

₹7,350 cr plan soon to boost production of rare-earth magnets

7-yr scheme to target production capacity of 6K tonnes/yr

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The government is in final stages of launching a ₹7,350 crore scheme to spur domestic production of sintered rare earth permanent magnets (REPMs) and cut import dependence, *Business Standard* has learnt. This comes months after China imposed restrictions on exports of REPMs in April, squeezing supplies to India's automobile and electronics industries.

The initiative — likely to be called the Scheme to Promote Sintered Rare Earth Permanent Magnet Manufacturing in India — aims to establish a fully indigenous manufacturing ecosystem with an annual production capacity of up to 6,000 tonnes. The scheme is expected to run for seven years, according to official documents.

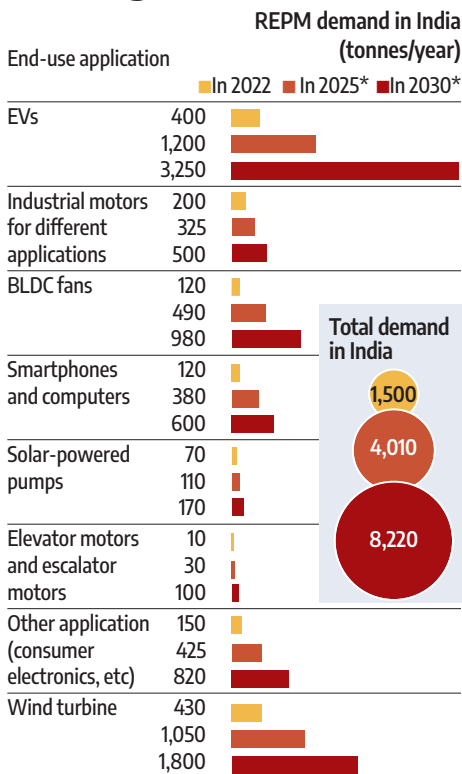
The goal is to build a homegrown value chain spanning the conversion of NdPr (neodymium-praseodymium) oxide into sintered NdFeB (neodymium-iron-boron) magnets. These are critical to sectors such as automobile, electronics, wind energy, and defence.

The REPM production includes mining, beneficiation, processing, extraction, refining to rare earth oxide, conversion to metal and alloy, and finally magnet manufacturing.

The proposed scheme will incentivise facilities capable of undertaking the final three stages: Converting rare earth oxide to metal, metal to alloy, and alloy to magnet. At present, India lacks the technology and infrastructure to manage these steps.

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Tracking demand



REPM: Rare earth permanent magnets

*Projected

Source: IREL

₹7,350 cr plan in the works to drive output of rare earth magnets

Manufacturing capacity and eligibility

Under the scheme, the government will back the creation of five integrated REPM manufacturing units, each with a capacity of up to 1,200 tonnes per annum. Applicants may bid for a minimum of 600 tonnes per annum and a maximum of 1,200 tonnes per annum, in 100 tonnes per annum increments.

Selected firms will be eligible for two forms of financial support — (a) a sales-linked incentive on the sale of sintered NdFeB magnets; (b) a capital subsidy for establishing integrated NdFeB manufacturing units in India.

India currently imports almost all of its REPM needs. Government estimates place domestic demand at around 4,010 tonnes a year, expected to almost double to 8,220 tonnes by 2030.

While NdPr oxide prices in India broadly mirror global rates, finished REPMs are roughly 43 per cent costlier in the country than abroad. “The same indicates that apart from economies of scale, subsidies are provided by leading countries across the entire value chain of REPM manufacturing,” one of the documents notes.

The upcoming scheme includes a two-year gestation period for setting up facilities and beginning production. “A capital subsidy of 15 per cent on eligible investment made after April 1, 2025, shall be provided to the beneficiaries,” a document states. “The capital cost of setting up the unit will be high as most of the plant and machinery needs to be imported from countries other

than China at a relatively higher cost. Hence, a capital subsidy is required to offset the higher costs to be incurred by the domestic manufacturers.”

Between the third and seventh years, production will be gradually ramped up to achieve the target of 6,000 tonnes per annum.

Bidding and selection process

The Ministry of Heavy Industries (MHI) will issue a Request for Proposal (RFP) through a Global Tender Enquiry (GTE) to invite bids for five integrated sintered REPM manufacturing facilities. The process will use a transparent Least Cost System with a “two-envelope” structure — technical and financial bids.

Only those qualified in the technical round will have their financial bids opened. In the financial bid, applicants must specify the per-kilogram sales incentive they seek, capped at ₹2,150 per kg of sintered NdFeB magnet, assuming an average sale price of ₹5,000 per kg and a 43 per cent price disability relative to international markets. “Five applicants with the lowest incentives quoted — L1, L2, L3, L4 and L5 — will be eligible for incentive for their allocated capacity under the scheme and shall henceforth be referred to as ‘beneficiaries,’” one document states.

MHI did not respond to *Business Standard’s* queries on the proposed scheme.

Supply chain and raw material sourcing

India’s domestic supply of

REPM raw materials remains limited. Indian Rare Earths (IREL), under the Department of Atomic Energy, currently produces around 500 tonnes of NdPr oxide annually, sufficient for roughly 1,500 tonnes of sintered REPMs.

Given the target proposed under the scheme, participants will need to secure most of their NdPr oxide independently. “Thus, the IREL supplied oxide will support approximately 1,500 tonnes per annum of sintered NdFeB magnet production.

The balance 4,500 tonnes per annum... will be produced from the oxides arranged by the Beneficiary under their own sourcing arrange-

ment(s),” a document says.

If each winning bidder establishes a 1,200 tonnes per annum plant, each would require around 400 tonnes per annum of NdPr oxide.

Under the plan, IREL will supply 200 tonnes per annum to the L1 bidder, 167 tonnes per annum to L2, and 133 tonnes per annum to L3. The remaining quantities — 200, 233, and 267 tonnes per annum respectively — will need to be sourced independently by these companies. The L4 and L5 bidders will have to arrange their entire requirement of 400 tonnes per annum NdPr oxide on their own, without any supply from IREL.

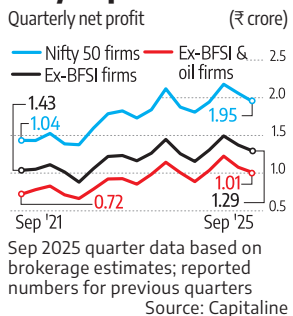
Q2 earnings season may be muted affair for India Inc

Their performance would weigh on overall earnings, as banks account for nearly a third of total corporate profits. At the other end of the spectrum, telecom operators such as Bharti Airtel and Reliance Jio (consolidated with Reliance Industries) and steel producers, including Tata Steel and JSW, are expected to drive most of the incremental year-on-year growth in earnings in Q2FY26.

Consumer goods companies such as HUL, ITC, and Asian Paints are expected to report further deceleration in revenue and earnings growth in Q2. IT services firms, including TCS, Infosys, and Wipro, are likely to post low single-digit growth in revenues and earnings, continuing the trend of the past eight quarters.

According to brokerage estimates, combined net sales (or net interest income for lenders) are expected to rise 7.4 per cent year-on-year in Q2FY26, an improvement from 4.9 per cent in Q2FY25 and 5.7 per cent in Q1FY26. For the 46 Nifty 50 firms in the sample, combined net sales are projected to reach ₹13.68 trillion in Q2FY26, up from ₹12.73 trillion a year ago, but below ₹15.2 trillion in Q1FY26.

Bottom line may slip



Combined net profit is estimated to have grown 6.8 per cent year-on-year in Q2FY26, slowing from 9.8 per cent in Q1FY26, though an improvement from 4.4 per cent in Q2FY25. The 46 index companies are expected to report combined net profit of ₹1.94 trillion, up from ₹1.83 trillion a year ago, but down from ₹2.06 trillion in Q1FY26. This would make Q2FY26 the lowest earnings quarter in the past four.

Quarterly net profit for the index firms has remained in a narrow range of ₹1.8-2.1 trillion since Q3FY24. At this pace, Nifty 50 earnings growth should be in single digits for a sixth consecutive quarter, while net sales would have