

# Kerala fires first shot in ₹42,000 cr rare-earths push

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New Delhi, 11 February

Kerala has entered the execution phase of a proposed ₹42,000 crore rare-earth corridor, with bids closing for an extraction project, placing the state ahead of the Union Budget's formal announcement backing rare-earth corridors across four states.

Union Finance Minister Nirmala Sitharaman, in her Budget speech for 2026-27, said the Centre would support dedicated rare-earth corridors in Odisha, Andhra Pradesh, Kerala, and Tamil Nadu, focusing on the mining, processing, research, and manufacturing of strategic minerals.

Kerala had already identified locations, floated an expression of interest (EOI), and reached the bidding stage for a pilot rare-earth extraction project before the Budget announcement, a senior Kerala government official told Business Standard.

The push comes amid India's efforts to reduce dependence on China for rare-earth permanent magnets, which are critical for electric vehicles, wind turbines, electronics, and defence systems. The corridor initiative builds on the ₹7,280 crore scheme approved by the Union Cabinet last November to promote domestic manufacturing of sintered rare-earth permanent magnets (REPMs). The policy momentum followed China's move last year to curb

exports of REPMs.

Despite a strong resource base, India remains heavily import-dependent. Official trade data shows China accounted for 59.6 per cent to 81.3 per cent of India's REPM imports by value and 84.8 per cent to 90.4 per cent by quantity between 2022-23 and 2024-25.

Kerala's plan centres on monazite-bearing beach sand reserves along the Chavara belt. The corridor will leverage the state's existing mineral-processing base and Cochin Port's role as a transshipment hub to support exports and inbound logistics.

Kerala Finance Minister KN Balagopal, in his state Budget speech last month, said a new rare-earth corridor connecting



Vizhinjam Port to Chavara, which, in turn, connects to Kochi, is being planned. "By this, Kerala is becoming the permanent magnet hub of the nation. Besides this, an investment of ₹42,000 crore and 50,000 job opportunities are

expected," he said.

The official said the rare-earth-rich Chavara beach sand belt lies between Kochi and Thiruvananthapuram, and the state government aims to develop this as the Kochi-Thiruvananthapuram corridor,

## Plan of action

- Effort to reduce India's dependence on China for rare-earths minerals
- Four out of 17 rare earths found in Kerala's beach sand
- Indigenous tech was developed recently to extract three rare earths
- Six companies, foreign and domestic, have responded to the state's EOI
- Initiative builds on ₹7,280 cr Central scheme approved last November

adding that the framework is being developed with technical support from the Non-Ferrous Materials Technology Development Centre.

"Of the 17 rare-earth elements, four are present in our beach sand, including pra-

seodymium, neodymium, yttrium, and scandium, which was recently discovered in one of the blocks explored by the Geological Survey of India," the official said.

The key constraint earlier was the lack of extraction technology. "Now, three to four companies in India have developed indigenous technology to extract praseodymium, neodymium, and yttrium," the official added.

The Kerala Minerals & Metals (KMML) and IREL (India), formerly Indian Rare Earths, have operated in the state for over five decades, primarily extracting ilmenite and titanium-bearing minerals. Monazite residues generated in the process were discarded earlier. "After extracting ilmenite and titanium, monazite residues were dumped back into the sea because we did not have

the technology to extract rare earths. Now that indigenous technology has been developed, similar to that in China, Canada, and the US, we proceeded with the EOI for the pilot project," the official said.

He added that six companies, including domestic and overseas firms, responded to the EOI, including a Canadian company, a \$3 billion metal group based in the Democratic Republic of Congo dealing in copper and tin, and domestic companies.

The pilot facility, planned at around 8,000 tonnes per unit, will assess commercial viability before scaling up. "Mining is not necessary in this case because the residues already exist. Raw material availability is not an issue. Technology constraints have been resolved. The remaining challenge was capital," the official said.