

## Vedanta's Priya Agarwal Hebbar: Budget Elevates Rare Earths to a National Industrial Priority

*Budget reforms to unlock rare earth reserves and boost processing incentives mark a turning point for India's metals and mining sector, says Priya Agarwal Hebbar*

**Priya Agarwal Hebbar**



Last year, the world received a powerful reminder of how fragile global supply chains can be. When China tightened export restrictions on rare earth elements, the shockwaves hit EVs, defence and renewable energy instantly. It reinforced a new geopolitical reality: the future will be shaped not just by capital, but by access to critical minerals and the ability to build resilient value chains around them.

Finance Minister Nirmala Sitharaman's Union Budget 2026–27 marked a decisive shift in India's resource strategy—positioning rare earth metals at the intersection of national security, technology leadership and industrial competitiveness. For India, this is a defining moment, with Budget 2026 marking a structural pivot that elevates rare earths from a resource discussion to a national industrial priority.

With dedicated policy instruments to unlock domestic reserves, incentivise processing and build integrated value chains, the Budget signals a long-term industrial play that will reshape the metals and mining sector's role in India's growth story. As we transition into a global manufacturing powerhouse, industry must move beyond being a mere producer of materials to becoming an architect of future-ready ecosystems.

## Critical Metals

To share some context, rare earth elements are a group of 17 metals. They are broadly classified into light rare earth elements (LREEs) and heavy rare earth elements (HREEs). LREEs are relatively more abundant and widely used in green technologies, electronics and catalysts—neodymium in EV magnets and lanthanum in batteries are prime examples.

HREEs, by contrast, are scarcer and more valuable, essential for high-performance and high-temperature applications such as advanced electronics, specialised magnets and critical defence systems.

India sits on a geological goldmine, holding an estimated 6.9mn tonnes of rare earth oxide reserves—the third largest in the world. From the monazite-rich beach sands of Odisha and Tamil Nadu to promising inland deposits in Rajasthan and Jharkhand, the potential is vast.

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This resource base aligns with India's economic ambitions. The government aims to raise manufacturing's share of GDP from the current 16–17% to 25% by 2035. It envisions India as a global electronics-manufacturing hub, while defence production and exports are targeted to double by 2029.

On the energy front, India plans to achieve 107GW of wind capacity by 2030 as part of its broader 500GW non-fossil fuel target. The International Energy Agency projects that India's EV car sales will more than triple by 2030. Each of these sectors depends heavily on derivatives of rare earths—particularly permanent magnets.

Yet, our current production stands at a mere fraction of this wealth. Historically, we have exported unrefined potential while importing finished high-tech components. Last year alone, India brought in over 50,000 tonnes of permanent magnets. This gap represents more than just a trade deficit; it represents a loss of technical sovereignty, and strategic autonomy in sectors central to India's growth story

## Bold Steps

Recognising this vulnerability, the government deregulated critical minerals including non-radioactive rare earth minerals in 2023 to allow private participation in exploration and mining.

By establishing "Dedicated Rare Earth Corridors" in Budget 2026, across mineral-rich coastal states, the government is creating integrated hubs where mining, research and manufacturing coexist. This spatial approach—bringing the mine and the magnet factory together—slashes logistics costs and fosters the kind of innovation that only happens when scientists and engineers work side-by-side.

Coupled with the ₹7,280 crore Rare Earth Permanent Magnet (REPM) scheme and the Budget's renewed thrust on downstream value addition and advanced separation facilities, India is shifting the incentive structure from extraction-led growth to ecosystem-led industrial development. This alignment of fiscal support with physical infrastructure makes the intervention structurally meaningful rather than symbolic.

For a business leader, this is the most exciting part of the puzzle. It invites private enterprise to look at minerals not as commodities to be traded, but as the bedrock of a domestic electronics and green-energy revolution. The corridor model signals scale, coordination and long-term policy certainty—three ingredients global investors look for in critical mineral ecosystems. Industry players, including Vedanta, are aligning portfolios toward future-enabling minerals such as cobalt, nickel and rare earths.

Furthermore, duty and tax incentives such as exempted customs duties on equipment for processing critical minerals and proposed tax deductions for exploration are measures geared towards improving the investment climate for capital-intensive mining and refining facilities.

## **Key to the Future**

The conversation about rare earth by the finance minister is about more than just supply security—it is about confidence. It is the confidence that Indian industry can lead globally, innovate responsibly and build ecosystems that endure.

India stands at a rare intersection where geology, policy vision and entrepreneurial energy are aligning. If we act with courage and collaboration, we have the potential not just to secure our own future, but to power the world's transition toward cleaner and more resilient technologies.

Rare earths may be relatively invisible, but with Budget 2026, they are shaping the future that we are building today. India's next industrial chapter has already begun, and this time, we are writing it ourselves.