

Rare earth magnet crisis: EV dealers rush to build inventory

SHORTAGE. China, which accounts for 90% of the global supply, halved exports in April

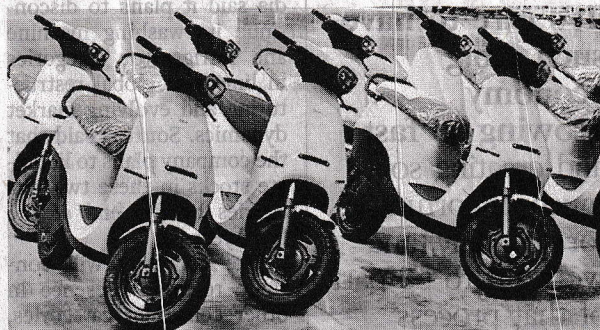
Aroosa Ahmed
Mumbai

With rare earth magnet scarcity threatening to challenge electric vehicle production and supplies in India, automobile dealers are stocking up on vehicles, as current inventory will last them for a month or so, according to industry circles.

Original Equipment Manufacturers (OEM) have alerted dealers that a delay in procuring rare earth magnets could slow down wholesale dispatches as production will be hampered.

Automobile dealers are procuring additional stocks of up to 30 days and have stated that if the rare earth magnet scarcity continues then the waiting period for popular electric vehicle models will increase substantially.

"The OEMs have alerted us to the delay in shipments and there are no concrete solutions yet. We have star-



SUPPLY STRAIN. Electric two-wheeler dealers expect stock availability to pose a challenge post-July REUTERS

ted purchasing more number of stocks to keep up with the demand for electric vehicles. Ideally we have stocks of up to 30 days but we are now increasing the inventory. The situation is rapidly evolving and we are not certain as to how big the impact will be," said Manish Raj Singhania, Chairman, of Research & Academy, FADA to *businessline*.

The Society of Indian Automobile Manufacturers (SIAM) and the Automotive

Component Manufacturers Association of India (ACMA) have joined forces to work with the government to address the issue of curbs imposed by China on the supply of rare earth magnets.

China accounts for 90 per cent of the global supply of rare earth magnets, and their exports were halved in April. Rare earth magnets are used in EVs in electric motors, regenerative braking systems and power steering.

"Global supply-chain

headwinds (rare-earth constraints in EV components, geopolitical tensions) may limit urban consumer sentiment and exert cost pressure," said a statement from the Federation of Automobile Dealers Associations (FADA).

INVENTORY ISSUE

Electric two-wheeler dealers expect stock availability to pose a challenge post-July.

"We have stocks that will cater to demand till July end. If the scarcity continues and the issue is not resolved soon then we will not have enough stocks," said a two-wheeler dealer based in Maharashtra.

Bajaj Auto, which has the largest market share in electric two-wheelers, had earlier stated that its electric vehicle business will be at risk and new launches could be postponed.

Further, Tata Motors stated that there would be no immediate impact of rare earth magnet scarcity on its vehicle portfolio.