FEATURES | FEATURE

GST 2.0 For a Healthier India

The food-processing sector is claimed to be a major beneficiary in the rationalisation of tax rates, with most products witnessing a decline to a 5 per cent GST slab. The simplified tax structure brings uniformity across food items with a reduced number o

By **Sanjiv Das** | October 8, 2025



GST

> WordPress post #37574

The food-processing sector is claimed to be a major beneficiary in the rationalisation of tax rates, with most products witnessing a decline to a 5 per cent GST slab. The simplified tax structure brings uniformity across food items with a reduced number of tax slabs. A stable tax environment will help businesses plan long-term investments, encourage compliance, and drive economic growth. Consumers are likely to witness reduced food prices, making staples more affordable. But, how soon, is the question. Let's explore

The GST Council, in its 56th meeting, made recommendations relating to changes in GST tax rates, provide relief to individuals, the common man, the aspirational middle class, and measures for the facilitation of trade in GST. The food-processing sector is claimed to be a major beneficiary in the rationalisation of tax rates, with most products witnessing a decline to a 5 per cent GST slab.

Prime Minister Modi addressed the nation, extending his congratulations, where he conveyed best wishes to crores of families across the country for the Next Generation GST reforms and the GST Savings Festival. The reduced GST rates were effective from September 22, 2025. Union Minister of Food Processing Industries Chirag Paswan highlighted how next-gen GST reforms are creating new opportunities for India’s food processing sector.

According to Paswan, “With honesty and commitment, these reforms ensure benefits flow across the value chain, strengthening farmers, MSMEs, and industry, while driving the vision of Viksit Bharat.”

Above it, Prime Minister Narendra Modi shared an article written by Union Minister Chirag Paswan on how the latest GST reforms are not just technical changes but bold steps to enhance Ease of Living, Ease of Doing Business, and Ease of Investing. By lowering rates on everyday foods and packaging, they make groceries more affordable, boost MSMEs, support farmers and improve India's global food competitiveness, according to the PM.

Rationalisation of tax rates

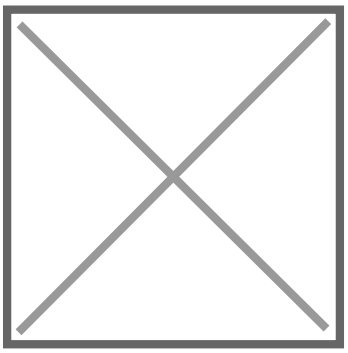
The simplified tax structure brings uniformity across food items with a reduced number of tax slabs. A stable tax environment is likely to help businesses plan long-term investments,

encourage compliance, and drive economic growth. Consumers are likely to witness reduced food prices, making staples more affordable. The incomes and remunerations of the farmers and food processors are expected to rise by way of an increase in consumption and investment in the economy, increasing the food-processing infrastructure, level of processing, and value addition and a reduction in post-harvest losses. Various food industry
stalwarts have expressed their views on the GST 2.0 reforms.

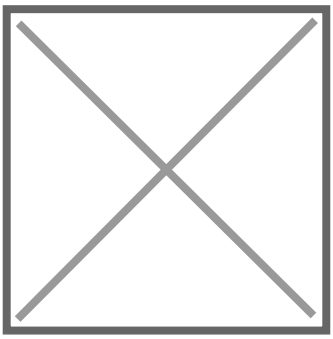
Dairy

Dairy products such as paneer, butter, and ghee are staples in every Indian kitchen. Not only do these essentials lighten the monthly grocery bill, but the reforms also help high-quality, branded products compete effectively with unorganised and unregulated producers.

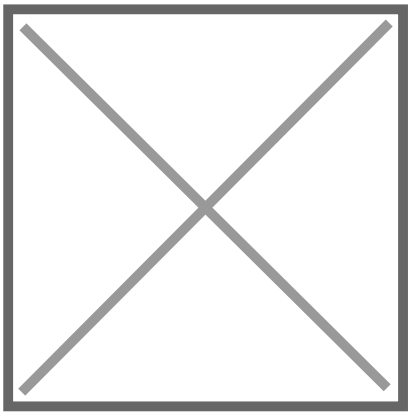
Heritage Foods recently announced substantial price reductions across its product portfolio, passing on the full benefits of the Government of India's recent GST rationalisation to consumers ahead of the festive season.



Bhuvaneswari Nara, Vice Chairperson and Managing Director, Heritage Foods, mentions, “The GST recalibration for India’s dairy industry is very welcome and timely. Moving everyday staples like paneer to the zero per cent slab, and ghee, butter, and cheese from 12 per cent to 5 per cent, will have a broad impact, as these categories touch nearly 100 per cent of Indian households.”



Bhupendra Suri, CEO, Godrej Jersey, says, “India has long struggled with protein deficiency and gaps in everyday nutrition. In such a nation, affordable dairy plays a vital role in bridging the gap between nutrition and accessibility. At Godrej Jersey, this has always been our purpose. Our products were designed to make quality nutrition available to every household.”

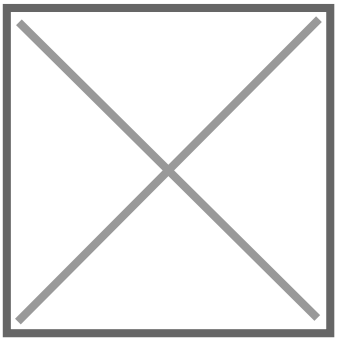


Echoing the same views, **Ranjith Mukundan, CEO and Co-Founder, Stellapps**, mentions, “The reduction in GST on dairy products is a welcome step that will provide meaningful relief to consumers while encouraging higher consumption across categories like paneer, ghee, cheese, and ice cream. By bringing key products such as UHT milk and paneer into the zero-tax bracket, and lowering rates on ghee and cheese to 5 per cent, the government has made nutrition more affordable and strengthened organised trade’s role in these fast-growing categories.”

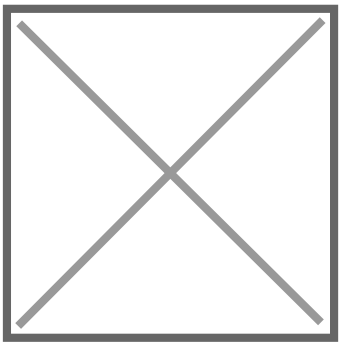
Plant-based foods

The industry is poised to benefit from a ripple effect that will accelerate mainstream acceptance and availability of plant-based foods. The recent GST rationalisation by the Government of India, particularly the reduction of GST rates on plant-based food products, is welcomed across the industry. A much-awaited decision, essential for the sustainable and health-focused roducts, is a

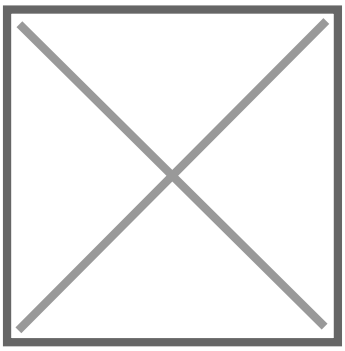
landmark step toward democratising access to nutrition.



Praveer Srivastava, Executive Director, Plant Based Foods Industry Association, mentions, “For the plant-based foods sector, this move signals a growing recognition of our role in bridging India's protein and micronutrient gaps. Lower GST rates on packaged foods, health supplements, and dairy alternatives will not only make these products more affordable but also catalyse consumer demand across urban and rural markets. This is not just a fiscal adjustment—it’s a public health and climate opportunity."



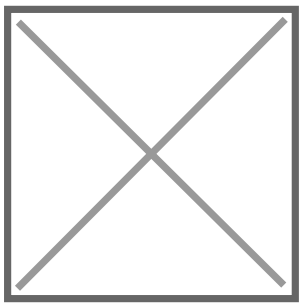
Dr Zeeshan Ali, a nutrition programme specialist with the Physicians Committee for Responsible Medicine, says, “Reducing GST on plant-based staples like non-dairy milks is an important step forward for public health. For many families, cost is the biggest barrier to eating healthier, and this step begins to close that gap. And the move is a rare example of fiscal policy directly nudging the country toward healthier eating. Reducing taxes on foods like fruits, vegetables, grains, and beans would also make these foods more affordable and accessible, helping to fight diet-related diseases like obesity, heart disease, and type 2 diabetes.”



Palak Mehta, Founder, Vegan India Conference, “In a price-sensitive economy like India, this move is more than a tax adjustment — it’s a catalyst for widespread adoption of plant-based products. By making alternatives more accessible and affordable, this reform not only supports consumer choice but also paves the way for innovation, growth, and a healthier future.”

Food and Beverage

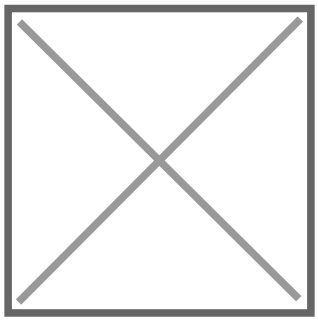
The Indian Vegetable Oil Producers’ Association (IVPA), which represents India’s edible oil refining industry, has welcomed the announcement on next-generation GST reforms and urged the government and GST Council to expeditiously resolve the issue of accumulated tax refunds under the inverted duty structure to support MSMES and local manufacturers. IVPA believes that with domestic demand projected to rise to 30 million tonne by 2030–31, and the edible oil market expected to grow at a CAGR of 5.26 per cent from 2023 to 2028, enabling fair and efficient tax refund policies is essential for securing long-term food and economic security.



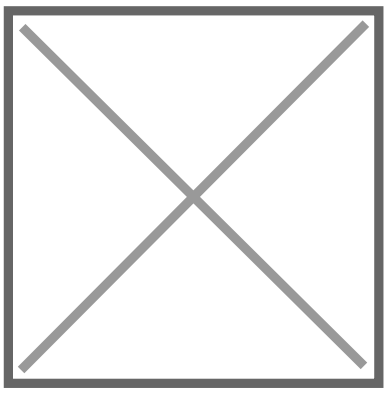
Sparsh Sachar, FMCG and Business Head, Nutrica, BN Group, says, “Edible oil is a staple in every Indian household, and easing the tax burden directly helps families manage their daily expenses while supporting more consistent demand. For the industry, this creates an opportunity to expand refining and packaging capacities, strengthen supply chains, and invest

in sustainable practices that raise overall quality standards. Over time, such measures will not only stimulate domestic manufacturing but also reduce India’s dependence on imports, paving the way for greater self-sufficiency.”

Indian Food & Beverage Association (IFBA) also welcomed the GST Council’s landmark decision to simplify the current four-tier GST structure into just two slabs—5 per cent and 18 per cent.

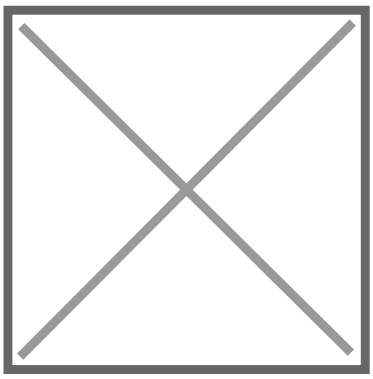


Deepak Jolly, Chairperson, IFBA, reacting to this reform, opines, “This move is set to be a great boon for the food sector, driving growth, affordability, and innovation. It will also create new opportunities for startups, simplifying compliance and giving young F&B entrepreneurs the confidence to scale their ideas. At the same time, this reform will benefit the wider food industry as well as healthcare, by making nutritious, safe, and convenient products more affordable and accessible to millions of
Indian families.”



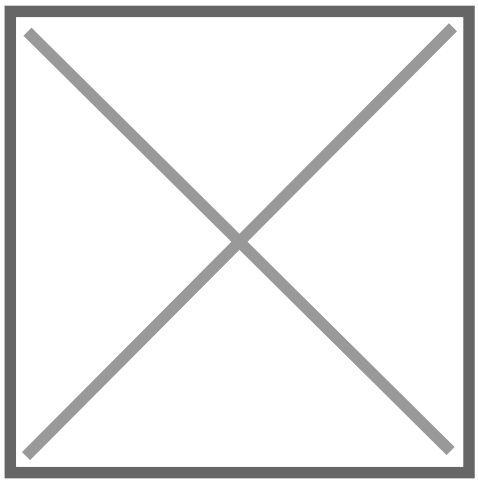
KRBL, an Indian rice processing and exporting company, notes that the reduction of GST on value-added food categories to 5 per cent is a progressive step that will encourage innovation in food, open opportunities for new product development, and strengthen India’s FMCG landscape.

Says **Ayush Gupta, Head – India Business, KRBL**, “The overall rationalisation of rates will not only boost consumption but also play an important role in managing inflation. While staples remain unchanged, the tailwinds provided across other categories of consumption will enhance household spending and stimulate economic activity.”



Nutraceutical

“The GST reforms clearly highlight the government’s intent to strengthen India’s healthcare and wellness ecosystem," **Gaurav Soni, Founder, Botanic Healthcare**, says. He goes on to add, "For the nutraceutical sector, the revised rates will help ease cost pressures, improve accessibility of quality products, and support the national vision of preventive healthcare. At the same time, a more competitive cost framework enhances India’s standing in the global nutraceutical trade, positioning the country as a reliable hub for affordable, high-quality wellness solutions.”



Amit Srivastava, Founder and Chief Catalyst, Nutrify Today, “For most capsules, powders, gummies, and medical-nutrition SKUs, GST drops to 5 per cent, which should improve affordability and demand. The exception is RTD beverages not squarely in the plant/ fruit/milk categories—those can jump to 40 per cent, so classification, formulation, and labelling strategy matter
more than ever.

What’s in store?

Though the government has taken a proactive stand by reducing the GST in the food sector, it needs to be seen how much food and its allied sectors will pass on the benefits to the customers. It is too early to say when will the actual benefits reflect
in the common man’s wallet, as manufacturers, packers, and importers must ensure that food packets reflect the new, reduced prices corresponding to the lower GST rates. It is assumed that businesses will go as usual, but updating the Maximum Retail Price using authorised ways such as stickers, stamping, or online printing should be taken in a time bound manner.

Sanjiv Das

sanjiv.das@mmactiv.com

Read online: https://nuffoodsspectrum.in/features/27/22780/gst-2-0-for-a-healthier-india.html

© 2026 NUFFOODS Spectrum. All rights reserved.