

Five firms seek govt aid to develop rare earth magnets

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Two Indian conglomerates — Jindal and Vedanta — auto-components major Sona Comstar, the Kollareddy family-owned and Hyderabad-based Midwest, and another unnamed player have approached the government for a ₹2,500-3,000 crore (\$300-360 million) fiscal incentive programme to bolster rare earth magnet production and also rare earth element processing, according to people familiar with the matter.

Slated for a 3/5-year rollout, the scheme is undergoing final refinements across Ministries and government bodies before the policy details are locked in, the sources said.

CHINA'S CURBS

"Some five companies have expressed initial interest for this incentive-linked production scheme for rare earth magnets, considering factors like acquisition of processing tech, securing raw materials and resources, and the finance cost," a source told *businessline*.

India's EV-makers have been badly hit by China imposing curbs on export of seven rare earth elements

● IN THE RACE

Jindal, Vedanta, Midwest, Sona Comstar and another undisclosed player have approached the Ministries offering to produce rare earth magnets

and magnets. Supplies have stopped since April, and stocks with EV players may last till July.

Sona Comstar is amongst the largest importers and suppliers of rare earth magnets in India while Vedanta is among the mining majors to have won rare earth element mineral blocks; both are seeking tech tie-ups for processing. It is not clear which Jindal group entity has approached the Ministries. JSW Group has interests in EV-making.

Midwest Advanced Materials is the only entity to have secured technological collaboration (and funding) from the mini-ratna CPSE IREL, the sole-maker of rare earth magnets in the country.

Vedanta refused to comment while a response from JSW is awaited. Sona Comstar has re-applied to China (through the MEA and the Chinese Embassy) seeking

permission to import rare earth magnets. Midwest is likely to start production later this year and has reportedly secured mines in Sri Lanka.

Attero, an e-waste recycling company, will be scaling up its rare earth element recycling capacity to 30,000 tonnes from 300 tonnes over the next 12-24 months by investing ₹100 crore.

TAPPING LOCAL RICHES

India has nearly 7 million tonnes of rare earth element reserves — the third largest as per US studies — but lacks the processing technology. Thus, it relies on imports of nearly 3,600 tonnes of magnets, of which around 870 tonnes is by auto-makers.

The proposed scheme with a ₹2,500/3,000 crore outlay will have a 2/5-year gestation period with incentives extended for another 5 years (in tranches). Organisations that will be supported need to use locally produced rare earth oxides.

It is proposed that in the first year (when products hit the market), the sop will be 30 per cent of the sale value, 27 per cent in the second year and 25 per cent in the third year. It will be brought down to 20-22 per cent in the fourth year and to less than 20 per cent in the fifth year.