CAPEX Support Scheme

PIB Analysis

Promoting Critical Mineral Processing

A ₹2,814-Crore Push for Lithium and Nickel Domestic Processing

- The Union Cabinet approved the **CAPEX Support Scheme to Promote Critical Mineral Processing** on 4 November 2026.
- With an outlay of ₹2,814 crore, it will operate during FY 2026–27 to FY 2030–31.
- It provides a 30% capital subsidy to establish two Lithium and two Nickel processing plants, attracting ₹10,000 crore investment.

Building India's Critical Mineral Processing Capabilities

- Critical minerals are essential for clean energy, electronics, transport, telecommunications and defence.
- Global processing concentration exposes supply chains to geopolitical disruptions, price volatility and export restrictions.
- India has identified **24 critical minerals**, including Lithium, Nickel, Cobalt, Graphite and Rare Earth Elements.
- India largely depends on imports for refined intermediates and high-purity materials. Net-zero emissions by 2070 further increase their importance.

Key Objectives of the Scheme

- **Domestic Processing:** Establish high-purity Lithium and Nickel processing facilities.
- **Lithium:** Process ores and concentrates (excluding brines) into battery-grade products.
- **Nickel:** Produce Class-1 Nickel or battery-grade Nickel Sulphate, with Cobalt recovery.
- **Supply Chain Resilience:** Address the missing processing link in India's critical mineral value chain.

Financial Outlay and Support

Particulars	Lithium	Nickel
Number of plants	2	2
Minimum capacity per plant	30 kt	50 kt
Maximum subsidy per beneficiary	₹500 crore	₹900 crore

Total subsidy allocation	₹1,000 crore	₹1,800 crore

- **Total outlay:** ₹2,814 crore, including ₹14 crore administrative expenses.
- **Capital subsidy:** 30% of eligible investment.
- **Expected investment:** Approximately ₹10,000 crore.

Selection and Disbursement Mechanism

Two-stage selection:

1. Technical qualification of applicants.
2. Financial bidding based on the least-cost criterion (lowest subsidy sought).

Milestone-linked subsidy:

Tranche	Project milestone	Cumulative subsidy
1	25% CAPEX spent; 15% equity contributed	25%
2	50% CAPEX spent; 50% equity contributed	50%
3	Plant commissioned; 100% equity contributed	100%

- Plants must be commissioned within three years of the Letter of Award, with an outer limit of five years.

Governance Framework

- **Governing Council (GC):** Strategic guidance, beneficiary selection and subsidy approval.
- **Techno-Financial Committee (TFC):** Technical and financial evaluation.
- **Project Management Agency (PMA):** Implementation and managerial support.

Significance and Expected Outcomes

1. **Strategic Autonomy:** Reduces dependence on concentrated global processing networks.
2. **Investment:** Attracts ₹10,000 crore and creates 60 kt Lithium and 100 kt Nickel processing capacity.
3. **Domestic Value Addition:** Converts ores and concentrates into high-purity products domestically.
4. **Import Substitution:** Reduces import bills and foreign exchange outflow.
5. **Manufacturing:** Supports EV batteries, electronics, defence and speciality steel.
6. **Employment:** Generates direct and indirect manufacturing opportunities.

Complementary Government Initiatives

- **National Critical Mineral Mission (2025):** Strengthens the entire critical mineral value chain.
- **Critical Mineral Recycling Scheme:** ₹1,500 crore support for recovering minerals from e-waste, spent batteries and scrap.
- **Exploration and Mining:** 64 critical and strategic mineral blocks and 11 Exploration

Licence blocks auctioned.

Conclusion

The scheme fills a crucial gap in India's critical mineral value chain. Alongside exploration, mining and recycling, domestic processing can strengthen mineral security, support clean energy transition and advance **Atmanirbhar Bharat**.

Reference

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