

THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

AIPMA House, A-52, Road No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093, India.

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Letter No:40/AIPMA/09/26-27
19th Sept 2026

To,

Sh Tejveer Singh, IAS
Secretary,
Department of Chemicals and Petro-Chemicals,
Ministry of Chemicals and Fertilizers
Kartavya Bhawan-2
New Delhi-110001

Sub: Separate HSN Codes for Recycled Granules

Respected Sir,

A. Background:

The plastics consumption in the country has reached app 25 million MTA and the waste generation and recycling has increased manifolds. EPR framework has brought in brand owners to increase percentage of Recyclates in their products and the structure of recycling industry is undergoing a change with entry of organised players in recycling and adoption of modern technology.

One weak link in the recycling industry is reliable date and tracking of virgin polymers to recycling and consumption of Recyclates. Major six commodity plastics have distinct HSN code and plastics lose their distinct identity post-consumer use and in Recyclates. This necessitates the need to have separate HSN code for recycled granule for each polymer.

The discussion regarding Status of industry and rationale for separate HSN code for recycled granule is given as **Annexure-I**.

B. Recommendations for separate HSN code for recycled granules

We recommend that like we have distinct HSN codes for Virgin plastics and Plastic waste and scrap we should have separate HSN codes for recycled Granules.

The primary HSN code for plastic waste, parings, and scrap is **3915**.

Depending on the specific polymer type and chemical composition, the classification narrows down into 8-digit HSN codes:

HSN Sub-Classification by Polymer Type

- **3915 10 00:** Waste, parings, and scrap of **polymers of ethylene** (e.g., LDPE/HDPE plastics).
- **3915 20 00:** Waste, parings, and scrap of **polymers of styrene** (e.g., Polystyrene/Thermocol).
- **3915 30 10 / 3915 30 90:** Waste, parings, and scrap of **polymers of vinyl chloride (PVC)**.
- **3915 90 42:** Waste, parings, and scrap of **PET bottles**.
- **3915 90 10:** Waste, parings, and scrap of **polypropylene (PP)**.

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Recyclers and scrap dealers use heading **3915** on invoices to track circular economy transactions and properly reconcile Input Tax Credits (ITC).

Recycled plastic granules (also called reprocessed plastic granules or flakes) move out of the "waste" category and are classified under the primary forms of polymers headings within **Chapter 39** of the HSN framework.

Once plastic scrap (HSN 3915) undergoes processing—melting, extrusion, and pelletizing—it changes into a raw material form. The final HSN classification is determined by the **underlying polymer base** rather than its recycled origin:

HSN Classification by Polymer Type

- **HSN Heading 3901 (Polymers of Ethylene):** Covers reprocessed **HDPE, LDPE, and LLDPE** granules. A common 8-digit tariff item used is **3901 10 90** (Other polyethylene with specific gravity < 0.94).
- **HSN Heading 3902 (Polymers of Propylene):** Covers reprocessed **PP** granules.
- **HSN Heading 3903 (Polymers of Styrene):** Covers reprocessed **Polystyrene (PS)** pellets.
- **HSN Heading 3904 (Polymers of Vinyl Chloride):** Covers reprocessed **PVC** granules.
- **HSN Heading 3907 (Polyacetals & Polyesters):** Covers recycled **PET (rPET)** flakes or granules.

As the HSN code for Virgin polymers and Recycled polymers is same, it creates operational difficulties and to estimate sale of recycled plastics based on GST data is not possible.

We request that a separate HSN code be accorded for recycled granules so that, in future, a differential GST rate can be applied to recycled granules to boost recycling and pave the way for circularity.

The recommendations for separate HSN code are summarised below

HSN Codes Present and Suggested			
Polymer	Existing - Virgin Polymers	Existing- Waste, Parings and Scrap of Plastics	Suggested- for Recycled Granules
LDPE	3901 1020	3915 1000	3901 10XX
LLDPE	3901 1010	3915 1000	3901 11XX
HDPE	3901 2000	3915 1000	3901 20XX
PP	3902 1000	3915 9010	3902 10XX
PS	3903 1910	3915 2000	3903 19XX
PVC	3904 1000	3915 30 10	3904 10XX
PET	3907 6110	3915 9042	3907 61XX
Co-Mingled	NA	3915 9090	3901 00XX

It would be best to have a code for each material and a separate code for comingled waste. This will provide flexibility for any future changes and facilitate material wise data compilation. Subsequently in future we may also consider a separate HAS code for Food

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contact recycled granules once BIS standards for food contact recycled granules are in place.

Submitted for your kind consideration

ANIL REDDY VENNAM

Senior Vice President

Yours sincerely

BIPIN DESAI

Vice President - Finance

The All-India Plastics Manufacturers' Association

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Vice President (West Zone)



SUNIL MONGA

Vice President (North Zone)

Sunil Shah
President - AIPMA

Arvind Mehta
Chairman, AIPMA Governing Council

Y. V. RAMAN

Vice President (South Zone)

CC: **Sh G Venkatesh, ICoAS**
JS DCPC Joint Secretary (Petro Chemicals)
Department of Chemicals and Petrochemicals
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A. Plastics Consumption and Plastic Waste generation

The total consumption of Commodity plastics in FY 24 was 24.4 MMT and major six polymers constituted 22.2 MMT. The value of 22.2 MMT converted products comes to about Rs 2.1 Lac Crs (assuming average Price, in 2024, of US\$ 800 PMT. Ex rate Rs 85 and value addition 40%)

Post consumer waste is generated mainly from Packaging Films, Rigid Packaging, Raffia Woven sacks and PET Bottles. The plastics used in these applications are discarded after post-consumer use and goes for recycling after collection by network of Kabadiwalas and rag pickers.

Other application generates very little post-consumer waste. For example, white goods plastics become scrap after 5-7 years and is not littered. Each Car in India uses app 100Kgs plastics (India produces 45 Lac cars each year) and becomes scrap after useful life of car after 15-20 years. PVC pipes are used in underground sewage and water distribution, cPVC pipes in bathroom plumbing and HDPE telecom ducts for optic fibre. These applications will seldom come in the plastic waste ecosystem.

The Plastics manufacturing sector is serving the needs of the important sectors of economy such as Agriculture, Medicare, Health and Hygiene, Infrastructure, Food Packaging both Rigid and Flexible, Bulk Packaging, White Goods, Automobile, Telecom and consumer goods. Plastics can be transformed by various processes such as Extrusion for Films, Sheets and Pipes, Injection Moulding for giving any rigid shape for household articles, Auto or whitegoods components, Blow moulding for any type of Bottles, containers, drums etc, Rotation moulding for uneven or large shapes such as Overhead water Tanks, Auto fuel tanks, large play toys such as slides etc.

Plastics consumption and their applications in FY 24-25 are summarised below in the table.

Polymer	Demand FY 24 in KTs	Applications
LDPE	1078	Films, Sheets, Extrusion Coating
LLDPE	3601	Films, Roto Moulding, Drip Laterals
HDPE	3557	Films, Sheets, Blow Moulding, Pipes, Raffia, W&C
PP	7601	Raffia, BOPP, IM, Fibres, Filaments
PVC	4500	Pipes, Fittings, Profiles, Calendaring, Sheets, W&C
PET	1910	Rigid Packaging, Bottles, jars
Total	22247	

B. Plastics Waste Collection and Recycling.

Over the last few years, plastics recycling is taking a form of semi formal to formal industry. Many events take place round the year focussed on recycling of plastics and sustainability. **GCPRS**, Global Conclave on Plastics Recycling and Sustainability, organised by AIPMA is the biggest platform dedicated to Plastics recycling. Recently in

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July 2026, 3rd edition of GCPRS was held at Bharat Mandapam in New Delhi where 250 exhibitors from 12 countries participated and the event had a record footfall of over 25000 visitors.

One could feel the wave of change at GCPRS through which the recycling industry is passing. The recycling industry is embracing Technology upgradation. On display there were recycling machinery such as Shredder, Washing units, Drying units, Color sorting of Plastics, plastic wise sorting, Complete PET recycling lines from waste bottle to granules or fiber etc. All these machines are being used in the recycling sector.

Even the stake holders such as packaging film and raw material producers (PS and PET) are actively doing recycling. The scale of operations of recycling has gone up very high. Major recyclers have taken the scale of operation to a different level to 60-100,000 MTA of recycling. Some of them have their own network of collection centers for waste.

The Plastics recycling space is undergoing a gradual shift from Informal to Formal and from manual labor intensive to Technology driven. It is at an inflexion point. The sector can leapfrog from here with right policy intervention.

C. Forward Path for next level of recycling Industry

EPR Compliance is a big business opportunity. Present Plastics consumption of commodity plastics in the country is 22.2 million Mts. In next 10 years it will easily double to app 45 million Mts. With improvement in EPR compliance and organic growth in consumption, the recycling business stands to grow to 3 to 4 times from present level in next 10 years. Increase in recycled plastic use content by brand owners in subsequent years will make recycling a big parallel industry of plastics in India. This is also in line with the **Swachh Bharat Abhiyan vision of the Hon'ble Prime Minister.**

Technology Upgradation in Recycling: Another impetus for recycling will come from technology upgradation. As Brand owners recycling content goes up year after year, they are on lookout for Quality Recyclates. For this huge investment in recycling technology is needed. This can get triggered by right policy inputs which is more than an incentive **but a necessity** for making recycling a dominant sector of economy.

D. The need to have reliable data on recycling Industry.

The objective is to have differential GST applicable on recycled plastic granules which is possible only if recycled granules are accorded a separate HSN code. In view of the fact that the use of Recyclates is now mandated under PWM (EPR), the recycling industry is attracting new investments and it is expected that the total recycling activity will touch a value of Rs. 60,000 crores by 2030, up from the current level of 30-35,000 crores.

The HSN code 3915 is for Plastic scrap, Reprints and Plastics parings etc. But there is no HSN code for the PE/PP/PVC or PET granules made out of waste collected from Post consumer discarded plastics. Recycled Plastics granules sale follow the same HSN code used for virgin plastics. At the same time Post consumer waste and Recycled granules are subject to 18% GST which is same as that of Virgin plastics.

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(AIPMA has separately represented for considering GST of 1% on post-consumer Plastic waste and 5% on recycled plastics granules to use GST as a tool to promote recycling.)

E. Applicable GST Rate

Under the standard Indian GST regime, reprocessed or recycled plastic granules attract an **18% GST rate**. They are taxed on par with virgin plastic resins, which means the finished recycled raw material carries the exact same tax weight as its non-recycled counterpart.

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