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56th GST Council Meeting | Impact on Renewable Energy Sector

The 56th GST Council Meeting has introduced path-breaking changes with respect to rate rationalisation, with a special emphasis on the renewable energy sector. The GST Council has announced reduction in the tax rate applicable on renewable energy devices and parts from 12% to 5% with effect from 22nd September 2025. This move is aimed at strengthening India's clean energy transition and bringing down the cost of adopting sustainable technologies.

The rate rationalisation measures announced in the 56th GST Council Meeting in respect of renewable energy sector are tabulated hereunder:

HSN/Chapter	Description of goods	Old Rate (%)	New Rate (%)
7321 or 8516	Solar cookers	12%	5%
841912	Solar water heater and system		
84, 85 or 94	Following renewable energy devices and parts for their manufacture:- (a) Bio-gas plant; (b) Solar power-based devices; (c) Solar power generator; (d) Wind mills, Wind Operated Electricity Generator (WOEG); (e) Waste to energy plants / devices; (f) Solar lantern / solar lamp; (g) Ocean waves/tidal waves energy devices/plants; (h) Photo voltaic cells, whether or not assembled in modules or made up into panels.		
87	Fuel Cell Motor Vehicles including hydrogen vehicles based on fuel cell technology		

These goods already faced inverted duty structure. While reducing the GST rate to 5% will deepen inversion, the GST Council has proposed trade facilitation measures to address the issue. Specifically, a mechanism has been suggested for faster processing of refunds arising from inverted duty, based on risk identification and evaluation through automated systems.

The objective of rate rationalization on renewable energy devices and parts is to encourage broader adoption of renewable energy technologies by making them more affordable. More broadly, these measures are aligned with India's ambitious goal of achieving 500 GW of renewable energy capacity by 2030, reinforcing the country's commitment to a sustainable and low-carbon future.

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