



Monthly Brief #10, February 2025

### Is GST a Broken Promise?

India's Goods and Services Tax (GST) was introduced as a landmark reform to simplify taxation and create a unified market. However, it has deviated from its promise, burdening businesses and disproportionately impacting the middle class and poor. The poorest 50 percent contribute 64.3 percent of GST revenues, while the top 10 percent pay just 3.9 percent, worsening inequality.

Inconsistent tax classifications exacerbate the issue. Essentials like fortified rice face higher GST, contradicting food security efforts. The popcorn controversy, where different variants are taxed at 5, 12, and 18 percent, highlights the regulatory chaos. Similar disputes over parathas and lassi create unnecessary litigation and confusion. High and inconsistent taxes on second-hand vehicles and health insurance further distort markets.

The hospitality sector calls for GST reduction to boost affordability and investment. A simpler, rationalised GST system with fewer slabs — like in New Zealand and Singapore — would reduce compliance costs and promote fairness. AI-driven compliance tools and tax relief for ethical businesses could enhance growth and sustainability.

India needs a GST reset — shifting from arbitrary classifications to a streamlined, inclusive framework. Aligning with global best practices and reducing distortions will help GST fulfill its original promise: benefiting all, not just a privileged few.

Pradeep S Mehta  
*Editor*

*Abridged from an article appeared in the Financial Express on February 12, 2025. The same can be accessed at: <https://www.financialexpress.com/opinion/is-gst-a-broken-promise/3746465/>*

## Message for our Readers

The tenth edition of the National Affairs Monthly Brief contains selected published news or comments on trade, regulatory, and governance issues.

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### India Sets Up EFTA Desk to Boost Trade & Investment

India is establishing a European Free Trade Association (EFTA) desk to enhance trade and investment with Iceland, Liechtenstein, Norway, and Switzerland, following the Trade and Economic Partnership Agreement. This desk will provide market insights and support EFTA companies in India. Key sectors like pharma, engineering, and fintech will be targeted for collaboration through a business roundtable.



## India to Miss Key Climate Goal of 500-GW RE Capacity by 2030



The EU's Carbon Border Adjustment Mechanism presents difficulties for India's small and medium-sized steel enterprises due to financial and technological constraints. While larger steel plants might adapt, smaller ones face significant challenges, leading to unequal outcomes. The study suggests supportive measures like technology transfer and capacity-building for fair decarbonisation.

- [UK Trade Minister to Relaunch Talks with India](#)  
The Economic Times, February 24, 2025
- [India Energy Week 2025 Boosts Green Growth & Partnerships](#)  
The Economic Times, February 14, 2025
- [Rajasthan Grants Industry Status to Logistics for Investment Boost](#)  
Knowledge and News Network, February 05, 2025
- [India-Bangladesh Trade Connectivity to Persist](#)  
Business Standard, February 04, 2025

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## CCI Drafts New Rules to Modernise Predatory Pricing in India

The Competition Commission of India introduced draft regulations to update cost benchmarks for predatory pricing under the Competition Act, 2002. The proposed changes include replacing market value with average total cost for assessments, aligning with contemporary economic theories and global practices. Consultation is ongoing to finalise these regulations.



## TRAI Pushes for Inter-Operable Set-Top Boxes, Infra Sharing



The Telecom Regulatory Authority of India has recommended interoperable set-top boxes, voluntary infrastructure sharing among broadcasters, and reduced net worth requirement for IPTV providers. These measures under the Telecommunications Act-2023 aim to foster growth and ease of doing business in the broadcasting sector.

- [India Launches Digital Pilot Licenses, Second After China](#)  
Hindustan Times, February 21, 2025
- [Honda May Restart Nissan Talks If CEO Uchida Exits](#)  
Business Standard, February 18, 2025
- [Govt Nears ₹16,000 Cr MTNL-BSNL Asset Sale](#)  
The Economic Times, February 05, 2025
- [UPI: Transaction Ids Banned from Feb 1](#)  
Times of India, February 01, 2025

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## National Committee for Natural Farming to Be Formed

A National Committee will soon be established to promote natural farming across the country. It will raise awareness, provide necessary training, and support farmers in adopting natural practices. This shift will not only boost farmers' incomes but also preserve soil fertility and ensure chemical-free food for citizens.



## Making Road Safety a National Priority



India must move beyond symbolism and adopt a mission-driven approach to road safety. While Road Safety Month raises awareness, the nation's reactive stance fails to prevent tragedies. A proactive strategy, prioritising global best practices, is essential to making road safety a true national imperative.

- [SC Seeks Centre's Response on Plea to Improve Tribal Health](#)  
Deccan Herald, February 21, 2025
- [Rajasthan Govt Committed to Make State US\\$350bn Economy by 2030](#)  
Indian Express, February 19, 2025
- [Funding Pride: India's First LGBTQIA+ Philanthropy Fund Takes Off](#)  
Barry Rodgers, The Hindu, February 06, 2025
- [Kerala's Localisation of SDGs Comes in for Centre's Survey Praise](#)  
Anu Kuruvilla, Indian Express, February 01, 2025

## Publications

- Economic Analysis of Verifiable Parental Consent Mechanisms: *Evaluating Impact on Consumers and Data Fiduciaries*  
<https://cuts-ccier.org/pdf/economic-analysis-of-verifiable-parental-consent-mechanisms-evaluating-impact-on-consumers-and-data-fiduciaries.pdf>
- An Ethical Framework for 6G  
<https://cuts-ccier.org/pdf/An-ethical-framework-for-6G.pdf>