Cabinet Approves Capex Support Scheme to Promote Critical Mineral Processing with an Outlay of Rs.2,814 Crore for Lithium and Nickel processing

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The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the 'Capex Support Scheme to Promote Critical Mineral Processing' with a financial outlay of Rs.2,814 crore over a period of five years.

Processing of critical minerals remains geographically concentrated in a few global locations. This exposes supply chains to geopolitical disruptions, price volatility, and potential supply restrictions, posing severe threats to supply chain resilience and economic security. This has implications for national security, economic sovereignty, and the timely achievement of decarbonisation targets.

At present, India remains substantially dependent on imports for refined intermediates and high-purity materials, owing to the nascent stage of domestic beneficiation and processing infrastructure for critical minerals, including Lithium, Nickel, Cobalt. Domestic processing capacity for critical minerals remains limited, with commercial-scale projects facing challenges relating to high capital requirements, limited availability of suitable technologies and constrained access to raw materials. Domestic processing capacity is therefore imperative for maximising value addition, achieving import substitution, and establishing resilient end-to-end value chains.

Against this backdrop, the "Capex Support Scheme to Promote Critical Mineral Processing" has been formulated to provide targeted capital expenditure support for the establishment and operationalisation of domestic processing facilities. The scheme aims to develop domestic processing capabilities in India to support value addition within the country, reduce import dependence, and develop value chain. The scheme targets processing of Lithium and Nickel ores/intermediary products into high purity compounds. Cobalt is also expected to be recovered as a by-product of nickel production. This will support critical sectors such as electric mobility, Battery Energy Storage System (BESS), electronics, defence, speciality steel etc.

The proposed scheme envisages a total financial outlay of Rs.2,814 crore. The scheme period is from FY 2026-27 to 2030-31. Under the scheme, capital subsidy of 30% of eligible investment will be provided for setting up four critical mineral processing plants,

comprising two lithium processing plants (with a minimum capacity of 30 kt each) and two nickel processing plants (with a minimum capacity of 50 kt each). The maximum capital support will be capped at Rs.500 crore per lithium beneficiary and Rs.900 crore per nickel beneficiary, respectively.

The selection of beneficiaries shall be carried out through a two-stage process. In the first stage, applications shall be assessed for technical qualification, and only technically qualified applicants shall be eligible to participate in the second stage of financial bidding. For each mineral, two beneficiaries shall be selected based on the least-cost criterion, i.e., the lowest CAPEX support sought by the bidders under the Scheme. The incentives will be disbursed in three tranches linked to the achievement of specified milestones.

The Scheme is an important step towards advancing the objectives of Atmanirbhar Bharat by supporting the development of resilient domestic processing infrastructure and strengthening India's capabilities across the critical mineral value chain.

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