

THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

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Letter No: 41/AIPMA/09/26-27
20th Sep 2026

To,

Sh Tejveer Singh, IAS

Secretary,

Department of Chemicals and Petro-Chemicals,

Ministry of Chemicals and Fertilizers

Kartavya Bhawan-2

New Delhi-110001

**Subject: Pre Budget Memorandum 2027-28
aimed at Plastics Recycling and sustainability**

Dear Sir,

It has been a year of extraordinary challenges. At the same time, it has also been a year in which AIPMA strengthened its resolve, deepened its engagement with Government and worked collectively with stakeholders to prepare our industry for the opportunities ahead.

AIPMA has been actively working towards Circular Economy and Sustainability through its various initiatives and we are thankful to you and other DCPC official for giving full support to AIPMA and sufficient time when ever we visited your office.

Pre Budget representations is a very important annual activity for the industry when they get an opportunity to put forward the consolidated proposals requiring policy intervention. We are focussing on issues related to **Circular Economy and Sustainability in this year Pre Budget Representation from AIPMA.**

AIPMA submissions are as below

A. GST as a game changer for promoting Plastics Recycling

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.

Recycling industry is passing through a wave of change and is embracing Technology upgradation and using 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. 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.

GST on plastics waste and recycled plastics is charged @ 18% which is same as Virgin Polymer. Even the Plastics waste collected by Rag pickers and Kabadiwala

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are also in the 18 % category of GST in spite of not being part of any industrial activity.

GST can be used as a tool to promote recycling and to transform highly unorganized segment to organized activity. **Recyclers to be mandated to use GST paid waste only** to bring the plastics waste trade fully under GST.

Our proposal for GST rationalization on Plastics waste and Recycled granules is as below.

Stages	Stakeholder	Present GST Rate	Proposed GST Rate
Stage 0	Garbage having discarded Plastics	0%	0%
Stage 1	Rag Pickers	0%	0%
Stage 2	Kabadiwala	0%	0%
Stage 3	Waste Collectors	0%	0%
Stage 4	Scrap Dealer to Recycler	18%	1%
Stage 5	Recyclers- to Converter/FMCG	18%	5%
Stage 6	Plastic Converter / FMCG	As per their product	

The advantages of these suggested measures are

1. Recyclers will encourage their **Scrap Dealers to register with GST** and pay 1% to Govt when mandated to use GST paid waste.
2. More recyclers will also **comply when GST is 5%**
3. **Malpractices of fake invoices** of 18% GST from Scrap dealers will get eliminated as the scrap dealer GST rate is 1%
4. Higher realisation by GST registered scrap dealers will **benefits the waste pickers at the bottom of the pyramid.**
5. **GST as tool can be used to stream line the recycling value chain.** This value chain is doing a commendable job of keeping the country neat and clean in line with the **Swachh Bharat Mission of our hon'ble Prime Minister.**

B. Modernisation with Technology upgradation in recycling Industry

Plastics recycling which started as a small activity in one shed with low technology inputs and recycled plastics used for low grade plastics products for lower strata of society has come a long way. Circularity is in focus globally. R&D for design of recyclable packaging, Mandate for Brand owners for recycled content and EPR is taking Recycling of plastics to a different level. Machines used in Plastics recycling are for Waste shredding, Washing, Drying, Colour sorting, Polymer Sorting and granule extrusions.

Next impetus for recycling will come from technology upgradation. As Brand owners recycling content mandate 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 reducing the GST rate and import duty on Recycling Machinery.

This is more than an incentive but a necessity for making **plastics recycling a dominant sector of economy.**

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The following is recommended for the machinery used in Plastics recycling value chain.

Stages	Recycling Machineries	Present Rate	Proposed Rate
Stage 7	GST	18.0%	NIL
	Import Duty	7.5%	NIL

C. Recycled Plastics granules to be treated differently from Virgin Plastics- Need for separate HSN code for Recycled plastics granules

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 in Recyclates. This necessitates the need to have separate HSN code for recycled granule for each polymer

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. This will provide flexibility for any future changes and facilitate material wise data compilation. Subsequently in future we may also consider a separate HSN code for **Food contact recycled granules** once BIS standards for food contact recycled granules are in place.

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

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Submitted for consideration.

SUNIL SHAH

President

Yours sincerely

The All-India Plastics Manufacturers' Association

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Senior Vice President



BIPIN DESAI

Vice President - Finance

Sunil Shah
President - AIPMA



Arvind Mehta
Chairman, AIPMA Governing Council

MAYUR K. SHAH

Vice President (West Zone)

CC: **Sh G Venkatesh, ICoAS**

SUNIL MONGA

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JS DCPC Joint Secretary (Petro Chemicals)
Department of Chemicals and Petrochemicals
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