Quote by Davinder Sandhu, Co-Founder and Chairperson, Primus Partners

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India needs to reduce China dependence in rare earth magnet for EV sector | Report

In its report, Primus Partners has recommended a five-pillar strategy to develop a domestic production ecosystem for neodymium–iron–boron (NdFeB) magnets used in EVs.

Each EV uses between 1-2kg of rare earth magnets.

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Article Content:

India risks supply chain disruptions in its electric vehicle (EV) sector due to near-total dependence on imported rare earth magnets from China, according to a new report by Primus Partners.

The advisory firm has recommended a five-pillar strategy to develop a domestic production ecosystem for neodymium–iron–boron (NdFeB) magnets used in EVs, renewable energy systems and defence applications.

The report, "From Extraction to Innovation: A Blueprint for Enhancing Rare Earth Magnet Ecosystem in India's EV Roadmap", notes that more than 90% of India's magnet imports come from China, which accounts for 92% of global magnet manufacturing. Recent

export restrictions and customs delays have disrupted supplies for over 20 Indian companies, including major auto component makers.

Five-Pillar Strategy

The proposed plan includes the following.

Market assurance - Government-backed price guarantees and long-term purchase agreements to stabilise costs and attract private investment.

Pilot hubs - Clusters in Odisha, Andhra Pradesh and Tamil Nadu integrating mining, processing and magnet manufacturing.

Upstream security - Expansion of IREL's NdPr oxide capacity and creation of a strategic reserve covering six months of domestic needs.

Innovation infrastructure - A National Rare Earth Innovation Hub to advance R&D in process optimisation, recycling and advanced magnet grades.

Institutional alignment - A coordination cell to streamline approvals and track progress.

Demand and Economic Scope

India's EV target of 30% penetration by 2030 will require 7,150 tonnes of NdFeB magnets annually. Each EV uses between 1-2 kg of these magnets, and the domestic market is projected to be worth Rs 7,295 crore by 2030.

"India has both the reserves and the demand. Yet despite holding the fifth-largest rare earth reserves, we account for less than 1% of global magnet production. The Rs 34,300 crore outlay under the Critical Minerals Mission is a strong start, but we can't afford to remain resource-rich and capacity-poor," said Davinder Sandhu, Co-Founder and Chairperson, Primus Partners.

"China spent decades building its dominance; India doesn't have that luxury. We must compress that journey through bold investments in technology, fast-tracked clearances, and strong industry–research partnerships to scale extraction, processing, and recycling," he added.

The report warned that without coordinated policy action, India may miss the opportunity to secure critical inputs for clean energy, electronics and defence manufacturing.