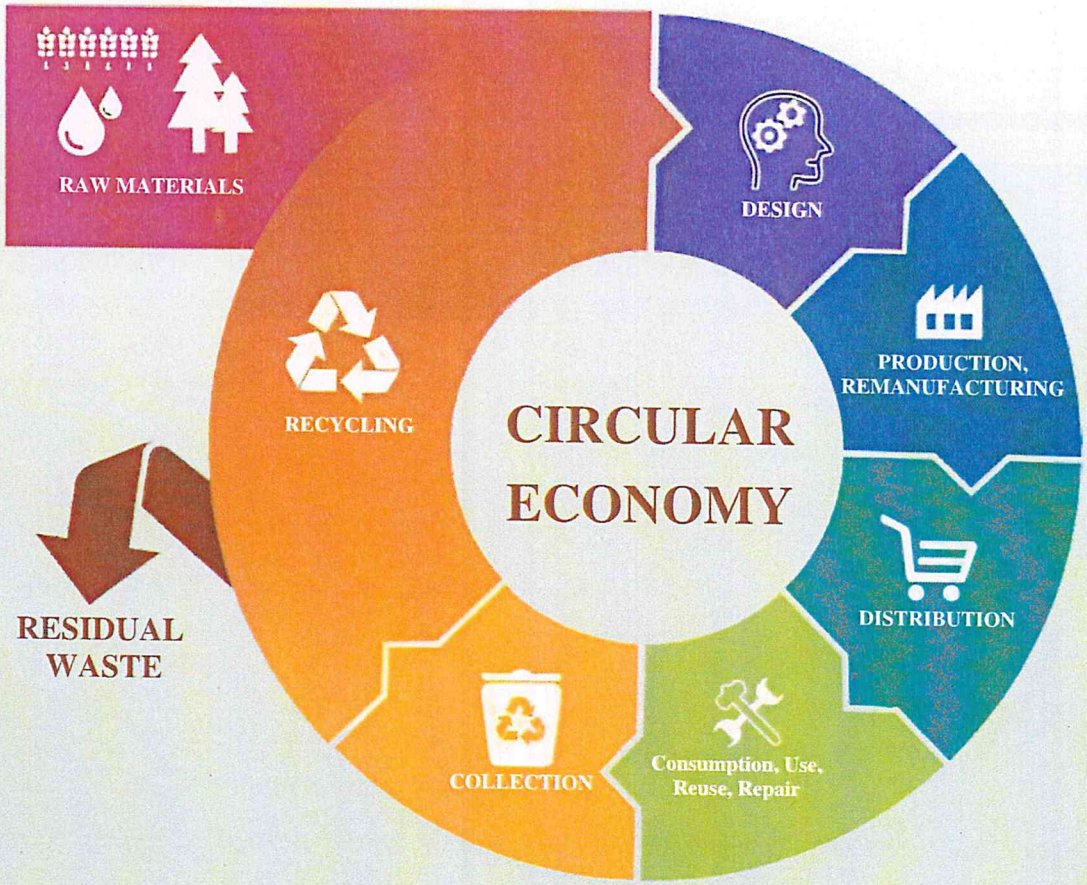
Rajasthan Circular Economy Incentive Scheme-2025



Department of Environment and Climate Change,
Government of Rajasthan &
Rajasthan State Pollution Control Board

Rajasthan Circular Economy Incentive Scheme-2025

Department of Environment and Climate Change,
Government of Rajasthan &
Rajasthan State Pollution Control Board

Index

1. Introduction

Circular Economy (CE) is a concept that attempts to provide an alternative discourse on growth, stepping away from the traditional 'take-make-dispose' models towards circularity of material, energy and economic flows.It works by relocating the waste from the end of the supply chain to the beginning, in effect, using resources more efficiently over and over again. Rajasthan State has large potential to convert waste into energy/ useful product. Millions of tons of Municipal Solid Waste, E-waste and Industrial Waste are disposed of, on land fill site causing environmental issues. These wastes can be converted into useful products through technological innovations. Besides, waste utilization and recycling, there is ample scope in the state to undertake upstream measures such as waste avoidance, waste reduction and waste reuse which are central to the circular economy approach.

In compliance of Budget Announcement 2025-26 Para No. 129 Government of Rajasthan is dedicated to promoting sustainable development and innovation through the adoption of circular economy principles. In alignment with the State's environmental objectives and the national agenda for sustainable development, the ***Rajasthan Circular Economy Incentive Scheme*** is hereby introduced to encourage businesses, industries, and startups to minimize waste generation, maximize resource utilization, adopt eco-friendly practices, research and development (R&D) activities that facilitate waste reduction, resource efficiency, and sustainable practices.

2. Objectives

a. To promote the adoption of circular economy practices across industries in Rajasthan.

b. To promote R&D activities focused on circular economy solutions, including, material recovery, waste reduction, recycling, up-cycling and sustainable resource management and resource optimization.

c. Research promoting repair, refurbishment, and reuse of products/raw materials.

d. To create economic opportunities through green innovation, sustainable product design and sustainable packaging solution.

e. Develop cost effective and multi-use alternatives to banned single use plastic items.

f. To encourage collaborative research with industries, startups, academia, and government bodies to develop a circular economy ecosystem.

g. Projects encouraging industrial symbiosis for resource-sharing among industries.

h. Research on lifecycle assessment and eco-innovation.

i. Research exploring Extended Producer Responsibility (EPR) frameworks and resource-sharing models to position Rajasthan as a leading hub for circular economy research and innovation.

3. Definitions:-

In this document, unless the context otherwise requires: -

1. **"Circular Economy"** refers to an economic model whose objective is to produce goods andservices in a sustainable way, by limiting the consumption and waste of resources (rawmaterials, water, energy) as well as the production of waste. It includes 3 R's – Reduce, Reuse, Recycle of materials.
2. **"Scheme" means Rajasthan Circular Economy Incentive Scheme-2025**
3. **"Nodal Institution"** means, institution for the implementation of the **Rajasthan Circular Economy Incentive Scheme** which will be Rajasthan State Pollution Control Board (RSPCB), Jaipur.
4. **"Approval Committee"** means, the Committee constituted by the Nodal Institution for evaluation of the proposals received from startups, industrial units/institutions, students and submit its recommendations to the Chairperson.
5. **Agricultural / Agro-industrial / Food Waste** means, organic residues from farming andfood-processing activities including crop stubble, husks, fruit/vegetable peels, and other harvest or processing leftovers.
6. **Municipal Solid and Liquid Waste** includes, Municipal solid waste (MSW) is the everyday garbage or trash generated in cities by households, businesses, and institutions (e.g. food scraps, paper, packaging), which municipal authorities collect and manage. Municipal liquid waste encompasses wastewater and sewage sludge from urban sanitation systems – the used water from kitchens, bathrooms, industries etc., including the semi-solid sludge from sewage treatment.
7. **Recovered / Scrap Metal (Ferrous and Non-Ferrous)** means discarded metal articles and fragments (both ferrous metals like iron/steel and non-ferrous metals like aluminum, copper, etc.) that can be collected and recycled into new metal products. For example, steel, aluminum and other metals from end-of-life vehicles, machinery, or even defunct solar panels that can be extracted and re-melted, reducing the need for virgin metal mining.
8. **Construction & Demolition Waste** means, the debris, rubble, and material scraps generated during the construction, renovation, and demolition of buildings or civil infrastructure. This includes concrete chunks, bricks, metal beams, wood, drywall, etc.
9. **Electronic Waste** (E-waste, e.g. Batteries) means, to discarded electrical and electronic equipment and gadgets – such as computers, phones, appliances, and batteries – that havereached end-of-life – that may contain valuable materials (metals like gold, copper, lithium, etc.)
10. **Textile Waste** means, all types of fibrous waste materials from the textile and fashion supply chain, including used or unwanted clothes, apparel manufacturing scraps, and old household textiles (linen, upholstery, etc.)
11. **Bio-medical and Sanitary Waste** means, any waste generated in healthcare and medical facilities during the diagnosis, treatment or immunization of humans or animals. This includes used syringes and needles, bandages, pathological lab samples, surgical waste, expired

medicines, etc. that may be infectious or hazardous. Sanitary waste refers to used personal hygiene products such as disposable diapers, sanitary napkins/towels, or other similar items.

12. **Plastic Waste** means, discarded plastic materials – such as packaging films and wrappers, single-use bags, bottles, containers, Styrofoam, and other plastic products – that have been used and thrown away.

13. **Rubber Waste** (e.g., End-of-Life Tyres): Rubber waste includes discarded rubber products, predominantly used tyres (which represent a large share of rubber waste by volume), as well as conveyor belts, rubber seals, etc., that have exhausted their usable life.

14. **Compressed Biogas** means, biogas (a renewable gas produced from organic waste decomposition) that has been purified to a high methane content and compressed to a high pressure for use as a fuel. 14. Compressed Biogas derived from biomass sources like agricultural waste, manure, municipal wet waste, etc. – it typically contains about 90% or more methane by volume.

15. **Industrial Waste** means, all waste materials generated from industrial and manufacturing processes. This can range from scraps, off-cuts, and defective products to chemical by products, sludge, emissions control dust, and packaging from factories. It includes both hazardous industrial waste (e.g. toxic chemicals, heavy-metal-laden residues, certain dyes or solvents) and non-hazardous waste (e.g. food processing residues, sawdust, metal shavings, fly ash).

16. **Packaging Waste** means, discarded materials that were used to contain, protect, or transport goods. This includes materials like cardboard boxes, paper packaging, plastic wrappers and sachets, glass bottles, metal cans, Tetra Pak cartons, and any other packaging that is thrown away after product use.

17. **Composting** means, natural biological process for treating organic waste, in which microorganisms (bacteria, fungi, etc.) decompose biodegradable matter under controlled aerobic (oxygen-rich) conditions. Over time, this process converts organic waste – such as food scraps, garden and farm waste, leaves, and other green waste – into a nutrient-rich compost, that can be used as an organic fertilizer or soil conditioner, closing the loop by returning nutrients back to soil.

18. **Biogas Plant** means, facility that processes organic waste materials (like animal manure, crop residues, food waste, sewage sludge, etc.) through anaerobic digestion to produce biogas and other by-products. In an anaerobic digester (an oxygen-free tank or pit), microbes break down the wet organic matter, generating biogas – a combustible gas primarily composed of methane (CH_4) and carbon dioxide (CO_2).

19. **Material Recovery** means, extraction of useful materials from the waste stream so they can be recycled and put back into use. This concept underpins facilities like Material Recovery Facilities (MRFs) where mixed waste is sorted into recyclable fractions. Material recovery involves collecting, segregating, and processing waste materials (such as plastics, paper, metals, glass) to obtain raw materials that can substitute virgin resources in manufacturing.

20. **Effluent Treatment** means, process of removing harmful pollutants from such wastewater before it is released into the environment or reused. Industrial facilities set up Effluent Treatment Plants (ETPs) to treat their process water, and sewage is treated in Sewage Treatment Plants (STPs); both involve physical, chemical, and biological treatment steps to clean the water.

21. **Waste Water Treatment** means, processes used to clean municipal sewage or any contaminated water so that it can be safely discharged or reclaimed. It typically involves stages of filtration and sedimentation (to remove solids), biological treatment (using microbes to digest organic pollutants), and disinfection.

22. **Waste to Energy** means, waste treatment that focuses on converting waste materials into usable energy – electricity, heat or fuel.

23. **Centre of Excellence (CoEs)** means, dedicated institution or collaborative hub that drives expertise, innovation, training, and knowledge-sharing for circular economy practices. Such CoEs often involve partnerships between government agencies, academic/research institutions, and industry stakeholders.

24. **"R&D / Research and Development"** means, systematic process of innovation and experimentation aimed at creating new knowledge, products, or technologies, or improving existing ones to advance industrial, scientific, or commercial objectives.

25. **Thrust Sector** means, a set of Manufacturing and Services sectors which are included in a focus list of sectors under RIPS 2024 and are eligible for additional booster on top of the Asset Creation Incentives (ACIs).

26. **MSME** means, Micro, Small & Medium Enterprises (MSMEs) as defined by Government of India (as amended from time to time) as defined in Section 3.4.1.1 of RIPS 2024.

27. **Enterprise** means, as mentioned in Section 9.1.1 of RIPS 2024. The prevailing definition at the time of publication of this scheme is as follows."Enterprise" means an industrial undertaking or a business concern or any other establishment by whatever name called, engaged in manufacturing of goods, in any manner, or engaged in providing or rendering of service or services.

28. **New Unit** means, as mentioned in Section 9.1.1 of RIPS 2024. The prevailing definition at the time of publication of this scheme is as follows.

"New Unit" means a new manufacturing or service enterprise and includes a unit setup by an existing enterprise for manufacturing products or providing services, having separately identifiable books of accounts and depositing the taxes and duties leviable under any State Act including Provident Fund separately.

29. **Expansion:** "Expansion" shall mean the definition of Expansion as mentioned in Section 9.1.2 and Section 6.3 of RIPS 2024. The prevailing definition at the time of publication of this scheme is as follows.

"Expansion" means the creation of additional capacity for production of goods oroperational capacity for service in the same line of production/operation or through a new

product line or a new line of services by an existing enterprise at an existing site or any other site with additional investment.

30. **Start-up** shall mean 'Startup' as defined under the prevailing Rajasthan Startup Policy.

31. **Eligible Fixed Capital Investment or EFCI** shall mean the definition of EFCI as mentioned in Section 9.1.2.6 of RIPS 2024. The prevailing definition at the time of publication of this scheme is as follows.

"Investment" or "Eligible Fixed Capital Investment (EFCI)" means investment madeby an enterprise in fixed assets, in the following, up to the date of commencement of commercial production:

a. Price paid for the land

b. Cost of new factory sheds and other new industrial buildings

c. Price paid for new plant and machinery

d. Other investment made in new fixed assets essential for the production of the unit asapproved by the appropriate Sanctioning Committee

e. In case of eligible Service Enterprises- the price paid for new air conditioning, servers, computers, printers, IT infrastructure, essential furniture & fixtures, equipment, office equipment and audio-visual equipment; and other investment madein new fixed assets essential for the rendering of services as approved by the appropriate Sanctioning Committee.

Provided that investment made in:

i. Land in excess of 30% of the total investment/EFCI made; and

ii. Purchase of existing factory sheds, industrial buildings; and

iii. and Old plant and machinery; and

iv. Plant and machinery transferred from other locations by the Enterprise shall not be included in investment/EFCI; and

v. Provided further that investment made, in purchase of a manufacturing enterprise, which has been taken over before the commencement or during the operative period of this Policy and sold during the operative period of the Policy by RIICO/ RFC/Central Financial Institutions/ Banks, shall be allowed for computation of EFCI.

Other words and phrases will have the same meaning as stated in related acts and rules.

4. Eligible Projects:

To qualify for incentives under this scheme, units (new and expansion) must meet at least one of the following criteria:

1. **Manufacturing using waste as "primary" raw material (RM):** Manufacturing unit (including by MSMEs) wherein at least 51% (in weight) of the input raw materials are re-used /recycled.

However, this applies only if usage of reused / recycled materials is not a statutory or regulatory requirement for the sector / unit. The input raw materials which are eligible under this criterion are as follows:

a. Agricultural / Agro-industrial / Food Waste (e.g., post-harvest stubble)
b. Municipal Solid and Liquid Waste
c. Recovered / Scrap Metal: Ferrous and Non-Ferrous (e.g., from End-of-Life Vehicles, Solar Panels)
d. Construction & Demolition Waste
e. Electronic Waste (e.g., Batteries)
f. Textile Waste
g. Bio-medical and Sanitary Waste
h. Plastic Waste
i. Rubber Waste
j. Compressed Biogas
k. Industrial Waste
l. Packaging Waste
m. Others (as determined by the Project Approval committee)

2. **Manufacturing of innovative machinery / technology supporting circular economy:** Manufacturing units (including MSMEs) producing innovative machinery / technology that facilitates improvement in effectiveness, efficiency and cost structure of circular economy. This shall include technologies relating to the following:

a. Composting
b. Biogas Plant
c. Material Recovery
d. Effluent Treatment
e. Waste Water Treatment
f. Other Waste treatment
g. Waste-to-Energy
h. Others (as determined by the Project Approval committee)

3. **Centre of Excellence (CoEs) & institutions specializing in circular economy research:** Units undertaking R&D to improve circular economy processes, develop new methods, enhance efficiency or design new equipment. The eligible activities include:

- Development and implementation of waste recycling and upcycling technologies.
- Sustainable product design focusing on resource efficiency and minimal waste.
- Research and innovation in material recovery, waste-to-energy, and extended producer responsibility (EPR) frameworks.
- Initiatives promoting the repair, refurbishment, and reuse of products.
- Projects encouraging industrial symbiosis for resource-sharing among industries.
- Development of advanced technologies for waste recycling, material recovery, and up cycling.
- Research on sustainable product design, lifecycle assessment, and eco-innovation.
- Projects focusing on waste-to-energy conversion, bio-remediation, and industrial symbiosis.
- Studies exploring Extended Producer Responsibility (EPR) frameworks and resource sharing models.
- Innovation in green packaging, biodegradable materials, and sustainable manufacturing processes.

Note: To be eligible for the benefits under this scheme, applicant must ensure substitution ofinputs (as notified by the State government from time to time) with recycled / reused materialsto an extent mandated by the State government or the extent of availability of quality recycledor reusable raw materials in the given location.

5. Financial Incentives and Support

To encourage the adoption of circular economic practices in the State, eligible projects (as defined above, including both new units and expansion) applying for incentives under this scheme shall be eligible to apply for the following benefits:

Manufacturing Units:

a. Manufacturing units (including units from the 'Waste Recycling' sector – that is designated as a sunrise sector under RIPS 2024) shall be eligible to apply for benefits under Section 3.1 (Manufacturing)-, or Section 3.3 (Sunrise) of the Rajasthan Investment Promotion Scheme 2024 (or the prevailing RIPS), based on the eligibility criteria defined therein:

i. **Asset Creation Incentives (ACI):** units are eligible to apply for one of the following:

1. Investment Subsidy
2. Capital Subsidy
3. Turnover Linked Incentive

ii. **Asset Creation Incentive: Top-Ups** (e.g., employment booster)

iii. **Special Incentives** (e.g., Flexible Land Payment Model)

iv. **Exemptions & Reimbursements** (e.g., electricity duty, mandi fees, etc.)

b. Additionally, first 5 units approved by the Project Approval Committee (PAC) under this scheme shall be eligible for the following incentives:

i. Eligible incentives under RIPS 2024 (or the prevailing RIPS) as a thrust sector unit

MSME Units:

c. MSME (manufacturing) units shall be eligible to apply for benefits under Section 3.4(MSME) of the Rajasthan Investment Promotion Scheme (RIPS) 2024 and the relevant sections of the Rajasthan MSME Policy, based on the eligibility criteria defined therein:

i. **Asset Creation Incentives for MSMEs** (RIPS 2024, Section 3.4.2.1)

ii. **Assistance for New Enterprise Creation and Expansion** (Rajasthan MSME Policy 2024, Section 6.2)

iii. **Assistance to enhance access to Capital** (Rajasthan MSME Policy 2024, Section 6.3)

iv. **Technology Acquisition Assistance for MSMEs** (Rajasthan MSME Policy 2024, Section 6.4)

v. **Assistance for Technology Upgradation through Cluster Approach** (RIPS 2024, Section 3.4.2.5)

vi. **Assistance for Quality Enhancement Assistance for promotion of Sustainable Practices & Renewable Energy** (RIPS 2024, Section 4.1.3 S.No. 2)

vii. **Assistance for Skill Development** (RIPS 2024, Section 4.3.1 S.No. 2)

viii. **Assistance for Infrastructure Development** (Rajasthan MSME Policy 2024, Section 6.9)

d. Additionally, first 20 units approved by the Project Approval Committee (PAC) under this scheme shall be eligible to the following incentives:

i. **Margin Money Assistance** for setting up eligible MSME units that facilitate circular economy:

1. **Micro:** 25% of project cost up to INR 15L per annum
2. **Small:** 15% of project cost up to INR 20L per annum
3. Additional INR 5 Lacs in ceiling for both incentives for SC/ ST/ PwD & Young Entrepreneurs (35 years and below)

ii. **Scheme for Promotion of E-Commerce** for MSMEs units engaged in online selling of Circular Economy related goods / services wherein they can obtain a reimbursement of 75%

of the total fees / commissions (excluding shipping fees) being charged by e-commerce platforms, up to a maximum of INR 1 L per annum for a maximum of 2 years.

Start-ups:

e. Start-up units shall be eligible to apply for benefits under Section 3.5 (Start-ups) of the Rajasthan Investment Promotion Scheme 2024 (or prevailing RIPS), based on the eligibility criteria defined therein:

i. **Asset Creation Incentives** (i.e., Investment Subsidy, Seed Support)

ii. **Exemptions & Reimbursements** (e.g., electricity duty, mandi fees, etc.)

f. Additionally, first 20 units approved by the Project Approval Committee under this scheme shall be eligible for **Technology Acquisition Assistance Incentive** for acquiring technologies to incorporate e circular economy practices amounting to 50% of the actual cost up to INR 5 L per annum.

Centres of Excellence (CoEs) and R&D institutions:

g. R&D units (including CoEs focused on Circular Economy) shall be eligible to apply for benefits under Section 3.7 (R&D, GCC and Test Labs) of the Rajasthan Investment Promotion Scheme 2024 (or prevailing RIPS), based on the eligibility criteria defined therein:

i. **Asset Creation Incentive** (i.e., Capital Subsidy)

ii. **Special Incentives** (i.e., Contract Research Assistance, Land Cost Incentive)

iii. **Exemptions & Reimbursements** (e.g., electricity duty, mandi fees, etc.)

h. Additionally, first 5 units approved by the Project Appraising Committee under this scheme shall be eligible for relaxation of the minimum EFCI requirement under RIPS 2024 to INR 3 Cr.

6. Non-Financial Support:

- Access to government-supported research parks, industries, industrial parks, incubation centers, and testing facilities.
- Technical assistance on circular economy practices.
- Recognition through state-level awards for exemplary performance in circular economy initiatives.

7. Implementation of the Scheme

- **Detailed application and approval process** shall be notified as part of procedural guidelines.
- **Project Approval Committee (PAC):** The following committee will be constituted, to implement the policy and evaluate / approve applications under the Rajasthan Circular Economy Scheme 2025.

Member Secretary, RSPCB, Jaipur	Chairperson
Joint Secretary, Industries	Member
Executive Director, RIICO, Jaipur	Member
Chief Environmental Engineer, RSPCB, Jaipur	Member
Chief Scientific Officer, RSPCB, Jaipur	Member
Additional Chief Environmental Engineer, RSPCB, Jaipur	Member
Financial Advisor, RSPCB, Jaipur	Member
In-charge (Circular Economy), RSPCB, Jaipur	Convener
One or Two invited subject expert if required	Member

8. Monitoring and Evaluation

Rajasthan State Pollution Control Board shall act as the nodal for coordinating, monitoring,and implementing Department. Any matter pertaining to interpretation, updation and amendment of any clause of the Scheme shall be referred to the Rajasthan State Pollution Control Board and the decision of the Rajasthan State Pollution Control Board shall be considered final in this regard.

- The State Board will have powers to monitor the project execution, verify the records at any time and in case it is found that the conditions of the LoI are not complied with agreement would be liable to be cancelled and the State Board may withdraw/ recover the financial assistance.
- The PP will also be required to submit quarterly progress report and utilization certificate of the funds disbursed failing which no further installment would be released.
- Final Utilization Certificate would be submitted within 30 days of completion of project.

4, Jhalana Institutional Area, Jhalana Doongri,
Jaipur, Rajasthan - 302004