

# 'Rare-earth magnet crisis a wake-up call for auto parts makers'

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The ongoing shortage of rare earth magnets, following China's curbs in April, has emerged as a wake-up call for India's auto component industry, said Vinnie Mehta, Director General of the Automotive Component Manufacturers Association (Acma) on Tuesday. The industry body is now conducting a comprehensive study to map vulnerabilities in its supply chain and identify areas where resilience needs to be built, he added.

"This is a wake-up call...The only solution for us is to be Atmanirbhar. That is where we have to focus all our energies," Mehta said at a press briefing here. He added that inventories are currently cushioning the impact of the disruption, but "inventories are not infinite."

In 2024-25 (FY25), India's overall auto component imports rose 7 per cent year-on-year (Y-o-Y) to \$22.4 billion. China remained the largest source of imports, increasing its share from 29 per cent in FY24 to 32 per cent in FY25, Acma stated.

The total size of the Indian auto component industry stood at \$80.2 billion in FY25, marking a 9.6 per cent year-on-year growth, supported by increased supplies to automakers, higher exports, and aftermarket demand, Acma noted.

Acma President Shradha Suri Marwah acknowledged the indus-

try's overdependence on China for rare-earth magnets, which are vital yet low-cost components used across electric motors and various automotive systems.

Both Marwah and Mehta reiterated the need for rapid localisation of critical components. "There are no options left...We have to move towards a high percentage of localisation. The government is very clear on this, and so is the industry. We don't want to be stuck in situations like this — as a country or as an industry," she mentioned.

Acma will release findings of its supply chain vulnerability study at its annual session on September 12. The theme this year is Managing Geopolitical Challenges and Creating a Resilient Supply Chain, according to

Mehta. Marwah said that while the industry is agile and is already working on alternate solutions, the long-term answer lies in building domestic processing capabilities. "India has the raw materials. We just need the technology to process rare-earth minerals, and we'll be able to do it. There's a lot of work happening, and we're hopeful the situation won't be as bad as it seems," she said.

Mehta also addressed the government's ongoing efforts to finalise a trade agreement with the United States. While he praised the Centre's consistent consultations with the industry, he admitted that progress was difficult.

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