

SCHEME TO PROMOTE MANUFACTURING OF SINTERED RARE EARTH PERMANENT MAGNET (REPM)

Ministry of Heavy Industries (MHI) notified the Scheme to Promote Manufacturing of Sintered Rare Earth Permanent Magnet vide notification S.O. 5800(E) on 15.12.2025. The scheme has a total budgetary outlay of ₹7,280 crore.

The primary goal of the scheme is to build a complete domestic value chain for converting rare earth oxides (REOs) into sintered NdFeB REPM. By incentivizing the establishment of 6,000 MTPA of domestic integrated manufacturing capacity, India aims to reduce its import dependence for these REPMs, which are critical for strategic sectors like electric vehicles, renewable energy, electronics, defence & aerospace.

Main Features of the REPM Scheme

- The scheme will allocate up to 6,000 MTPA of capacity to five (5) beneficiaries through a transparent Global Tender Enquiry (GTE).
- The allocation of capacity and incentive to Beneficiaries shall be carried out through a transparent Least Cost System (LCS) which shall comprise a “two-envelope” system, i.e., technical bid and financial bid.
- Each beneficiary will be allocated a minimum of 600 MTPA and a maximum of 1,200 MTPA, in multiples of 100 MTPA.
- Beneficiaries are eligible for two types of financial support:
 - Sales-linked Incentive: Based on the quantity of sintered NdFeB REPM sold, capped at ₹2,150 per kg and further limited to 40% of net sales turnover. During the Scheme tenure, the total sales-linked incentive to a Beneficiary shall not exceed the following amounts:

Allocated Capacity (MTPA)	Cap on sales-linked incentive (₹ Crore)
600	645
700	753
800	860
900	968

Allocated Capacity (MTPA)	Cap on sales-linked incentive (₹ Crore)
1,000	1,075
1,100	1,183
1,200	1,290

- Capital Subsidy: A reimbursement of 15% on eligible investments made after April 1, 2025, upon full commissioning of the allocated capacity. The total capital subsidy to a Beneficiary shall be capped as follows:

Allocated Capacity (MTPA)	Cap on capital subsidy (₹ Crore)
600	75
700 or 800	100
900 or 1,000	120
1,100 or 1,200	150

- Scheme Tenure: The total duration is 7 years, comprising a 2-year gestation period for setting up the facilities and 5 years for incentive disbursement.
- In case the first sale of sintered NdFeB REPM commences prior to the completion of the gestation period, then this additional period will also be eligible for sales-linked incentive over and above the 5 year duration with in the overall caps.
- The three lowest bidders (L1, L2, and L3) will receive an assured limited supply of NdPr oxide from IREL (India) Ltd., totalling 500 MTPA.
- Milestones:
 - Milestone 1: Achieve eligible investment of ₹150 crore within one year of the Letter of Award (LoA).
 - Milestone 2: Achieve a minimum expenditure (ranging from ₹300 crore to ₹600 crore depending on allocated capacity) within two years.

- Milestone 3: Commissioning of 50% of the allocated capacity within three years.