Cabinet approves Rs.1,500 crore Incentive Scheme to promote Critical Mineral Recycling in the country

Scheme incentives to develop capacity to recycle battery waste and e-waste for extraction of critical minerals

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today approved a Rs.1,500 crore Incentive Scheme to develop recycling capacity in the country for the separation and production of critical minerals from secondary sources.

This scheme is part of the National Critical Mineral Mission (NCMM), which is aimed at building the domestic capacity of and supply chain resilience in critical minerals. The critical mineral value chain comprising exploration, auction and mine operationalization, and acquisition of foreign assets, has a gestation period before they could supply critical minerals to Indian industry. A prudent way to ensure supply chain sustainability in the near term is through the recycling of secondary sources.

The Scheme will have a tenure of six years from FY 2025-26 to FY 2030-31. Eligible feedstock is e-waste, Lithium Ion Battery (LIB) scrap, and scrap other than e-waste & LIB scrap e.g. catalytic convertors in end-of-life vehicles. Expected beneficiaries will be both large, established recyclers, as well as small, new recyclers (including start-ups), for whom one-third of the scheme outlay has been earmarked. The Scheme will be applicable to investments in new units as well as expansion of capacity / modernization and diversification of existing units. The Scheme will provide incentive for the recycling value chain which is involved in actual extraction of critical minerals, and not the value chain involved in only black mass production.

The incentives under the Scheme will comprise 20% Capex subsidy on plant & machinery, equipment and associated utilities for starting production within specified timeframe, beyond which reduced subsidy applicable; and Opex subsidy, which will be an incentive on incremental sales over the base year (FY 2025-26) viz. 40% of eligible Opex subsidy in the 2nd year and balance 60% in the 5th year from FY 2026-27 to FY 2030-31 on achievement of specified threshold incremental sales. In order to ensure greater number of beneficiaries, total incentive (Capex plus Opex subsidy) per entity will be subject to an overall ceiling of Rs.50 crore for large entities and Rs.25 crore for small entities, within which there will be a ceiling for Opex subsidy of Rs.10 crore and Rs.5 crore respectively.

In terms of key outcomes, the Scheme incentives are expected to develop at least 270 kilo ton of annual recycling capacity resulting in around 40 kilo ton annual critical mineral production, bringing in about Rs.8,000 crore of investment and creating close to 70,000 direct and indirect jobs. Several rounds of consultations with industry and other stakeholders have been held through dedicated meetings, seminar sessions, etc. before formulating the Scheme.

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