GST Reforms — Push towards a healthy India

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The 'Health-Economy' nexus has been troubling world governments for some time now as chronic diseases are on the rise across the globe accounting for 73 per cent of all deaths. In India, non-communicable diseases alone account for 53 per cent of all deaths and 44 per cent of disability-adjusted life-years lost. As a country we are experiencing rapid epidemiological transition, a shift from communicable to lifestyle diseases like diabetes, cardiovascular disease. This transition is negatively impacting India's development.

The economic cost of disease burden is substantial for our country. A study published in 2025 estimated that the total economic loss due to diseases and premature deaths in India was approximately USD 38.01 billion, accounting for 1.30 per cent of the country's GDP. This loss includes both direct healthcare costs and indirect costs such as lost productivity.

According to ICMR, unhealthy diets account for 56.4 per cent of the total disease burden in India. Today, urban households are spending nearly 35 per cent of their food budget on packaged foods- its common knowledge that these often are loaded with preservatives and have high sugar content.

The unholy nexus between health and economy has to be examined critically as India is home to more than a sixth of the world's population. On September 22, 2025, the Government of India rolled out the next generation Goods and Services Tax (GST) reforms. In his address to the nation, the Prime Minister emphasised that these reforms represent more than fiscal restructuring — they are a strategic lever to promote Swadeshi consumption, healthier lifestyles and economic self-reliance. By aligning taxation with indigenous production, India can strengthen rural livelihoods, reduce import dependence, and encourage healthier dietary choices.

By making nutrient — rich local foods affordable, the reforms aim to encourage healthier eating, which in turn improves productivity and reduces long-term healthcare costs.

The new GST structure has far-reaching implications for dietary patterns in India. In 2024, India imported USD 9.2 billion worth of processed foods, much of which contained preservatives, artificial flavours and chemical stabilisers. By reducing GST on fresh, local produce and increasing taxes on processed imports, the reforms directly address this negative impact of health on the nation's economy.

Urban households that spend nearly 35 per cent of their food budget on packaged foods, will now find it cheaper to buy seasonal, indigenous produce. For instance, millets — a staple in traditional Indian diets — are now taxed as low as 0-5 per cent compared to 18 per cent earlier. Millets, popularly known as Shree Anna, are a group of small-grained cereals valued for their exceptional nutrition and adaptability.

Recognising their importance for food and nutritional security, the United Nations General Assembly declared 2023 as the International Year of Millets. Millets are rich in protein, vitamins and minerals and are naturally gluten free. They have a low glycaemic index, making them suitable for people with diabetes and cardiac disease. Their nutritional quality makes them superior to wheat and rice. Its but natural that this grain has become not only in India but globally.

As millets are competing with cereals like quinoa, millet exports grew by 12 per cent annually between 2020 and 2024, reaching USD 75 million, indicating global recognition of their value. Domestically, GST incentives can ensure wider consumption of these nutrient — dense grains. Between 2014 and 2024, India's imports of textiles, packaged food and processed beverages increased by 64 per cent and these products competed directly with Indian products. GST reforms seek to correct this imbalance by making 'home grown' the rational economic choice. The benefits can be substantial. A NITI Aayog study (2023) estimated that replacing even10 per cent of processed food imports with domestic alternatives could save USD 3.5 billion annually.

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It's also not just the food we consume but how we grow it too ...

Agriculture has long been dependent on foreign inputs. India currently imports USD 12 billion worth of fertilisers and pesticides annually and spends USD 4 billion on foreign farm machinery. GST reforms aim to reverse this by incentivising natural farming and Indian — made tools.

By reducing GST on natural fertilisers and eco-friendly pesticides, the Government is encouraging farmers to move away from chemical-intensive agriculture. Andhra Pradesh has transitioned 650,000 farmers to natural farming methods and this is ample proof that such policies can scale nationally. Similarly, by supporting indigenous seed corporations, the reforms promote seed sovereignty and reduce reliance on expensive foreign hybrids.

This agricultural transformation not only strengthens India's self-reliance but also enhances food safety. Studies show that organically grown produce contains 30 per cent fewer pesticide residues, directly improving public health outcomes. Moreover, sustainable farming reduces long-term soil degradation, ensuring agricultural productivity for future generations.

Healthy India, Prosperous India

As discussed, the health–economy nexus is central to the philosophy of GST reforms. Currently, India spends nearly 4.7 per cent of GDP on healthcare, with 62 per cent of this being out-of-pocket household expenditure.

Lifestyle diseases alone consume USD 150 billion annually in productivity losses. By nudging citizens towards healthier diets and lifestyles, GST reforms can reduce this burden.

For example, if healthier food consumption reduces the incidence of diabetes and hypertension by even 10 per cent over the next decade, India could save USD 20–25 billion annually in healthcare costs and productivity losses. These savings, in turn, translate into higher disposable incomes for households, which can be redirected towards education, housing and investments — further stimulating economic growth. India is also doing something interesting — Apart from the regulatory functions of FSSAI mandated by the Food Safety and Standards (FSS), Act 2006, activities like 'Eat Right India' a campaign has been launched. I urge readers to visit the government website on the same. It encompasses a wide range of programmes to promote both the demand for and the supply of safe and healthy food in a sustainable way.

Investing in healthier consumption patterns aligns with Ayushman Bharat's preventive health goals, potentially reducing the strain on government healthcare programmes while promoting higher disposable income and economic activity. As the Prime Minister highlighted, "Buying Indian is a step toward a healthier, self-reliant, and prosperous India." These reforms are meant to make an average Indian healthy and the country economically robust.