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Primus Report

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India's EV ambitions face rare earth supply shock amid China curbs

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The report underlines that while India holds the world's fifth-largest reserves of rare earths, it lacks critical infrastructure for oxide separation, metal refining, and sintered magnet production — areas where China holds near-total dominance.

As India pushes to become a global electric vehicle (EV) manufacturing powerhouse, a new report by management consulting firm Primus Partners warns of a looming crisis: the country's EV success is dangerously dependent on rare-earth materials almost entirely controlled by China, *ANI* reports.

Following Beijing's tighter export rules on rare earths, announced on April 4, magnet shipments to India are already facing delays. The report flags this as a key vulnerability that could derail India's clean mobility momentum.

Titled "India's EV Surge Needs a Home-Grown Magnet Fix", the report underlines that while India holds the world's fifth-largest reserves of rare earths, it lacks critical infrastructure for oxide separation metal refining, and sintered magnet production — areas where China holds near-total dominance.

To mitigate this risk, Primus Partners recommends three urgent interventions:

Scale Up Domestic Capacity

India must target an annual production of 4,000 tonnes of rare-earth magnets by 2030, up from its current limited capacity. Fast-track project approvals, financial incentives, and production-linked scheme can help meet at least 25 per cent of the country's projected demand domestically.

Diversify External Supply

The report urges India to secure long-term supply agreements with countries such as Australia, the US, and select African nations. These partnerships could reduce dependence on Chinese imports. Additionally, India should leverage ongoing free trade negotiations to lock in favourable terms for rare-earth imports.

Accelerate Recycling Infrastructure

A robust Extended Producer Responsibility (EPR) framework for motors and electronics, along with subsidies for recycling plants using hydrometallurgy and magnetic separation, could help recover valuable materials from end-of-life products.

India's rare-earth magnet consumption stood at at 1,700 tonnes in 2022 and is expected to surge nearly tenfold to 15,400 tonnes by 2032 — with market value rising from ₹1,245 crore to an estimated ₹15,700 crore.

The report concludes that while diplomatic and sourcing efforts may offer short-term relief, India must develop a resilient, end-to-end domestic value chain for rare-earth magnets to truly future-proof its EV ambitions.