INFLUENCE OF TAXATION POLICIES ON CONSUMER ADOPTION OF GREEN PRODUCTS IN INDIA

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Abstract

India's green transition has transformed tax invoices into unexpected tools of environmental governance. This paper investigates the impact of taxation policy on consumer adoption of green goods in India. It selects electric vehicles and rooftop solar systems as examples of low-carbon transition with the most direct consumer significance. The research question is whether Goods and Services Tax (GST) rate concessions along with direct tax concessions and fiscal policy incentives engender measurable changes in consumption behaviour or whether they are mere declarative policy preferences for sustainable consumption. Utilizing a doctrinal methodology, the paper examines constitutional provisions, fiscal policy, implementation notices, official policy documents, empirical data on adoption, and recent judicial pronouncements on the design of the GST, the ITC, and the solar supply classification. The study concludes that adoption is most effectively achieved when a fiscal policy instrument takes the form of a tax policy benefit that is immediate, visible, and legislatively stable, and is complemented by the infrastructure for charging, financing, and installation. The study further concludes that the adoption effect is significant where a fiscal policy benefit is evident, but the policy loses effect when the policy is impaired by unresolved classification disputes, blocked credit, and inconsistent policy. The study finally concludes that India's tax policy has become a meaningful instrument for shaping the market for green consumption; however, its continued effectiveness will depend on better design, stronger policy enablement, enhanced federal coordination, and greater emphasis on distribution equity and fiscal sustainability.

Keywords: Goods and Services Tax; Electric Vehicles; Rooftop Solar; Sustainable Consumption; Fiscal Sustainability

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Introduction

The characteristics of fiscal law, not solely the characteristics of environmental regulation, currently dominate India's transition toward low-carbon consumption. In many sectors, like electric mobility and household renewable energy, the final price the consumer pays is directly related to the structure of Goods and Services Tax, direct tax exemptions, capital subsidies, and targeted demand stimuli. The shift indicates that a tax can no longer be solely considered a revenue mechanism of the government. It can now be viewed as a mechanism for behaviour modification by the government to influence consumer choices, foster the development of the market, and harmonize individual consumption with socially responsible economic goals.[1]

The situation is still far from ideal and the position is still evolving. India has made a commitment to low-carbon consumption by implementing tax concessions for certain goods, establishing direct tax incentives for the purchase of those goods, and instituting various targeted programmes.[2] Concurrently, the numerous tax disputes concerning the

[1] Organisation for Economic Co-operation and Development, *Taxation and the Environment: Complementary Policies* (OECD 1993).

[2] Press Information Bureau, Government of India, 'GST Council recommends reduction in GST rate on Electric Vehicles from 12% to 5%; GST on Chargers/Charging Stations for Electric vehicles reduced from 18% to 5%' (27 July 2019) <https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1580536> accessed 19 May 2026.

classification of goods and services, the evaluation of goods and services, and input tax credits leave consumers with a final price that is at odds with the intended clarity of fiscal incentives and, in many cases, the price is high. The main question that this study is intended to answer is not whether there is a framework of green taxation in India, but whether the framework possesses sufficient design quality to ensure both reliability and equity in the adoption of green goods.[3]

This study analyzes the problem in a doctrinal framework in the Indian context. It proposes that where the advantage is apparent at the point of purchase, the legal framework constrains classification and credit conflicts, and where fiscal incentives are aligned with subsiding infrastructure, taxation strengthens the adoption of green products. Electric vehicles and rooftop solar systems best illuminate that nexus between consumer behaviour, tax design, judicial interpretation, and fiscal sustainability.[4]

1. Fiscal Architecture of Green Consumption in India

The Indian green consumer markets are a product of the distribution of powers in the Constitution, the design of indirect taxes, and specific subsidies to particular sectors. This part of the research offers the public law foundation of differential taxation and justifies the role of fiscal policies in the pursuit of environmental objectives.[5]

1.1. Constitutional and Statutory Foundations

In India, the constitutional basis of green fiscal policy is found in taxing power distribution and the environmental essence of the Indian State. Articles 246A and 279A offer a special provision for the Goods and Services Tax framework, where the Union and the States have a coordinated but not identical tax structure. This framework is important for green goods because the mediation of concessionary rates, exemptions, and rules of valuation occurs within a framework of a unified institutional structure, unlike the fragmented pre-Goods and Services Tax framework. In addition, the provisions under Articles 48A and 51A(g) create a basis for interpretation of fiscal laws wherein the provision of environmental protection does not become a marginal aspect in the regulation of the economy.[6]

From a legislation perspective, the key instruments that directly impact consumers include the Central Goods and Services Tax Act of 2017, the applicable rate notifications issued under the Act, and the Income-tax Act of 1961. The usual structure of Goods and Services Tax is destination based and seeks to maintain tax neutrality through the mechanism of input tax credit. However, differentiation of rates is accepted as a policy choice within that framework.[7] Moreover, Section 80EEB of the Income-tax Act shows a further move in the direction of green consumption, as it allows a deduction of interest of up to Rs. 1,50,000, paid on a loan taken for the purchase of an electric vehicle.[8]

1.2. Environmental Principles and Fiscal Legitimacy

Jurisprudence in India, regarding the environment, has supported the application of differentiated green taxation. In the case of *Vellore Citizens Welfare Forum v Union of India*[9], the Supreme Court placed both the precautionary principle and the polluter pays principle within the broader framework of legal obligation. While it was not a case of consumer taxation, the court's position lends support for the legislatures to adopt measures aimed towards lower-emission consumer preferences and adjusts the social cost of pollution to the market. From a doctrinal perspective, green taxation is a form of law within the context of the Constitution's provision regarding the environment, supporting the placement of such measures within the parameters of economic law.

Comparative fiscal theory supports this conclusion. Those who work in the area of environmental taxation have long held the belief that the role of taxes is not merely revenue generation. Taxes change the relative prices of goods which in turn alters the patterns of investment and consumption, aligning them with the ends of social improvement.[10] In the Indian context, studies on ecotaxes also show that fiscal policies can be used to augment command-and-control regulations in situations where pollution-generating behaviour is hard to control, or behaviour has to be influenced in a large population of dispersed consumers.[11] Green product taxation, therefore, must be viewed as a regulatory innovation and must be seen as creating a legal framework for taxation, and not as a disguised subsidy.

2. Taxation as a Behavioural Instrument in Green Consumer Markets

Green taxation is relevant legally, concern-taxonomically, when it modifies consumer purchasing behaviour. We address how tax breaks serve as price signals, how salience of tax breaks is important, and how tax breaks cannot resolve all the hurdles of adoption.[12]

2.1. Price Salience and Consumer Decision-Making

Consumer behaviour studies show that the price breakdown, the anticipated risk, and the saving gradients influence the adoption of the socially preferable good. In situations where the cost of entry is high, consumers are likely to disregard potential long-lasting environmental concerns, unless the immediate justification is financially clear and rationally justifiable. Therefore, tax breaks are most productive when they diminish the cost of acquisition present at the point of sale, as opposed to a cost borne later from either a compliance or reimbursement obligation. The

[3] Tarun Jain, *Goods and Services Tax: Constitutional Law and Policy* (2nd edn, Eastern Book Company 2026).
[4] Renu Verma, *Fiscal Control of Pollution: Application of Ecotaxes in India* (Springer 2021).
[5] Jain, *Goods and Services Tax* (n 3).
[6] *Constitution of India 1950*, arts 246A, 279A, 48A and 51A(g).
[7] *Central Goods and Services Tax Act 2017*, s 9.
[8] *Income-tax Act 1961*, s 80EEB.
[9] (1996) 5 SCC 647.
[10] Organisation for Economic Co-operation and Development, *Taxation and the Environment* (n 1).
[11] Verma, *Fiscal Control of Pollution* (n 4).
[12] Organisation for Economic Co-operation and Development, *Taxation and the Environment* (n 1).

salience of a tax break is a price breakdown, and simultaneously, the government's preference for a particular category of good.[13]

As with the other literature examined in this Section, the focus on sustainable purchasing behaviour combines environmental concerns and the social and individually perceived credibility of green product offerings, and integrates this with trust and fiscally motivated nudge policies. Fiscally motivated nudges cannot create environmental concern, but they can help narrow the commitment gap by making the purchase of greener alternatives more affordable. This is particularly critical for the Indian context, where first-generation green markets are most likely to consist of consumers willing to purchase greener products, but are still priced, credit, and value sensitive.[14]

2.2. Limits of Fiscal Nudges in Emerging Markets

The range of fiscal nudges in underdeveloped markets where there are gaps in infrastructure is most apparent. Lowering taxes does provide pricing relief, but does not address the gaps in charging, financing, maintaining and repairing capacity, and value uncertainty. In this regard, green fiscal policies are best implemented as a part of coordinated policy packages, and not as standalone incentives.[15]

Empirical studies on green consumption and renewable energy adoption support the same argument. Where households have long payback periods, have limited access to credit, or have uncertainty regarding technology reliability, fiscal incentives are shown to have a positive, but limited, impact. In the Indian context, the design of green taxes must consider an appropriate behavioural baseline. While tax incentives have the potential to speed up the adoption of green technologies, they cannot replace other necessary factors, such as charging infrastructure, consumer education, clear and consistent product standards, and low-friction financing. This means that, in practice, tax law has to be analysed in conjunction with the regulatory and infrastructural context to determine whether the tax law will be feasible.[16]

3. Electric Vehicles and the Architecture of Indirect Tax Incentives

The most well-documented application of green taxation in India has been with electric vehicles and has comprised a combination of concessional indirect taxation, direct tax incentives, demand incentives, and infrastructure provision.[17]

3.1. Concessional Goods and Services Tax and Direct Tax Relief

The reduction of the Goods and Services Tax from twelve per cent to five per cent on electric vehicles represents a significant development in how India's Government chooses to fiscally support green mobility. The reduction not only announces a major shift in India's fiscal policy on green mobility but also changes how consumers will perceive tax during the actual purchase. Compared to vehicles powered by internal combustion engines, which typically attract higher tax and compensation cess, the concessional rate indicates electric vehicles and clean mobility solutions are not just tolerated but preferred. The reduction also applies to chargers and charging stations, embracing that the clean mobility ecosystem extends beyond the electric vehicle itself.[18]

As Section 80EEB of the Income-tax Act shows, the direct tax framework also provides a signal in support of clean mobility.[19] By providing a tax deduction to electric vehicle buyers for the interest on loans used to purchase electric vehicles, it addresses one of the key barriers to its adoption-the higher up front cost of the electric vehicle as compared to many of the traditional vehicles. While the tax deduction is only available for electric vehicle purchases made through a loan by a taxpayer who is eligible for the tax, it plays an important role by reducing the cost of financing the vehicle and bridging the gap between the Government's green mobility policy and household affordability.

3.2. Demand Incentives, Infrastructure, and Market Response

To understand the fiscal architecture for electric vehicles, one must consider the demand-side initiatives deployed by the Union. Approximately 10,000 crore Rupees were allocated to the second phase of the Faster Adoption and Manufacturing of Electric Vehicles in India policy. Eighty-six percent of this amount funded demand-side incentives. The policy aimed to facilitate the purchase of electric buses (7,000), electric three-wheelers (500,000), electric four-wheeler passenger cars (55,000), and electric two-wheelers (1,000,000). The initiative redesigned green taxation by

[13] Kunal Gupta, *Consumption Behaviour and Social Responsibility: A Consumer Research Approach* (Springer 2020).

[14] Heesup Han, *Sustainable Consumer Behaviour and the Environment* (Routledge 2022).

[15] NITI Aayog and Asian Development Bank, Driving Affordable Financing for Electric Vehicles in India (2023) <https://www.niti.gov.in/sites/default/files/2023-07/ADB-EV-Financing-Report_VS_compressed.pdf> accessed 19 May 2026.

[16] Shayaan Syed and others, 'Decoding sustainable consumption behaviour: A systematic review of theories and models and provision of a guidance framework' (2024) 23 *Resources, Conservation and Recycling Advances* 200232 <https://doi.org/10.1016/j.rcradv.2024.200232> accessed 19 May 2026.

[17] NITI Aayog, Electric Vehicles in India: Unlocking a $200 Billion Opportunity (Government of India, August 2025) <https://www.niti.gov.in/sites/default/files/2025-08/Electric-Vehicles-WEB-LOW-Report.pdf> accessed 19 May 2026.

[18] Press Information Bureau, Government of India, 'GST Council recommends reduction in GST rate on Electric Vehicles' (n 2).

[19] *Income-tax Act 1961* (n 8), s 80EEB.

adopting a direct purchasing approach that closed the price gap taxation could not address.[20]

There has been a noteworthy-if not yet complete-market response. As per NITI Aayog, sales of electric vehicles grew from 50,000 in 2016 to 2.08 million in 2024, with electric vehicles making up approximately 7.6 percent of all new vehicle sales in 2024.[21] This trend is depicted in Figure 1, along with the gap in India's 2030 transition objectives. The concessional taxation model demonstrates that its most effective application is with continued and predictable support that is bolstered by demand-side initiatives and a demonstrated expansion of the market which will reduce consumer uncertainty regarding the technologies' longevity.

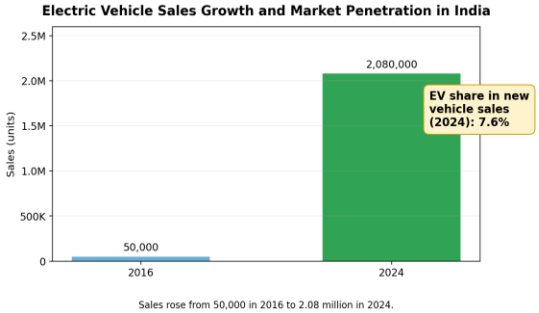


Figure 1. Electric vehicle sales growth and market penetration in India.

This picture is broadly supported by empirical studies on electric vehicle adoption in India.[22] The major research confirms that the perceived economic benefits coupled with concern for the environment and the provision of government support and assurance for the availability of charging stations positively influence purchase intentions; however, range anxiety, high purchase prices, and insufficient charging infrastructure continue to impede purchase.[23] The India Electric Mobility Index 2024 reported 25,000 public charging stations, yet wide inter-state variance in charging infrastructure and policy support remains.[24] The purpose of Figure 2 is to illustrate the charging infrastructure growth in relation to the adoption of EVs and the different vehicle categories as well as the impact of tax incentives, if consumers think the charging ecosystem will be operational.

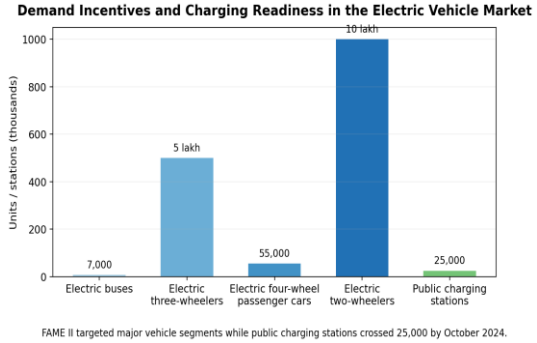


Figure 2. Demand incentives and charging readiness in the electric vehicle market.

3.3. Judicial Implications for Goods and Services Tax Design

Judicial doctrine applies when the concessional structure meets the internal reasoning of Goods and Services Tax. In *Chief Commissioner of Central Goods and Service Tax v Safari Retreats Private Ltd*[25], the Supreme Court revisited the issue of input tax credit restrictions and reiterated the importance of tax neutrality within the Goods and Services Tax framework, even while interpreting the statutory credit bounds. The case deals with neither the electric vehicle issue nor the green market initiative, but it is pertinent because the infrastructure-dominant industries rely on definite credit treatment to transfer tax benefits to the consumers rather than to let them remain as an unrecoverable burden.

The same logic is applicable to electric mobility infrastructure. When charging networks or associated supply chains are rendered uncertain or blocked, the unnecessary tax burden will be recovered through consumer prices or the viability of the services. Therefore, to direct the tax policy towards adoption, both the visible tax rate and the credit of the tax policy must be preserved at the level of the supply chains.[26]

4. Rooftop Solar and Household Renewable Adoption

Rooftop solar power is an important example of sustainable consumer participation in an economy, focusing on how fiscal mechanisms influence consumer participation

[20] Ministry of Heavy Industries, 'FAME II' <https://heavyindustries.gov.in/en/fame-ii> accessed 19 May 2026.

[21] NITI Aayog, *Electric Vehicles in India* (n 17).

[22] Dhruv Jaiswal and others, 'Consumer adoption intention for electric vehicles: Insights and evidence from Indian sustainable transportation' (2021) 173 *Technological Forecasting and Social Change* 121089 <https://doi.org/10.1016/j.techfore.2021.121089> accessed 19 May 2026.

[23] Rambalak Yadav and Radha Yadav, 'Are consumers ready to adopt electric vehicles? Analysing the barriers and motivators associated with electric vehicle adoption in India: Policy implications for various stakeholders' (2024) 190 *Energy Policy* 114173 <https://doi.org/10.1016/j.enpol.2024.114173> accessed 19 May 2026.

[24] NITI Aayog, India Electric Mobility Index 2024 (Government of India, 2025) <https://niti.gov.in/sites/default/files/2025-08/India-Electric-Mobility-Index-2024-Report.pdf> accessed 19 May 2026.

[25] 2024 INSC 756.

[26] *Central Goods and Services Tax Act 2017* (n 7), ss 16 and 17.

beyond the transport sector compared to the purchase of electric vehicles.[27]

4.1. Subsidy Design, Goods and Services Tax, and Consumer Uptake

The adoption of household rooftop solar systems centres on the relationship between the capital subsidy, the tax treatment, and the prospective savings from reduced electricity consumption. For example, the PM Surya Ghar Muft Bijli Yojana provides a benchmark-linked subsidy with an estimated subsidy of INR 30,000 for one-kilowatt, INR 60,000 for two-kilowatt, and INR 78,000 for systems of three kilowatts or greater.[28] These subsidies significantly shorten the perceived payback period for households and serve a function similar to the concessional Goods and Services Tax treatment for electric mobility.

This sector is important in showing how rooftop solar technology has developed from a marginal technology to part of India's energy transition. As of April 30, 2026, the Ministry of New and Renewable Energy disclosed rooftop solar systems with 26.75 gigawatts of total connected capacity.[29] Figure 3 shows subsidy slabs next to the vertical growth of rooftop capacity to relate the subsidy scales to the extent of household renewables. The point is not only that growth is due to subsidies, but that financial support raises the point to which a household can view a capital-intensive solar technology from a specialist investment to an everyday consumer good.

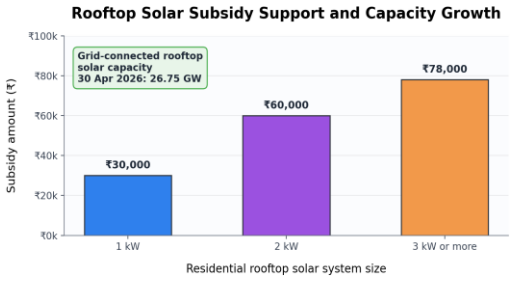


Figure 3. Rooftop solar subsidy support and capacity growth.

The study of consumer behaviours regarding solar adoption illustrates similar patterns in various comparable contexts.[30] Where households can realize potential savings, can access the necessary financing, and have confidence in the technology and the installation process, they are more likely to adopt rooftop solar. As a result, Indian fiscal policy should consider more than just the total value of a subsidy or tax concession. The policy should emphasize the ease in which a household can comprehend, access, and utilize those benefits. A tax concession can have a large total value, but can lead to poor policy and tax outcomes if the transaction remains unclear or contested.

4.2. Classification, Composite Supply, and Solar Litigation

The adoption of rooftop solar shows the potential effects of tax disputes on fiscal support. Solar contracts have a lot of components. These include solar panels, inverters, mounting structures, engineering, and installation. In law, if certainty is lacking in regard to one of these components, especially in contracting, disputes in regard to tax classification, and the valuation of these components can shift the tax burden to consumers and introduce unexpected consumer pricing.[31]

Recent litigation in the Andhra Pradesh High Court exemplifies this trend. In the case of *Sterling and Wilson Private Limited v Joint Commissioner* [32], the Court identified the supply of a solar power generating unit as a composite supply rather than a works contract. In *Tata Power Renewable Energies Limited v Joint Commissioner* [33], the same Court adopted the well-established seventy-thirty valuation principle. According to this principle, seventy percent of the total value of a supply is deemed to be a good and is therefore subjected to a five percent GST, while the remaining thirty percent is deemed to be a service and is subjected to an eighteen percent GST. These rulings are significant as the character of the supply is instrumental to the value of the invoice and therefore impacts the buyer's perception of the price as well as the legal certainty of the situation.

The lesson does not merely apply to renewable energy. Any green market that packages a range of goods and services can be undermined by inconsistent classification rules. While the customers may not be directly involved in the tax dispute, they feel the consequences in the form of fluctuating quotations, delays, and uncertain pass-through.[34]

5. Fault Lines and Reform Imperatives

Evidence from the Indian system demonstrates that while taxation can encourage green consumption, there are limitations that affect the scope and integrity of that encouragement. The aim here is to pinpoint the primary doctrinal deficiencies and the ramifications of reform.[35]

[27] Press Information Bureau, Government of India, 'World's Largest Domestic Rooftop Solar Initiative' (13 February 2024) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2010133> accessed 19 May 2026.

[28] Ibid.

[29] Ministry of New and Renewable Energy, 'Physical Achievements' <https://mnre.gov.in/en/physical-progress/> accessed 19 May 2026.

[30] Derek Etongo and others, 'Determinants of household adoption of solar energy technology in Seychelles in a context of 100% access to electricity' (2022) 3 *Discover Sustainability* 74 <https://doi.org/10.1007/s43621-022-00108-4> accessed 19 May 2026.

[31] Ministry of Finance, Circular No 163/19/2021-GST (6 October 2021).

[32] Writ Petition No 20096 of 2020 (Andhra Pradesh High Court, 10 January 2025).

[33] Writ Petition No 10314 of 2025 (Andhra Pradesh High Court, 29 April 2026).

[34] Jain, *Goods and Services Tax* (n 3).

[35] Organisation for Economic Co-operation and Development, *Taxation and the Environment* (n 1).

5.1. Fiscal Federalism after Mohit Minerals

The lack of attention to the interstate dimension of green taxation is untenable because the Goods and Services Tax is enacted through a cooperative but pluralistic constitutional framework. In *Union of India v Mohit Minerals Pvt Ltd*[36], the Supreme Court maintained that the Goods and Services Tax Council's recommendations are not binding in the strict sense, although they do possess considerable persuasive and institutional authority. Concerning green policy, this is significant for two reasons. It first maintains constitutional room for the Union and States to exercise their own discretion and experiment within the framework. It also serves to further constrain the goal of achieving complete uniformity in green fiscal design across the states.

Partial asymmetry can be beneficial; for example, regional charging rate policies, electricity tariff relief, registration waivers, and local incentives can all be aligned with central tax concessions. More than minor asymmetries, however, can undermine confidence in the system and increase the compliance burden. Doctrinally, the challenge is combining the need for consistent national policy with the need for regional flexibility.[37]

5.2. Input Tax Credit, Tax Neutrality, and Legal Certainty

A second fault line occurs between concessional rates and the integrity of input tax credits. The Goods and Services Tax minimizes cascading effects of tax by allowing credit for tax paid on inputs used in the course of furthering one's business. However, the credit entitlement is still subject to exclusions or interpretive disputes.[38] When green goods or the infrastructure that supports them is confronted with blocked credits, uncertain apportionment, or more aggressive classifications, part of the intended benefit is lost before the good reaches the end consumer. The invoice may indicate a concessional rate, but the tax burden is still being accumulated along the supply chain.

The highest level of legal certainty is needed for sectors reliant on integrated supply chains. This includes things like electric mobility that connects vehicles, batteries, chargers, software, and finance as well as rooftop solar, which integrates hardware with design and installation. If supply chains are treated with legal inconsistency, companies resort to defensive pricing while customers pay for the uncertainty.[39]

5.3. Sustainable Development, Distributional Justice, and Fiscal Sustainability

Distributive justice is also a concern. While broad indirect tax concessions may support all buyers, deductions linked to taxable income or formal borrowing are more accessible to middle- and upper-income brackets. Thus, green taxes must be assessed based on their environmental impact, as well as who is in a position to receive the benefit.[40]

Fiscal sustainability is another issue that must be addressed. Green tax spending is limited at the same time as fiscal revenues, and should only be applied when measurable progress in pro-social behaviours or improvements in the environment occur. Tax expenditure should be concessionary, transparent and regularly reviewed to be in touch with the state of the market, the adoption and spread of the technology and the distribution of impacts.[41]

5.4. Towards a Coherent Fiscal Model of Green Adoption

A comprehensive fiscal model that India could aspire to would maintain the lowest possible tax rates on genuinely green consumer goods, and rationalize the treatment of tax credits for green infrastructure investments while removing the discretionary classification that currently exists. In addition, the model should align tax policy with the domains of information, finance and infrastructure to enable a legal preference that is both clear and functional.[42]

Conclusion

The experience of India demonstrates that taxation will only influence the emergence of green consumer markets when the legal signal is both coherent and behaviourally credible. Visible fiscal support is essential for the effective implementation of tax policies, and the cited examples of electric vehicles and rooftop solar support illustrate such policy with the added utility of fiscal support. However, the tax policies are fragile due to the credit restrictions, classification disputes, and uneven implementation of supportive infrastructure.[43]

Taxation will influence the adoption of electric vehicles and rooftop solar, in particular, when the fiscal benefits are immediate and when the supportive tax policies do not become legislative policies that are collected at the invoice level with the household decision. This support is illustrated by the concessional tax treatment of goods and services,[44] the electric vehicles tax credit under Section 80EEB,[45] and the support for rooftop solar.[46] All of these policies will reduce the cost to the consumer, but their success will depend on how the benefits from the legislative policies to invoice and household decisions actually materialize.

Indian law has both a promising and a mixing picture. What is clearly evident is that Indian law uses tax law as a market-shaping tool. Concessional rates by themselves are unlikely to ensure adoption, equity, or fiscal coherence. A robust system of green taxes should be clear and stable, and

[36] 2022 SCC Online SC 657.
[37] Jain, *Goods and Services Tax* (n 3).
[38] *Central Goods and Services Tax Act 2017* (n 7), ss 16 and 17.
[39] NITI Aayog, RMI and RMI India, Handbook of Electric Vehicle Charging Infrastructure Implementation (2021) <https://www.niti.gov.in/sites/default/files/2023-02/EV_Handbook_Final_14Oct.pdf> accessed 19 May 2026.
[40] NITI Aayog and Asian Development Bank, *Driving Affordable Financing for Electric Vehicles in India* (n 15).
[41] Organisation for Economic Co-operation and Development, *Taxation and the Environment* (n 1).
[42] Verma, *Fiscal Control of Pollution* (n 4).
[43] NITI Aayog, *Electric Vehicles in India* (n 17).
[44] Press Information Bureau, Government of India, 'GST Council recommends reduction in GST rate on Electric Vehicles' (n 2).
[45] *Income-tax Act 1961* (n 8), s 80EEB.
[46] Press Information Bureau, Government of India, 'World's Largest Domestic Rooftop Solar Initiative' (n 27).

coordinated and reviewed regularly to actual adoption results.[47]

Suggestions

Discussion points to the necessity of a more adoption-centric and precise fiscal design across the dominant green economy product markets.

1. Stabilise Concessional Rate Design: Maintain concessional Goods and Services Tax rates for core green goods through medium-term commitments. Predictability reduces hesitation and the premium attached to regulatory uncertainty.
2. Link Tax Preferences to Clear Product Criteria: Tie rate concessions to transparent technical and environmental criteria. This would reduce classification disputes and strengthen the credibility of the fiscal preference.
3. Protect Credit Chains for Green Infrastructure: To ensure that essential charging and renewable tax-inclusive frameworks do not carry irrecoverable burdens, it is necessary to review the input tax credit rules. Preserving neutrality may provide a positive effect on tax pass-through to the consumers.
4. Issue Solar Supply Clarification: As to the treatment of composite supply, valuation, and the installation of rooftop solar systems, we need to provide guidance. Roof installations are generally recognized as a means of litigation prevention, as they provide clarity in a system that is otherwise chaotic. Household quotations should also become less unpredictable.
5. Recalibrate Direct Tax Support: Reassess whether direct tax deductions for green purchases reach the intended consumer segments. Where benefits skew upward, point-of-sale or credit-linked support should be preferred.
6. Integrate Tax and Infrastructure Policy: Coordinate fiscal incentives with charging rollout, net-metering facilitation, and service standards. Tax policy works best when the supporting ecosystem remains usable after purchase.
7. Create Periodic Adoption Review Mechanisms: Examine key green tax concessions in light of adoption rates, distribution by region, and the expenses incurred at fixed intervals. This would allow for the retention of the most effective incentives and the reconfiguration of the least effective ones.
8. Improve Consumer-Facing Disclosure: To minimize distrust and enhance the visibility of behavioural salience, invoices, portals, and financing documents must clearly illustrate the value of the concessions or subsidies awarded to the purchaser.
9. Coordinate Union and State Green Incentives: Align central concessions with state-level fee waivers, tariff relief, and local infrastructure support through model frameworks. Coordination can preserve flexibility while reducing fragmentation.
10. Embed Distributional Safeguards: Incorporate customized assistance for low-income households via concessional finance, supplementary infrastructure, or building block systems, along with mass transit vehicles, on a community level. The transition becomes more justified when the transit systems' gains are equitably distributed.

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