



GST Rationalisation to Accelerate India's Green Transition

To make Waste Management, Biodegradable Products and Green Mobility more Affordable and Within Reach

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India's commitment to sustainability and climate action has been reinforced through recent GST rationalization, strategically reducing tax rates on waste management services, biodegradable products and green transportation.

Under the visionary leadership of Prime Minister Shri Narendra Modi, these reforms are designed to accelerate the adoption of eco-friendly manufacturing, strengthen waste treatment infrastructure and promote sustainable mobility solutions. Aligned with national initiatives like 'Viksit Bharat 2047' and the LiFE (Lifestyle for Environment) movement, these changes support India's Net Zero 2070 ambition and fulfil commitments under the Paris Agreement.

Strengthening Waste Management: Common Effluent Treatment Plants (CETPs)

The reduction in GST from 12% to 5% on services provided by CETPs is a significant move for environmental sustainability.

- **Cost Savings for MSMEs:** Lowering the tax burden makes collective waste treatment more attractive to small and medium enterprises, which often struggle with individual management costs.
- **Scale of Impact:** With 222 operational CETPs treating 2212 MLD of industrial wastewater across 21 states, the tax reduction is estimated to save industries approximately ₹13.27 Cr/day.
- **Circular Economy:** This reform supports the 53 CETPs already implementing Zero Liquid Discharge (ZLD) systems, promoting the reuse of treated wastewater and reducing freshwater dependency.

Combating Plastic Pollution

Biodegradable alternatives to reinforce the national ban on identified single-use plastics, GST on biodegradable bags has been slashed from 18% to 5%.

- **Enhanced Affordability:** The sale price of compostable carry bags is expected to drop by approximately 11% (from ₹200/kg to ₹178/kg), making eco-friendly alternatives competitive with conventional plastic.
- **Protecting Marine Ecosystems:** This measure directly supports Ministry-led beach cleaning drives, such as those conducted on International Coastal Clean-Up Day, by reducing plastic leakage into rivers and oceans.
- **Industry Growth:** The reform encourages over 200 certified compostable manufacturers to scale up production of starch-based and compostable materials.

Green Mobility

Modernizing India's Fleet The reduction of GST from 28% to 18% for buses and commercial goods vehicles aims to clean the air in Indian cities.

- **Phasing Out Pollutants:** Lower upfront costs encourage operators to replace older, polluting vehicles with new BS-VI compliant models, which are up to 10 times cleaner than BS-IV standards.
- **Public Transport Boost:** Reduced costs allow the government and private operators to deploy more buses, enhancing last-mile and intercity connectivity.
- **Logistics Efficiency:** Lower tax on goods vehicles reduces transportation costs, helping expand market access while lowering the carbon footprint of the logistics sector.

These GST reforms make waste management, biodegradable products and green mobility more affordable and within reach. By cutting costs and supporting sustainable industries, these changes reinforce India's leadership in the global fight against climate change and lay the foundation for a cleaner, healthier and more sustainable future.

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