



GST Reforms 2025: How Haryana's Economy Will Gain Across Sectors

September 26, 2025

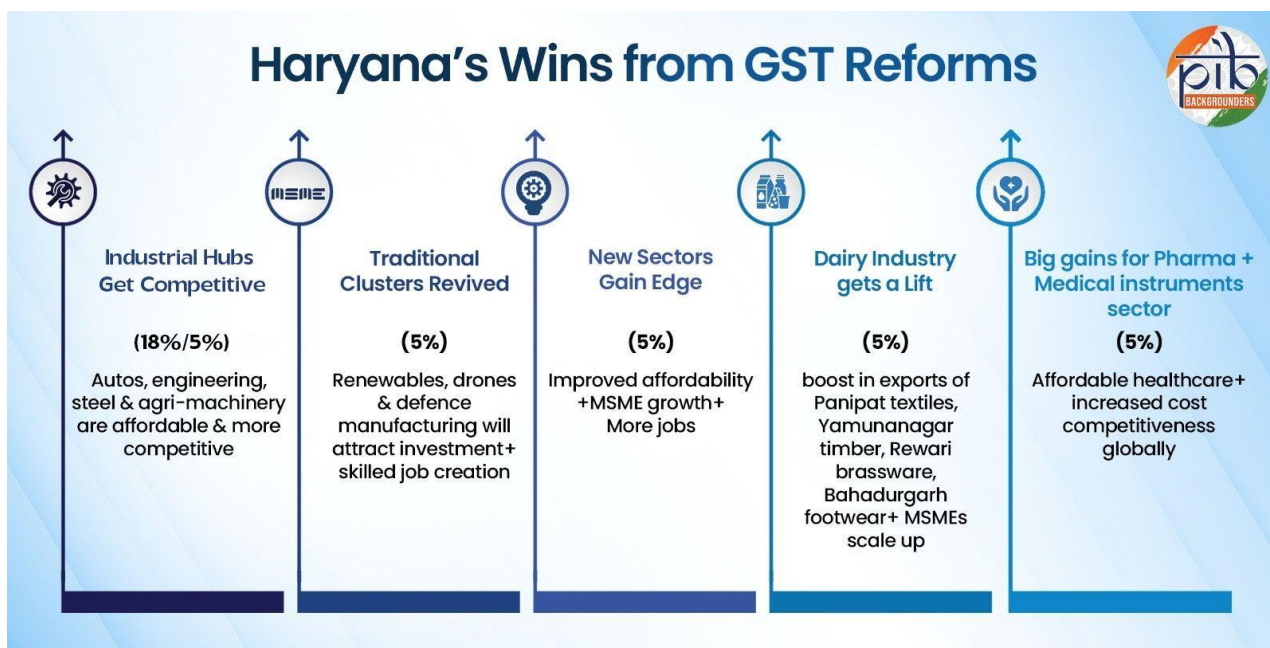
Key Takeaways

- **New 18% GST rates on automobile & parts** have made vehicles and parts cheaper, boosting sales, jobs, and export competitiveness.
- **Engineering, steel, and machinery** clusters in Faridabad, Manesar, and Panipat see **lower costs and stronger competitiveness**, supporting industrial and infrastructure growth.
- **5% GST on farm machinery and fertilizers** has **lowered farmer costs**, to **drive farm mechanisation** and create rural employment.
- **Solar equipment, drones, and defence manufacturing hubs** benefit from GST cuts to 5%, encouraging investment, innovation, and high-skill job creation.
- **Dairy, textiles, footwear, and handicrafts** become cheaper for households while more competitive abroad, **driving MSME growth**.

Introduction

The latest GST reforms have reduced rates across diverse sectors from automobiles and textiles to fertilisers, steel, pharmaceuticals, renewables, etc. These reforms are set to boost Haryana's economy, a state where lakhs of workers depend on manufacturing and allied industries. The new rates will make inputs cheaper, increase export competitiveness, and increase demand.

In the automobile clusters of Gurugram and Manesar, lower taxes will revive consumer demand and strengthen the supply chain. In Panipat, reduced GST on textiles and carpet manufacturing will them more competitive globally. For dairy cooperatives in Karnal, cheaper milk and milk products mean higher affordability for consumers and more stable incomes for farmers. Together, these reforms have added a fresh momentum into Haryana's economy.



Automotive Components & Heavy Machinery

Automobile & Auto Components

The Gurugram-Manesar-Bawal belt in Haryana has emerged as the auto hub of the country. Major players like Maruti Suzuki, Hero MotoCorp, Escorts and Tata Motors are notable buyers and users, supporting lakhs of workers in this industry.

GST on automobiles and parts are cut from 28% to 18%. With tax burden reduced by nearly 10 percentage points, **vehicles are more affordable for consumers. This would translate to higher domestic sales volumes. For the ancillary units & suppliers, the reforms will improve cost competitiveness and create more jobs on factory floors.**

With Haryana already exporting to automotive markets in Africa, the Middle East, and Southeast Asia, **this will also improve export potential by making items more price-competitive abroad.**

Engineering & Heavy Machinery

Industries like **engineering, machine tools and agricultural machinery**, which are strong in Faridabad and Manesar, **also benefit from the 28% to 18% GST cut on industrial equipment. Employing more than 2 lakh skilled and semi-skilled workers**, this industry caters to domestic industrial and agricultural markets. While exports remain moderate, mainly targeting neighbouring countries, the sector holds growth potential. **The recent GST cut has lowered costs, enhanced competitiveness and improved prospects for both domestic sales and exports.**

Steel & Stainless-Steel Manufacturing

Haryana's steel and stainless-steel industry span key districts such as Faridabad, Gurugram, Yamunanagar, Panipat, Karnal, Rewari, Rohtak and Sonipat. The industry

provides direct **employment to over 80,000 workers** and is supported by large integrated plants like Jindal Stainless and related ancillary units. With output catering primarily to domestic construction, manufacturing, and infrastructure sectors, the industry also exports to Asia and the Middle East. **The GST reduction from 28% to 18%, will ease input costs, strengthen competitiveness, and is expected to accelerate infrastructural growth.**

Cycle Manufacturing

Sonipat's cycle industry, with long-standing bicycle manufacturing units including strong legacy brands, **hires 15,000+ workers**. The industry is further boosted by a **reduction from 18% to 5% on cycle components**. The rate change will **enhance its export competitiveness in key export markets like Africa and the Middle East**, while also making products cheaper in the domestic markets, hence, increasing demand.

Agricultural Inputs & Machinery

Agricultural Machinery Manufacturing

Faridabad and Gurugram host a cluster of agricultural machinery manufacturing units, producing tractors, tillers, and various farm implements. Together, these units **employ over 20,000 skilled and unskilled workers**. The industry primarily serves India's farming community and Argo dealers, with moderate exports to South Asian markets.

The GST reduction from 18% to 5% has made machinery more affordable. These reforms are likely to **spur a fresh wave of farm mechanization and productivity** in agriculture. This also directly benefits the manufacturing units in Haryana with **increased order volumes**.

Fertilizer Manufacturing & Refinery

Panipat is home to fertiliser production facilities, with a **workforce of more than 10,000 technical and operational staff**. Fertilisers produced here primarily serve the domestic market, though limited exports extend to neighbouring South Asian countries. Companies like National Fertilizers Ltd and Indian Oil Panipat Refinery are major buyers in this industry.

With GST reduced to 5%, **input costs for farmers have been lowered**. This **improves profitability** for the farmers. With rise in demand, this will also lead to **more employment** in the sector.

Pharmaceuticals & Medical Instruments

Pharmaceutical Manufacturing

Haryana's pharma clusters with medium scale manufacturing units are set to benefit significantly from the recent GST cuts. The industry is **largely based in Ambala, Karnal, and Sonipat**, employing **over 25,000 workers**, including technical staff. These units cater primarily to India's vast domestic healthcare market while also **exporting generic drugs** to regions such as **Africa and Latin America**.

With **GST on pharmaceuticals reduced from 18% to just 5%**, the burden on manufacturers has eased substantially. This not only **makes healthcare more affordable** but also **strengthens Haryana's role as a competitive supplier** in global healthcare markets.

Scientific & Medical Instruments

Ambala district is known for its base of medical instruments and laboratory equipment manufacturing. Its small and medium-scale units employ around **4,000 skilled artisans and technicians**, producing a wide range of medical instruments used by domestic hospitals and labs, while also **serving export markets in the Middle East and Africa**.

The GST reduction from 18% to 5% will **enhance their cost competitiveness, making exports more attractive**. This will also help domestic hospitals access equipment at lower prices.

New-Economy & Strategic Industry

Solar & Renewable Energy Manufacturing

Haryana is steadily emerging as a hub for new-age industries that align with India's push toward sustainability, technology, and self-reliance. The Sonipat Industrial Corridor is developing into a dedicated zone for solar and renewable energy equipment manufacturing. **Employing 5,000+ skilled workers**, the sector produces solar panels and renewable energy equipments, that cater to domestic solar projects while also building export potential.

Lowered GST rates from 18% to 5%, result in **fall in production costs**, hence **encouraging investment in green manufacturing** and supporting Haryana's contribution to India's renewable energy transition.

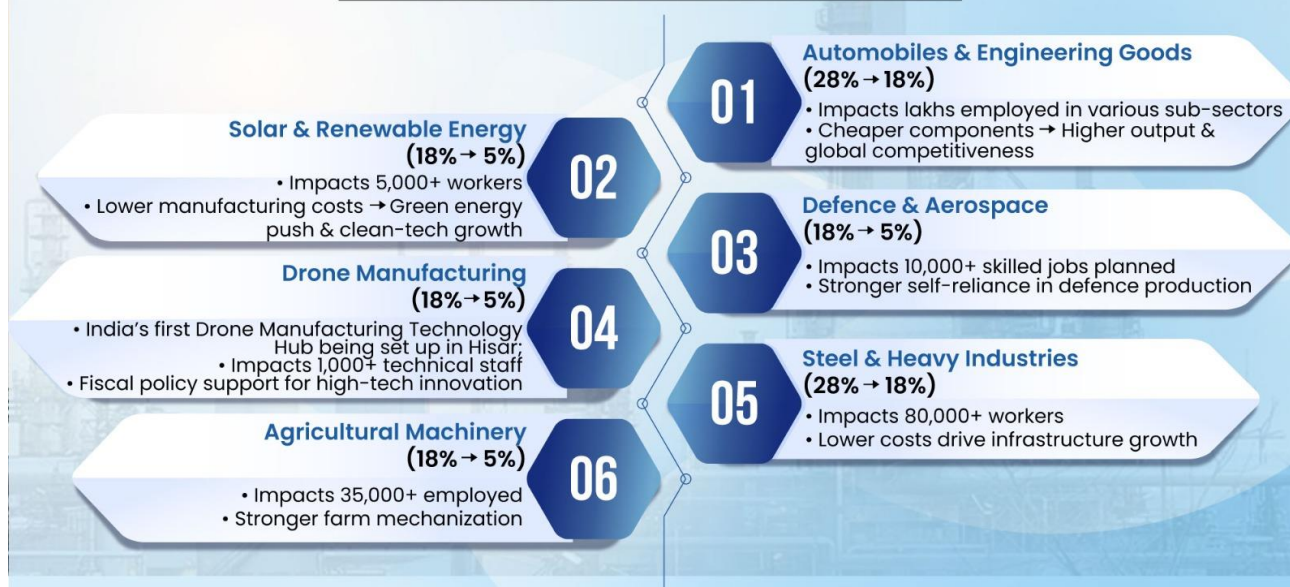
Drone Technology & Manufacturing

India's first dedicated Drone Manufacturing Technology Hub is being established at Sisai village in Hisar district, which will be the largest hub in South Asia. **Employing over 1,000 skilled technical workers**, the sector serves defence, agriculture, and surveillance needs. Exports are still emerging, but the potential is high. The **GST cut from 18% to 5%** makes drones and components **more accessible**, supporting **wider adoption and sector growth**.

Defence & Aerospace Manufacturing

Defence and aerospace clusters in Hisar and Karnal are expanding, with **plans to employ over 10,000 skilled workers**. Serving the Indian defence forces and private aerospace players, these hubs benefit from the **new 5% GST rates**. The reduced prices will make domestic production **more competitive** and **attract investment** in a strategically important sector. **On the employment front, this sector has the potential to generate high-skill, high-wage jobs for engineers and technicians**, complementing with the Government's strong initiatives towards self-reliant defence manufacturing.

Benefits of GST cuts on Industrial Growth Frontiers of Haryana



Dairy Industry

Sonipat, Karnal, and Panipat are home to small and medium scale agro-based processing units and dairy cooperatives. Together, these industries **employ 1+ lakh workers** across processing, packaging, and logistics, where **rural women's participation is significant**.

The markets served range from domestic retail chains and institutional buyers to food service industry, while exports of dairy products are steadily expanding. Notable buyers include Nestlé and Amul, with strong distribution networks, ensuring both scale and reach.

The recent GST reforms **have exempted GST on paneer, curd, lassi, and UHT milk**. Additionally, **GST on dairy products like butter and ghee is reduced from 12% to 5%**. For households, this translates into **product affordability**.

From the industries' perspective, higher demand for milk products translates to **lower costs and improved margins**. This will **encourage MSME growth** and enhance **Haryana's competitiveness in both domestic and international food markets**. This also means **more jobs in processing plants** across many agro-based processing units and dairy cooperatives.

Textiles, Leather & Handicrafts

Textile & Carpet Manufacturing

Haryana has a thriving handloom and power loom industry. Panipat is nationally recognized as "the city of weavers" and has emerged as the world's largest hub for pre and post-consumer textile recycling, anchoring India's leadership in sustainable

manufacturing. Today, it is the world's second-largest producer of recycled fibre. The sector employs 8-10 lakh people in the state.

With GST on textiles and carpets reduced to 5% and man-made fibre/ yarn lowered from 18% to 5%, products are more affordable domestically and globally competitive. Earlier, the 5% GST rate applied only to items priced up to ₹1,000, but now the limit has been raised to ₹2,500. This means many more mid-range clothes will now fall under the cheaper 5% tax rate. This makes a large segment of mid-range clothing drastically cheaper, which will boost exports to USA, Europe, and the Middle East. With higher demand, weavers and workers will see rise in employment and greater income stability.

Brassware & Handicrafts

Rewari and Bhiwani host small-scale artisanal clusters of brassware and handicrafts, sustaining over 10,000 workers. With GST reduced to 5%, traditional crafts gain renewed competitiveness, particularly in export markets like Europe and the USA. This not only strengthens artisan incomes but also preserves cultural heritage.

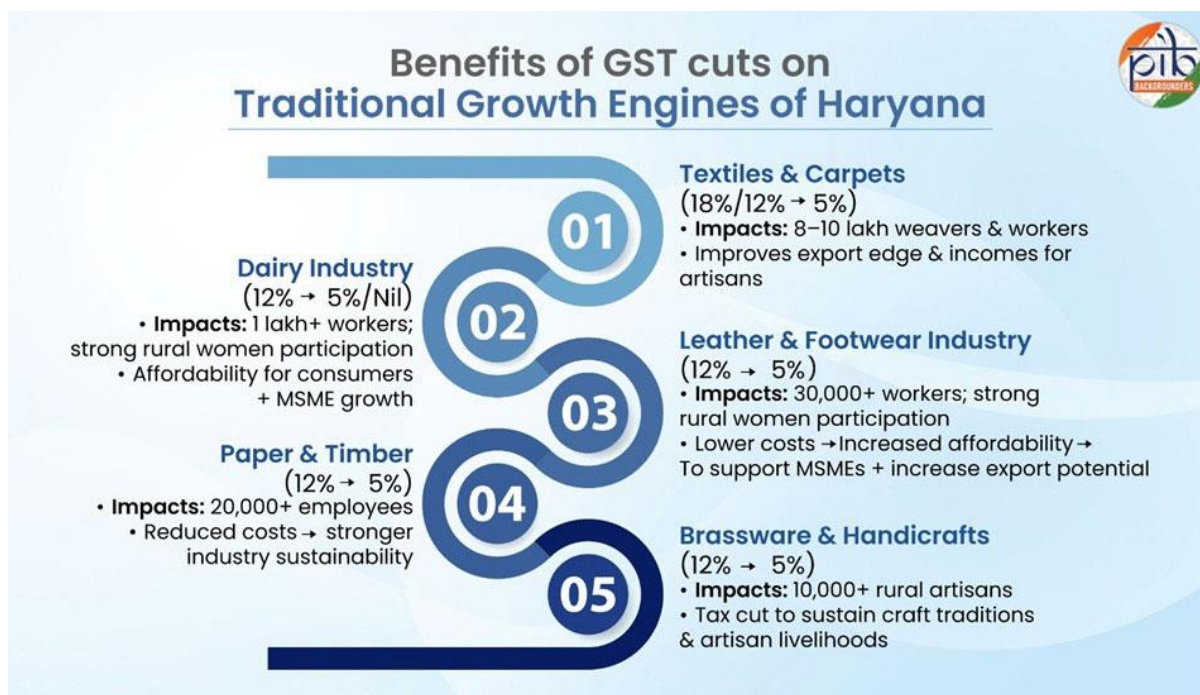
Leather & Footwear Industry

Haryana's leather and footwear industry is largely clustered in Bahadurgarh and Panchkula, employing 30,000+ workers, including a strong base of women workers. The 12% to 5% GST cut supports MSME growth and enhances global reach, with exports rising to Europe and the USA.

Paper & Timber Products

The industry primarily serves domestic markets, with packaging companies, stationery producers, and printing houses being its key consumers. Yamuna Nagar stands at the heart of Haryana's paper and timber industry, contributing to nearly 50% of India's total plywood production. Employing 20,000+ workers, the sector plays a significant role in generating livelihoods and industrial growth.

The recent GST rate reduction from 12% to 5% provides much-needed relief by lowering costs and supporting sustainability. This reform strengthens competitiveness, ensuring the sector continues to support both local employment and India's packaging economy.



Conclusion

The new GST reforms represent a **pro-growth, pro-people fiscal approach**. By simplifying the rate structure and reducing taxes on a wide spectrum of goods, the reforms are poised to fuel growth, investment, and job creation across Haryana's economy. From automobiles to apparel and dairy to defence, a common thread can be seen with lower costs and improved competitiveness.

With more opportunities for employment and rising demand across sectors, Haryana is set to gain not just a stronger tax base but also a more inclusive and future-ready economy.

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