2022.

The Indian Economy was greatly benefitted in terms of silver. A Google form was circulated to individuals of all age groups numbering at 105. All the 105 responses are used in this project. The age group of the respondents are as follows: - Fig.3.1

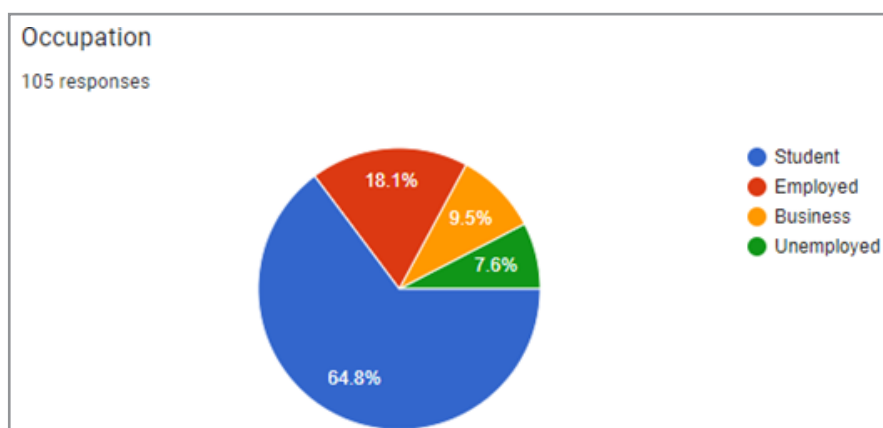
Thus, the Indian Economy needed fewer Silver Imports post-Covid and coupled with the high Exports observed in Fig2.



The figure above shows that 8.6% of the respondents were below Under 18, 58.1% of the respondents were between 19-22, 18.1% of the respondents were between 23-26, 6.7% of the re-

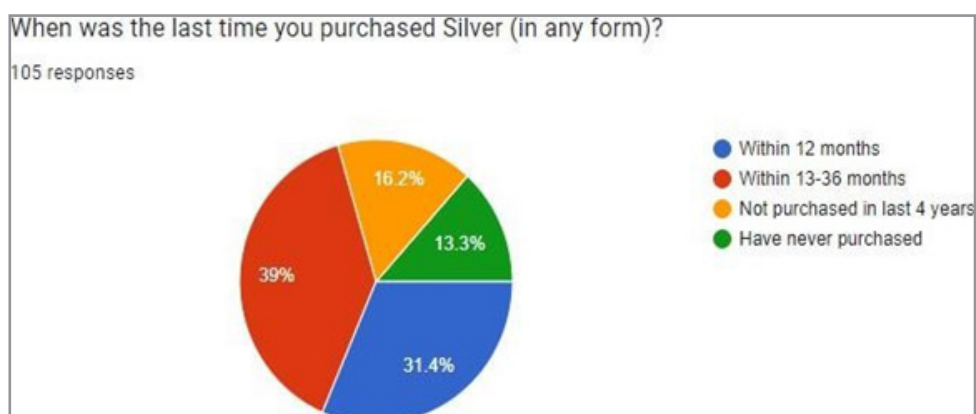
spondents were between 27-30 and 8.6% fall in the age group of 30 and above.

The Occupation of the respondents are as follows: - Fig 3.2



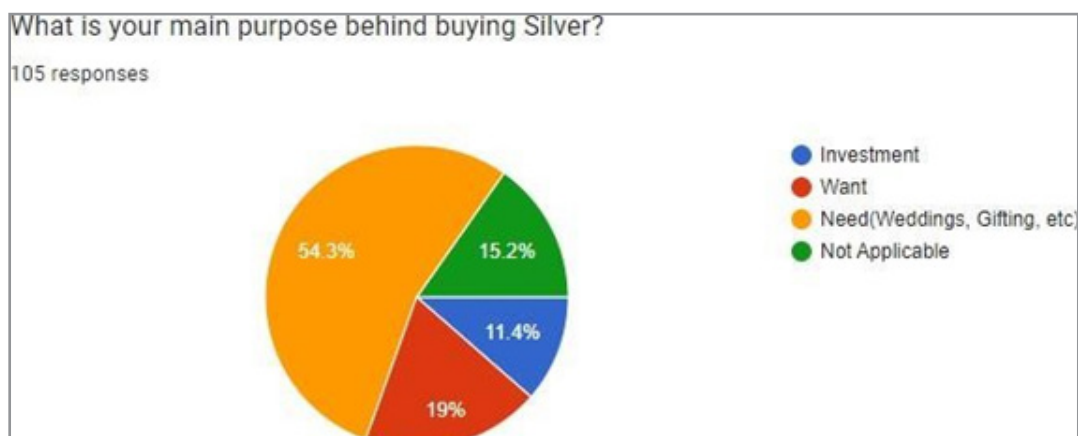
The figure above shows that 64.8% of the respondents were students, 18.1% of the respondents were Employed, 9.5% of the respondents had Business and the remaining 7.6% of the respondents were Unemployed.

When was the last time you purchased Silver (in any form)? Fig 3.3



The figure above shows that 31.4% of the respondents purchased silver in the last 12 months, 39% of the respondents purchased within 13 and 36 months, 16.2% of the respondents have not purchases in last 4 years and the remaining 13.3% of the respondents have not purchased silver ever.

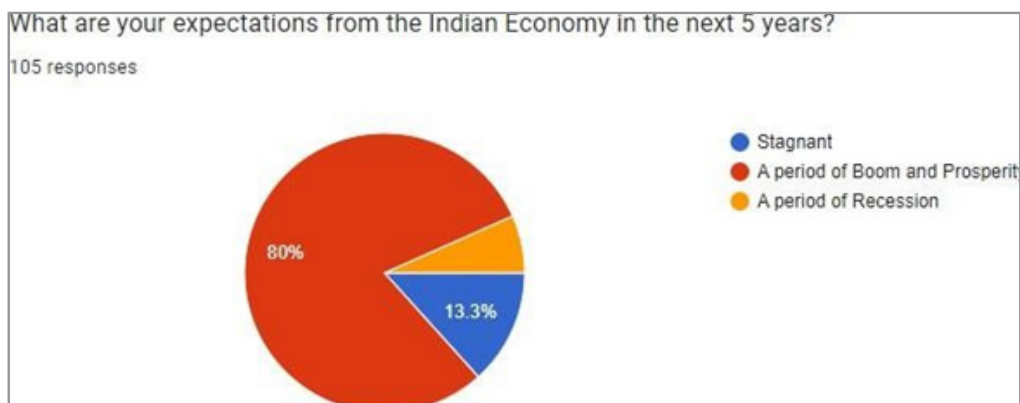
What is your main purpose behind buying Silver? Fig 3.4



The figure shows 11.4% of the respondents brought silver as an investment, 19% of the respondents brought silver to fulfill their wants, 54.3% of the respondents brought silver as Need(Wed-

dings, Gifting,etc) and the remaining 15.2% respondents have never brought silver.

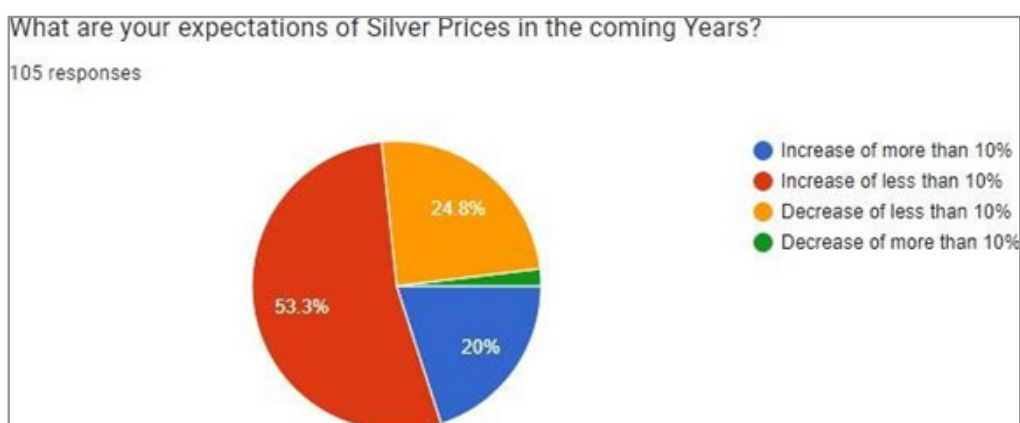
What are your expectations from the Indian Economy in the next 5 years? Fig 3.5



The above figure shows 13.3% of the respondents believe that the Indian Economy will be stagnant in next 5 Years, while 6.7%

of the respondents believe that there will be recession and 80% of the respondents expect a period of Boom and Prosperity.

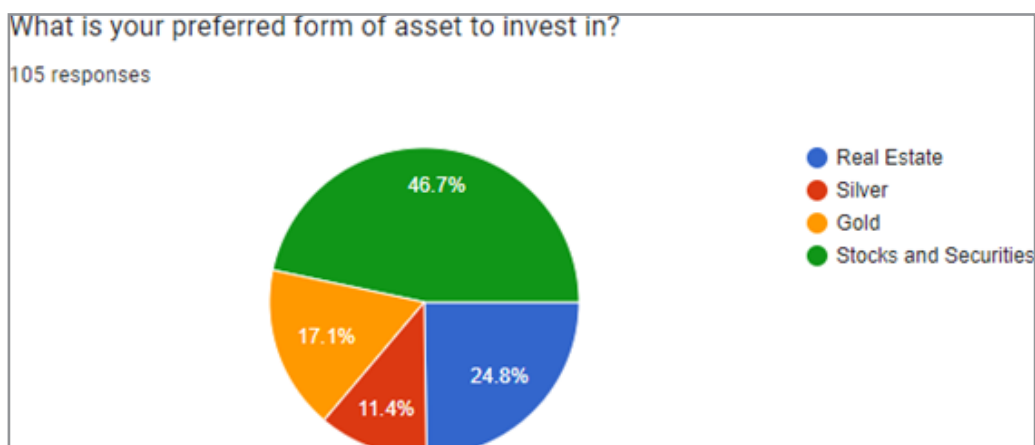
What are your expectations of Silver Prices in the coming Years? Fig3.6



The figure shows that 20% of the respondents expect an increase of more than 10% in price of silver while 53.3% of the respondents expect an Increase of less than 10%, on the other hand

24.8% of the respondents feel that silver price will fall by less than 10% and the remaining 1.9% of the respondents expect more than 10% drop in the price of silver in the coming Years.

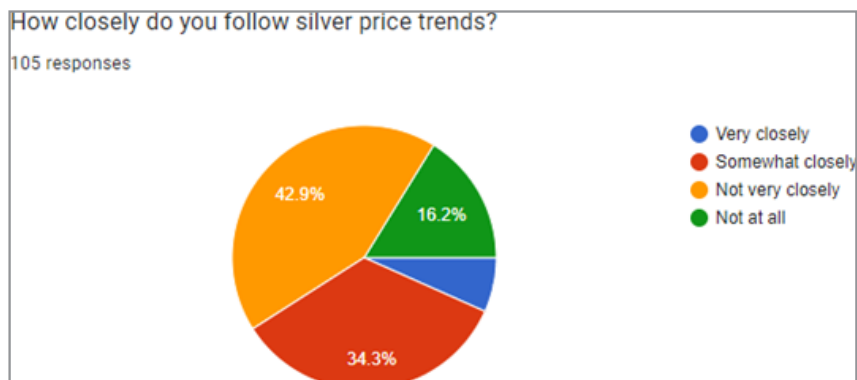
What is your preferred form of asset to invest in? Fig 3.7



The above figure shows that 24.8% of respondents prefer to invest in real estate, 11.4% of the respondents prefer to invest in Silver, 17.1% of the respondents prefer Gold and remain-

ing 46.7% of the respondents' preferred mode of investment is Stocks and securities.

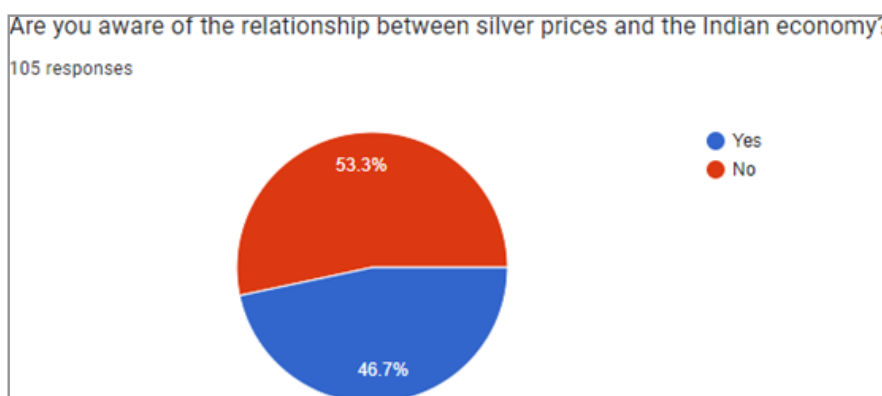
How closely do you follow silver price trends? Fig 3.8



The above figure shows that 6.7% of the respondents very closely monitor silver price trends, 34.3% of the respondents somewhat closely follow silver price trends and 42.9% of the re-

spondents do not follow silver price trends very closely and the remaining 16.2% of the respondents do not follow silver price trends whatsoever.

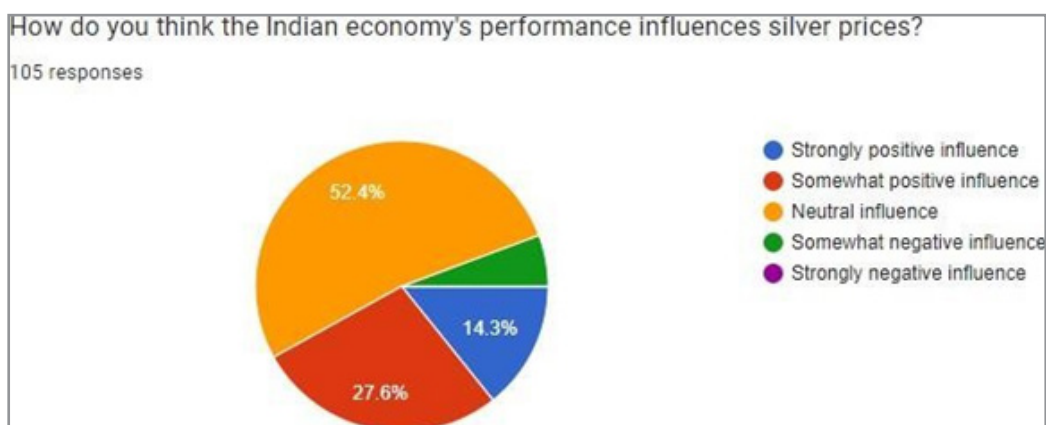
Are you aware of the relationship between silver prices and the Indian economy? Fig 3.9



From the above Picture 46.7% of the respondents are aware of the relationship between silver price and the Indian Economy

while the remaining 53.3% of the respondents were unaware of the relationship between silver price trends and Indian Economy.

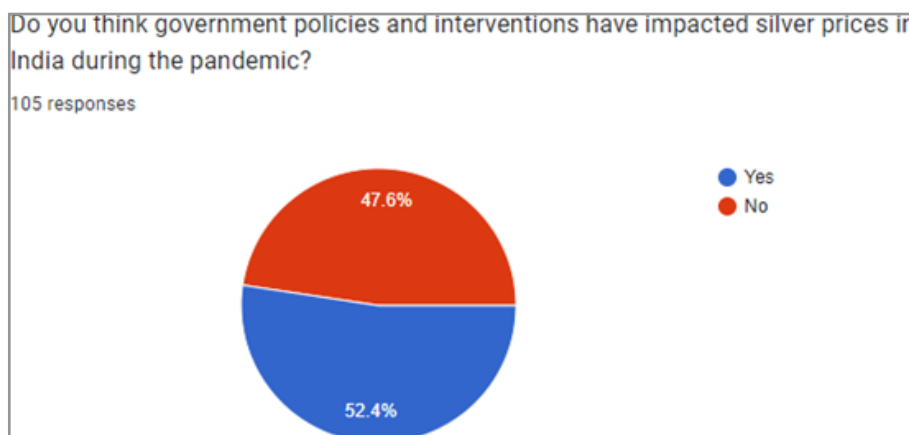
How do you think the Indian economy's performance influences silver prices? Fig 3.10



The above figure shows 14.3% of the respondents believe that Indian economy's performance influences silver prices strongly in a positive way, 27.6% of the respondents believe the influence is somewhat positive, 52.4% of the respondents believe there is

a neutral influence between the two, 5.7% of the respondents believe in a somewhat negative influence between the two and none of the respondents that there is any strong negative influence between Indian economy's performance and Silver prices.

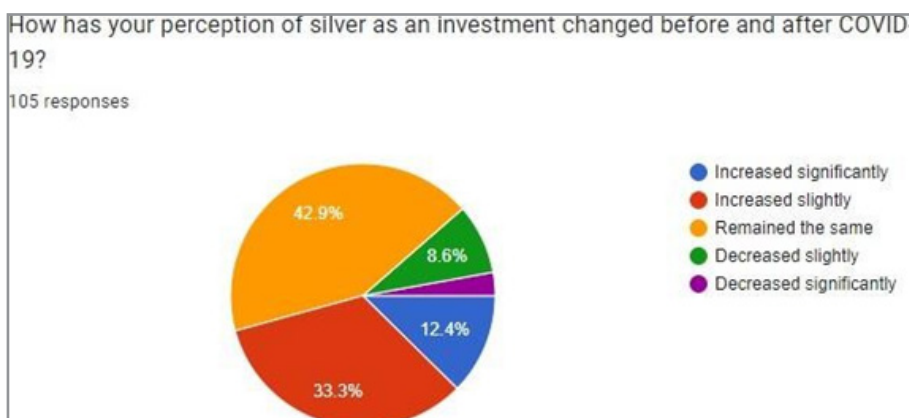
Do you think government policies and interventions have impacted silver prices in India during the pandemic? Fig 3.11



The above figure shows that 52.4% of the respondents think that government policies and interventions have impacted silver prices in India during the pandemic whereas the remaining

47.6% of the respondents do not think that Government policies and interventions have impacted silver prices in India during the pandemic.

How has your perception of silver as an investment changed before and after COVID-19? Fig 3.12



The above figure shows that 12.4% of the respondents' perception of silver as an investment increased significantly before and after covid-19, 33.3% of the respondents' perception has only increased slightly, 42.9% of the respondents' perception regarding silver has remained the same before and after COVID-19, 8.6% of the respondents' perception has decreased slightly while remaining 2.9% of the respondents has have their perception regarding silver as an investment decreased significantly.

Finding the Study

Through this research it has been found that: 80% of the respondents expect a period of Boom and Prosperity from the Indian Economy. 53.3% of the respondents expect more than 10% increase in the Price of Silver.

Conclusion

The silver price trends and their relationship with the Indian economy have been significantly impacted by the COVID-19 pandemic. During the pandemic Silver's Imports and Exports have greatly been affected and has increased the foreign exchange inflow in India. Silver hit its all-time high during the pandemic and it being one of the most versatile metals, as still in high demand due to its high price. The surveyed group of people also expect an increase in overall price and demand for silver in the upcoming decade and thus it will have a positive effect on the Indian economy as India boasts about 3% of the world's natural silver reserve [1-7].

Analysis of stock prices before and after the COVID-19 pandemic and its relationship with the Indian economy reveals several conclusions:

1. **Pre-Pandemics:** Before the pandemic, exchange rates were subject to fluctuations depending on a variety of factors such as economic needs, trade, capital theory, and international trade. Silver has cultural and economic importance in India and its value is also influenced by jewelry and household items such as fire products and electricity.
2. **Impact of COVID-19:** The COVID-19 pandemic has had an unprecedented impact on the global financial market, including money printing. Business demand for money began to decline as shutdowns and product shortages slowed the economy and caused prices to drop. But its role as a safe-haven currency and inflation-adjusted funds has increased interest among investors and cushioned some of the impact of the price decline.
3. **Business Recovery and Exchange Rates:** As the economy begins to recover from the shock of the pandemic, exchange rates are also beginning to recover. The gradual recovery of the Indian economy, along with stimulus measures and fiscal spending, has increased the economy's demand for money. In addition, the loose monetary policy implemented by central banks around the world to support economic growth also increased exchange rates.
4. **Inflation and Monetary Policy:** Silver, like gold, is generally seen as a hedge against inflation. Inflation concerns arising from monetary expansion and monetary policy in the post-pandemic period have strengthened investors' interest in precious metals, including money. The Indian government's fiscal stimulus measures and supportive fiscal policy supported this view.
5. **Supply Chain Disruptions and Production:** Supply chain interruptions caused by the epidemic, especially in mining and purification water, affected production. Limiting this product contributes to the increase in the price of money, reinforcing its role as a safe haven in times of uncertainty.
6. **Geopolitical Tensions and Market Sentiment:** Geopolitical tensions and global macroeconomic uncertainty also affected foreign exchange prices. Situations such as economic conflicts, regional conflicts and currency fluctuations may cause investors to turn to safe assets such as money.

In summary, the relationship between silver prices and the Indian economy before and after COVID- 19 demonstrates the metal's dual role as a commodity and a market value. While economic recovery and economic demand are the driving force, macroeconomic uncertainty, inflation concerns, and geopolitical tensions continue to shape investor sentiment and impact the silver price.

Annexure

Questionnaire

PERSONAL DETAILS:

NAME:

AGE (IN YEAR):

- Under 18 ()
- 19-22 ()
- 23-26 ()
- 27-30 ()
- Over 30()

Declaration of Interest Statement

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

The author is an Editorial Board Member/Editor-in-Chief/Associate Editor/Guest Editor for this journal and was not involved in the editorial review or the decision to publish this article.

The authors also declare that they have no competing interest in the research and its conduct as well as conclusion and of aspects related to it.

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OCCUPATION:

- Student ()
- Employed ()
- Business ()
- Unemployed ()

When was the last time you purchased Silver (in any form)?

- Within 12 months
- Within 13-36 months
- Not purchased in last 4 years
- Have never purchased

What is your main purpose behind buying Silver?

- Investment
- Want
- Need(Weddings, Gifting, etc)
- Not Applicable

Q) What are your expectations from the Indian Economy in the next 5 years?

- Stagnant
- A period of Boom and Prosperity
- A period of Recession

Q) What are your Expectations of Silver Prices in the coming Years?

- Increase of more than 10%
- Increase of less than 10%
- Decrease of less than 10%
- Decrease of more than 10%

Q) What is your preferred form of asset to invest in?

- Stocks and Securities
- Gold
- Silver
- Real Estate

Q) How closely do you follow silver price trends?

- Very closely
- Somewhat closely
- Not very closely
- Not at all

Are you aware of the relationship between silver prices and the Indian economy?

- Yes
- No

How do you think the Indian economy's performance influences silver prices?

- Strongly positive influence
- Somewhat positive influence
- Neutral influence
- Somewhat negative influence
- Strongly negative influence

Do you think government policies and interventions have impacted silver prices in India during the pandemic?

- Yes
- No

How has your perception of silver as an investment changed before and after COVID-19?

- Increased significantly
- Increased slightly
- Remained the same
- Decreased slightly
- Decreased significantly