Cabinet Approves Rs.7,280 Crore Scheme to Promote Manufacturing of Sintered Rare Earth Permanent Magnets (REPM)

First-of-its-kind initiative by the Government of India to promote REPM ecosystem, enhancing self-reliance and positioning India as a key player in the global REPM market

The scheme will promote domestic manufacturing of 6,000 MTPA of sintered REPM, strengthen supply chains for the automotive, defence, and aerospace sectors, and support the Atmanirbhar Bharat Abhiyan and India's Net Zero 2070 commitment

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The Union Cabinet chaired by Prime Minister Shri Narendra Modi today approved the 'Scheme to Promote Manufacturing of Sintered Rare Earth Permanent Magnets' with a financial outlay of Rs.7280 crore. This first-of-its-kind initiative aims to establish 6,000 Metric Tons per Annum (MTPA) of integrated Rare Earth Permanent Magnet (REPM) manufacturing in India, thereby enhancing self-reliance and positioning India as a key player in the global REPM market.

REPMs are one of the strongest types of permanent magnets and are vital for electric vehicles, renewable energy, electronics, aerospace, and defence applications. The Scheme will support the creation of integrated REPM manufacturing facilities, involving conversion of rare earth oxides to metals, metals to alloys, and alloys to finished REPMs.

Driven by the rapidly growing demand from electric vehicles, renewable energy, industrial applications, and consumer electronics, India's consumption of REPMs is expected to double by 2030 from 2025. At present, India's demand for REPMs is met primarily through imports. With this initiative, India will establish its first ever integrated REPM manufacturing facilities, generating employment, strengthening self-reliance and advancing the nation's commitment to achieve Net Zero by 2070.

The total financial outlay of the scheme is Rs.7280 crore, comprising a sales-linked incentives of Rs. 6450 crore on REPM sales for five (5) years and capital subsidy of Rs.750 crore for setting up an aggregate of 6,000 MTPA of REPM manufacturing facilities.

The scheme envisions allocating the total capacity to five beneficiaries through a global competitive bidding process. Each beneficiary will be allotted up to 1,200 MTPA of capacity.

The total duration of the scheme will be 7 years from the date of award, including a 2-year gestation period for setting up an integrated REPM manufacturing facility, and 5 years for incentive disbursement on the sale of REPM.

This initiative by the Government of India is a landmark step towards strengthening the domestic REPM manufacturing ecosystem and enhancing competitiveness in the global markets. By fostering indigenous capabilities in REPM production, the scheme will not only secure the REPM supply chain for domestic industries but also support the nation’s Net Zero 2070 commitment. It embodies the Governments unwavering commitment to build a technologically self-reliant, globally competitive, and sustainable industrial base, in line with the vision of Viksit Bharat @2047.

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