



Strengthening Homes, Lives & Jobs

GST Rationalisation for Ensuring Affordable Housing for All

September 19, 2025

Key Takeaways

- **Cement GST reduced from 28% to 18%**, cutting costs that form 15–20% of total building expenses and nearly 11% of overall construction costs.
- **Particle boards GST reduced from 12% to 5%**, benefitting MSME-driven clusters and promoting eco-friendly jute-based housing solutions.
- **Marble & granite blocks GST reduced from 12% to 5%**, lowering flooring and finishing costs while sustaining lakhs of jobs in stone-producing states.
- **Job work for bricks & sand lime bricks GST reduced from 12% to 5%**, reducing small house construction costs and supporting MSME-operated brick kilns.
- **Effluent treatment services GST reduced from 12% to 5%**, encouraging CETP adoption, green jobs, and sustainable waste management.

Introduction

The Government of India has announced significant GST rate reductions on **key construction materials and services**. These measures are expected to make **housing more affordable, reduce infrastructure costs, strengthen MSMEs, and create employment opportunities**. The reforms are fully aligned with the national mission of **Housing for All**, and will also support flagship initiatives such as **Smart Cities, metro projects**, and other urban and rural infrastructure developments by lowering input costs. Additionally, they are set to **encourage greater private investment** in the construction sector.

GST Rationalisation for Ensuring Affordable Housing for all		
	GST Before	Revised GST
Cement	28%	18%
Particle Boards	12%	5%
Marble & Granite Blocks	12%	5%
Job Work for Bricks & Sand Lime Bricks	12%	5%
Effluent Treatment Services	12%	5%

Source: Ministry of Housing and Urban Affairs

Government Initiatives to Ensure Housing for All

The Government of India is advancing the goal of “**Housing for All**” through two flagship schemes. **Pradhan Mantri Awas Yojana (PMAY) – Urban**, launched in **2015**, provides pucca houses to eligible beneficiaries from the EWS, LIG, and MIG categories, as well as slum dwellers. **PMAY – Grameen**, introduced in **2016**, aims to provide pucca houses with basic amenities to houseless households and those living in kutchha or dilapidated homes in rural areas. Both schemes are implemented in convergence with initiatives like **Swachh Bharat Mission**, **Saubhagya**, and **Ujjwala Yojana**, ensuring beneficiaries also have access to toilets, electricity, and clean cooking fuel. This integrated approach promotes affordable housing while improving overall quality of life.

Cement (GST reduced from 28% to 18%)

GST Rationalisation for Cement

GST reduced


From

28% to **18%**

Impact:

- Lower construction costs → affordable housing & infrastructure
- Boost for PMAY (Urban and Grameen) & other public projects
- Increase in demand will lead to job creation in allied sectors
- More efficient use of public spending

Source: Ministry of Housing and Urban Affairs




Cement constitutes one of the largest input costs in construction, contributing **15–20% of total building costs** and nearly **11% of overall construction expenses**.

- The reduction in GST will substantially lower overall construction costs, making housing and infrastructure projects more affordable.
- Lower cement prices will **directly benefit Pradhan Mantri Awas Yojana (Urban and Grameen)** and other public infrastructure initiatives.
- The cement industry is highly **employment-intensive**, spanning mining, logistics, manufacturing, and distribution. **Increased demand** due to lower prices will **boost job creation** across cement plants, ancillary industries, and logistics.
- Reduced cement costs will also improve the **efficiency of public spending** on housing and infrastructure projects.

Particle Boards: Cement Bonded, Jute, etc. (GST reduced from 12% to 5%)

Particle boards play a critical role in housing, prefabricated structures, and furniture manufacturing.

- Lower GST will enhance their **competitiveness** and **bring down finishing costs** in both urban and rural housing projects.
- **Jute particle boards**, being **renewable** and **biodegradable**, support **India's climate and sustainability goals**.
- The sector is largely **MSME-driven**, and the GST cut will benefit **semi-urban and rural clusters** by improving employment and reducing working capital pressures.




GST Rationalisation for Particle Boards: Cement Bonded, Jute, etc.

GST reduced from


12% to 5%

Impact:


- Lower finishing costs in housing projects
- Boost to renewable & sustainable jute boards
- Support for MSMEs > jobs & ease of production for semi-urban and rural clusters

Source: Ministry of Housing and Urban Affairs

Marble and Granite Blocks (GST reduced from 12% to 5%)




GST Rationalisation for Marble and Granite Blocks



GST reduced

From **12%** to **5%**



Impact:

Lower costs for flooring & interiors → benefit to homebuyers & projects	Boost to domestic stone industry, less import reliance	Job support in marble & granite mining, processing & allied sectors
---	--	---

Source: Ministry of Housing and Urban Affairs

India has a **large natural stone sector**, with states like **Rajasthan, Gujarat, Karnataka, and Andhra Pradesh** being major producers.

- Reduced GST will lower the costs of flooring, tiling, and interior finishing, directly benefiting homebuyers and infrastructure projects.
- The GST cut will boost **domestic competitiveness** while reducing reliance on imported natural stones.
- The marble and granite industry provides employment to **lakhs of workers**, and the tax relief will help sustain jobs in extraction, processing, and related activities.

Job Work for Manufacture of Bricks (GST reduced from 12% to 5%)

GST on job work for bricks cut from 12% to 5%, easing rural housing costs and supporting MSME running brick kilns.

Sand Lime Bricks (GST reduced from 12% to 5%)

GST Rationalisation for Sand Lime Bricks

GST reduced

From **12%** to **5%**

Impact:

- » Cheaper production → affordable small houses
- » Relief for MSME brick kilns → easier compliance & demand boost
- » Lower prices to promote pucca housing in urban & rural areas
- » Wider adoption of sand lime bricks with technical advantages

Source : Ministry of Housing and Urban Affairs



Bricks remain the most essential material in the housing sector, particularly for rural and low-cost construction.

- The reduction in GST of sand lime bricks will lower the cost of production, making construction of small houses cheaper.
- **Brick kilns are predominantly MSME-operated**, and the rate cut will reduce compliance burdens, ease working capital needs, and stimulate demand.
- Lower brick prices will accelerate the adoption of **pucca housing** in both urban and rural regions.
- Sand lime bricks, with several technical advantages over traditional red bricks, will become more affordable, driving wider usage in housing projects.

Effluent Treatment Services (GST reduced from 12% to 5%)

GST Rationalisation for Effluent Treatment Services

GST reduced from **12%** to **5%**

Impact:

- » Boost for sustainable industrial growth via cheaper effluent treatment
- » Affordable clean energy & waste solutions for municipalities
- » Creation of green jobs in waste management & plant operations

Source- Ministry of Housing and Urban Affairs



The GST reduction has also been extended to services related to **Common Effluent Treatment Plants (CETPs)**.

- The lower tax will encourage industries to adopt centralized effluent treatment solutions, promoting **sustainable industrial growth**.
- Municipal corporations will benefit from affordable clean energy and waste management solutions.

- The measure will support the creation of **green jobs** in waste segregation, plant operations, and maintenance, contributing to environmental sustainability.

Conclusion

The GST rate cuts across cement, particle boards, marble and granite, bricks, and effluent treatment services represent a holistic step towards making housing and infrastructure more affordable and sustainable. These reforms will not only reduce the burden on households and public projects but will also:

- **Strengthen MSMEs** in the construction value chain
- **Generate large-scale employment** in multiple sectors
- **Promote sustainable development** through eco-friendly materials and waste management solutions
- **Encourage private investment** in urban infrastructure

Overall, the rationalisation of GST rates aligns with the government's vision of inclusive growth, improved urban infrastructure, and the realization of the Housing for All mission.

References

Ministry of Housing and Urban Affairs

<https://pmaymis.gov.in/>

<https://www.myscheme.gov.in/schemes/pmay-g>

SK | M