

India's FY25 magnet imports see 2x spike

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INDIA'S IMPORTS OF permanent magnets — many containing rare earth elements (REEs) — nearly doubled to 53,700 tonne in FY25 from around 28,700 tonne the year before, according to official trade data. The surge in imports, with 93% coming from China, preceded Beijing's April 4 export restrictions on rare earth magnets, which have since disrupted production lines globally. In India, with just 2-3 weeks of REE magnet supply remaining, industry executives are expected to travel to China in a bid to ease the shortage, sources stated.

Consumption of permanent magnets has grown significantly in India over the last five financial years — from just 12,400 tonne in FY21 to 28,700 tonne in FY24, before imports surged 88% to 53,700 tonne in FY25. Despite the large jump in quantity imported in FY25, the value of imports grew by

BEFORE CHINA'S CURB

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■ Consumption of permanent magnets was 12,400 tonne in FY21

■ It is 28,700 tonne in FY24

■ The value of imports grew by 5% to ₹1,744 cr



■ Imports from China increased by 95% y-o-y to 50,000 tonne in FY25

■ A supply crunch is in the making, especially for neodymium-iron-boron magnets used in EV motors

only 5% to ₹1,744 crore, which could be suggestive of some dumping as well.

China is a dominant supplier of permanent magnets, accounting for upwards of 90% share. Imports from China increased by 95% year-on-year to 50,000 tonne in FY25. Permanent magnets, especially those made with REEs, are widely used in electric vehicle (EV) motors, wind turbines, aerospace, and defence.

In contrast to FY25 reports in the ongoing financial year are expected to be tempered, after China imposed export restrictions on rare earth mag-

nets and related materials from April 4, as a direct response to US imposing tariffs.

In India, a supply crunch is in the making, especially for neodymium-iron-boron magnets used in EV motors. Over the past month or so, Indian carmakers are learnt to have used up inventories and there is likely to be a shortage going forward.

"There is only 2-3 weeks of supply left. At present, complying with China's rules seems to be the only option. There may be a delegation of industry representatives going to China to resolve the issue," sources said.

Earlier, a senior executive from the Indian car industry said that importers are now required to give their Chinese suppliers an undertaking that the rare earth magnets procured from that country would only be used in vehicles and not for defence or military applications.

Currently, IREL (India), a PSU under the Department of Atomic Energy, refines rare earth oxides from heavy metal ores, containing REEs like cerium, lanthanum, neodymium, and praseodymium. However, production is limited. More-

over, the processing of refining oxides into alloys — and then into magnets — is highly technical and virtually non-existent in India.

Sources said an oxide-to-magnet plant of a subsidiary under the Midwest Group, a top natural stones player in India, is expected to get operationalised in Hyderabad in the next six months. Initially with just 500 tonne per annum (TPA), the plant's capacity is expected to increase to 5,000 TPA by 2030.

Figuring out the supply chain for rare earth ores is a key challenge, with players looking at importing ores from Sri Lanka, Mongolia, and Myanmar, sources said. Another challenge for domestic players would be to remain viable as China significantly cuts prices of rare earth magnets.

For instance, while the quantity of permanent magnet imports from China increased by 95% y-o-y in FY25, the total value of imports increased by only 12% — from ₹1,274 crore to ₹1,425 crore. In other words,

China massively cut prices of magnets it exported to India in FY25.

According to the US Geological Survey's January 2025 data, India held the world's third-largest rare earth reserves in 2024 — estimated at 6.9 million tonne — behind Brazil (21 million tonne) and China (44 million tonne). However, on the production front, India ranked seventh at 2,900 tonnes, well behind China (255,000 tonnes), Myanmar (43,000), the US (41,600), Australia, Nigeria, and Thailand.

In the January 2024 report, India ranked fifth in reserves. The latest revision reflects reduction in other countries' estimates — Vietnam's reserves were cut from 22 million tonne to 3.5 million, and Russia's from 10 million to 3.8 million.

Over the past year, the Ministry of Mines has auctioned three rare earth blocks — one each in Karnataka, Uttar Pradesh, and Chhattisgarh. But with further exploration still required, commercial production remains a few years away.