

REGULATORY

National Critical Mineral Mission: Recycling Scheme Worth ₹1,500 Crore Unveiled

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Introduction

In a major step towards securing the nation's clean energy future, the Ministry of Mines has notified the **Incentive Scheme for Promotion of Critical Minerals Recycling**, with a financial outlay of **₹1,500 crore**. Launched under the **National Critical Mineral Mission (NCMM)**, the scheme aims to strengthen domestic recycling capacity, reduce import dependence, and build a sustainable supply chain of minerals vital for clean energy, defence, electronics, aerospace, fertilizers, and other high-tech sectors.

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Why Critical Minerals Matter

Minerals like lithium, cobalt, nickel, graphite, rare earths, gallium, and tungsten form the backbone of modern technology. From EV batteries and renewable energy systems to aerospace, electronics, and defence, they are indispensable to the global energy transition.

For India, however, the challenge is stark. Over 80% of the country's critical mineral demand is met through imports, costing more than ₹80,000 crore annually. Adding to the risk, mining and processing are concentrated in just a handful of nations, with China alone handling over 65% of global processing. This heavy dependence leaves India exposed to severe supply chain vulnerabilities.

The National Critical Mineral Mission and Recycling Scheme

To tackle India's growing dependence on imported resources, the government launched the National Critical Mineral Mission (NCMM) in January 2025. The mission focuses on following areas:

- Domestic exploration and auction of mineral blocks,
- Overseas acquisition of strategic mineral assets,
- Recycling of used products and e-waste, and
- Skill development and R&D to strengthen the ecosystem.

As part of this mission, the government has unveiled a ₹1,500 crore incentive scheme for recycling critical minerals. The scheme is designed to expand domestic recycling capacity, reduce import reliance, and build a reliable supply chain.

Eligible beneficiaries are **registered recyclers in India** with CPCB/SPCB authorization, classified as:

- Group A – Large players with turnover of ₹200 crore or more.
- Group B – Smaller units and start-ups with turnover below ₹200 crore.

Scope of coverage includes recycling of e-waste, lithium-ion battery scrap, catalytic converters, and end-of-life vehicles. However, incentives are restricted to advanced chemical recyclers (R3 -black mass to metal salts/metals and R4 – end to end battery scrap to metals) that achieve **₹80% recovery yields and 99% purity**. Lower-tier recyclers (collection, dismantling, shredding) will not be eligible.

Key Features of the Recycling Incentive Scheme

The newly launched incentive scheme is designed to transform India's approach to critical minerals by promoting large-scale recycling.

Objectives: The scheme aims to strengthen self-reliance by building domestic recycling capacity, cutting down on import dependence, ensuring supply chain resilience, and using secondary sources such as e-waste and used lithium-ion batteries.

Scope of the Scheme

The scheme covers recycling of e-waste, lithium-ion battery scrap, catalytic converters, and end-of-life vehicles. To qualify for incentives, recyclers must employ advanced chemical processing technologies (R3 and R4) capable of delivering at least 80% recovery yield and 99% purity of extracted minerals.

Incentive Structure

The scheme offers a mix of capital and operational support to encourage investment and scale in recycling:

- Capital Subsidy (Capex): Up to 20% of eligible capital expenditure for new or expanded recycling units, capped at ₹50 crore for large recyclers (Group A) and ₹25 crore for smaller units and start-ups (Group B).
- Reduced rates (17%/14%) apply if production is delayed beyond prescribed timelines.
- Operational Subsidy (Opex): Linked to performance, with 40% support in the second year and 60% by the fifth year, provided sales thresholds are met.
- Flexibility: Companies may opt for a hybrid model, availing both Capex and Opex benefits.
- Additional Incentives: These can be combined with state-level schemes and other central government initiatives for added support.

Tenure and Oversight

The programme will run for six years (FY 2025-26 to FY 2030-31). Applications will open for an initial six-month window and be evaluated on a rolling basis. Implementation will be managed by a Project Management Agency (PMA), under the supervision of an Executive Committee (EC) and a Governing Council (GC). A mid-term review will track progress and measure economic impact.

The Road Ahead

By incentivizing large-scale recycling, the government aims to unlock the potential of “urban mining” and use the rising volumes of discarded batteries and e-waste. The initiative is expected to:

- Strengthen India's supply chain resilience,
- Reduce the foreign exchange burden,
- Accelerate the transition to clean energy, and
- Provide a boost to domestic high-tech industries.

Conclusion

The launch of the incentive scheme marks a decisive shift in India's resource strategy. By prioritizing recycling alongside exploration and overseas acquisitions, the government is laying the foundation for a circular economy in critical minerals. This move reduces import dependence and positions India to become a responsible player in the global clean energy transition, ensuring that strategic industries have the raw materials they need to thrive.

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