India Rare Earth Metals Market Assessment, By Element [Lanthanum, Cerium, Dysprosium, Erbium, Europium, Gadolinium, Holmium, Lutetium, Neodymium, Praseodymium, Terbium, Yttrium, Others], By Application [Magnets, Glass, Ceramics, Catalysts, Metallurgy, Polishing, Batteries, Others], By End-user Industry [Automotive, Consumer Electronics, Renewable Energy, Defence, Others], By Region, Opportunities and Forecast, FY2019-FY2033F

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Report description:

India rare earth metals market is projected to witness a CAGR of 14.72% during the forecast period FY2026- FY2033, growing from USD 74.36 million in FY2025 to USD 223.08 million in FY2033. The India rare earth metals market has experienced significant growth in recent years due rapid adoption of EVs, and upcoming strategic government interventions is expected to maintain a strong pace of expansion in the coming years. The country is focusing on increasing the production of EVs as adopting the modern technology at a significant rate, thereby amplifying the need for high-performance rare earth metals. For the production of efficient EV components, the demand for rare earth metals, especially neodymium, is increasing at a high rate. Moreover, several factors are contributing for the robust expansion of rare earth metals such as the expansion of wind and solar energy infrastructure, and increased production of advanced electronics and defense components, further proliferating the rare earth metals market growth in the forecast period.
For instance, as of 2024, India ranked among the top five smartphone manufacturing countries globally. Moreover, India is now on a mission to become a self-reliant and globally competitive electronics manufacturing hub. Country is manufacturing smartphones and smart homes to advanced medical devices and satellites which highlight that the demand for rare earth metals will increase in the coming years.

In addition, the government is coming up with several policies and initiatives which supports domestic mining, refining, and processing of rare earth metal products which is creating the opportunity for the market in the forecast period. Moreover, several regulatory reforms, incentives and investments in research and technology which further catalyze market expansion in the coming years. Lastly, the country holds the world's third-largest, rare earth reserves, and current mining output is only a fraction of its potential which highlights the immense scope of expansion and opportunity to grow in the coming decades.

Growth in Electric Vehicles (EVs) Amplifying Market Size

The country is highly involved in the adoption of electric vehicles (EVs) and hybrid vehicles which drive the demand for rare earth metals in the market. The rising demand for EVs boosts the demand for various elements such as neodymium, praseodymium, and dysprosium as elements are utilized in the production of high-performance permanent magnets. The magnets are deployed in the EV motors to make the equipment lightweight and efficient in performance. In addition, magnets are essential for permanent magnet synchronous motors (PMSMs). Currently, the materials are preferred for the technology used in most modern EVs as a material helps efficiency with high torque while maintaining compact size, thus driving the demand for rare earth metals in the market.

Furthermore, automotive manufacturers are anticipated to invest in the full transition to electric powertrains using magnet systems thus increasing the rare earth metals market size in the next few years. The automotive industry is moving toward clean mobility which is further fueling growth in the rare earth metals market in the country.

For instance, in June 2025, India's EV market crossed a milestone with 1.96 million EVs registered in fiscal year 2024-2025, a 17% jump over the previous year. The growth is broad-based across all vehicle segments. This development highlights that the adoption of EVs is increasing in the country which will drive the demand for rare earth metals in the coming years.

Rising Government Initiatives Towards Environmental Policies Creating Market opportunities

Rising government initiatives focused on environmental policies are creating significant market opportunities for rare earth metals in India. The Indian government is introducing new initiatives to increase rare earth metal production, to minimize ecological harm. The authorities are promoting sustainable mining practices through clear regulations, time-bound environmental clearances, and recycling of waste during the mining. The government policies focus on reducing imports of rare earth metals from other countries while ensuring that mineral extraction aligns with the country's environmental and net-zero goals.

For instance, in April 2025, India decided to launch the National Critical Mineral Mission (NCMM) which highlights the framework for self-reliance in critical minerals, including rare earth elements. The main agenda of the mission is to increase exploration, mining, and processing activities. Even, the Geological Survey of India has been tasked to undertake 1,200 exploration projects by 2031 which boost the production of rare earth metals in the coming years.

The government is pushing the public-private partnerships and international collaborations which will foster the entire value chain. Similarly, the upcoming policies are boosting the extraction of rare earth metals thereby opening new investment and business opportunities. Moreover, the government is focusing on the upliftment of the wind power sector by investing in large in wind farms. With the rising investment in wind farms, the demand for wind turbine generators will increase thereby boosting the demand for rare earth metals in the market.

Dominance of Neodymium Segment in the India Market

The neodymium segment holds the highest market share as material is becoming a critical component in the production of high-performance permanent magnets which are highly used in the production of electric vehicle (EV) motors, wind turbines, and other variety of electronic devices. With the rising shift towards the renewable energy sector and the adoption of advanced electronic devices the need for magnets has surged, thereby driving the demand for neodymium in the market. Moreover, the government's push to localize rare earth processing and incentivize domestic magnet manufacturing is making the neodymium segment to dominate in the market. As India continues to pursue ambitious green energy targets and technological advancement, the demand for neodymium is expected to remain on a strong upward trajectory.

West and Central Region Dominate the Global Market

Combination of several factors such as industrial expansion and strategic government initiatives, makes West and Central regions to dominate in the Indian rare earth metals market. The region has major hubs for the automotive, electronics, and renewable energy component manufacturing which involve the use of advanced materials, thereby driving the demand for rare earth metals in the region. Component manufacturers are using the rare earth metals to produce high-performance and compact magnets

which are used in various industries. Several companies are collaborating and opening new production plants to produce advanced EV motors which could boost the efficiency of EV.
For instance, in May 2025, EVA motors inaugurated the Napino Manufacturing line in Halol, Gujarat, India. Even now the plant is officially up and running. The manufacturing line boasts high-quality manufacturing of EV motors and testing capabilities, ensuring that the motors meet all standards of customers. This development highlight that companies are opening new plants for EV sector which drive the demand for rare earth metals in the market.
Additionally, the government's initiative-taking policies such as production-linked incentives for domestic rare earth magnet manufacturing, are encouraging investment and industrial activity in these regions. The west and central parts of India are also looking to increase exploration activities to identify and develop new rare earth reserves in the country. In addition, the government is focused on lowering imports from other countries and prioritizing local sourcing and processing of rare earths which ensures long-term growth of the market in the coming years.
Impact of United States Tariff on India Rare Earth Metal Market
-Persistent market volatility and trade policy uncertainty resulting from United States tariffs can deter long-term investments and strategic partnerships in India's rare earth sector, making it harder for companies to plan expansions or secure stable export contracts.
-If the United States extends tariffs to a broader range of Indian exports or imposes retaliatory measures, which could reduce India's competitiveness in its largest export market, potentially leading to lower revenues in the coming years.
-High United States tariffs on Chinese and other competitors' rare earth metals can divert global buyers to Indian suppliers, offering India an opportunity to expand its export market share and strengthen its position in the global supply chain.
Key Players Landscape and Outlook
To increase revenue and market share, rare earth metal companies are investing in advanced refining technologies, expanding sustainable mining practices, forming strategic partnerships, and pursuing mergers and acquisitions. Companies are also developing vertically integrated supply chains, securing long-term offtake agreements, and diversifying geographically to reduce dependence on single markets and ensure robust supply. Product launches, agreements, business expansions, collaborations, and developing technologies are projected to increase competition in the fast-paced market.
For instance, in May 2025, IREL (India) Limited and NLC India Limited signed a memorandum of understanding (MOU) with the aim of jointly pursue opportunities in the exploration, mining, and processing of critical minerals and rare earth elements across domestic and global markets. The collaboration supports the government's push for strategic mineral security and self-reliance across high-growth sectors like defence, electronics, renewable energy, and electric vehicles. This development highlights that companies are entering into collaboration to increase the revenue in the coming years.

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