# Maruti Suzuki cuts EV production target sharply amid rare earth supply fears



Maruti Suzuki's recent announcement regarding a significant reduction in its electric vehicle (EV) production target has garnered substantial attention, particularly due to the implications this has for the wider industry amid ongoing supply chain challenges. The company's decision to scale back its e-Vitara production target from 26,500 to just 8,200 units for the upcoming fiscal year is primarily attributed to severe shortages in rare earth materials, which are crucial for manufacturing components in EVs.

The shortage of these critical minerals, such as neodymium and dysprosium—essential for high-performance magnets used in electric motors—has raised concerns not just for Maruti, but across the automotive sector globally. A recent report from industry analysts CRISIL Ratings emphasises that any disruption extending beyond a month could hinder new EV launches and stall production timelines, negatively impacting the sector’s growth trajectory. However, in a reassuring note, Maruti Suzuki maintained that it has yet to feel the immediate effects of the supply crisis and remains optimistic about achieving its annual goal of producing 67,000 EVs by March 2026.

In tandem with Maruti's challenges, recent developments surrounding U.S.-China trade negotiations may offer some hope. Following extensive discussions in London, both nations have reached a tentative framework aimed at easing trade tensions. A vital part of this agreement involves China taking steps to lift restrictions on the export of rare earth elements, which could alleviate some of the supply issues currently bedevilling manufacturers like Maruti Suzuki. U.S. officials, including Commerce Secretary Howard Lutnick, have highlighted that this framework will be presented to President Trump for final approval, potentially leading to a more stable supply chain for critical materials in the near future.

While these developments on the geopolitical front may provide a path toward mitigating supply constraints, Maruti’s struggles to enter the EV market promptly raise questions about its competitive positioning. As competitors such as Tata Motors and Mahindra & Mahindra continue to establish themselves firmly in the EV landscape, industry insiders are expressing concern about the potential ramifications of delayed production and market entry for Maruti’s future viability.

Maruti Suzuki's stock has shown some volatility in recent weeks, reflecting investor sentiment about the challenges ahead. The company’s share price has increased by 2.4% over the last five trading sessions, though it has seen a broader decline of over 1% within the past month. In a year marked by fluctuations, the stock has lost approximately 3% in value, presenting a complex picture amidst a backdrop of fluctuating market confidence. Comparatively, the Nifty Auto index has also seen a downturn, with a 1.6% dip over the past week and a broader 5% decline year-on-year.

As the automotive giant strives to navigate these challenging waters, the interwoven issues of rare earth supply chains and global trade dynamics will remain critical in shaping its operational strategies and market performance in the times ahead.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.financialexpress.com/market/maruti-suzuki-shares-in-focus-after-ev-output-target-cut-on-rare-earth-supply-crunch-3875444/), [[2]](https://www.reuters.com/business/autos-transportation/indias-maruti-suzuki-cuts-near-term-ev-production-amid-rare-earths-crisis-2025-06-10/)
* Paragraph 2 – [[1]](https://www.financialexpress.com/market/maruti-suzuki-shares-in-focus-after-ev-output-target-cut-on-rare-earth-supply-crunch-3875444/), [[3]](https://www.reuters.com/world/china/us-china-trade-talks-resume-second-day-2025-06-10/), [[4]](https://www.reuters.com/business/energy/oil-prices-down-markets-assess-us-china-trade-talks-outcome-2025-06-11/)
* Paragraph 3 – [[5]](https://www.reuters.com/world/china/lutnick-says-us-china-trade-framework-should-resolve-rare-earth-issue-2025-06-10/), [[6]](https://www.reuters.com/world/india/india-plans-rare-earth-magnet-incentives-supply-threat-mounts-sources-say-2025-06-05/)
* Paragraph 4 – [[7]](https://www.spglobal.com/automotive-insights/en/blogs/2025/05/critical-minerals-shortages-looming-threat-ev-industry)
* Paragraph 5 – [[1]](https://www.financialexpress.com/market/maruti-suzuki-shares-in-focus-after-ev-output-target-cut-on-rare-earth-supply-crunch-3875444/), [[2]](https://www.reuters.com/business/autos-transportation/indias-maruti-suzuki-cuts-near-term-ev-production-amid-rare-earths-crisis-2025-06-10/)

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## Bibliography

1. <https://www.financialexpress.com/market/maruti-suzuki-shares-in-focus-after-ev-output-target-cut-on-rare-earth-supply-crunch-3875444/> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/autos-transportation/indias-maruti-suzuki-cuts-near-term-ev-production-amid-rare-earths-crisis-2025-06-10/> - Maruti Suzuki has reduced its near-term production target for the e-Vitara electric vehicle by two-thirds, from 26,500 to 8,200 units, due to shortages in rare earth materials essential for EV components. The company plans to ramp up production in the latter half of the fiscal year to meet its annual goal of 67,000 EVs. The production cuts may also affect Suzuki Motor, Maruti's parent company, which exports the e-Vitara to Europe and Japan. Analysts express concern over Maruti's delayed entry into the EV market, where competitors like Tata Motors and Mahindra & Mahindra are already established. ([reuters.com](https://www.reuters.com/business/autos-transportation/indias-maruti-suzuki-cuts-near-term-ev-production-amid-rare-earths-crisis-2025-06-10/?utm_source=openai))
3. <https://www.reuters.com/world/china/us-china-trade-talks-resume-second-day-2025-06-10/> - The United States and China have reached a tentative framework agreement to revive their trade truce and address critical mineral export restrictions that had heightened bilateral tensions. Following two intensive days of negotiations in London, U.S. Commerce Secretary Howard Lutnick and Chinese Vice Commerce Minister Li Chenggang announced the framework would be reviewed by Presidents Trump and Xi for final approval. A major component includes China agreeing to lift export curbs on rare earth elements vital for U.S. industries, prompting the U.S. to ease some of its export controls in return. ([reuters.com](https://www.reuters.com/world/china/us-china-trade-talks-resume-second-day-2025-06-10/?utm_source=openai))
4. <https://www.reuters.com/business/energy/oil-prices-down-markets-assess-us-china-trade-talks-outcome-2025-06-11/> - Oil prices declined slightly in Asian markets as traders evaluated the recent outcome of U.S.-China trade talks and its potential economic impact. Brent crude dropped by 19 cents to $66.68 per barrel, while U.S. West Texas Intermediate fell by 16 cents to $64.82. U.S. and Chinese officials reached a framework agreement aimed at restoring their trade truce and resolving China's export restrictions on rare earth minerals and magnets. President Trump is yet to be briefed and formally approve the deal. ([reuters.com](https://www.reuters.com/business/energy/oil-prices-down-markets-assess-us-china-trade-talks-outcome-2025-06-11/?utm_source=openai))
5. <https://www.reuters.com/world/china/lutnick-says-us-china-trade-framework-should-resolve-rare-earth-issue-2025-06-10/> - U.S. Commerce Secretary Howard Lutnick announced that a newly agreed trade framework and implementation plan with China, established during talks in London, is expected to resolve ongoing restrictions concerning rare earth elements and magnets. Lutnick indicated that the U.S. negotiating team would present the framework to President Donald Trump for approval, with the goal of moving forward to implement the agreement and address the critical supply issues. ([reuters.com](https://www.reuters.com/world/china/lutnick-says-us-china-trade-framework-should-resolve-rare-earth-issue-2025-06-10/?utm_source=openai))
6. <https://www.reuters.com/world/india/india-plans-rare-earth-magnet-incentives-supply-threat-mounts-sources-say-2025-06-05/> - India is formulating a plan to offer fiscal incentives for domestic production of rare earth magnets in an effort to reduce reliance on Chinese imports, which currently dominate 90% of global magnet processing. The move follows China's April 4 restrictions on rare earth exports, disrupting global industries, especially the automotive sector. Prime Minister Narendra Modi's government aims to support local manufacturing by offering production-based incentives and potentially subsidizing the cost gap between domestic magnets and cheaper Chinese imports. ([reuters.com](https://www.reuters.com/world/india/india-plans-rare-earth-magnet-incentives-supply-threat-mounts-sources-say-2025-06-05/?utm_source=openai))
7. <https://www.spglobal.com/automotive-insights/en/blogs/2025/05/critical-minerals-shortages-looming-threat-ev-industry> - The article discusses the looming threat of critical mineral shortages, particularly rare earth elements like terbium and dysprosium, which are essential for producing high-performance neodymium-iron-boron (NdFeB) magnets used in electric vehicle (EV) motors. China's export restrictions on these materials have raised concerns about potential supply chain bottlenecks, increased material costs, and delays in EV production worldwide. The piece also highlights China's dominance in the global rare earth permanent magnet market, supplying over 90% of the demand, and the broader implications of these restrictions on the EV industry. ([spglobal.com](https://www.spglobal.com/automotive-insights/en/blogs/2025/05/critical-minerals-shortages-looming-threat-ev-industry?utm_source=openai))