



GST Rate Cut: Strengthening Agriculture, Tourism and Industry in Uttarakhand

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Key Takeaways

- **Hill produce boost** as GST cut to 5% on **Pahari Toor Dal, Red Rice, and Lakhori Mirchi** supports small farmers across **13 hill districts**.
- **Tourism relief** as GST on hotel tariffs up to ₹7,500 drops to 5%, **benefiting 80,000 people** in key destinations.
- Crafts revival as **Aipan, Ringal, and woollen products** move to 5% GST, supporting women-led ventures and traditional artisans.
- **Auto boost** with GST down from 28% to 18%, making vehicles **8-10% cheaper** and supporting **50,000 jobs**.

Introduction

Nestled in the Himalayas, **Uttarakhand** is a state where terraced farms meet **spiritual tourism**, and ancient crafts blend with emerging industries. From the **red rice fields** of **Purola** to the bustling homestays of **Nainital and Mussoorie**, the state's economy reflects a rich balance of nature, tradition, and enterprise.

The recent **GST rate rationalisation** provides a timely boost to this **hill economy**, reducing taxes across **agriculture, tourism, crafts, and manufacturing**. By lowering rates on key goods and services such as **Pahari Toor Dal, Red Rice, Handicrafts, Woollen Garments, and Hospitality**, the reforms aim to improve affordability, empower small producers, and attract investment to the state's eco-friendly and high-value sectors.

The reform aligns with Uttarakhand's vision of **sustainable growth**, fostering livelihoods in the hills while strengthening emerging industrial hubs in the plains.

Agriculture & Local Produce

Pahari Toor Dal

Grown across **Chamoli, Almora, Tehri, Nainital, and Pithoragarh**, **Pahari Toor Dal** is cultivated by small rain-fed farmers as part of the traditional Barahnaja mixed cropping system. Known for being organic and locally reputed, it is an essential ingredient in Uttarakhand's traditional cuisine and is cultivated extensively across **13 hill districts**.

With the **GST rate reduced from 12% to 5%**, prices are expected to become more affordable, making **Pahari Toor Dal** more competitive in **organic and health food markets**. This change is expected to encourage sustainable hill farming and improve income prospects for small and marginal farmers.

Uttarakhand Red Rice

Cultivated in **Purola and Mori**, Uttarakhand **Red Rice** is known for its traditional value and contribution to hill agro-biodiversity. With the **GST rate reduced from 12% to 5%**, prices are expected to become more competitive, particularly in packaged and health food markets. The change supports nearly **4,000 people** directly and indirectly **engaged in red rice farming**, generating local employment and promoting sustainable hill agriculture.

Almora Lakhori Mirchi

The **GI-tagged Lakhori Mirchi** from **Almora** is known for its distinctive aroma and flavour. With the **GST rate reduced from 12% to 5%**, prices are expected to become more competitive, benefiting nearly **5,000 people** directly and indirectly involved in its cultivation. The move supports local farmers and strengthens the market presence of this **traditional hill spice**.

Hill Agriculture Gets a Lift





Pahari Toor Dal

GST down from **12% → 5%**; supports small rain-fed farmers across 13 hill districts.



Red Rice

4,000 people engaged; more competitive in health food markets.



Lakhori Mirchi

GI-tagged; **5%** GST cut benefits **5,000** growers.

Tourism & Cottage Industries

Tourism & Homestays

Tourism, including hotels and restaurants, **contributes 13.57% to Uttarakhand's GSDP** and provides **employment to nearly 80,000 people** directly and indirectly. With the GST rate on hotel tariffs up to ₹7,500 reduced from 12% to 5%, the reform is expected to make travel more affordable and **benefit small hotels, restaurants, and homestays across Nainital, Mussoorie, Auli, Chopta, Munsyari, Haridwar, and Rishikesh.**

Aipan Art & Decorative Handicrafts

Practised across the **Kumaon region**, including **Almora, Bageshwar, and Nainital**, **Aipan** is a traditional wall and floor art now adapted into bags, wall hangings, and gift items. With the **GST rate reduced from 12% to 5%**, the reform is expected to **benefit around 4,000 people**, mainly women-led ventures, while supporting **GI-tag** promotion and expanding local handicraft markets.

Hand-Knitted Woollen Garments

Across **Uttarakhand's hill districts**, locally **hand-knitted sweaters, caps, and socks** form an important seasonal **cottage industry led by hill women**. With the **GST rate reduced from 12% to 5%**, prices are expected to fall by **6–7%**, supporting around **10,000 livelihoods** and helping small producers earn better returns during the peak tourist season.

Ringal (Hill Bamboo) Craft

Produced mainly in **Pithoragarh, Champawat, and Nainital**, Ringal, a local dwarf bamboo, is used to make **baskets, trays, and utility items**. With the **GST rate reduced from 12% to 5%**, the reform supports **SC/ST communities** engaged in **Ringal-based handicrafts**. A study in the Garhwal Himalaya found that about **47.65% of hill families earn some income from Ringal** or bamboo craft work, underscoring its role in sustaining rural livelihoods.

Traditional Woollen Products (Pankhi, Shawls, Stoles)

Handmade from local sheep wool in **Chamoli, Uttarkashi, and Bageshwar**, these traditional woollen items are integral to Uttarakhand's craft heritage and rural livelihoods. The **GST reduction from 12% to 5%** is expected to boost sales through local fairs and online platforms, helping preserve traditional crafts and support hill women artisans who depend on this seasonal cottage industry.

TOURISM & HANDICRAFTS — REVIVING LOCAL ECONOMIES



Tourism & Homestays
(Hotel Tariff ≤ ₹7,500)



GST 12% → 5%; supports
80,000 livelihoods statewide,
with key hubs in
Nainital, Mussoorie,
Auli, and Rishikesh

Aipan Art



4,000 women artisans
benefit from GST relief

Hand-Knitted
Garments



10,000 livelihoods
supported; 6–7% cheaper,
boosting local cottage
industries and winter sales

Ringal Craft



Nearly half of hill
families earn some
income from bamboo craft

Woollen Products



GST cut supports traditional
weaving in Chamoli,
Uttarkashi, and Bageshwar

Industry & Manufacturing

Food Processing

Uttarakhand has **383 registered food processing units**, primarily **located in Rudrapur**, **employing nearly 30,000 people**. The **GST rate reduction from 12% to 5%** is expected to improve margins, encourage value addition, and promote investment in sectors such as fruit processing, herbal products, and organic foods, strengthening the state's agro-industrial base.

Automobile Sector

The automobile manufacturing belt across **Pantnagar, Rudrapur, Haridwar, and Kashipur employs nearly 50,000 people** directly and indirectly. With the **GST rate reduced from 28% to 18%** on vehicles up to 1200cc (petrol) and 1500cc (diesel), **prices are expected to fall by around 8–10%**. This will stimulate domestic demand, support manufacturers, and create additional employment opportunities across the automobile value chain.

Medical Device Park

Located in the **State Infrastructure and Industrial Development Corporation of Uttarakhand Limited (SIDCUL)** industrial area, the Medical Device Park employs around **4,000 people engaged in manufacturing** activities. The **GST reduction from 12% to 5%** on medical devices will lower production costs, boost competitiveness, and encourage investment in the healthcare manufacturing ecosystem, further strengthening Uttarakhand's MedTech sector.

Driving Industrial Growth Across the State



383 units; 30,000 jobs

Food Processing



GST from 12% to **5%**

50,000 employed

Automobiles



GST from 28% to **18%**

vehicles ~8–10% cheaper

4,000 jobs

Medical Device Park (SIDCUL)



GST from 12% to **5%**

cost competitiveness boost

Conclusion

The **GST reforms unlock wide-ranging benefits across Uttarakhand's economy**, from small hill farmers cultivating traditional crops to women artisans preserving Aipan and Ringal crafts, and from homestay owners in Rishikesh to industrial workers in Rudrapur.

By reducing tax burdens and improving competitiveness, the **reforms will strengthen livelihood security, tourism, MSME growth, and green entrepreneurship**. Together, these measures bridge the gap between the mountain and the market, advancing Uttarakhand's vision of inclusive, sustainable, and self-reliant development.

SK/M