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## The dawn of a new Nickel era

The Union Budget 2024-2025's exemption of basic customs duties on nickel and other critical minerals marks a strategic move by India to boost self-sufficiency, enhance industrial growth, and advance its position as a global manufacturing and technology leader.



**By Dr. Nilanjan Banik**

In a bold and visionary move, Finance Minister [Nirmala Sitharaman](#) has ushered in a transformative era for [India's](#) industrial landscape in the latest Union Budget 2024-2025 (FY 25). By totally exempting 25 critical minerals, including [nickel](#), from basic customs duties (BCD), the Indian government has set the stage for a significant leap towards self-sufficiency in key natural resources. This decision is not just a policy recalibration; it is a strategic move aimed at positioning nickel as a cornerstone of India's economic development and technological advancement.

Nickel, often hailed as the metal of evolution, plays a pivotal role in numerous high-tech applications from stainless steel production to batteries for [electric vehicles](#) and aerospace components. Its versatility and importance make it central to the country's aspirations of becoming a global manufacturing hub and a leader in technological innovation. Earlier, nickel faced custom duties ranging from 2.5% to 10%, putting a financial burden on Indian industries and stifling growth.

The recent budgetary change that abolishes custom duties on nickel with other critical minerals, is a game-changer. By eliminating these duties, the government has significantly reduced the cost of importing nickel. It would lower production costs for industries reliant on nickel, making Indian products more competitive in the global market. The new zero-duty regime also opens avenues for diversified sourcing, enhancing India's ability to secure nickel from various global suppliers without incurring additional costs.

### **Vedanta Nico and AEsir Technologies: A Strategic Partnership**

Vedanta Nico, a primary nickel producer in India has an installed capacity of 7Ktpa in Goa. The recent Memorandum of Understanding (MoU) signed by Vedanta Nico with a US company AEsir Technologies, Inc. is expected to augment the government agenda for sustainable manufacturing. Under the MoU, Vedanta Nico will be the preferred supplier of nickel, a key component in AEsir's next-generation batteries.

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This collaboration will revolutionize the [EV](#) market by developing and commercializing advanced Nickel-Zinc (NiZn) batteries, which offer extended driving ranges, and improve overall EV performance. Nickel-Zinc batteries, which promise higher energy density, enhanced cost efficiency, and superior performance, represent a significant advancement over existing battery technologies. Their development will not only position both Vedanta Nico and AEsir Technologies at the forefront of sustainable energy solutions but also bolster India's role in the global shift towards electric vehicles.

### **Critical Mineral Mission: A Comprehensive Strategy**

The establishment of the Critical Mineral Mission for sufficient domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets found a significant mention in the Finance Minister, Nirmala Sitharaman's, latest Budget speech of July 23, 2024. The mission's mandate includes creating a state-of-the-art technology development plan, crafting an extended producer responsibility (EPR) framework, developing a suitable financing mechanism and building a highly skilled workforce to support the entire value chain of nickel production from mining to recycling.

The urgency of the mission not only stems from the growing demand for such minerals but also the fact that India could become overly dependent on China on nickel, given its strong hold on Indonesian mines and smelting plants. Today, Indonesia accounts for 57% of the global refined nickel production, which is likely to reach 60% by the end of the decade.

Simultaneously, the Indian nickel market is expected to grow at a compounded annual growth rate (CAGR) of 4.8% during the forecast period of 2020-26 to touch a value of \$ 33.4 billion by 2026 putting extra pressure on India's current account deficit.

Thus, by correcting the previous duty imbalances from raw materials to intermediates, the government has provided a level playing field to Indian players with global competitors, paving the way for enhanced domestic production and innovation thereby laying the groundwork for a robust and dynamic nickel [industry](#). This holistic approach means that both raw and processed nickel can be accessed without financial impediments, promoting a balanced and competitive market environment.

With these initiatives, India is set to emerge as a global leader in nickel production, driving economic growth and technological advancement while reinforcing its position in the global supply chain. The future of nickel in India looks promising, with the country poised to leverage its resources and partnerships to lead in the global shift towards sustainable energy and advanced technologies.

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