

Cabinet approves INR 1,500 crore incentive scheme to promote critical mineral recycling

5 September 2025

On 3 September 2025, the Union Cabinet approved a INR 1,500 crore Incentive Scheme under the National Critical Mineral Mission (NCMM) to enhance domestic recycling capacity for extracting critical minerals from secondary sources.

The initiative provides a near-term solution to industry needs and is aimed at strengthening supply chain resilience and reducing import dependence, while mining and foreign asset projects with longer gestation periods mature. The Scheme provides incentives to develop capacity to recycle battery waste and e-waste for extraction of critical minerals.

Key features:

- **Tenure:** The Scheme will have a tenure of six years from FY2025-26 to FY2030-31.
- **Eligibility:** The Scheme will support large and small recyclers as well as start-ups. It will be applicable to investments in new units, expansion of capacity/modernisation and diversification of existing units.
- **Scope:** One-third of funds will be reserved for small recyclers and start-ups. It covers e-waste, lithium-ion battery scrap, and other sources such as catalytic converters. The Scheme will provide incentives for the recycling value chain involved in actual extraction of critical minerals, and not the value chain involved in only black mass production.
- **Capital and operational incentives:**

Incentive	Coverage	Rate/Payout	Ceiling (Large Entities)	Ceiling (Small Entities)
Capital Expenditure (Capex) subsidy	Plant, machinery and utilities	20% (reduced if delayed)	Part of INR 50 cr overall cap	Part of INR 25 cr overall cap
Operating Expenditure (Opex) subsidy	Incremental sales over FY2025-26	40% in Year 2 balance 60% in Year 5 (FY2026-27 to FY2030-31)	INR 10 cr	INR 5 cr
Overall cap	Combined Capex + Opex	—	INR 50 cr	INR 25 cr

- **Expected outcomes:**
 - Development of at least 270 kilo tonnes of annual recycling capacity, yielding around 40 kilo tonnes of annual critical mineral production.
 - Mobilisation of INR 8,000 crore investment and creation of close to 70,000 direct and indirect jobs.
 - Enhanced ecosystem participation through inclusive support for start-ups and smaller recyclers.

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